

Budget and Legislative Update

ACBO Spring 2025 Conference
May 21, 2025

Presented By:

Kyle Hyland

Director, Governmental Relations
School Services of California, Inc.

Andrew Martinez

Senior Director, Government Relations
Community College League of California



2025-26 State Budget Themes

Themes for the 2025-26 May Revision



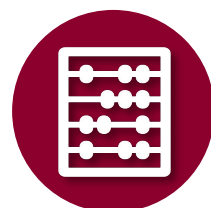
Governor Gavin Newsom released his 2025-26 May Revision amid significant financial and economic uncertainty



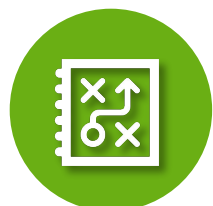
His May Revision projects both lower revenues and increased costs of health care in the current year and near term



Significant emphasis on federal policy and its impacts on California foreign trade, tourism, and immigration



To address the budget deficit, he uses a combination of reductions, borrowing, funding shifts, deferrals, and expenditures that would only be activated if sufficient revenues materialize



First seen in his January 2025 Budget proposal, the plan to under-appropriate the 2024-25 minimum guarantee remains in his May Revision to the tune of \$1.3 billion



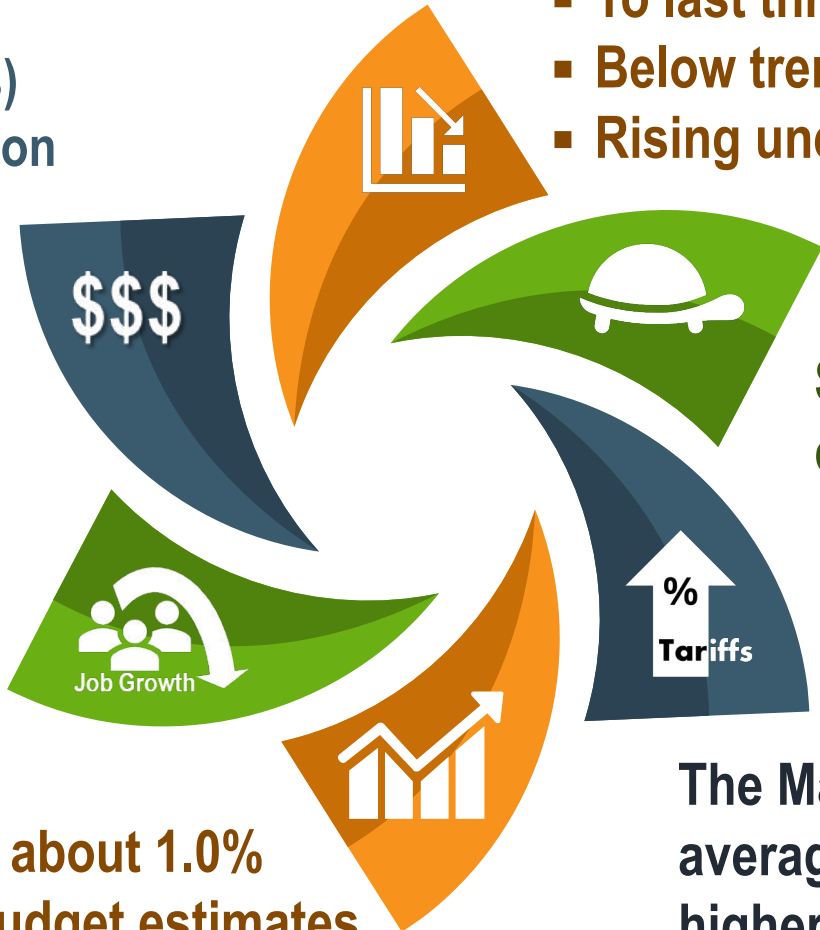
Proposition 98 is largely insulated from these problems, with minimal disruptions to the proposals from the Governor's Budget in early January 2025, despite all that has come to pass since then

The May Revision and the Economy

The “Big Three” sources of state revenue (i.e., personal income, corporation, and sales and use taxes) are projected to be lower by \$4.8 billion over the three-year budget window when compared to January

Job growth has been downgraded due to weaker labor market conditions and federal policy changes

Inflation assumptions are about 1.0% higher than Governor’s Budget estimates



The May Revision assumes a “Growth Recession”

- To last through the first three quarters of 2025
- Below trend growth
- Rising unemployment

Slow growth is expected to continue through 2028

The May Revision forecasts a 27.0% average California tariff rate, significantly higher than the 2.4% tariff rate in 2024

Proposition 98

Like the rest of the State Budget, the conditions for Proposition 98 and education have deteriorated since the Governor's Budget

Minimum Guarantee

\$4.6 billion
down across
three-year
budget window

One-Time Solutions

\$2.9 billion
in one-time
funding to
support core
TK¹-14 programs

Rainy Day Fund

\$540 million
once again
depletes the
education Rainy
Day Fund

Good news! No proposed local cuts!

