

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## BUDGET IN BRIEF

2010-2011

### GOVERNOR'S MAY REVISION AND OTHER BUDGET INFORMATION

#### GOVERNOR'S MAY REVISION

On Friday, May 14, 2010, Governor Arnold Schwarzenegger released his May Revision, an update to the estimates of revenues and expenditures contained in his January Budget Proposal. The news is both good and bad for community colleges.

The bad news is the size of the overall budget deficit has not changed significantly from the amount identified in January. The May Revision identifies an estimated shortfall of \$19.1 billion and reflects the continued negative economic trends facing California and the nation.

The good news is the community college portion of the budget saw little change from what the Governor proposed in January. As a result, the Governor maintains the proposed 2.2% enrollment growth.

For the California Community Colleges, the May Revision proposes the following:

#### Proposition 98

The May Revision proposes funding K-14 education at the minimum funding guarantee.

#### Current Year (2009-10)

- Essentially unchanged from January proposal
- Increase in local property taxes (\$8.4 million)

#### Budget Year (2010-11)

- 2.21% growth in apportionments to fund 26,000 Full-Time Equivalent Students (FTES) statewide (\$126 million)
- -0.38% statutory COLA, which is applied as a negative adjustment to apportionments and applicable to categorical programs (-\$22.9 million)
- Proposition 98 funding is essentially unchanged from 2009-10
- Apportionment deferrals continue as implemented for 2009-10
- Maintains student fees at current \$26 per-unit level
- Retracts January proposal to suspend new awards for the Cal Grant Competitive program
- Eliminates the CalWORKs program
- Downward revision of \$6 million in 2010-11 local property tax revenues, which would be backfilled with state general apportionment

- Reduces approximately \$6 million in federal TANF funds as a result of elimination of the CalWORKs program
- Redirects \$26.7 million in state funding previously provided for CalWORKs to support categorical expenditures through the Categorical Flexibility provision
- Adds Extended Opportunity Programs and Services (EOPS), Basic Skills, and fund for Student Success to Categorical Flexibility
- Suspends Full-Time Faculty Obligation
- Lifts restrictions on contracting out (SB 1419)
- Reduces \$10 million from Part-Time Faculty Compensation
- Reduces \$10 million from Extended Opportunity Programs and Services (EOPS)
- Increases Career Technical Education (CTE) program funding pursuant to SB70 (\$20 million)

### **LEGISLATIVE ANALYST'S OFFICE (LOA)**

#### Analysis of the Governor's May Revision

On May 18, 2010, the nonpartisan Legislative Analyst's office released its overview of the Governor's May Revision and made the following recommendations:

- Due to a slightly more optimistic economic forecast, LAO estimates state revenues will be approximately \$1.4 billion higher than estimated by the Administration (\$400 million in 2009-10 and \$1 billion in 2010-11)
- LAO recommends that the Legislature suspend Proposition 98
- LAO recommends reducing funding for Physical Education courses. Rather than reduce the funding rate for PE courses, as they have proposed in the past, this time LAO proposes limiting the amount of PE instruction by imposing district-level caps on the amount of FTES that can be claimed in PE
- LAO continues to recommend that community college student fees be increased to \$40 per credit unit
- LAO recommends that the Legislature consider new revenue options, including:
  - 1) extending temporary tax increases and delaying tax breaks adopted in February 2009;
  - 2) eliminating certain tax credits, exemptions, and deductions;
  - 3) increasing fees, including those paid by community college students; and
  - 4) increasing targeted taxes (Vehicle Licensing Fee and alcohol tax)

## **SENATE AND ASSEMBLY BUDGET ACTIONS**

Following the LAO's overview of the May Revision, the Senate and Assembly released their respective budget packages. Both significantly augments Proposition 98 funding, paid for with taxes in the Senate and a combination of taxes and borrowing in the Assembly. For community colleges, highlights include the following:

### **Senate:**

- \$126 million for enrollment funding (2.21 percent)
- Rejected negative COLA
- Rejected Governor's proposed \$10 million cut to EOPS
- Rejected Governor's proposed \$10 million cut to Part-Time Faculty Compensation
- Rejected Governor's proposed \$20 million augmentation for SB 70 CTE programs
- Redirected \$3.8 million in Basic Skills categorical funds to establish a pot of incentive funding for districts that increase completion rates in Basic Skills courses.
- Modified funding formula for Financial Aid Administration categorical dollars to be based on number of Pell Grant recipients rather than BOG Waiver recipients

### **Assembly:**

- \$129 million for enrollment funding (2.26 percent)
- \$100 million augmentation for the Economic and Workforce Development program to support workforce training enrollments
- Rejected negative COLA
- \$383 million in one-time funding to fully pay the backlog of community college mandate claims (an additional \$983 million is provided for K-12 mandate claims)

## **OTHER BUDGET DEVELOPMENTS**

### **SB 1143 (Liu): Community College Funding**

Despite its initial defeat in the Senate on Wednesday, June 2, 2010, the bill passed the Senate Thursday, June 3, and now moves on to the Assembly.

The proposed bill would change California Community College FTES funding from a single census date to the average of two census dates, one of which is end of term for student retention. Retention is defined as whether a student is retained in the class to the end of the term with any grade (including F's), but does not include withdrawals and course drops.

The bill was amended on June 1 to make it revenue neutral to the California Community College (CCC) system overall, but it would still cause a shift in funding between districts, resulting in winners and losers among districts.