

6-16-09

Dear Colleagues,

This afternoon the Budget Conference Committee finalized its actions related to the education budget. The committee is still meeting at this time and seems intent on closing out its actions in all sectors of the budget before it adjourns for the evening.

For the California Community Colleges, the package contained \$630 million in cuts and \$115 million in funding deferrals. The major change compared to the Governor's May Revision is the addition of \$210 million in new revenues (\$80 million from a student fee increase and \$130 million from federal stimulus funds). In the committee's spending plan, these new revenues are used to reduce cuts to categorical programs by \$140 million and cuts to general apportionments by \$70 million. The specifics are as follows:

Current Year (2008-09):

- Defer \$115 in apportionment payments from fiscal year 2008-09 to fiscal year 2009-10.
- \$85 million in unallocated cuts to be applied to categorical programs and/or general apportionments.
- A \$42.1 million local property tax shortfall with no backfill.

Budget Year (2009-10):

- Increase student fees to \$26 per credit unit effective Fall 2009 (raises \$80 million in revenues that are used to mitigate cuts to categorical programs and general apportionments).
- Assume that community colleges will receive \$130 million in federal stimulus funds to backfill cuts (one-time funds).
- Eliminate 3% enrollment growth, cut of \$175.2 million (leaves no growth funding)
- \$193 million in cuts to categorical programs. Cuts vary by program:
 - No cuts: Student Financial Aid Administration, Foster Care Education
 - Approximately 16 percent cut: CalWORKs services, Basic Skills, Disabled Students Programs and Services, EOPS & CARE, Fund for Student Success, Nursing
 - Approximately 20 percent cut: Telecommunication/Technology
 - Approximately 32 percent cut: Academic Senate, Apprenticeship, Child Care Tax Bailout, Economic Development, Equal Employment Opportunity, Transfer Education and Articulation, Matriculation, Part-time Faculty Compensation, Part-time Faculty Health Insurance, Part-time Faculty Office Hours
 - Elimination: Physical Plant/Instructional Equipment, California High School Exit Exam (CAHSEE), SB 70 CTE funding (\$38 million appropriated in SB 1133 remains intact)
- Provide categorical flexibility for districts. Specifically, districts would be able to redirect funds from any of the categorical programs subject to the 32 percent reduction (see above) to support any other categorical program funded in the state budget. Before exercising flexibility, districts

would be required to discuss the redirection of funds at a regularly scheduled public meeting. This flexibility applies to fiscal years 2009-10 through 2012-13.

- Reject May Revision proposal to lower the funding rate for Physical Education courses to the noncredit rate. Instead, approve an unallocated \$120 million reduction to community college general apportionments (\$70 million of this reduction is then backfilled with new revenues).
- Authorize adjustments to base workload measures commensurate with reductions in general apportionments. This will reduce base workload expectations for purposes of apportionment calculations and make it easier for districts to make necessary cuts to course sections. Language states intent that reductions in course sections, to the greatest extent possible, be achieved in areas other than basic skills, CTE, and transfer.
- A \$116.7 million local property tax shortfall with a partial backfill of \$63.3 million.
- The committee did not act on the Governor's proposal to suspend the 50 percent law and 75/25 requirements for 5 years.
- The Conference Committee also took action to reject the Governor's proposal to eliminate new Cal Grant awards. They did however approve some cost savings beginning in 2010-11 by freezing income eligibility for Cal Grant A and reducing Cal Grant private awards by 5 percent.

In the coming days, the budget package will then travel to the Senate and Assembly floors where it will be debated and voted upon. It is likely that Big 5 meetings will also take place in which Democratic and Republican legislative leaders from both houses and the Governor will attempt to resolve any outstanding differences. It is quite possible that the Conference Committee's proposed budget plan, including the community college proposal, will undergo additional modifications before the final budget deal is struck. State leaders are intent on wrapping up the budget deal by June 30 in order to avoid a cash shortfall during the month of July. Time will tell if they are capable of meeting that deadline.

We are still reviewing the details of today's Conference Committee's actions and will provide additional details and analysis in the near future.

Regards,

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