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CALIFORNIA COMMUNITY COLLEGES
2015-16 SYSTEM BUDGET PROPOSAL

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INTRODUCTION

This document presents the California Community Colleges’ System Budget Request for fiscal year 2015-16. The proposal describes the minimum funding needed 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) are the largest higher education system in the country and the largest workforce provider in California. More than two million students attend California Community Colleges each year to receive educational services including general education courses toward a degree, certificate, or transfer to a 4-year institution, career training, basic skills and remedial education, and adult education. Over 50 percent of all students attaining bachelor’s degrees at the California State University (CSU)—and nearly 30 percent at the University of California (UC)—start their four-year studies at a California community college. California Community Colleges train 70 percent of California’s nurses and 80 percent of the state’s firefighters, law enforcement personnel, and emergency medical technicians.

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 $6,000 per year. The state revenue needed to educate that same student at a CSU campus increases to almost $13,000 per year, and increases even further to $23,000 per year at a UC campus. Given that, funding provided by the state to the community colleges represents a wise investment.

Budget Cuts in Recent Years

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.

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. 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.

**Proposition 30 and the Improving Economy Bring Reinvestment in Education**

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.

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. In 2014-15, the Community Colleges received even greater funding
increases; and all but $94 million in remaining deferrals was paid down. The 2014-15 budget
provided $140 million to increase access (one of the largest increases the system has seen in one
year), $170 million for the Student Success and Support Program (SSSP) and student equity, $47
million for a COLA, $30 million for Disabled Student Programs and Services (DSPS), and a
one-time increase of $148 million for physical plant and instructional equipment. The increased
funding to the system over the last two years is a promising step toward enabling the colleges to
rebuild crucial services and take an active role in the state’s recovery. The colleges are increasing
the number of courses being offered and focusing on services that improve student success and
the quality of education provided at the colleges.

**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 need to keep in mind 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, 66 percent of the California Community College system’s general apportionment was made up of general fund appropriated in the annual budget. In 2013-14, that figure had shrunk to 40 percent, meaning that 60 percent 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 2013-14. 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. We estimate a deficit factor of 1.05% for the 13-14 fiscal year due primarily to shortfalls in property taxes and fee revenues.

The lack of a continuously appropriated general apportionment, such as what is provided for K-12 districts, is becoming increasingly problematic as our system’s exposure to deficits has grown substantially in a short amount of time.

Figure 1

**CCC Funding by Source in 2008-09**

- General Fund: 66.2%
- Property tax: 29.5%
- Enrollment fee revenues: 4.3%
Increasing Employer Contribution Rates for CalSTRS

Recently passed legislation, AB 1469 (2014), set in place a plan to close the $74 billion gap in unfunded CalSTRS liabilities over the next 30 years. The CalSTRS funding plan stipulates that the costs will be shared, with the state paying approximately 20 percent toward the amount unfunded, teachers paying 10 percent, and the remaining 70 percent is the responsibility of schools and community colleges.

Under AB 1469, the CalSTRS employer contribution rate for 2014-15 will be 8.88 percent (an increase of 0.63 percent over 2013-14) resulting in an increased statewide cost to colleges of approximately $14 million. The additional cost to districts in 2015-16 will be over $40 million (1.85 percent increase) and will continue to grow. From the 2015-16 through the 2019-20 fiscal years, the rate will grow by an additional 1.85 percent, annually. In 2020-21, it will further grow by 0.97 percent, resulting in an employer contribution rate of 19.1 percent. This represents an unfunded expense of district general funds of $250 million (likely more as the employee compensation base increases by growth and COLA over the years) in annual costs for districts. While we understand the need to address the STRS shortfall, the rate increases will significantly impact district budgets. We need to ensure that district budgets are structured with this increased funding obligation in mind. As the CalSTRS contribution rates continue to rise, districts will need sufficient flexibility in their budgets to fund this increasing cost.

