

2006-07
Budget in Brief
Chabot-Las Positas Community College District

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**Governor's January Budget Proposal – Positive News
for Community College Districts**

On January 10, 2006 Governor Arnold Schwarzenegger released his third State Budget Proposal for the 2006-07 fiscal year. The \$125.6 billion proposal reflects the increase in state revenue and the improving state economy.

While state revenues increased by 4.4%, expenditures increased by 8.4%. The significant deficit spending is funded through the use of \$7 billion from the state's growing 2005-06 fund balance.

Proposition 98

- The Governor proposes an overall increase in Proposition 98 for K-14 education in the amount of \$4.3 billion; \$3.7 billion for K-12 and \$600 million for community colleges
- Community Colleges funding increased by 11.6% from prior year
- Community Colleges share of total Proposition 98 is improved from 10.46% in 2005-06 to 10.79% in 2006-07, the highest in the last 15 years

Cost of Living Adjustment (COLA) and Other Adjustments

- A 5.18% COLA for general apportionment ; CLPCCD = \$3.6 million
- A 5.18% COLA for specific categorical programs
- A 3.0% enrollment growth for general apportionment
- A 1.74% enrollment growth for specific categorical programs
- \$130 million for equalization system wide; CLPCCD = \$2.2 million
- \$50 million for career technical education
- \$9.6 million for disabled students program and services (DSPS)
- \$.5 million in CalPASS program to improve availability of baccalaureate degree (AB 1280, Maze)

Enrollment Fees

- The Governor proposes no new fee increases. Maintains enrollment fee at \$26 per unit

Mandates:

- For school districts and county offices, \$133.2 million for 2006-07 claims and beyond
- \$133.2 million to fund prior year, but currently earmarked for K-12 only

Concerns

- State spending deficit – the budget proposal has a structural deficit of about \$6.4 billion, after the use of ending balance and prior year borrowing
- Unbalanced budget – our recent history tells us that it is possible to pass a budget that is not balanced for several years. Sooner or later, however, the piper must be paid
- Growth – the 3% growth may be overstated, taking monies away from other programs
- One-time monies for mandated costs – one time amount of \$133.2 million proposed to fund prior year mandated costs is set aside for K-12 only.
- Other system's request not addressed including funding for non-credit programs and "rural access grants"
- Sustainability – can the state sustain the on-going funding in future years. School Services of California projects COLA's of 3.4%, 2.8% and 2.6% for 2007-08, 2008-09 and 2009-2010 respectively

Capital Outlay

- Includes \$585 million from State Bond funds for capital outlay projects, consistent with the system's request

New Funding Model (SB 361)

- The \$130 million in equalization brings the total to the \$240 million estimated to raise all district funding to the 90th percentile, (SB 361 Scott) intends to change the funding model in 2006-07 as part of the budget bill.

Community College Initiative

- The initiative is slated for the November 2006 ballot assuming 598,105 signatures are gathered. Initial polls indicate support from the electorate.