April 14, 2023

The Honorable Kevin McCarty, Chair
Assembly Budget Subcommittee on Education Finance
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable John Laird, Chair
Senate Budget and Fiscal Review Subcommittee on Committee
1020 N Street, Room 502
Sacramento, CA 95814

Re: California Community College Budget Proposals

On behalf of the Association of California Community College Administrators (ACCCA), the foremost member-supported professional organization for administrators and managers at the California Community Colleges (CCC), I am writing to share our perspective on the CCC proposals in Governor Gavin Newsom's 2023-24 State Budget.

Cost-of-Living Adjustment (COLA)

ACCCA is appreciative of the Governor's $652.6 million proposal to apply the 8.13% statutory COLA to the Student Centered Funding Formula (SCFF) and select categorical programs. An annual COLA is essential for our colleges to keep pace with rising labor and programmatic costs that have been exacerbated by inflation.

However, the Governor is not proposing to apply the COLA to all of the CCC categorical programs, nor does he propose any funding to assist with the rising cost of CalSTRS and CalPERS employer contribution rates. ACCCA respectfully requests that all categorical programs, not just a select few, receive the statutory COLA as all programs are facing increasing operational costs. Additionally, should additional funds become available in May, we request that there be another round of pension relief with dollars coming outside of Proposition 98.

Categorical Program Spending Flexibilities

The Newsom Administration has said that their May Revision will propose a mechanism to provide community college districts (CCDs) with additional categorical program spending flexibilities for those districts that are making progress toward the CCC Roadmap goals. The Department of Finance has said that this mechanism will include the ability to consolidate reporting requirements across specified and to-be-determined categorical programs.

While the Administration will not unveil its proposal until May, we want to emphasize the importance of a "do no harm" approach to avoid unintended consequences for CCDs. ACCCA also strongly believes that the proposal should allow all CCDs to receive flexibility for categorical spending and streamlined reporting, not just those districts meeting the CCC Roadmap goals. There are too many pots of categorical dollars that each have their own unique reporting requirements, and ACCCA supports all districts having more discretion on how to spend these dollars to improve student outcomes.

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We also hope that this conversation will include discussions around modifying the 50% law, which has been in existence since the 1950s and is in desperate need of adjustment. The 50% law has not kept pace with the significant transformation of the CCC mission, adding to the structural underfunding of college operations. ACCCA supports modernization of the Education Code that acknowledges the critical support services provided outside of the classroom that are essential to today's students, such as counselors, librarians, academic advisors, financial aid advisors, information technology professionals, health care staff, and orientation leaders. This modernization is more important than ever if colleges are to survive the ongoing fiscal impacts of the pandemic and to align current law with the SCFF and the Vision for Success.

Enrollment

ACCCA supports Governor Gavin Newsom's $28.8 million proposal to support 0.5% growth within the CCC system.

However, ACCCA is concerned with the 2023-24 State Budget proposal summary that states that the Administration will be "monitoring district-level enrollment trends and will collaborate with stakeholders to consider options to adjust budgets should a district not display that they are regaining enrollment lost during the pandemic."

New data from the California Community Colleges Chancellor's Office shows that after a 16% enrollment decline due to the pandemic, system enrollment has mostly stabilized, and some colleges have recouped the number of students they had lost during the pandemic. However, it will take most colleges another two to three years to return to pre-pandemic enrollment, while some colleges may never reach pre-pandemic enrollment again.

There are many factors that have contributed to the decline that are outside the control of community colleges, including the removal of entry-level math and English classes with Assembly Bill 705 (Irwin, Statutes of 2017), the paradigm shift from college to the workforce by traditional student populations, and nontraditional students who require different support services to be successful in college.

While enrollment may never reach pre-pandemic levels again, the cost of educating students has significantly increased due to the broadening of the CCC mission to include services previously provided by other agencies, such as basic needs and housing. Additionally, we have been better serving our existing students, significantly moving the needle in the Vision for Success goal to increase the number of students earning credentials and degrees. While our colleges will continue to prioritize recruitment and retainment, they should not be punished financially for declining enrollment when the cost of serving their students continues to increase year over year. To that end, ACCCA will oppose any proposal that will financially punish community colleges for enrollment declines that are beyond their control.

Deferred Maintenance

ACCCA opposes Governor Newsom's proposal to reduce the 2022 State Budget Act's $840 million investment for deferred maintenance by $213 million. The proposal effectively reallocates $200 million from deferred maintenance commitments to provide another round of recruitment and retention dollars.

Data show that 99% of the $840 million from the 2022 State Budget has already been committed to projects, and this midyear reduction would require CCDs to terminate projects or eliminate instructional equipment purchases, including technology that is critical for students and instructional programs.

While we would like to see the funding for deferred maintenance preserved and the $200 million proposal for retention and recruitment retained, we understand that you will have to make difficult decisions during State Budget negotiations due to the softening economy and revenues coming in below projections. However, rather than cut the deferred maintenance investment, we would prefer to make the $213 million discretionary so that CCDs can decide whether to use it for deferred maintenance or on recruitment/retention.

Student Housing

ACCCA opposes Governor Newsom's proposal to reduce the 2023-24 Higher Education Student Housing Grant Program from $750 million to $500 million and delay the remaining $250 million until 2024-25.

ACCCA was supportive of the $2 billion investment for the Higher Education Student Housing Grant Program as it helps mitigate two significant problems that the state is looking to address: the lack of affordable housing and declining enrollment. The demand for this program is now, and we fear that delaying $250 million until 2024-25 will not only postpone many of these important projects but also make these projects more expensive as construction costs increase annually. For this reason, we oppose this shift and urge you to retain the entire $750 million for 2023-24.

Looking Forward

We understand that with the softening economy and revenues coming in below projections, you have very difficult decisions to make with the 2023-24 State Budget. Now more than ever, we need to ensure that the state does everything it can to keep our students engaged and to protect our education programs and funding.

We thank you for your consideration of our suggestions and look forward to working with you and the Newsom Administration as you look to finalize the 2023-24 State Budget.

Sincerely,

Susan K. Bray
Executive Director

cc: Members and staff, Senate Budget Subcommittee on Education
Members and staff, Assembly Budget Subcommittee on Education Finance
The Honorable Toni Atkins, Senate President pro Tempore
The Honorable Anthony Rendon, Speaker of the Assembly
The Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Committee
The Honorable Philip Ting, Chair, Assembly Budget Committee
Michelle McKay Underwood, Legislative Advocate, School Services of California Inc.
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