

**2015-16 Budget Workgroup
July 10th Meeting Notes**

The 2015-16 Budget Workgroup held a second meeting on July 10th to continue the discussion on the budget priorities for the CCC system's 2015-16 budget request. The goal of this meeting was to work on finalizing a plan for the 2015-16 budget request which will be submitted in September.

At the July BOG meeting, Vice Chancellor Dan Troy presented the priorities discussed by the budget workgroup during the first meeting. The BOG gave no indication of concern with the progress of discussions.

During the second budget workgroup meeting, the group identified the CCC system's top priorities as:

- Funding for Faculty Support
- Access/Growth
- Professional Development
- Deferred Maintenance and Instructional Equipment
- COLA
- Restoration of Categorical Programs
- Funding for Student Success and Student Equity Plans
- Economic and Workforce Development

The group did not decide on a final ranking of these priorities, but did begin to discuss the appropriate amount of funding that should be requested for each. These amounts will likely change as the group did not get far into the discussion on the appropriate funding request for COLA, which is a high priority for the system. The total for the other priorities is already over \$600M, since the group agreed that the total request should not significantly exceed this amount, it will be necessary to some items in order to leave sufficient room for COLA. Below is a brief summary of the discussion around each of the priorities as well as the initial amount that was proposed for each.

Full-time/ Part-time Faculty \$100M

Jonathon Lightman from the Faculty Association of California Community Colleges (FACCC) proposed a faculty support item similar to what was discussed during the 2000-01 fiscal year. In 2000-01, the system requested approximately \$80M to fund one line in the budget for the Human Resources Infrastructure Program. The purpose of the program was to increase the percentage of courses taught by full-time faculty and also to support part-time faculty by

providing additional funding for compensation, benefits, and office hours. The program had bipartisan support in the legislature but was ultimately not approved by the Governor.

During budget negotiations for 2014-15, there was considerable discussion around adding funding to support hiring of full-time faculty. Members in the legislature seemed generally supportive of the idea, but unsure about how it should be structured and where it would fit into the budget. Ultimately, since the legislature had to stay within the Governor's revenue estimates, funding for full-time faculty was not included in the final budget package.

It was stated that when the 2000-01 proposal was being considered, the intent was to allocate 60% of the funding toward compensation, benefits, and office hours for part-time instructors, and the remaining 40% was to be used to hire additional full-time faculty to improve the percentage of instruction taught by full-time faculty.

Many workgroup members were supportive of the proposal; however, many voiced support for allocating a larger portion toward hiring full-time faculty. It was stated that currently, many colleges have too many part-time faculty because they hired more part timers, as opposed to full timers during the years of budget cuts to save money.

Some members voiced concern with this funding being allocated as a categorical program, stating that categorical programs do not receive COLAs, however, employees do get COLAs, therefore the cost of the employee salaries would increase over time, creating additional costs with no plan to ensure districts can cover them. There was discussion around including the portion of funding for full-time faculty in the general apportionment; districts would have requirements for full-time faculty hiring depending on their status in relation to the percentage of instruction provided by full-time faculty. This proposal requires more discussion on the specifics.

Access/Growth \$120M (2%)

The workgroup discussed the appropriate amount to request for access in 2015-16. Increasing Community College access is a high priority for the Governor and the legislature, as well as the CCC system. However, there are many districts, particularly those in the northern part of the state that are experiencing very slow growth in enrollments and are not able to earn all the access funding to which they are entitled. The group discussed putting forth a request for 2%, which is approximately \$120M. Most members believed that this would be enough to enable the districts that are growing to meet demand, and would not be so high that the system would end up leaving dollars on the table overall.

Professional Development \$25M

The amount of \$25M was proposed as a request for professional development. In the past this program was funded at \$5M annually; if you calculate the funding per employee, it was approximately \$600 per employee. If you apply this calculation to the number of employees now, the total funding for professional development should be around \$25M. Some members suggested using broad language, rather than specifying that it would go toward professional development for basic skills, as was proposed by the Legislature at one point in the 14-15 budget discussions. Instead, this funding could go toward professional development in the areas of basic skills, lower division, transfer, and other local initiatives to advance student success.

Deferred Maintenance and Instructional Equipment \$50M

A request of \$50M was suggested for deferred maintenance and instructional equipment. This could be a request for one-time funds rather than an ongoing increase. In 2014-15, \$148M was allocated for this purpose, allowing districts to address deferred maintenance and equipment needs that were put off during the years of budget cuts. If the system were to receive \$50M in 2015-16, districts could continue to address the backlog deferred maintenance and equipment needs.

