

Government Relations Webinar

May 20, 2025

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA



Overview

- ❖ Federal Update
- ❖ Budget Update
- ❖ Legislative Update





Federal Update

Tom Downs | Downs Government Affairs, LLC

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Federal Budget & Appropriations Update

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Budget Reconciliation

Congressional Committees are developing tax and spending recommendations for programs under their areas of jurisdiction

The House Education and the Workforce Committee proposes –

- **Risk Sharing:** Colleges must fund a portion of unpaid student loans
- **Limiting Pell Grants:** Students must complete 30 credits annually (up from 24) for a full Pell award. No Pell Grants for students enrolled below half-time (fewer than 6 credits)

Budget Reconciliation

House vote expected this week

Speaker of the House Mike Johnson (R-LA) is addressing his caucus members' concerns about the "One Big Beautiful Bill Act" (OBBBA) –

- Rep. Chip Roy (R-TX) and other conservatives want deeper spending cuts
- Rep. Young Kim (R-CA) and others from states with higher income and property tax rates want increased state and local tax deductions

President Trump is meeting today with House Republicans to lobby for their unanimous vote on OBBBA. With all 213 House Democrats opposed, the 220-member Republican majority has a slim margin for success.

FY 2026 Budget & Appropriations

President's “skinny budget” cuts \$163 billion in nondefense spending

- President's FY 2026 Budget proposal was introduced on May 2
- The Budget proposal reduces NSF, ED, EPA, and other domestic nondefense discretionary spending – with overall proposed cuts of roughly 23 percent
- The President's FY 2026 Budget also freezes defense spending

FY 2026 Budget & Appropriations

“Skinny Budget” – Proposed for Elimination:

Federal TRIO and GEAR UP grants

Federal Work Study Program

Supplemental Educational
Opportunity Grants

Fund for Improvement of
Postsecondary Education

Strengthening Institutions Grants

Teacher Quality Partnerships

Child Care on Campus Grants

FY 2026 Budget & Appropriations

Key Republicans in Congress oppose the “skinny budget”

Senate Appropriations Chair Susan Collins (R-ME) opposes the FY 2026 Budget proposal due to its cuts to biomedical research, low-income heating subsidies, and Department of Education programs

The proposed defense spending freeze is opposed by Chair Collins and –

- Defense Appropriations Subcommittee Chair Mitch McConnell (R-KY)
- Senate Armed Services Chair Roger Wicker (R-MS)
- House Armed Services Committee Chair Mike Rogers (R-AL)

FY 2026 Budget & Appropriations

FY 2026 funding cycle is moving forward

- Hearings have begun in the House and Senate Appropriations Committees for the fiscal year starting October 1, 2025
- Congressionally Directed Spending proposals are on track, with support from nearly all California delegation members
- House leaders hope to pass their versions of at least some of the 12 FY 2026 appropriations bills before the August recess

Pending Legislation of Interest

Pending Legislation of Interest

Tax-Free Pell Grant Act, S. 1610 / H.R. 2543

Background: The tax code lacks coordination between the American Opportunity Tax Credit (AOTC) and Pell Grant programs, preventing students from maximizing benefits. The Tax-Free Pell Grant Act –

- Makes Federal Pell Grants tax-free for college students
- Students would no longer be required to subtract their Pell Grant from expenses claimed under AOTC (providing up to a \$2,500 tax credit for tuition and course materials)

Key Cosponsors: Senators Sheldon Whitehouse (D-RI) and Chuck Grassley (R-IA); and Representatives Lloyd Doggett (D-TX) and Mike Kelly (R-PA)

Pending Legislation of Interest

Apprenticeships to College Act, S. 758

Summary: The Apprenticeships to College Act would –

- Codify the Registered Apprenticeship-College Consortium (RACC), a partnership between DOL and ED to facilitate cooperation between apprenticeship programs and higher ed institutions
- Generate new agreements with 2-year and 4-year colleges; ensure support services are available to apprentices; and expand collaboration between colleges and apprenticeship programs to measure success

Cosponsors: Senators Amy Klobuchar (D-MN) and Jerry Moran (R-KS)

Pending Legislation of Interest

American Apprenticeship Act, S. 531 / H.R. 1783

Summary: The American Apprenticeship Act would –

- Authorize competitive grants to states to fund strategies to diversify, market, and scale Registered Apprenticeship and pre-apprenticeship programs
- Cover Registered Apprenticeship and pre-apprenticeship program costs, including tuition, fees, equipment, and instructional materials

Cosponsors: Senators Amy Klobuchar (D-MN) and Susan Collins (R-ME); and Representative Rosa DeLauro (D-CT)

Pending Legislation of Interest

Ships for America Act, S. 5611 / H.R. 10493

Summary: This bill aims to revitalize the United States Merchant Marine by securing funding to expand maritime workforce recruitment, training, and retention. The bill –