Summary

The California Community College system is moving forward with cautious optimism. The 2013-14 and 2014-15 budgets demonstrate 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, and the increasing annual costs to districts as CalSTRS employer contribution rates grow over time, we must think long term about the future of the system and CCC students as we rebuild.
The *System Budget Request* for 2015-16 proposes to increase the state’s investment in education to improve the colleges’ ability to meet California’s education and training needs. The request is built around two key principles: improving student success and ensuring access. The request also points toward the difficulty of accomplishing these core elements without sufficient funding stability. The next section, 2015-16 Budget Overview describes the key pieces of the request: in greater detail, while the last section contains the specific priorities for funding and the recommended funding increases for 2015-16.
CALIFORNIA COMMUNITY COLLEGES

2015-16 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 identify the top budget priorities and begin planning for the CCC system’s 2015-16 budget request. Initial discussions from the Workgroup were presented to the consultation Council as well as the Board of Governors in July. The Workgroup reconvened in later in July to finalize recommendations. The proposed 2015-16 System Budget Request reflects a general consensus of the process. The request is set for Board consideration in September.

The recommended increase in the system budget for 2015-16 totals approximately $736 million requested to address four core areas: increasing access for community college students; supporting student success; enhancing general operations funding, and resources to hire more full-time faculty, (significantly reduced during the recent economic downturn). These four priorities for funding support the California Community Colleges main principles of improving student success and ensuring sufficient access. The specific recommended funding increases are described in further detail in the next section, 2015-16 Budget Narrative.

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 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 2014-15 budget recognized the work of the student success task force and the strong focus on increasing student success rates by providing $100 million for the Student Success and Support program (SSSP) and $70 million in new funding to be used to provide increased support for underrepresented students based on districts’ student equity plans. To further address the critical need to increase college completion rates, this budget proposal requests an additional $200
million for the SSSP and student equity, to enable colleges to provide the necessary support to increase student success.

In 2013, the Chancellor’s Office released the student success scorecard, created to measure, track, and improve student success rates of California Community College students. This scorecard represents an unprecedented level of transparency and accountability on student progress and success metrics in public higher education in the United States. The scorecard provides in-depth information showing how well each of the community colleges are doing in measures such as: remedial education, career technical education, retention of students, graduation and completion rates, as well as other measures which are indicators of likely success, such as the percentage of students who completed 30 units within six years. The data can be broken down by age, gender, and ethnicity groups, to identify groups of students that need additional resources to be successful, and assist colleges in narrowing achievement gaps. The student success scorecard is a prime example of the Chancellor’s Office and the CCC system’s commitment to increasing the success rates of our students. Funding student success and student equity plans in the budget supports district efforts to increase success.

Educational Quality

This year, with increased state funding for access, the system is finally able to increase the number of courses available. As access increases, it is very important to also ensure that the quality of education being offered remains high and improves over time. Community college students need quality education and an innovative learning experience so that they get the maximum benefit out of their education. Community college funding directly impacts educational quality as it determines college’s ability to fund services, faculty, instructional equipment, and other costs which affect the quality of education being provided to students.

In recent years, community college budgets have not kept pace with inflation. During the economic downturn, the colleges were denied the COLAs prescribed in statute, resulting in a loss of purchasing power of 16.3 percent from 2008-09 through 2012-13. These foregone COLAs cause a true loss in the colleges’ ability to provide services at prior year levels. As costs rise for non-discretionary items such as information technology, utilities, health care, and retirement costs, 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 do not receive a COLA to help keep pace with rising inflation.

In 2014-15, California Community Colleges received a COLA of $47.3 million (0.85 percent). A COLA of less than one percent makes it very difficult for colleges to keep pace with increasing fixed costs, and does not address the major loss in purchasing power that occurred due to the years when no COLA was received. The estimated statutory COLA for 2015-16 is 2.10 percent which equates to approximately $125M. Considering the COLA that was lost over recent years, we request a larger increase than the statutory amount to help rebuild the colleges’ vital infrastructure which has suffered from underinvestment. The system is requesting the state fund the estimated COLA plus an additional $55 million for a total increase of approximately $180
million. This would restore some of the purchasing power lost in years when no COLA was received, and would help with increased fixed costs as well as the impending increases in STRS contributions. This augmentation would have the added benefit of providing districts with flexible resources to meet local needs.

