

# *State Budget & Legislation Update*

2013 May ACBO Conference



# Presenter

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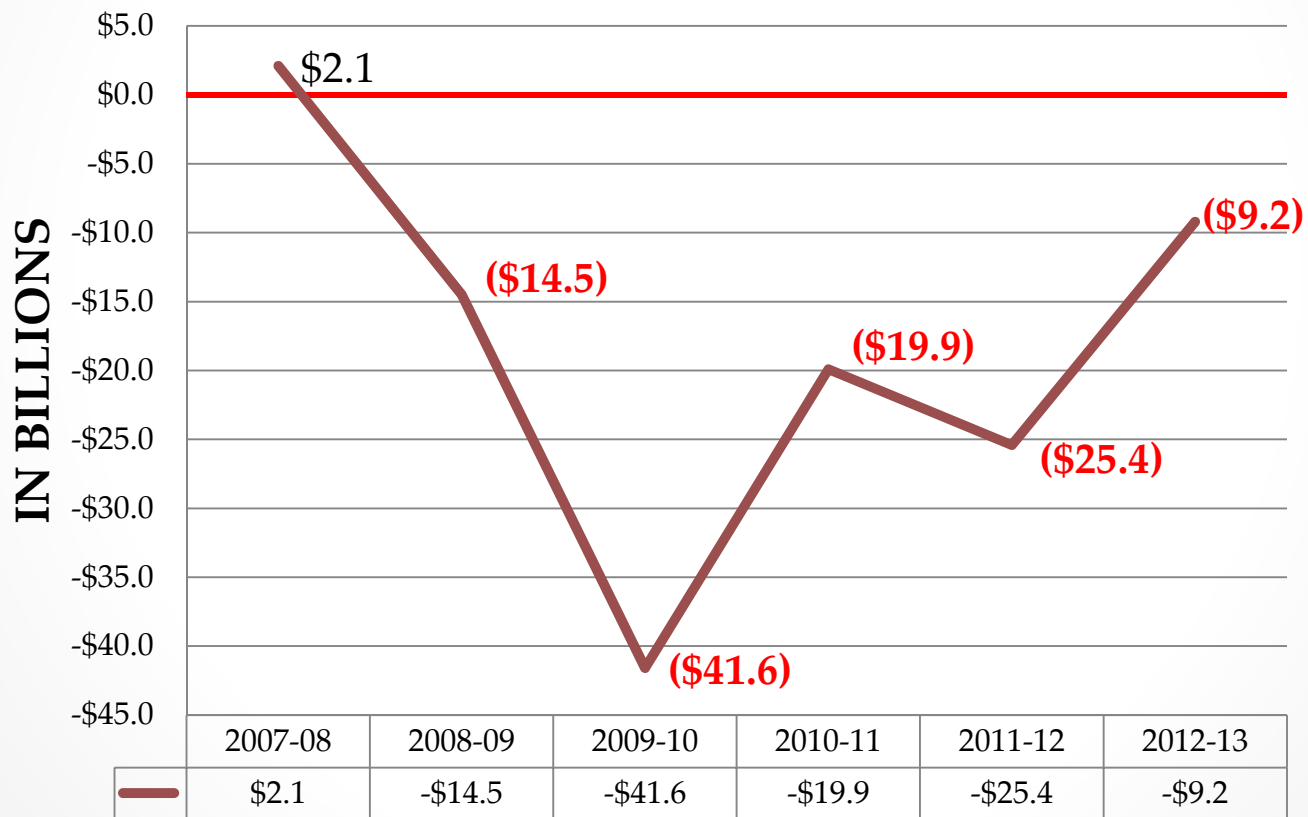
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# 2013-14 State Budget

