

MESSAGE TO SAC BUDGET COMMITTEE MEMBERS

Jeff McMillan and I met this morning to discuss the agenda for the meeting of the Budget Committee scheduled for July 1. After reviewing the agenda items we decided not to have the meeting since there was little new information to report about next year's budget and no significant action items that needed to be taken care of immediately. Below are a few comments on what would have been on the agenda for July 1.

1. Budget Updates: See the attached "State Budget Update" of May 30 and June 5 from the Community College League of California.
2. Budget Allocation Model Update: Discussions on this topic began at the latest meetings of the BAPR Workgroup and full BAPR Committee. No conclusions have been reached at this point but it has been decided to look at how other multi-college districts deal with this issue and see what can be learned from other models.
3. BAPR Program Review Update: A work group has been pulled together to propose a program review process for BAPR. Attached you find the initial report from this group.

BAPR Planning and Review Group

Report and Survey

June 11, 2008

This group (Steve Kawa, Bonnie Jaros, Norm Fujimoto, Sergio Sotelo, and Julie Slark) met on June 4 to develop and propose a program review process for BAPR. While the BAPR budget allocation model work group was assigned the task to develop a structured review process for the budget allocation model, this group was to address the planning role of BAPR and BAPR's processes and procedures.

Brainstorming Results To Date from BAPR and From This Work Group:

- A review process should begin with knowledge of the BAPR purpose.
- BAPR can also develop goals at the beginning of each year and evaluate progress towards goals at the end of each year, as part of a structured program review process.
- BAPR needs to evaluate and recommend the role of the group related to district planning. Suggestions include: 1) use the district functions mapping/"future plans" section; 2) use the board goals; 3) study the relationship and intersection of college plans to district plans
- There were many comments about group process and procedures
 - The group used to have a co-chair.
 - Better communication between BAPR and college constituents is critical.
 - There may be an issue about everyone understanding some budget-related jargon. Perhaps a "Budget 101" is needed at the beginning of each year, as well as "cheat sheets".
 - Can a meeting environment be created that is more collaborative and that includes more discussion, questions, and comments?
 - Perhaps some appointments to BAPR should include those with planning responsibilities, not just budget responsibilities.
 - Minutes and available materials should be sent out earlier, when possible.
 - The membership should be reminded and encouraged to place items on the agenda, when appropriate.
 - A mid-year meeting could be scheduled to evaluate effectiveness of budget allocations.

To obtain more representative feedback and to develop BAPR goals for next year, if BAPR agrees, this work group asks members to complete the following anonymous survey regarding their BAPR membership experience.

BAPR Survey

1. Can you identify some things that BAPR has done well and BAPR successes to build upon?

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2. What should the district and BAPR role be regarding district-wide planning?

3. How can BAPR improve its processes and procedures?

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4. Should BAPR establish annual goals and use those goals for a structured annual review?



S TATE BUDGET UPDATE

UPDATE #5 • MAY 30, 2008

A status report on the actions, discussions, and rumors in Sacramento related to the community colleges' state budget for fiscal year 2008-09. This update is distributed to all chief executive officers for distribution to trustees, administrators, faculty, classified, public/governmental relations officers and student leaders.

Assembly Budget Sub-Committee "closes out" by augmenting Governor's May Revise by \$2.3 billion for K-14 Education

On a strictly party line vote the Assembly Budget Sub-Committee augmented Governor Arnold Schwarzenegger's May Revise Proposition 98 proposal of \$56.7 billion, by adding an additional \$2.3 billion. Committee Chair Assemblymember Julia Brownley indicated the education subcommittee was NOT the subcommittee in which overall statewide revenue enhancements would be discussed. However, she did indicate the total amount of revenue enhancements the Assembly budget was premised upon was roughly \$6 billion – with roughly \$2.3 billion of that increase directed to K-14 Proposition 98. Assemblymember Brownley indicated specific details related to the \$6 billion of anticipated revenue enhancements will be released over the course of the next few days and the League will communicate the details as soon as they become available.

Current Year

The Assembly adopted the May Revise proposal to backfill the property tax shortfall in the current year. The Assembly proposal utilizes a portion of the resources captured last year as part of the \$80 million apportionment reduction in the 2006-07 fiscal year, and an estimated portion of new Proposition 98 reversion funds for a total property tax backfill of \$75 million. These funds would be reappropriated in the 2008-09 Budget Act and would be made available during the 2008-09 fiscal year on a one-time basis.