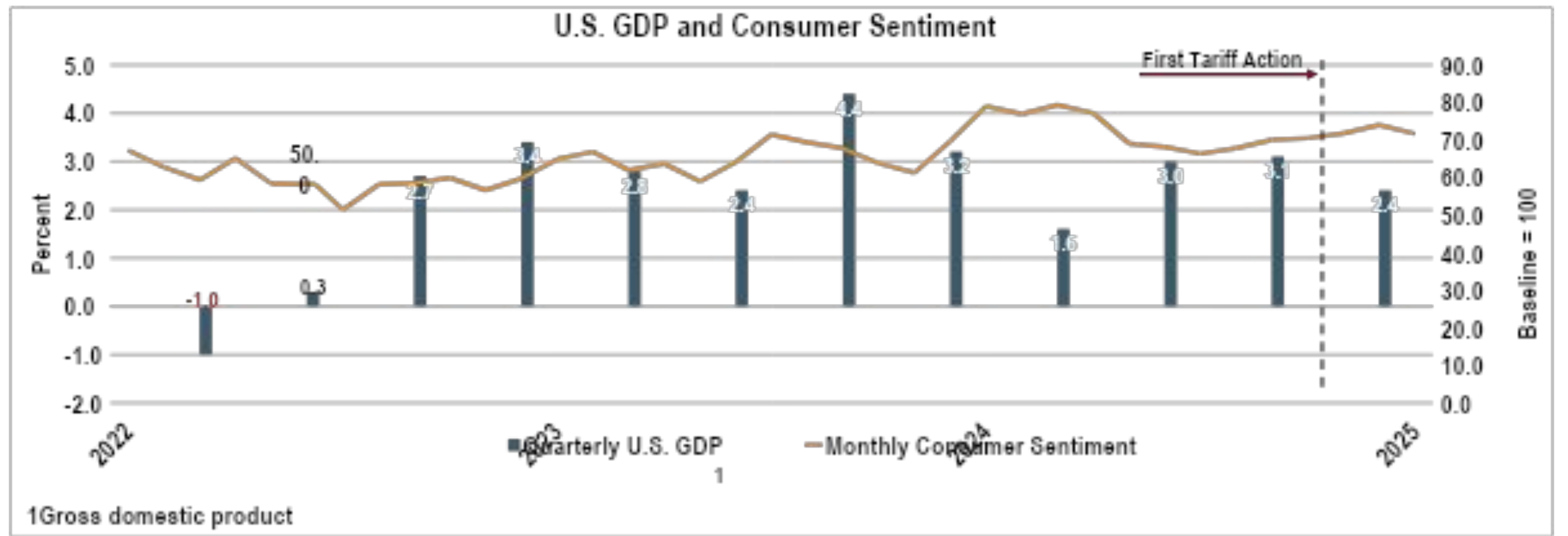
¹Transitional kindergarten



Economy

U.S. Gross Domestic Product and Consumer Confidence

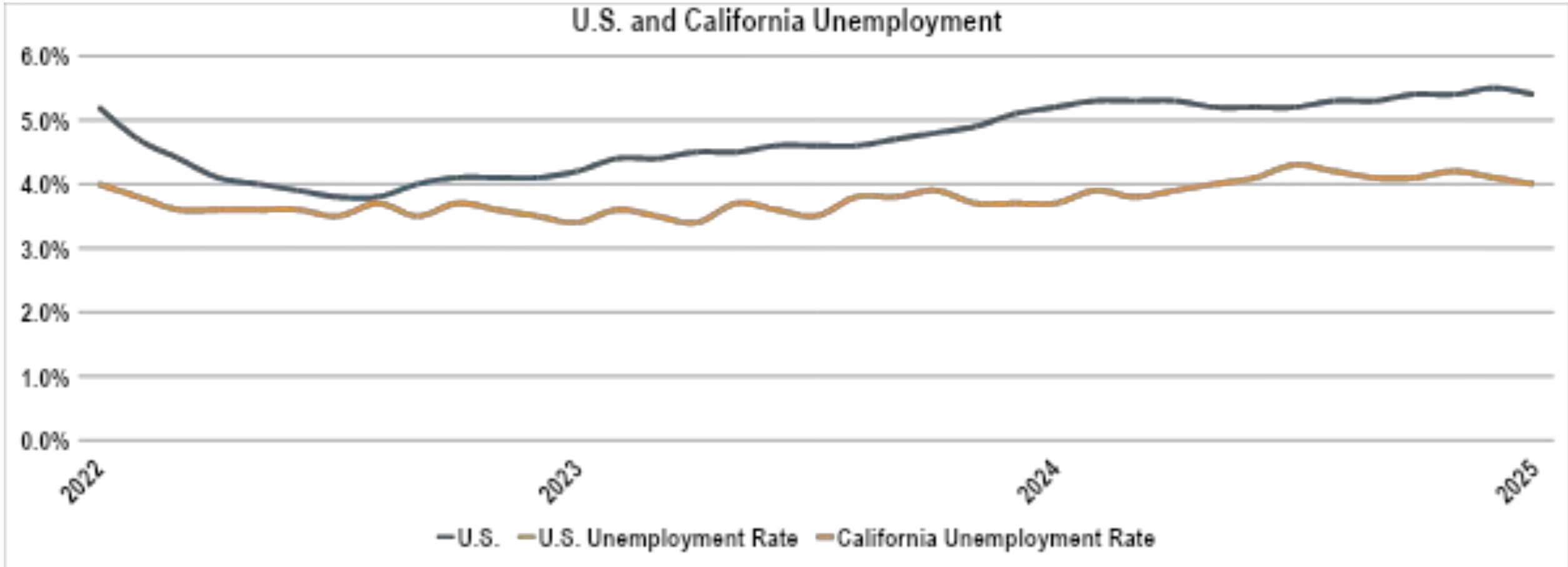
- The economy contracted 0.3% in the first quarter of 2025
- April consumer sentiment declined for the fourth consecutive month to 50.8, the lowest figure since 2022



Sources: Bureau of Economic Analysis (BEA) and University of Michigan: Consumer Sentiment, retrieved from Federal Reserve Economic Data

