



CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

June 30, 2011

Colleagues,

As you may know, the Legislature recently adopted a budget for the 2011-12 fiscal year. I'm glad that the Legislature passed a relatively timely budget that did not impose new policies on the California Community Colleges, such as the census reform proposal introduced in January. However, I am disappointed that the Governor and Legislature were unable to agree on a more balanced solution that would have provided greater support for higher education and put the state's finances on a more stable footing. While the higher than expected revenues have helped to protect the system from the worst-case scenario we had feared earlier in the spring, there is still little to cheer about in this package.

At a minimum, the California Community Colleges will absorb a net reduction of \$290 million and students will see their fees increase by \$10 per unit (a 38% increase). Also, colleges will have their cash flow management further challenged by a new interyear deferral of \$129 million, bringing total deferrals up to \$961 million – about 17% of the total apportionment. The budget states that it is the intent of the Legislature that colleges will prioritize transfer, career technical education, and basic skills courses, and I expect that colleges will heed this direction. Given the scarcity of resources, we must focus our efforts on the state's most pressing educational needs.

Additionally, the colleges may be subjected to midyear "trigger" cuts if revenues fall below estimates assumed in the budget. The potential adjustments could include an additional fee increase of \$10 per unit for the spring semester with a \$30 million cut to apportionments if revenues are more than \$1 billion below estimates, and an additional reduction of up to \$72 million if revenues are more than \$2 billion below estimates, as determined by the Director of Finance on or before December 15th. We know that midyear cuts are disruptive to college budgets and that midyear fee increases are difficult for students to pay and for colleges to implement, so we hope that such actions will not need to be invoked. We will monitor the situation closely and attempt to keep you apprised of developments during the fall.

It is my hope that the higher than expected revenues indicate that the state may finally be climbing out of the deep economic downturn that has resulted in a devastating and counterproductive underinvestment in our system of higher education. There's almost nothing the state could do to better position itself for a prosperous economic future than to fund education at adequate levels, so I hope that future budgets will enable the colleges to do what they do best – prepare students for a better future.

Sincerely,

A handwritten signature in black ink that reads "Jack Scott".

Jack Scott, Ph.D.
Chancellor