

SUBCOMMITTEE NO. 1

Agenda

Senator Marty Block, Chair
Senator Carol Liu
Senator Mark Wyland



Tuesday, May 20, 2014
1:30 p.m.
Room 3191, State Capitol

Consultant: Joe Stephenshaw
Part B

OUTCOMES

<u>Item</u>	<u>Department</u>
6120	California State Library
6440	University of California (UC)
6870	California Community Colleges (CCC)
6980	California Student Aid Commission (CSAC)

Vote Only Item

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Item 2	UC Revenue Adjustment	Staff Reco Approved 3-0	Page 2
Item 3	UC Capital Outlay Trailer Bill Language	Staff Reco Approved 3-0	Page 2
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Item 5	CCC Trailer Bill Language Proposals	Staff Reco Approved 3-0	Page 3
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Discussion Items

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Public Comment

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Items Proposed for Vote Only

6120 CALIFORNIA STATE LIBRARY

6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES

Issue 1: Appointments to the State Library

Governor's Proposal. The May Revision proposes \$192,000 General Fund and two positions to support the State Librarian.

Background. On March 25, 2014, the Governor announced the appointment of a new State Librarian. The Governor has subsequently appointed a special assistant to assist with various research projects on behalf of the librarian. An additional administrative assistant is also requested to support the librarian.

Staff Recommendation. Approve as proposed.

Issue 2: UC Revenue Adjustment

Governor's Proposal. The May Revision includes a decrease of \$876,000 from the Cigarette and Tobacco Products Surtax Fund Research Account.

Background. This adjustment is being proposed to maintain an adequate reserve in the Cigarette and Tobacco Products Surtax Fund Research Account due to a decrease in the amount of revenues projected to be deposited in the account.

Staff Recommendation. Approve as proposed.

Issue 3: UC Capital Outlay Trailer Bill Language

Governor's Proposal. The Governor's budget proposed trailer bill language that makes minor technical changes to the UC capital outlay process approved last year, moves language regarding energy conservation projects that had been included in provisional budget language into statute, and creates one process to authorize UC energy conservation projects, instead of two.

Background. Last year the Legislature created a new process for UC capital outlay projects, in which UC is allowed to pledge its General Fund support to finance bonds and UC has greater authority to determine its own capital outlay projects. Trailer bill language proposed this year makes minor word changes to statute for clarification purposes.

The language also moves some provisional budget language regarding energy conservation projects and other capital outlay projects into statute. Finally, the trailer bill language consolidates the process UC must undertake to receive approval for energy conservation projects. Previously there were separate processes for such projects, depending on whether the project was a general energy conservation project or a project with an investor-owned utility. The language would consolidate these processes into one, requiring 30-day legislative notice before UC can move forward with either type of project.

Staff Recommendation. Approve as proposed.

Issue 4: CCC Growth Funding

Governor's Proposal. The May Revision proposes funding for 2.75 percent enrollment growth, instead of 3 percent growth, which was proposed in January. The revised plan would provide \$140.4 million Proposition 98 General Fund for enrollment growth. In addition, the May Revision modifies the Governor's budget proposal for trailer bill language to update the apportionment growth formula to provide flexibility to the Chancellor's office and an additional year to revise the formula, as long as the formula continues to consider the age of the adult population and the amount of unemployed adults in community college district boundaries.

Background. The subcommittee heard this issue on April 29th, at which time concerns were expressed regarding the Governor's budget proposal. The two primary concerns were that the level of growth funding, 3 percent, was too high and that more time was needed to update the apportionment formula.

Staff Recommendation. Approve as proposed.

Issue 5: CCC Trailer Bill Language Proposals

Governor's Proposal. The May Revision includes the following trailer bill language requests:

- **Local Goal Setting.** This proposal would modify trailer bill language proposed in the Governor's budget to clarify that goal setting for measures in the Student Success Scorecard by community colleges is a condition of participating in, and receiving funding from, the Student Success and Support Program.

