Today’s Update

• Introductions
• Budget Update
• Pension Update & Options
• Sponsored Legislation & Advocacy
• Review of Legislation
Revenues

• The LAO estimates that 2018-19 apportionments cost $69 million more than provided for in the Governor’s current budget package.

• The administration indicates it will decide whether to provide additional funding to address the apportionment shortfall in May, at which time the state will have updated estimates of both apportionment costs and General Fund revenues.

Budget Strategy

• This needs to be corrected.

• Reinforces our advocacy for an automatic property tax backfill (a benefit K-12 has).

• Our request is Base plus ongoing COLA – fund stability/hold harmless
League Budget Letter

• Provide Colleges with Funding Protections Afforded to K-12 Education
• Adopt Sensible Modifications to the Student-Centered Funding Formula
• Fund All Projects in 2019-20 Capital Outlay Plan
• Protect and Strengthen College Infrastructure & Learning Resources
• Financial Aid that Equitably Serves Community College Students
• Technical Adjustments
HOW MUCH HAVE PENSION COSTS GROWN?

STRS/PERS rate increases through 2025-26:
# Proposed CalPERS Rate Changes

As of: April 16, 2019

<table>
<thead>
<tr>
<th>CalPERS Employer Contribution Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>--------</td>
</tr>
<tr>
<td>Current Rates</td>
</tr>
<tr>
<td>Revised Rates</td>
</tr>
</tbody>
</table>
GOVERNOR’S PROPOSED BUDGET - PENSIONS

• One-time $3 billion pay down of the state's share of unfunded liabilities and give District's contribution rate relief within CalSTRS and CalPERS.

• In practice, lowers districts' employer contribution rates in 2019-20 and 2020-21.

• The original estimate of the out year for STRS was 19.1% and this is estimated to be reduced to 18.1%. For PERS, the original estimate for the out year was 18.13% and this would be reduced to 17.1%.

• After 2020-21, the funding plan allows the CalSTRS board to increase or decrease the District rate by up to 1 percentage point per year.

• Under the plan, the District rate is capped at 20.25%.

• For most of its 100-plus year history, CalSTRS unfunded; grew in 2000’s.

• CalSTRS currently estimates it has about 63% funded.

• Plan intended to pay down the CalSTRS unfunded liability by the mid-2040s.
SAMPLE PROJECTED ANNUAL RETIREMENT COSTS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 18-19</td>
<td>$10,314,131</td>
</tr>
<tr>
<td>FY 19-20</td>
<td>$11,872,988</td>
</tr>
<tr>
<td>FY 20-21</td>
<td>$13,130,024</td>
</tr>
<tr>
<td>FY 21-22</td>
<td>$13,614,978</td>
</tr>
<tr>
<td>FY 22-23</td>
<td>$13,948,267</td>
</tr>
</tbody>
</table>
WHAT ARE OUR OPTIONS?

1. Pay-as-you-go
2. Set aside reserve funds
3. Set up and prefund into trust
## WHAT PREFUNDING APPROACH IS BEST?

<table>
<thead>
<tr>
<th>Trust</th>
<th>Reserve Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Code Section 53216</td>
<td>General fund investing restrictions</td>
</tr>
<tr>
<td>Fixed income or diversified investing</td>
<td>Fixed income investing only</td>
</tr>
<tr>
<td>Can be tailored for short or long term</td>
<td>Investments not tailored for long term</td>
</tr>
<tr>
<td>Irrevocable</td>
<td>Revocable</td>
</tr>
<tr>
<td>Dedicated solely to pension costs</td>
<td>Can be accessed for other uses</td>
</tr>
<tr>
<td>Exclusive benefit/free from creditors</td>
<td>Not free from creditors</td>
</tr>
<tr>
<td>Corporate trustee to mitigate fiduciary risk</td>
<td>No corporate trustee</td>
</tr>
</tbody>
</table>
WHAT IS A PRE-FUNDING PENSION TRUST?

- IRS Private Letter Ruling now enables public agencies to reduce their unfunded pension liabilities by setting aside contributions for pension obligations.
- Contributions into their own locally controlled IRC Section 115 retirement trust.
- PARS and CCLC joined together in partnership on a Pension Rate Stabilization Trust Program in June 2015.
- Fourteen CCD’s have joined.
- Over 200 CA agencies are prefunding pension liabilities into local trust, with many more entities considering adoption.
- Largest and fastest growing Section 115 trust for pension prefunding in CA and the nation.
WHY PREFUND PENSION OBLIGATIONS?

1. Manages long-term liability
2. Addresses GASB 68 liability
3. Protects assets from diversion
4. Serves as a “Rainy-Day” fund
5. Stabilizes pension costs
6. Helps to achieve better returns
7. Beneficial in credit rating & accreditation
Sponsored Legislation
April is California Community Colleges Month

- The League is partnering with Assemblymember Limon and the Chancellor’s Office to pass Assembly Concurrent Resolution (ACR) 31 declaring April California Community Colleges Month!

- This is an exciting opportunity to highlight the public and economic value of our colleges.

- The resolution received unanimous support on the Assembly floor vote on April 11th.
All California Community College students with financial need should be eligible to receive financial aid—regardless of their age or time out of high school.

A student’s financial aid should be linked to the total cost of attendance—not just tuition and fees, but also housing, food, transportation, and supplies.

SB 291 would provide community college students with a new grant that is linked to the cost of attendance.