## Structural Shortfall



# Rebuilding After Disinvestment

## CCC Faced Difficult Budgets

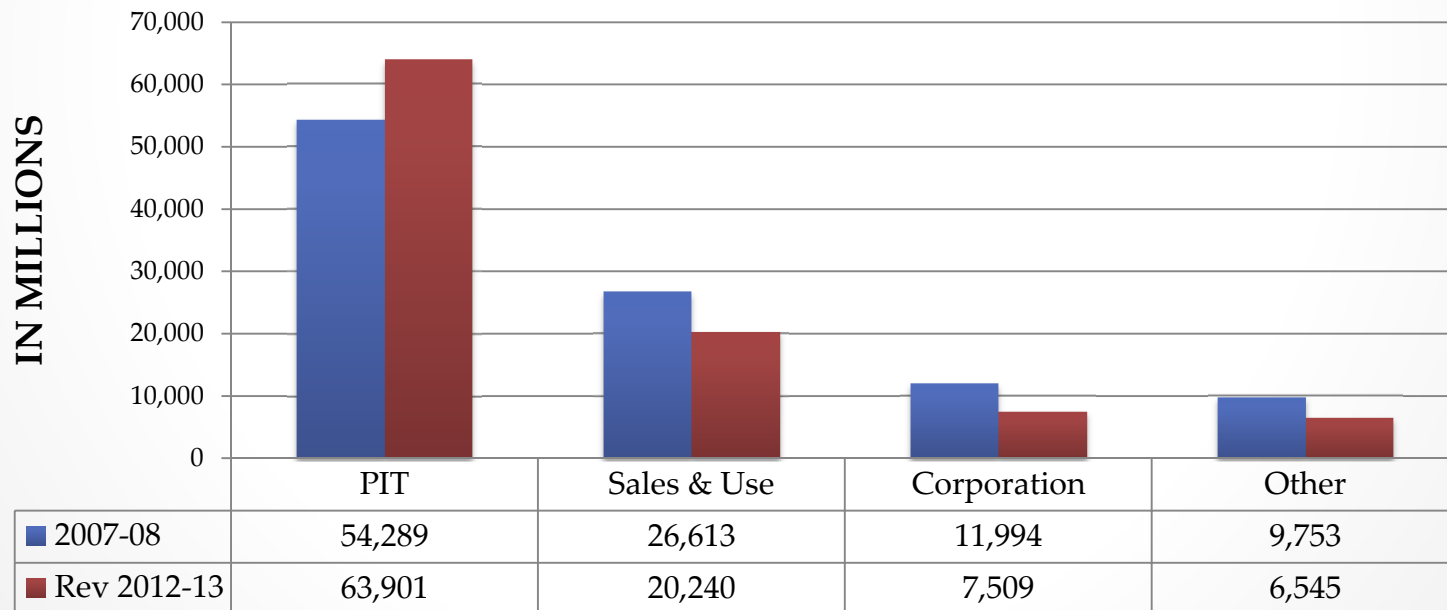
- 2009-10 Categorical cut (\$313 M) and Apportionment cut (\$189 M); 2011-12 Apportionment cut (\$385M)
- Served over 252,000 FTES for whom the colleges did not receive funding; while additionally reluctantly turning away another 129,000 FTES due to workload reduction
- Received no statutory COLA between 2007-08 and 2012-13 creating a cumulative loss of purchasing power totaling 18.3%, or \$994 M.
- Reduced course sections ranging between 5 to 15 percent per college. Increased class size.
- Fees increased from 2008-09 \$20/unit to 2012-13 \$46/unit – a 130% increase in five years

## Access Lost; Programmatic Disinvestment; Increasing Costs

# State Revenues (Big Three)

Personal Income Tax, Sales and Use Tax, Corporations  
**General Fund and Education Protection Account Combined**

