The following update is State Budget Update #2. The update is also available on the League website, along with Update #1 released earlier today at: http://www.ccleague.org/leginfo/budget/.

**A Deeper Look at the State Budget**

Community college leaders, legislators and media were clearly surprised at the level of cuts of over one-half a billion dollars proposed for community colleges in today’s release of the 2003-04 state budget. The following is a more in-depth look at the Governor’s proposal:

**2002-03**
The Governor proposes to increase the across-the-board reduction for categorical programs in the current year from 3.66% to 10%. This proposal applies to twenty-five categorical programs (including Partnership for Excellence and Part-time Faculty Compensation) and would reduce current year spending by $60.4 million. The additional across-the-board reduction does not apply to enrollment growth and the general apportionment, which would instead be decreased by the 3.66% proposed in December. Each of the 2002-03 proposed cuts would be continued in 2003-04 pursuant to the Governor’s plan.

The Governor also continues to propose the $80 million reduction from apportionments for K-12 concurrent enrollment, even though the total over cap special admit students in the physical education courses identified do not exceed $26 million.

**2003-04**
The Governor’s proposal for 2003-04 would reduce funding by $524 million from the amount provided in the 2002-03 state budget, a reduction of 10.37%. If the Governor’s $275 million in current year cuts are agreed to by the Legislature, college districts would have an additional $249 million reduced (6.2% year-over-year) from their budgets beginning July 1.

The budget proposes a $24 per unit student enrollment fee, which means a full-time student’s fees would more than double to $720/year, effective July 1, 2003. The Administration recognizes that this will eliminate educational opportunity for a large number of students, and proposes to cut funding for 96,000 students (8.2% or $366 million) for the expected attrition. The Governor then proposes $115 million to restore new enrollments of 31,000 students in “high priority instructional programs.”

The Governor proposes several targeted categorical reductions totaling $211.5 million from programs that “generally augment services provided with discretionary funds.” These programs are Partnership for Excellence (-$102.4m), EOPS (-$32.8m), DSP&S (-$28.4m), Teacher and Reading Development (-$1.7m), Matriculation (-$5.1m), Academic Senate (-$169k), Part-time Faculty Health Insurance (-$341k), Part-time Faculty Office Hours (-$2.4m), California Virtual University (-$989k), Fund for Instructional Improvement (-$556k), Economic Development (-$12.2m), Scheduled Maintenance (-$10.8m), Instructional Equipment (-$10.8m), Hazardous Substances Removal (-$2.7m), and Fund for Student Success (-$3.2m).

The Administration also proposes to eliminate the statutory health fee mandate, and the reimbursement provided for previously mandated services. The Governor also proposes to reduce Cal Grant C awards by 3,040 to 7,690 ($4 million) to fund increases in the Cal Grant A & B programs. Cal Grant Cs support students pursuing vocational programs.

**Perspective on the Community College Cuts**
The Governor proposes providing community colleges 9.2% of the Proposition 98 guarantee, approximately $746 million below the 10.93% statutory level provided in Education Code § 41203.1. The Governor’s budget compares funding changes to the revised (including December cuts) 2002-03 funding levels, which shows that the California State University and the University of California both were provided net increases in funding of 2.5%; K-12 would have increased funding of 1.6%; and, funding for community colleges would be cut by 6.2%.