**BACKGROUND:**
Attached please find the following updates on the 2012-13 and 2013-14 Budget.

- Press Release from the California Community Colleges Chancellor’s Office dated January 10, 2013
- Email from Scott Lay, Community College League of California
- Email from Dan Troy, Vice Chancellor, Fiscal Policy, California Community Colleges Chancellor’s Office

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**ITEM NUMBER**

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**ENCLOSURE(S)**

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California Community Colleges Chancellor Brice W. Harris Lauds Gov. Brown’s Budget Proposal that Increases Funding, Improves Online Education

Nearly $200 million in added funding would expand opportunities for students

SACRAMENTO -- California Community Colleges Chancellor Brice W. Harris today praised Gov. Jerry Brown for including in his proposed 2013-14 budget additional funding for community colleges and for his leadership of an initiative to help more students achieve their academic and career goals through improved online education.

“Governor Brown’s leadership in passing Proposition 30 means California community colleges can begin to make room for some of the hundreds of thousands of students who have been shut out of our system due to recent funding cuts,” Harris said. “This budget represents a good start toward financial recovery for our system. The governor and voters deserve credit for beginning this overdue reinvestment.”

The governor’s budget would provide $197 million more to the college system in 2013-14 and directs the California Community Colleges Board of Governors to determine the best way to allocate the money to districts. The funding increase would allow colleges statewide to add back thousands of classes to serve some of the nearly 500,000 students turned away over the past four years during the state’s financial crisis and at the same time continue the system’s work to improve student success.

The additional funds, as well as $179 million to make good on funding commitments that were deferred during the recession, will leave colleges with less debt and better positioned to meet the needs of an economy that increasingly is demanding college-educated workers.

Harris said that the California community college system has already laid the groundwork for the governor’s desire to improve online education. Twenty-seven percent of community college students take at least one course online each year, nearly 17 percent of all courses offered are through distance education, and almost half of all classes currently offered involve some online components. The California Community College Online Initiative would improve students’ access to courses and increase rates of transfer and degree attainment in the following ways:

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• Creation of a centralized “virtual campus” that brings together several existing distance education services into a single hosting system with a 24/7 support center for students. Leveraging the purchasing power of the 112-college system would save money and help students find and take the courses they need through a common on-line course management portal.

• Expanded options for students to obtain college credit by exam. Working with the Academic Senate for California Community Colleges, the Chancellor’s Office will create challenge exams for core courses for Associate Degree for Transfer majors as well as remedial courses. Students would have the option of acquiring the skills and knowledge necessary to pass these exams through Massive Open Online Course (MOOCS) and credits awarded would be transportable California State University and the University of California.

The governor’s budget proposal also recognizes the significant role California’s community colleges play in workforce development, with significantly expanded resources for clean energy job training. The proposal also calls for shifting additional apprenticeship responsibilities to community colleges and shifting adult education responsibilities performed by K-12 to the community colleges. Over decades, uneven approaches to adult education have developed, with K-12 educating some students and community colleges educating others. Recent funding cuts have limited access to these classes, which help adults become economically self-sufficient.

“We view this budget proposal as a vote of confidence in our ability to provide workforce training and basic skills instruction to adult learners, and we look forward to conversations on ways to better serve these populations,” Harris said.

EDITOR’S NOTE: To see more about the California Community Colleges’ distance education program, go to the fact sheet at:

The California Community Colleges is the largest system of higher education in the nation. It is composed of 72 districts and 112 colleges serving 2.4 million students per year. Community colleges supply workforce training, basic skills courses in English and math, and prepare students for transfer to four-year colleges and universities. The Chancellor’s Office provides leadership, advocacy and support under the direction of the Board of Governors of the California Community Colleges.

###
January 10, 2013

Dear Victoria,

First, let me say what a nice feeling it is to open the state budget and see the numbers for community colleges in black, rather than red, ink. We owe a debt of gratitude to California's voters for their approval of Proposition 30 and the seven years of more stable funding that it provides.

The budget plan proposes sweeping policy changes that embrace and build upon work that has been done in recent years, and answers significant policy questions such as ones about the future of adult and noncredit education.

As is typical on January 10, there is no language that allows us to probe the details of each of these proposals. However, I am happy to report that Governor Brown's staff has made significant outreach to us and to the Chancellor to make it clear that we'll be part of the discussion about details in upcoming months.

The governor's proposal for all three systems highlights the need in California to increase college completion, and we anticipate a thorough discussion in the upcoming months. This is not about "rationing" or budget cutting anymore, but rather recognizing the economic and social justice mandates for tackling this issue.

Here are the major components of the proposed budget for community colleges:

- No change in student fees.
- $196.9 million (3.6%) for increased apportionments without specifying the use. There will be a discussion about the balance of access/restoration and quality through the budget process.
- $179 million for deferral buy-down, reducing borrowing needs of community college districts. This reduces the outstanding deferral to $622 million.
- $133.2 million in increased General Fund in 2013-14 to recognize that anticipated redevelopment revenues are not materializing. In 2012-13, the Administration is proposing $47.8 million to offset proposed redevelopment shortfall, which will likely leave districts with a significant current year deficit.
- $16.9 million to provide increased access to matriculated students through the use of technology.

