

## **2005-06 SYSTEM BUDGET**

**4.2**

### ***INFORMATION***

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Fiscal Policy

### **Issue**

This item presents a proposed 2005-06 California Community Colleges System Budget Request for Board of Governors approval.

### **Background**

Education Code section 70901 directs the Board to prepare an annual system budget request, using the Consultation Process established under state law. At its July meeting, the Board discussed a timeline and framework for preparation of the 2005-06 System Budget. The Board indicated its desire that the budget be prepared with the following considerations:

- The ability of the California Community Colleges (CCC) to help meet the state's education needs under the state's master plan will require a long-term rebuilding of fiscal capacity, and the 2005-06 request should be presented in such a multi-year context.
- The capacity of the CCC to meet the state's needs will require substantial progress in the share of Proposition 98 resources directed to the colleges.
- A disciplined approach should be employed to produce a budget focused on essential, immediate needs. The budget request should be written so as to engage the Administration in a serious dialogue, while still informing the Administration of the real needs of the system.

Since the Board's July meeting, the 2005-06 Budget has been discussed at the July and August meetings of the Consultation Council. The Budget Work Group—comprised of many members and designees of the Council and System Office staff—met three times to work on details of the budget request. The recommended system budget request reflects a general consensus of Consultation.

## **Analysis**

The California Community Colleges are recovering from an unprecedented fiscal storm during the 2002-03 and 2003-04 fiscal years. The 2004-05 state budget provides the CCC with the resources to begin that recovery. Much more, however, needs to be done to adequately restore the capacity of the community colleges to serve existing levels of enrollment and, at the same time, meet the growing demands of “Tidal Wave II,” including record numbers of graduating high school students. On the positive side, the state will have to devote more funds to K-14 education in 2005-06 due to the constitutional requirements of Proposition 98. On the negative side, the state continues to face a long-term structural deficit of billions of dollars on an annual basis.

In view of the above, the recommended system budget request focuses on the system’s essential, immediate needs. The recommended increase in the system budget for 2005-06 totals \$500 million in ongoing Proposition 98 funds and \$53.7 million in one-time funds. Total system funding from all state-determined funding sources would grow from the current \$5.318 billion to approximately \$5.858 billion, an increase of about 10 percent. The recommended funding increases are summarized in the Appendix. A fully detailed system budget request will be provided to the Board as a separate document.

## **Recommended Action**

That the Board approve the proposed 2005-06 System Budget Request for timely transmittal to the Department of Finance, Governor’s Office, Legislature and other interested parties.

# APPENDIX

## Summary of Recommended Funding Increases

Dollars in columns in thousands

<i><b>Maintain and Restore Educational Quality (\$206.5 million Ongoing; \$2.5 million one-time)</b></i>	<i><b>Ongoing</b></i>	<i><b>One-time</b></i>
Restore vetoed base funding	31,409	
COLA (2.5%)	119,000	
Restore one-half of prior-year lost COLA	46,450	
Professional development	2,500	2,500
Fully fund part-time office hours and health insurance	7,100	
Restore academic senate	30	
<i><b>Provide Equitable Student Access (\$255.8 million)</b></i>		
Enrollment growth (4%)	169,781	
Equalization	80,000	
Noncredit rate enhancement	6,000	
<i><b>Restore Essential Services Critical to Student Success (\$37.3 million)</b></i>		
Restore matriculation/counseling/placement	23,300	
Health services fee back-fill	14,000	
<i><b>Maintain State's Investment and Maximize Facility Use (\$50 million one-time)</b></i>		
Scheduled maintenance and instructional equipment		50,000
<i><b>Enhance Technology Infrastructure and Data (\$500 thousand ongoing; \$1.2 million one-time)</b></i>		
Data sharing/CalPASS partnership	500	
CALREN network access for CCC centers		475
Electronic transcript exchange		691
<i><b>Total augmentations</b></i>	<i><b>\$500,070</b></i>	<i><b>\$53,666</b></i>