

Advisory Committee on Legislation

May 20, 2024





- ❖ Legislative Update
- ❖ Position Discussion
- ❖ Budget Update

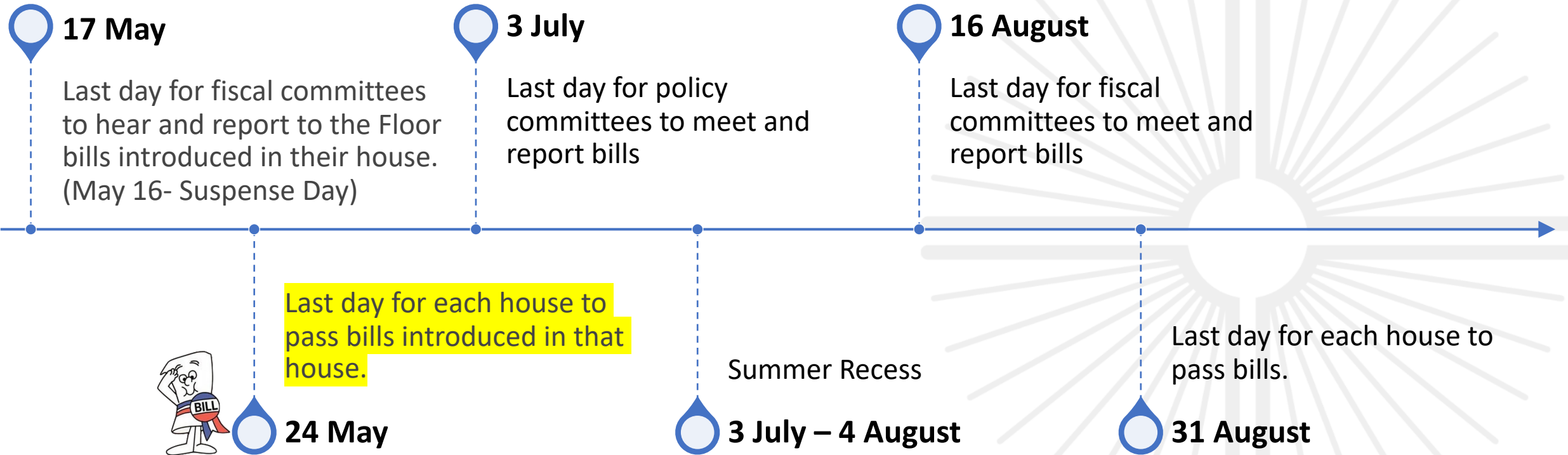


Legislative Update

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA



Legislative Timeline



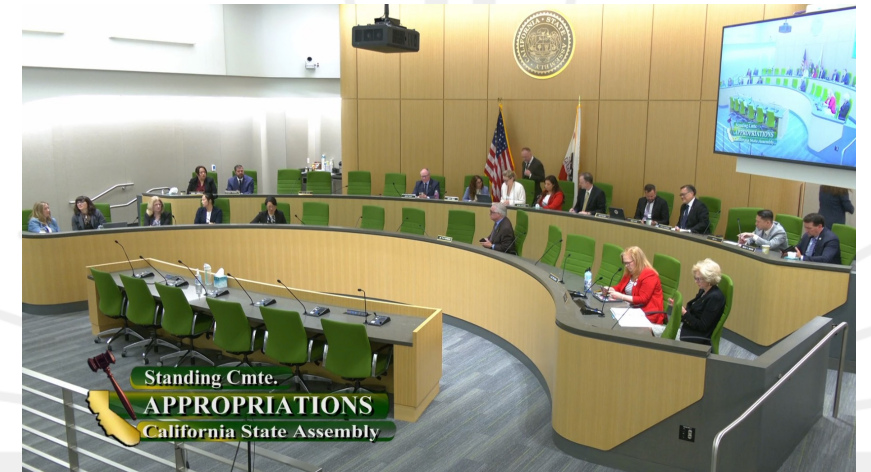
Suspense Day – May 16th

Key Fiscal Committees:

- Assembly Appropriations Committee
- Senate Appropriations Committee
 - There are three actions:
 - Pass, Pass as amended, and Hold in committee

