

JULY 9, 2012 BOARD OF GOVERNORS MEETING

SYSTEM BUDGET REQUEST FOR 2013-14

INFORMATION & REPORTS

Presentation: Dan Troy, Vice Chancellor, College Finance & Facilities Planning

Issue

This item presents an initial discussion of the Community Colleges' System Budget Request for fiscal year 2013-14.

Background

A Budget Workgroup made up of members of Consultation Council and other stakeholders convened June 14 to begin initial discussions about the system's annual budget request. The initial discussion was reported on at the Consultation Council meeting on June 21.

Discussion

The following points were brought up in the discussion by the workgroup members:

- Since the Budget Request must be submitted to the Department of Finance in September, before the outcome of the November ballot measure is known, it was suggested that we consider presenting two scenarios in our request: one assuming the November ballot measure passes and a second assuming it does not pass.
- COLA was the first item suggested as a priority for the request. Colleges' costs continue to rise, but no cost of living adjustment has been provided since 2007-08.
- Funding for infrastructure and library equipment was also mentioned as a priority, particularly because there are potential accreditation issues if library resources are not kept up to date. Last year we requested that any one-time funds that might come available would be directed toward this area.
- The Student Success Task Force has identified several areas where additional funds could be spent to improve student success. They include technology for education planning (to be used by students, counselors and advisors); increasing the number of counselors; and development of a common assessment tool.
- Restoring funding for categorical programs was also identified as a high priority – matriculation, DSPS, and part-time faculty office hours were several of the specific programs mentioned.
- A proposal to research ways to improve retention in distance education courses was put forth. One potential mechanism for funding research on best practices and pilot programs would be an augmentation to the Fund for Instructional Improvement.

- Buying down the inter-year deferrals was mentioned – we may want to put forth a multi-year plan that eventually leads to the end of the deferrals.
- The group again felt it was important to document all the losses the system had endured in recent years—reductions in general apportionment and categorical programs, as well as the unpaid COLAs. There was no decision made as to whether to request the entire amount, or to scale back the request in recognition of the state’s fiscal condition.
- It was also pointed out that we can make a stronger argument by explaining the benefits of our request for students and student success, rather than arguing for funding just based on the fact that we were previously funded at that level.

Preliminary cost estimates for the major items are as follows:

COLAs have not been received since 2007-08, and have now grown to a cumulative loss of purchasing power totaling 18.3%, or **\$994 million**.

Restoration of student support categorical programs that were cut in 2009-10 equals **\$313 million**.

Restoration of base apportionment funding lost since 2008-09 equates to **\$809 million**.

Infrastructure (scheduled maintenance) and instructional equipment funding has not been provided in recent years. The colleges have identified in their 5-year capital outlay plans approximately **\$200 million** of need for deferred maintenance spending per year. For instructional equipment, **\$54 million** represents the amount of lost funding over the past four years.

Recommended Action

The foregoing information is presented to the Board of Governors for a preliminary discussion. Additional discussion will take place with the budget workgroup and Consultation Council. It is anticipated that the final recommendation on the 2013-14 System Budget Request will be presented to the Board for approval in September.

Board Discussion

The Board agreed with the suggestion to put forth two alternatives, based on the passage or failure of the ballot initiative. The Board also felt that while it is important to document all the losses to the system in recent years, it would be preferable to adopt a multi-year approach to restoring the funding rather than requesting more than \$2 billion in additional funding in the current budget environment. The Board generally agreed with the Budget Workgroup’s funding priorities of COLA and student success categorical programs.