- **Eliminate Apportionment Deferrals.** This proposal continues to eliminate deferrals, however, revises the payment schedule between fiscal years based on updated Proposition 98 estimates.

In addition to the May Revision proposals, the following trailer bill issue is proposed:

- **Nursing Faculty Sunset Extension.** State law generally requires that any community college faculty who teaches at least 67 percent of a full load of courses during a semester be hired as full-time faculty. SB 1309 (Scott), Chapter 837, Statutes of 2006, created an exemption to this law for clinical nursing staff, with a sunset date of June 30, 2014.

The exemption was created to allow nurses overseeing nursing students in clinical rotations to remain employed as a nurse while also working as adjunct faculty. Nursing rotations are typically 12-hour shifts, with clinical rotations lasting between 6-18 weeks. To meet the state law, most community college clinical nursing programs would have to hire full-time faculty, which is difficult to do, or use more than one part-time faculty for one course, which is a detriment to both the student and the hospital. SB 1309 sought to give flexibility to this specific type of nursing program.

Several community college nursing programs have asked that the sunset date of this statute be extended to allow for legislation next year that would either make this flexibility provision permanent or extend the sunset for a longer period of time. Trailer bill language would extend the sunset to Dec. 31, 2015.

Staff Recommendation. Approve as proposed.

Issue 6: CCC May Revise Technical Adjustments

Governor’s Proposal. The May Revision includes the following technical adjustments:

Community College May Revise Technical Adjustments		
Student Enrollment Fee Revenue	\$24.7 million Prop 98 GF	Reflects a decrease in estimated student enrollment fund revenue
Student Financial Aid Administration and Board Financial Assistance	\$1.5 million Prop 98 GF	Adjustments consistent with revised estimates of waived fees. Includes BBL adjustment.
Education Protection Account Revenues for Net Excess Tax Districts	-\$464,000 Prop 98 GF	Decrease to reflect revised estimates of the Education Protection Account revenue that is allocated to net excess tax districts.

Education Protection Account Revenues	-\$22.8 million Prop 98 GF	Decrease to reflect increased estimates of offsetting the Education Protection Account revenue
Redevelopment Agency Revenue Shift	\$36.2 million Prop 98 GF	Reflects revised redevelopment agency revenues that will be received after April 15, 2014 and reflect the budget year offset.
Decrease Clean Energy Job Creation Fund Revenue	-\$1.5 million Job Creation Fund (Prop 39)	Decrease to reflect revenue estimates.
Mandated Programs Block Grant	-\$345,000 Prop 98 GF	Decrease to align block grant funding with revised full-time equivalent students estimate.
Lease Revenue Bond Payment	\$1.1 million Prop 98 GF	Reflects the defeasing of outstanding lease revenue bonds related to the LA Community College District's Southwest College Lecture Lab.

Staff Recommendation. Approve; however, conform to the Proposition 98 package, as needed.

Issue 7: CCC Reappropriations

Governor's Proposal. The May Revision proposes to reappropriate the balance of Clean Energy Job Creation Funds (Prop 39). In addition, The Board of Governor's requests the reappropriation of \$455,066 in federal funds.

Background. The Prop 39 reappropriation will allow the community colleges to use these funds to implement energy efficient projects through 2017-18, consistent with the intent of the program. The federal funds are being reappropriated primarily due to delays in receipt of the funds. The federal funds will be granted to community colleges to continue with mandated programs, compliance regulations, and to further enhance the solar energy initiative.

Staff Recommendation. Approve as proposed.

Issue 8: CCC Technology Infrastructure

Governor's Proposal. The May Revision proposes \$6 million Prop 98 General Fund to upgrade bandwidth and replace technology equipment at community colleges.

Background. This proposal will allow the community colleges to contract for back-up connectivity services, provide one-time funding to replace technology equipment, as well as support modernization effort currently underway.

Staff Recommendation. Approve as proposed.

Issue 9: Student Success and Statewide Performance Strategies

Governor's Proposal. The Governor's budget proposes \$200 million Proposition 98 General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes: 1) \$100 million to increase orientation, assessment, placement, counseling, and other education planning services for all matriculated students, and, 2) \$100 million to close gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans. This funding is intended to allow colleges to better coordinate delivery of existing categorical programs.