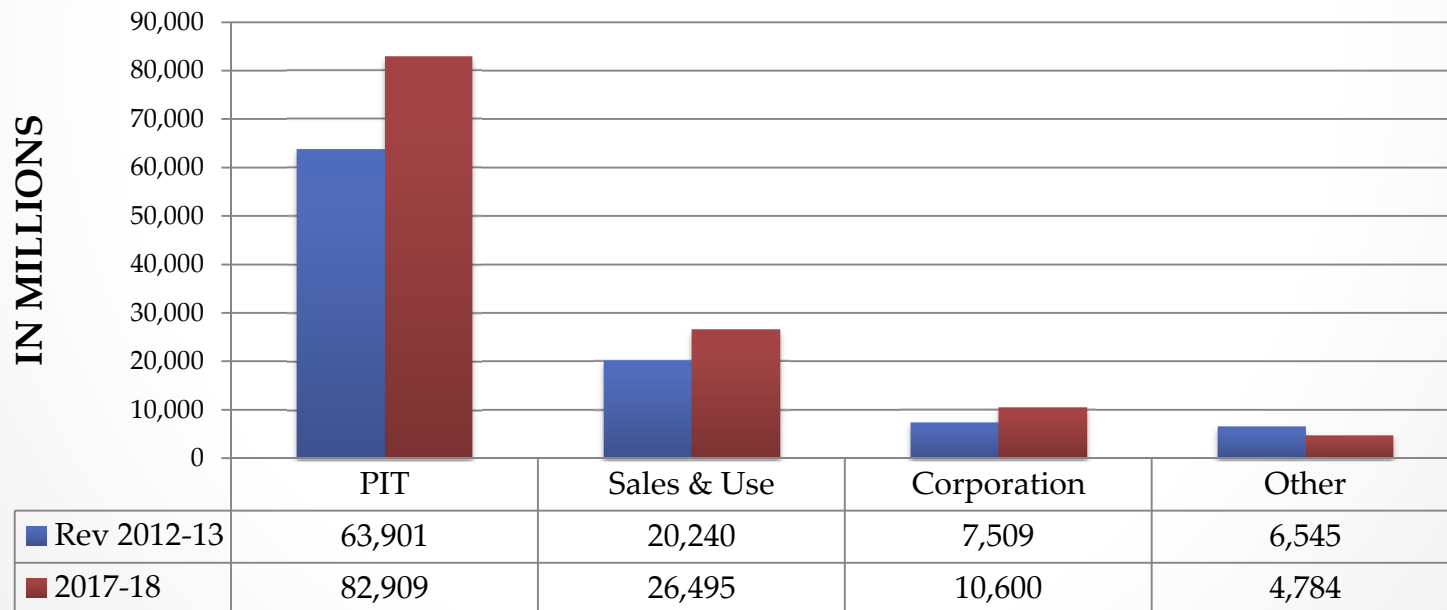
## General Fund and Education Protection Account Combined



# State Revenues (Big Three)

Personal Income Tax, Sales and Use Tax, Corporations

## General Fund and Education Protection Account Combined



# Ballot Measures Key to Increased State Investment

## Higher Revenue Boosts Prop 98

- Prop 30 – Temporarily imposes  $\frac{1}{4}$  sales tax and increases PIT tax rate for upper-income taxpayers; Guarantees local government receive tax revenue for responsibilities transferred to them in 2011.
- Prop 39 – Closes a loophole on taxes for multi-state business; will fund energy efficiency and clean energy projects
- Both combined provide over \$6B through a combination of temporary and ongoing revenue

**Prop 30 – Temporary**  
**Prop 39 – Permanent**

# “Budget Invest in K-12 & Higher Ed”

## Governor Outlines Funding Increases Coupled with Policy Reform

- Push decisions down to the local level
- Decrease time to completion; improve overall completion rate/improve transfer rate to colleges/universities
- Continue to pay down the “wall of debt”

