

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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March 3, 2020

Hon. Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee
State Capitol Room 5019

Hon. Phil Ting, Chair
Assembly Budget Committee
State Capitol Room 6026
Sacramento, CA 95814

**Re: Community College Budget Proposal
6870-101-0001**

Dear Senator Mitchell and Assemblymember Ting:

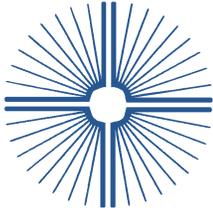
On behalf of the Community College League of California (the “League”), we want to express our appreciation to you for your leadership in crafting the community college budget. We are also grateful to Governor Newsom for his vision and commitment to public higher education and his ongoing support of our institutions.

Our overall priorities for the 2020-21 budget are:

- Increased allocation to the base resulting in a higher per-student funding rate
- Pension buy down
- Financial aid reform consistent with the direction of CSAC’s proposal to modernize the state’s Cal Grant system
- Increased funding for deferred maintenance and instructional equipment
- Statewide integrated library system
- Ongoing Proposition 63 mental health funding

With those priorities in mind, we have also laid out below our thoughts on the Administration’s proposal and other items that were not included. We look forward to discussing all these with you as we move forward in the budget process.

As we share our comments on the Governor’s proposed budget, we acknowledge and appreciate the Administration’s commitment to restoring our system in the May Revise to the statutory 10.93 percent of the Proposition 98 split. Adherence to the statutory split allows both community colleges and K-12 to appropriately plan for the coming year while also removing competition for resources between the two segments.



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Before commenting on the specifics of the Administration's plan, the League would like to draw your attention to compelling priorities which we hope will become part of the ongoing budget discussion:

Unfunded pension liability: This represents a major fiscal burden for both the state government and local education agencies (LEAs) within California. With increasing pension costs crowding out services intended for student success, the System requested \$100 million in the Budget Change Proposal. We ask the Legislature to partner with LEAs to pay down CalSTRS and CalPERS unfunded liability rate increases for community colleges.

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. We respectfully request that the Legislature and Administration align financial aid reform with non-Prop 98 budgetary resources to implement the Cal Grant modernization proposal by the California Student Aid Commission (CSAC). The new model reflects a much-needed shift from our current tuition-centered approach, which unfortunately chokes off access to too many of our students. Equally important, the CSAC proposal simplifies the current patchwork system of financial aid, which is sorely needed in this era of rising costs and unmet need.

Integrated library system: A systemwide Integrated Library System (ILS) would allow for every student in our colleges to access a cloud-based library catalog that can be retrieved through mobile devices and other means. Our state should be moving in this direction not only to keep pace with technology but to increase student success. In monetary terms, a modest ongoing investment of \$4 million is likely to result in annual savings of \$5 million.

Mental health services: While the League greatly appreciates the one-time funding from the Mental Health Services Act (Proposition 63) in recent budgets, this funding has not met the demand for mental health services across our system. Sufficient and ongoing funding from Proposition 63 would greatly assist our colleges in providing mental health services to support our students and help ensure successful completion of their educational goals.

Funding formula: Acknowledging the Administration's desire to maintain the funding formula while incorporating a first-generation student metric, the League also recognizes that the formula continues to be a work in progress as we transition from the prior model. To the extent that changes are contemplated moving forward, the League urges the Legislature and Administration to review its data with the districts and develop working simulations for our input.



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In regard to the January Budget proposal, while the League recognizes the Administration's interest in developing or augmenting numerous worthwhile programs, we are mindful of the existing disparities between our small and large districts in their ability to provide maximal delivery to their students. As such, we urge the Legislature to consider minimal allocation for each program to be established by the Chancellor in consultation with appropriate stakeholders.

The League has taken the following positions on specific items in the Governor's January Budget proposal. We reserve the right to update or amend our positions as the budget process unfolds.

\$167 million (2.29%) COLA; \$31.9 million (0.5%) for growth

Response: The League supports and appreciates both. As local government entities serving 72 distinct communities across the state, our colleges function best when provided with discretionary funds to allow them to serve the needs of their students. The LAO notes that two-thirds of the proposed COLA would be dedicated toward increased pension costs leaving districts with less than \$50 million to cover increased compensation and other costs. To the extent that additional resources become available in the May Revise, we urge you to prioritize a discretionary increase to our base, raising the per-student funding rate beyond that proposed in the January budget.

