Policy Issues Facing Community Colleges: A Discussion of Federal, State and Local Challenges

The important role community colleges play in educating adults for employment, transfer to a 4-year university, or improvement of basic skills has been increasingly recognized across the nation, the state, and the local cities and counties. The community colleges role in lifelong learning and keeping all members of our society healthy, engaged, independent, and contributing has not.

City College of San Francisco is a comprehensive, broad-based community college with a mission to serve students needing career tech, academic, or basic skills education, and also serve members of our community working towards citizenship, overcoming a disability, or aging. If taxpayer support continues to decline, we will have tough questions to face as an institution. Some of the questions we must ask are as follows:

How much will we respond to national and state trends v. how much will we push back to meet local need?

How much will we raise on our own targeted dollars v. how much will we work to increase taxpayer support?

State

California community colleges are part state agency and part local governmental entity. They bridge the gap between K-12 which is compulsory and focused on children with significant parental involvement, but with the state and nation setting the educational standards and expectations and higher education which is selectively admits eligible adults, with educational standards set mainly by university departmental faculty, but meeting international expectations.

Educational v. Fiscal Policy

Many policymakers in California believe there is no real discussion of educational policy in this state. Rather the only discussion is fiscal policy. Translation: educational policy would focus on how to improve the performance of students and the quality of the education; fiscal policy has one driver—control costs.

The main reason for this policy of “cost containment” is because there has not been a willingness on the part of the legislature, governor, or the public to increase taxes, even for education. Some of this is due to being one of only a few states that require a two-thirds vote to pass the State budget as well as to increase taxes. Because fees and other assessments which have a nexus between the item being taxed and what is being paid for can be raised with a majority vote, they are often the only solution...
to the series of budget shortfalls producing drastic cuts to all state services, programs, and workers.

**State Fiscal Outlook**
It is important to look at the political and fiscal environment of the State of California and its ability to meet the needs and dreams of our students. Currently, because of the two-thirds requirement to pass a state budget and to raise revenues, the state budget has been adopted with severe cuts to all state agencies, including public education. While the community colleges have not had any mid-year budget cuts for 2009-2010 and the budget proposal on the table for 2010-2011 for community colleges provides for an increase via growth dollars, the State is still facing a major budget deficit.

The good news is that Year-to-date receipts are ahead of budget estimates by $1.94 billion, or 3.9 percent. The State’s cash position was $2.15 billion ahead of projected levels on February 28. This means that the proposed deferrals for March 2010 payments to community colleges will not occur.

The State started the fiscal year with an $11.9 billion cash deficit in the General Fund, which grew to $22.3 billion by February 28. Those deficits are being covered with a combination of $13.5 billion of internal borrowing from special funds and $8.8 billion in short-term Revenue Anticipation Notes.

Budget overview hearings are scheduled to begin in March, but decisions will not be made until after the April 10 property and April 15 income tax numbers have come in. Revenues have come in for February that were substantially above the forecast amount, so everyone will be watching actual revenues versus projections very closely. Unemployment is still very high and the real estate home and commercial crisis is not over.

**Fee Policy**
One source of money that the community colleges have been resistant to pursuing is increasing the share of educational costs that students fund. Unlike UC and CSU, there has been universal rejection among the community college constituents of increasing student fees. The fee increase in the early part of this decade in which 300,000 left the community colleges provided a lesson well-learned, i.e. that the fee increase does not affect all populations equally or equitably. Fee increases tend to hit the part-time older student much harder than the full-time, younger student. This is due partly because the financial aid system is geared towards helping the traditional university student and partly because the part-time student is the least adaptable to policies that make it harder to attend, i.e. restriction of evening and weekend classes, minimum unit requirement, early deadlines, etc.

Last year the Legislative Analyst (LAO) proposed raising community college fees to $60 per unit based on the $2500 federal tax credit for education. We were able to
turn the proposal into a $6 increase. The LAO is currently proposing a $40 per unit fee for community colleges starting the fall of 2010.

Public Policy
Several public-minded reform groups are working on the issues of restructuring the State Budget, rewriting the State’s tax code, amending the State Constitution, and other structural reforms to fix the grid-lock of State government. All of these issues will go before the voters. The timeline is both November 2010 and 2012 general elections. The issues are complex so voters will have their work cut out for them.

In addition, November 2010 will elect a new Governor and a new legislature. The outcome of the November elections will be key in determining the future direction of the State of California.

Local

State v. Local Control
The California community colleges have a bilateral form of governance. There is a statewide Board of Governors appointed by the Governor that has the responsibility to develop policy, Title 5 regulations, and implementation of State Legislative policy and budgetary appropriations. There are also locally elected boards of trustees that have fiduciary and policy responsibilities for the local districts.

There is tension between State government which apportions over 90% of all general fund revenue and thus sets the policy for how it is earned and distributed (and in the case of categoricals, its use) versus the local colleges which are delivering the services to meet the needs of the entire community.

As mentioned above, some are now looking to local government to provide resources that the State has not found. There is agreement that all local communities will not respond in the same manner, i.e. some will find their public supportive of increasing taxes to improve and expand services, others will not.

Finally, local governments are also experiencing severe budgeting difficulties and revenue short falls requiring cuts to programs and services.

Funding of Capital Outlay
Previously, local bond funds have been used to leverage state bond dollars. However, the two-year cycle of state bond funding has been broken and there is question whether the general election in November 2010 will have a public education bond. Once again, schools and community colleges may turn to their local voters to fund their facilities. State Universities currently do not have that option. They have been turning to operating revenue to fund their facilities. Unfortunately, universities have not been serving the proportion of high school graduates as stated in the 1960 Master Plan for Higher Education of California. In fact it is now estimated
that California is producing a million less BA’s than needed by 2025 to keep the state globally competitive.

**Federal**

Community Colleges have garnered an incredible amount of support and attention from the federal government. Their role in providing access to college degrees, in training the American workforce, and in helping find solutions to the basic skills gap has been increasingly recognized.

**The “American Graduation Initiative”**

Should it come to pass, AGI will be a cornerstone of the Obama presidency. The three main goals of this proposal are

- **Goal 1:** Everyone have at least 1 year of college.
- **Goal 2:** Leader in world in rate of degree earners.
- **Goal 3:** 5 million more degree and certificate earners in community colleges which is about a 50% increase over 10 years.

It is a grants-based program that is focused on reform measured by a series of benchmarks including number of degrees and certificates, movement from noncredit to credit, persistence, movement through the curriculum, and job placement. Although the 4-year $750,000 grants are given to one program, the benchmarks apply college-wide. The next round of grants will go to state systems to implement the successes found in the first 4 years.

**ARRA or Federal Stimulus Stabilization Dollars for Public Education**

The community colleges received $35 million in 2009-2010 to backfill cuts to state dollars. There is currently no plan to continue to backfill state shortfalls with federal dollars.

**Financial Aid**

If the Student Aid and Fiscal Responsibility Act (SAFRA) passes, there will be increased financial support for students by increasing Pell Grants and by direct lending which will lower costs to students. The "tuition sensitivity provision" has been eliminated; this provision had prohibited maximum Pell grant awards to students attending low-tuition institutions of higher education even if their income was low enough to otherwise qualify them for the maximum award.

Simplification of the FAFSA should encourage more community college students to take advantage of aid available.