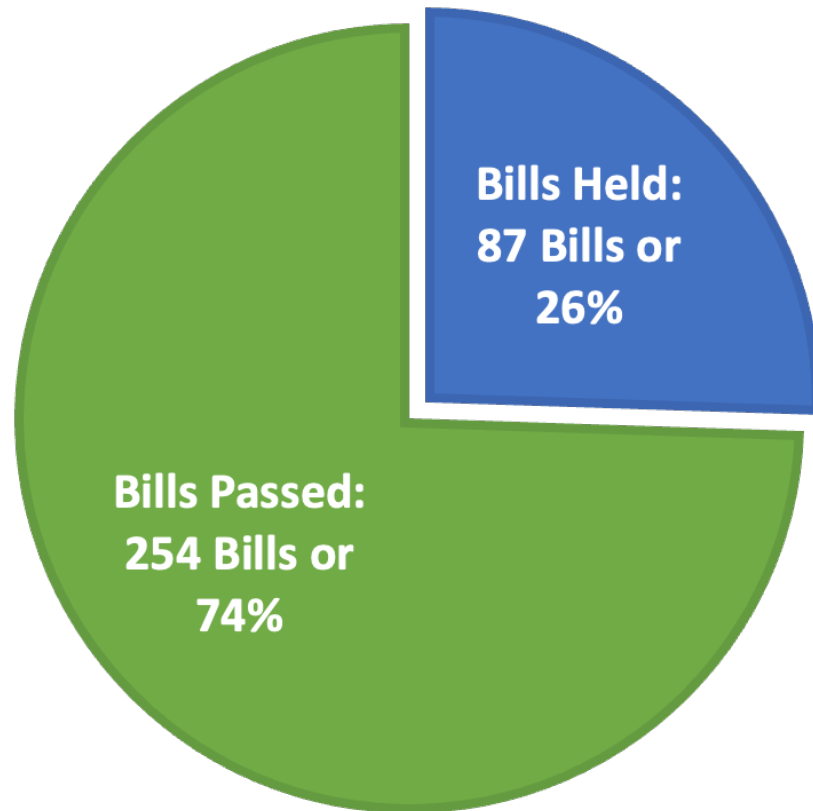
What is the suspense file?

- Bills with a significant cost are referred to as the Suspense File.
- These bills are considered at one hearing after the May Revision to give the committee a better sense of the available revenue.
- It is intended to give a space for the state to examine bills in overall fiscal spending
- Allows legislative leadership to hold or amend problematic bills

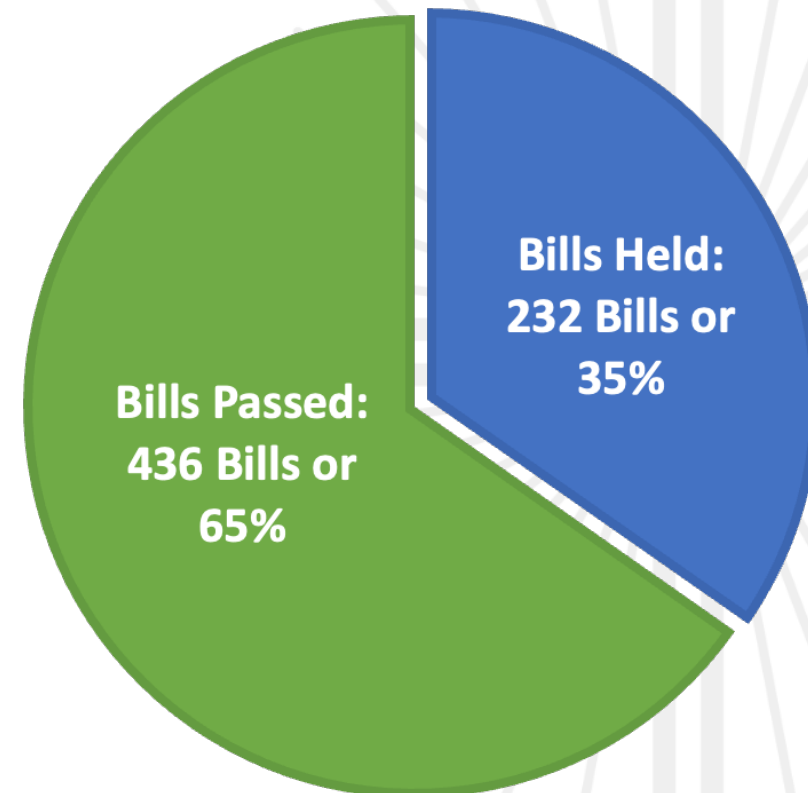


May 16th Suspense Results

SENATE SUSPENSE RESULTS (341 TOTAL BILLS)



ASSEMBLY SUSPENSE RESULTS (668 TOTAL BILLS)



Suspense Results – Key Actions

- ✓ SB 1388 (Archuleta): Community College Reserves: **HELD BY COMMITTEE. NO LONGER MOVING FORWARD**
- ✓ SB 895 (Roth): Community College BSN Pilot Program: **PASSED BY COMMITTEE. HEADED TO THE SENATE FLOOR.**



Suspense Amendment– AB 2104

AB 2104 (Soria): Baccalaureate Degree in Nursing Pilot Program

This bill would authorize 15 community college districts to offer a Bachelor of Science in Nursing degree. The Chancellor would identify eligible community college districts based on specified criteria.

05/16/24 Amendments: The Assembly Appropriations Committee amended this bill down to 10 community college districts.

Location: Assembly Floor

League Position: **SUPPORT**



Update on Sponsored Legislation

SB 895 (Roth): Baccalaureate Degree in Nursing Pilot Program

This bill would authorize 15 community college districts to award Bachelor of Science in Nursing (BSN) degrees. Participating districts must have a nationally accredited Associate Degree in Nursing (ADN) program.

04/25/24 Amendments: Colleges in "Candidate" status in receiving national accreditation may be provisionally selected to participate in the pilot program and may commence the program upon final accreditation. Priority will be given to colleges in the Central Valley. Sunset date extended to 2034.