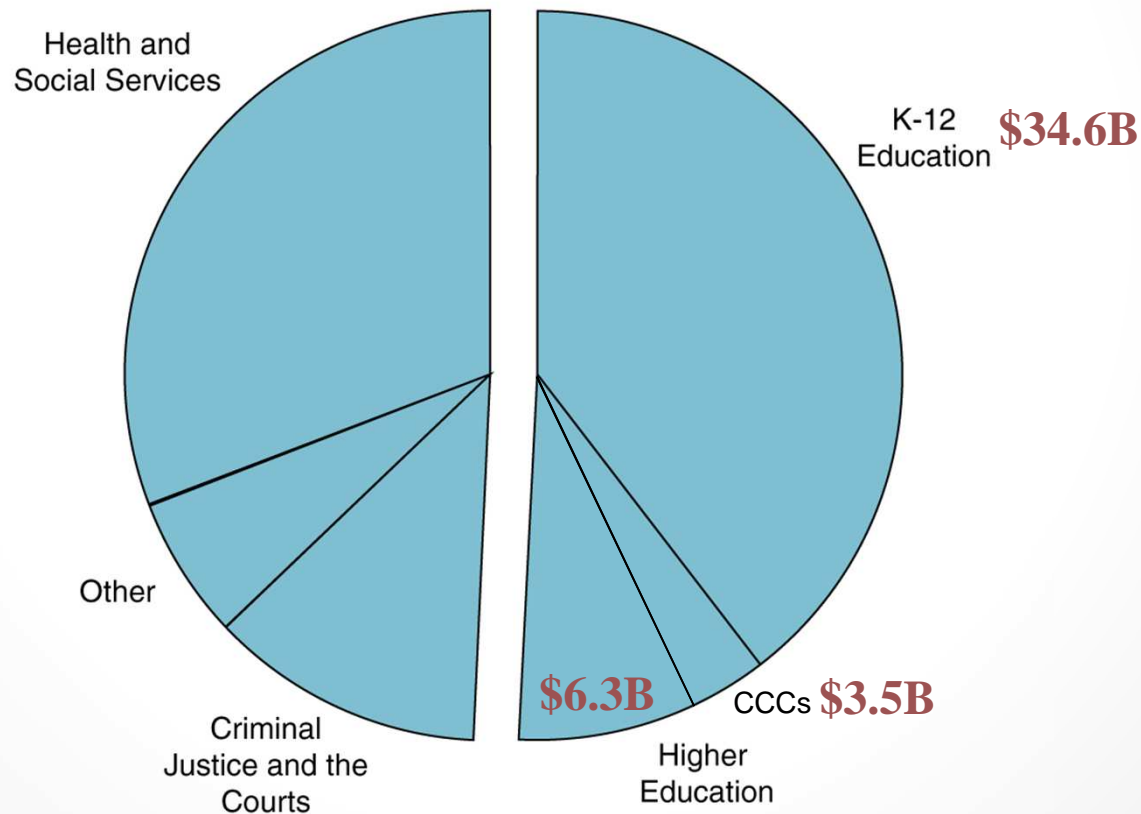
## Multi-Year Education Plan Outlined



# Education: The