

## 2010-11 SYSTEM BUDGET PROPOSAL

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### ***ACTION***

***Presentation:*** Erik Skinner, Vice Chancellor  
College Finance and Facilities Planning

### **Issue**

This item presents the proposed 2010-11 California Community Colleges System Budget Request for the Board of Governors' approval.

### **Background**

Education Code section 70901(b)(5)(A) directs the Board to prepare and adopt an annual system budget request, using the Consultation Process established under state law. The budget request is focused on "local assistance" to the college districts that is funded under Proposition 98. The local assistance budget is distinct from the System Office budget—which is ineligible for Proposition 98 funds—and capital outlay budget, which is largely funded with bonds and is separately reviewed by the Board. A Budget Workgroup, comprised of members and designees of the Consultation Council, other college representatives, and Chancellor's Office staff, met in July to work on details of the budget request. The recommendations of the budget workgroup were discussed before the Consultation Council at its August meeting. The recommended System Budget Request reflects a general consensus of Consultation.

### **Analysis**

An overview of the proposed System Budget Request is provided below:

- **State Budget Context** - In light of the state's current budget crisis, the Budget Workgroup agreed that it would be futile to put forth our traditional budget request that proposes significant increased funding for new initiatives and program expansions. Instead the Budget Workgroup recommended concentrating the 2010-11 System Budget Request on three core areas of greatest concern: COLA; restoring funding for the categorical programs; and enrollment growth.
- **COLA** - For community college districts, the cumulative effect of not receiving a Cost of Living Adjustment (COLA) for the two prior years is substantial. The statutory COLA for 2008-09 was 4.94 percent, and for 2009-10 was 4.25 percent. Not receiving these

adjustments has eroded district funding as mandatory expenses continued to rise. Given this, the Budget Workgroup determined that a high priority should be placed on COLA in the 2010-11 fiscal year.

- **Restoration of Categorical Funding** - The Budget Workgroup agreed that the system should request restoration of categorical funding that was cut dramatically in the *2009-10 State Budget*. The consensus of the group was that the request should include full restoration of all categorical programs to 2008-09 funding levels, not to prioritize some over others.
- **Enrollment Growth** - Education Code section 84750.5 states that the annual statewide enrollment growth request shall be based on, at a *minimum*, the sum of the statewide change in the adult population and the percent of statewide unemployment above 5 percent (with the unemployment factor capped at 2 percent). In 2010-11, California's adult population is expected to grow by 1.4 percent, and the unemployment rate is currently 11.9 percent. Thus a minimum rate of enrollment growth we can request for 2010-11 is 3.4percent. The Budget Workgroup recommended requesting this minimum level of growth funds for 2010-11.

Additional detail will be provided to the Board in the *2010-11 System Budget Request*.

### **Recommended Action**

The Board approve the proposed *2010-11 System Budget Request* for timely transmittal to the Department of Finance, Governor's Office, Legislature and other interested parties.

*Staff:* Chris Yatooma, Director, Fiscal Policy  
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