Location: Senate Floor

League Position: SUPPORT/SPONSOR



Position Discussion

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Legislation for Discussion

AB 1160 (Pacheco): Student Debt Collection

- Expands existing law that prohibits withholding transcripts from students due to owed debt to include diplomas as well.
- Requires colleges to grant a one-time exemption from an enrollment or registration hold on a current or former student on the grounds that the student owes an institutional debt.
- Requires colleges to implement any “drop for nonpayment” disenrollments before disbursing financial aid refunds or electronic transfers, and students shall not otherwise incur any institutional debt for tuition or fees associated with the term when dropped for nonpayment.
- Prohibits engaging a third-party debt collector before 180 days have passed from the first communication from the institution of higher education requesting payment.
- Requires specific reporting from colleges.
- Prohibits colleges from collecting debt through tax offsets. This effectively ends the Chancellor’s Office Tax Offset Program (COTOP).

Legislation for Discussion

AB 1160 (Pacheco): Student Debt Collection (cont.)

Concerns:

- Implementing a system to track the one-time exemption will be expensive and lead to a loss of revenue
- Some colleges disburse financial aid before the school year starts, so students can have money to buy books and pay for course-related costs. This would prohibit colleges from disbursing financial aid early.
- The definition of institutional debt is vague and does not consider debt for prior semesters, only future and current semesters.
- Colleges currently use COTOP to regain lost funds from student debt, not third-party debt collectors. Colleges would no longer be able to use this resource.
- Overall: This bill would lead to increased costs for colleges, create an administrative burden, and remove the main mechanism colleges use to regain funding lost due to unpaid student debt.

Location: Senate Education Committee – May 29th hearing

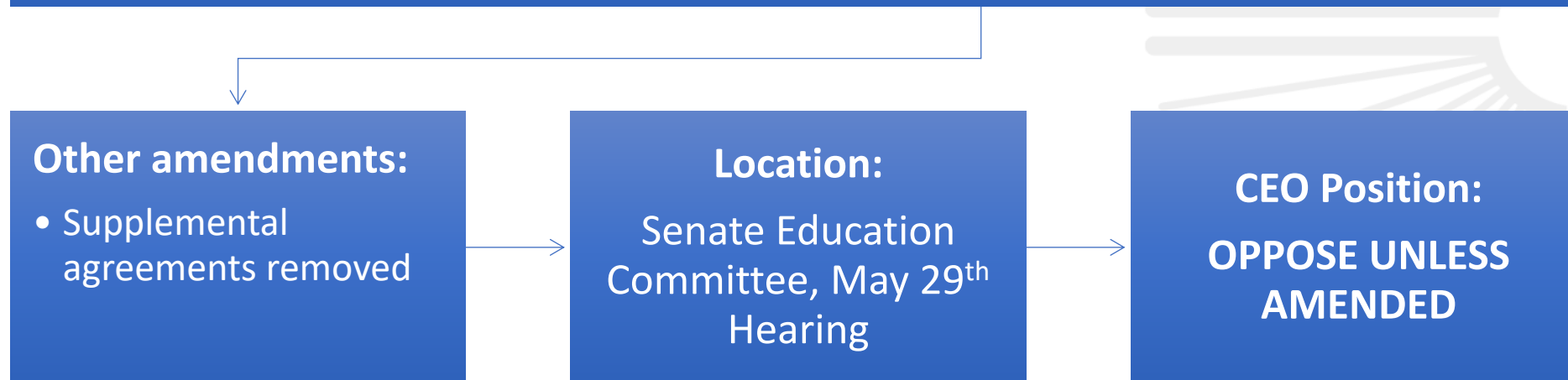
CEO Position: **OPPOSE**

Staff Recommendation: **OPPOSE**

Legislation for Discussion

AB 359 (Holden): College and Career Access Pathways Partnerships

- Permits a community college district to enter into an agreement with a school district, county office of education, or charter school outside their service area if either the following conditions are met:
 - The governing board of the school district, county office of education, or charter school has sent a request letter to the governing board of the community college district within their local service area requesting to establish a CCAP partnership, and **the request has been *denied in writing***.
 - The governing board of the school district, county office of education, or charter school has sent a request letter to the **chief executive office** of the community college district requesting to establish a CCAP partnership, and at least **90** days have passed since the initial request without a **written** response from the **chief executive office** of the community college district.



