California Community Colleges

Board of Governors

2014-15 System Budget Proposal

September 2013
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INTRODUCTION

This document presents the California Community Colleges’ System Budget Request for fiscal year 2014-15. The proposal describes the minimum funding required for the 112-college system to meet the wide variety of student educational needs that exist in this diverse state. The California Community Colleges (CCCs) serve approximately two and a half million students every year, providing educational services that include general education classes for transfer to baccalaureate institutions, career training, basic skills and remedial education, and adult education.

During the years 2008-09 through 2011-12, state funding for the CCCs declined dramatically, as the state experienced significant declines in revenues due to the recession. Colleges struggled with reduced budgets, and were forced to cut course sections and lay off staff. Students were unable to get the classes they needed, and waiting lists for courses ballooned. CCC enrollments plunged from a high of 2.9 million students in 2008-09 to 2.4 million in 2011-12 – a loss of half a million students.

On November 6, 2012, California voters passed The Schools and Local Public Safety Protection Act (Proposition 30), which provided for increases in education funding as a result of some temporary tax increases. Colleges began the slow process of rebuilding what had been cut over the previous four years. Proposition 30 made additional funding available for increased access in the 2012-13 year, but it was difficult for many colleges to take advantage of the new funding after starting the fiscal year with the uncertainty of not knowing whether their budgets would be augmented or reduced mid-year. Now, however, colleges have an opportunity to increase course sections to better serve the needs of California’s students.

The passage of Proposition 30 and the resulting state reinvestment in education represents an opportunity for the CCC system to begin to rebuild after years of reductions. In 2014-15, the community colleges will continue to pursue a balanced approach to the budget in an effort to provide qualitative programs and services that meet the 21st Century needs of California’s students. While acknowledging that the state is still recovering fiscally from the recent economic downturn, the 2014-15 System Budget Request emphasizes educational quality, student success, and increased access for students statewide. It also recognizes the need for investment in areas such as physical plant and instructional materials.

The California Community Colleges focus on three principal missions:

- Degree and Transfer: Courses leading to an associate’s degree and/or transfer to a four-year university
- Career Technical Education: Career Technical (vocational training) courses typically leading to an industry recognized certificate
- Basic Skills and Remedial Courses: Remedial courses for students unprepared for college instruction, as well as instruction in English language and citizenship
The California Community College system is the most cost-effective system of education in California. The state revenue needed to support one community college full-time student is slightly more than $5,000 per year. The state revenue needed to educate that same student at a CSU campus increases to $11,000 per year, and increases even further to $20,000 per year at a UC campus. Given that, funding provided by the state to the community colleges represents a wise investment.

The California Community Colleges have worked hard to improve the system’s effectiveness and efficiency during difficult fiscal times. In 2012, for one example, the California Community Colleges and California State University launched the new Associate Degree for Transfer (ADT) program, authorized by SB 1440 (Padilla), that simplifies the student transfer process between the two systems. The initiative will generate approximately $160 million annually in cost savings and those savings will provide access to 40,000 additional community college students and nearly 14,000 California State University students each year. To date, approximately 900 ADT programs have been approved, with that number expected to more than double by the end of the 2013-14 fiscal year. Efforts like this and the continued implementation of the recommendations of the Student Success Task Force and development of the Online Education Initiative (approved in the 2013-14 Budget Act) help the California Community Colleges to maximize the educational return on funding invested in the system.

Recent studies have documented the economic benefits to the state of investment in higher education:

- For every $1 California invests in students who graduate college, it receives a net return of $4.50.
- Californians with a college degree will earn $1.3 million more than those with a high school diploma.
- Californians with an associate degree nearly double their earnings in three years.

As the largest workforce training provider in the state, the community colleges contribute significantly to California’s ability to compete in the global economy. New and emerging industries such as solar technologies need trained technicians, many of whom are being prepared for these careers by the state’s community colleges. Smart investments in the community colleges will help attract businesses to California through an increase in the state’s skilled workforce and improve the lives of our state’s residents.

**Budget Cuts in Recent Years**

While a slowly improving economy and the passage of Proposition 30 have improved the situation over the past two years, the California Community Colleges continue to struggle to provide sufficient services due to the massive funding reductions absorbed during the economic crisis. In the 2009-10 fiscal year, the community colleges suffered a reduction of almost 8 percent, including a $313 million reduction in student support programs and a $190 million reduction in the general apportionment. In 2011-12, the colleges received another funding
reduction of $400 million in general fund apportionment funding, while enrollment fees were raised by $10 per unit. Six months later, the colleges experienced mid-year trigger cuts of another $102 million, which was intended to be partially offset by an additional $10 increase in student fees. As much of the anticipated fee revenue did not materialize, the system ended the year with an unanticipated deficit of approximately $90 million.