U.S. and California Unemployment Rate

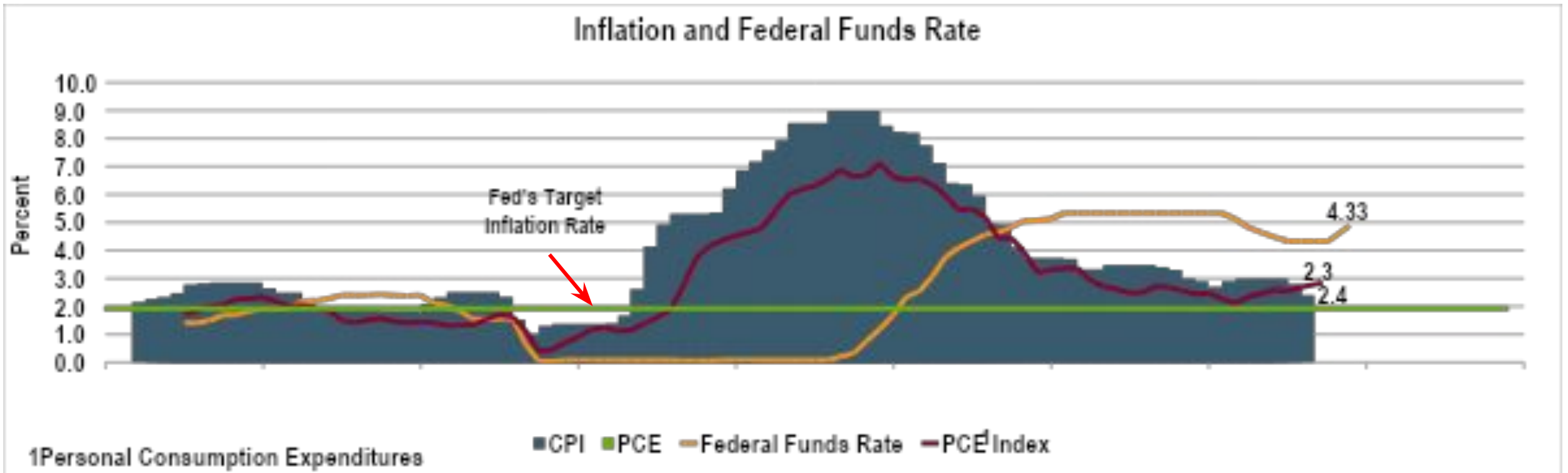
- Since the Governor's Budget, the U.S. unemployment rate has increased slightly to 4.2% and California unemployment has decreased to 5.3%



Source: Bureau of Labor Statistics (BLS) and California Employment Development Department

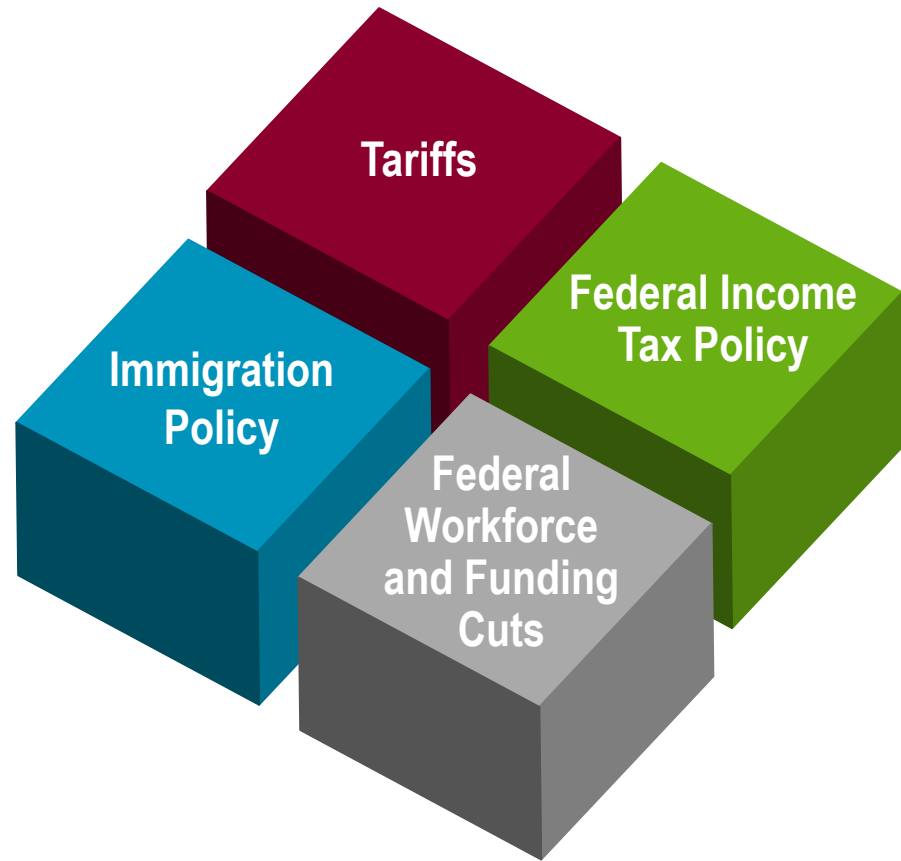
Inflation and Federal Funds Rate

- Inflation indexes continue to be above the Federal Reserve (Fed) 2% goal
- The effective federal funds rate is 4.33%, with no reductions since December
- The Fed cited a “wait and see” approach to future federal funds rate reductions due to increased economic uncertainty