Sponsored by the Board of Governors for CCC
Co-Sponsored by the League
AB 612 (Weber): Increasing Access to CalFresh/Food Aid

- Would authorize the State Department of Social Services to enter into an MOU with the Chancellor’s Office to permit colleges to process EBT cards.
- Reduce red tape colleges through to bring access to Cal Fresh on campus.
- Based on recommendations and information gathered by the League’s Affordability, Food and Housing Taskforce.
- Part of an attempt to destigmatize Cal Fresh by rebranding it as financial aid.
AB 30 (Holden): Protect Access to Dual Enrollment

Dual enrollment programs are proven to increase student success and equity.

- Extends the sunset on CCAP.
- Includes continuation high schools.
- Streamlines the process for developing partnerships between districts.
- Streamlines the dual enrollment application.
Bills of Interest
Bills of Interest

New Legislation:

AB 1774 (Bonta) Cal Grant Deadline Flexibility

SB 575 (Bradford) Second Chance Cal Grants

AB 1153 (Wicks) Sexual Harassment Training

SB 493 (Jackson) Title IV Investigations

AB 720 (Muratsuchi) ISA Partnerships

Updates:

AB 302 (Berman) Parking Lots

AB 897 (Medina) Rehire rights and 85% Workload

AB 1364 (Rubio) and SB 700 (Roth) Nursing Programs

SB 777 (Rubio) Mandated Full Time Faculty Hiring
AB 1774 (Bonta) Cal Grant Deadline Flexibility

Would permit the California Student Aid Commission to extend any deadlines to apply for any state administered financial aid programs an extra thirty days if a disaster or another emergency impacts the ability of students to apply for state financial aid.

SB 575 (Bradford) Second Chance Cal Grants

This bill would permit students who are currently incarcerated to be eligible for both the Cal Grant Entitlement and Competitive Awards.

Staff Recommendation: **Support** both AB 1774 (Bonta) and SB 575 (Bradford)
AB 1153 (Wicks) Childhood Abuse Training Act

Would require each governing board of a community college district to:

(1) Annually train, using the online training module developed by CDE, employees and administrators of the district who are mandated reporters on the mandated reporting requirements.

(2) Develop a process for those persons required to receive training under the bill to provide proof of completing this training within the first 6 weeks of each academic year or within 6 weeks of that person’s employment.

(3) Develop a process to identify the students who are minors enrolled in classes at the community college district and provide that information only to faculty members and other employees who are mandated reporters.
Bills of Interest

SB 493 (Jackson) Title IV Investigations

Would require an institution of higher education to comply with requirements to protect students from sexual assault and to provide students with procedural protections relating to complaints of sexual harassment.

Specifically each college will be required to:

1. Disseminate a notice of nondiscrimination to each employee and volunteer.
2. Designate at least one employee to act as a gender equity officer.
3. Adopt rules and procedures for the prevention of sexual harassment.
4. Adopt and publish on its internet website grievance procedures providing for the prompt and equitable resolution of sexual harassment complaints.
SB 493 (Jackson) Title IV Investigations (Cont)

5. Publish on the institution’s website the name, title, and contact information for the gender equity officer and any individual official with the authority to investigate complaints or to institute corrective measures.

6. Include specified training to each employee engaged in the grievance procedure.

7. Include annual trauma-informed training for resident life student and nonstudent staff for handling reports regarding incidents of sexual harassment or assault at an institution with on-campus housing.

8. Adopt and publish on the institution’s internet website investigation procedures for student sexual harassment complaints.
SB 493 (Jackson) Title IV Investigations (Cont)

Discussion Points:

• Reaction to the rescission of the 2011 Dear Colleague Letter

• Could put California’s colleges in conflict with new federal regulations governing investigations.

• Provides a private right of action if an individual feels his or her rights provided in SB 493 (Jackson) are violated.
Affordability:

**AB 302 (Berman): Homeless Students and Parking Lots**

Would require community colleges to open up parking lots over night for homeless students to sleep in. Permits colleges to make policies and procedures relating to the safety and sanitation needs of those students.
Bills of Interest

Funding Rates:

**AB 720 (Muratsuchi)** Would require courses offered by CCCs to public safety agencies via Instructional Service Agreements (ISAs) be funded at the CDCP rate outside the SCFF.

Employee Relations:

**AB 897 (Medina)** Would increase the teaching threshold in which a faculty member could teach without receiving full time benefits from 67% to 85% and reopen the discussion around rehire for those faculty members.
Nursing Programs: Attempts to address clinical displacements.

**AB 1364 (Rubio)** Removes Board of Registered Nursing oversight over nursing programs that are nationally accredited and have a nursing exam passage rate of over 80%.

**Staff Recommendation:** Oppose

**SB 700 (Roth)** Spot bill related to drive a stakeholder consultative process on a governance structure.

**Staff Recommendation:** Continue to work with the author.
Faculty Obligation Number:.

SB 777 (Rubio) Mandate that colleges increase their full time faculty numbers by 10% of the difference between 75% and the percent of their classes taught by full time faculty a year until they reach the 75/25 goal.
Coordinating Body:

- Two bills introduced, **AB 130 (Low) and SB 3 (Allen)**, would reestablish a body focused on coordination and accountability of the state’s higher education systems.

- A report by PPIC states that in order for it to be successful, the Legislature and Governor would need the entity to:
  - Operate independently by providing objective information on issues and develop options for resolving them
  - Work on important tasks such as helping lawmakers update the Master Plan for Higher Education and managing the state’s longitudinal database
  - Ensure the appointment process is designed so that the members can work toward a common perspective
Stay Connected

• Track Bills on the League website: www.ccleague.org

• Sign-up of the League’s monthly GR newsletter

• Catch the League’s monthly Legislative Webinars
Thank You

Lizette Navarette
Vice President
Community College League of California
lizette@ccleague.org

Maureen Toal
Senior Vice President
PARS
mtoal@pars.org