Funding for faculty is also vital in enhancing educational quality. Research identifies strong relationships with faculty and contact with faculty outside of class as primary factors that impact student learning and student outcomes. Funding for professional development is also important in order to create and maintain an effective and dynamic learning environment for community college students. Technology has changed the way in which we approach many aspects of teaching, particularly in the traditional sciences, and academic and vocational pedagogical programs. Without sufficient resources allocated to training of new and existing faculty and staff, we cannot expect them to be fully prepared to offer the quality of service and instruction that students need to succeed.
2015-16 BUDGET NARRATIVE

The California Community Colleges budget request identifies the resources necessary for the colleges to provide high-quality educational services that meet the state’s core priorities. Deep funding cuts in recent 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. Thanks to the increased revenues generated by Proposition 30, and a state economy that is continuing to improve, the California Community Colleges system is recovering after years of reductions.

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 support the state’s economic recovery. To reflect an emphasis on student success, access, and educational quality, the 2015-16 budget proposal identifies four core priorities for funding: increasing access for community college students; funding for student success and equity; an increase in base apportionment funding to ensure educational quality; and funding to hire more full-time faculty which were significantly reduced during the recent economic downturn. Details on each of these areas are provided below.

Student Success and Support Program and Student Equity ($200,000,000)

The 2014-15 budget increased funding for the Student Success and Support Program (SSSP) by $100 million, bringing total annual funding for this program to approximately $200 million. The SSSP provides support to students through services such as orientation, assessment, placement educational planning, counseling, and tutoring. For many community college students, these support services are the difference between an efficient pathway to an educational objective (such as a certificate, degree, transfer, or desired skill) and an unproductive pathway to a delayed or inconclusive end.

In addition to increasing funding for the SSSP, the 2014-15 budget provided $70 million in new funding to be used to provide increased support for underrepresented students based on districts’ student equity plans. The purpose of the student equity funds are to allow districts to close gaps in access and achievement for underrepresented student groups, as identified in district Student Equity Plans. Based on allocation formula currently under development, districts with a greater proportion of disadvantaged students will receive a larger funding allocation than comparably sized districts with a smaller proportion of disadvantaged students.

For 2015-16, the system is requesting $200 million for student success and student equity to be split between the two programs. The SSSP and funding for student equity are critical to student success and to increasing the quality of education provided to community college students.
Access ($120,000,000)

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 support access to the community colleges, given the far lower costs to the state of the community colleges compared to any other education segment.

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.

The 2014-15 budget featured a significant increase for access (2.75 percent), which is enough funding to restore approximately 60,000 students (headcount) to the system. The need for community college access remains strong based on the reasons mentioned earlier. For 2015-16, we are requesting $120 million (approximately 2 percent) for access so that colleges may continue to restore course offerings that were reduced during the budget cuts of the last several years. An increase of $120 million would restore access for approximately 50,000 students. With this funding, the colleges will focus on adding courses that align with the system’s primary missions of transfer, career technical education, and basic skills.

Funding Rate Increase ($180,000,000)

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 percent. This greatly limits the services colleges can provide to students, as reductions in course sections or support must be made in order to make room for nondiscretionary and essential expenditures such as information technology and health care costs. Further, Assembly Bill 1469 recently set in place a schedule of significant rate increases for college contributions to CalSTRS. Without help, these rate increases will absorb district general fund resources. When expenses increase over time and the funding per student remains the same, the quality of education provided to students is diminished as resources are diverted away from instructional services.

In K-12, the effect of forgone COLAs has traditionally been 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 K-12 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, during the five years when no COLA was received.
The statutory COLA for 2015-16 is estimated by School Services of California to be 2.10 percent which equates to approximately $125 million in funding for the CCCs. The system is requesting that the state fund the COLA plus an additional $55 million for a total increase of approximately $180 million. This increase would restore some of the purchasing power lost in years when no COLA was received, address the increase in CalSTRS obligations, and allow colleges to provide the qualitative educational services that students deserve.

