

2013-2014 State Budget

Overview of Governor's Proposals for California Community Colleges

DSP&BC Presentation
February 11, 2013

2013-2014 State Budget

- No structural shortfall in 2013/14 or out years
- Invest in K-12 and higher education
- Increase General Fund spending by 5%
- \$1 billion reserve
- Pays down debt from prior years

Revenue Estimates

Passage of 2 voter-approved measures in November 2012 increased revenues

- Prop 30 – Temporarily increases sales tax by $\frac{1}{4}$ cents for four years and increases Personal Income Tax for upper-income taxpayers for seven years
- Prop 39 – Permanently increases taxes for out-of-state corporations to fund energy efficiency and clean energy projects
- Both propositions are expected to generate over \$6 billion of General Fund revenue in 2013-14

Community Colleges Proposals

Apportionments

- Increase of \$196.9 million or 3.6% to base apportionment to be decided by Board of Governors
 - Move decision-making to the local level
- CCC System Budget requested \$600 million:
 - \$200 million Restoration of categoricals
 - \$20 million Cost of Living
 - \$120 million Enrollment Restoration
 - \$80 million Deferral Buy-Down
- GCCCD Estimates = \$3 million
 - GCCCD State apportionment of \$84.5m is approximately 1.54% of total State apportionment

Community Colleges Proposals

Deferrals

- \$179 million for deferral buy-down
 - 2011-12 State deferral \$961 million – GCCCD \$15.1 million
 - 2012-13 State deferral \$801 million – GCCCD \$13.2 million
 - 2013-14 State deferral \$622 million – GCCCD \$10.2 million

- Continue to bring down the “wall of debt”

- Eliminate CCC deferral by 2016-17

Community Colleges Proposals

Clean Energy Efficiency Projects

- \$49.5 million from Prop 39 for clean energy efficiency projects
 - Projects to reduce current utility requirements
 - Expand the use of renewable energy resources

- Can use the funds to expand career technical educational training and on-the-job work experience training

- Allocation to be based on FTES

- Compliance requirements to be determined

- GCCCD Estimates = \$700K for 2013-14

Community Colleges Proposals

Online Education

- \$16.9 million to increase the number of courses available through the use of technology
- Targeted to courses with the highest demand, fill quickly, and are prerequisites for many degrees
- Centrally run program to benefit all students and districts who choose to participate
- Enhance credit by exam options to make it possible for students to earn college credit for core Transfer Degree courses

Community Colleges Proposals

Adult Education Realignment

- Shift Responsibility for Adult Education from K-12 to community colleges
- Shift responsibility for the Apprenticeship Program from K-12 community colleges

Community Colleges Proposals

Reforms to Census Accounting Practices

- Currently, community colleges are provided state funding based on the number of students enrolled on census date
- Proposal to fund community colleges based on completion at the end of the term
- Would be phased in over several years to help colleges adjust their policies and practices

Community Colleges Proposals

Board of Governor's Fee Waiver Program Reform

- Approximately 60% of all credit course fees are waived annually by the community colleges
- State backfills this lost community colleges revenue source with state funds
- The current fee waiver program provides financial aid to students with limited verification of financial need
- Students will be required to fill out a Free Application for Federal Student Aid (FAFSA) and include both parent and student income

Community Colleges Proposals

90-unit cap for students

- 90-unit cap for student to receive state funded instruction
- After 90 units student will pay “full” cost of instruction
- Districts would be able to grant waivers on a case-by-case basis, but would not receive state funding for these students

Community Colleges Proposals

Other Proposals

- No changes are proposed to the Mandated Costs Block Grant
- Lottery funding to continue to be at the same rate as current year; \$125.42 per FTES (unrestricted) and \$30 per FTES (restricted)
- \$161.1 million increase in the Cal Grant program and no policy changes
- \$6.6 million decrease in CalWORKs

Looking Back

- Funding is still significantly less than the amount received in 2007-08
 - 2009-10 apportionment cut \$190 million and Categorical cut \$313 million
 - 2011-12 apportionment cut \$385 million
 - 2012-13 slight increase in apportionment of \$50 million
- No Cost-of-living (COLAs) received since 2007-08
- Served over 252,000 FTES where the colleges did not receive funding
- Turned away 129,000 FTES due to workload reduction
- Reduced course sections between 5 to 15 percent per college
- Fees increased from 2008-09 \$20/unit to 2012-13 \$46/unit
 - 130% increase in five years

Timeline

- Jan – May: Legislative Hearings
- May 14: Governor release May Revise:
 - update revenues and policy proposals
- June 15: Constitutional deadline for Legislature to send budget to governor

Questions???