

**UNIVERSITY OF CALIFORNIA, DAVIS  
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**UC Davis  
Funding for Formerly Incarcerated and System-Impacted Students  
Audit & Management Advisory Services Project #24-45**

**November 2023**

**Fieldwork Performed by:**

Ryan Dickson, Director

**Reviewed by:**

Tony Firpo, Associate Director

## **Background, Objective, and Scope**

UC Davis is a steward of funds from various sources designated to support incarcerated, formerly incarcerated, and carceral system impacted students.

UC Davis Audit and Management Advisory Services (AMAS) conducted an audit to determine whether management of those funds has been consistent with legislative requirements, UC and UC Davis commitments, donors' intent, campus policy, and other relevant authority.

We identified funds allocated to or designated for the following organizations:

- Underground Scholars (campus-based program)
- Underground Scholars Initiative (student organization)
- Beyond the Barriers (faculty initiative)
- Beyond the Stats (student organization)

We analyzed accounts related to these organizations from the beginning of their history to current. We consulted guidance from the State of California (State) and the UC Office of the President (UCOP); reviewed relevant programmatic, planning, and email documentation; and interviewed staff in the division of Student Affairs and the UC Davis Budget office, and members of the UC Davis faculty.

## **Conclusions**

1. UC Davis received \$490,000 from the State to establish an Underground Scholars program, and has so far met all State and UCOP-imposed requirements for planning and use of the funds. Section (A) below discusses possible areas of concern related to budgeting and program sustainability.
2. Beyond the Barriers is a faculty initiative that received \$35,000 in funding from UC Davis Diversity, Equity, and Inclusion, intended to support student research on former incarceration and carceral system impact. \$6,000 of this has been spent on research, publication, and programming related to carceral issues. See section (B) below.
3. There have been two student organizations at UC Davis related to carceral issues: Beyond the Stats and the Underground Scholars Initiative.<sup>1</sup> The Underground Scholars Initiative received \$3,000 in funds from UC Berkeley's Underground Scholars Initiative organization; these funds were spent in support of the student organization. We did not observe issues related to two agency accounts owned by the Underground Scholars Initiative or Beyond the Stats, which is no longer active. See sections (C) and (D) below.

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<sup>1</sup> Note that the "Underground Scholars" state-funded program is a separate entity from the "Underground Scholars Initiative" student organization.

## Observations, Recommendations, and Management Corrective Actions

### A. State of California 2022-23 Budget Act Appropriation for Underground Scholars

#### Allocation from UC Office of the President

The State of California's 2022-23 Budget Act included an appropriation of \$4,000,000 to the University of California to establish an Underground Scholars program at each campus. The envisioned program is defined as

*[A] centralized location on campus where incarcerated, formerly incarcerated and system-impacted students can be provided with recruitment programs, retention services, advocacy, and wellness programs to support admission to the University of California system and timely program completion. AB 179 §172(33)*

The State funding was appropriated to UCOP, and UCOP distributed it to campuses as:

*[A] base allocation for staff director or coordination salary and benefits and basic operational costs to every eligible campus, in addition to equity funding based on estimates of each student population. (President's Letter,<sup>2</sup> page 2)*

The amount of base allocation is \$250,000 to every UC campus, and is intended to support staffing and overhead for an on-campus location for Underground Scholars.

UCOP divided the remaining funds (\$1.751M) among UC locations based on undergraduate student enrollment numbers ("equity-based funding"). UC Davis was allocated \$240,000 of this. AMAS is not aware of guidance from UCOP on the use of equity-based funding in specific, though the President's letter indicates for the entire \$490,000 allocation that allowable funding areas include:

- *One or more dedicated Underground Scholars directors and coordinators who will serve as points of contact for students*
- *Recruitment and retention programs and services*
- *Advocacy within the campus on behalf of students*
- *Wellness programs*
- *Academic fellowships*
- *Emergency grant support*
- *Best-practices sharing*
- *Data collection and program evaluation*
- *Campus office and meeting space (President's Letter, page 17)*

#### UC Davis' Spending Plan

UCOP provided a template spending plan that campuses were required to complete before funds would be allocated. This template required campuses to designate local points of contact, describe a spending plan overview, identify intended outcomes and metrics, and supply line-item three-year budgets.

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<sup>2</sup> Letter from UC President Michael Drake to location Chancellors, October 19, 2022.