\$27 million to support existing apprenticeship coursework; \$15 million to expand California Apprenticeship Initiative

Response: The League is generally supportive of the apprenticeship programs and appreciates the Administration's attention here. We are again mindful of the need for maximum local flexibility to administer these programs.

\$10 million for legal services to support immigrant students, faculty, and staff

Response: The League strongly supports our system's undocumented students, faculty, and staff, and we recognize the important value of this proposal. We urge the inclusion of language in the Budget Act for the Chancellor's Office to develop a minimum allocation to districts in consultation with districts and other appropriate stakeholders.



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\$9.2 million for categorical program COLA

Response: The League supports this increase to keep these programs operational. We further recommend that the COLA be expanded to include the Board Financial Assistance Program-Student Financial Aid Administration (BFAP-SFAA). With growing attention to college access and affordability, it is vital to recognize this financial aid program as worthy of a cost of living adjustment. This specific categorical has not received a COLA in many years while the complexity of administrating programs like the California Promise Grant Program and the Student Success Completion Grants has substantially grown.

\$11.4 million for food pantries

Response: The League supports this proposal and appreciates the Administration's sensitivity toward maximum flexibility in its implementation at the local level. Each of our campuses with a physical presence will be eligible to utilize their \$100,000 allocation for this purpose. The proposal also moves us toward Recommendation 14 of the League's Affordability, Food & Housing Taskforce to create a permanent allocation for hunger-free campuses.

\$5.8 million for Dream Resource Liaisons and related services

Response: The League supports the vision of AB 1645 [(Rubio) of 2019] pertaining to Dream Resource Liaisons and endorses this budget proposal. We request maximum local flexibility in its implementation and a minimum allocation to each district established by the Chancellor in consultation with appropriate stakeholders.

\$5 million for dual enrollment students' instructional materials

Response: While the League strongly supports dual enrollment, we believe that this type of student support should appropriately come from the K-12 budget with a corresponding recalculation of the Proposition 98 split to reflect the adjustment.

\$20 million one-time for work-based learning

Response: Support if amended to align with the existing Strong Workforce initiative using data already collected for that purpose. While the League recognizes the value of the Administration's proposal, we believe it can be more readily attained through existing efforts already commenced through the Strong Workforce.



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\$15 million one-time for pilot fellowship program, diverse hiring of faculty

Response: While the League is supportive of the goals and has been active in this conversation over a period of years, we question whether the size and scope of this proposal are sufficient to result in meaningful change. We encourage the Legislature and Administration to review the Budget Change Proposal as a basis for future discussion, and we look forward to working with policymakers and other stakeholders as this discussion unfolds.

\$10 million one-time for zero textbook cost degree programs

Response: The League supports this allocation.

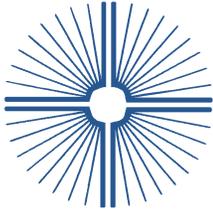
\$27.6 million in capital outlay

Response: The League is grateful to the Administration for this allocation from Proposition 51, which funds all but one of the 25 recommended new start projects in the 2020-21 California Community Colleges Board of Governors Capital Outlay Plan. We also understand that the Administration is reviewing our system's 39 continuing bond projects for inclusion in the May Revise, and we urge policymakers to prioritize this. Delays in funding combined with increasing costs create an undue strain on our districts, which impact not only our students, but also our communities' economic well-being and their trust in their community college governance.

With our overall System's Capital Outlay need at approximately \$43 billion over 10 years, the League looks forward to engaging in an ongoing discussion on this issue as the budget moves forward. While the voter decision on Proposition 13 may determine the immediate availability of future funds, we still to attend to this as a high priority for the budget.

\$17.2 million (\$8.1 million in 2020-21, \$7.6 million in 2019-20, and \$1.5 million in 2018-19) for deferred maintenance and instructional equipment

Response: The League is appreciative and supportive of these expenditures and urges the Legislature to increase this amount to the extent that further one-time funding is available. This is an essential appropriation to maintain the infrastructure of our campuses and provide our students with a safe and positive environment in which to learn.



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Shift \$125 million from existing categorical set-asides for a new System Support Program

Response: While the League generally favors flexibility in reporting, oversight, and assistance, we recognize that this proposal requires further conversations with stakeholders and clarification on its longer-term effect. Should this proposal advance, we urge an amendment to the TBL, ensuring the opportunity for CEOs to voice their input on the annual plan to be presented to the California Community Colleges Board of Governors through any advisory workgroup established for this purpose.

The League is once again grateful to you for your consideration of our positions and to the Governor for his support of community colleges. Please do not hesitate to contact us with any questions.

Sincerely,

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