Legislation for Discussion

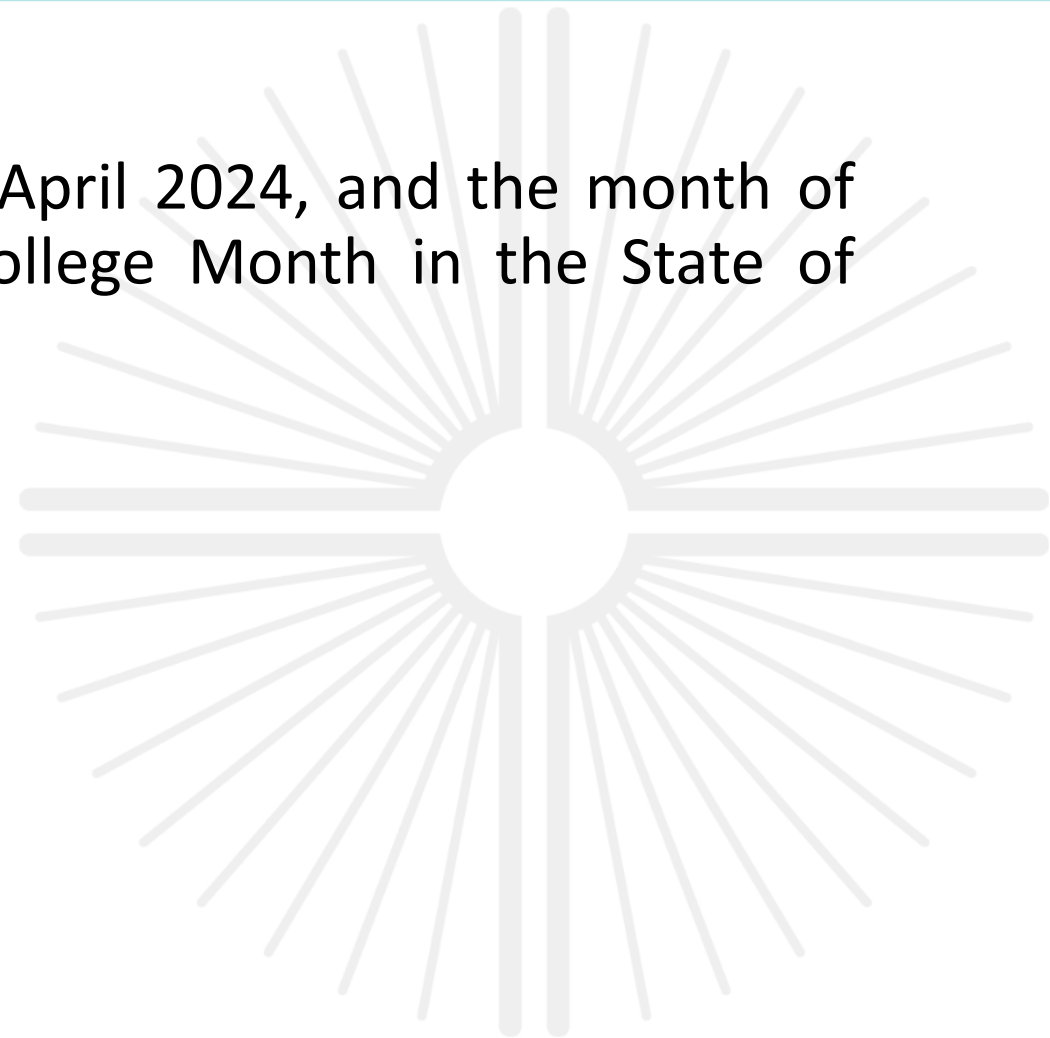
SCR 140 (Dodd): Community College Month

This measure would recognize the month of April 2024, and the month of April every year hereafter, as Community College Month in the State of California.