- Provides appropriations for Domestic Maritime Centers of Excellence – at Long Beach City College, MiraCosta College, and Orange Coast College
- A Maritime CTE Advisory Committee is to identify training opportunities to equip workers with the skills needed by maritime industry employers

Cosponsors: Senators Mark Kelly (R-AZ) and Todd Young (R-IN); and Representatives John Garamendi (D-CA) and Rep. Trent Kelly (R-MS)

Pending Legislation of Interest

Ocean Regional Opportunity and Innovation Act, S. 1392 / H.R. 3048

Summary: A “Blue Economy” legislative initiative, the Ocean Regional Opportunity and Innovation Act –

- Directs the Commerce Department to establish regional Ocean Innovation Clusters, including on the West Coast, to benefit colleges and universities, and to include minority-serving institutions, among other stakeholders
- Authorizes capacity building grants for regional Ocean Innovation Clusters

Cosponsors: Senators Lisa Murkowski (R-AK) and Alex Padilla (D-CA); and Representatives Chellie Pingree (R-ME) and Maria Salazar (R-FL)

Pending Legislation of Interest

Air Traffic Control Workforce Development Act, S. 697

Summary: Addressing the need to train Certified Professional Controllers (CPCs) – with a shortage of 2,371 CPCs below the FAA’s hiring target – this bill:

- Codifies the FAA’s Enhanced-Collegiate Training Initiative, which allows 2-year and 4-year colleges to provide students with equivalent FAA Academy air traffic control training. The bill authorizes grants for the procurement of ATC Tower Simulator Systems.
- Enhanced-CTI graduates will be placed as Air Traffic Control Specialists

Cosponsors: Senators John Hoeven (R-ND) and Maggie Hassan (D-NH)

Awaiting House and Senate Action

Workforce Investment and Opportunity Act (WIOA) reauthorization

- Goal: Prioritize community colleges under WIOA and authorize Strengthening Community College Workforce Training grants

Farm Bill reauthorization

- Goal: Authorize Capacity Building Grants for Community Colleges in Agriculture and Natural Resources Programs

Bipartisan Workforce Pell Act

- Goal: Provide low-income students with short-term job training

Carl D. Perkins Career and Technical Education Act reauthorization

- Goal: Update and increase funding for Perkins CTE programs



QUESTIONS?

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Federal Actions Needed

Reach out to your Federal Representatives on the following:

Budget Reconciliation Bill Concerns:

1. Risk-sharing proposals
2. Changes to the Pell Grant

Combating Fraudulent Activity

- Share what your campus is doing to identify and prevent fraudulent student activity
- Highlighting tools or safeguards you've implemented

Please CC our team in your communications so we can track and support these advocacy efforts accordingly: advocacy@ccleague.org



