



# The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS

DATE: July 7-8, 2014

SUBJECT: 2015-16 System Budget Request		Item Number: 4.6	
		Attachment: No	
CATEGORY:	Fiscal Policy	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 development of the 2015-16 System Budget Request and provides an opportunity for Board discussion and input.

**RECOMMENDATION:** This item is presented for Board information and discussion.

**BACKGROUND:** By law, the Board of Governors must submit a request to the Department of Finance in September for use in the development of the Governor’s January budget proposal. To assist the Board in this request, the Chancellor’s Office annually convenes a budget workgroup to formulate a recommendation. The Budget Workgroup is composed of various system stakeholders, approximating the diversity of the Consultation Council.

The 2015-16 Budget Workgroup met on June 12<sup>th</sup> to begin planning for the system’s upcoming budget request. At the time of this Board meeting, the workgroup notes will have also been discussed with the Consultation Council. The workgroup will reconvene at least one more time subsequent to the Board meeting to finalize a recommended system budget request.

**ANALYSIS:** The initial discussion allowed participants to present their priorities and highlight those areas in need of attention and/or additional funding. The workgroup assumed some working parameters, such as keeping the request in the range of \$400 million to \$600 million, reflecting likely growth in the Proposition 98 minimum guarantee. The group discussed perennial areas of interest, such as COLA, access, and funding for traditional categorical programs, as well as some new ideas. There was broad discussion concerning the implications of recent budget agreements, and what, if any, impact that should have on the system's request.

Key areas of discussion included:

- Professional development – Several participants voiced support for funding professional development, noting major changes that are occurring in the system, such as distance education, adult education, students success activities, and Senate Bill 1440 degrees.
- COLA – With no cost of living adjustment received from the 2008-09 through the 2012-13 fiscal years, the colleges lost over 16 percent in purchasing power as costs continued to increase. Many participants agreed that COLAs give districts maximum flexibility, allowing them to backfill categorical and other programs as needed in their district. While we are pleased to see the statutory COLAs funded in the 2013 and 2014 Budget Acts, districts have not been able to replenish their earlier losses. Given this, many voiced the view that the California Community Colleges should ask for funding above the statutory COLA, so that colleges can make progress toward restoring the purchasing power lost in recent years. Additionally, providing COLA for workload categorical programs was supported.
- Categorical programs – This area generated the most discussion. Some cited the need to restore traditional categorical programs that were reduced in the 2009-10 budget (Extended Opportunity Program and Services, Disabled Student Program and Services, California Work Opportunity and Responsibility to Kids Program, etc.). Others noted that the Governor has been clear that he does not want to restore traditional categorical programs to prior levels, preferring instead to allow districts to address the needs of disadvantaged students through more flexible support items (e.g., Student Success and Support Program, Student Equity Plans). Regardless of the overall approach, continuing support for the Student Success and Support Program was voiced, particularly given the need to hire more counselors.
- Access – Restoring access to higher education for those who need it remains a major system priority. The 2014-15 budget features a large increase for access (2.75 percent). We should monitor the data during the coming fiscal year and adjust the request as necessary. Some noted that certain areas of the state are not growing and do not benefit from funding provided in this area. While improving efficiency and the quality of instruction is also crucial, we do want to offer access where it is needed.

- Physical Plant/Instructional Equipment – After years of neglect, these items have received funding in both the 2013-14 (\$30 million) and 2014-15 budgets (\$148 million). The funds support important resources for colleges and are wise areas of investment during the Prop 30 years, as appropriation levels can be shifted up or down without a negative impact on staffing.
- Faculty support – Several participants mentioned the need to hire and support additional faculty. This can take several forms, from supporting existing categorical programs for part-time faculty, supporting targeted funds for hiring full-time faculty hiring as was approved by the budget subcommittees (though it was not approved in the final budget). A broader faculty support item considered during the time of the Governor Gray Davis Administration was mentioned by the Faculty Association of California Community Colleges representative. There appear to be several options available to address this concern. Additionally, support for augmenting funding for the Academic Senate was also voiced.
- Workforce/CTE/Adult Education – This area has received significant attention in budget subcommittees and has been targeted for increases in the two most recent budgets. One suggestion was to augment funding for apprenticeship. It was further noted that 2015-16 is the planned year to fund adult education programs through the Governor’s reform (Assembly Bill 86). We need to make a substantial request in that area and demonstrate that it is a strong California Community Colleges priority.
- I Can Afford College Campaign – The California Community Colleges Chancellor's Office communications team proposed an augmentation for the I Can Afford College Campaign, citing the erosion in purchasing power over the 10 years in which the program funding has not been increased. An increase of \$1.5 million would increase advertisement buying reach by about 35 percent and allow for Spanish language advertisements and more community outreach.
- Campus safety/mental health – Several participants mentioned the issue of campus safety. Disturbingly, there have been several shootings on college campuses in recent years. Additionally, many women do not feel safe due to threats and assaults. Are there ways in which the system can get ahead of the curve with a plan to address campus safety and/or the mental health issues that underlie much of the problem? This may or may not be a budget issue. Perhaps it is an area requiring a coordinated policy approach among the segments.

Other issues to keep in mind as we plan a request include the California State Teachers' Retirement System and the California Public Employees' Retirement System rate increases which eat away at district general funds, the continuing lack of automatic backfills for property taxes and fees which create deficits and uncertainty in our funding, and the temporary nature of Proposition 30 revenues.

**Next Steps**

This information was scheduled for presentation to the Consultation Council in June. After discussing the budget request and receiving input from both the Consultation Council and the Board of Governors, the budget workgroup will meet again to finalize funding priorities for the 2015-16 budget request. The final request will be presented to the Board for approval during the September meeting.