Location: Assembly Rules Committee

CEO Position: **SUPPORT**

Staff Reco: **SUPPORT**



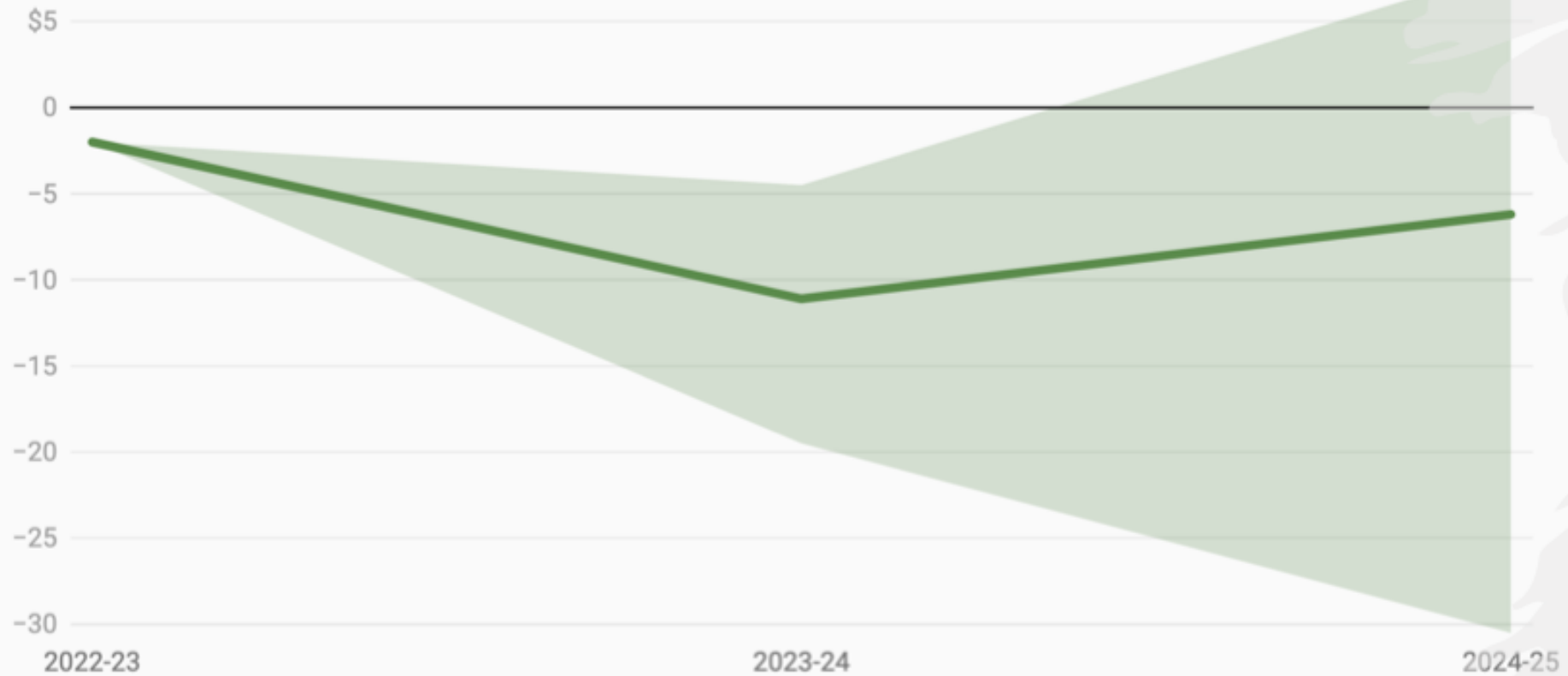


Budget Update

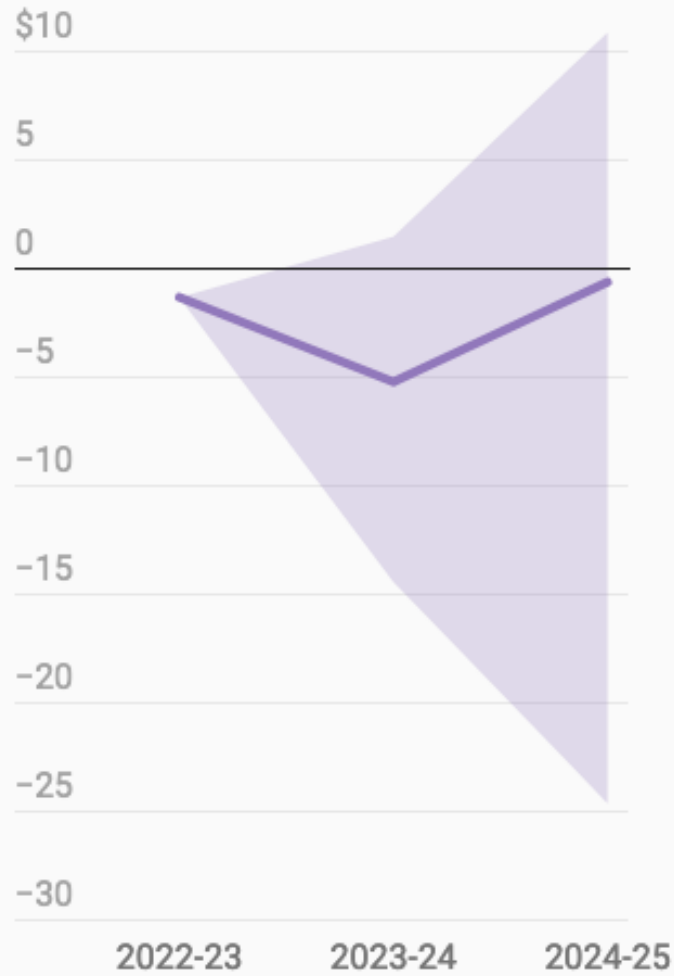
COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

How Much Could Revenues Differ From Governor's Budget Projections?

LAO Forecast Minus Governor's Budget (In Billions)

