

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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8 February 2022

Hon. Nancy Skinner, Chair
Senate Budget Committee

Hon. Phil Ting, Chair
Assembly Budget Committee
Sacramento, CA 95814

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

Dear Senator Skinner and Assemblymember Ting:

The Community College League of California (the “League”) is grateful to you and to Governor Newsom for your collective leadership as you craft the community college budget. We share your principal concerns of equity and student success, and we look forward to working with you in ensuring the maximum capability of the community colleges to achieve these goals.

Representing the diverse local voices of our community college leaders, the League is appreciative of additional money in 2022-23 while at the same time mindful of the need to maximize available resources. Our top priorities for the budget are:

- 1) Increase base resources for our districts to utilize flexibly to achieve the twin goals of equity and success contained in the system’s Vision for Success and the various proposals under consideration.
- 2) Reduce pension costs for our districts.
- 3) Maximize spending of funds subject to the State Allocation Limit (Gann Limit) on community college housing and other infrastructure projects.
- 4) Use non-Proposition 98 funds to enact meaningful financial aid reform for our students.

With these in mind, we present our perspectives on the Administration’s proposal and offer suggestions on items that were not included. We look forward to discussing these with you as we move forward in the budget process.

I. Ongoing Funds

\$24.9 million to support 0.5 percent growth

Response: The League supports this proposal and requests that any unused funds for growth should be considered for a supplemental allocation to base apportionment.



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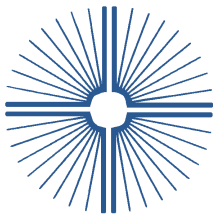
\$409.4 million to support 5.33 percent COLA

Response: The League is extremely grateful for this proposal and wholeheartedly supports it. We are particularly appreciative of the parity in COLA with K-12. That said, we are mindful of the inflationary pressures experienced by our colleges and the expectation to balance the desire for higher salaries with the need for greater investments in student and educational supports to achieve the outcomes outlined in the budget. This is a tall order that needs addressing as an extraordinary percentage of the base apportionment increase from growth, and COLA is already dedicated to higher pension and health care costs. As noted by the Legislative Analyst's Office in its Overview of the Governor's Higher Education Budget Proposals:

*Though the state's pension boards will not adopt final rates until spring 2022, we expect CCC **will need to use approximately 40 percent** (roughly \$170 million) of the proposed apportionment COLA to cover higher pension costs. Out of the remaining 60 percent, colleges must cover any health care cost increases as well as increases in utilities and other operating expenses and equipment (OE&E). While most community colleges likely will have sufficient funds to offer some level of salary increases, such increases might not be able to keep pace with inflation, given inflation also has been increasing at a historically fast pace.*

Inflationary pressures are liable to drain resources from our districts and compromise their ability to effectively fulfill the equity and success goals anticipated by the budget (and internally desired by our system). According to the US Bureau of Labor Statistics, "From December 2020 to December 2021, consumer prices for all items rose 7.0 percent, the largest December to December percent change since 1981. Over the year, food prices increased 6.3 percent, a larger percentage increase than the 12-month increase of 3.9 percent in 2020. Food at home prices increased 6.5 percent in 2021, the largest over-the-year increase since 2008."

While our institutions will use every mechanism to achieve cost efficiency, these inflationary drivers necessitate greater attention to a higher level of base resources. It should be noted as well that federal resources made available at the height of the COVID-induced economic crisis of two years ago will soon be expiring, leaving colleges with the responsibility for replacing those ongoing costs.



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As such, the League urges the Legislature to take the following steps on behalf of the 73 districts in the California Community Colleges:

- 1) Increase flexible base resources to districts by \$300 million as the centerpiece of achieving the twin goals of equity and success.
- 2) Use non-Proposition 98 resources to buy down district pension liabilities.

Above all, the League firmly believes that these two steps will help maximize the principles of equity and success as the centerpieces of this budget while capitalizing on our colleges' understanding of their local communities, economies, cultures, and student populations.