Budget Update

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

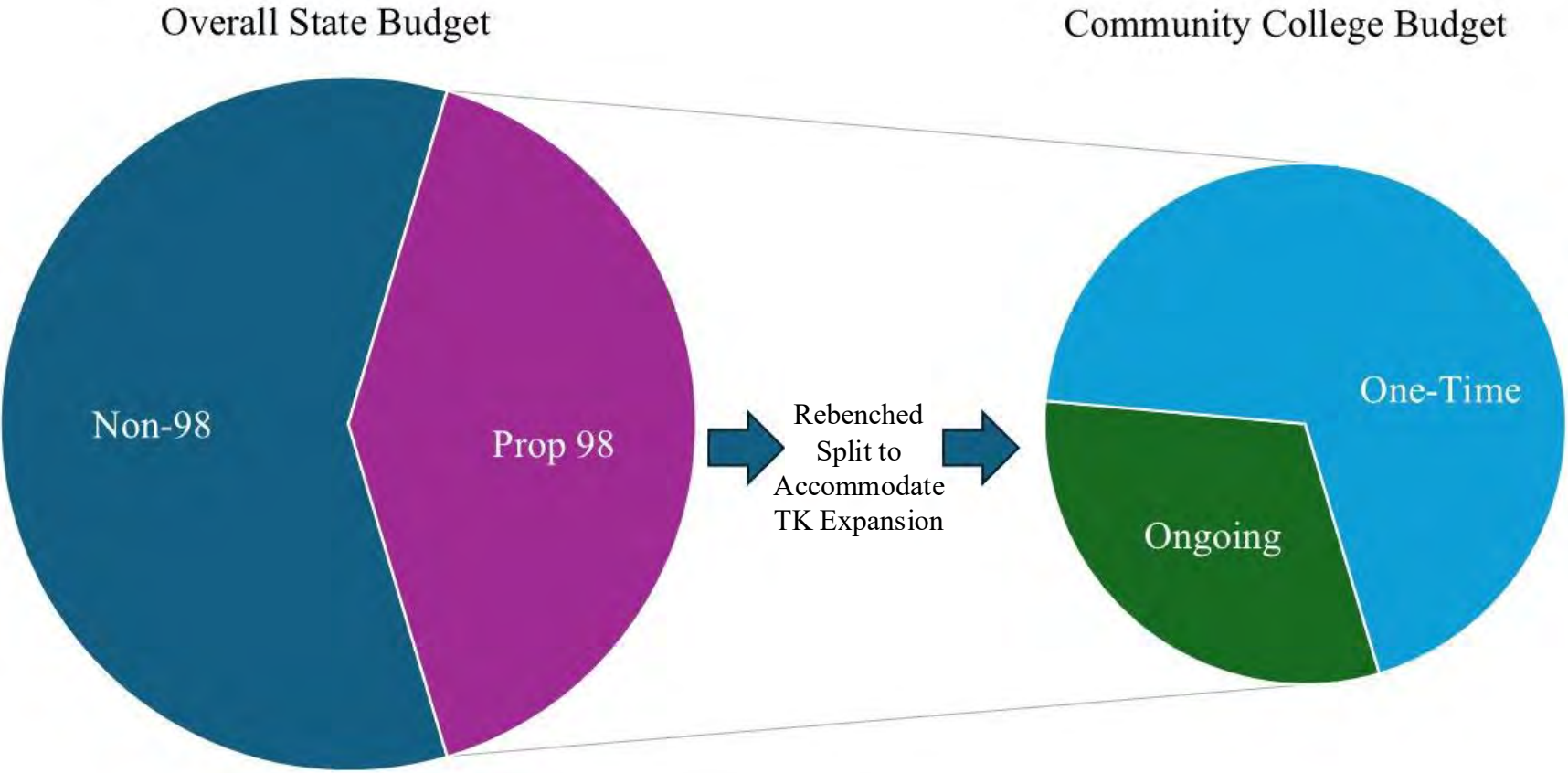
Figure 1

Three Proposition 98 Tests



2024-25
2025-26

2023-24



Legislative Analyst's Office May 2025

Initial Comments on the Governor's May Revision



LAO estimates proposal solved a \$14 billion budget problem

(similar to the \$12 billion budget problem cited by the Governor)



Budget challenge caused by



1) Higher baseline spending, most notably in Medi-Cal, and



2) lower revenues, reflecting diminished expectations for both the personal income tax and the corporation tax

Legislative Analyst's Office May 2025

Initial Comments on the Governor's May Revision

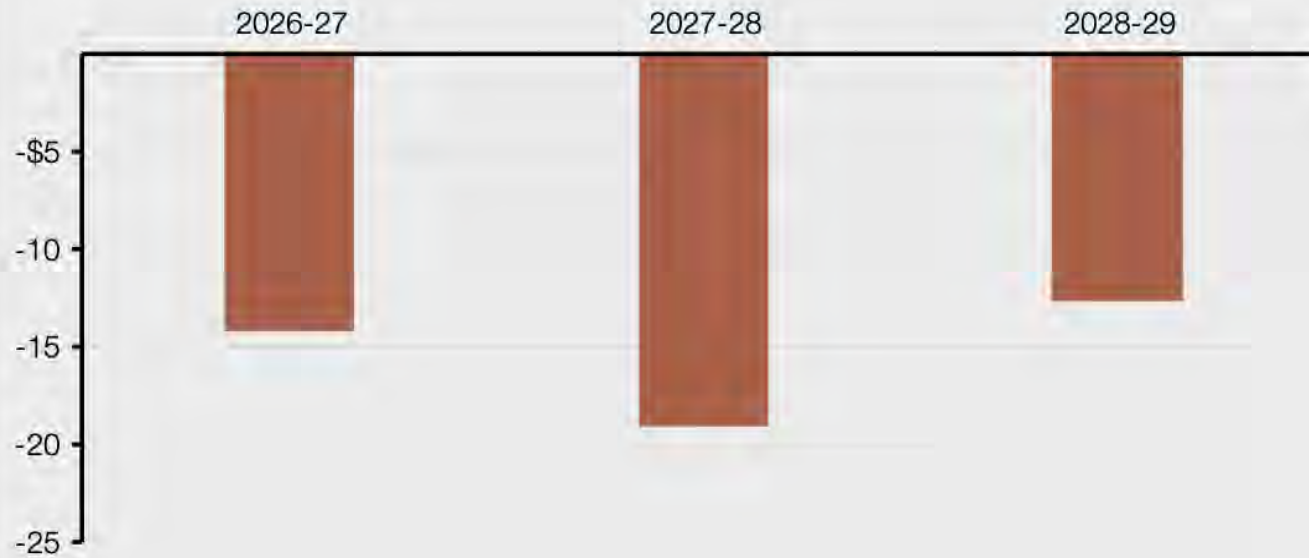
Proposition 98 funding across 2024-25 and 2025-26 is \$4.6 billion below the January estimate.

