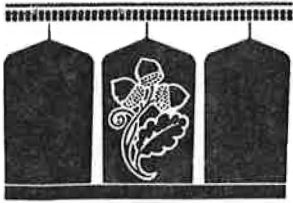


RECEIVED


FEB 15 1990

ACADEMIC AFFAIRS



Santa Barbara Community College District
Santa Barbara City College

721 Cliff Drive □ Santa Barbara, CA 93109-2394 □ (805) 965-0581

TO: Vice President John Romo
FROM: Peter R. MacDougall 
DATE: February 15, 1990
SUBJECT: Response to CPC Action on Counseling Positions

This note responds to the attached memo.

I concur with CPC's intent to augment counseling positions to better serve Santa Barbara City College students. However, it is not possible to respond fully to the recommendation for three positions.

I will recommend to the Board of Trustees the following two positions:

1. A full-time EOPS counselor. This will be a permanent certificated counseling position to be funded from and to provide support to the Extended Opportunity Programs and Services (EOPS).

CPC's proposal was for an EOPS Specialist--a certificated position. I am unaware of that position's classification. In discussions with Vice President Fairly, the counseling classification was deemed appropriate.

2. A full-time counselor with College-wide responsibilities for articulation. (The two positions recommended by CPC were Matriculation Specialist and Articulation Officer). This position would be funded from the matriculation and the hourly counselor budgets. The person would be available for counseling support to matriculation but will have primary responsibility for coordinating the development of articulation agreements with UC and CSU campuses.

I am taking this action because, from discussions with the Student Affairs staff, the primary need in the College is for development of articulation agreements with UC and CSU campuses. Such agreements are basic to effective academic advising and efficiencies in the Transfer Center.

The recommendation to fund a third position will be considered if CPC wishes to recommend specific sources in the General Fund or program improvement funds derived from AB 1725 that will support that position. I am not aware of the availability of dollars that are in excess of present or intended expenditures.

PRM:sjc

JAN 30 1990

SANTA BARBARA CITY COLLEGE

PRESIDENT'S OFFICE

MEMORANDUM

DATE: January 25, 1990
TO: Dr. Peter R. MacDougall, President
FROM: John Romo, Vice President, Academic Affairs
RE: CPC Action on Counseling Positions

The College Planning Council recommended approval of the request from Student Services for three permanent Counselor positions:

1. Matriculation Specialist: A full-time, certificated position with primary Counseling responsibilities to be funded from Matriculation and the hourly counselor budget.
2. Articulation Officer: A certificated, 50% plus 20 days position to be funded from general or AB1725 funds.
3. EOPS Specialist: A permanent certificated, full-time position in Extended Opportunity Programs and Services, categorically funded. This position is an increase from classified half-time to full-time certificated.

JR:jdm
cc: CPC Members

JAN 30 1990

SANTA BARBARA CITY COLLEGE

MEMORANDUM

PRESIDENT'S OFFICE

DATE: January 25, 1990
TO: Dr. Peter R. MacDougall, President
FROM: John Romo, Vice President, Academic Affairs
RE: CPC Action on Counseling Positions

The College Planning Council recommended approval of the request from Student Services for three permanent Counselor positions:

1. Matriculation Specialist: A full-time, certificated position with primary Counseling responsibilities to be funded from Matriculation and the hourly counselor budget.
2. Articulation Officer: A certificated, 50% plus 20 days position to be funded from general or AB1725 funds.
3. EOPS Specialist: A permanent certificated, full-time position in Extended Opportunity Programs and Services, categorically funded. This position is an increase from classified half-time to full-time certificated.

JR:jdm
cc: CPC Members

DRAFT # 4

2/14/90

STANDARD 8

FINANCIAL RESOURCES

John Diaz, Chair

College Planning Committee

**Martin Bobgan
John Diaz
Karolyn Hanna
George Lewis (Spring 1990)
James Minow
Pat Moorhouse (Fall 1989)
Mark Nichols
Dan Oroz
Dennis Ringer
John Romo
Guy Smith (Spring 1990)
Bill Vincent (Fall 1989)**

Administrative Coordinator

Charles Hanson

Staff Assistance

Dave Pickering

STANDARD 8A

FINANCIAL PLANNING IS BASED ON EDUCATIONAL PLANNING IN A PROCESS INVOLVING BROAD STAFF PARTICIPATION.

DESCRIPTION

The California Community Colleges provide a comprehensive curriculum and activities which support major transfer and occupational programs, development of skills essential for academic success, and general credit and non-credit programs appropriate to the needs of the community. This global mission has had a major influence on the development of the Statement of Institutional Directions for Santa Barbara Community College District (Reference ____).