Big Picture

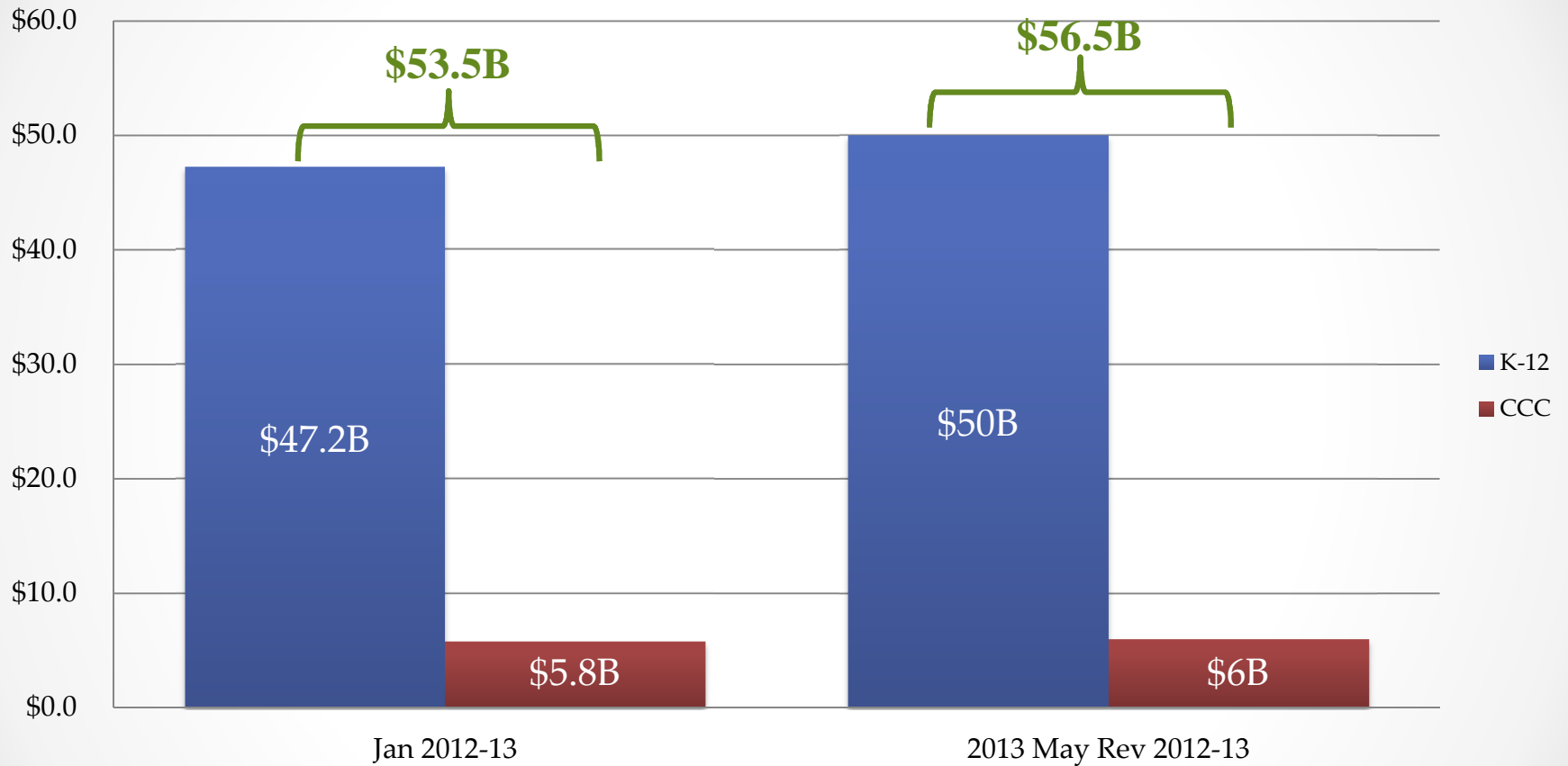
Education makes up half of state spending.