- \$3.9 billion decrease in the General Fund portion of the funding requirement and
- \$753 million decrease in local property tax revenue

Multiyear Budget Deficits Persist Under the Administration's Estimates and Proposals

Figure 3

State Faces Future Budget Deficits Under the Administration's Estimates and Proposals (In Billions)



Absent New Proposals, Fewer Budget Solutions Would Be Required



The Governor's May Revision includes nearly \$2 billion in new discretionary spending and revenue proposals,



including about \$900 million in new ongoing spending and \$300 million in ongoing revenue reductions.



The state's budget problem would be smaller, requiring fewer budget solutions now and in the future.

SCFF and Categorical Programs Cost-of-Living Adjustment

January Proposal

2.43% cost-of-living adjustment worth \$230.39 million

May Revision

2.3% cost-of-living adjustment worth \$217.9 million

- ongoing decrease of \$12.9 million in the Proposition 98 General Fund for the SCFF
- ongoing decrease of \$122,000 in the Proposition 98 General Fund for select categorical programs and the Adult Education Program.

SCFF Growth Adjustment

January
Proposal

0.5% for enrollment growth
worth \$30.44 million

May
Revision

2.35% for enrollment growth
worth \$109.5 million (ongoing)

Adjustments and Backfills



Local Property Tax Adjustments— An ongoing increase of \$89.6 million Proposition 98 General Fund offsetting local property tax revenues



Fire-Related Property Tax Backfill—

One-time fire-related property tax backfill of \$3.8 million in 2024-25 and \$8.1 million in 2025-26 for impacted community colleges.

Student Centered Funding Formula (SCFF) Base Adjustment



One-time increase of \$210.2 million to fully fund the SCFF in 2024-25 &



An ongoing increase of \$104.7 million to fully fund the SCFF in 2025-26



To fully fund the SCFF, the May Revision uses \$59 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26.

Prop 98 Rebenching



The May Revision includes a shift in how Transitional Kindergarten (TK) expansion funds were distributed between TK-12 schools and community colleges



Proposes to shift the full amount of funding for TK expansion to the TK-12 education side of the Proposition 98 budget



Reducing resources for community colleges by \$492.4 million over the three-year budget window



Chancellor's Office indicate it's a permanent ongoing reduction of \$230 million

Collaborative Enterprise Resource Planning (ERP) Project

January
Proposal

\$168 million one-time funds for
Statewide Technology Transformation

May
Revision

Withdrawn

Common Cloud Data Platform

January Proposal

- \$133.5 million for the Statewide Common Data Platform (one-time)
- \$29 million for the Statewide Common Data Platform (ongoing)

May Revision

- \$12 million one-time Proposition 98 General Fund for this initiative (one-time)
- Withdrawn (ongoing)

Credit for Prior Learning and Career Passport

January Proposal

- \$93 million credit for prior learning and career passport (one-time)
- \$7 million for credit for prior learning and career passport (ongoing)

May Revision

- The Career Passport proposal \$25 million (one-time)
- The Credit for Prior Learning proposal \$15 million (one-time)
- \$5 million (ongoing)

Rising Scholars

January Proposal

\$30 million for the expansion of the
Rising Scholars Network (ongoing)

May Revision

\$10 million augmentation for the
Rising Scholars Network (ongoing)

Deferrals

LCFF

- To fully fund the LCFF and maintain the level of 2025-26 principal apportionments, the Budget proposes deferring \$1.8 billion in LCFF funding from June 2026 to July 2026.