While this request would make only modest progress toward restoring colleges to the level of purchasing power they once had, it would increase each college’s ability to fund services and activities focused around improving student success and enhancing educational quality. 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 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 that our students need high quality services to thrive.

**Funding for Full-time Faculty Hiring ($70,000,000)**

Research has shown that having more full-time faculty is positively correlated with student success and educational quality. Full-time faculty benefit students as well as the colleges by providing critical services such as academic advising of students during faculty office hours, ongoing curriculum development, in institutional planning and governance. For districts, hiring additional full-time faculty represents a substantial ongoing cost commitment. Historically, districts have relied on enrollment growth funding to hire new full-time faculty, adding full-time faculty at a rate proportional to the rate of change in funded FTES. This approach does not generate sustained progress toward meeting the system goal of providing 75 percent of instruction through full-time faculty.

During budget negotiations for 2014-15, there was considerable discussion about adding funding to support hiring of full-time faculty. Members in the legislature seemed generally supportive of the idea, but unsure about how it should be structured and where it would fit into the budget.

For 2015-16, we are requesting $70 million to be used by the districts to hire additional full-time faculty. Funding allocated for full-time faculty hiring would be included in the general apportionment, and districts would have varying requirements for full-time faculty hiring depending on their status in relation to the current percentage of instruction provided by full-time faculty. Those with a lower percentage of instruction being provided by full-time faculty would be required to hire a greater number full-time faculty than districts that already have a high percentage of instruction being provided by full-time faculty.

We also recognize the importance of part-time faculty to student success and educational quality. Rather than including part-time faculty in this line item, we are requesting that the categorical funding programs for part-time faculty compensation, office hours, and health insurance be restored to their former funding levels, as outlined in the section below.
Restoration of Categorical Programs  ($115,000,000)

Budget cuts to categorical programs during the economic downturn have averaged about 42 percent. The 2009-10 cuts 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 SSSP, Extended Opportunity Programs and Services (EOPS), Disabled Student Programs and Services (DSPS), California Work Opportunity and Responsibility to Kids (CalWORKs) and the Academic Senate. In 2014-15, additional funding was provided for SSSP, DSPS, and the Economic and Workforce Development Program (EWD), while other categorical programs remained at the reduced funding level.

In order to preserve core student support services and instructional programs, we request that the state continue to reinvest in student services by providing $115 million for categorical programs in 2015-16. This amount would be allocated proportionately to the categorical programs for which funding has not been restored since the reductions in 2009-10. Some of the categorical programs including EOPS, CalWORKS, the Basic Skills Initiative, and others serve the most at-risk students and are critical to their success in college. A portion of this $115 million would also restore the categorical programs for part-time faculty including compensation, health insurance, and office hours, which have been reduced by more than 50 percent. These categorical programs that provide services to support at-risk students and fund part-time faculty are critical to better students’ chances of being successful and improve the overall quality of education. 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.

Professional Development  ($25,000,000)

In 1990, a faculty and staff development fund was established which envisioned that a minimum of 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 for over a decade. In 2002-03, due to budget constraints, the fund was eliminated, and the Community College system has received no funding for professional development since the elimination of this program.

Research has identified a correlation between the level of resources devoted to professional development of faculty and staff and the rates of student success in community colleges. 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.

Technology is significantly changing the way in which we approach many aspects of teaching, particularly in the traditional sciences, and academic and vocational pedagogical programs.
Additionally, some major changes are occurring in the system with the increased use of distance education, changes in adult education, implementation of student success activities, and the new SB 1440 degrees. Without sufficient resources allocated to training of new and existing faculty and staff, we cannot expect them to be fully prepared to offer the quality of service and instruction that students need to succeed.

For 2015-16, we are requesting $25 million to be used for professional development of faculty and staff in the areas of basic skills, lower division, transfer, and other local initiatives to advance student success.

**Economic and Workforce Development Program**

($25,000,000)

The California Community Colleges Economic and Workforce Development (EWD) program helps students, incumbent workers, business partners, and industries develop skilled competencies in critical industry sectors. As a source for developing and implementing training and curriculum, the EWD program is instrumental in helping the community colleges respond to markets in a rapid and flexible manner. Workforce and Economic Development programs also grow local jobs by improving local business competitiveness and by training workers for the skills they need to keep their jobs or to move to higher paying ones.

