



UPDATE

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State Budget 101

by Janet McCulloch, AFA President

I am an English composition teacher, and yet I hate to write for many of the same reasons that my students do. I started out to write an article about the proposed California Community College System Budget for 2005-06, and I did write several paragraphs of analysis before I began to consider my *audience*—a concept that most students find very challenging. I sat back and realized that most of our colleagues really do not know very much about how community colleges are funded. Reconsidering my audience, I was forced to rewrite my “essay” to include many more definitions and explanations. The result is, I hope, a clearer explanation of State Budget mechanisms and their relationship to this new Budget Proposal. My other more fervent hope is that SRJC faculty and staff will better understand that our current situation is more closely linked to statewide politics than to local policies and practices. I am truly an optimistic person and, where the State Budget is concerned, I believe we need to be more politically active in order to insure our collective economic stability and well-being.

Budget Ramifications

What does this proposed Budget mean for Santa Rosa Junior College? While this Budget is simply a *recommendation* from the Community College

Board of Governors to the Governor and the Legislature, it clearly asserts the need for more stable base funding and a further attempt to deal with the issues of equalization and non-credit funding. Another very important issue for our college is the funding of part-time office hours and the adjunct health insurance program. This Budget recognizes the importance of maintaining and augmenting those categories as promised in the original legislation. The California State Legislature is notorious for crafting legislation that looks helpful to a variety of constituencies but, when the Budget is negotiated, many of these ideas go under-funded.

Last year’s System Budget was one of the most favorable in a long time, and yet the California Community College System still can’t pay its bills. The reason for this shortfall is complex, but

the discussion focuses around three major questions:

- What is our “fair share” of the State Budget, particularly the System’s portion of Proposition 98 revenues?
- How can districts be funded equally (e.g. the equalization issue)?
- How can districts increase their funding by “growing” efficiently, especially in areas where the student population itself is not increasing?

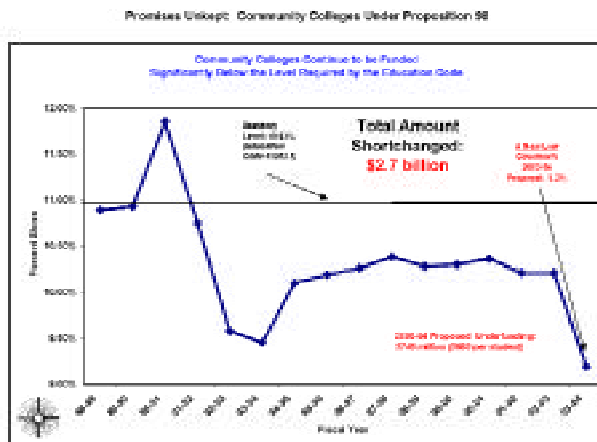
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Summary of Recommended Funding Increases		
Dollars in columns in thousands		
	Ongoing	One-time
Maintain and Restore Educational Quality (\$206.5 million ongoing; \$2.5 million one-time)		
Restore vetoed base funding	31,409	
COLA (2.5%)	119,000	
Restore 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	
Provide Equitable Student Access (\$255.8 million)		
Enrollment growth (4%)	169,781	
Equalization	80,000	
Noncredit rate enhancement	6,000	
Restore Essential Services Critical to Student Success (\$37.3 million)		
Restore matriculation/counseling/placement	23,300	
Health services fee back-fill	14,000	
Maintain State’s Investment and Maximize Facility Use (\$50 million one-time)		
Scheduled maintenance and instructional equipment		50,000
Enhance technology Infrastructure and Data (\$500 thousand ongoing; \$1.2 million one-time)		
Data sharing/CalPASS partnership	500	
CALREN network access for CCC centers		475
Electronic transcript exchange		691
Total augmentations	\$500,070	\$53,666

But without a clear understanding of the existing budget mechanisms, these questions are somewhat meaningless. In order to answer these important questions, we need to discuss several significant definitions and historic legislation.