SCFF

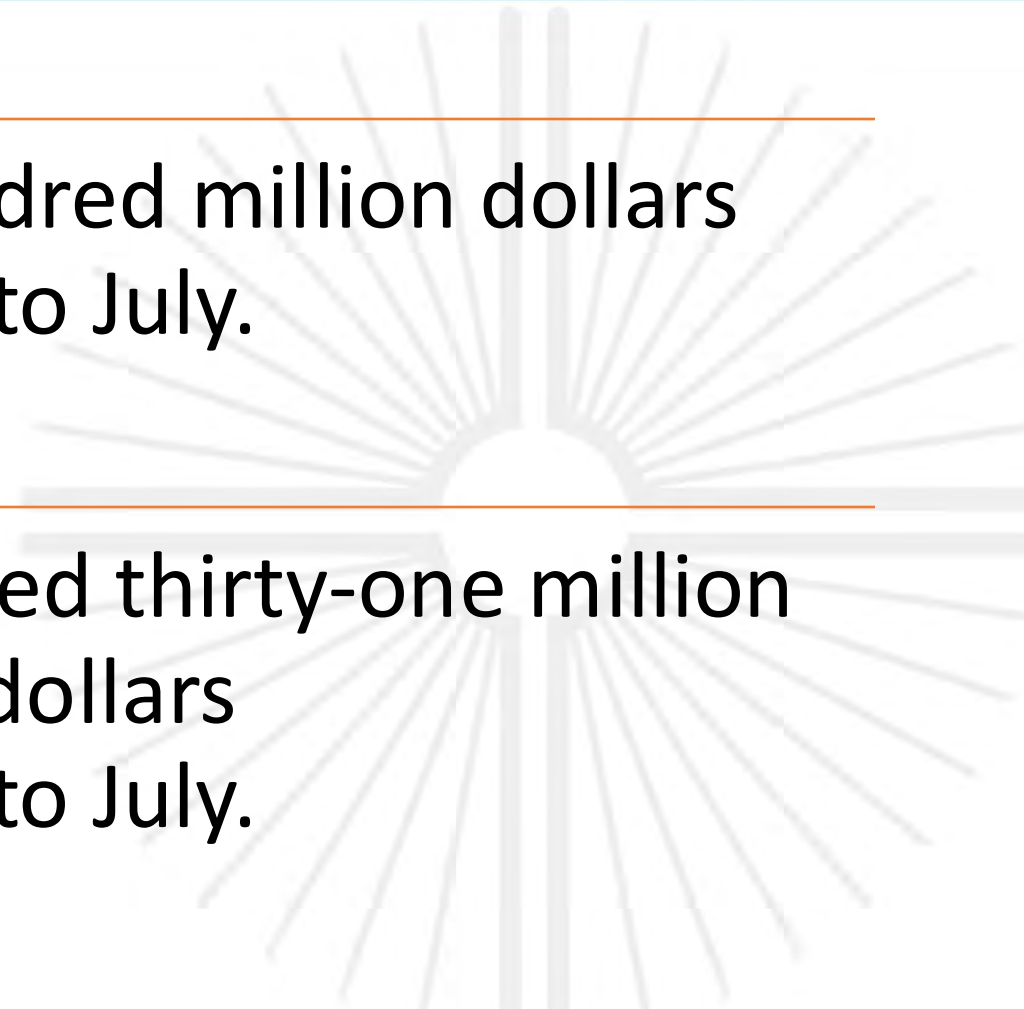
- To fully fund the SCFF and maintain the level of 2025-26 apportionments, the May Revision proposes deferring \$531.6 million in SCFF funding from 2025-26 to 2026-27. (for May and June 2026)
Budgetary deferrals of \$243.7 million for the CCCs from the 2024 Budget Act are fully repaid in the three-year budget window.

Trailer Bill Language:

Deferral of CCC Apportionments from 2025–26 to 2026–27

For the month of June, three hundred million dollars (\$300,000,000) shall be deferred to July.

For the month of May, two hundred thirty-one million six hundred thirty-one thousand dollars (\$231,631,000) shall be deferred to July.



Affordable Housing



Joint Analysis indicated that there were significant changes to housing

1) That districts must absorb cost overruns

2) Remaining funds may be swept

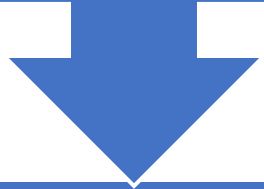
Chancellor's Office has clarified with DOF **that this is not accurate and Joint Analysis will be corrected**

Health of Reserves

- Accounting for withdrawals--
- The Budget reflects total reserve balances of approximately \$15.7 billion at the end of 2025-26.
 - \$11.2 billion in the Budget Stability Account (BSA)
 - \$4.5 billion in the Special Fund for Economic Uncertainties.
- Public School System Stabilization Account (PROPOSITION 98 RAINY DAY FUND)
 - A decrease in the Proposition 98 Guarantee triggers a mandatory withdrawal of \$540 million in 2025-26, exhausting the remaining Fund balance.

California Education Interagency Council

Withdrawal of \$5 million ongoing General Fund for the California Education Interagency Council, which was proposed at Governor's Budget as part of the implementation of the Master Plan for Career Education.