Source: BEA and BLS

Economic Impact of Federal Policies

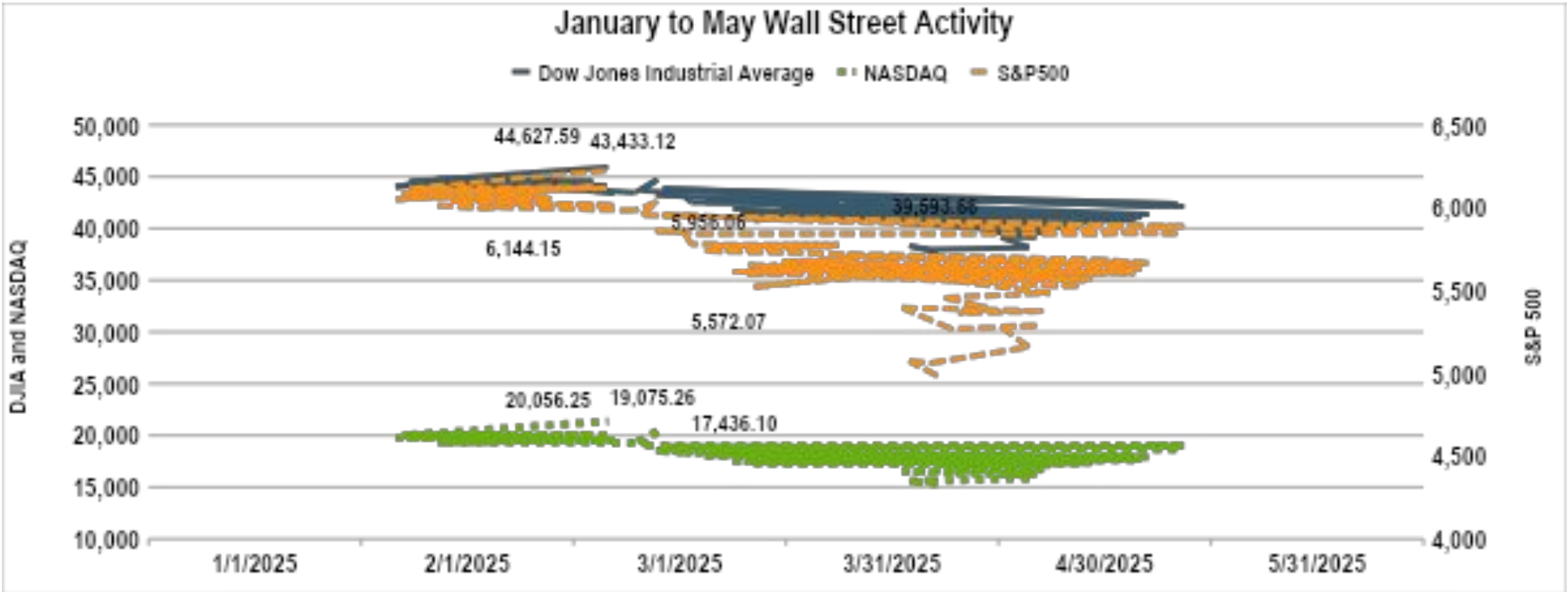


- Consumer sentiment, a key economic growth contributor, has reached notably low levels
- Tariffs have contributed to supply chain disruptions, higher production costs, stock market volatility, and reduced demand for U.S. goods
- The Fed is exercising caution towards benchmark rate cuts, citing the need for more data to assess the impact of tariffs
- Trade deals have been reached with Britain and China
- Over 275,000 federal civil service positions have been cut, representing 12% of the federal workforce
- More cuts to federal funding and programs are projected
- The extension of the 2017 Tax Cuts and Jobs Act is anticipated
- Increases in immigration activity are expected to continue, which will likely affect labor supply, tax revenue, and GDP

The Trump Administration's policies have already had an impact on the economy, but it is still too early to know the full impact

Wall Street

- All major indexes have been notably volatile in response to federal policy changes since January
- Each index hit a low point for the year in early April



California Economy—Los Angeles County Fires and Other Key Drivers

Unemployment

- Unemployment is projected to reach 5.7% in 2025 and fall to an average of 4.8% in 2027
 - Wildfire-related displacement and construction delays are projected to negatively impact employment growth
 - Hiring for the first three months of 2025 has been relatively flat

Growth

- GDP is expected to continue trending down
- Los Angeles (L.A.) County wildfires are estimated to reduce L.A. County GDP by 0.48% in 2025

Inflation

- Consumer Price Index is projected to increase to 3.0% in 2026 and fall to 2.6% in 2027



Revenue

- State revenue remains strong in the current year and is projected to slow down in 2025-26