The substantial reductions in the CCCs’ budget had a severe impact on the colleges. Even with increases provided due to the passage of Proposition 30, course sections are still 16 percent lower in 2012-13 than they were in 2008-09. As a result of high demand and cuts in course sections, large numbers of students attempting to enroll in a community college found either overcrowded classrooms or that no classes were available at all. In total, the system’s enrollment declined by nearly 500,000 students during these troubled years.

**The 2013-14 Budget Brings Reinvestment in Education**

In 2013-14, as a result of the passage of Proposition 30 and the state’s more hopeful economic outlook, funding for the California Community College system increased significantly for the first time in five years. The 2013-14 budget provides $89.4 million for access, $87.5 million for COLA, and $88 million for categorical programs, with a large portion dedicated to the student success and support program. The 2013-14 budget also provides $16.9 million to be used to expand the availability of courses through online technology, $47 million for energy efficiency activities related to Proposition 39, and $25 million for adult education local planning grants. This increased funding is much needed by the community college system and is a promising step toward enabling the colleges to rebuild crucial services and take an active role in the state’s recovery.

**Areas of Caution as we Move Forward**

*Revenues from Proposition 30 are Temporary*

While we are grateful for the revenues being generated as a result of the passage of Proposition 30, it is important to keep in mind that these revenues are not permanent. Proposition 30 established the Education Protection Account (EPA), which receives funding from increased taxes approved by the initiative. The sales tax rate increase began in 2013 and lasts through 2016. The income taxes increase began in 2012 and will last through 2018. So, unless the tax rate increases are extended at some later date, the state will begin to experience the loss of EPA revenues in the 2016-17 fiscal year, and those revenues will be completely gone as of the 2019-20 fiscal year. Community college districts will need to acknowledge the short-term nature of the Proposition 30 funding and exercise appropriate caution when increasing expenditures.

*Lack of Funding Stability is a Growing Problem*

The downturn in the economy forced the Legislature and the Governor to identify sources of revenue other than state general fund dollars to fund K14 education. These alternate revenue sources, such as funds generated by Proposition 30 and the dissolution of Redevelopment Agencies (RDAs), are less reliable than general fund revenues appropriated in the budget. In 2008-09, two-thirds of the California Community College system’s general apportionment was made up of general fund appropriated in the annual budget. In 2012-13, that figure had shrunk to
almost one-third, meaning that two-thirds of the system’s budget is based on estimated revenues, including student fees and property taxes, as well as EPA and RDA revenues.

Figures 1 and 2 below show the sources of community college funding in 2008-09 and 2012-13. The blue shaded area shows the portion of community college funding from state general fund dollars. This is the only stable source of funding, as the other sources rely on estimates of amounts that are expected to be realized throughout the year. This uncertainty makes it difficult for colleges to budget, as they are not guaranteed that predicted revenues will materialize at the end of the fiscal year. If revenues do not come in at the level expected, the colleges are left with shortfalls in their budgets, which in turn requires colleges to make painful reductions to course sections or services that affect students.
Some of these resources have statutory backfill requirements (RDA and EPA), but the amount of the backfill is subject to the Department of Finance’s determination. Further, the timing of the backfill may still result in significant cash flow problems for districts as funds may not be received until well after the fiscal year has ended. The lack of a continuously appropriated general apportionment, such as what is provided for K12 districts, is becoming increasingly problematic as our system’s exposure to deficits has grown substantially in a short amount of time.

Summary

The California Community College system is moving forward with cautious optimism. The 2013-14 budget demonstrates a renewed commitment in California to reinvest in education after years of devastating cuts. However, given the temporary nature of the revenues generated by Proposition 30, we must think long term about the future of the system as we rebuild. The System Budget Request for 2014-15 proposes to increase the state’s reinvestment in education to increase the colleges’ ability to meet California’s education and training needs. The proposal is built around the following three core elements: Student Success, Educational Quality, and Access. The Request also points toward the difficulty of accomplishing these core elements without sufficient funding stability.
CALIFORNIA COMMUNITY COLLEGES

2014-15 BUDGET OVERVIEW

State law directs the Board of Governors to prepare and adopt an annual system budget request, using the Consultation Process established under state law. To meet this requirement, a Budget Workgroup, comprised of members and designees of the Consultation Council, other college stakeholders, and Chancellor's Office staff, first convened in June to form an outline of the budget request for 2014-15. Initial discussions from the Workgroup were presented to the Board of Governors in July. The Workgroup reconvened in later in July to finalize recommendations. The recommendations of the budget workgroup were discussed before the Consultation Council at the August meeting, and the proposed System Budget Proposal reflects a general consensus of Consultation. The request was set for Board consideration in September.

