



The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS
DATE: May 6-7, 2013

SUBJECT: Budget Update		Item Number: 4.1	
		Attachment: No	
CATEGORY:	Fiscal	TYPE OF BOARD CONSIDERATION:	
Recommended By:	 Dan Troy, Vice Chancellor	Consent/Routine	
		First Reading	
Approved for Consideration:	 Brice W. Harris, Chancellor	Action	
		Information	X

ISSUE: This item presents an update on the status of the 2013-14 state budget relating to the California Community Colleges.

RECOMMENDED ACTION: This item is recommended for Board discussion.

ANALYSIS: Since the update provided at the March Board of Governors meeting, both the Assembly and the Senate budget subcommittees have reviewed the governor’s budget proposals for the Community Colleges. Some significant actions have been taken, as follows:

Assembly

The following actions were taken in the Assembly:

- 90-Unit Cap – The Assembly rejected a proposal that would have required students who have completed more than 90 units to pay the nonresident tuition fee for each unit of credit coursework above 90 units.
- Census Date – The Assembly rejected a proposal that would have funded FTES based on the number of students in class at the end of the term (rather than at the census date used currently).
- BOG Fee Waiver Reform – The Assembly rejected a proposal that would have required students to file a FAFSA to determine whether they are eligible to receive a BOG Fee Waiver

(Part A, B or C). Also, this proposal would have required campuses to consider both student and parent income when determining eligibility for the BOG fee waiver. The Assembly subcommittee rejected both issues.

- Adult Education – This proposal aimed to shift the responsibility for all K-12 adult education programs to the California Community Colleges Chancellor’s Office. Additionally, it would have eliminated California Community College’s non-credit funding and replaced this funding with a block grant of \$300 million. This proposal was rejected “without prejudice” in anticipation of a revised plan from the Department of Finance.

Senate

The following actions were taken in the Senate:

- 90-Unit Cap – Senate rejection of this issue conforms to the Assembly action.
- Census Date – Senate rejection of this issue conforms to the Assembly action.
- BOG Fee Waiver Reform – The Senate took a slightly different approach than the Assembly regarding the governor’s proposed BOG fee waiver reform, rejecting the proposal to require campuses to consider both student and parent income when determining eligibility for the BOG fee waiver, but holding open the idea of requiring all BOG fee waiver applicants to use the FAFSA.
- Adult Education – The Senate held open this item in anticipation of a revised proposal from the Department of Finance.

Other Items:

Major Funding Issues

The Governor proposed a \$197 million increase to the community colleges in January. Neither house has taken action on this or on any major area of funding, such as full-time equivalent student TES access, student success initiatives, COLA, or on the pay down of deferrals. The Legislature will wait to see what the revenue situation looks like at the May revision prior to taking significant action on funding. Both houses discussed the idea of shifting some of the \$179 million the governor proposes to pay down system deferrals to other priorities, but no action has been taken, yet. Both houses expressed skepticism over allowing the Board of Governors to determine the allocation of the system’s funding augmentation.

Governor’s Online Initiative Proposal

The Assembly and the Senate discussed the governor’s online initiative proposal which allocates \$16.9 million for the creation of a centralized “virtual campus” to be used by all colleges instead of

using their individual systems to offer online education. The California Community Colleges Chancellor's Office supports the governor's proposal and has collaborated with the Department of Finance on a proposed plan detailing how the initiative would be carried out. The Assembly and Senate seemed open to the governor's proposal but also discussed other possible priorities such as electronic transcripts, common assessment, and online education planning tools. No action was taken on the item.

Enrollment Priority for CalWORKS Participants

The Assembly discussed allowing California Community Colleges CalWORKS participants to have enrollment priority in the system. If implemented, the Chancellor's Office requested to maintain the authority to require that these individuals meet the same requirements as others with enrollment priority (completing assessments, having an education plan, attending orientation, etc.). This item was held open by both the Assembly and the Senate.

California Community Colleges Degree offerings

The Senate discussed the option of granting authority to the California Community Colleges to offer baccalaureate degrees. This would expand the community college's mission which is focused on offering basic skills, vocational education, and lower division transferable courses. The issue of degree offerings was discussed as an information item only; we do not anticipate that this would be acted upon in the budget process.

CONCLUSION: Overall the hearings to date have gone reasonably well, as the Assembly and the Senate rejected some of the policy proposals that we viewed as having the potential to negatively impact our students. The Chancellor's Office has been able to effectively communicate that the Student Success Task Force recommendations more comprehensively address issues regarding student success and completion. Both the Assembly and the Senate have expressed support for allowing time for the recommendations to take effect before adopting other alternatives.

The next major step in the process will be the May Revision, where the updated revenue forecast may bring changes to the estimated Proposition 98 minimum funding guarantee. At this time or prior, the Governor may also present his revised plan for adult education.

The California Community Colleges Chancellor's Office remains committed to supporting a balanced approach that includes funding for student success, access, and COLA.