Domestic Migration

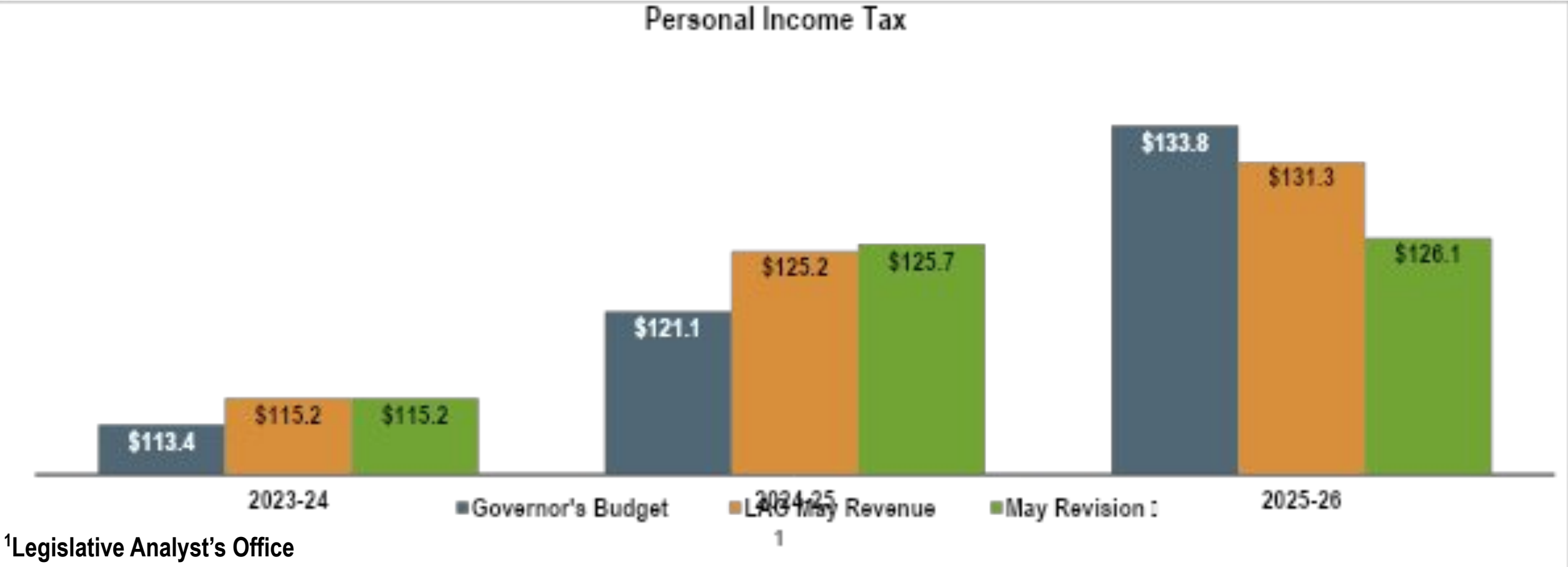
- California net domestic outmigration has moderated
- State population is expected to increase slightly in 2025, 2026, and future years

Housing

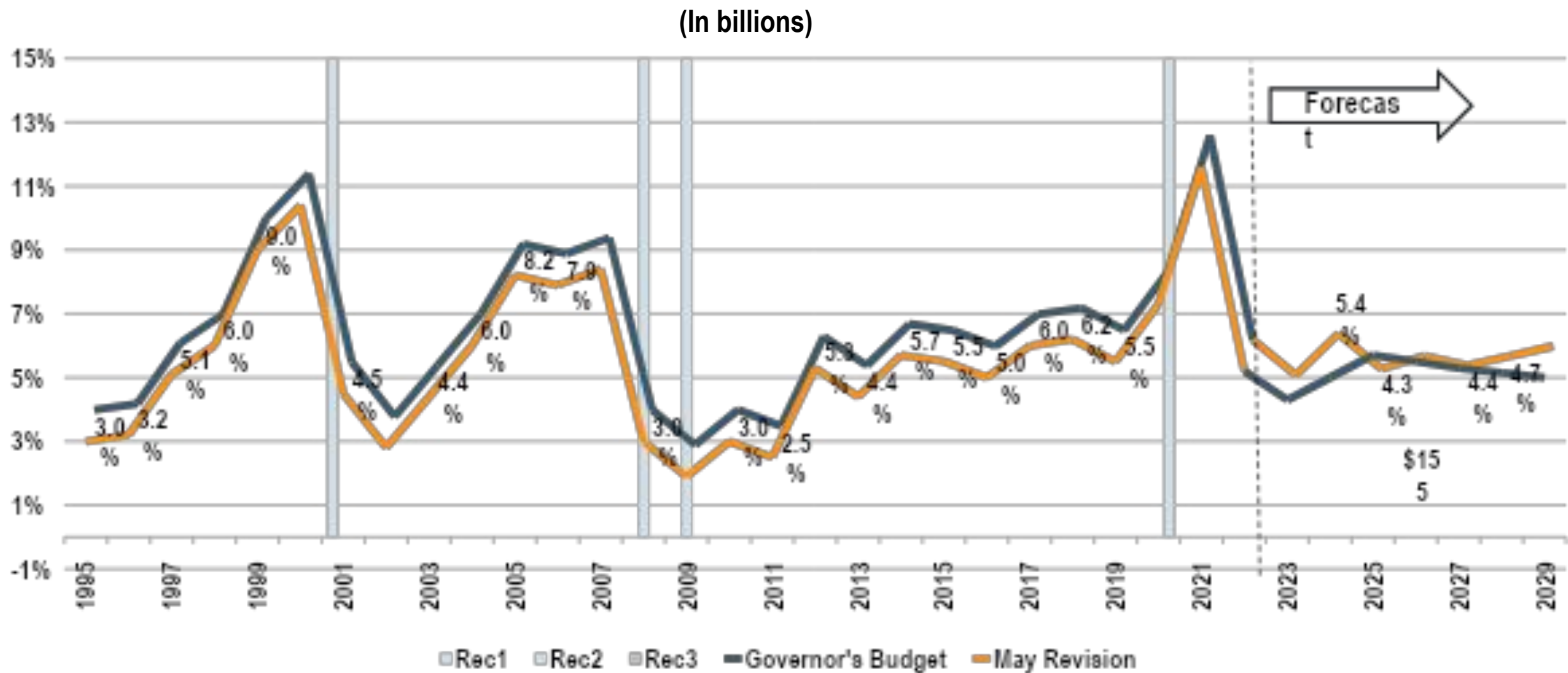
- New permits for housing remain flat, despite policy changes to ease construction permitting
- Deportations, high interest rates, tariffs on materials, and rebuilding of homes damaged and destroyed by L.A. County wildfires are expected to constrain the housing supply