UC Davis' spending plan overview describes the following commitments:

*The funding will be used to establish a campus wide program for students from carceral impacted backgrounds. As part of this budget we will hire a program director, an outreach specialist, and administrative support. Additionally, we will offer employment opportunities to eight students to serve as peer advisers. Remaining funds will be used to support student grants and to develop comprehensive recruitment, retention, advocacy, and wellness programs. We are working to identify a physical space for an office and student resource area which will serve as a home base and single point of support for students.*

These commitments are reflected in UC Davis' line-item spending plan budget.

UC Davis' spending plan met UCOP's requirements and received approval.

### Program Planning Requirements

The following are program planning requirements imposed by the State or UCOP:

- Consultation with Underground Scholars Directors and Coordinators

The 2022-23 State Budget Act language required campuses to establish Underground Scholars programs "after consultation with Underground Scholars directors and coordinators." To help locations satisfy this requirement, UCOP convened a subject matter consultation call with Underground Scholars Directors and Coordinators from UC Berkeley and UC Irvine, which representatives from UC Davis Student Affairs attended. Members of Student Affairs staff also meet periodically with a UC-systemwide group that discusses best practices learned from UCLA's launch of Underground Scholars.

- Best Practices Sharing

The 2022-23 State Budget Act required campuses "to share best practices for program operations annually with other University of California campuses."

UC Davis' spending plan designated \$17,150 for "UC and intersegmental collaboration and professional development." These funds are reflected in the operational budget, where they are set aside for "UC Statewide Coordination."

- Coordination with the Financial Aid and Scholarships Office

UCOP required campuses to "consult with the financial aid director... before offering direct financial support to students." The Underground Scholars program budget provides an estimated \$123,000 for direct financial support to students.

Student Affairs has consulted with Financial Aid and Scholarships, and is budgeting for a Financial Aid Counselor who will dedicate 26% time to Underground Scholars.

### Student Affairs' Three-year Operational Budget

After approval of its spending plan, Student Affairs developed a three-year operational budget for the Underground Scholars program. AMAS reviewed this budget<sup>3</sup> and made the following observations:

- Structural Deficit

Current operational budgeting results in a structural deficit. Carryforwards are planned to be realized after the current year, and spent down over the next two years. This reflects UC Davis' responsibility to spend what it receives from the State and not to accumulate unspent funds.

We note however that permanent costs such as staffing are planned to be incurred in order to spend down this carryforward. Based on our review of the approved line item budget and using assumptions provided by Student Affairs, AMAS estimates that the current staffing plan would result in costs of \$399,000 in year four. Combined with non-labor expenses of at least \$181,000, this could result in a total program cost of at least \$580,000.

A more sustainable approach to budgeting would be to spend carryforwards realized in 2024 on one-time uses, and limit ongoing uses to what can be supported by permanent funding sources.

- Reliance on non-Permanent Funding

As discussed above, the President's Letter committed \$250,000 of permanent "base" funding to each campus, to ensure that program overhead in the form of staffing and physical space would be secured regardless of changes to enrollment. The equity-based funding component, which is determined by undergraduate student enrollment, is not a permanent funding source and therefore not a reliable source for necessary ongoing overhead.

We observed that expenditures in the program budget for salaries, benefits, and operational costs exceed UCOP's \$250,000 base allocation, and therefore some of the equity-based funding is planned to be used to support ongoing overhead. While this is not contrary to State or UCOP guidance, reliance on non-permanent funding for ongoing overhead creates a risk that the program could become unable to support itself should undergraduate student enrollment decline.

Student Affairs acknowledges this risk and has expressed a commitment to consider other sources of funding for Underground Scholars if necessary.

### Expenditures on 2022-23 State Budget Act Funding

AMAS observed that less than \$750 of the \$490,000 received from the State for the Underground Scholars program had been spent as of August 2023.

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<sup>3</sup> See Attachment 1 at the end of this report.

The purpose of this expenditure was to begin preparations for physical space in South Hall on the Davis campus.

**Recommendations**

The Underground Scholars program Director should schedule regular budget reviews with the Division of Student Affairs.

Student Affairs should include an update on Underground Scholars during its budget reviews with the UC Davis Budget office.

**Management Corrective Action**

- 1) Beginning in July 2023, the Student Life Budget & Finance Analyst on the Student Affairs Finance team will review and analyze sources and uses reporting monthly. A finalized monthly report will be reviewed with the Director of the program and shared with the Executive Director of Budget & Finance for the Division of Student Affairs for review. By March 30, 2024, the Student Affairs Executive Director of Budget & Finance will review budget progress with BIA.

## **B. Beyond the Barriers Initiative**

Beyond the Barriers is a campus initiative that seeks to support the success of formerly incarcerated and carceral system impacted students. It is administered by faculty in the UC Davis Department of Chicana/o Studies, coordinates with the division of Undergraduate Education, and reports to an independent governing board.

