

**ACADEMIC SENATE
OF
THE CALIFORNIA STATE UNIVERSITY**

Attachment D
Faculty Senate Agenda
November 29, 2007

AS-2815-07/FGA (Rev)
September 5-6, 2007

**Opposition to the “Community College Governance, Funding Stabilization,
and Student Fee Reduction Act”**

RESOLVED: That the Academic Senate of the California State University (ASCSU) oppose passage of the “Community College Governance, Funding Stabilization, and Student Fee Reduction Act” initiative because it would:

- a) further reduce the discretionary part of the state budget from which four year higher education, including the California State University and the University of California, receives its funding; and
- b) reduce state budget flexibility and place undesirable constraints on the state budget process;

and be it further

RESOLVED: That, while opposing this initiative, the ASCSU recognize the need for a reliable and adequate system of funding all segments of higher education in California, including the California Community Colleges (CCC); and be it further

RESOLVED: That the ASCSU urge the Board of Trustees and the Chancellor to work with the CCC and the University of California (UC) to seek a mechanism for providing stable and adequate funding for all segments of California Higher Education; and be it further

RESOLVED: That this resolution be circulated to CSU campus academic senates urging them to endorse the principles of this resolution; and be it further

RESOLVED: That this resolution be sent to the California School Boards Association, urging that they endorse its principles and circulate it to their members.

RATIONALE: If approved by the voters, the “Community College Governance, Funding Stabilization, and Student Fee Reduction Act” initiative will do three things. It will 1) modify the constitutional status and governance structure of the CCC, 2) reduce community college student fees, and 3) change the mechanisms by which the community colleges are funded. The second and third provisions hold potentially negative consequences for both the state budgeting process and future funding of the CSU.

Currently, California’s community colleges are funded through a combination of general fund monies as provided for under Proposition 98 and local tax revenues. The initiative would alter this in two ways:

- a. It would change the formula to guarantee the community colleges a fixed and larger portion of Proposition 98 funds than they have*

generally received in the past (with associated funding formulas that would, in effect, guarantee that this percentage would never decrease and very possibly increase over time).

- b. It would require the state to backfill any budget shortfalls a community college district might experience due to declining tax revenues.*

No revenue sources are identified in the initiative to offset the costs such changes would produce. It is estimated that the provision to reduce community college student fees from \$20 to \$15 per unit will cost the state \$71 million.

These changes are likely to have a detrimental effect on both the state's budgeting process and on the stability of future funding for the CSU as these increased costs would place an additional burden on the discretionary portion of the state budget. The discretionary portion of the state budget, which funds the CSU, the UC, Health and Human Services, and Corrections, among others, is estimated at only 8% of the total state budget. The constitutional budget requirements contained in the initiative would reduce this portion, placing even further pressure on those agencies, including the CSU that are funded from it. A spokesman for the CCC has acknowledged that this indeed will likely make it harder for the CSU to compete for its share of the state general discretionary funds.

One consequence of this is that, during times of a state budget downturn, the CSU would be forced to raise its own student fees even further than it might have to otherwise, due to reduced general fund availability. This, in turn, could further reduce student accessibility to the CSU. In addition, the initiative will make it extremely difficult for the state to change any of the provisions of the new funding formula once it is in place. The initiative would require in the future a supermajority vote (four-fifth's) of the Legislature, for example, to raise community college fees above the newly mandated \$15 level. In the words of one analyst, such "ballot-box budgeting" would lock the state into a flawed spending formula.

It is important that all segments of higher education in California have access to stable, reliable and adequate funding. This needs to be accomplished, however, in a way that does not further complicate an already cumbersome state budgeting process and that does not advantage one segment of higher education at the expense of another. This initiative does not meet those standards.

APPROVED UNANIMOUSLY – November 8, 2007