*General Fund—2011-12* **\$87.1B**



# Proposition 98

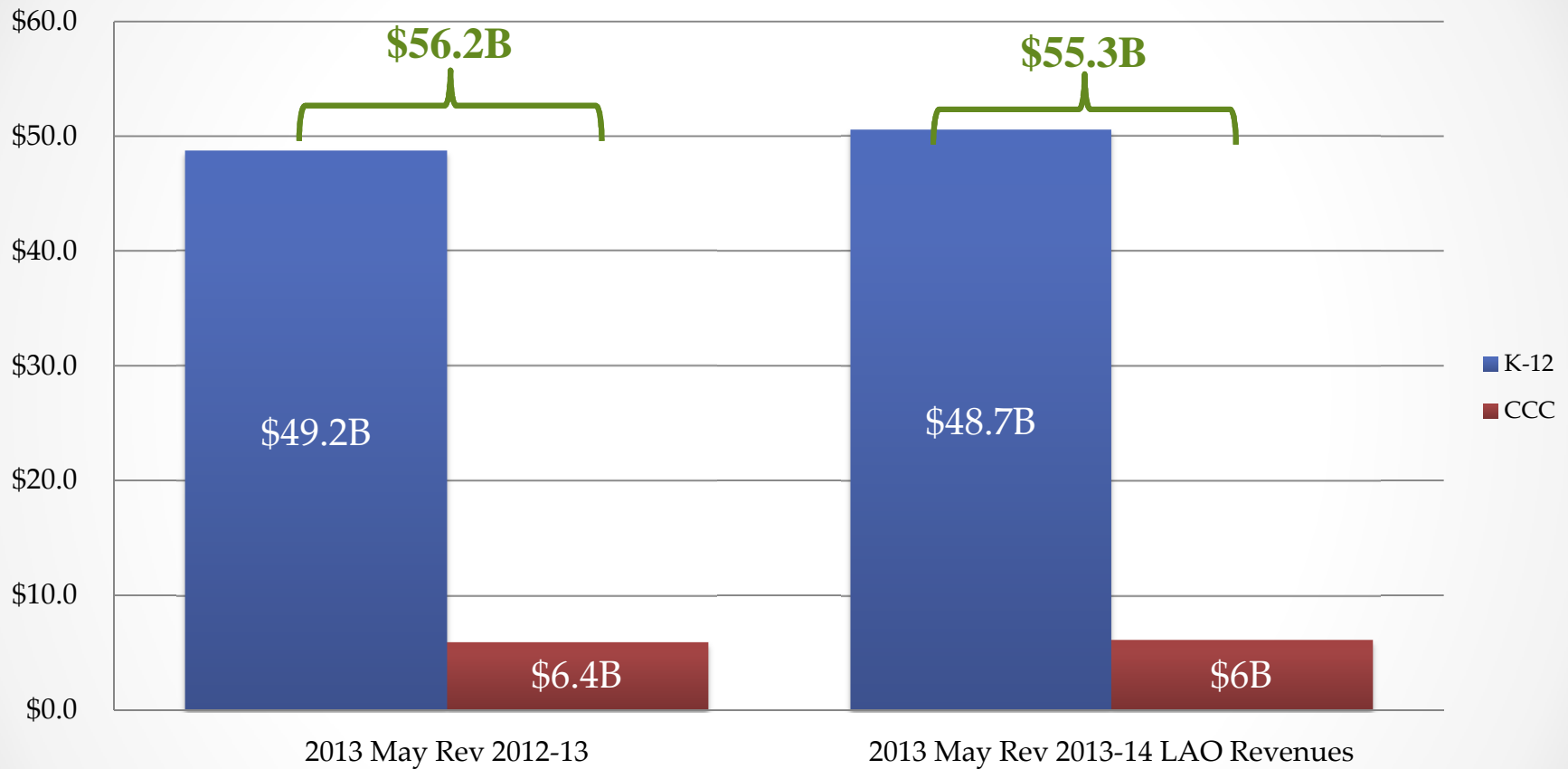
2013-14 May Revision - CY



**CCCs : \$153M More Proposition 98.**

# Proposition 98

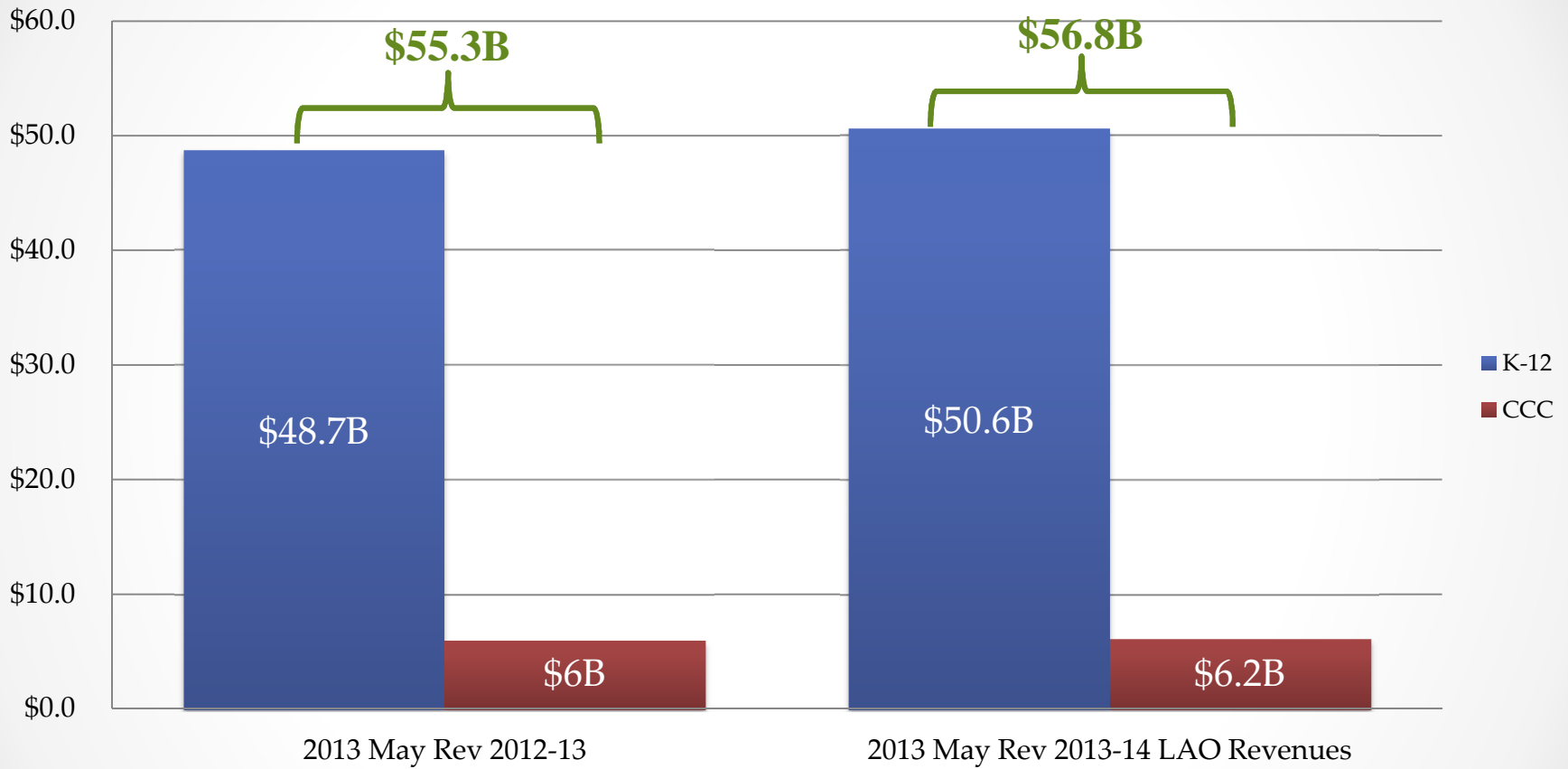
## 2013-14 May Revision - BY



**CCCs: \$394M Less Proposition 98**

# Proposition 98

## 2013-14 May Revision - BY



**CCCs receive \$200M more than Governor proposed May Revise.**

# 2013-14 CCC P-98

## Summary of Adjustments

- \$30M Revised Adult Ed/Apprenticeship proposal
- \$87.5M           1.57% COLA
- \$89.4M           1.63% Enrollment Restoration/Access/Growth
- \$50M Student Success/Matriculation
- \$51M Energy Efficiency/Prop 39
- \$16.9M           Online Education
- Education Protection Account & other “Technical Adj”

**CCCs BY Split: 10.88%**

**CCCs CY Split: 10.55%**

# 2013-14 CCC P-98 Policy Proposals Summary of Proposals

- Revised Adult Education Proposal
- Withdraws census proposal – “proposes to develop in 2014-15, a broad based framework to improve student success and establish appropriate incentives to encourage course and degree completions, as well as cost effectiveness”
- Require FAFSA completion – allow one academic terms to supply income documentation

**How will the system be rebuilt?**

# Adult Ed

## Long fight, to change or maintain the status quo?

- CCC roughly provided \$186M 2011-12 and K-12 estimated to dedicate \$300M.
- The \$500M proposed is essentially a doubling of amount now currently spent for only five (5) categories