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• Change the census-based apportionment system to provide a larger apportionment amount to students who are still enrolled at the end of the semester/quarter.

• Limit state-supported instruction in community colleges to 90 units. Units beyond the cap would not be state supported, but available at full cost to the student.

• Require all students seeking a BOG Fee Waiver to complete a Free Application for Federal Student Aid (FAFSA).

• Shift of the remaining adult education program, including $300 million, from K-12 schools to community colleges, and an additional $15.7 million from the K-12 apprenticeship program to community college apprenticeship programs.

• Creation of a $450 million energy efficiency fund for schools and community colleges using funds from Proposition 39 (counts toward Proposition 98 guarantee), with $49.5 million for community college projects.

Additionally, the California State University and the University of California are each provided $125.1 million, including $10 million each to increase access to technology-based courses for students. This is consistent with the commitment from last year's budget that, if the segments didn't raise fees in 2012-13, they would receive $125 million in 2013-14.

The governor is to be commended for his tireless advocacy to advocate for Proposition 30 and for presenting a bold budget proposal that upholds the commitments he (and we) made to the voters in talking about the measure.

We will have more details during our joint budget webinar with the Chancellor's Office on Monday at 10 a.m., which you should have received an e-mail from Theresa Tena about. You can sign up for the budget webinar at: http://www.ccleague.org/i4a/forms/form.cfm?id=83

Again, thank you for your advocacy on Proposition 30 and over the last several years.

Sincerely,

Scott Lay
President and Chief Executive Officer
Orange Coast College ‘94
Colleagues,

Governor Brown has just released his initial proposal for the 2013-14 fiscal year. At first blush, it appears to be a mix of good news coupled with some major policy proposals that will require more time to consider. While it’s too early to have sorted through all of the details and ramifications of the proposed budget (in fact, some details may not be available until trailer bills are released later this month), I wanted to provide a quick summary of the key changes related to the California Community Colleges.

The Governor proposes:

- $196.7M in increased apportionment funding. It is proposed that the Board of Governors will determine how those funds will be allocated (e.g., growth/restoration or COLA).
- $179M to buy down existing deferrals. This would lower the total year over year deferrals from $801M to $622M.
- $49.5M to support energy efficiency efforts pursuant to the recently passed Proposition 39 ballot initiative. The Governor intends the CCCs to expand career technical educational training and on-the-job work experience training in partnership with the California Conservation Corps and participating community conservation corps programs.
- $16.9M to enhance online education efforts in the CCCs, including the creation of a centralized Virtual Campus into a single hosting system, so students could find online courses and access 24/7 support through a common portal. The proposal would further expand and enhance credit by exam options to make it possible for students to earn credit for core SB 1440 Transfer Degree courses and also for remedial coursework. One way that students would be able to acquire the skills necessary to pass these exams would be through MOOC providers.
- $300M in a shift of responsibility for Adult Education from K12 to the CCCs. These dollars would be provided to districts in a block grant bases on students served in core instructional areas.
- $15.7M in a shift of responsibility for Apprenticeship from K12 to CCCs.
- Replace long-standing provisional language concerning the funds for the Economic and Workforce Development Program with a requirement that the Chancellor’s Office submit an annual expenditure to the Department of Finance for approval (similar to SB 70).
The Governor’s proposal also includes some significant policy changes:

- A 5-year phase-in of funding apportionments on completion rather than on census date enrollment. Unlike previous proposals, though, this is intended to be cost neutral, as districts would have funding lost through the apportionment shifted to student support efforts such as the Student Success and Support Program (formerly known as Matriculation).
- A 90-unit cap for students. Under this proposal, no state support would be provided for students that have exceeded 90 units. Students taking courses above the cap would be required to pay the full cost of instruction, with some provision for case-by-case waivers. Similar limits are proposed for UC and CSU students.
- Alter Part B BOG fee waivers to require students to complete a FAFSA and include the income of both parents and the student to determine eligibility.

Clearly, Governor Brown has an ambitious agenda for higher education, and we will have much to discuss over the next few months. This is only the start of the process, of course. The next steps include an analysis from the Legislative Analyst’s Office (usually in February), a review of the proposal by legislative budget subcommittees (March through May), and then a revision on or around May 15th when the Governor will update the revenue forecast and potentially alter some of his proposals.

I hope to have a more complete summary of the Governor’s Budget in the coming days. Also, the Chancellor’s Office and the Community College League of California will be hosting a webinar on Monday, January 14th at 10am to go through the budget proposal in more detail and to answer your questions. Chancellor Harris, Scott Lay, Theresa Tena, and myself will participate. Here is a link to the webinar registration form: [http://www.ccleague.org/i4a/forms/form.cfm?id=83](http://www.ccleague.org/i4a/forms/form.cfm?id=83)

Regards,
Dan Troy, Vice Chancellor, Fiscal Policy
California Community Colleges Chancellor’s Office
(916) 445-0540