January Trailer Bill

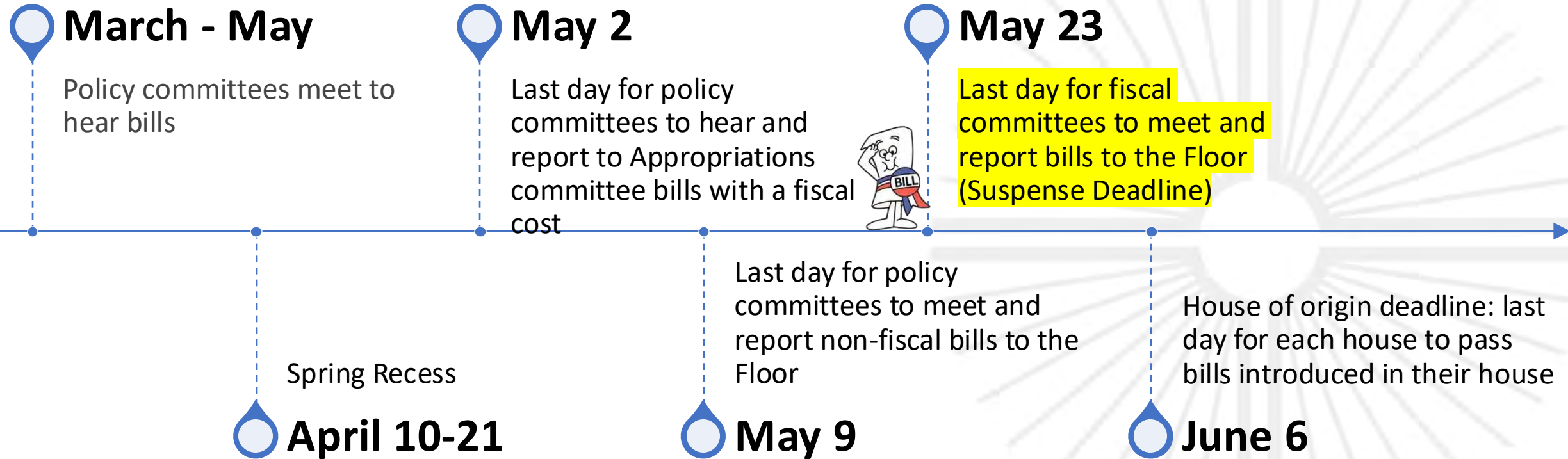
California Education Interagency Council (Withdrawn at May Revision) (updated: 05/14/2025)



Legislative Update

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Legislative Timeline – 1st House Deadlines



League Oppose Positions

AB 90 (Jackson): Overnight parking: **OPPOSE**

AB 340 (Ahrens): Confidential communications: **OPPOSE**

AB 374 (Nguyen): K–14 classified employees: payment of wages: itemized statements: **OPPOSE UNLESS AMENDED**

AB 850 (Pacheco): Institutional debt: **OPPOSE**

AB 1028 (Fong): Part-time faculty: **OPPOSE**

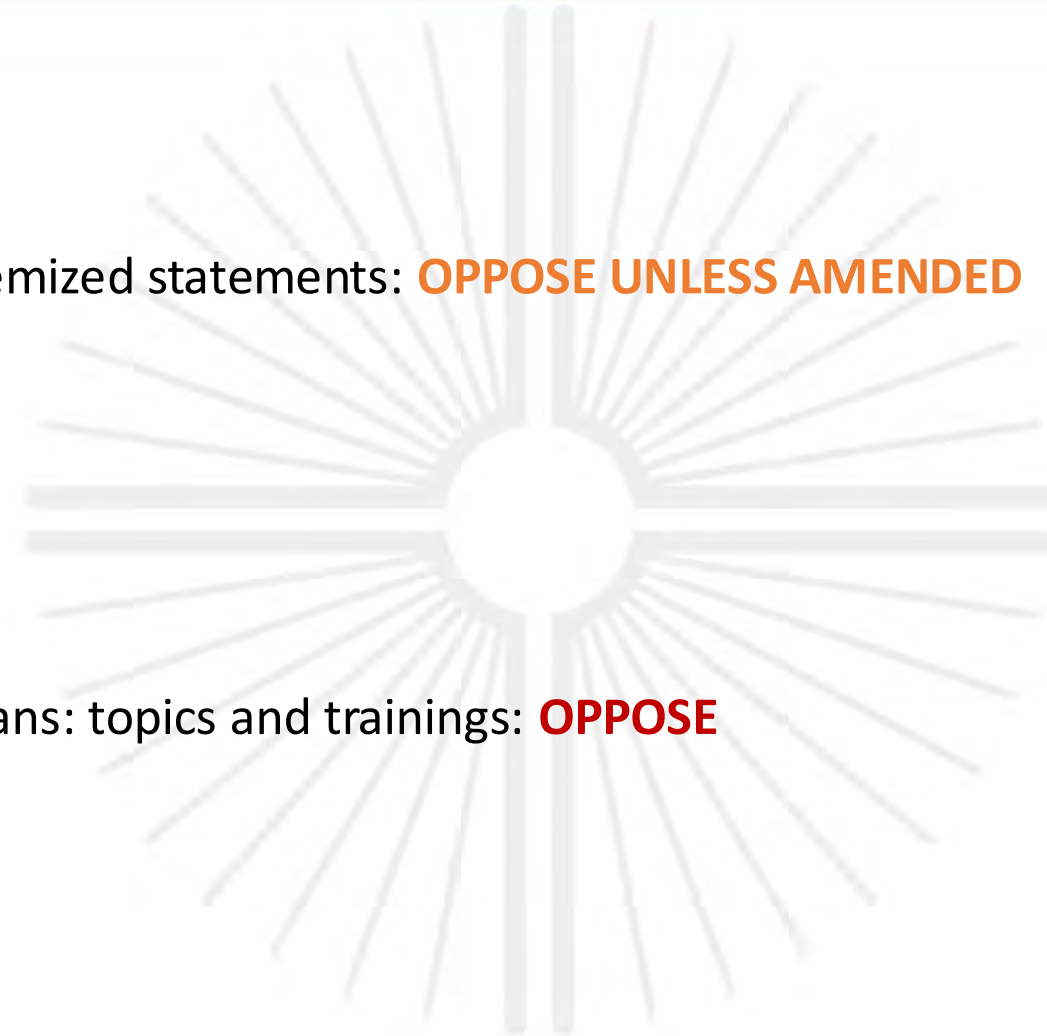
AB 1109 (Kalra): Union- worker privilege: **OPPOSE**