Directions for planning for 1990 through 1992 came from the Superintendent/President in his memo of September 19, 1989:

1. *A comprehensive, integrated yet concise summary of activities planned for implementing the goals of the Statement of Institutional Directions (SID). This will be a college plan for 1990-91 and 1991-92.*
2. *Individual department plans which, as in the past, will identify departmental objectives and activities and resource needs. These will be used within administrative units to develop resource priorities. They will be retained within each administrative unit (i.e., Academic Affairs, Business Services, Continuing Education, Student Affairs) for unit-level planning. These plans will also address specific departmental involvement in pursuit of the SID goals and objectives.*

Therefore, "the resource requirements developed from 1. and 2. above will serve as the focus for developing the college budget for 1990-91 and 1991-92."

Accordingly, departmental planning began with administrative units identifying from the SID goals those with which they would be actively involved. The departments then included appropriate activities in their individual plans and their resource requests. The budget development consisted of identification and prioritization of resources from the plans which served as the basis for resource allocation through the college budgeting process.

For the past several years the District has utilized departmental plans to identify specific objectives and goals which are translated into resource requests (personnel, operating, and capital items). Each major division (i.e., Academic Affairs, Student Affairs, Business Services, and Continuing Education) then utilizes an internal process to prioritize resource requests and ranks them for funding. These plans and resource rankings generally have formed the basis upon which budgets are augmented from various revenue sources.

Prior year expenses form the basis of estimating future years' budgets. Most costs are on-going and non-discretionary, since about 82 percent of the budget are salary and benefits, and another 10 percent fixed costs. Reallocation of resources does occur within and between departmental and division cost centers as needs change and resources are shifted. Additional resource requests are prioritized, ranked and forwarded to the College Planning Council which reviews and recommends allocations to the President. The College Planning Council adopted allocation guidelines in 1986-87 (Reference ____) and has been intimately involved in prioritizing and ranking expenditures from lottery income.

ANALYSIS

The planning process has been integrated with budget development procedures, and all segments of the District participate and have input by ranking their specific resource requests. Final decisions on resource allocations are ultimately made by the President and the President's Cabinet.

Most of the budget is linked to ongoing costs of continuing employees (salaries and benefits), regular classroom and support costs (supplies, contracts, etc.) and physical plant maintenance (utilities, repairs, etc.). Discretionary funds one year most often become ongoing expenses the following years when allocations are committed for continuing activities and services. Any categorical fund revenues (i.e., EOPS, DSPS, AB1725, VEA, etc.) must be linked to expenses within that category.

Effective faculty participation in the budget process has been inhibited by inadequate understanding on the part of the faculty of the complexities of the college budget. A better understanding of the process would promote more effective participation of the faculty.

Historically, institutional priorities related to college-wide resources have not received formal college-wide review on a regular basis due to the limitations on discretionary funds. Such formalized review may make it possible to increase the level of discretionary funding in order to better meet college-wide priorities.

Depending on the year and cost increases for ongoing expenses, the discretionary allocations are often less than 1 percent of the general fund budget. On the other hand the majority of lottery funds have historically been discretionary and allocated through the established process. That flexibility was drastically reduced in the 1990 collective bargaining negotiations. There has never been sufficient resources to satisfy the demand which has led to some dissatisfaction with the allocations as well as the process.

Although there is a two-year program plan, the budget cycle is essentially a one-year plan (following the State of California). Estimates on the subsequent year funding are made in October but by necessity are full of numerous assumptions (i.e., ADA, COLA level, fixed cost increases, staffing changes, etc.). Better estimates occur in January when the Governor's budget is published. This yields a tentative District budget, but even that is not assured until June 15 or after when the Legislature proposes changes. Usually, the District does not know its current year funding until July at which time a final budget is developed. A two-year budget plan could be developed, even with a myriad of assumptions, particularly if the District has three-year salary agreements with all groups.

AB1725 and Proposition 98 funds were received during 1989-90, and the District was required to submit a plan on proposed utilization in the 19 prescribed categories. If sufficient additional funding is approved for 1990-91, then the new Program Based Funding model will be triggered, and an entire new funding mechanism will go into effect. This "legislative directive" has had significant impact on financial planning and will continue to influence educational planning.

PLAN

1. Two-year revenue and expenditure projections will be developed to follow the two-year implementing plan for the Statement of Institutional Directions (SID).
2. Orientation and training sessions for management and department heads on fiscal procedures, budget development, and report analysis will be held on a regular basis.
3. Develop a budget planning guide and plan periodic inservice training on the budget process for faculty and staff.
4. Develop procedures for periodic systematic review (cost center by cost center) of the entire budget to re-evaluate overall college-wide priorities.