For the funding provided to implement activities and goals outlined in student equity plans, the Chancellor of the CCCs is to allocate the funds in a manner that ensures districts with a greater proportion or number of students who are high-need, as determined by the Chancellor's Office, receive greater resources to provide services. In addition, as a condition of receipt of the funds, the districts are required to include in their Student Equity Plan how they will coordinate existing student support services in a manner to better serve their high-need student populations. At a minimum, their plan is to demonstrate an alignment of services funded through allocations for the following programs:

- Student Success for Basic Skills Students
- Student Financial Aid Administration
- Disabled Students
- Special Services for CalWORKs Recipients
- Matriculation
- EOPS
- Fund for Student Success

Lastly, subject to approval by a district's governing board, districts may use up to 25 percent of any of the funds allocated for Student Success for Basic Skills Students, Special Services for CalWORKs Recipients, and EOPS for other federal, state, or local

programs that serve high-need student populations as identified in the district's Student Equity Plan.

Implementing Statewide Performance Strategies. The Governor's budget proposes \$1.1 million non-Proposition 98 General Fund and nine positions for the Chancellor's Office to develop leading indicators of student success and to monitor districts' performance. In addition, the Governor's budget proposes \$2.5 million Proposition 98 General Fund to provide local technical assistance to support implementation of effective practices across all districts, with a focus on underperforming districts.

Background. The subcommittee heard this issue on April 29th.

Staff Recommendation. Approve the Governor's proposals for 1) \$200 million Proposition 98 General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students; 2) \$1.1 million non-Proposition 98 General Fund plus nine positions for the Chancellor's office; and, 3) \$2.5 million Proposition 98 General Fund to provide local technical assistance. In addition, adopt placeholder trailer bill language to codify requirements for Student Equity Plans and specify that the plans include alignment of services, as proposed in the Governor's budget bill language, and appropriate outcome reporting measures. Lastly, the Governor's proposed budget bill language should be revised, as needed, to ensure consistency with the trailer bill.

Issue 10: City College of San Francisco Stabilization

Proposal. Trailer bill language is proposed to provide the San Francisco Community College District with stabilization funding for the next three years as the college works to restore student enrollment and maintain accreditation.

Background. Accreditation for the City College of San Francisco (CCSF) has been terminated by the Accrediting Commission for Community and Junior Colleges (ACCJC), effective June 30th of this year. The CCSF has appealed that decision and is currently working to maintain accreditation. The CCSF remains an accredited institution during the appeal process and pursuant to a court injunction, but enrollment has continued to drop since 2012, when the ACCJC first put the college on "show cause" (prove why the accreditation should not be revoked) status. According to the CCC Chancellor's office, CCSF has made significant progress toward meeting the more than 300 goals it identified to improve effectiveness and has hired new key administrators.

The proposed trailer bill language will provide financial stability for CCSF over the next few years, which is an integral part of the college's efforts to maintain accreditation.

Staff Recommendation. Approve trailer bill language to provide stabilization funding for the City College of San Francisco.

Issue 11: CSAC May Revision Proposals
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Governor's Proposal. The May Revision provides no new significant policy changes from the January budget for the California Student Aid Commission (CSAC); rather it includes funding changes to the Cal Grant program primarily due to updated participation and funding swaps. The following chart displays CSAC's May Revision proposals:

CSAC May Revision Proposals		
Cal Grant Program Caseload	\$13.9 million GF - 2013-14 \$25.1 million GF – 2014-15	Due primarily to an increase in the number of awards in the current year (carried forward as additional new and renewal awards in the budget year).
Loan Assumption Program Caseload	\$148,000 GF – 2013-14 \$735,000 GF – 2014-15	Reflects revised caseload estimates for the loan assumption programs.
Student Loan Operating Fund Offset (SLOF)	\$60 million GF – 2014-15	Reflects notification that SLOF contributions will no longer be provided for Cal Grants.
Temporary Assistance for Needy Families (TANF) Reimbursements	\$104.5 million GF – 2014-15	Primarily related to a change in GF requirements for social service programs
Reimbursements For Financial Aid Data	\$52,000 in Reimbursements – 2014-15	Provides CSAC the authority to receive reimbursements to cover the costs of fulfilling approved data requests.
Expanding Renewal Award Eligibility*	\$15.8 GF – 2014-15	Trailer bill language would allow students who become ineligible because they exceed the income cap in one year to become eligible again in a subsequent year if their income falls below the cap.
Excess Cal Loan Funds	-\$6.0 million GF – 2014-15	Reflects utilization of excess Student Loan

		Authority Funds to offset GF loan assumption program costs.
Middle Class Scholarship*	\$107 million GF – 2014-15	Begin implementation of the Middle Class Scholarship Program.

*Reflects May Revision amount, however, was proposed in the Governor’s budget

Staff Recommendation. Approve as budgeted.

Issue 12: CSAC Legislative Augmentations

Proposal. This item would provide for the following augmentations:

- \$9 million General Fund to rescind the budget year reduction of 11 percent in the maximum Cal Grant award level for students attending private non-profit colleges and universities and accredited for-profit institutions.
- \$13.4 million General Fund to increase the Cal Grant B Access Award by five percent, from \$1,473 to \$1,551.

Background.

Cal Grant B Access Award. According to an April 2013 report by the Institute for College Access and Success (TICAS), done in collaboration with more than a dozen other student, civil rights, business, and college access organizations, Cal Grant awards for many qualifying students have been stagnant for decades and many of California’s low-income college students are left out of the program entirely. For example, TICAS points out that the original Cal Grant B access award was \$900 in 1969-70, equal to \$5,900 in 2012-13 dollars. Instead the 2012-13 access award of \$1,473, where it remains today, was just one quarter of what the original award would be worth had it kept pace with inflation.

More recently, TICAS has reported that college affordability, as measured by the proportion of family income needed to pay college costs, is inversely related to family income, with lower income families expected to contribute a much larger share of their income to paying for college than higher income families.

The Cal Grant maximum award for students attending private nonprofit colleges and universities is scheduled to decrease by 11 percent in the budget year. The 2012 Budget Act put in place reductions to the Cal Grant award amounts for independent non-profit and accredited for-profit institutions. The Governor's 2014-15

budget proposal accounts for the continued reduction. More than 32,000 California students use Cal Grants to help them attend these schools, allowing access to college for low-income students during a period in which the CSU system is turning away eligible students. The chart below indicates the reduced amount of the Cal Grant for these schools.

Cal Grant Maximum Award for WASC Accredited Private Colleges and Universities					
	2011-12	2012-13	2013-14	2014-15	Cumulative Change
Cal Grant Amount Per Student	\$9,708	\$9,223	\$9,084	\$8,056	-17%

Staff Comment. The subcommittee heard these issues on March 13th.

Staff Recommendation. Approve this proposal, providing a total of \$22.4 million General Fund to rescind the budget year reduction of 11 percent in the maximum Cal Grant award level for students attending private non-profit colleges and universities and accredited for-profit institutions and increase the Cal Grant B Access Award by five percent.

Items Proposed for Discussion/Vote

Issue 1: UC Funding Package

Governor's Proposal. The Governor's budget proposed a base budget increase of five percent, or \$142.2 million General Fund, over the current year funding for the University of California (UC). The Governor also proposes new budget language requiring the UC Board of Regents to adopt a three-year sustainability plan by November 30, 2014.