The System Budget Proposal is based on the following assumptions:

- In order to successfully meet state priorities and serve its students, the request should place a strong emphasis on preserving and enhancing educational quality.

- The request recognizes that undoing the damage of several years of deep cuts will not occur in one or even two fiscal years. It will require a multiyear commitment.

- In the 2013-14 budget process, the system pursued a balanced approach, including augmentations for student success, access and COLA. In the next few years the CCC system proposes to continue this balanced approach toward rebuilding the system.

The recommended increase in the system budget for 2014-15 budget totals approximately $600 million to address three core priorities: funding for categorical programs including the Student Success and Support Program; Cost of Living Adjustment (COLA); and funding for increased access. These are directly related to the system’s goals of Educational Quality, Student Success, and Access. The specific recommended funding increases are described in further detail in the next section, 2014-15 Budget Narrative.

Educational Quality

In recent years, community college budgets have not kept pace with inflation. In four of the last five fiscal years, the colleges were denied the cost of living adjustments (COLAs) prescribed in statute, resulting in a loss of purchasing power of 16.3% from 2008-09 through 2012-13. These forgone COLAs impair the ability of colleges to match services at prior year levels. As costs rise for non-discretionary items such as information technology, utilities, and health care, college budgets are spread thin and fewer resources are available for core activities such as offering new course sections and adding counselors. This also affects student success rates. As colleges struggle to maintain instructional services in the face of rising costs, students face fewer course
options and decreased access to faculty, which in turn impacts the time it takes to complete a degree or certificate program. Students are not receiving the same level of service when the colleges don’t receive a COLA to help keep pace with rising inflation.

In 2013-14, California Community Colleges received COLA funding of $87.5 million (approximately 1.57%). While this allows colleges to keep pace with the increase in costs from the previous year, it does not address the severe loss in purchasing power from 2008-09 through the 2012-13 fiscal years.

The estimated statutory COLA for 2014-15 is 1.8%. Considering the COLA that was lost over recent years, we request a larger COLA than the 2014-15 statutory amount to help rebuild the colleges’ vital infrastructure which has suffered from underinvestment. We request an enhanced COLA of 4.4% or $240 million in 2014-15. This augmentation would have the added benefit of providing districts with flexible resources to meet local needs.

**Student Success**

Research demonstrates that student success is enhanced by the provision of quality student support services at the colleges, including such activities as orientation, counseling, and tutoring. Other student support services—such as textbook grants, childcare, and work study—are especially important to promote the success of economically disadvantaged students. All of these student support services were cut significantly in 2009-10, with reductions averaging 41 percent. At the campus level, direct services to students, including disabled and economically disadvantaged students, were cut substantially.

The California Community Colleges are focused on increasing students’ graduation rates, as evidenced by the work of the Student Success Task Force. The task force examined various aspects of student learning, from college readiness and basic skills courses to campus culture, infrastructure, and the need for professional development. One of the major findings of the task force is that the provision of qualitative support services plays an important role in student success.

The 2013-14 budget recognized the work of the task force and the need to invest in support services by providing $88 million for categorical programs. To further address the critical need to increase college completion rates, this budget proposal requests $150 million to be used for support programs that directly impact student success rates.

**Access**

Enrollment demand at the community colleges reached unprecedented levels in 2008-09. Persistent high unemployment, students being displaced from UC and CSU, returning veterans, and substantial reductions in K-12 adult education programs strained the capacity of the community colleges. Unfortunately, as the demand for a community college education increased, the funding provided by the state declined. Instead of increasing course sections to meet the soaring student demand, colleges were forced to shed almost 500,000 students in response to state budget cuts.
Proposition 30 helped to reverse this trend, providing $50 million for access in 2012-13 and $89.4 million in 2013-14 (1.63%). In order to open more doors for educational opportunity for the state, the 2014-15 budget proposal requests a 2% increase, or $110 million, to enable colleges to further expand their course offerings.

