



June 11, 2009

First off, thank you for all the great ideas and comments in response to my inquiry about what we should do differently in light of new budget constraints. We had a great conversation at UC Riverside, and I'll try to summarize more of your comments in the upcoming days and weeks.

There are three major budget update items today--state revenues, student fees and Democratic differences.

### **State revenues**

Yesterday, state Controller John Chiang [released the May revenue figures](#) for the state, and the news was ugly. The month's revenues tallied up to \$827 million lower than was projected, and those projections had been made only earlier in the month as part of the governor's May Revise. When applied to the revenues looking forward, it likely means the state's \$24 billion shortfall is closer to \$30 billion.

### **Student fees**

Today, the nonpartisan Legislative Analyst's Office released a report "[Raising Fees Could Mitigate Program Cuts and Leverage More Federal Aid](#)," which puts in writing many of the arguments made by the analyst covering community colleges in last Friday's legislative hearing. In it, it describes the benefit to the state of raising fees up to \$60 per unit.

Now, it's time for a little inside baseball. Nearly every budget staffer inside the Capitol is already talking \$26 per unit, and we've been focused on a campaign to reasonably phase any increase in to (1) enable students to obtain more financial aid and (2) keep districts from having to send invoices this fall to students that have already registered for classes. Those of us supporting the alternative budget plan still argue for \$22, although recognize that some community college groups believe now is the worst time to raise fees at all, while some believe a modestly higher fee is needed to mitigate essential student services.

The Legislative Analyst's Office is trying to raise the bar far beyond \$26, and would prefer a 100-200% increase. Yes, many students would receive tax credits in April 2010, although the federal government hasn't yet described how it will be implemented, and many students will only receive 40% of the tax credit. Further, many AB 540 students are ineligible, and the failure to [simplify the FAFSA](#) has repeatedly denied language minorities access to federal (and thus state) financial aid (the FAFSA is available in Spanish and English, and requires parental information).

Any time you get a large number of any community college constituency together, you can have a great debate about student fees. The one thing that we can agree on is that radical increases hurt access and our most vulnerable students, and we must reject the social experiment of high fees/moderate aid proposed to be implemented immediately by the Legislative Analyst.

## Democratic Differences

Over the last couple of days, a budget framework has emerged in the State Senate. Pro Tempore Darrell Steinberg (D-Sacramento) proposes using a \$4.5 billion "reserve" fund identified in the governor's budget to backfill the cuts to Cal Grants, CalWORKs, and the Healthy Families children's health insurance program. Steinberg seems to be resigned to play the revenue cards dealt, and does not appear interested in having a fight over additional tax increases. Even with using the reserve, the plan will require education to absorb virtually all of the proposed cuts, and lots of pain would be spread around.

On the other hand, Assembly Speaker Karen Bass (D-Baldwin Park) [continues to argue for a tax increase](#) as necessary to avoid deep cuts. She is strongly supported by the Service Employees International Union, which launched a television ad campaign yesterday. In addition to be concerned about cuts, many speculate that it will be harder to round up 54 votes for a budget package with the level of cuts necessary under the Senate's framework.

The governor argues that the reserve isn't really there. Although he was contradicted earlier this week by his Department of Finance, yesterday's announcement by Controller Chiang indeed probably means that the reserve is gone. Meanwhile, Republican legislators are largely sitting out the debate and ready to support Steinberg's package as long as taxes don't make their way into the mix.

This makes advocating for specific community college issues extraordinarily difficult. Many of you that have called your local legislator feel rebuffed after you are told that he or she is not a decisionmaker. However, the legislative caucuses are meeting nearly daily, and all it takes is one legislator to raise their voice for community colleges to make it an issue.

Therefore, we must (and will) [keep up the fight](#).

Thank you,



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