

January 2014 Legislative Update

Summary and Highlights of the Governors Budget

- The Governor's Budget

Proposa<http://www.budgetchallenge.org/respondents/new>

Strong growth in the Proposition 98 minimum guarantee

- The approved budget for 2013-14 set the K-14 minimum guarantee at \$55.3 billion.
- For 2014-15, that Governor estimates the guarantee at \$61.6 billion - a year over year increase of about 11.4%.
- The Governor's estimate finds that the guarantee for the current and prior years was underfunded, providing about \$3.3 billion in additional one-time K-14 resources.
- The Governor primarily proposes to use these one-time resources to pay down deferral obligations.

The chief budget highlights as they pertain to the CCCs

- Access

- \$155.2 million to fund a 3% restoration of access.
- The budget proposes that the Board of Governors adopt a formula for local growth allocations that gives priority to districts “identified as having the greatest unmet need in adequately serving their community’s higher educational needs.”
- The budget summary states that all districts will be eligible for expanded access and that districts will eventually be restored to pre-recession levels.

- COLA [*Cost of Living adjustment*]

- \$48.5 million to fund a statutory COLA of 0.86%.

Highlights of Governors Budget

- Student Success -
 - \$200 million to support student success programs and strengthen support for underrepresented students.
 - This includes \$100 million for the Student Success and Support Program and \$100 million to close gaps in access and achievement for underrepresented students groups.
- Deferred Maintenance and Instructional Equipment -
 - \$175 million to be evenly split between deferred maintenance and instructional equipment.

Highlights of Governors Budget

- Deferrals –

- \$235.6 million in budget year funding to pay down deferrals.
- Combined with \$356.8 million proposed in one-time funds for this purpose, this would completely eliminate the system's inter-year deferrals.

- Flexibility -

- The Governor proposes to allow districts to reallocate up to 25% of funds from select categorical programs to other federal, state, or local programs to meet the needs of underrepresented student groups as identified in Student Equity Plans.

Highlights of Governors Budget

- Improving Statewide Performance –
 - \$2.5 million is provided to provide local technical assistance to support implementation of effective practices in all districts, with priority placed on underperforming districts.
 - The Chancellor's Office, will receive \$1.1 million and 9 new positions aid this effort by developing indicators of student success and to monitor performance.
- Proposition 39 -
 - \$39 million in funds owing to Proposition 39 to address energy efficiency projects and workforce development.

Highlights of Governors Budget

- RDAs - [*Redevelopment Agencies*]
 - The Governor proposes to improve the stability of the base apportionment by moving up the deadline for determining the amount of backfill funding necessary to resolve shortfalls stemming from RDA funds.
 - This should help to resolve deficits prior to the end of the fiscal year rather than after the fact.
 - The Governor proposes to initiate this change in the current year, and he provides \$38.4 million for 2013-14 and \$35.6 million for 2014-15 to account for the shift.

Highlights of Governors Budget

- Innovative Models of Higher Education –
 - \$50 million in one-time funding (non-Proposition 98) is proposed for incentive awards that recognize models of innovation in higher education that
 - 1) Increase the number of students earning bachelor's degrees
 - 2) Increase the number of bachelor's degrees earned within four years, and
 - 3) Ease transfer the state's education system.

Highlights of Governors Budget

- Apportionment stabilization -
 - Proposition 30 requires that each district receive at least \$100 per FTES from the Education Protection Account created by the ballot initiative.
 - This resulted in additional unfunded obligations to districts that would not have otherwise received state General Fund.
 - The administration proposes to fund these obligations not only for 2014-15 and subsequent years, but also to backfill obligations from 2012-13 and 2013-14.
 - The Governor attempts to further stabilize the base apportionment by estimating local obligations for FTES stability and restoration costs provided in statute. These changes are intended to mitigate structural deficits that have plagued the system in recent years.

Highlights of Governors Budget

- The Governor does not propose to raise student fees, nor does he propose to fund FTES on completion or to require all students seeking fee waivers to complete a FAFSA. Further, the Governor states the intent to devise a plan in the 2015-16 fiscal year that will resolve the CalSTRS fund shortfall within 30 years.
- Adult Education -
 - The Governor reiterates his commitment to provide funding in the 2015-16 budget to implement to plans being developed by regional adult education consortia.