STANDARD 8B

FINANCIAL MANAGEMENT OF THE INSTITUTION EXHIBITS SOUND BUDGETING AND CONTROL AND PROPER RECORDS, REPORTING AND AUDITING.

DESCRIPTION

The Business Manager oversees the financial management of the District assisted by the Controller who is responsible for the day-to-day fiscal operations. Requirements in the State Education Code, the California Community College Budget and Accounting Manual, the Business and Professions Code, the California Labor Code, and various California Administrative Codes--Title V, Title VIII, and Title XXIV are followed. In addition, the District adheres to local District policies and various procedures prescribed by the Chancellor's Office and the Department of Finance.

Expenditures are grouped into various funds and accounts including the general fund, lottery account, cafeteria account, bookstore account, construction fund, facilities fund, self-insurance fund and Children's Center fund. In addition the College maintains over 350 auxiliary and trust accounts outside the general fund. A 24-digit account code is utilized to identify expenditures by object, program, and categorical by cost center. The budget control section assures proper categorization of expenditures and appropriate utilization of revenues. The College accounts are kept on a mainframe HP3000/950 computer at the Central Coast Computing Authority; account balances are available instantaneously. The payroll system is maintained through the Santa Barbara Superintendent of County Schools.

Monthly financial reports are generated by Business Services and distributed to all departments and divisions in two forms. The budget report summarizes activity by account number, while a financial activity report supplies the detail information for each account. A quarterly financial statement is submitted to the Board of Trustees and forwarded to the Chancellor's Office.

Grants and other special projects funded through various state or federal sources exceed \$3 million a year and must be accounted for separately for the 50+ categorical/grant funds. (Reference ___)

An independent CPA firm performs an annual audit and examines all financial records including the general fund, student financial aid, special projects, auxiliary/trust accounts, the Bookstore account, etc.. In addition the auditor certifies certain reports as part of the audit requirements, such as the attendance report, enrollment fees, investment income, etc.. The District conforms to various federal guidelines regarding financial aids, program review, and certification of expenditures appropriate to federal procedures. The auditor is required to review and comment on the internal control procedures instituted by the District as to adequacy, improvements, etc.. The last fiscal audit had no recommendation for improvement or refinement.

The District is a member of three joint powers authorities (JPA). Schools Excess Liability Fund (SELF) insures against liability and property exposures in excess of \$1 million. (Reference ___) The Statewide Association of Community Colleges (SWACC) was organized by and for community colleges to insure the liability/property exposures up to \$1 million above a \$25,000-per-incident self-insurance level of the District. (Reference ___) The Southern California Community College Districts Self-Funded Insurance Agency (SCCCDSFIA) is the workers' compensation self-insurance JPA to which the District also belongs. (Reference ___) The Business Manager or designee serves on all boards, and the results of the operation are reviewed quarterly. The District has established a self-insurance fund to cover the self-insured levels of exposure and extraordinary losses. On occasion additional funds are transferred to maintain adequate reserves for anticipated future expenses and adequate reserves.

The Foundation for Santa Barbara City College was established in 1976 to assist the College in funding needs that could not be financed through with District general funds or other revenue. The Foundation Executive Director is employed by and responsible to the Executive Committee and the Foundation Board. The District Superintendent/President serves as the Secretary to the Foundation Board, and additional College staff serve

on the Board of Directors. The Board consists of 35 community and College staff members. The annual budget for the Foundation staff exceeds \$200,000 which is funded by annual fundraising efforts. The College supports the Foundation through providing some 1,500 sq. ft. of office space, utilities, and custodial support. The College is reimbursed for all printing, mailing, and telephone costs. Disbursements are approved by the Executive Director and the College President. The budget is reviewed on a regular basis by an independent CPA. (Reference ____)

A major fundraising effort in 1987-89 yielded over \$1.2 million in pledges and contributions to assist with the construction match required by the state. A major five-year fundraising effort was begun in 1990 for allocation to areas as follows: program endowment - \$5 million, endowed faculty positions - \$3.6 million, scholarships and internships - \$4 million, facilities improvement - \$3 million, and annual support \$3 million totaling amount of \$15.6 million.

ANALYSIS

District accounting procedures must comply with the California Community Colleges accounting manual, the Santa Barbara County Superintendent of Schools' guidelines and District policies and procedures. Most of these requirements are not understood by District staff, and a great deal of redundant explanations and activities contribute to inefficiencies in procedures. Orientation sessions occur for department heads and new employees, but sufficient time (30 minutes) is not allowed to do much training. Training sessions for department chairs were held in 1985, 1986, 1987; however, due to low turnout and optional attendance, the training session has not been held since. Budgeting procedures are forwarded with the educational plan development, and no special training accompanies the written procedures. Since department chairs change on a frequent basis, several new people have not attended fiscal training sessions.