Personal Income Taxes

- The May Revision personal income tax (PIT) estimates outperformed Governor's Budget estimates in both 2023-24 and 2024-25 by \$1.8 billion and \$4.6 billion, respectively but estimates have been downgraded for 2025-26 by \$7.7 billion



Capital Gains Realizations Levels and as a Share of Personal Income



Shaded bars indicate previous U.S. recessions
Source: California Department of Finance (DOF), 2025-26 May Revision Forecast

“Big Three” Taxes

- The May Revision’s “Big Three” revenues are projected to be lower than the Governor’s Budget figures by \$4.8 billion over the budget window
- The LAO May Revenue Outlook projections are higher than the Governor’s May Revision estimates by \$2.4 billion



Major State Budget Issues and Considerations

Projected growth and deficits in budget areas outside of TK-14 education place pressure on resources needed to fulfill education funding obligations



State Budget assumptions may not fully account for the impact of unpredictable federal policy changes and the need to backfill potential federal funding cuts to California

The tax filing extensions for Los Angeles County due to the January 2025 wildfires have delayed revenue collections and complicate budget projections

General Fund Budget Summary

2025-26 Governor’s Budget vs. May Revision (In millions)				
	2024-25		2025-26	
	<u>January</u>	<u>May</u>	<u>January</u>	<u>May</u>
Prior-Year Balance	\$35,877	\$41,886	\$26,299	\$34,321
Revenues and Transfers	\$222,473	\$225,673	\$225,095	\$214,559
Total Resources Available	\$258,350	\$267,559	\$251,394	\$248,880
Non-Proposition 98 Expenditures	\$146,998	\$147,933	\$144,290	\$145,629
Proposition 98 Expenditures	\$85,053	\$85,305	\$84,602	\$80,747
Total Expenditures	\$232,051	\$233,238	\$228,892	\$226,376
Fund Balance	\$26,299	\$34,321	\$22,502	\$22,504
Reserve for Liquidation of Encumbrances	\$18,001	\$18,001	\$18,001	\$18,001
Special Fund for Economic Uncertainties	\$8,298	\$16,320	\$4,501	\$4,503
Public School System Stabilization Account	\$1,157	–	\$1,533	–
Safety Net Reserve	–	–	–	–
Budget Stabilization Account/Rainy Day Fund	\$18,045	\$18,292	\$10,945	\$11,192

Risks to the Economy and the State Budget

Stock market volatility in response to federal policy changes can impact projected state revenue

California's unemployment rate is projected to increase in the budget year

California's GDP is projected to decrease in a similar pattern to U.S. GDP in the budget year



Anticipated cuts to key federal programs will increase pressure to backfill losses in federal funding with state dollars

California has several lawsuits pending against the federal government, the outcome of which could affect the California economy

The “Big Three” revenues are projected to be lower by \$4.8 billion over the three-year budget window when compared to January

Proposition 98

Proposition 98 Tests

1

Guarantee is at least equal to education's share of state General Fund revenue in 1986-87—approximately 40%

2


Guarantee is based on prior-year funding plus changes in student attendance and per capita personal income

3

Guarantee is based on prior-year funding plus changes in student attendance and per capita General Fund revenue + 0.5%

Proposition 98 Suspension

The Legislature can appropriate less than the constitutional guarantee with a two-thirds vote and approval of the Governor, which it has done three times