Background. Although generally supportive of the Governor's proposal for additional funding, the UC Board of Regents adopted a budget for the 2014-15 fiscal year that assumes a higher level of General Fund support. Specifically, the UC's budget plan proposes \$120.9 million in additional state funding, above the Governor's five percent base budget adjustment, as follows:

- State Share of Employer Contributions to the University's Retirement Program - \$64.1 million in state funding beyond the five percent base budget adjustment to cover the state's share of the incremental increase in pension costs consistent with what the state already provides for employees in the California Community Colleges and the California State University.
- Enrollment Growth - The budget plan seeks \$21.8 million in additional state support for a one percent increase in funded enrollments. This will permit continued growth at the Merced campus and provide support for growth in California resident enrollment to allow the University to continue to meet its obligation under the Master Plan, as well as to address unfunded enrollments that currently exist on the general campuses and in health sciences programs.
- Reinvestment in Academic Quality - The plan indicates a need to invest an initial increment of \$35 million in what will necessarily be a multi-year reinvestment in the quality of UC's core academic programs.

State support for UC remains significantly reduced. Even with the five percent increase in the current year, General Fund support for UC operations remains at least \$400 million below 2007-08 levels. UC officials note this drop in funding, which led to major tuition increases, has hurt their ability to hire new faculty and keep up with mandatory costs such as retirement contributions and employee health benefits. Student-faculty ratios, which UC considers a key measurement of the quality of instruction, have risen sharply during this period.

UC Earmarks. The following programs have historically been earmarked in the UC budget because they address legislative priorities. UC has signaled its support for these programs during subcommittee hearings. Despite this, the Governor does not include them in his budget.

Program	UC Budget	Description
UC - Charles R. Drew Medical Program	\$8.3 million	The Charles R. Drew University of Medicine and Science (CDU), a private, nonprofit corporation with its own Board of Trustees, conducts educational and research programs in south central Los Angeles.
UC - AIDS Research	\$8.8 million	Since its founding in 1983 by the Legislature, the California HIV/AIDS Research Program (CHRP) has supported research that is attentive to the needs of California, accelerating progress towards prevention and treatment for HIV/AIDS.
UC - Subject Matter Projects	\$5.0 million	The California Subject Matter Project (CSMP) is a statewide network of subject-specific professional development programs for teachers. CSMP engages K-12 educators with faculty in various disciplines from UC to develop and deliver intensive institutes for education professionals.
UC - Cal Institutes for Science & Innovation (Gray Davis Institutes)	\$4.8 million	The state, UC, and hundreds of the state's businesses run the California Institutes for Science and Innovation, using state money and federal and private sources. The four Institutes, each jointly operated by multiple UC campuses, engage UC's world-class research faculty directly with California, national, and international companies in attacking large-scale issues critical to the state's economy and its citizens' quality of life.
UC - COSMOS	\$1.7 million	The California State Summer School for Mathematics and Science (COSMOS) provides an intensive academic experience for students who wish to learn advanced mathematics and science and prepare for careers in these areas.

UC Science and Math Teacher Initiative	\$885,000	CalTeach encourages students majoring in science, technology, engineering, and mathematics (STEM) to augment their studies with a sequence of CalTeach courses and fieldwork in K-12 classrooms that ready them to pursue teaching credentials after receiving their baccalaureate degrees.
UC - PRIME	\$2.0 million	Programs In Medical Education (PRIME) are innovative training programs focused on meeting the health needs of California's underserved populations in both rural and urban areas by combining specialized coursework and clinical training experiences designed to prepare future clinician experts, leaders, and advocates for the communities they will serve.
UC Nursing Programs	\$1.7 million	To help meet the state's future nursing needs, both university systems have expanding nursing programs
UC Labor Centers	\$2.0 million	The Labor Centers at UC Berkeley and UCLA conduct research on issues such as the implementation of the Affordable Care Act, green jobs, workforce development, the underground economy and low-wage industries.

The proposed Sustainability Plans appear unnecessary and could limit Legislative input. The Governor's proposal raises several concerns. It appears somewhat duplicative of the budget report the UC Regents already adopt each fall, but adds new workload for UC. Perhaps more importantly, the process in which the Administration would provide the UC each fall with its proposed funding for the following budget year creates a public budget negotiation before the Legislature has input. This could limit the Legislature's ability to determine its budget levels and priorities for the UC.