Accurate and complete monthly financial activity reports are essential as approvals are decentralized and categorical funding increases. Certain limitations in the current financial software have been identified when used to meet this greater demand. Reports are too cumbersome, and there is currently no practical way of using existing software to produce certain summarized reports. Other financial software weaknesses have been discovered that affect efficiency, such as the process for the creation of vendor numbers and account numbers, the method for developing the State Financial and Budget report (CCFS-311) and the purchase order requisition process is very cumbersome.

The expansion of categorical funds has made accounting, tracking, and reporting of categoricals a major task. All grants require specific training of staff and regular monitoring of expenditures. State instructional equipment guidelines requires extensive involvement of fiscal personnel from specifications, ordering payment, to extensive reporting. Lottery activity is not automatic as projects are better defined, estimates are refined, and funds are carried over to subsequent years. The new requirements of AB1725 program improvement has required further reporting elements and specific tracking to tie expenditures to the submitted program. This dramatic change in workload has been acknowledged, but the staffing or organizational structure of fiscal services has not been modified.

PLAN

1. A new CECC Financial Control System (FCS) will be installed on the HP3000/950 to improve the efficiency of the financial/accounting package and enhance report writing capabilities.
2. Paper flow and procedures will be streamlined and/or reduced and use of on-line capabilities expanded. The purchasing module being developed for CECC will be considered for installation.
3. Regular in-service training to familiarize staff with new system capabilities, fiscal procedures and policies, and budget control will be held.
4. A fiscal procedures manual should be developed and procedures notebooks updated and refined.

STANDARD 8C

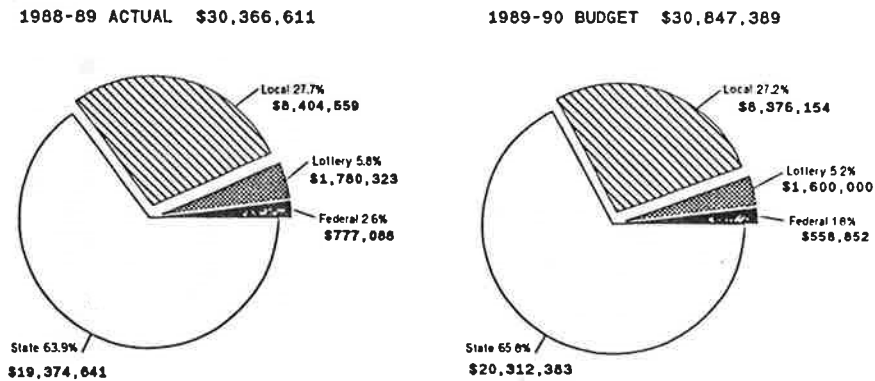
FINANCIAL RESOURCES ARE SUFFICIENT TO SUPPORT INSTITUTIONAL OBJECTIVES, MAINTAIN THE QUALITY OF ITS PROGRAMS AND SERVICES, AND SERVE THE NUMBER OF STUDENTS ENROLLED.

DESCRIPTION

All California Community Colleges receive their primary source of revenue in the form of state apportionment based on average daily attendance (ADA). It is a complex formula established under Senate Bill 851 in 1983 which includes local property taxes and state revenue in the calculation.

Enrollment (ADA) is THE critical element in the state funding mechanism. Over 66 percent of the revenue for 1989-90 was from state apportionment, 27 percent from local sources (including property taxes), about 5 percent from the state lottery proceeds, while less than 2 percent came from federal sources.

REVENUE SOURCE COMPARISON



The state has restricted growth in community colleges to the population growth of the District service area as shown in the enrollment statistics. The District has exceeded its ADA growth cap in seven of the last ten years.

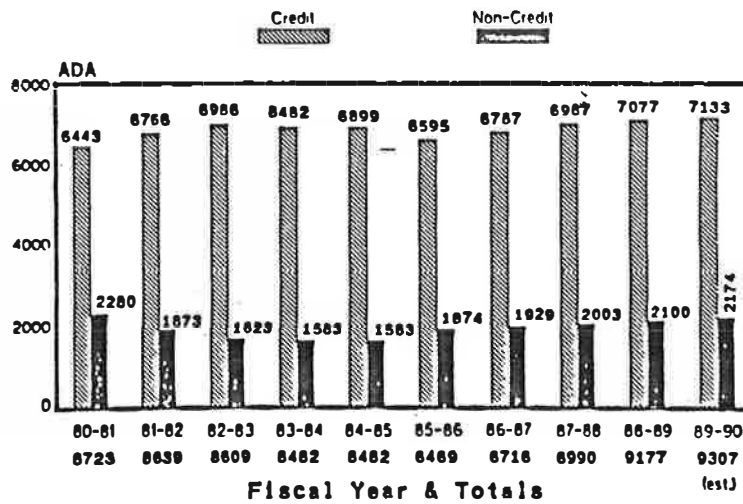
1. Enrollment - 1980-1990

Enrollment for the ten-year period fluctuated as follows:

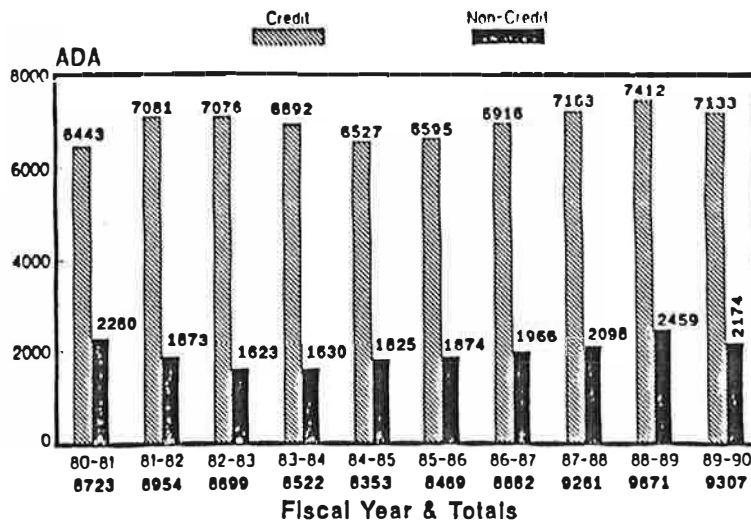
	<u>Credit ADA</u>	<u>Non-Credit ADA</u>	<u>Total ADA</u>	<u>Funded ADA</u>	<u>Unfunded ADA</u>
1980-81	6,443	2,280	8,723	8,723	-0-
1981-82	7,081	1,873	8,954	8,639	315
1982-83	7,076	1,623	8,699	8,482	217
1983-84	6,892	1,630	8,522	8,482	40
1984-85	6,527	1,825	8,352	8,352	-0-
1985-86	6,595	1,874	8,469	8,469	-0-
1986-87	6,916	1,966	8,882	8,716	166
1987-88	7,163	2,098	9,261	8,990	271
1988-89	7,412	2,459	9,871	9,177	694
1989-90*	7,400	2,400	9,800	9,307	493

*Estimate

FUNDED AVERAGE DAILY ATTENDANCE
1980-81 to 1989-90



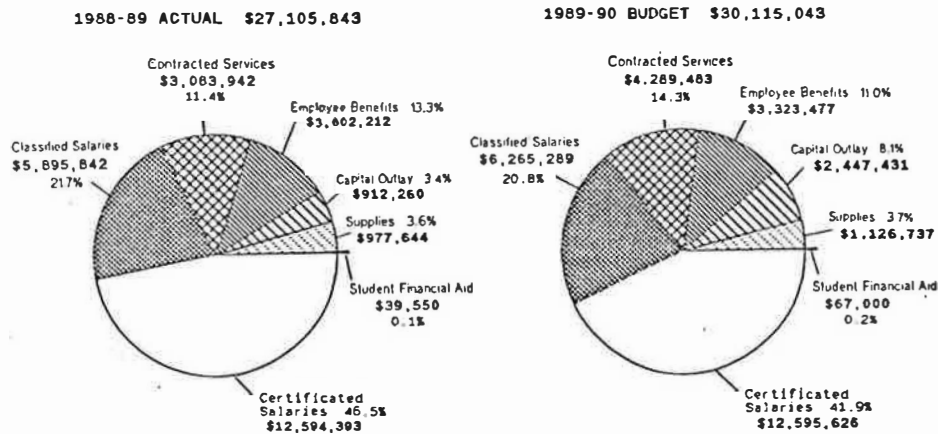
ACTUAL AVERAGE DAILY ATTENDANCE
1980-81 to 1989-90



The Board of Trustees' policy requires the District to maintain an ending balance of 5 percent of budget expenditures excluding restricted reserves. Since the mid-1970's this prudent ending balance has allowed the District to stabilize expenditures and avoid major cuts in budgets or displacement of programs.