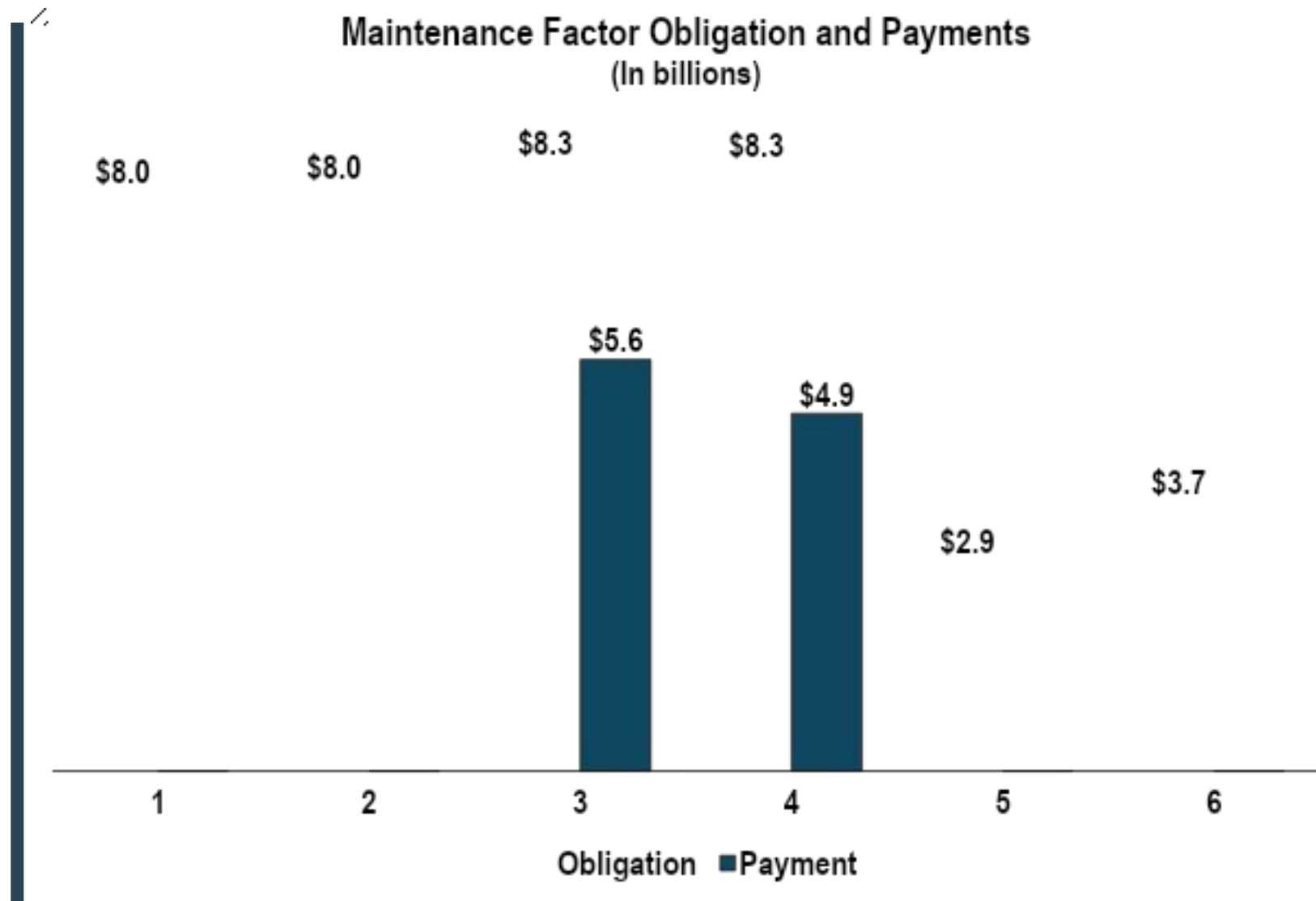
 **2004-05**
 **2010-11**
 **2023-24**

MAINTENANCE FACTOR OBLIGATION

When the guarantee is suspended, the state is required to restore Proposition 98 to the higher of Test 1 or Test 2

Proposition 98 Maintenance Factor

- The state suspended Proposition 98 in 2023-24
- The maintenance factor is established by the Constitution
 - It provides formulas to determine how much the state owes and when payments are required
 - Balance of any maintenance factor is increased annually for inflation and changes in student attendance



2024-25 Minimum Guarantee—From January to May

- The 2024-25 minimum guarantee is modestly lower than January estimates
 - Local property tax estimates are lower by over \$250 million
 - The minimum guarantee doesn't benefit as much from a maintenance factor payment, which is over \$800 million less than the January estimate
 - Payment amount is determined by a constitutional formula and is reliant on the annual change in per capita personal income

	Governor's Budget	May Revision	Change
General Fund	\$86,618	\$86,620	\$2
Local Property Taxes	\$32,569	\$32,317	(\$252)
Total	\$119,187	\$118,937	(\$250)