**Cal Grant Restoration**

While Cal Grant funding is not part of the California Community Colleges’ budget, it is clear that reductions in the amounts of Cal Grant funds available will have a negative impact on our students. For one example, Cal Grant awards were reduced by 5% in the 2012-13 budget. This and other reductions have compromised the ability of low-income students to access higher education. The majority of low-income college students enroll in a community college to obtain higher education, and these reductions have real impacts on their ability to stay in school and succeed. Given the importance of the state’s need to support equity and access, we urge an increase in Cal Grant funding in the 2014-15 budget.
2014-15 Budget Narrative

The California Community Colleges budget request focuses on receiving the resources necessary for the colleges to provide high-quality educational services that meet the state’s core priorities. Deep funding cuts over the last five years forced community college districts to grapple with a range of difficult choices including reducing course sections, decreasing the availability of student services, and deferring needed maintenance to buildings and equipment. In 2013-14, for the first time in years, CCCs received significant additional funding, allowing them to start rebuilding the system and to provide educational opportunities to more of California’s students.

Considering the critical role the community colleges play in educating the workforce, the Chancellor’s Office has developed this System Budget Proposal to ensure that colleges can function at maximum effectiveness and assist in the state’s economic recovery. The three areas for which the community college system requests funding are: restoration of categorical funding, COLA, and access, and each is linked to one of the core goals of Student Success, Educational Quality, and Access. Details on each of these areas are provided below.

COLA ($240,000,000)

Historically, the CCCs have received annual COLA increases. However, due to the state’s economic downturn, the colleges did not receive COLAs from 2008-09 through 2012-13. These forgone COLAs reflect a cumulative loss of purchasing power of 16.3%. This greatly limits the services colleges can provide to students, as reductions in course sections or support needs to be made in order to make room for nondiscretionary and essential expenditures such as information technology and health care costs.

The price index specified by law for the community college COLA calculation is identical to that specified for K-12 education, the state and local government price deflator published by the federal government, which is estimated to be 1.8% for 2014-15. In K12, the effect of forgone COLAs is reflected in a deficit factor, the tracking of which in statute implies a commitment to catch up to the level of funding per student that would be in effect if COLAs had been properly funded (we note the K12 deficit factor has been altered by the approval of the Local Control Funding Formula – an amount equal to the statewide deficit is projected to be restored to that system, though there will be differences in district-by-district funding due to the new formula). The colleges have no such factor tracked in statute, and funding rates per FTES were stagnant for five years.

To help recover some of that lost purchasing power, we request a COLA of 4.4%, or $240 million. While this request represents only modest progress toward restoring colleges to the level of purchasing power they once had, this funding would increase the ability of colleges to provide high-quality education services to California’s community college students. Further, a significant increase in COLA funding would augment college budgets in a manner that would allow flexibility to address educational needs in accordance with local priorities.
The amount of access the system provides is important, but we must not lose sight of the need to ensure the success of the students currently in the system. A seat in class without the adequate funding or support to aid a student’s success can turn into a false promise. This request would not fully restore the system to the level of buying power it had before the downturn – that will take years to accomplish – but it would represent significant recognition of the need to provide high-quality education to our students.

**Student Success and Support and other Categorical Programs** ($150,000,000)

Budget cuts to categorical programs over the last five years have averaged about 42 percent. The several cuts in 2009-10 varied by individual program and ranged from no cut to total elimination. Many of these programs provide critical support services to students, such as counseling, orientation, and tutoring, which are vital in enhancing student success. Other categorical programs provide funding to support specific instructional programs, including basic skills and career and technical education.

In 2013-14, some categorical programs received a partial restoration of the prior cuts, including the Student Success and Support Program (SSSP), Extended Opportunity Programs and Services (EOPS), Disabled Student Programs and Services (DSPS), and California Work Opportunity and Responsibility to Kids (CalWORKs). In order to preserve core student support services and instructional programs, we request that the state continue to reinvest in student services by providing $150 million in 2014-15. To further the Board’s goals of ensuring student success, we request that $50 million of this amount go toward the Student Success and Support Program (formerly Matriculation, as recast by SB 1456, Lowenthal). We further request that approximately $5 million be allocated for professional development for all campus employees – which has disappeared as a funding item over the last several years - and the remaining funds would be split proportionately among the other categorical programs. As part of this request, we are also seeking $200,000 to fund California Community Colleges Student Senate activities associated with the shared governance responsibilities of our students. When combined with the request for a 4.4% COLA, a significant increase in categorical program funding would result in a big step forward for student success and educational quality.

