

State Budget

2013 Regional Advocacy Convening



Presenter

Theresa Tena

Vice President

Community College League of California

ttena@ccleague.org

Cell: (916) 849-5618

Agenda

State Budget Framework

CCC / Proposition 98

Opportunities / Challenges

State Budget Framework

State General Fund is the language we speak

- In the 2013-14 Enacted Budget
 - General Fund \$96.3 B
 - Special Funds 42.0 B
 - Total Funds \$138.3B

Let's get some context...

State Budget Framework

State General Fund is the language we speak

- CCC Share –

○ General Fund	\$ 3.7 B
○ Special Funds (P-tax)	<u>2.3 B</u>
○ Total Funds	\$ 6.0 B

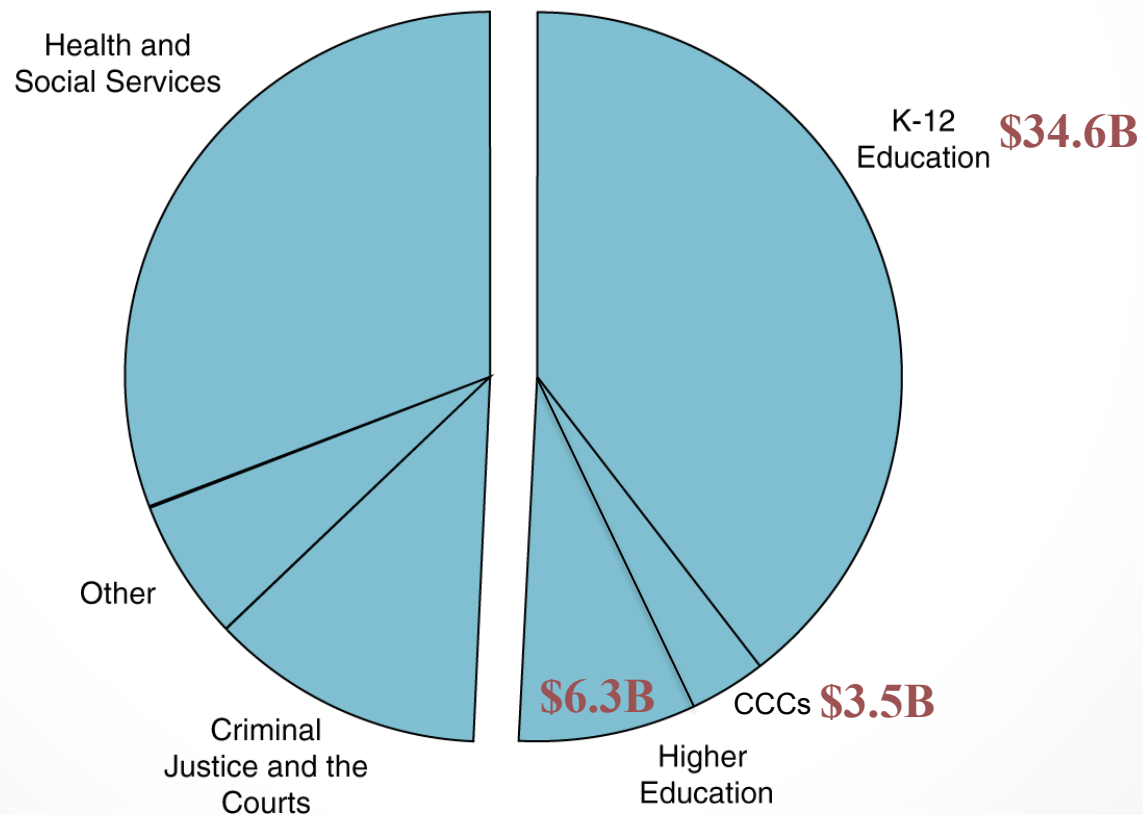
- Proposition 98

Let's get some context...

