



CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

MEDIA STATEMENT

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Contact: Paige Marlatt Dorr

Office: 916.327.5356

Cell: 916.601.8005

Office E-mail: pdorr@cccco.edu

Mobile E-mail: pmarlatt@comcast.net

California Community Colleges Chancellor Jack Scott Says Colleges Will Have to Make More Cuts to Programs under New State Budget Agreement

SACRAMENTO, Calif. – California Community Colleges Chancellor Jack Scott today issued the following statement today on the state budget:

“This budget package poses significant challenges and risks for California community colleges. Colleges will have to make deeper cuts to programs for students this fall because the outcome of the governor’s ballot initiative won’t be known until November. Unfortunately, we face another 7.5 percent cut if voters don’t approve the ballot measure. This hit would further impair our ability to educate the workforce that California’s economy needs and push some colleges to the brink financially. On the other hand, passage of the tax measure would stop the bleeding and help point us in a better direction.”

Scott also noted that the ability of colleges to meet their financial obligations, including payroll, will be severely tested as a lopsided percentage of state General Fund cash will not flow until late in the fiscal year.

The California Community Colleges is the largest system of higher education in the nation composed of 72 districts and 112 colleges serving 2.6 million students per year. Community colleges supply workforce training, basic skills education and prepare students for transfer to four-year institutions. The Chancellor’s Office provides leadership, advocacy and support under the direction of the Board of Governors of the California Community Colleges. For more information about the community colleges, please visit <http://californiacommunitycolleges.cccco.edu/>.

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Editor’s Note: See attached fact sheet for budget details and more on the impact to the California Community Colleges system.

Key Facts

Impact of Budget Cuts on the California Community Colleges and Value of the System to California

Since 2008-09, the California Community Colleges have been cut by \$809 million, or 12 percent, and total enrollment has gone down by 300,000 students at a time of increased demand.

On top of the \$502 million cut that the California Community Colleges system took this year, colleges are being hit with an unexpected revenue shortfall of roughly \$100 million because property tax and student fees are lower than original estimates.

Colleges have been forced to:

- Reduce course offerings by roughly 15 percent resulting in hundreds of thousands of students being turned away
- Increase class sizes
- Lay off adjunct faculty and other staff
- Institute furloughs
- Spend down reserves and borrow money to manage cash flow

If Gov. Brown's tax initiative passes in November:

- Community colleges would receive \$213 million in additional funds in 2012-13. About \$50 million of that would go to enrollment growth, and the balance would go to "buy down" the nearly \$1 billion in funding commitments to community colleges that have been deferred and would not pay for programs for students. The tax measure would provide a funding increase of at least 4 percent for fiscal years 2013-14 through 2015-16.

If the initiative fails:

- The California Community Colleges system will have its budget cut by another almost \$338 million in the middle of the academic year which will force colleges to slash course offerings even further and force more layoffs and additional borrowing. The cut will translate into a 7.5 percent funding reduction throughout the 112-college system. The colleges will have to pay interest on any money borrowed – this is money that the colleges will no longer have available to offer course sections and educate more students.

Value to California:

- California community colleges educate 70 percent of our state's nurses.
- California community colleges train 80 percent of firefighters, law enforcement personnel, and emergency medical technicians.
- Twenty-eight percent of University of California and 55 percent of California State University graduates started at a California community college.
- Transfer students from the California Community Colleges to the University of California system currently account for 48 percent of UC's bachelor's degrees in science, technology, engineering and mathematics.

- Community colleges offer associate degrees and short-term job training certificates in more than 175 fields, and approximately 25,000 apprentices are educated each year to meet the demand for a skilled workforce.
- Nearly 50 percent of all California veterans receiving GI educational benefits attend a California community college for workforce training or to get a degree.

High return on college education:

- For every \$1 California invests in students who graduate from college, it will receive a net return on investment of \$4.50.
- Californians with a college degree will earn \$1,340,000 more than their peers with only a high school diploma. Students who earn a degree or certificate from a California community college nearly double their earnings within three years.
- Attending or graduating from a community college doubles an individual's chance of finding a job compared to those who failed to complete high school.
- The California Community Colleges is the state's most cost-effective system of education – the revenue needed to support one full-time community college student is slightly more than \$5,000 per year.
- The U.S. Bureau of Labor Statistics projects that occupations that require an associate degree will grow by 19 percent through 2018 – this is twice the national average and faster than the new job growth for those with a bachelor's degree.
- The unemployment rate for those with some college or an associate degree is 8.1 percent compared to 10.3 percent for those with only a high school diploma and 14.9 percent for high school dropouts.
- If just 2% more of Californians earned associate degrees and 1% more earned a bachelor's degree, our state's economy would grow by \$20 billion, state and local tax revenue would increase by \$1.2 billion a year and 174,000 new jobs would be created.
- The California Community Colleges is the largest provider of workforce training in the state and nation.
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2012-13 budget timeline:

