



January 10, 2018

MEMORANDUM

TO: Lynette Nyaggah, CCA President
Brad Reynolds, CCA Vice-President

FROM: Jennifer Baker,  Legislative Advocate

RE: *Governor's Proposed 2018-19 Budget: Community Colleges*

The following is a summary of the major components of the Governor's Proposed 2018-19 K-14, higher education, and retirement budgets, as well as related Propositions. Further details will be forthcoming as the budget discussions and deliberations begin.

External Influences

It should be noted that the Governor's proposed budget does not reflect the recent federal tax bill and the fiscal implications it will have on California's long-term financial health. Additionally, while the economy continues to remain relatively healthy, economists are concerned that a decline in California's economic outlook may be on the horizon.

Higher Education

The Governor recognizes the economic constraints that California students face while trying to attain their higher educational goals. Reflecting this recognition is a focus on financial aid to reflect the tuition increases of the CSU and UC, cost increases at private universities, and the external cost pressures community college students face.

Community Colleges:

- **Student Success:**
 - The Governor continues to push for the Student Success initiative, from guided pathways to improving basic skills and advocates for better use of transfer pathways to both public and private universities.
- **Student-Focused Funding Formula:**

▪ **Expanding Access - Online College:**

- The Governor proposes to create a completely online California community college that offers accessible, flexible, and high-quality online courses and programs that additionally provides students with support to succeed in their programs.
- Initial focus of content will be in vocational training, career advancement opportunities, and credentialing for careers in child development, the service sector, advanced manufacturing, healthcare, and in-home supportive services, among other areas.

▪ **Aligning Financial Aid and Student Success:**

- Proposes funding to support the implementation of the California College Promise (AB 19 of 2017) while additionally proposing ways to consolidate this grant program with the Full-Time Student Success Grant and the Completion Grant.

▪ **Workforce Education Investments (including Adult Ed.):**

- These new investments propose to build on the workforce reforms in K-12 and higher education:
 - \$212 million for K-12 CTE programs, administered through the community college Chancellor's Office, to improve and expand their career technical education programs aligned with the goals of the Strong Workforce Program;
 - \$20.5 million for a COLA for the Adult Education Block Grant program with \$5 million for investments in a data collection and accountability system to ensure comprehensive and shared data reporting by regional consortia members.
 - \$17.8 million ongoing funding for increased reimbursements to K-12 and community college-sponsored apprenticeship programs for instructional hours provided in 2018-19.
 - \$30.6 one-time increase to backfill shortfalls in reimbursements provided from 2013-14 to 2017-18.

Community College Budget Adjustments

- **Apportionments** - \$322.5 million increase of Prop. 98 General Fund, including:

- \$175 million increase to support districts’ transition to a student-focused funding formula;
 - \$161.2 million increase for a 2.51 percent COLA;
 - \$60 million increase for enrollment growth;
 - \$73.7 million decrease reflecting unused 2016-17 growth funds.
- **Deferred Maintenance and Instructional Equipment** - \$264.3 million one-time increase in Prop. 98 General Fund and \$10.9 million Prop. 98 settle-up for deferred maintenance, instructional equipment, and specified water conservation projects.
 - **California Online College** - \$120 million increase in Prop. 98 General Fund (\$20 million ongoing) to establish a fully online community college (discussed above);
 - **California College Promise** - \$46 million increase in Prop. 98 General Fund to support the implementation of the California College Promise (AB 19 2017).
 - **Student Success Completion Grant** - \$32.9 million increase in Prop. 98 General Fund to support a streamlined student-focused financial aid program.
 - **Innovation Awards** - \$20 million one-time Prop. 98 General Fund to provide grants supporting innovation in higher education.
 - **Chancellor’s Office State Operations** - \$2 million increase in General Fund to fill 15 vacant positions in the Chancellor’s office.
 - **Student Enrollment Fee Adjustment** - \$5.4 million increase in Prop. 98 General Fund to offset decreased student enrollment fee revenues.
 - **Local Property Tax Adjustment** - \$230.2 million decrease in Prop. 98 General Fund resulting from increased offsetting of local property tax revenues.
 - **Community College Facilities (Prop. 51)** - \$44.9 million in general obligation bond funding to address critical fire and life safety issues at campuses statewide.

Proposition 39:

- \$576 million for 21 community college capital outlay projects to address critical fire and life safety issues.

Please note these are only highlights and further details will be forthcoming. As always, please keep in mind, this is only a “proposal” and must be negotiated through the Legislative process.