Education: The Big Picture

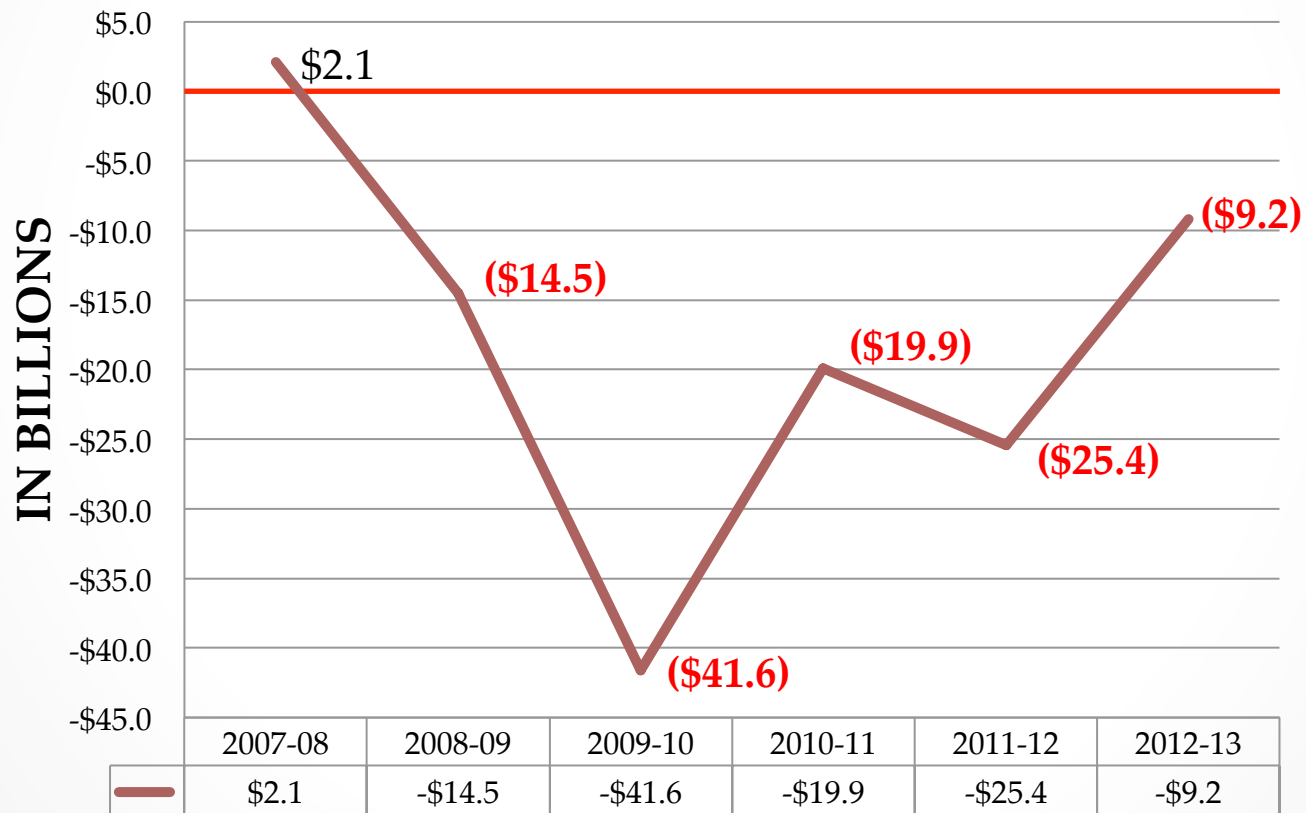
Education makes up half of state spending.

General Fund—2011-12 **\$87.1B**



2013-14 State Budget

Structural Shortfall



State Budget Framework

Recent History....

