

# S TATE BUDGET UPDATE

UPDATE #1 • JANUARY 10, 2007

*A status report on the actions, discussions, and rumors in Sacramento related to the community colleges' state budget for fiscal year 2007-08. This update is distributed to all chief executive officers for distribution to trustees, administrators, faculty, classified, public/governmental relations officers and student leaders.*

## **Governor Proposes 2007-08 State Budget**

The community college percentage share of Proposition 98 proposed in the 2007-08 Governor's budget is 11.06 percent. The Governor's budget describes the following augmentations:

**Enrollment Growth** – The Administration proposes \$109.1 million Proposition 98 General Fund for enrollment growth. This augmentation reflects a 2.0 percent growth in apportionments to provide access for an additional 23,000 full-time equivalent (FTE) students, for a total of over 1,176,086 FTE students in 2007-08. This level of funded growth exceeds the 1.65 percent change in adult population, which is the current statutory index for system growth. In addition the budget provides \$6.3 million to fund a 2.0 percent increase for selected categoricals (EOPS, CARE, DSPS, and Matriculation).

**Cost-of-Living-Adjustment (COLA)** – The Administration proposes \$ 238.2 million Proposition 98 General Fund for a COLA of 4.04 percent for general-purpose funds and selected categorical programs. This adjustment provides \$ 224.9 to fully fund COLA increases for community college apportionments, and \$ 13.3 million to provide COLA increases for selected categorical programs (EOPS, CARE, DSPS, Child Care Tax Bailout, and Matriculation).

**Basic Skills Redirection** – a \$33.1 million redirection of surplus Basic Skills funding to support additional Matriculation and support services. Of this amount \$19.1 million is targeted for counseling services to help assess career options, evaluate aptitudes, and form an academic plan of study for career preparation for those students that are most at risk of failing to complete a meaningful education program. This funding would provide hands on tutoring to assist these young adults in progressing through their plan and achieving their goals. Accountability measures for improved outcomes for these students are proposed to be incorporated into the new CCC accountability system.

**Nursing Programs** – a \$9 million one-time (current year) funding increase, and \$9 million ongoing funds to support additional nursing program capacity was also proposed.

**Enrollment Fee** – The enrollment fee remains at \$20 per credit unit and a \$33.2 million increase is provided to the general apportionment to offset the revenue loss from half year fee reduction in 2006-07. It should be noted that UC fees are proposed to increase by 7 percent and CSU fees are proposed to increase by 10 percent.

The Governor's budget also proposes a \$479.4 million bond to fund 60 construction and renovation projects at 59 districts. These would be funded from a K-University general obligation bond on either the 2008 or 2010 ballot.