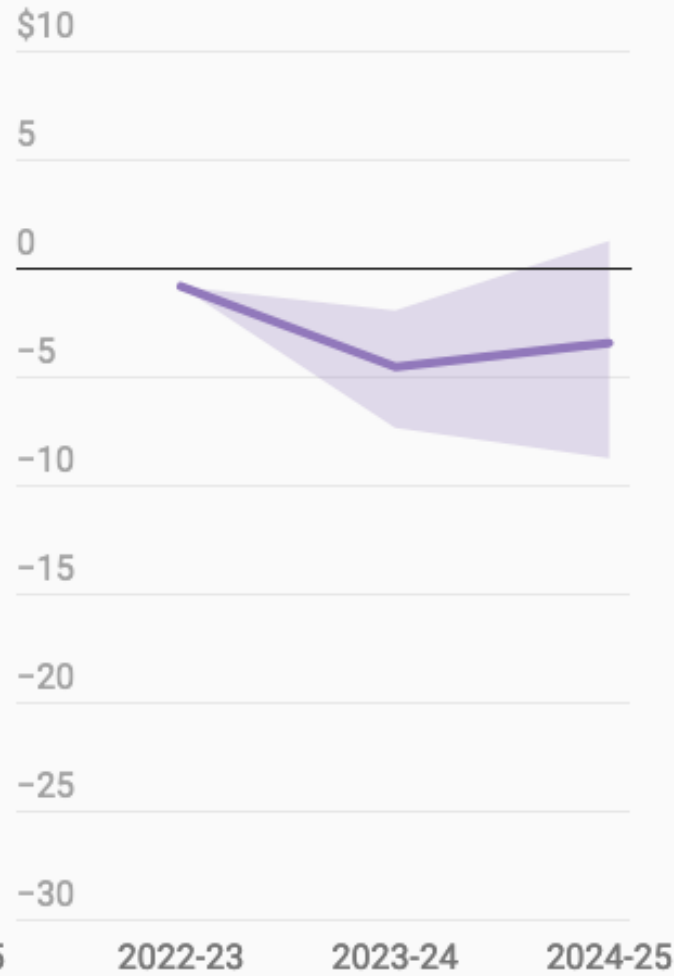


Personal Income Tax



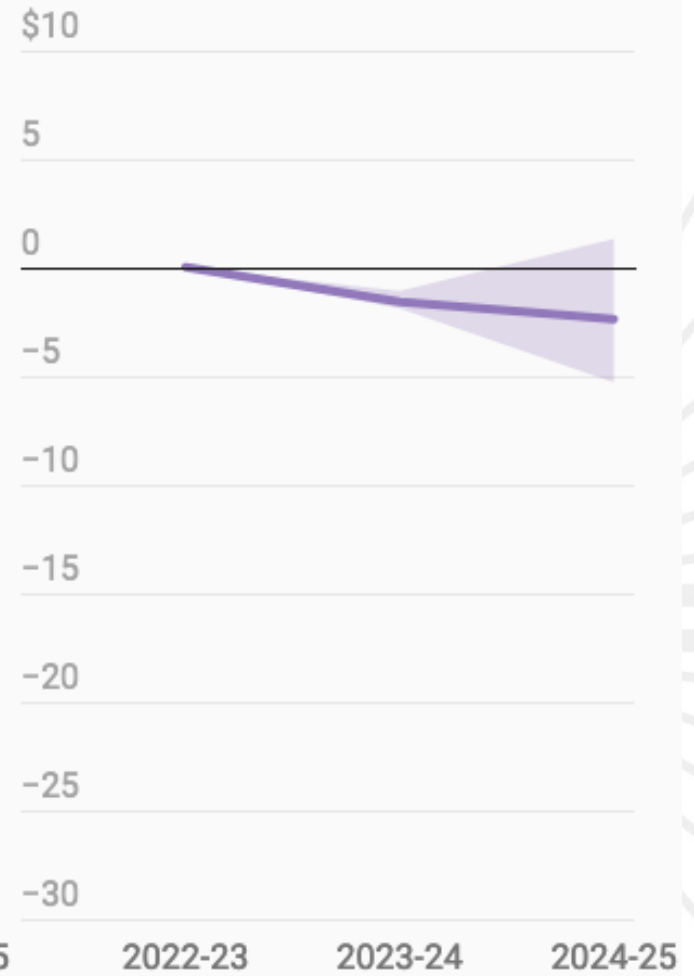
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Corporation Tax



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Sales Tax



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2024-25 May Revision
General Fund Budget Summary
(Dollars in Millions)

	2023-24	2024-25
Prior Year Balance	\$46,260	\$9,726
Revenues and Transfers	\$189,354	\$205,249
Total Resources Available	\$235,614	\$214,975
Non-Proposition 98 Expenditures	\$153,450	\$124,368
Proposition 98 Expenditures	\$72,438	\$76,606
Total Expenditures	\$225,888	\$200,974
Fund Balance	\$9,726	\$14,001
Reserve for Liquidation of Encumbrances	\$10,569	\$10,569
Special Fund for Economic Uncertainties	-\$843	\$3,432
Public School System Stabilization Account	\$2,590	-
Safety Net Reserve	\$900	-
Budget Stabilization Account/Rainy Day Fund	\$22,555	\$19,429
Note: Numbers may not add due to rounding.		



Table 1: California Community Colleges Proposition 98 Funding by Source (In Millions)

Source	2023-24 Revised	2024-25 Governor's Budget (GB)	2024-25 May Revision	Change From GB (Amount)	Change From GB (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$71,500	\$76,894	\$76,606	\$(288)	-0.4%
Local property tax	31,072	32,185	32,524	\$339	1.1%
Totals	\$102,572	\$109,050	\$109,129	\$79	0.1%
COMMUNITY COLLEGES ONLY ^a					
General Fund	\$7,851	\$8,193	\$8,336	\$143	1.7%
Local property tax	4,075	4,210	4,285	\$75	1.8%
Totals	\$11,926	\$12,403	\$12,621	\$218	1.8%

^a CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, and K-12 Strong Workforce programs.