The 2014-15 budget included $50 million in one-time funding for the EWD program to improve student success in career technical education (CTE). For 2015-16 we are requesting an ongoing increase of $25 million for this program. The funds would be used to develop, enhance, and expand quality CTE programs that build upon existing regional capacity to better meet regional market demands. CTE is one of the primary missions of the system and is a high priority for the governor and the legislature, and it is reasonable that the budget reflect that priority.

**Technical Assistance**

The 2014-15 budget provided $2.5 million in funding for the local technical assistance and $1.1 million in support for Chancellor’s Office as part of the next phase of implementation of the Student Success Initiative. The local assistance funds will be available to districts in need of support for implementation of student success plans, basic skills programs, or to address other fiscal, support, or programmatic issues. Our request is to increase this appropriation to $5 million to further expand resources available to help districts in their efforts to support student success. Also, the Chancellor’s Office will request additional funding and position authority to adequately resource the office to set goals and standards, monitor progress, and provide support to districts.

**Public Outreach**

($1,500,000)

In 2004, the Legislature and the Governor directed the Chancellor's Office to conduct a statewide outreach and marketing campaign to inform Community College students of the availability of financial aid to pay for enrollment fees and help with other education costs. At the time, community college fees were being increased from $11 per unit to $18 per unit and there was concern the increase would cause disadvantaged students to perceive community college education as being out of reach.
The “I Can Afford College” outreach and marketing campaign works to inform residents that community colleges are affordable and accessible and that financial aid is available to help with the costs associated with attendance. The target audience is low to middle-income high school juniors and seniors, recent high school graduates, their parents and influencers, and re-entry students. All of the outreach campaign’s activities drive people to the heart of the campaign, which is the icanaffordcollege.com website. The bilingual English/Spanish website provides information on the types of financial aid available, online applications, and contact information for local financial aid offices.

Since its inception in 2004-05, funding for the "I Can Afford College" campaign has remained at $2.8 million per year. Since funding for the campaign has remained stagnant, the purchasing power for advertising and outreach efforts to inform students of available financial aid has eroded significantly during a time when student fees have continued to increase. As the Governor has placed a high priority on expanding access to college and increasing transfers to the other higher education segments, this campaign is critical to informing students of resources available to allow them to attend and succeed in college.

For 2015-16, we are requesting a $1.5 million increase for the "I Can Afford College" campaign; this would bring the total annual funding to $4.3 million. This increased funding would restore the purchasing power to its original level and allow the campaign to resume outreach in markets that had to be cut from the campaign because of cost, as well to resume marketing in Spanish.

**Adult Education**

In 2013 Assembly Bill 86, Article 3, Section 76 AB 86 provided a valuable opportunity to rethink and redesign an educational system establishing linkages for adult learners. The legislation appropriated $25 million and charged the California Community Colleges Chancellor’s Office and the California Department of Education with jointly implementing an adult education regional planning process to develop plans with the shared goal of better serving the educational needs of California’s adult learners. Funding for planning was distributed to 70 regional consortia to address the following areas:

- Elementary and secondary basic skills;
- Classes and course for immigrants in English as a Second Language;
- Education for adults with disabilities;
- Short-term career technical education; and
- Programs for apprentices.

The planning identified challenges that need to be addressed to support the implementation of an effective adult education system. Funding is a priority to serving adults in the five areas identified in the legislation. Investments in adult education have declined, most notably for the K-12 providers due to local control and flexibility of spending. In 2008, adult education funding exceeded $1.3 billion, and has declined to less than $500 million. The absence of funding impacts California’s adult learners, local communities, and the state’s economy. Under AB 86, providers from both systems have worked to create access and pathways between systems, and to
implement research-based strategies to ensure that adult learners are successful in their academic and career goals. The CCCCO is asking for $500 million for implementation of the two-year regional plans commencing in July of 2015. This funding would go toward regional consortia of K-12 and community college districts, so it is not solely a request for community college funding.

