Date: June 19, 2014
Title: 2015-16 System Budget Request
Contact: Dan Troy, Vice Chancellor for Fiscal Policy

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 CCC stakeholders, approximating the diversity of the Consultation Council.

The 2015-16 Budget Workgroup met on June 12th to begin planning for the CCC system’s upcoming budget request. Notes from the Workgroup meeting will help inform discussion at the Consultation Council, which will, in turn, aid the Board in its deliberations. The Workgroup will reconvene at least one more time subsequent to the July Board of Governors meeting to finalize a recommended system budget request.

Summary of Discussion
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 the request will be in the range of $400M to $600M, reflecting likely growth in the Proposition 98 minimum guarantee. The group discussed both perennial areas of budget concern, 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 SB 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% 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 CCCs should ask for funding above the statutory COLA, so that we can make progress toward restoring the purchasing power lost in recent years. Additionally, providing COLA for workload categoricals was also mentioned.

- **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 (EOPS, CalWORKs, etc.). Others noted that the Governor has been clear that he does not want to restore traditional categoricals to prior levels, preferring instead to allow districts to address the needs of disadvantaged students through more flexible support items (e.g., SSSP, Student Equity Plans). Regardless of the overall approach, continuing support for the SSSP was voiced, particularly given the need hire more counselors.

- **Access** – Restoring access to higher education for those who need it remains a major system priority. As the 14-15 budget features a high growth percentage (2.75%), we should examine the data during the fiscal year and adjust as needed. 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 13-14 ($30M) and 14-15 budgets ($148M). The funds support important resources for colleges and are good areas of funding during the Prop 30 years, as they can be moved up or down without 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 that was discussed during the time of the Davis Administration was mentioned by the FACC 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 (AB 86). We need to make a substantial request in that area and show that it is strong CCC priority.

- **I Can Afford College Campaign** – The CCCCO 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 $1.5M would increase ad buying reach by about 35% and allow for Spanish language outreach and more community outreach.

- **Campus safety/mental health** – Several participants mentioned the issue of campus safety. There have been many shootings on college campuses in recent years. Additionally, many women do not feel safe due to threats and assaults. Are there ways in which we 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’s an area requiring a coordinated policy approach among the segments?

Other issues to keep in mind as we plan a request include the STRS and PERS 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 support.