CCC ONGOING INVESTMENTS

- COLA of 1.07% for SCFF and a small number of other categoricals.
- Provide for 0.5% enrollment growth (\$28.9 million, or \$1.49 lower than the January proposal)
 - Worth about \$142.82 million in increased funding (\$33.0 million more than the January budget)
 - COLA is Consistent with K-12 COLA



ONE-TIME INVESTMENTS

Nursing one-time funding remains the same at level: \$60 million

But, additional one-time funds provided for:

- \$12 million for expanded E-transcripts
- \$12 million for common cloud data platform demonstration
- \$6 million for credit for prior learning
- \$5 million for pathways for low-income workers demonstration project

AFFORDABLE HOUSING

- Affordable housing moved to state lease program for the majority of approved projects
 - 13 funded in this manner
 - 4 by CSU/UC partners
 - 2 using other streams

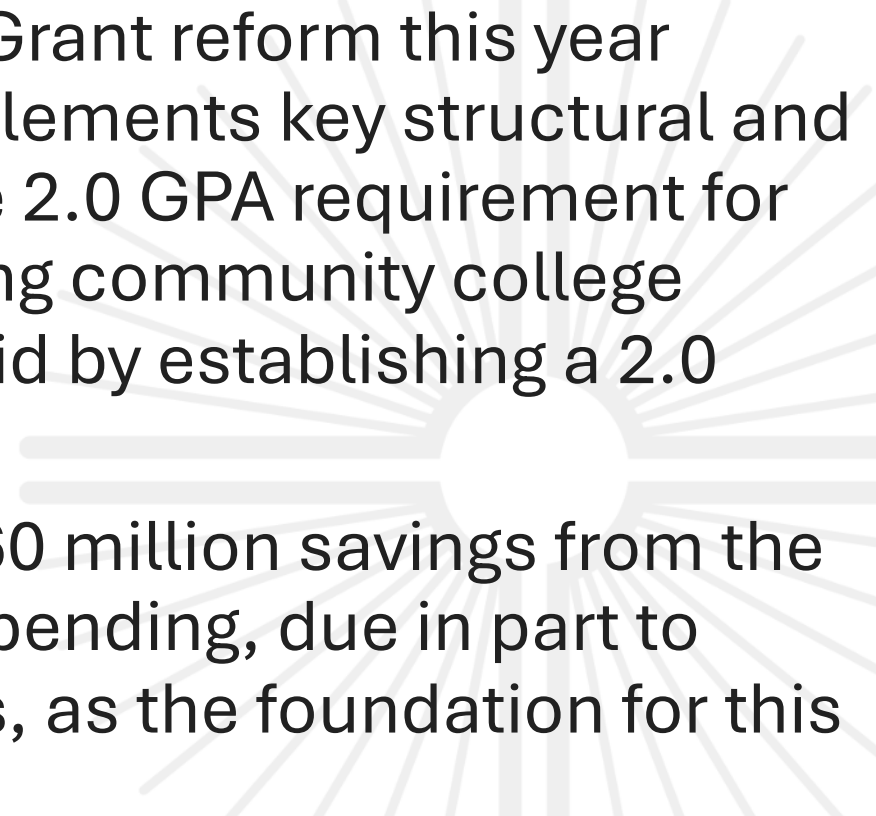


FINANCIAL AID

- Cal Grant reform funding is not provided in the budget proposal
 - Unclear if there will be an agreement on alternative path, and
 - Middle class scholarship: a \$510-million reduction (\$100 million remaining)



Fix financial aid coalition's talking points

- “We urge the Legislature to initiate Cal Grant reform this year through a one-time investment that implements key structural and eligibility changes while maintaining the 2.0 GPA requirement for community college students but allowing community college students a shorter on-ramp to access aid by establishing a 2.0 GPA.
 - The Coalition recommends using the \$60 million savings from the January Budget's increased Cal Grant spending, due in part to projected growth in Cal Grant recipients, as the foundation for this investment.”
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Use of PSSSA RESERVES for CCC



JANUARY PROPOSAL

MAY REVISE



\$235.9 MILLION FOR 2023-24

\$532.5 MILLION FOR 2023-24



\$486 MILLION FOR 2024-25

\$381.5 MILLION FOR 2024-25

\$8.8 Billion Solution
Legislative Analyst's Office
Feb 29, 2024: Senate Budget #1 briefing

Funding Maneuver That “Accrues” Costs to Future Years; The state would remove the budgetary cost of previous payments to schools from its books in 2022-23.

The state would not reduce any previous payments to schools or attempt to recoup this funding in subsequent years. Instead, it would attribute the costs to the non-Proposition 98 side of the budget over several subsequent years.

In effect, the state would (1) use its cash resources to finance payments to schools that exceed the Proposition 98 guarantee in the prior year and (2) create an internal obligation to recognize the underlying budgetary cost in the future.