Expenditures comparisons between 1988-89 (actual) and 1989-90 (budgeted - not reflecting any salary/benefit increases for 1990) showed the following:

EXPENDITURES COMPARISON



budget 981

The 1985-86 fiscal year was the first year of the California Lottery which earmarked 34 percent of the gross revenues for education. During the past five years the lottery income fluctuated from a low of \$83 per ADA in 1986-87 to a high of \$172 per ADA in 1988-89. Allocations of lottery revenue followed CPC guidelines; the majority of the expenditures were for one-time expenditures until 1990 when negotiations with bargaining units pledged salary increases from lottery revenues in 1990-91 fiscal year.

The state funding of categorical instructional equipment has increased dramatically as shown under Standard 7. Other categorical programs such as Disabled Students Programs and Services (DSPS), Vocational Education Act (VEA), Matriculation, Immigration Reform Control Act (IRCA), require expenses specifically allocated in those programs. Numerous other projects, grants, and special funds are also considered categorical.

With the passage of Assembly Bill 1725 the revenues for 1989-90 increased by over \$1 million. These program improvement funds must be expended as stipulated by law in 19 categories. Therefore, funds were included in the budget as categorical type funds. Also included in the 1989-90 adopted budget was \$625,954 in a one-time allocation from Senate Bill 98 (the State constitutional amendment for K-14 funding).

The bookstore is operated through a special revenue fund of the District. Although not independent from the District, the bookstore is self-supporting. Sales have increased from \$1.5 million in 1985-86 to over \$2.3 million

in 1989-90. The surplus generated over the past 15 years has been pledged for bookstore remodeling and construction.

The Cafeteria is also carried as a special revenue fund. Income has fluctuated over the past four years as services have changed. The combined operation serves over 6,000 daily customers. Cafeteria sales exceeded \$1.3 million in 1989-90. The Cafeteria has only a limited number of hourly employees, since it is run by the instructional department of the Hotel/Restaurant/Culinary. The Cafeteria director/manager is the chairman of the HRC academic department. Students are utilized in a hands-on experience in the various operations of food service as well as being taught by twelve lab teaching assistants and two full-time faculty members as part of the regular instructional program. The Cafeteria income supports most of the direct costs of the operation; however, it is subsidized by the District for all utility costs and major maintenance.

ANALYSIS

Over the past five years the financial condition of the District has improved greatly, mainly due to the infusion of new and expanded State funding as shown below:

1. Lottery Revenues (funded on actual ADA)

1985-86	1,046,325
1986-87	858,699
1987-88	1,229,291
1988-89	1,780,323
1989-90	1,600,000 (est.)

2. Principal Apportionment (funded on ADA - growth capped)

1985-86	13,560,041
1986-87	14,805,251
1987-88	15,762,323
1988-89	16,725,553
1989-90	17,511,835 (est.)

3. Instructional/Library Equipment

1985-86	337,748
1986-87)	
1987-88)	736,335
1988-89	305,933
1989-90	350,000 (est.)

4. AB1725 Program Improvement

1989-90	1,088,177
---------	-----------

5. SB98 Constitutional Amendment (one-time funding)

1989-90	625,954
---------	---------

6. Deferred Maintenance

1985-86	697,270
1986-87	62,502
1987-88	234,900
1988-89	137,900
1989-90	362,500

Most of the new funding had significant restrictions, prohibitions, or specific guidelines; therefore, most of the new money is of a categorical nature. Often funding of ongoing categorical programs does not include COLA adjustments sufficient to cover all additional District costs.

Lottery funds initially were considered a one-time source by most California Community College districts including SBCC. Ongoing expenses funded from lottery revenue were "chancy" at best, since estimates weren't guaranteed. Restrictions on how lottery funds could not be spent were part of the legislation.

Deferred maintenance revenue was specifically earmarked for projects submitted and approved by the Chancellor's Office. Projects were ranked statewide and funding coupled to specific submittals. The District did not have the ability to select which projects were funded, even though we prioritized our submittals.

Instructional/library equipment could only be used as defined by the Chancellor's Office guidelines. Items such as classroom tables, chairs, and desks were specifically excluded, but computer equipment was allowed.

Major "reform" for California Community Colleges was embodied in AB1725 stipulating funding which could be used in 19 categories of expenditures. Although faculty positions (full-time vs. part-time) was a major issue in the bill, the use of these funds for across-the-board salary raises was not one of the categories.

Apportionment increases in the form of cost-of-living allowance (COLA) increases for funded ADA plus growth and equity (revenue averaging) adjustments appears to be the only additional predictable revenue without significant strings or guidelines attached. Continued over-production of ADA above the "cap" requires additional hourly and overtime expenses without reimbursement from the state. This tends to divert more resources to teaching costs than would be required.

