

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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April 22, 2020

Hon. Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee
State Capitol Room 5019

Hon. Phil Ting, Chair
Assembly Budget Committee
State Capitol Room 6026
Sacramento, CA 95814

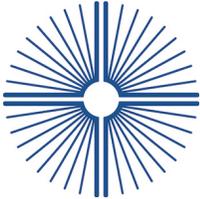
**Re: Community College Budget for Both 2019-20 and 2020-21
Revised Letter
6870-101-0001**

Dear Senator Mitchell and Assemblymember Ting:

On behalf of the Community College League of California (the League), we want to express our appreciation to you for your leadership in these challenging times. The unanticipated speed at which the global COVID-19 pandemic has affected our lives, not to mention local and global commerce, is historic if not unprecedented. Your work in the Legislature and with the Administration in ensuring that our public health and education systems are funded during this crisis deserves commendation, and we look forward to assisting you in crafting a budget that responsibly protects community colleges in the current and budget years.

Since the various stages of quarantine began, our community colleges have stepped up in ways that were previously unimaginable to move coursework into the remote space and minimize disruption to students. Our faculty, administrators, classified staff, CEOs, and trustees have all **maintained a focus and priority on student equity** in this process, ensuring that vulnerable populations and those with unique needs remain served. This is not without its challenges, but our institutions are continuing to find collaborative and creative solutions for our diverse body of students.

As our colleges are adapting to this new reality, they are also front and center in the workforce training that is specific for the crisis. **California Community Colleges educate a majority of healthcare and law enforcement professionals identified by the Cybersecurity and Infrastructure Security Agency (CISA) of the Department of Homeland Security as *Essential Critical Infrastructure Workers During the COVID-19 Response* (CISA.gov).** Nurses, EMTs, respiratory therapists, firefighters, police officers, and many other first responders are community college graduates. To this extent, we respectfully urge lawmakers to assure that community colleges are not only funded for the current students in these pipelines but to increase institutional capacity for expansion in these areas.



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We have all come to terms with the changing economic realities and recognize that the fiscal assumptions of last January have been dramatically altered. To meet immediate needs, districts have made extraordinary expenditures in such items and services as laptops, professional development for moving instruction online, and cleaning/disinfecting. We are currently in the process of surveying districts on these direct costs and hope to have that for you in the near future. Districts are also experiencing a significant drop in revenue, particularly from facility rentals, which increases the scope of the problem. While federal stimulus dollars mitigate some direct institutional costs, they do not apply to lost revenue and cannot substitute for the relief they need to maintain service to existing students, let alone absorb additional ones in the fall.

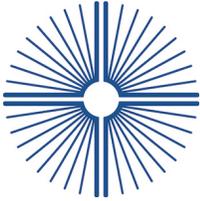
In times of fiscal distress, our community college districts prioritize essential operations and adapt most effectively when permitted to locally determine their needs. Above all, **stability, predictability, and flexibility** help weather the storm. These themes are universal to all our districts and are reflected in the League's support for the California Community Colleges' coalition letter of April 21 and our **specific priorities of funding operational expenses through COLA and an increased allocation to the base along with reimbursement for extraordinary expenses for the pandemic through both an ongoing line-item and flexible COVID-19 block grant.**

While we once again note the League's support for the entirety of the coalition request, we can apply the themes of stability, predictability, and flexibility into specific budget items as follows:

1) **Stability**

A) Support \$200 million in COLA and base resource increase. Our districts are now facing an extraordinary challenge in maintaining educational programs and services, meeting payroll, adapting to lost revenue, and addressing student needs. At their core, these operational expenses facilitate our education of over two million students. While no stranger to economic downturn, the response needed for the current crisis is unprecedented in our system's history and has involved tremendous expenditures for different purposes. We urge you to place this at the top of your priority to instill confidence that our colleges can remain open and absorb an increase in enrollment by those displaced in the workforce.

B) Defer community college districts' increase in pension obligation for at least one year. While the League recognizes the need to ensure the long-term viability of our state's public pension systems, the immediate needs of our districts must supersede this effort. As California emerges from the crisis, we can return to ensuring the actuarial longevity of the pension systems.



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C) Backfill any shortfall in property tax or student fee revenue. Despite the current and budget years being Test 1 in Proposition 98, we urge a backfill of any shortfall to allow our districts the maximum opportunity to function as catalysts for economic recovery throughout the state.

2) Predictability

A) Maintain the overall integrity of Proposition 98. In times of previous economic downturns, the Legislature has added items into Proposition 98 to relieve pressure off the non-98 side of the budget. This has often resulted in litigation and lost opportunity for community colleges to absorb displaced workers and train them with essential skills for new in-demand jobs. We cannot repeat the mistakes of the past by diluting or diverting precious resources from our already underfunded system.

B) Assure a minimum of the 10.93 percent statutory share of Proposition 98 for community colleges. This level of predictability is vital for community colleges as it allows them to engage in both intermediate and longer-term planning. To the extent that the Legislature would consider a higher share for our segment, community colleges can use those funds to accelerate training of the workers needed for this crisis and help retrain displaced workers for the new economy.

C) Extend the Hold Harmless provision in the Student Centered Funding Formula by a minimum of two years. With economic and budgetary assumptions upended by the crisis, we can no longer work from the data that was used for the 2018-19 budget when the funding formula was approved or on last year's figures when it was revised. Over half of our districts were already struggling in their transition to the new formula before the crisis hit, and we cannot allow them to fall off a fiscal cliff because of the downturn. We must offer them the security and relief of a two-year Hold Harmless extension while we recover from the immediate effects of the crisis. In this regard, the League's Student Centered Funding Formula Task Force is currently developing a step-down plan to smooth the fiscal cliff confronting several districts in Hold Harmless. We will be submitting this to the Administration for consideration to be included in the Governor's January Budget Proposal for 2021-22.



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D) Capital outlay projects funded out of Proposition 51 should proceed without delay. Colleges with approved projects are relying on these funds to not only modernize their facilities but to facilitate learning and student success in an appropriate space. These bond-funded projects which fall outside the General Fund will stimulate economic activity, thus aiding in the recovery throughout the state.

3) Flexibility

A) Honor local decision-making in responding to this crisis. While all of our districts are confronting the same challenge, they are each responding pursuant to their own needs. We cannot overstate the need for the Legislature and Administration to design a flexible COVID-19 block grant that allows each district to address its colleges' needs in the way that best serves its community. A one-size-fits-all approach would leave many needs unattended, and areas of the state left behind.

As we approach the most challenging task of constructing a budget which reflects our new reality, we urge you to approve a structural reform to student financial aid based on the proposed California Student Aid Commission model. While we recognize that the resources may not be immediately available for this purpose, we cannot ignore the opportunity to modernize our financial aid system with a simplified approach based on students' total cost of attendance. As community colleges, we always prioritize student needs and urge you to follow suit in this year's policymaking.

The League recognizes the dynamic state of affairs and reserves the right to amend this letter as new information becomes available. That said, we are sincerely grateful for your leadership and support of our colleges during these unprecedented times.

Please do not hesitate to contact us with any questions.

Sincerely,

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Members, Assembly Budget Subcommittee #2
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