



As you likely have heard, frameworks for both a state budget deal and a federal stimulus package have been agreed to in Sacramento and Washington respectively. The Sacramento plan would cut Proposition 98 spending for K-12 and community colleges by \$8.6 billion below the constitutional guarantee, including \$5.6 billion in the current (2008-09) fiscal year and \$3 billion in the budget (2009-10) fiscal year.

While the Proposition 98 cuts are roughly the same level as included in the governor's December 31 budget proposal, it is likely community colleges will be cut more deeply than that plan. K-12 lobbyists have been working overtime to force community colleges to take a "fair share" of the cuts, rejecting the governor's justification that unfunded enrollment and the state's workforce needs underscore the need to protect community colleges.

Legislative staff are currently compiling the specific cuts, so I can't tell you exactly where they will occur for community colleges. However, it is likely they will look like the December budget plan supported by legislative Democrats. That plan cut \$157 million by eliminating the current year COLA, maintenance and equipment, and then cut thirteen categorical programs by 20.2%.

Legislative leaders are counting on roughly \$3 billion state fiscal stabilization funds included in the federal stimulus to backfill the state-level cuts. This could lead to a significant backfill of the above cuts. However, it is still unclear whether we were successful in Washington, D.C. this week in our fight to ensure that higher education be given a fair share of the funds. The language of the compromise between the House and Senate is likely to be available later today.

We do know that the House-Senate compromise did not include funds for higher education modernization and construction. The House bill would likely have led to between \$300-400 million for California community college facilities, but the Senate zeroed it out. In the end, the compromise contains funding for K-12 modernization, but not new construction.

We will let you know the complete details as soon as we get them.

Regardless of what the final details are, this will continue to be a painful time for community colleges, as increasing enrollment demand will far outpace the resources to serve students. We must continue our strong advocacy and tell our success stories and what we can do to change lives and put California back on its economic feet.

A handwritten signature in blue ink, appearing to read "Scott Lay".

Scott Lay
President and Chief Executive Officer