AB 1247 (Garcia): Classified employee training: **OPPOSE**

AB 1163 (Elhawary): Employees: workplace violence: prevention plans: topics and trainings: **OPPOSE**

SB 226 (Cabaldon): CCC Territory transfer: **OPPOSE**

SB 494 (Cortese): Disciplinary hearings: appeals: **OPPOSE**



League Support Positions

AB 323 (Fong): Strong Workforce Program: work-based learning opportunities: **SUPPORT**

AB 363 (Bryan): CalWORKs: **SUPPORT**

AB 335 (Gipson): Black-Serving Institutions: **SUPPORT**

AB 537 (Ahrens): California College Promise: **SUPPORT**

AB 731 (Fong): College and Career Access Pathways Partnerships: **SUPPORT**

AB 1400 (Soria): Community College BSN: **SUPPORT**

ACR 40 (Fong): Student Financial Aid: **SUPPORT**

SB 761 (Ashby): Expanding CalFresh: **SUPPORT**



Nursing

AB 1400 (Soria): Community College Baccalaureate Degrees in Nursing

Authorizes 15 community college districts to establish a Baccalaureate Degree in Nursing program. Requires participating colleges to have a nationally accredited ADN program. Requires the Chancellor's Office to give priority to districts in underserved nursing areas and to districts where the service area includes communities with persistent poverty. The pilot program would sunset in 2035.

Location: Assembly Appropriations Committee – Suspense File

Position: SUPPORT

Call to Action: AB 1400 (Soria)

Express your district's support for AB 1400 by joining the League's support letter

To express your district's support, please email the following to Nune Garipian at nune@ccleague.org by Thursday, June 5th:

- College/District Logo
- CEO Signature Block

Student Services

AB 90 (Jackson): Overnight student parking

Requires the governing board of each community college district to create a plan to establish an overnight parking program with 50 parking spots per community college. The governing board must vote on the plan annually until it is approved.

Concerns:

- Implementing this measure would result in **ongoing costs of \$600,000 per campus, or nearly \$70 million systemwide.**
- We believe resources would be better utilized toward the advancement and expansion of long-term solutions, such as stable student housing and expanded financial aid services.
- For short-term housing solutions, we believe resources would be better utilized to fund current short-term housing solutions offered by colleges.

Location: Assembly Appropriations Committee - Suspense File

Position: OPPOSE

Call to Action: AB 90 (Jackson)

Express your district's opposition against AB 90 by joining the League's oppose letter

To express your district's opposition, please email the following to Nune Garipian at nune@ccleague.org by Thursday, June 5th:

- College/District Logo
- CEO Signature Block

Contribution Limits

SB 644 (Blakespear): Political Reform Act of 1974: contribution limits

Effective January 1, 2027, this bill would apply statewide campaign contribution limits to candidates for community college district boards. It would also:

- Allow **community college district boards** to adopt **more restrictive contribution limits** by resolution.
- Preserve any contribution limits **adopted before January 1, 2027**.
- Permit districts to establish **enforcement standards and penalties** for violations.
- Clarify that the **FPPC will not enforce** contribution limits set by community college districts but must **issue implementation guidelines**.

Location: Senate Appropriations Committee – Suspense File

Fraudulent Student Audit Request

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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CHAIR, GOVERNMENTAL ORGANIZATION
ASSEMBLYMEMBER, FORTY-EIGHTH DISTRICT

COMMITTEES
CHAIR, GOVERNMENTAL ORGANIZATION
AGING AND LONG TERM CARE
BANKING AND FINANCE
COMMUNICATIONS AND CONVEYANCE
LOCAL GOVERNMENT

April 23, 2025

Assemblymember John Harabedian, Chair
Senator John Laird, Vice Chair
Joint Committee on Legislative Audit
1020 N St., Rm. 107
Sacramento, CA 95814

Re: Fraudulent Student Audit Request

Dear Chair Harabedian and Vice Chair Laird,

I am seeking your support to audit the impact of fraudulent students, including bots, on California's community colleges, students, and faculty.

