



COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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16 December 2020

Hon. Gavin Newsom, Governor
State of California
State Capitol First Floor
Sacramento, CA 95814

Hon. Anthony Rendon, Speaker
California State Assembly
State Capitol Room 219
Sacramento, CA 95814

Hon. Toni Atkins, President pro Tem
California State Senate
State Capitol Room 205
Sacramento, CA 95814

Re: Community College Budget

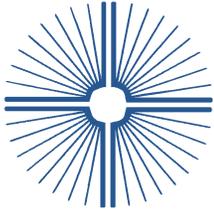
Dear Governor Newsom, Speaker Rendon, and President pro Tem Atkins:

On behalf of the Community College League of California¹ (the "League"), we want to express our appreciation to you for your leadership in these turbulent times. As our state confronts the COVID-19 pandemic along with its resulting economic downturn, we recognize the need to respond to the systemic problems of racial injustice, wealth inequality, homelessness, and wildfires. We recognize the enormity of the challenge and offer our assistance in whatever way possible to build a better future for all Californians.

California's Community Colleges—whose mission and ethos are welcoming to everyone, regardless of financial status or prior educational attainment—are uniquely positioned to assist in transitioning the economy and its recovery from "K-shaped" to "E-shaped"—an equitable economic model—where greater equity is achieved through educational opportunity and workforce development.

To achieve this, our community college districts require suitable and sufficient budgeting from the state that provides them with maximum **stability, predictability, and flexibility**. With 73 districts

¹ The Community College League of California (League) is a nonprofit public benefit corporation whose voluntary membership consists of the 73 local public community college districts in California. We support locally elected trustees and community college CEOs serve their students and communities by advocating on their behalf at the state and federal levels, providing continued professional development, and delivering services that employ economies of scale to minimize cost.



across the state, 72 of which are regionally based, the needs of each college vary depending on size, location, population, and a myriad of other factors unique to its service area. Honoring local decision-making in this process will help enable them to facilitate an E-shaped recovery in their respective communities.

In considering the best uses for the unanticipated revenue in either the current or budget year, the League respectfully urges the following:

- 1) **Buy-down of deferrals as a top priority.** The unprecedented level of deferrals, while staving off budget reductions, does not promote the long-term budgetary stability which our districts need to make the appropriate spending commitments for our students. With the likelihood of turbulent economic times continuing for several years, buying down the deferrals now will not only help colleges with their immediate and intermediate spending needs but also provide lawmakers with more tools for the out years.
- 2) **Flexible COVID-19 Block Grant remains a priority.** As colleges continue to offer remote instruction while also preparing for an eventual reopening, their needs continue to grow. Technology, PPE, and additional support services—not just for students, but for faculty and staff—are some of the items requiring attention. In addition to an increasing level of need, the pandemic has precluded our colleges from earning other sources of revenue from such places as facility rentals, cafeteria, and bookstore sales. This lost revenue, on top of increased costs, has produced a double hit, which requires relief from the state and federal government.
- 3) **Districts need continued relief from increased CalPERS and CalSTRS costs with the goal of permanent assistance for a buy-down of employer contributions.** While we are grateful to the state for acknowledging the burden on K-12 and community college districts of increased employer-side contributions in the current year budget, the rate of pension increase has become a disproportionate strain on an already underfunded system. Even prior to the pandemic, the proposed COLA barely covered increased pension costs. We hope to engage you in this conversation to develop a plan that addresses the actuarial shortfalls in the retirement systems without compromising the educational future of our students or hampering the ability of districts to facilitate an equitable E-shaped economy for their communities.
- 4) **Community college students must be prioritized through a more equitable approach to financial aid.** Despite comprising two-thirds of the California higher education population, community college students receive only six percent of Cal Grant resources. Hundreds of thousands of otherwise eligible applicants currently go unserved, and most have family incomes below the federal poverty line. While there may not be sufficient resources at this time to adopt the bold proposals introduced last year by the California Student Aid Commission, we believe the time is ripe to begin moving away from a tuition-centered approach to one that considers the total cost of attendance.



- 5) **Fund student mental health services through state administrative resources from Proposition 63.** Since moving from the physical to the remote space last March, one of the most common refrains of our colleges has been the need to provide for student mental health through a dedicated funding source. We believe that Proposition 63 offers the best opportunity for this as it honors the intent of the voters and does not require our districts to utilize anymore of their limited Proposition 98 resources.

This past year, the California Community Colleges responded quickly and decisively in moving its educational programs from the physical to the remote space, allowing our over 2.1 million students to continue their education with minimal disruption. The League has hosted weekly meetings of community college CEOs and Trustees to allow for the sharing of best practices and critical information in this new reality.

Despite earlier predictions of either a U- or L-shaped economic recovery, we are disheartened by the nature of the K-shaped economy where those with education and means are able to function while those lacking one or the other have been disproportionately harmed. The need for low-skilled labor, in particular, has declined as businesses have shed payrolls or closed entirely. The effects on low-income and communities of color have been devastating and will take years to recover.

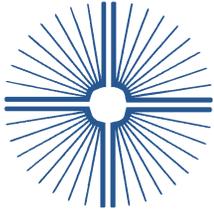
Illustrating this point, a team of researchers and policy analysts at Harvard University is [tracking how unemployment is hitting segments of the population differently](#). Workers in the bottom quartile (those earning below \$27,000 per year) have seen their employment drop by almost 20 percent while less than one percent of those making over \$60,000 per year have lost jobs.

According to a working paper from last August by the National Bureau of Economic Research, 40 percent of the respondents did not spend any of their additional federal stimulus checks, while almost 30 percent spent the entire amount on durables, food, medical supplies, and other consumer products. The remaining 30 percent had a mixture of spending and saving. Those that needed the stimulus checks to make ends meet spent it all, while those at the other end of the spectrum experienced a windfall.

As you prepare for the introduction of the 2021-22 Budget Act, we ask you to prioritize stability and predictability by honoring your commitments to Proposition 98, in particular to the statutory 10.93 percent split for community colleges. We also request an extension of relief from the Fifty Percent Law, which will help provide a needed degree of local budgetary flexibility during these distressing times.

In closing, we affirm the League's support for the California Community College system's Budget Change Proposal for 2021-22. We nonetheless deemed it important to share our thoughts as the revenue assumptions have since changed. The League also reserves the right to amend these positions as the budget process unfolds.

Thank you very much for your consideration of this letter.



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Sincerely,

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