- **May 14:** Gov. Brown released his May revised budget plan for 2012-13
- **May 14 through June 14:** Budget hearings at state Capitol
- **June 15:** Constitutional deadline for Legislature to send budget to governor
- **November 6:** General election
- **January 1, 2013:** Trigger cuts take effect if Gov. Brown's tax initiative fails

Impact of 2011-12 mid-year budget reductions:

- State revenues in mid-December 2011 fell more than \$2 billion below projections and the community colleges were cut by \$102 million.
- The budget shortfall resulted in an additional \$10 per unit fee increase from \$36 to \$46 in summer 2012.
- Under the current \$46 per credit unit fee, full-time students enrolled in 15 units pay approximately \$1,380 per academic year, an increase of \$300.

Impact of budget cuts to community college students:

- When implementing budget cuts, community college CEOs have been directed by state chancellor Jack Scott to retain courses that lead to job retraining, degrees, certificates, transfer, and that help increase basic English and math skills.
- The mid-year budget shortfall and the fee hike to \$46 meant a 77 percent increase in student fees within a 1-year period.

Total cuts to three segments of higher education in 2011 (including mid-year budget cuts):

- University of California: \$750 million
- California State University: \$750 million
- California Community Colleges: \$502 million
- Total cuts to all segments: \$2 billion

Priorities and efficiencies:

- The California Community Colleges is the most cost-effective system of education in California. While the state revenue needed to support one community college full-time student is slightly more than \$5,000 per year, that same student costs approximately \$7,500 in the K-12 system and \$20,000 and \$11,000, respectively, at UC and CSU.
- The community colleges have looked at every corner of the system to come up with efficiencies. Tactics implemented include course reductions, debt restructuring, administrative consolidations, energy savings programs, IT efficiencies, increased class sizes, reduced student services programs, furloughs, additional online instruction, increased industry partnerships and transfer coordination with the UC and CSU. The system is exhausting all options to free up additional funds and many college reserves are low.

California has been divesting in higher education in the past 15 years:

- Enrollment at the California Community Colleges has grown 44% in the last 15 years, yet per student funding in 2009-10 (adjusted for inflation) was lower than it was in 1995-96.
- The demand for a community college education is continuing to outstrip resources. The California Community Colleges would have naturally grown by at least 5.5% in 2009-10. But instead, decreased funding caused the system to shrink by 4.8%.
- In the 2009-10 academic year, the system sustained \$520 million in budget cuts which equated to 8% of its overall budget. It is estimated that approximately 140,000 students were turned away from community college campuses in 2009-10 due to course reductions.
- For fall 2009, course sections were cut by 6.3% and enrollment dropped by 0.2% over fall 2008. While total headcount declined by only 0.2%, the system's first-time community college student enrollments decreased by 12% indicating that the hardest hit by budget reductions are recent high school graduates and displaced workers because they do not have priority registration.
- For fall 2011, course sections have been reduced by 5%.

Workforce skills gap:

- Undergraduate demand for the three public systems of higher education in California is

expected to grow by 387,000 students by 2019. To accommodate the increase it will take \$1.5 billion more in revenue.

- If current funding trends persist, the Public Policy Institute of California estimates by 2025 California will face a shortage of 1 million college degree and certificate holders needed to fuel its workforce.
- With baby boomers retiring as the best educated and most skilled workforce in U.S. history, labor experts are concerned that California will lack workers with the critical aptitude needed to replace them.

Fee history:

| <u>Fiscal Year</u> | <u>Fee (per unit)</u> |
|--------------------|-----------------------|
| 1984-85 | \$5* |
| 1991-92 | \$6 |
| 1993-94 | \$10 |
| 1994-95 | \$13 |
| 1998-99 | \$12 |
| 1999-00 | \$11 |
| 2003-04 | \$18 |
| 2004-05 | \$26 |
| 2006-07 | \$20 |
| 2009-10 | \$26 |
| 2011-12 | \$36 |
| Summer 2012 | \$46 |

*Prior to 1984, community colleges charged no fee

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