During the pandemic, most California Community Colleges (CCC) transitioned to nearly an entirely online class schedule. While this was meant to expand educational opportunities during a time of fear and chaos in our public spheres, the unintended consequence was that it also opened up the door for scammers to commit fraud. These scammers pretend to be legitimate students, enrolling in courses and collecting financial aid meant for the state's most vulnerable students. Since the Chancellor's Office began requiring districts to report fraudulent enrollment three years ago, the system has seen a yearly doubling of millions of dollars lost due to this issue. The problem now goes beyond just online courses – fraudulent students are also enrolling in hybrid *and* face-to-face classes.

This attack on community colleges left campuses scrambling to create responses to ever-changing fraudsters without adequate guidance. While some campuses were diligent in identifying fraudulent enrollments, some are too under-resourced to address the enormity of the project. Additionally, there are other bad actors that may be attempting to take advantage of the artificially-inflated enrollments to increase their funding allotment through the Student-Centered Funding Formula. The cost to individual districts is enormous, requiring IT specialists, admissions and records administrators, institutional effectiveness administrators, and countless classified support that could be better utilized serving existing students and supporting student instruction.

This rampant fraud is not only negatively impacting students, but faculty working conditions. For example, if a class's fraudulent enrollments are not caught before the first day of classes, the college may find that they have severely under-enrolled courses that do not meet thresholds for "running" the classes. Part-time faculty who agree to teach classes and prepare their courses are at risk of having their jobs taken away from them without recourse. Full-time faculty may have classes canceled and cannot meet their contractual load requirements, derailing their tenure process or retirement status. Additionally, fraudulent enrollments create the artificial need for "more classes," which increases the likelihood that a college will offer multiple sections of under-enrolled courses, so the faculty class losses are compounded, and the institution spends money needlessly.



Fraudulent Student Investigation Request

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Congress of the United States
Washington, DC 20515

April 11, 2025

The Honorable Linda McMahon
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

The Honorable Pam Bondi
Attorney General
Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Secretary McMahon and Attorney General Bondi:

We are writing to raise urgent concerns about the ongoing financial aid fraud affecting the California Community College system. As members of the California delegation, we are demanding greater transparency, accountability, and a comprehensive investigation into this scandal.

Recent data from the Chancellor's Office reveals that approximately 34% of community college applications from the last calendar year were fraudulent.¹ These figures only account for those scams that were detected. Alarming, fraudulent actors have already siphoned off more than \$10 million in federal funds and upwards of \$3 million in state aid, according to the California Community Colleges Chancellor's Office.²

This is not a marginal issue. It represents a major misuse of public funds and a betrayal of the trust Californians place in their education institutions.

The Governor's expected revised May budget will potentially include cuts across departments and tax increases. Californians are putting their trust in their leaders to be stewards of their finances. Allowing this rise in fraud to go unaddressed is negligent on the Community College system, as these bad actors take away opportunities from real students in impacted courses such as accounting, nursing, etc.

While we acknowledge that there may be cuts in the Governor's budget thereby creating obstacles for fraud prevention, this setback does not eliminate the responsibility that state and college leadership hold. Californians deserve a full account of how this was allowed to escalate and what concrete steps are being taken now to contain and resolve it.

We urge your respective Departments to conduct a transparent and independent investigation, provide regular updates to the public, and **take immediate action to prevent further waste, fraud, and abuse of precious taxpayer dollars as the Congress and the President seek a**

¹ Echelman, A. (2025, April 8). *Fake student aid: California colleges detect more fraudsters stealing millions*. CalMatters. <https://calmatters.org/education/higher-education/2025/04/financial-aid-fraud-2/>

² Id.

Board of Governors Action Item: Addressing Application Fraud

The Chancellor's Office is approaching systemwide application fraud with the highest level of priority. To better intercept fraudulent application attempts, **staff recommends that the Board adopt a motion directing Chancellor's Office staff to take the following actions:**

1. Implement robust identity verification protocols through CCCApply to ensure applicant authenticity
2. Deploy advanced technological and AI solutions within CCCApply
3. Pursue statutory authority to impose a nominal application fee (not to exceed actual costs) that would both support application review costs and deter fraudulent application submissions.

The Board further directs Chancellor's Office staff to explore options related to the refund or credit of the nominal application fee to students with a demonstrated financial hardship.

These measures will ensure that the California Community College system remains accessible and available to all potential students.

Questions?

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA



Contact Us:

Andrew Martinez
amartinez@ccleague.org

Nune Garipian
nune@ccleague.org

Kristal Padilla
kristal@ccleague.org



Thank you!

Connect with the League online!



@ccleagueca



@ccleague



Community College League
of California



ccleague.org



advocacy@ccleague.org

Call to Action: AB 1400 (Soria)

Community College Baccalaureate Degrees in Nursing

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