Prop 98 Funding

It is critical to understand that one of the primary ways that we receive our funding is tied to the K-12 system through Proposition 98. This measure was approved by the voters in 1988 and amended the State Constitution to provide specific procedures for determining *annual K-14 funding*. According to the Chancellor's office California Community Colleges 2005-06 System Budget Proposal, "Proposition 98 accounts for over 90 percent of the funds provided annually to the community colleges for operations, and thus is of vital importance to the System" (1). Under this statute community colleges should receive 10.93 percent of Prop 98 revenues while the K-12 and other educational agencies should receive 89.07 percent of such revenues. As we can see from the chart reprinted below, we have not received our statutory share since 1990-91 and in 2003-04 our funding was decreased dramatically to 9.53 percent.



Source: Center for College Excellence, California Postsecondary Education Commission, Department of Finance, Legislative Affairs Office, Proposition 98 as a Share of State and Other Educational Agencies and User Revenues.

Partly because of heavy lobbying (mostly on the part of our students), this last year, our share was increased to 10.25 percent. It is important to note, however, that a "variance by a tenth of a percentage point in the Proposition 98 share (such as the difference between 10.25 and 10.35 percent) equals almost \$50 million" (2). Obviously, community

colleges would be better off if we received our statutory share of Prop 98 funding, "unfortunately, this law has been suspended almost every year since its enactment in 1989"(6). We have routinely been slighted in favor of the K-12 system, and there's nothing coincidental about that slight.

Statewide Politics and the California Teacher's Association (CTA)

To use a well-worn cliché, Proposition 98 funding has been a "political football" since its inception. The simple reason is that the California Teachers Association (CTA) is an extremely powerful lobbying force. So much so, that they even work against their own community college affiliates. We saw this clearly last year when Governor Schwarzenegger made the famous two billion dollar deal with CTA to the great detriment of community college funding. We have all suffered as a result of that kind of lobbying and must become more active in advocating for the System at the State level. Each year faculty groups argue for our share of Proposition 98 funding, but as Vice President of Business Services, Ron Root, has said, "This is clearly an argument that will never work." Until we convince either the voters or the Legislature of the importance of adequately funding the California Community College System, we will continue to be forty-fifth in the nation in community college funding. In the meantime, one answer to our financial woes is equalization.

Equalization

Although it seems counter-intuitive, not all districts are funded equally. In the 2002-03 budget year, the Sonoma County Community College District (SRJC) received \$3,749 per full-time equivalent student (FTES) while West Kern received \$8,165. Although SRJC ranks in the bottom third there are many districts below us, the lowest funded of which is Santa Monica City College at \$3,550. The formula for funding districts, created in 1979 after the passage of Proposition 13, clearly has no logical link to the cost of serving students. Why would it cost \$5,387 to educate a student in Lake Tahoe as opposed to \$3,989 in San Jose? It's obvious that the cost of delivering a community college education in California is relatively equal in most areas of the

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state, but the formula does not recognize that “equality” hence the term “equalization.” As districts have changed in demographic and economic ways, funding has not been adjusted in any meaningful way, leading many districts to push for special equalization monies to offset increasing expenses. The proposed \$80 million in the 2005-06 budget would certainly help SRJC, but we will still remain at the mercy of the Governor and the Legislature as the Budget is developed each summer, and adjusted in January and May. Without effective lobbying our funding will continue to be questionable and often dependent on a questionable funding source—enrollment growth.

Enrollment Growth

“Although total system funding is now 7.3 percent higher than in 2001-02 . . . the full-time equivalent student (FTES) count that the state expects the system to serve is up 7.6 percent. This means that funding per FTES has not fully recovered from the sharp declines of the prior two fiscal years” (3). And, in fact, because of the increase in student fees, funding from the State has actually declined on a per-student basis. The argument presented to the Legislature to increase our funding so often revolves around the concept of growth—we need more money because we are serving more students. We have, however, seen that enrollment is cyclical and often driven by economic conditions beyond our control. We can all remember times when an economic downturn in the State created greater enrollment at SRJC, but not necessarily in all parts of the State. We also know that “Tidal Wave Two” has meant larger numbers of high school students entering the System, but not in all districts. The recent increase in fees at CSU and UC has meant more students to some community colleges but not to all. At the moment that I am writing this piece, the Fall 2004 enrollment is down 0.5% over Fall 2003:

As of 11/15/04			
# Enrollment	=	59,400	- 3.2%
# Units	=	158,843	- 0.5%
# BA+ units	=	12,633	- 9.5%

and in looking at these numbers we see a substantial decrease in the number of students with bachelor’s

degrees taking courses at our college. This decrease is probably attributable to the fee increase from \$18 to \$26 making our courses look a little less like a bargain. Again, these are trends that are beyond our control, and yet the only way that we can increase our funding is to attract more students. Growth monies to my mind are unrealistic incentives, something like a department store sale touting “Buy one, get one free”—if the customer doesn’t have the money to purchase one, then the other item can’t truly be “free.”

The proposed Budget still requests a sizeable amount for growth, “This proposal to fund 4.0 percent enrollment growth requires \$169,781,000. This request would meet enrollment needs on the most basic of levels, and would still require colleges to reasonably ‘manage’ enrollments. This request applies 4 percent enrollment growth to five categorical programs that historically have received such funding: the basic skills supplement, extended opportunity programs and services (EOPS), disabled student programs and services (DSPS), Cooperative Agencies Resources for Education program (CARE), and matriculation. It also assumes the provision of growth funding to the three part-time faculty programs” (23). Something for everyone! SRJC will not expect to capture very much of this growth money, but many districts throughout the State will be counting heavily on these funds.

COLA

The California Community Colleges have normally received a Cost of Living Adjustment in the general apportionment and selected categorical programs. This is the State’s way of recognizing the economic changes going on in our communities, for instance, the costs of health care, utilities, and wages. The California Community Colleges 2005-06 System Budget Proposal says, “The 2004-05 Budget Act COLA was 2.41 percent. This [next year’s] \$119 million request assumes a 2.5 percent increase in this price index for 2005-06. The amount also is based on a recommendation that the state begin to provide COLA for the following three programs: part-time faculty compensation, part-time faculty office hours and part-time faculty health insurance.” (18). This is good news if the Legislature and the Governor agree

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to this proposal. Too often the State has decided that the COLA can be sacrificed in tough economic times when that is exactly the time when we need it the most. In the future, we need to insist that any COLA we lose must be restored in subsequent years.

Conclusion: WHAT CAN YOU DO?

As I emphasized before, this proposal is just that—a proposal. In many ways it is a dream Budget that would benefit the System and SRJC in profound ways. Through this Budget we would realize millions of dollars — I won't say how many because I don't want to get your hopes up. More importantly, we would see a kind of stability in our funding that would allow us to plan more effectively. We would be able to maintain part-time benefits rather than negotiating how to pay for them from year to year; we would be able to pay all faculty the kind of wage that allows for home ownership in this ridiculously expensive housing market; we would be able to serve all our students in all departments and locations without turning against each other when we try to develop a schedule of classes.

For too long we have believed that we live in Paradise, and for too long we have maintained an “apolitical” stance as educators. We have thought that our reputation as an outstanding community college would somehow protect us from the vicissitudes of political whim. In the last two years I hope we have seen how wrong we are. You can do one

important thing to protect yourselves and our college: **WRITE TO YOUR LEGISLATORS AND WRITE TO THE GOVERNOR.** Support this Budget Proposal with all your heart. If you need names, addresses, e-mail addresses, or want AFA to mail that letter for you, please contact us at 527-4731 or <afa@santarosa.edu>. (The SRJC library has posted a listing of names and addresses of state officials at <<http://www.santarosa.edu/library/guides/yourofficials.html>>.) **It's time to get political — it's a simple matter of survival.**

Works Cited

“2003-03 RAW Credit FTES Rates.” Equal Access Project. Community College League of California Governmental Relations. 15 Dec. 2003. <<http://league.scottlay.com/current.php>>.

California Community Colleges 2005-06 System Budget Proposal. System Office—California Community Colleges, Sept. 2004.

Root, Ron. Personal Interview. 3 Nov. 2004

Note: Some parts of this article may require a magnifying glass as we attempted to use less paper. Parenthetical citations refer to the page numbers in the Budget Proposal document referenced in the article. For a copy of the full report, contact the AFA office at 527-4731 or <afa@santarosa.edu>.