PLAN

1. The District should refine its methods of projecting ADA so that actual ADA more closely matches funded ADA. This could elements over-expenditures of hourly certificated salaries for which the District is not reimbursed.
2. The District should continue to seek external funds (i.e., grants, categoricals, foundation, etc.) for specific programs and projects.
3. The equipment inventory should project replacement needs and identify potential funding sources.

CLH:ba

ACCREDITATION SELF-STUDY

STANDARD 8 - FINANCIAL RESOURCES

Reference Materials

District Planning Procedures	1984-85 - 1989-90
Budget Development Calendars	1984-85 - 1989-90
Ten-Year Fiscal Summary	1979-89
Annual District Budget	1984-85 - 1989-90
Annual District Audits	1984-85 - 1989-90
Annual Fiscal Reports (CCFS-311)	1984-85 - 1989-90
Quarterly Fiscal Reports	1987-88 - 1988-89
Annual Reports, Business Services	1984-85 - 1988-89
Annual Statistical Reports, Bus. Serv.	1984-85 - 1988-89
Organizational Chart, Business Services	
Annual Financial Reports, Foundation	1984-85 - 1988-89
Fundraising Activities, Foundation	1984-85 - 1988-89
Foundation Audit	1984-85 - 1988-89
Report on Instruction/Library Equipment	1988-89
Report on Lottery Funds	1986-87 - 1988-89
Budget Development Procedures	
Workers' Comp. JPA, Financial Report	June 1989
SWACC - Liability JPA, Financial Report	June 1989
SELF - Excess Liability JPA, Financial Report	June 1989
SELF Insurance Fund, SBCC Budget	1989-90
Investments Reports,	
Funds Invested in LAIF	1984-85 - 1988-89
Bookstore Annual Reports	1984-85 - 1988-89
Cafeteria Annual Reports	1984-85 - 1988-89
Children's Center Annual Reports	1984-85 - 1988-89
Bonded Indebtedness,	
County Auditor's Report	
Summary of Transfer to	
Construction Fund	1986-87 - 1988-89
Summary of Transfers to Parking	
Facilities Fund	1986-87 - 1988-89
Cash Flow Analysis	1989-90
AB1725 Summary/Funding/Appropriations	
Report on Categorical/Grant Funds	1988-89
Long-Range Plan, Facilities Staffing	
Fiscal Statistics, Chancellor's Office	1986-87 - 1987-88
ADA Summary	

CALIFORNIA COMMUNITY COLLEGES

1107 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-8752



January 10, 1990

TO: Superintendents/Presidents
FROM: David Mertes, Chancellor ^{DM}
SUBJECT: GOVERNOR'S BUDGET PROPOSAL FOR 1990-91

On January 10, 1990, the Governor submitted his proposed 1990-91 budget for the State of California to the Legislature. A summary of the items which affect community colleges is shown below:

I. GENERAL FUND

1. 5.2% COLA for the general apportionment and for categorical programs including DSP&S, EOPS, and Matriculation.
2. A growth cap of 2.15% increase in ADA for general apportionment and for DSP&S and Matriculation.
3. \$10,926,000 for equalization with the full amount distributed using the original SB 851 formula.
4. Continuation of \$70,000,000 for funding of Phase I reforms under AB 1725.
5. Continuation of \$35,870,000 for Matriculation plus additional amounts for COLA and growth as mentioned above.
6. Basic skills funding continued at \$5,000,000 level and an additional \$5 million for ADA growth above cap with distribution mechanism to be determined.
7. Staff Diversity funds increased by \$1,000,000 to a total of \$2,000,000.
8. Staff Development funds maintained at \$5,000,000.
9. Continuation of funds for deferred maintenance continued at \$15,000,000 with same match (1/1) requirement.
10. \$5,300,000 for funding ADA above cap in the GAIN program.
11. \$375,000 to fund five pilot projects for the accountability model.
12. Increase of \$1,100,000 for economic development.

II. BOND FUNDS

1. Funds from general obligation bonds for replacement of instructional equipment and library materials maintained at \$23,000,000 with same match (3/1) requirement.
2. Funds from general obligation bonds for asbestos abatement projects continued at \$5,000,000.
3. Proposed funding for capital outlay projects:
 - a. General Obligation Bonds \$ 97,807,000 93 projects
 - b. Revenue Bonds \$100,065,000 13 projects

Total: \$197,872,000 106 projects

III. PROPOSITION 98 INCREASES

The percentage increases in general fund revenue from funds included under Proposition 98 are shown below:

- | | | |
|----|--------------------|----|
| 1 | Community Colleges | 8% |
| 2. | K-12 | 8% |

The proposed budget will be the subject of numerous hearings before the Legislature during the next several months. A final budget will be approved in late June or early July, 1990. The amounts in Part II from general obligation bonds will only be available if SB 147 (Senator Hart) is approved by the legislature and if the initiative called for in SB 147 is approved by the voters.