Restoration of Categorical Programs \$115M

The workgroup reviewed the funding levels of CCC categorical programs in 2008-09 before the cuts that reduced many categoricals by about 40 percent. While some categorical programs received additional funding augmentations in the last two budget years, it would cost approximately \$115M to restore the other categorical programs to the level of annual funding received prior to the budget cuts. The workgroup discussed how best to present this request since the Governor has made it clear that he is not interested in refilling the old categorical pots of funding. One suggestion was to package some of the categorical programs like a block grant to allow districts some flexibility in how the dollars are spent; however others stated that while the Governor may favor this approach, it would not likely be supported by advocates for those programs.

Student Success and Equity \$200M

Some proposed making a combined request of \$200M for student success and student equity since this is an area that has received a lot of support from the Governor and the Legislature and is also a priority for the system. Some expressed concerns with putting forth such a high

budget request or this purpose. Some identified the local match of the SSSP as being an issue, since funding for this program has increased significantly over the last few years. In response to this, representatives from the Chancellor's office stated that the match is being reviewed already to ensure that it will not get in the way of districts being able to spend these funds. Others voiced concerns with the lack of data on student outcomes, stating that to make a request of this size, there needs to be some justification showing how the funds are being used.

Economic and Workforce Development Program \$25M

In 2014-15, the system received \$50M in one time funding for Economic and Workforce Development Program, since it is one time funding most of this will go toward equipment. The group voiced support for a request of \$25M in ongoing funds for the Economic and Workforce Development Program. This would increase the funding available for career technical education, which is a high priority for the Governor and the Legislature, and is one of the primary missions of the system.

Cola \$125M (2.1%)

School Services of California estimates the annual COLA in 2015-16 to be 2.10%. The workgroup did not have time to reach agreement on how much should be requested for COLA in 2015-16, but did voice support for requesting more than the statutory COLA to make up for recent years when no COLA was received. For the last two years, Governor Brown has funded the statutory COLA. The group will continue this discussion during the next meeting.

Student Senate \$100,000

The group voiced support for requesting \$100K for the student senate. This is a small part of the overall request but supports shared governance activities, which are very important for the student senate.

CalSTRS

The group discussed the increasing employer contributions for CalSTRS and whether there are options to help districts with these increasing costs. Currently, there is approximately \$265M outstanding in unfunded mandate claims; however these are one-time obligations, so it's unclear how to handle the ongoing contribution expenditures. Members recommended checking with K12 to see how their districts are planning to handle the increased contributions.

Priorities for One Time Funds

The group noted that some of the budget priorities could be included in the request for one-time funds rather than requesting ongoing increases. Some good uses of one time funds include: deferred maintenance and instructional equipment, professional development, and payment of past mandate claims.

Summary of Budget Request (Not final!!!- Amounts are still under consideration)

Full-time faculty \$100M

Access \$120M (2%)

Professional Development \$25M (Can be one-time funds)

Deferred Maintenance and Instructional Equipment \$50 (Can be one time funds)

Categorical Restoration \$115M

Student Success and Equity \$200M

Workforce EWD \$25M

COLA \$125M (2.10% statutory COLA per School Services)

Student Senate \$200K

TOTAL \$760.2M

Attendees at the July 10th Budget Workgroup Meeting

- LeBaron Woodyard, Chancellor’s Office, Academic Affairs
- Rich Hanson, California Community College Independents (CCCI)
- Natalie Wagner, Chancellor’s Office, Finance and Facilities Planning
- Jonathon Lightman, Faculty Association of California Community Colleges (FACCC)
- Diane Brady Chancellor’s Office, Finance and Facilities Planning
- Theresa Tena, Community College League of California (CCLC)
- Ryan McElhinney, CCLC
- Erik Skinner, Chancellor’s Office, Deputy Chancellor
- Jim Mahler, California Federation of Teachers (CFT)
- Tristan Brown, California School Employees Association (CSEA)

On the Phone:

- Ralph Black, California Association on Postsecondary Education and Disability (CAPED)
- Kathy Blackwood, Association of Chief Business Officers (ACBO)
- Ron Travenick, Chief Student Services Officers (CSSO)
- Louise Jaffe, California Community College Trustees (CCCT)

- Linda Michalowski, Chancellor's Office, Student Services Division
- Mary Kay Rudolph, California Community Colleges Chief Instructional Officers (CCCIO)
- Julie Adams, Academic Senate
- Manual Payan, CSEA
- Jeanette Gordon, ACBO
- Wheeler North, Academic Senate