UC and CSU

- The Governor continues the four-year investment plan begun in 2013-14 by funding 5% increases in general fund support for UC and CSU.
- This equates to an increase of \$142.2 million each for the UC Regents and the CSU Board of Trustees.
- The universities are expected to adopt three-year sustainability plans that set targets for key measures.
- The Administration reiterates its expectation that current tuition and fee levels are maintained through 2016-17.

K-12

- The Governor proposes to continue making progress toward implementing the newly instituted Local Control Funding Formula.
- Ongoing K-12 per pupils funds rates expenditures increase to \$9,194 in 2014-15, up from \$8,469 in the current year.
- The Governor proposes to eliminate year over year deferrals in K-12 just as he does for the Colleges.

Constitutional Amendment

- The K-12 section is further notable for a reference to state's chronic revenue volatility, and states the intent to pursue a constitutional amendment that will “smooth year-to-year school spending to prevent damage caused by cuts.”
- The section further states that the amendment would not change the overall guaranteed level of funding for education.

CCCCO Press Release on Budget

SACRAMENTO, Calif. – California Community Colleges Chancellor Brice W. Harris issued the following statement today about Gov. Jerry Brown's proposed 2014-15 budget:

"After years of budget cuts forced us to turn away hundreds of thousands of students, Gov. Brown's proposal is welcome news for California and for the economy. With an 11.4 percent increase in funding we are now on the way to adding back the much needed classes that will restore our system's ability to provide educational opportunities for those seeking to improve their lives at community colleges. The proposed budget also is in lockstep with our Board of Governors' Student Success Initiative, which aims to increase the number of students who complete certificates, degrees or transfer to four-year institutions. It provides resources to strengthen support services for students and help close achievement gaps. We embrace the governor's call to continue to improve and streamline transfer opportunities across all segments of higher education. Simply put, this proposed budget does more to help community college students than any in recent memory."

CSSA Press Release on Budget

Long Beach, CA –The California State Student Association (CSSA) is encouraged by Governor Brown's proposed 2014-15 state budget which, for a second year in a row, provides much needed additional funding for the California State University system and its students. The reinvestment of an additional \$142.2M in the CSU will allow the system to maintain current tuition levels and augment support for student success initiatives. Improvements to the Cal Grant program will now provide students who become ineligible one year, due to a fluctuation in income, the opportunity to reapply for a Cal Grant, thus preserving a student's access to the CSU. In addition, the Governor expects the CSU to set targets on key issues, including student success, and continue its effort on improving institutional efficiencies. CSSA, in conjunction with the CSU administration and its faculty and staff, is committed to expanding access, increasing graduation rates, and maintaining affordability and quality for the students of California. However, many pressing issues remain, such as unprecedented demand for a seat in the CSU, unsafe and outdated classrooms, and thousands of impacted classes that slow down a student's time-to-degree. The CSU is a vital part of California, graduating more than 100,000 students each year, educating most of California's teachers, engineers, and nurses, and providing a return of more than five dollars on each dollar invested by the state. As California's economy improves, CSSA will continue to advocate for greater strategic investments in the CSU and its students.

SSCCC Policy Priorities

- Dual enrollment
 - Partnership between high school district and community college(s) to allow high school students to enroll in community college courses to reduce time in college
 - Targeting students who are at risk of dropping out or who struggle academically
 - Pathways would be designed to be transferable to CSU and UC while counting for high school credit
 - Additionally, want to attempt to remove penalties for lack of attendance to implement a “hold harmless” funding model for dual enrollment

SSCCC Policy Priorities

- Professional Development
 - Establishment of an ongoing professional development fund to support local colleges in professional development activities
- Continuous Appropriation
 - Advancing the system strategic plan goals around system effectiveness and resource development
- Stabilizing funding
 - Proactively addressing any statutory changes to the duration and conditions to the colleges which the state provides stabilization funding to a community college facing major fiscal challenges

Potential Bill of Interest

- Names of bills brought to our attention by EA senators which will be analyzed further in the near future
 - AB 475 - Student Athletes: Scholarships
 - AB 51 - Baccalaureate Degree Pilot Program
 - AB 138 - Undergraduate tuition and mandatory system wide fees
 - AB 181 - Baccalaureate Degree Program: University of California
 - AB 330 - Student Financial Aid: Disclosures



Stay tuned to find out
what the upcoming
priorities will be for
2014!