Beyond the Barriers is funded through a combination of faculty time buyout from the Department of Chicano/a Studies and a financial contribution from the UC Davis office of Diversity, Equity, and Inclusion.

### Funding from UC Davis Diversity, Equity, and Inclusion

In 2021 Diversity, Equity, and Inclusion granted \$35,000 to Beyond the Barriers to support student research in issues related to former incarceration and carceral system impact. So far, \$5,000 of this has supported student research and publication; and \$1,000 was given to support the 2023 MALCS Summer Institute,<sup>4</sup> in sponsorship of a film about system-impacted women, which UC Davis students in courses on prisons and policing were invited to attend.

Beyond the Barriers has no other source of funding.

## **C. The Underground Scholars Initiative Student Organization**

The State-funded Underground Scholars program gets its name and inspiration from a student organization that is active on many of the UC campuses, the Underground Scholars Initiative. It is described as a “UC-wide movement led by formerly incarcerated people to support other formerly incarcerated and system impacted students and prospective students through recruitment, retention, and advocacy.”<sup>5</sup>

### The Underground Scholars Initiative’s Agency Account

UC Davis Student Affairs manages agency accounts for many student organizations. Having UC Davis act as custodian of funds in this way allows student organizations to utilize university services such as purchasing and accounts payable. The Underground Scholars Initiative has one such agency account.

AMAS observed that the Underground Scholars Initiative’s agency funds were supplied and spent solely by students with proper approval from the organization’s student officers.

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<sup>4</sup> MALCS is an independent professional organization with chapters in California, Texas, and Utah, “for self-identified Chicana, Latina, Native American/indígena mujeres and gender non-conforming academics, students, and activists.”

<sup>5</sup> <https://beyond.ucdavis.edu/student-org>

Funding from the Underground Scholars Initiative at UC Berkeley

The Underground Scholars Initiative at UC Davis received \$3,000 from the Underground Scholars Initiative at UC Berkeley. The stated purpose of this support was to create work-study opportunities for formerly incarcerated and system impacted students.

The funds from UC Berkeley were spent on meals, T-shirts, and graduation regalia related to the Underground Scholars Initiative and Beyond the Stats (see next section).

**D. Beyond the Stats Student Organization**

Beyond the Stats was a predecessor to the Underground Scholars Initiative student organization. It was a club founded by formerly incarcerated students, which met for social activities, mutual support, and to issue a “BTSzine” publication.

Beyond the Stats’ Account Managed by the Department of Chicano/a Studies

An account associated with Beyond the Stats and managed by the Department of Chicano/a Studies was used to process payroll transactions for formerly incarcerated or carceral system impacted student employees between 2018 and 2021. Funds for these transactions were contributed by the Department of Chicano/a Studies.

Beyond the Stats’ Agency Account

Beyond the Stats also had an agency account administered by the Student affairs business office. AMAS observed that Beyond the Stats’ agency funds were supplied and spent solely by students with proper approval from the organization’s student officers.

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**Attachment 1**

UC Davis Spending Plan - Student Support Funding – Underground Scholars  
Line Item Budget

<b>Underground Scholars Activity Description</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
Staff Salaries and Benefits	\$142,102	\$320,403	\$330,016
Student Wages	\$54,160	\$55,920	\$57,680
<b>Total Labor</b>	<b>\$196,262</b>	<b>\$376,323</b>	<b>\$387,696</b>
Retention Programming (tutoring, professional opportunity grants, paid internships, cognitive testing, retreats, seminars, peer led programming, quarterly family event.)	\$63,788	\$82,915	\$85,402
Advocacy (policy fellowship, internship support, political education, workshops)	\$18,500	\$22,145	\$22,809
Recruitment (Ambassador and outreach program, transfer student support, cross enrollment, incarcerated and transfer programming)	\$20,750	\$22,454	\$23,130
Wellness (Hardship funding, recovery circles, wellness events and programming)	\$5,500	\$11,330	\$11,670
Miscellaneous	\$8,070	\$15,530	\$15,996
One-time	\$28,280	\$0	\$0
UC and Intersegmental Collaboration and Professional Development	\$17,150	\$17,150	\$17,150
<b>Total Non-labor</b>	<b>\$162,038</b>	<b>\$171,524</b>	<b>\$176,157</b>
<b>Total Expense</b>	<b>\$358,300</b>	<b>\$547,847</b>	<b>\$563,854</b>
Planned Prior Year Carryforward	\$0	\$131,700	\$73,854
Current Year Carryforward	\$131,700	\$73,854	\$0