

# LEGISLATIVE UPDATE

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Board of Trustees Meeting

Santa Monica College

Via Zoom

March 1, 2022

# State Budget Issues in Community Colleges

1. Hold Harmless
2. Student Centered Funding Formula [SCFF] Base Adjustment
3. PERS/STRS Employer Contributions
4. Funding for Student Housing
5. Inequity in Capital Outlay Funding
6. Implementation of AB 928
7. Revenue Outlook

# 1. Hold Harmless

- The Governor's Budget proposes a permanent hold harmless to the SCFF.
- This will provide fiscal stability for districts during the COVID-19 pandemic and continues to prioritize access and student success.
- The hold harmless provision will prevent declines between 2024-25 and 2025-26.
- No COLA is provided to districts in hold harmless status starting in 2025-26.
- Recommendation: include a COLA to hold harmless districts

## 2. SCFF Base Funding Adjustment

- Governor's Budget provides 5.33% COLA
- A large part of COLA funds are used for salaries, it leaves little to no costs to operate.
- Due to this, additional funds are needed to support other operations of the college. Examples:
  - Utilities
  - Maintenance
  - Health costs
- Recommendation: Provide a Base Adjustment of at least one percent to the SCFF.

# 3. PERS/STRS Employer Contributions

- Two years ago, state General Funds were used to reduce employer contribution rates in the state PERS and state STRS programs
- No new funding is proposed in 2022-23 budget and districts will face a significant increase in retirement costs.
- Providing funds to reduce employer contribution rates will free up operational funds that can be used to support other ongoing school costs.
- Recommendation: Include one-time state General Funds to reduce the employer contribution rates in the PERS and STRS programs.

# 4. Student Housing

- The Governor's budget provides a second installment of \$750 million in state General Funds for student housing allocated as follows:
  - \$375 million [50 percent] to the California community colleges
  - \$225 million [30 percent] to the California State University
  - \$150 million [20 percent] to the University of California
- Student housing is a high priority need
- Recommendation: Support the Governor's proposal and seek opportunities to provide additional funds in the May Revision.

# 5. Inequity in Capital Outlay Funding

- Two bills propose state bond funding for community colleges:
  - AB 75-O'Donnell: Proposes a \$12 billion state bond for K-14 education
  - SB 22-Glazer: Proposes a \$15 billion state bond for preschool through medical school. However, the allocation of bond funds puts community colleges in an unfair position compared to the other higher education segments. [see next slide]
- Recommendation: Support AB 75-O'Donnell and oppose higher education bond allocation in SB 22-Glazer

# Inequity in Capital Outlay Funding

Public Segment	Amount	Campuses	Amount Per Campus
University of California	\$2 billion	10	\$200.0 million
California State University	\$2 billion	23	\$87.0 million
<b>California Community Colleges</b>	<b>\$2 billion</b>	<b>116</b>	<b>\$17.2 million</b>

# 7. Revenue Outlook

- The Legislative Analyst [LAO] has released a paper on 2021-22 revenue projections.
- The big three taxes: Personal income, sales, and corporation will exceed the Governor's Budget assumption in 2021-22 by at least several billion dollars
- The LAO's estimate is between \$6 billion and \$23 billion in unanticipated revenue.
- The most important revenue collection month (April) still remains.
- NOTE: That said, the Department of Finance reports that cash receipts for the first seven months of the 2021-22 year were **\$15.9 billion** above the 2022-23 Governor's Budget forecast.

## 6. Implementation of AB 928-Berman

- The budget proposes \$65 million in one-time Proposition 98 funding to implement transfer reform provisions of AB 928-Berman.
- AB 928 requires the public segments of higher education to create a singular lower division pathway for community college transfer students.
- The ADT Intersegmental Implementation Committee is charged with oversight of this process.
- Recommendation: Monitor this process and if appropriate, develop recommendations for amendments to improve AB 928 and budget proposal.

# Community College Legislative Issues

Reference	Number-Author	Description	Status	Recommendation
A-1	AB 102-Holden	Dual Enrollment	Senate Rules	Support
A-2	AB 1746-Medina	Cal Grant Reform	Assembly Rules	Support
A-3	AB 1655-Jones Sawyer	Juneteenth Holiday	Assembly Rules	Support
A-4	AB 1919-Holden	Student Transit Passes	TBD	Support

# A-1: AB 102-Holden: Dual Enrollment

- AB 102-Holden removes the sunset date of January 1, 2027 and makes the program permanent
- Allows county offices of education to enter into dual enrollment agreements with community colleges.
- Bill is in Senate Rules Committee
- Recommendation: Support AB 102-Holden
- Note: The Governor's Budget for K-12 education provides \$500 million in one-time funding for expansion of dual enrollment programs.

# A2-AB 1746-Medina: Cal Grant Reform

- AB 1456-Medina reformed the Cal Grant program to streamline, modernize, and expand access of financial aid to nearly 200,000 students.
- Governor vetoed the measure and Assemblymember Medina reintroduced the new bill as AB 1746-Medina.
- The proposed changes will significantly increase the number and amount of grants to community college students.
- **RECOMMENDATION:** Support AB 1746-Medina.

# A-3: AB 1655-Jones Sawyer: Juneteenth State Holiday

- Makes Juneteenth a state holiday.
- Requires community colleges and public schools to close on June 19<sup>th</sup>.
- Requires the CSU and requests the UC to close campuses on June 19<sup>th</sup>.
- Requires state employees with specified exceptions to be given time off with pay on June 19<sup>th</sup>.
- Sponsor: CA Black Legislative Caucus and CSEA
- RECOMMENDATION: Support AB 1655-Jones Sawyer

# A-4: AB 1919:Holden-Fareless Transit Passes for Students

- AB 1919-Holden requires transit operators to provide fareless transit passes to K-12 students and community college students.
- Several legislators have been contacted to make requests for funding.
- Recommendation: Support and urge funding in the budget.

# Questions/Discussion