Title: 2016-17 Budget Request
Date: September 10, 2015
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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. Concepts identified in the Workgroup were discussed in both Consultation Council and at the Board’s July meeting.

The Budget Workgroup’s efforts have led to a system request for the 2016-17 fiscal year that is on the agenda for adoption at the Board’s September meeting.

Highlights of the Request:

- **Access ($175M)** – Restoring access to higher education for those who need it remains a major system priority. Both the 2014-15 and 2015-16 budgets included large increases for access (2.75% and 3%, respectively), which is enough funding to restore approximately 130,000 students (headcount) over that time.

  For 2016-17, we are requesting $175 million (approximately 3%) for increased access so that colleges may continue to restore course offerings that were reduced during the budget cuts of the last several years. Our expectation is that colleges will focus on adding courses that align with the system’s primary missions of transfer, career technical education, and basic skills. Since districts in some areas of the state are growing while other areas are having trouble increasing enrollments, it is important that the request for access funding be balanced with other funding requests to ensure that all districts gain new resources to improve educational quality and increase student success. $175 million would restore access for approximately 70,000 students.

- **COLA ($100M)** – Historically, the community colleges have received annual Cost-of-Living-Adjustment (COLA) increases. However, due to California’s economic situation, the state did not provide COLAs to the colleges for many years beginning with the fiscal year 2008-09. 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.
The statutory COLA for 2016-17 is currently estimated by School Services of California to be 1.6%, which equates to approximately $100 million in funding for the CCCs. The system is requesting that the state fund the statutory COLA in 2016-17 at whatever value the final factor is determined to be.

- **Workforce ($200M)** - In November, the 25 recommendations of the Task Force on Workforce, Job Creation and a Strong Economy will be put forth to the Board for adoption. The recommendations target actions that can be taken to provide policy guidance, regulatory review, and legislative and budgetary actions with the goal of increasing the number of students obtaining CTE degrees, certificates, and industry-valued credentials crucial for closing California’s skills gap. These recommendations build upon current system efforts on student success and aim to close the gap in 1 million more industry-valued middle skill credentials.

$200 million will be requested to fund implementation of the recommendations. This augmentation will provide a sustained, supplemental funding source to increase community colleges’ capacity to create, adapt, and maintain quality CTE courses and programs that are responsive to regional labor market needs.

- **Student Success and Categorical Support ($105M)** – $105 million is requested to enhance student success including $55 million to restore categorical programs to pre-recession levels and a $50 million increase for the Student Success & Support Program and Student Equity Plans (SSSP/SEP). Restoring categorical funding would aid students in important ways such as increasing office hours for part-time faculty and by providing CalWORKs students with enhanced support necessary to complete their programs and enter the workforce. An augmentation to SSSP/SEP could be targeted at supporting local training and professional development for all staff. Given the many initiatives undertaken by the system in recent years (Student Success, distance education, impacts of Common Core, to name a few), finding resources for professional development may be more critical at this time than ever.

- **Full-Time Faculty Hiring ($80M)** – Full-time faculty benefit students and colleges by providing critical services such as academic advising during faculty office hours, ongoing curriculum development, and by participating in institutional planning and shared governance. For districts, though, hiring additional full-time faculty represents a substantial ongoing cost commitment. The 2015-16 budget included $62.3 million to support increased hiring of full-time faculty. For 2016-17, we are requesting an additional $80 million to be used by the districts to hire additional full-time faculty and make further progress toward the 75 percent goal.

- **General Operating Expenses ($250M)** – In 2015-16, the CCC system received $267 million as an augmentation to base funding, partly in recognition of increasing costs (information technology, utilities, health care, etc.) and a decline in purchasing power due to non-payment of COLAs between 2007-08 and 2012-13. This augmentation also recognized increasing CalPERS and CalSTRS obligations that will stress district budgets. Significant additional
general purpose funds are needed to recoup lost purchasing power, address local concerns, and adequately handle the employer contributions to our public retirement systems. The 2016-17 proposal requests $250 million for this purpose.

- **Technology ($22M)** – Technology is an increasing component of higher education in the 21st century. Reflecting this reality, the system request includes $22 million in additional resources for the Telecommunications and Technology Infrastructure Program (TTIP) program ($7 million for one-time activities). These funds would: 1) Enhance the existing network and boost the infrastructure of the services provided to the entire system given the recent state investment in CCC technology initiatives. This effort would further strengthen the network connections, ensure appropriate back-up, and augment the network bandwidth to respond to increased demand. 2) Add a centralized security center to promote risk assessment, training, and dissemination of best practices related to network security. 3) Further, these funds would support an integrated library system, help to meet greater demand for CCC Apply help-desk services, and provide additional investment in video conferencing services offered throughout the system.

- **Basic Skills ($20M)** – The 2015-16 budget recognized the importance of basic skills by funding $70 million in one-time initiatives, including $60 million to help districts implement research-based practices, and an additional $10 million to enhance collaboration among community colleges, high schools, and CSU to ensure CSU freshmen are prepared for college-level work. While these funds should improve the quality and effectiveness of offerings throughout the state, basic skills is an ongoing effort that merits ongoing attention. The Chancellor’s Office recommends that an additional $20 million be provided in the budget to ensure that the momentum provided through the one-time funds is sustained.

- **Public Outreach ($1.5M)** – The CCCC0 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. This effort would complement the state efforts to restore access in the system particularly for disadvantaged students who may not be fully aware of the affordability of community colleges.

- **Institutional Effectiveness ($15M)** – The Institutional Effectiveness Division oversees the development and operation of a comprehensive technical assistance program to further student success. The goal of Institutional Effectiveness is to work closely with the Board of Governors, internally within the Chancellor’s Office, and with colleges/districts to develop, monitor, measure, and implement a framework of data analysis and standards that will support all community college districts. An augmentation of $15 million is requested to further develop and expand on the existing subject matter expert model and to provide more specialized training to support continuous improvement activities. This funding will increase the number of grants, expand on the community of practice model, and develop a more formalized training infrastructure for the partnership resource teams.
Additionally, the 2016-17 System Budget Request suggested items of expenditure for one-time funds (maintenance/instructional equipment, mandates, general purposes block grants). The Request further highlighted the need to increase Cal Grant support for CCC students and to stabilize the general apportionment by providing automatic backfills for revenue shortfalls.