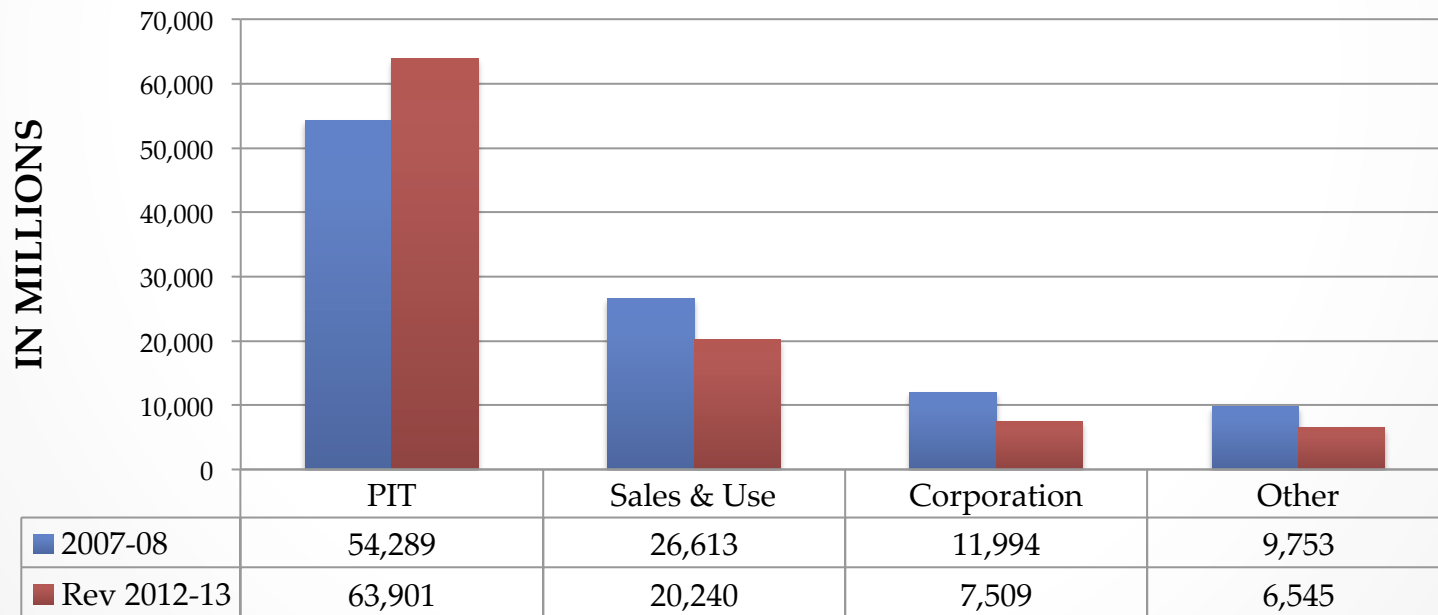
- CCC lost about \$1.5 billion in state funding
- Eliminated 100,000 courses
- Shut out 500,000 students

State poised to restore funding

State Revenues (Big Three)

Personal Income Tax, Sales and Use Tax, Corporations
General Fund and Education Protection Account Combined

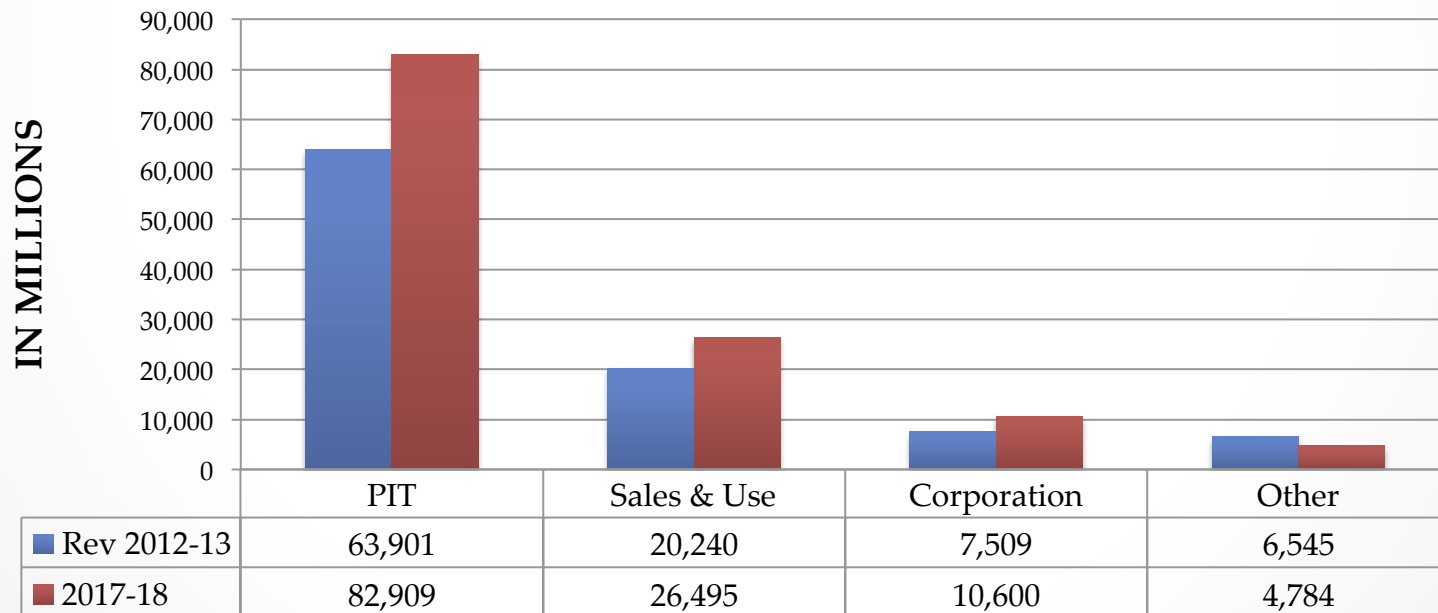
General Fund and Education Protection Account Combined



