



Dear Martha,

The academic year has begun and the somber reality of \$840 million of cuts to community colleges is being felt at every district. Today I want to share developing information on the federal American Recovery and Reinvestment Act (ARRA) resources and potential "clean-up" legislation related to the 2009-10 community college budget revisions enacted on July 28th.

First off, the ARRA computation is a formula driven calculation administered by the Department of Finance. Since the Administration revised the [State of California's initial application to include community colleges](#) we have waited to learn the exact amount set aside for community colleges. The figure is now available – \$37 million dollars – roughly 28 percent of the original \$130 million estimate. This lower figure is a disappointment, however the primary reason for the lower dollar amount was because the community colleges did not take the proposed \$85 million unallocated cut in the 2008-09 fiscal year.

It is anticipated the Administration will soon send the federal government an application to draw down the final \$1.7 billion of Education Stabilization funds. All ARRA funds must be liquidated by September 30, 2011.

At the same time the lower dollar figure was shared, the Department of Finance at the 11th hour declared that while the Legislature sought to backfill each general fund categorical cut with federal resources, such a strategy is inconsistent with ARRA guidelines. The funds must be distributed to districts as "unrestricted" resources. According to the Department of Finance, the regulations governing ARRA stipulate the expenditure of the funds must be determined by local boards and any attempt to require districts backfill categorical cuts could jeopardize the entire \$4.9 billion of Education Stabilization funds the state received.

In contrast to the manner in which the community colleges budget schedule was crafted by the Legislature – K-12, UC, and CSU all received their Education Stabilization funds as an unrestricted allocation.

In addition to the revelations noted above, the Department of Finance is pursuing "clean-up" legislation related to the community college budget. The revisions include: removing Career Technical Education from the "flexible" cohort of categorical programs; providing authority to the Chancellor's Office to exclude statewide grants from the categorical flexibility provisions; and clearly scheduling out by categorical program the \$37 million of ARRA resources. Given the legislative session is scheduled to conclude this Friday – it is unclear whether such "clean-up" legislation will be completed.

While official legislative action may not occur by the deadline, it is important to recognize that the Legislature and Governor can revise the 2009-10 budget at any time before July 1, 2010. Thus, we encourage districts to follow the intent of legislative action to the extent possible.

The League will continue to monitor the situation and report new developments as they occur. If you have any questions please feel free to contact Theresa Tena at [ttena@ccleague.org](mailto:ttena@ccleague.org).

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**Community College League of California**

2017 O Street, Sacramento, CA 95811

(916) 444-8641 • (916) 444-2954 *fax*

[cclc@cleague.org](mailto:cclc@cleague.org) • [www.cleague.org](http://www.cleague.org)