- Will districts be incentivized to expand or create programs?

## Are we setting up a two-tier system?

# What Does All this Mean in Terms of Cash?

**Uncertainty of Prop 30 passage  
addressed; however the “yo yo”  
distribution of cash remains..**

- Redevelopment distribution dates coincide with apportionment schedules
  - Payment in Jan/ Reporting in Oct – in time for November 15 A-C reporting
  - Payment in Jun / Reporting in Mar – in time for April 15 A-C reporting

**Automatic “true up” in CCC future?**



# Where are Things Headed for 2014-15?

## Assuming Same Governor...

- Outcome Funding
- Adult Ed – what does it all mean?; what about fee setting authority for non-credit – will this mean K-12 double dipping

**Can CCCs and Governor paddle in  
the same direction? Legislature too?**

# 2013-14 CCC P-98

## Future

- Look for more feedback from districts
- Workgroup on Community College Finance
- Fiscal Priorities –
  - CCC Deficit Factor/Progress to restore foregone COLA
  - Automatic “true-up” at each apportionment
  - Work w/system stakeholders to arrive at consensus on issues such as removing “district match” from the 50% law calculation
  - Other outstanding needs/concerns
- Dual enrollment programs
- Child care
- Financial Aid



## Handle With Care!

Keep California  
community colleges  
stable and the money  
in our hands.



**DON'T DROP THE BALL...  
HONOR THE COMMITMENT!**