State Revenues (Big Three)

Personal Income Tax, Sales and Use Tax, Corporations

General Fund and Education Protection Account Combined



State Budget Framework

K-12 & Higher Education

- Push decisions down to the local level – K-12
- Decrease time to completion; improve overall completion rate/improve transfer rate to colleges/universities – Hi Ed
- Continue to pay down the “wall of debt” - both
- Require income verification related to financial aid - CCC

Multi-Year Education Plan?

State Budget Framework

Higher Ed Stakeholder Mtg

1. Colleges need predictable funding
2. More investment in student support at both the pre-entry and entry levels to the colleges
3. Build on SSTF and the metrics established by system, INCLUDING THE NOTION OF EQUITY IN OUTCOMES
4. Colleges need local flexibility to best serve their students
5. There must be alignment across all segments.

Multi-Year Education Plan?

CCC Proposition 98

Manage Expectations

- Prop 30 Temporary Taxes
- 2013-14 Prop 98 Under appropriated
- Restoration Pressures
- Local Revenue Shortfalls
- New Playbook in K-12 – LCFF
- CalPERS / CalSTRS / Affordable Care Act
- Lurking policy initiatives

**Prop 30 sale taxes trigger off in 4 yrs;
PIT triggers off in 7 yrs**

Proposition 98

Distribution of P-98 Resources

- 2012/13 CCC did NOT receive statutory split (10.55% equated to about \$200 M LESS than split)
- K-12 Common Core vacuumed up the one-time funds
- Adult Ed unsolved - \$25 M regional consortium; promise of \$500 million on the horizon
- K-12 Career Pathway Innovative grants (\$250 M)

Where are the incentives to collaborate?

2013-14 CCC P-98

Summary of Adjustments

- \$89.4M 1.63% Enrollment Restoration/Access/Growth
- \$87.5M 1.57% COLA
- \$50M Student Success/Matriculation
- \$47M Energy Efficiency/Prop 39
- \$25M Adult Education
- \$15M/\$15M DSPS/EOPS
- \$16.9M Online Education
- \$8 M CalWORKs

Where do we go from here?

Opportunities / Challenges

Crystal Ball....

- How will the system restore the over one billion lost?
- Equity / Student Success
- Disparate voices....
- Stable, Predictable funding?
- Constitutional Solution – Parcel Taxes

Where do we go from here?

Opportunities / Challenges

Weighted Student Formula CCC?

- Prolonged Disinvestment
- Focus upon the largest system of higher education; most diverse and socio economically challenged

Highlight our per student funding

Opportunities / Challenges

Weighted Student Formula CCC?

- LCFF initiated the conversation
- “Equal treatment for children in unequal situations is not justice” Governor Brown
- Moral imperative
- Economic imperative

What role does the State play?

Where are Things Headed for 2014-15?

Assuming Same Governor...

- Performance Metrics?
- Adult Education
- Differential Funding – AB 955

**Can CCCs and Governor paddle in
the same direction? Legislature too?**

Opportunities / Challenges

System budget request:

- COLA - \$240 M premised upon a super cola
- Categorical Restoration - \$150 M - \$50 for student success
- Access / Enrollment Growth - \$110 M 2%
- Deferral Buy-down \$100 M
- One time Funds – MAXIMUM AVAILABLE

**Expect a robust package of proposals
in the January budget**

Opportunities / Challenges

Where do we go from here:

- January 10: Constitutional deadline for Governor to present budget
- June 15: Constitutional deadline for Legislature to send budget to Governor

Expect a “normal” process and a relatively “on time” budget

THANK YOU!