\$200 million for Part-Time Faculty Health Insurance

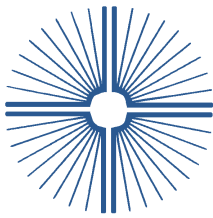
Response: While the League recognizes the need for faculty to have access to quality health insurance as well as the unique challenges faced by our system's adjuncts, we seek clarification on the magnitude of this proposal, and whether in light of the other demands on our system to achieve the Governor's roadmap, it would be more prudent to incrementally scale up this fund over the course of several years in proportion to district and faculty participation in the program. Alternatively, or in some combination thereof, the League would be interested in reintroducing the LAO's call for a faculty support block grant to include such items as Part-Time Faculty Health Insurance, Part-Time Faculty Office Hours, Part-Time Faculty Compensation, and Full-Time Faculty Conversions to be determined locally.

\$100 million for Student Success Completion Grants

Response: While the League supports the Completion Grants, we are mindful of an increasing percentage of Proposition 98 funding dedicated to financial aid, our preferred approach would be to use non-98 resources to enact comprehensive Cal Grant reform as contained in AB 1746 (Medina) while redirecting these proposed funds in the January budget for an unallocated increase to the base.

\$10 million for Financial Aid Administration

Response: The League strongly supports this proposal and is appreciative to the Governor for its inclusion in the January budget proposal.



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\$25 million for Technology Modernization and Protection of Sensitive Data

Response: With some of our member districts recently experiencing cybercrime, the League supports this proposal and urges consideration of an augmentation at May Revise should additional funds become available.

Categorical COLAs on various programs and mandate reimbursements

Response: The League supports a COLA on the categorical programs and urges the inclusion of the Student Equity and Achievement Program (SEAP) in this list.

\$1.1 million to Expand African American Male Education Network and Development (A2MEND) Student Charters

Response: The League wholeheartedly supports this and commends the Governor for providing this program with ongoing funds.

II. One-Time Funds

The League supports the Administration's blueprint in the January budget for one-time funds and offers comments on the following items:

\$387.6 million for deferred maintenance

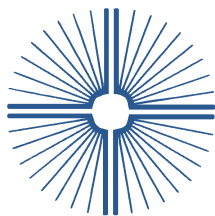
Response: The League believes this is appropriately the highest priority for one-time funds and should be increased to cover the system's backlog in deferred maintenance. In light of the exigencies of the pandemic, we urge consideration of a two-year extension in the allowable timeframe to utilize these funds.

\$150 million for retention and enrollment strategies

Response: The League supports this and encourages consideration of it as an Early Action item to address fall enrollment. By summer, academic schedules and faculty assignments will have already been established, which will reduce its effectiveness for the fall term.

\$105 million for common course numbering/\$65 million for implementation of transfer reforms

Response: While the League supports these in principle, we want to ensure that the dollars proposed are sufficient to cover the costs of these mandates. To the extent there is a shortfall, we urge consideration of an increased allotment in the May Revise.



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III. SCFF Rebenching

Beginning in 2025-26, rebench Hold Harmless floor to 2024-25 plus statutory COLA

Response: The League is extremely grateful to Governor Newsom for addressing the concerns of our districts, which are subject to the Hold Harmless provision of the funding formula. This has been a major issue for the League and a focal point for our Task Force on the Student Centered Funding Formula. We look forward to engaging in this discussion as the budget process unfolds.

IV. Governor's Roadmap for Community Colleges

Response: While the League continues to analyze the particulars of the Governor's proposed roadmap, we affirm our belief in accountability and support for the Vision for Success.

In this regard, it is important to note that our colleges, students, and the communities they serve face extraordinary challenges from COVID-19, changing demographics, student basic needs, and expanded responsibilities, which should lead policymakers to an overall examination of our per-student funding rates and move toward headcount as a replacement model over the current Full-Time Equivalent Student basis. Our desire is to not only reach but exceed the goals set forth by the Administration, and effectively doing so would require a higher level of unallocated investment to allow for local decision-making in this process. Given the robust nature of the California budget, we believe this is the year to provide our districts with the resources to make this happen.

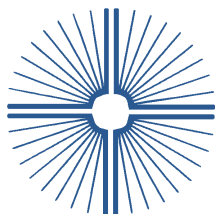
The League is once again grateful to you for your consideration of our positions and to the Governor for his support of community colleges. With the fluidity of the budget process, we retain our right to edit or amend these positions as new information becomes available.

Please do not hesitate to contact us with any questions.

Sincerely,

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