Staff Recommendation. Staff recommends the following actions for UC funding:

1. Augment funding provided to the UC by \$60 million General Fund above the Governor's funding level of \$142.2 million.
2. Restore the program earmarks, identified in the above chart, to the UC's budget and augment the funding level for the UC Labor Centers by \$4 million General Fund, from \$2 million to \$6 million, to better support the centers' research programs.

Issue 2: UC Research Programs

Proposal. It is proposed that the Legislature provide funding for the following two UC research initiatives:

- Provide \$5 million in Mental Health Services Act (MHSA) funding annually, for three-years, for Behavioral Health Centers for Excellence of California at UC Los Angeles (UCLA) and UC Davis.
- Provide \$2 million General Fund to establish the California Blueprint for Research to Advance Innovations in Neuroscience Act of 2014 or the Cal-BRAIN program.

Background. In 2013, the Obama administration unveiled the BRAIN Initiative, which is a collaborative project that will map the activity of the human brain with a proposed investment of up to \$3 billion over 10 years. For federal fiscal year 2014, approximately \$100 million is being identified for allocation toward this endeavor with the National Institutes of Health, the National Science Foundation, and the Defense Advanced Research Projects Agency working in close collaboration.

The Cal-BRAIN program will leverage California's research assets and the federal BRAIN Initiative funding opportunities to accelerate the development of brain mapping techniques with the following program goals:

- Maintain California's leadership role in neuroscience innovation.
- Develop a dynamic map of the human brain that provides researchers, physicians, and engineers with the knowledge necessary to develop new treatments and technologies that will improve lives and reduce costs of providing health care.
- Grow California's economy through the expansion of California's high technology and biotechnology sectors.
- Train the next generation of scientists for the neuroscience and engineering jobs of the future.

UC Davis and UCLA are pioneers in neuroscience research leading to discoveries that improve mental and behavioral health and in translating research to community benefit and engaging the community in mental health services research and neuroscience with positive outcomes.

UCLA and UC Davis have established effective partnerships with LA and Sacramento counties and will enhance these partnerships through the MHSA to meet community needs. The Behavioral Health Centers will increase our understanding of how to address mental health disparities, early intervention in psychosis, and address other concerns such as violence, incarceration and recidivism. The centers will leverage

existing resources to greater benefit for California's diverse under-resourced communities by sharing neuroscience research and collaborating with communities to promote best practices, and to improve outcomes, and by building upon policy initiatives including; MHPA and the Affordable Care Act.

Staff Recommendation. Approve \$5 million in MHPA funds (annually, for three years) for Behavioral Health Centers for Excellence of California and \$2 million General Fund for the Cal-BRAIN program. In addition, adopt placeholder budget bill language to distinguish these programs within the UC's budget and trailer bill language to establish the Cal-BRAIN program.

Issue 3: CCC Augmentations to Governor’s May Revision

Legislative Proposal. Based on the Legislative Analyst’s Office’s revenue estimates, it is proposed that the Legislature adopt additional expenditures of \$246 million Prop 98 General Fund in 2014-15 and \$34 million Prop 98 General Fund in 2013-14, as outlined in the following chart.

Proposed Augmentations for Community Colleges 2014-15 (In Millions)				
Issues	2014-15 Admin May Revise	Proposed Augmentation	2014-15 Total	Comment
Categorical Programs				
Academic Senate	\$0.5	\$0.5	\$1.0	Double program funding to enhance work on articulation efforts
Apprenticeship (community colleges)	\$7.2	\$8.0	\$15.2	Restore to 2008-09 level and allow for hourly rate increase, BBL
Apprenticeship (school districts)	\$15.7	\$5.0	\$20.7	Restore to 2007-08 level and allow for hourly rate increase, BBL
CalWORKs student services	\$34.5	\$15.0	\$49.5	Restore to 2007-08 level and codify BBL
Campus child care support	\$3.4	\$3.4	\$6.8	Restore to 2007-08 level
Disabled Students Program	\$84.2	\$50.0	\$134.2	Restore to 2007-08 level
Economic and Workforce Development	\$72.9	\$10.0	\$82.9	Additional funding for CTE, BBL, TBL
EOPS	\$88.6	\$18.0	\$106.6	Restore to 2007-08 level, BBL
Part-time Faculty Office Hours	\$3.5	\$6.5	\$10.0	Support for part-time faculty office hours
Physical Plant and Instructional Support	\$148.0	\$51.3	\$199.3	Allow for flexibility to use for deferred maintenance or instructional equip
Foster and Kinship Care Education	\$5.3	\$1.0	\$6.3	Make up for eroding program funds
Student Success for Basic Skills Students	\$20.0	\$5.0	\$25.0	\$3 million for professional development (support acceleration)
Other Appropriations				
Full-Time Faculty COLA	\$47.3	\$25.0	\$25.0	Plus BBL
Total Augmentation 2014-15		\$246.0	\$94.6	Double COLA to 1.7%
2013-14				
Paydown Mandates		\$34		
Total Augmentation 2013-14		\$34		