A paper indicating our position and strategy for the legislative session will be forthcoming within the next week.

DM:JN:cm

cc: Chief Business Officers

CALIFORNIA COMMUNITY COLLEGES

1107 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-8752



FISCAL & LEGISLATIVE PROGRAM UPDATE JANUARY, 1990

The Governor's 1990-91 Budget for the Community Colleges proposes:

- o Full funding of the cost-of-living adjustment (COLA) at 5.2 percent;
- o Equalization at \$10,926,000;
- o Statutory growth at 2.15 percent;
- o Increased funding for Staff Diversity by \$1,000,000.

The Governor's proposal responds to our request for full funding of the cost-of-living adjustment. In addition, the Community Colleges will need funding in the following areas which will need to be addressed during the current legislative session:

> REFORM

To assure the role of Community Colleges as a full and equal partner in California higher education and to close the era of reform, Phase II of AB 1725 and the Transfer Guarantee Program must be implemented. \$74,000,000 will be needed.

- o Program Improvement Funds (additional \$70,000,000)
- o Transfer Guarantee Program (additional \$ 4,000,000)

> ACCESS

Community colleges are being forced to limit access to higher education because of the State's mandated cap on growth. Because of the cap, most districts in the State are now unable to offer enough classes to accommodate students seeking to enroll. This year, the problem is exacerbated due to increased enrollments as community colleges serve more students who have been historically underrepresented in higher education and recent high school graduates entering transfer programs. In addition, demand from the private sector for training is increasing. To meet the State's commitment to provide postsecondary education for all students, additional growth funds must be allocated. \$35,000,000 is needed to:

- o Provide access for all students, especially underrepresented students;
- o Ensure access to students in unserved areas of the state;
- o Accommodate private sector demands for training; and
- o Increase transfer rates to four-year institutions.

> PHYSICAL EXPANSION/FACILITIES

California's 107 community colleges are preparing to serve nearly 2 million students by the year 2005. This represents an increase of more than 500,000 students. To meet this tremendous increase, existing campuses must be completed and new campuses built. In the next 15 years the Community Colleges will need at least 22 more campuses. To meet the goals of access, equity, and transfer, Community Colleges are planning for the long-term and, at the same time, trying to serve the increasing numbers of students who are currently enrolling.

- o SB 147 (Hart)

As the State develops an orderly plan for growth, it is incumbent upon the Legislature to approve SB 147 (Hart). This bill would authorize a ballot measure for \$900 million in general obligation bond funding for construction and renovation of facilities in the Community Colleges, the State University and the University. Without its passage at the \$900,000,000 level, Community Colleges will have increasing difficulty assuring access and success as mandated by the Legislature's Joint Committee for the Review of the Master Plan for Higher Education.

CALIFORNIA COMMUNITY COLLEGES

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**FISCAL & LEGISLATIVE PROGRAM UPDATE
JANUARY, 1990**

The Governor's 1990-91 Budget for the Community Colleges proposes:

- o Full funding of the cost-of-living adjustment (COLA) at 5.2 percent;
- o Equalization at \$10,926,000;
- o Statutory growth at 2.15 percent;
- o Increased funding for Staff Diversity by \$1,000,000.

The Governor's proposal responds to our request for full funding of the cost-of-living adjustment. In addition, the Community Colleges will need funding in the following areas which will need to be addressed during the current legislative session:

> **REFORM**

To assure the role of Community Colleges as a full and equal partner in California higher education and to close the era of reform, Phase II of AB 1725 and the Transfer Guarantee Program must be implemented. \$74,000,000 will be needed.

- o Program Improvement Funds (additional \$70,000,000)
- o Transfer Guarantee Program (additional \$ 4,000,000)

> **ACCESS**

Community colleges are being forced to limit access to higher education because of the State's mandated cap on growth. Because of the cap, most districts in the State are now unable to offer enough classes to accommodate students seeking to enroll. This year, the problem is exacerbated due to increased enrollments as community colleges serve more students who have been historically underrepresented in higher education and recent high school graduates entering transfer programs. In addition, demand from the private sector for training is increasing. To meet the State's commitment to provide postsecondary education for all students, additional growth funds must be allocated. \$35,000,000 is needed to:

- o Provide access for all students, especially underrepresented students;
- o Ensure access to students in unserved areas of the state;
- o Accommodate private sector demands for training; and
- o Increase transfer rates to four-year institutions.

> **PHYSICAL EXPANSION/FACILITIES**

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