**Access** ($110,000,000)

Failure to sufficiently fund access to higher education limits the ability of the community colleges to meet California’s pressing education and workforce training needs. This is a vital issue, especially as the state continues to experience high unemployment. California’s most cost-effective strategy for meeting the higher education access needs of its citizens within constrained state resources is to place the maximum possible emphasis on access to the community colleges, given the far lower costs to the state of the community colleges compared to any other education segment.

We request funding for a 2% increase in enrollment so that colleges may continue to restore the course offerings that were eliminated during the budget cuts of the past several years.
Course offerings will focus on the system’s primary goals of transfer, career and technical training, and basic skills. This would not return the state to levels of enrollment seen before the downturn, but would represent a significant investment toward providing affordable, high-quality higher education to the many Californians who require it.

**Deferral Reduction ($100,000,000)**

During the economic recession, in lieu of making even larger programmatic reductions within Proposition 98, the state approved year-over-year funding deferrals. In short, this means that programmatic funding meant to be expended in the current year is not actually delivered to colleges until sometime after the start of the subsequent fiscal year. These payment deferrals greatly complicate the cash flow management at the local level, forcing many colleges to borrow to meet payroll and other obligations during the fiscal year.

As of the 2013-14 fiscal year, $592 million of the system’s funding (about 11%) was deferred. Governor Brown has identified Proposition 98 deferrals as a component of the state’s “wall of debt” and has been aggressive in paying down deferrals as quickly as possible. The 2013 Budget Act provided funding to reduce system deferrals to $592 million, as compared to the $961 million in deferrals that existed just prior to the passage of Proposition 30. Reducing deferrals is a priority for the system as well; we are requesting $100 million for additional payoff of deferrals in 2014-15. We propose paying off the deferrals over the next 6 years, at a cost of approximately $100 million per year, to ensure that deferrals are completely paid off before the expiration of Proposition 30 revenues. The reduction in deferrals would ease borrowing costs for districts and retire a state obligation without unduly limiting the ability of the state to support student success and to increase access to higher education.

**Request for Greater Funding Stability**

While not a request for a specific funding augmentation, the need for a continuous appropriation or some other form of a guaranteed and timely backfill of revenue shortages may be as or more important to the stability of funding for the California Community Colleges as access, COLA, or categorical funding. Simply put, our general apportionment budget is now predominantly based on revenues estimated at the time the annual budget is approved rather than on general fund actually appropriated in the annual budget. In the 2008-09 fiscal year, about two-thirds of our funds were appropriated in the annual budget act. That amount has shrunk to about one-third as of the 2012-13 budget. To the extent estimated revenues do not materialize as anticipated, the colleges face a funding deficit at the end of the year with no time to adequately adjust to the shortfall, and the exposure to this risk has never been higher.

The California Community Colleges have long faced risk due to shortfalls in property taxes and fee revenues (e.g., a deficit of $90 million relating to fee revenues was absorbed in the 2011-12 fiscal year), but this risk has been greatly increased in recent years due to an increased reliance upon property taxes, funds from the Proposition 30 Education Protection Account (EPA), and revenues resulting from the dissolution of redevelopment agencies (RDAs). While we have gained the promise of statutory backfills for redevelopment agencies and EPA revenues, we have
found that this process for determining the amount to be backfilled is riddled with uncertainty due to a confusing array of conflicting local reports. For one example, Proposition 30 required at least $100 per FTES of Education Protection Account funding go to every district. This means we need to fund basic aid districts beyond their local property taxes and fee revenues, but were given no funds to do so. This has resulted in a deficit of over $9 million.

Also, as of this writing, our office is engaged with the Department of Finance in a process of attempting to reconcile various RDA reporting discrepancies among the districts, the county auditor-assessors, and the county offices of education. All the while, districts are having difficulty closing their books as they do not know the extent of the backfill funding they will ultimately receive. Regardless of the outcome, districts should not have to face this level of uncertainty. Additionally, our system is not always adequately funded to meet the statutory and regulatory funding provisions that apply to our 72 districts. Projecting how many districts will make use of three-year restoration provisions and to what extent, for example, is not perfectly predictable. With no room provided in our budget for these circumstances, we can face deficits even if there are no revenue shortfalls.

