



# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

July 28, 2009

Governor Arnold Schwarzenegger today [signed a package of bills](#) that revise the 2009-10 budget adopted by the Legislature in February, which imposes deep cuts to our system of community colleges. The cuts will slash community college spending by over \$680 million from the amount approved in February, and is expected to reduce enrollment by 250,000 students.

## General Per-Student Funding

The general funding for community colleges, which is allocated on a per-student basis, will be reduced by a total of \$235,600,000. Of this, \$120 million is a specific reduction approved by the Legislature and the other \$115.6 million is due to anticipated shortfalls in general revenue (apportionment-\$41m), and overestimates in property taxes (\$21.2m) and student fees (\$53.4m).

The reduction in general funding will lead to a "workload reduction" that will match funded enrollment with available funding, an adjustment expected to reduce funded enrollment in districts by 2.5-3.5%. While this is an unfortunate consequence of the budget that will reduce access for students to community colleges, it is essential to keep per-student funding in line with the statutorily prescribed funding levels and avoid a permanent erosion of quality.

## Student Enrollment Fees

Effective Fall 2009, student enrollment fees are \$26 per credit unit. Districts are required to collect fees for students that have already registered, and any revenue that is not collected will be subtracted from the system's already deficated apportionment.

While many of us believe that the fee increase is ill-timed and unreasonably high given the state's economy, it is important for all faculty, staff, trustees and community members to tell students about the [Free Application for Federal Student Aid](#). Remind students that over one-third of all community college students get their fees waived, and [many more are eligible!](#)

## Categorical Funding

The budget provides deep reductions to categorical programs, and provides local districts significant latitude to accommodate the cuts. Categorical programs fall into two separate

groups--protected and unprotected. <[full numbers](#)>.

### ***Protected***

Unless otherwise noted, the following programs are cut 32%, with the possibility of **up to** one-half of the cut being restored with federal funds. All program requirements and mandates continue, and funds may not be used for any other purpose.

- Basic Skills Initiative
- Disabled Students Programs and Services (DSPS)
- Extended Opportunity Programs and Services (EOPS)
- Cooperative Agencies Resources for Education (CARE)
- Foster Care Education (25% cut)
- Nursing Support
- Student Financial Aid Administration (24% cut)
- Telecommunications and Technology

### ***Unprotected***

The "unprotected" categoricals were mostly cut by 62%, with the possibility of **up to** one half of cut being restored with federal funds. Following a public hearing and a vote of the governing board, the funding can be transferred to **any other categorical purpose listed in either the protected or unprotected items** (but not general fund). After such a vote, all statutory and regulatory mandates are waived. <[full numbers](#)>

- Apprenticeship
- Campus child-care tax bailout
- Career-technical education (36% cut)
- Economic Development
- Equal employment opportunity
- Matriculation
- Part-time faculty compensation
- Part-time faculty health insurance
- Part-time faculty office hours
- Physical plant and instructional support (100% cut)
- Transfer education and articulation

Funds for these programs will be distributed based on the proportion of the statewide allocations for these items in 2008-09. This creates a challenge, as some programs (i.e. career-technical education and economic development) have significant grant-based allocations that are technically freed under the language of the budget package. We encourage districts that receive funds under these types of statewide and regional leadership grants to await further instruction from the Chancellor's Office.

Obviously, this significant change to categorical programs in such a difficult time is creating a lot of angst throughout our colleges. It is true that, with the level of cuts taken,

it will be impossible to do what we were doing for students and our communities over the last ten years. Nevertheless, it's important to engage in campus dialog about how best to absorb these cuts and maximize services to students through these challenging times.

## Federal Stabilization Funds

The budget package officially relies on \$130 million in funds received under the American Recovery and Reinvestment Act of 2009 (ARRA). However, any budget analyst you talk to in Sacramento now says that the number was overly optimistic. The actual amount that community colleges will receive is based on the proportion of cuts we received relative to UC, CSU and K-12 schools, and the total amount of money provided by the federal government.

Many analysts now believe community colleges will receive between \$60-90 million. To the extent these one-time revenues are not provided to community colleges, the **offset to the categorical cuts will not be provided.**

## Proposition 98 Outlook

While the economy is expected to rebound in the next eighteen months, it is likely the Proposition 98 guarantee will drop in 2010-11, subjecting community colleges to additional cuts. Two significant revenue sources sunset in January 2011: the personal income tax increase and suspension of the dependent credit. Because of this, Proposition 98 is expected to be based on Test 3, or a combination of the change in K-12 average daily attendance (a largely flat number) and the change in per capita General Fund (expected to drop barring an extension of the tax increases).

With the sunset of the federal stimulus funds and a decline in the state's minimum funding guarantee, it is likely that 2010-11 will be a year in which community colleges face further cuts.

## Miscellaneous Items

- Language to suspend the 75-25 faculty obligation requirement and 50% law was not included in the final budget. These issues will be dealt with internally with Consultation and the Board of Governors.
- The proposal to eliminate Competitive Cal Grants was not included.
- The governor vetoed \$6.3 million from the Student Aid Commission's budget, \$4.3 million of which is being held out as a "carrot" to encourage legislation to decentralize the Cal Grant program (move to college-based grants).

We will continue to provide information to you as it becomes available. If you have any questions, please do not hesitate to ask me at [scottlay@cleague.org](mailto:scottlay@cleague.org) or Theresa Tena at [ttena@cleague.org](mailto:ttena@cleague.org).



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