Budget Year

The Assembly proposes to fund \$113.5 million (2.0 percent) for enrollment growth – an additional \$18 million over and above the amount proposed in the Governor's May Revise. This is a welcome augmentation given that the current year FTES increase was 2.84 percent. The system anticipates natural demographic increases on the 2.6 million student base, potential student redirections from UC/CSU, and an increased number of students returning to community colleges due to the downturn in the state economy for short term training.

Also, the Assembly proposes to fund a partial K-14 COLA of 1.60 percent. For community colleges this would translate into roughly a \$93.5 million augmentation to fund a partial COLA.

In regards to student fees the Assembly does NOT propose a fee increase. Additionally, on Wednesday, May 28th the Assembly rejected the Administration's May Revise proposal to eliminate the Competitive Cal Grant program.

Finally, the Assembly subcommittee took action on the overall Proposition 98 package to reject ALL budget balancing reductions impacting the categorical programs. Specific line item detail amounts will be made available as soon as the detail is made available from the budget subcommittees. In addition, the Assembly rejected the Administration's May Revise proposal related to categorical flexibility.

Lastly, on the Capital Outlay front - the Assembly subcommittee took action similar to the Senate subcommittee action of last week – deleted from the 2008-09 budget bill all higher education capital outlay projects proposed for funding from the yet-to-be-enacted statewide 2008 Education General Obligation bond. The reason given was the same as expressed in the Senate last week – a desire to NOT "pre-fund" projects for which no legislation has yet been identified to enact a bond in 2008.

The actions taken by the Assembly today close out the work of the Education Budget Sub-Committee and the budget package now moves forward to the full Assembly and from there to conference committee.



S TATE BUDGET UPDATE

UPDATE #6 ♦ JUNE 5, 2008

A status report on the actions, discussions, and rumors in Sacramento related to the community colleges' state budget for fiscal year 2008-09. This update is distributed to all chief executive officers for distribution to trustees, administrators, faculty, classified, public/governmental relations officers and student leaders.

Senate Budget Sub-Committee "closes out" by augmenting Governor's May Revise by \$3.0 billion for K-14 Education

On strictly a party line vote, the Senate Budget Sub-Committee augmented Governor Arnold Schwarzenegger's May Revise Proposition 98 proposal of \$56.7 billion, by adding an additional \$3.0 billion for Proposition 98. The Senate Budget Sub-Committee assumed new taxes would result in an additional \$3.0 billion for Proposition 98; however no details were provided relating to how much overall tax revenue would be generated or the type of taxes the public would be asked to shoulder.

The community college budget actions taken by the Senate yesterday mirrored the actions taken last Friday by the Assembly with two relatively minor differences discussed below. Overall, because only two differences exist between the Assembly and Senate versions, this translates into fewer issues to be discussed in conference committee. However, despite the fact only two differences exist, this does NOT automatically translate into a final budget for community colleges, especially given the recognition that the adoption of new taxes is not uniformly supported by all members of the Legislature.

It is expected that discussions surrounding tax increases will occur AFTER each respective house moves their version of the budget to conference committee sometime next week. Similar to prior years, a majority vote will allow each respective house to send their version of the budget to conference committee; however at the conclusion of conference committee, each respective house must secure a 2/3 vote in order for a budget bill to move forward to the Governor. Thus, during the conference committee process, it is expected a significant amount of discussion will occur related to the tax increase proposals put forward by both the Assembly and Senate.

While conference committee is the next step in the budget process, prior to moving forward, the actions taken by the Assembly and the Senate clearly demonstrate leadership and a commitment to K-14 education on the part of both houses. In addition, the increased level of funding supported by both houses clearly reinforces the Legislature's support of the unique and critical role community colleges can play in turning California's economy around.

Senate Budget Sub-Committee Differences

The two major differences between the Senate budget for community colleges and the budget approved by the Assembly last Friday, involve a different COLA percentage and the expansion of CTE activities impacting "green technologies". The Assembly funded a partial COLA of 1.6 percent (roughly \$93.5 million) vs. the Senate which funded a partial COLA of 3.68 percent (roughly \$215 million). In addition, the Senate proposed roughly \$25 million from two special funds operated by the Energy Commission to be directed toward "green technology" programs operated within the career technical education program.

Next Steps – CAPITOL DAY, June 17, 2008

Conference committee is expected to begin next week and the League will communicate conference committee members as soon as they are announced. In addition, the League is hosting the fourth and final Capitol Day event on Tuesday, June 17th and we hope each district will send a team to meet with members of the Administration and Legislature to ensure community colleges priorities remain at the forefront.