Colleges should know how much money they have to spend, and currently, this is not the case due to the factors discussed above. The result is that districts are too often forced to make decisions that are harmful to students due to funding uncertainty within the fiscal year. For this reason, we believe now is the time to pursue a continuous appropriation for the system, or other alternative means of providing timely backfills to unanticipated revenue shortfalls.

**Priorities for One-Time Funding**

The system is requesting funding in three areas should one-time funds become available in the 2014-15 fiscal year. These areas are discussed in greater detail below and include: deferred maintenance and instructional equipment, professional development, and outstanding mandate reimbursements.

*Deferred Maintenance and Instructional Equipment*

The top priority for one-time funding is deferred maintenance and instructional equipment. There is a large backlog of both deferred maintenance and instructional equipment needs at our college, with districts identifying more than $200 million annually in deferred maintenance costs in their 5-year capital outlay plans submitted to the Chancellor’s Office.

The deferred maintenance program’s purpose is to keep the existing community college physical plant in operational condition and to prevent any degradation in instructional services caused by facility conditions. By properly maintaining our facilities and replacing major building components at their scheduled time – roofs, utilities, windows, etc. - we will extend the useful life of our buildings and we can focus more of any capital outlay bond funds on meeting the system’s growth needs. However, properly maintaining facilities requires a steady and sufficient flow of funds to keep pace with the maintenance requirements. The majority of the existing physical plant is over 30 years old and will require an increasing amount of maintenance to maintain functionality.
Currently, community colleges cannot adequately fund instructional equipment, library materials, technology, or workforce development upgrades. Funds for these vital programs have been drastically reduced since 2008-09 due to the elimination of state funding for the Instructional Equipment program. The colleges have had no state funding available to repair, replace or augment their instructional equipment and library materials inventory for the past four years. In an era of rapid technological change and growing dependence on technology and computers, it is critical that students and staff work with up-to-date facilities and the type of equipment used in the work place. In addition, the disinvestment in instructional materials has the potential to be an accreditation issue. While we believe this item should ultimately be funded as ongoing budget item, we anticipate that there may be enough one-time resources available this year to provide reasonable support.

**Professional Development**

It is anticipated that faculty turnover over the next decade will be high as baby boomers exit the workforce. Colleges will need to hire new faculty to meet expanding enrollments, which will create a sizable need for professional development. Additionally, technology has changed the way in which we approach many aspects of teaching, particularly in the traditional sciences, and academic and vocational pedagogical programs. Funding for professional development is vital to create and maintain an effective and dynamic learning environment for community college students.

A faculty and staff development fund was established in 1990 by legislation that envisioned that not less than two percent of the community college system budget would be dedicated to faculty and staff development. The original appropriation was just over $5 million and was unchanged throughout that period. In budget year 2002-03, due to budget constraints, that fund was eliminated; the Community College system has received no funding for professional development since the elimination of this program.

There is a direct correlation between the level of resources devoted to improving the quality and professionalism of faculty and staff and the rates of student success in public educational institutions. Without sufficient resources allocated to the training of new and existing faculty and staff we cannot expect to offer students the quality of service and instruction they will need to succeed. The CCCs must receive sufficient funding to offer research-proven effective training opportunities to those new faculty and staff who will be hired over the next several years, and for existing staff who are being asked to respond to changes put forth through the Student Success Task Force recommendations.

**Outstanding Mandates**

The State Constitution and related statutes provide for the reimbursement of costs incurred by local agencies, schools, and community colleges that are mandated by the state. “Costs mandated by the state” means any increased costs incurred after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program. Government Code Sections 17500 through 17616 provide for the reimbursement of these costs. Examples of
some of these mandates imposed on college districts include student record keeping requirements, governance issues and administrative costs of collective bargaining.

The Commission on State Mandates, which rules whether a mandate claim brought by a local agency is reimbursable by the state and sets the parameters and guidelines that determine the amount of reimbursement owed to local agencies, has agreed that the state has imposed unfunded mandates on college districts and must reimburse them for these costs. Unpaid mandates, for colleges as well as other local government agencies with outstanding mandate claims, accrue interest on outstanding claim balances. When payment is made more than 60 days after the claim filing, payment of accrued interest is required. Therefore, when the state defers payment of these claims, additional cost is incurred. Claims and interest owed on these claims will continue to grow if the state does not begin to address the backlog aggressively.

According to the State Controller’s Office, the community college districts have unpaid claims of approximately $300 million as of September 2012.
### 2014-15 Budget Request Summary

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