

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95811-6549
(916) 445-8752
<http://www.cccco.edu>



From: Troy, Dan [<mailto:dtroy@CCCCO.EDU>]
Sent: Thursday, January 10, 2013 10:17 AM
To: SO2CBO@LISTSERV.CCCNEXT.NET
Subject: Governor's Budget Highlights

Colleagues,

Governor Brown has just released his initial proposal for the 2013-14 fiscal year. At first blush, it appears to be a mix of good news coupled with some major policy proposals that will require more time to consider. While it's too early to have sorted through all of the details and ramifications of the proposed budget (in fact, some details may not be available until trailer bills are released later this month), I wanted to provide a quick summary of the key changes related to the California Community Colleges.

The Governor proposes:

- \$196.7M in increased apportionment funding. It is proposed that the Board of Governors will determine how those funds will be allocated (e.g., growth/restoration or COLA).
- \$179M to buy down existing deferrals. This would lower the total year over year deferrals from \$801M to \$622M.
- \$49.5M to support energy efficiency efforts pursuant to the recently passed Proposition 39 ballot initiative. The Governor intends the CCCs to expand career technical educational training and on-the-job work experience training in partnership with the California Conservation Corps and participating community conservation corps programs.
- \$16.9M to enhance online education efforts in the CCCs, including the creation of a centralized Virtual Campus into a single hosting system, so students could find online courses and access 24/7 support through a common portal. The proposal would further expand and enhance credit by exam options to make it possible for students to earn credit for core SB 1440 Transfer Degree courses and also for remedial coursework. One way that students would be able to acquire the skills necessary to pass these exams would be through MOOC providers.
- \$300M in a shift of responsibility for Adult Education from K12 to the CCCs. These dollars would be provided to districts in a block grant based on students served in core instructional areas.
- \$15.7M in a shift of responsibility for Apprenticeship from K12 to CCCs.
- Replace long-standing provisional language concerning the funds for the Economic and Workforce Development Program with a requirement that the Chancellor's Office submit an annual expenditure plan to the Department of Finance for approval (similar to SB 70).

The Governor's proposal also includes some significant policy changes:

- A 5-year phase-in of funding apportionments on completion rather than on census date enrollment. Unlike previous proposals, though, this is intended to be cost neutral, as districts would have funding lost through the apportionment shifted to student support efforts such as the Student Success and Support Program (formerly known as Matriculation).
- A 90-unit cap for students. Under this proposal, no state support would be provided for students that have exceeded 90 units. Students taking courses above the cap would be required to pay the full cost of instruction, with some provision for case-by-case waivers. Similar limits are proposed for UC and CSU students.
- Alter Part B BOG fee waivers to require students to complete a FAFSA and include the income of both parents and the student to determine eligibility.

Clearly, Governor Brown has an ambitious agenda for higher education, and we will have much to discuss over the next few months. This is only the start of the process, of course. The next steps include an analysis from the Legislative Analyst's Office (usually in February), a review of the proposal by legislative budget subcommittees (March through May), and then a revision on or around May 15th when the Governor will update the revenue forecast and potentially alter some of his proposals.

I hope to have a more complete summary of the Governor's Budget in the coming days. Also, the Chancellor's Office and the Community College League of California will be hosting a webinar on Monday, January 14th at 10am to go through the budget proposal in more detail and to answer your questions. Chancellor Harris, Scott Lay, Theresa Tena, and myself will participate. Here is a link to the webinar registration form:

<http://www.ccleague.org/i4a/forms/form.cfm?id=83>

Regards,

Dan Troy

Vice Chancellor, Fiscal Policy

California Community Colleges Chancellor's Office

(916) 445-0540