



CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

PRESS RELEASE

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Budget Stalemate Brings Community Colleges Payment Delays to \$840 Million

Officials Worry some Cal Grant Recipients won't be able to Continue their Education

SACRAMENTO, Calif. – The continuing state budget impasse will, on Sept. 28, force the third straight monthly deferral of payments to the California Community Colleges for the 2010-11 academic year. This will leave campuses up and down the state struggling without \$840 million in operating funds and may threaten the ability of some colleges to make payroll and cover basic operating expenses.

“In the months since the state budget deadlock began, the California Community Colleges have been forced to survive by borrowing, freezing purchasing, delaying vendor payments and other drastic steps,” said California Community Colleges Chancellor Jack Scott. “Compounding the budget deferrals have been three consecutive years of budget cuts. Our system would have naturally grown by at least 5.5% in 2009-10. But instead, decreased funding caused the system to shrink by 4.8%. We are turning away recent high school graduates and displaced workers because they do not have priority registration. Some colleges have been forced to cut course sections by as much as 20% due to the cuts. This is a ticking time bomb for California’s future economy.”

The 2010-11 budget stalemate has already prompted the state to miss payments to the system of \$116 million in July, and \$277 million in August. Tomorrow’s deferral of a \$450 million – one of the system’s largest monthly payments on which the colleges depend – brings the cumulative total of delayed state funds to more than \$840 million, or roughly 15% of the annual funding statewide. As a direct result of the deferred payments, the California Community Colleges have been forced to borrow money at a system-wide cost estimated in excess of \$5 million. This is money that the colleges will no longer have available to use to add course sections and educate more students.

The late state budget has also interrupted Cal Grant payments to some community college students. It is estimated that more than 60 percent of community college Cal Grant recipients, or roughly 41,000 students, have not received their grants for the fall semester. The awards of up to \$1,551 help students pay for fees and other expenses such as textbooks, transportation, housing and childcare.

“Cal Grants help fuel local economies,” said Chancellor Scott. “The untimely delay means our students won’t be spending money and local business will miss out on the revenue opportunity while the money sits in the state coffers.”

Nevertheless, the California Community Colleges are doing everything they can to help students during the budget crisis. Nearly a third of the state’s 112 community colleges have dug into their already significantly diminished reserves to temporarily cover Cal Grant payments to students. Some community college foundations are helping front the award money until the state budget is signed. Many Cal Grant recipients also receive federal aid, so financial aid directors at several colleges are moving up their Pell Grant disbursement dates in order to get students a portion of their aid to hold them over until the budget impasse is resolved.

“We’re deeply concerned for our state’s many community college Cal Grant recipients,” said Jacque Bradley, president of the California Community Colleges Student Financial Aid Administrators Association. “The delayed budget is putting stress on financial aid offices already bursting at the seams trying to process an unprecedented number of applications due to the downturn in the economy. But, more importantly, it is having a tremendous impact on our students. It is the most vulnerable students that receive these awards.”

Current and prospective community college students can find important information on Cal Grants and other financial aid, deadlines and applications at www.icanaffordcollege.com.

Editor’s Note: Representatives are available for comment on this issue from the California Community Colleges Chancellor’s Office and local community colleges. Students are also available for one-on-one interviews. For more information or to coordinate a briefing, please contact Paige Marlatt Dorr at 916.327.5356 or 916.601.8005.

The California Community Colleges is the largest system of higher education in the nation. It is composed of 72 districts and 112 colleges serving 2.76 million students per year. Community colleges supply workforce training, a basic skills education and prepare students for transfer to four-year colleges and universities. The Chancellor’s Office provides leadership, advocacy and support under the direction of the Board of Governors of the California Community Colleges.

Brought to you by the California Community Colleges, the “I Can Afford College” campaign informs current and prospective students and their families that financial aid is available year-round to help cover fees, books, supplies and other education related costs at California’s 112 community colleges.

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