One-Time Funding Request

The 2015-16 request proposes funding in two areas should one-time funds become available. Our top priority for one-time funding is deferred maintenance and instructional equipment, and our second priority is funding for past mandate reimbursement claims.

Deferred Maintenance and Instructional Equipment

The top priority for one-time funding is deferred maintenance and instructional equipment. There is a significant backlog of both deferred maintenance and instructional equipment needs within the system. The colleges have identified in their 5-year capital outlay plans submitted to the Chancellor’s Office over $200 million in deferred maintenance costs per year.

The purpose of the deferred maintenance program 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 our scarce 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.

In addition to maintenance needs, community colleges are unable to adequately fund instructional equipment, library materials, technology, or workforce development upgrades. 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 workplace. In addition, the disinvestment in instructional materials has the potential to be an accreditation issue. We are grateful that $148 million was provided for this purpose in the 2014-15 budget, however ongoing support is needed.

While we believe deferred maintenance and instructional equipment is worthy of ongoing funding in the budget, we estimate there is likely to be significant one-time funds available during the fiscal year and would be content to use a share of those funds for this purpose.

Outstanding Mandates

We are also requesting one-time funding for payment of unfunded 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. Claims and interest owed on these claims will continue to grow if the state does not begin to address the backlog aggressively. Paying down unfunded mandate reimbursement claims from prior years is important since these mandates forced college districts to incur additional costs to meet laws and regulations promulgated by the state, they should be reimbursed for these costs as funding becomes available.

According the most recent report from the State Controller’s office, community college districts are owed over $260 million in prior claims. Though this figure was likely reduced somewhat due to appropriations provided in the 2014-15 budget.

**Restore Cal Grants to Better Serve Community College Students**

While Cal Grant funding is not part of the California Community Colleges’ budget, it is clear that recent reductions in the amounts of Cal Grant funds available had a negative impact on our students. Two-thirds of California’s higher education students are attending a California Community College, however only six percent of the total funding awarded by the Cal Grant program goes to community college students. This funding disparity reduces the ability of community college students to take more classes, thus increasing the time it takes to obtain a degree.

To help our students achieve their educational goals and ultimately increase the number of bachelor degrees in this state, we encourage the state to reinvest in Cal Grant B and C awards. Cal Grant B awards help students with costs necessary to go to college other than tuition, such as transportation, books, supplies, housing costs or food. These “access” costs are becoming an increasingly larger share of a community college student’s budget and the current award is inadequate to cover them. Cal Grant C awards are competitive grants that go to very low-income students who were not able to obtain an entitlement Cal Grant. Given the importance of the state’s need to support equity and access, we urge an increase in Cal Grant funding in the 2015-16 budget.

**Request for Guaranteed Revenue Backfill**

While not a request for a specific funding augmentation, the need for guaranteed revenue backfill 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 estimated revenues at the time the annual budget is approved rather than on general fund actually appropriated. In the 2008-09 fiscal year, about 2/3rds of our funds were appropriated in the annual budget act. That amount has shrunk to about 1/3rd as of the 2013-14 budget. To the extent estimated revenues do not materialize to the extent 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.

We 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 increased reliance upon property taxes, funds from the Education Protection Account (Proposition 30), and revenues resulting from the dissolution of redevelopment agencies (RDAs). While we have gained the promise of statutory backfills for RDA and EPA revenues, colleges continue to suffer from uncertainty due to property tax and fee revenue shortfalls.

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 3-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. For this reason, we believe now is the time to pursue a process of guaranteed backfill for the system to bring certainty to district budgets and provide increased truth in state budgeting.
## 2015-16 Budget Request Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tr>
<td>Student Success and Support Program and Student Equity</td>
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<td>Access/Enrollment Growth</td>
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<td>Restoration of Categorical Programs</td>
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<td>Professional Development</td>
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<td>Economic and Workforce Development Program</td>
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<td>Public Outreach</td>
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<tr>
<td><strong>Total On-Going Funding Request</strong></td>
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**K-12 and CCC Funding Request**

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<td>Implementation of Adult Education Regional Plans</td>
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