

# COMMUNITY COLLEGE LEAGUE OF CALIFORNIA



June 25, 2009

Dear James,

As expected, [both houses took up the revisions](#) to the 2009-10 budget bill yesterday, failing 22-16 in the Senate and 48-29 in the Assembly on party-line votes (with a few members abstaining). Speaker Karen Bass hinted that she might bring the bill back to the Assembly for a vote this morning, although the Senate looks like it might take a cooling off period.

Yesterday, Controller John Chiang [announced that he would be forced to issue IOUs](#) to some vendors and local governments if budget changes are not made by next week. In good news for community colleges, payments are planned to continue, as community colleges are deemed to have constitutional priority under the provisions of Proposition 98. Students expecting Cal Grants, however, would not receive checks.

While the two parties (or, three, if you consider the governor) appear far apart, there is [appreciation that something must be done by next week](#). Using the poker parlance, legislative staff have charted several "outs" that could provide a deal that would allow most legislators to walk away unscathed. It might mean sessions over the weekend and late nights through next Wednesday, but the gravity of the situation is recognized by most members and staff.

Okay, for those of you that were just looking for a news update, you can stop reading. For those that want to get into the weeds, read on. We finally have some more budget details.

The budget revisions are included in [AB 180](#) (pdf version), and the community college budget changes begin on page 404. Remember, unlike most years, we already have an adopted budget in place, so we're amending what was adopted in February ([as SBX3 1](#)).

The provisions for the fee increase and categorical flexibility are included in [AB 183](#), which is the education "trailer bill" to the budget that makes changes to statute (as opposed to appropriations levels). The language is not yet in print, but the provisions are listed in the committee analysis. In all, there are [nineteen budget-related bills](#) now, and more will probably be added as the sausage gets made.

We're looking for tidbits that haven't been disclosed in the public process. I know a lot of you were caught by surprise by the larger-than-expected cuts to categorical programs listed in yesterday's revision to the League's [district-by-district budget impact analysis](#).

If you're a geek like me and are following along, you'll see the higher numbers reflected in the budget bill. However, you have to look at schedules 24, 25, and 26 on page 406. What the budget-writers did was require an unallocated reduction across the categorical programs and then include an expected reimbursement of \$130,000,000. As we have cautioned, that's considered the maximum available state fiscal stabilization federal funds for community colleges, and the Department of Finance cautioned that only \$90 million was available. If that amount comes in, the "federal backfill" items listed on the League's budget impact

page would be reduced by 30%, and there is a risk that the backfill could actually be lower, leading to deeper categorical cuts. We should know within a couple of months of the budget's wrap.

For categorical programs that have specific set-asides within a larger item, such as industry-driven regional collaboratives within Economic Development, the programs generally are proportionately reduced. It's a bit of a moot point for the majority of categorical programs that would be "flexible" with local board action under AB 183, but it does matter for the programs that are not flexible (CalWORKs, DSPS, EOPS, Foster Care, Student Financial Aid Admin, TTIP). The one exception I'm seeing now is that the amount for textbook grants under EOPS would not be cut, staying at \$6.9 million.

Anyway, that's far more detail than most of you probably wanted, but hopefully explains some of the questions [Theresa](#) and I were fielding yesterday. We know this is a difficult time for everyone on the campus as you struggle to find ways to continue serving students in a challenging fiscal environment. As always, we encourage your questions and, we'll do our best to track down an answer.

Thank you,



Scott Lay  
 President and Chief Executive Officer  
 Orange Coast College '94

AB 180		-- 406 --	
1	(19) 20.10.010-Extended Opportunity Programs and Services and Special Services.....	125,960,000	
2		102,137,400	
3			
4			
5	(20) 20.30.045-Fund for Student Success.....	6,158,000	
6		5,262,820	
7	(21) 20.70.010-Career Technical Education.....	20,000,000	
8			
9		0	
10	(22) 20.80.010-Campus-Childcare Child Care Tax Bailout.....	6,836,000	
11		4,648,480	
12			
13	(23) 20.95.010-Nursing Program Support.....	22,100,000	
14		18,399,000	
15	(24) 97.20.001-Unallocated Reduction.....	-130,000,000	
16	(25) 97.20.005-Unallocated.....	130,000,000	
17	(26) Reimbursements.....	-130,000,000	
18	Provisions:		

← Categoricals include assumed maximum federal backfill

Item 24 is the reduction to categoricals, and then fingers are crossed for federal funds in (25) and (26)