Background. While the Governor’s budget proposal for the CCCs focuses funding on the student success initiative, there are many categorical programs that help students stay in school, complete programs and become employed. During the recession, most of these programs received significant funding reductions. The legislature’s proposed augmentation would restore many of these programs to their previous funding levels. In addition, the legislature’s plan would augment or change the Governor’s proposal, as follows:

- The May Revision provides \$50 million Proposition 98 General Fund, on a one-time basis, to augment the Economic and Workforce Development categorical program to support regional planning for career technical education (CTE) programs tied to regional workforce needs, and also support equipment costs and professional development for CTE faculty. The proposal would require the Chancellor's Office to distribute the funding to already-formed regional consortia. The Legislature's plan augments the Governor's proposal by \$10 million.
- The May Revision rescinds a January proposal to provide \$87.5 million Proposition 98 General Fund for the replacement of instructional equipment, and instead increases funding to allow community colleges to address deferred maintenance by \$60.5 million Proposition 98 General Fund. Total funding for deferred maintenance, as of the May Revision, is \$148 million. In addition, the May Revision proposes to eliminate a 1 to 1 match for districts who receive this funding. The Legislature's plan augments this amount by \$51.3 million and provides flexibility for funds to also be used for instructional equipment.
- The May Revision proposes a cost-of-living adjustment (COLA) of .85 percent or \$47.3 million Proposition 98 General Fund. The Legislature's plan would provide a COLA of twice the Governor's amount; 1.7 percent or \$94.6 million.
- The Legislature's plan provides \$5 million Proposition 98 General Fund to augment the Basic Skills categorical, with \$3 million of this funding directed to professional development.
- The Legislature's plan provides \$25 million Proposition 98 General Fund to increase the number of full-time faculty.
- The Legislature's plan provides \$34 million Proposition 98 General Fund in the current year to pay down mandate liabilities.
- After nearly 30 years, the community college CalWORKs programs still lack statutory guidance related to program standards. As a result, programs lack permanent or full-time staff proficient in the ever changing regulations and requirements of the CalWORKs program. They often rely on adjunct counselors, temporary staff or student help to manage the day-to-day operations of a college CalWORKs program. CalWORKs students' success depends on knowledgeable and timely coordination with county welfare departments. As such, the Legislature's plan includes placeholder trailer bill language to establish statutory program and staffing standards for the CCC CalWORKs program.
- The May Revision proposes trailer bill language that would increase the funding rate in 2015-16 for career development and college preparation noncredit courses to equal the rate of credit courses. These courses, often referred to as enhanced noncredit courses, offer noncredit classes that are tied to specific credit programs. The Legislature's plan would amend the Governor's trailer bill

language to include reporting on outcomes in terms of student success gains achieved from this revised policy.

Staff Recommendation. Based on the LAO's revenue projections, approve the proposed augmentations of \$246 million Prop 98 General Fund in 2014-15 and \$34 million Prop 98 General Fund in 2013-14, as displayed in the above chart. In addition, adopt placeholder budget bill and trailer bill language necessary to implement the Legislature's plan.