Senate Subcommittee Hearing: Revised Funding Maneuver Involves the Same Downsides as the January Proposal

- The maneuver establishes a new type of internal obligation, creates pressure for similar cost shifts in the future, and reduces budget transparency.
- Under the May Revision, the maneuver would increase state costs by nearly \$1.8 billion per year over the next five years (up from \$1.6 billion under the Governor's budget).
- Rejecting the maneuver and addressing the drop in 2022-23 in other ways would allow the state to avoid these significant downsides.



What if we suspended Prop 98?



- While typically a tool to spend less on education
- LAO assumed state would need to make a base payment of \$9.8 billion higher for 2022-23
- Suspension would then be used to prevent \$9.8 from growing
- There be a maintenance factor
- Which would be calculated as an outyear payment
- would be no mandated timeline for payment

What if we did deferrals?

- A one-time budget solution, similar to reserves
- Adds to an out year of said amount, knocking the budget out of balance
- Would need to add more deferrals to keep up
- State would have more control
- In 2000's took 12 years to pay back



Assembly Hearing: Community College Budget

- Assembly
- Thinking of the big picture for those that will be around for a long time
- Concerned with use of reserves, we won't have anything left
- Wants to start from the question about what do the cuts mean for students?
- Asked about various programs, including:
 - New one-time programs
 - Part-time faculty
 - Strong workforce
 - Nursing Requested data



LAO: How would cuts help avoid using reserves?

- What happens if you sweep unencumbered funds, and how does that help with Prop 98?
- \$860 million identified funds that could help in the current year
- Wouldn't have to use reserves in the same manner



DOF on Mandatory Reserves

- The Department of Finance raised an issue with the PSSSA formula
- That the formula dictates how the state is allowed to withdraw from the K-14 rainy day fund
- DOF stated there are mandatory withdrawals right now, both in the current year and the budget year
- Based on that formula, even if you use those unencumbered resources in the current year, you would have an even greater mandatory withdrawal in the budget year



CTA LETTER TO THE LEGISLATURE



CTA encourages the rejection of the maneuver as they argue it is unconstitutional because it undermines the Prop 98 guarantee



Represents a reduction of \$11.9 billion to the Proposition 98 minimum Guarantee



a \$6.8 billion reduction for 2023-24 and \$5.1 billion for 2024-25.



Previous attempts to retroactively recalculate the Guarantee have been challenged and resolved through litigation and budget compromises.





The current certification statute prohibits retroactive adjustments to the Proposition 98 funding level after the fiscal year ends.




CTA suggests that the legislature explore suspension of the Guarantee for 2023-24

LAO initial comments: \$55 Billion Budget Problem or \$27 billion?

 Four key areas of consideration.

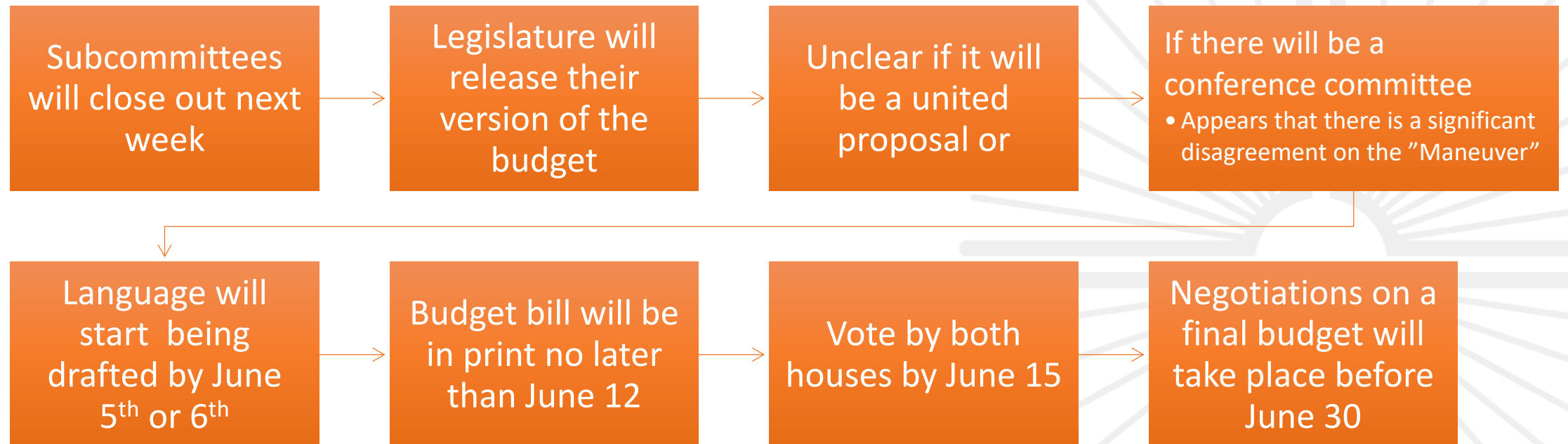
 The Legislature will need to decide how to address prior-year funding for schools and community colleges.

 Second, the Governor proposes ongoing spending reductions that total \$8 billion

 Third, the Legislature needs to consider whether various solutions proposed by the Governor raise concerns or not

 Finally, Is Legislature comfortable with the risk that revenues may be lower?

What happens next?



Thank you!

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