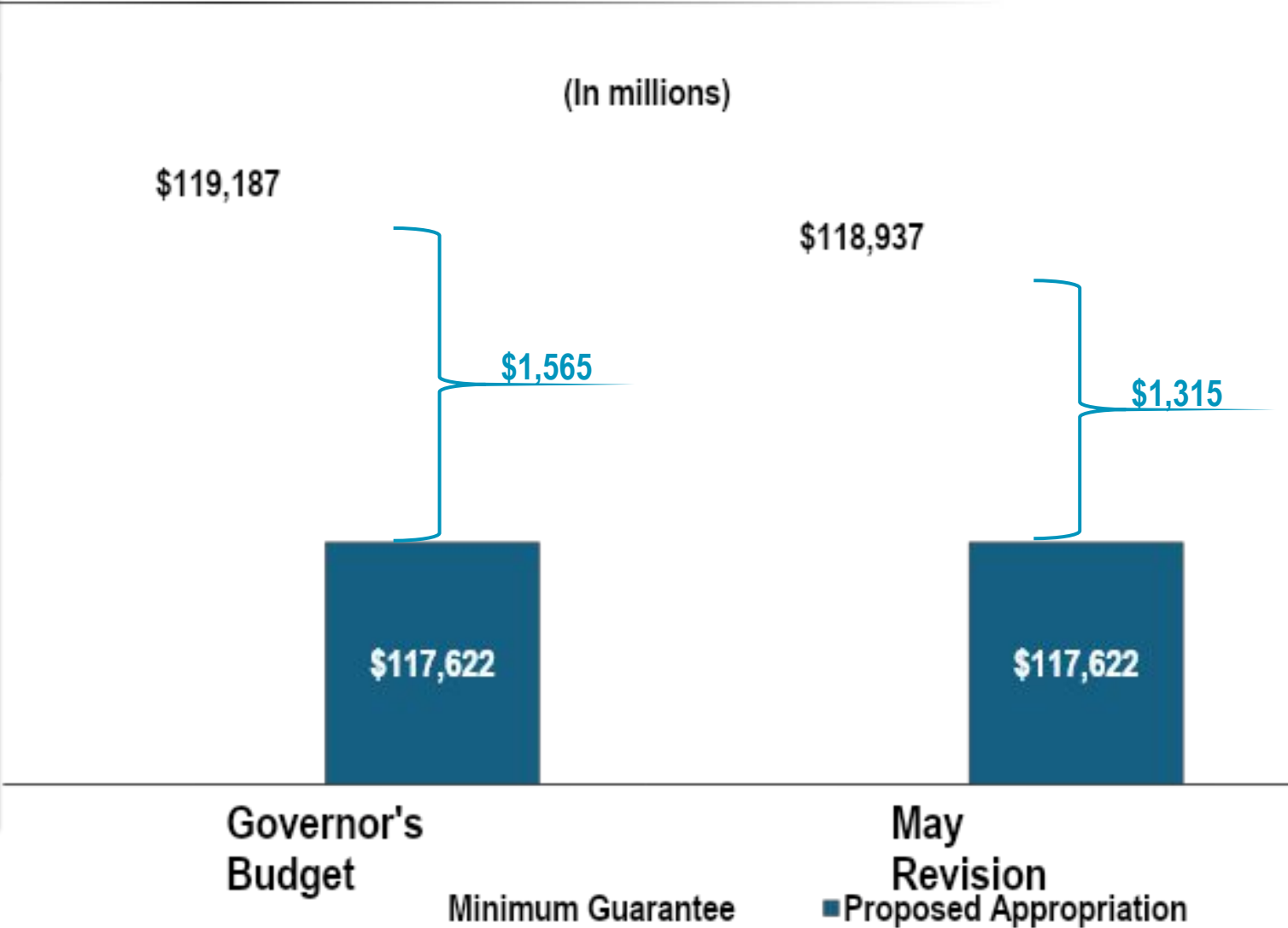
Note: In millions

Proposition 98 Settle Up—The New Frontier

SETTLE UP

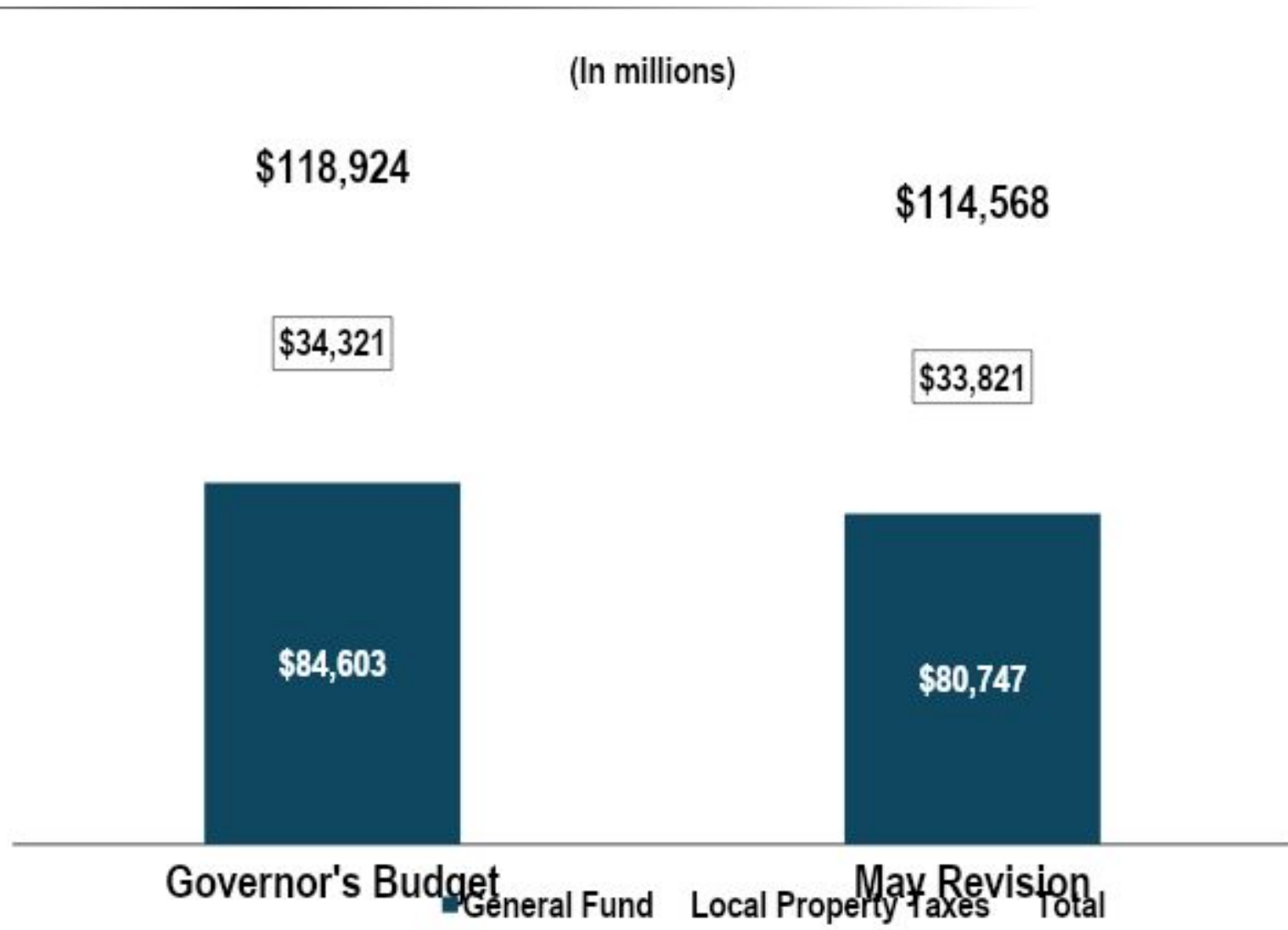
Reconciliation of the Proposition 98 minimum guarantee from initial budget estimates to the calculated constitutional minimum guarantee based on actual state revenues and other factors

The May Revision maintains the Governor’s January proposal to appropriate less than the 2024-25 minimum guarantee to TK-12 and community college agencies, referring to it as “settle up”



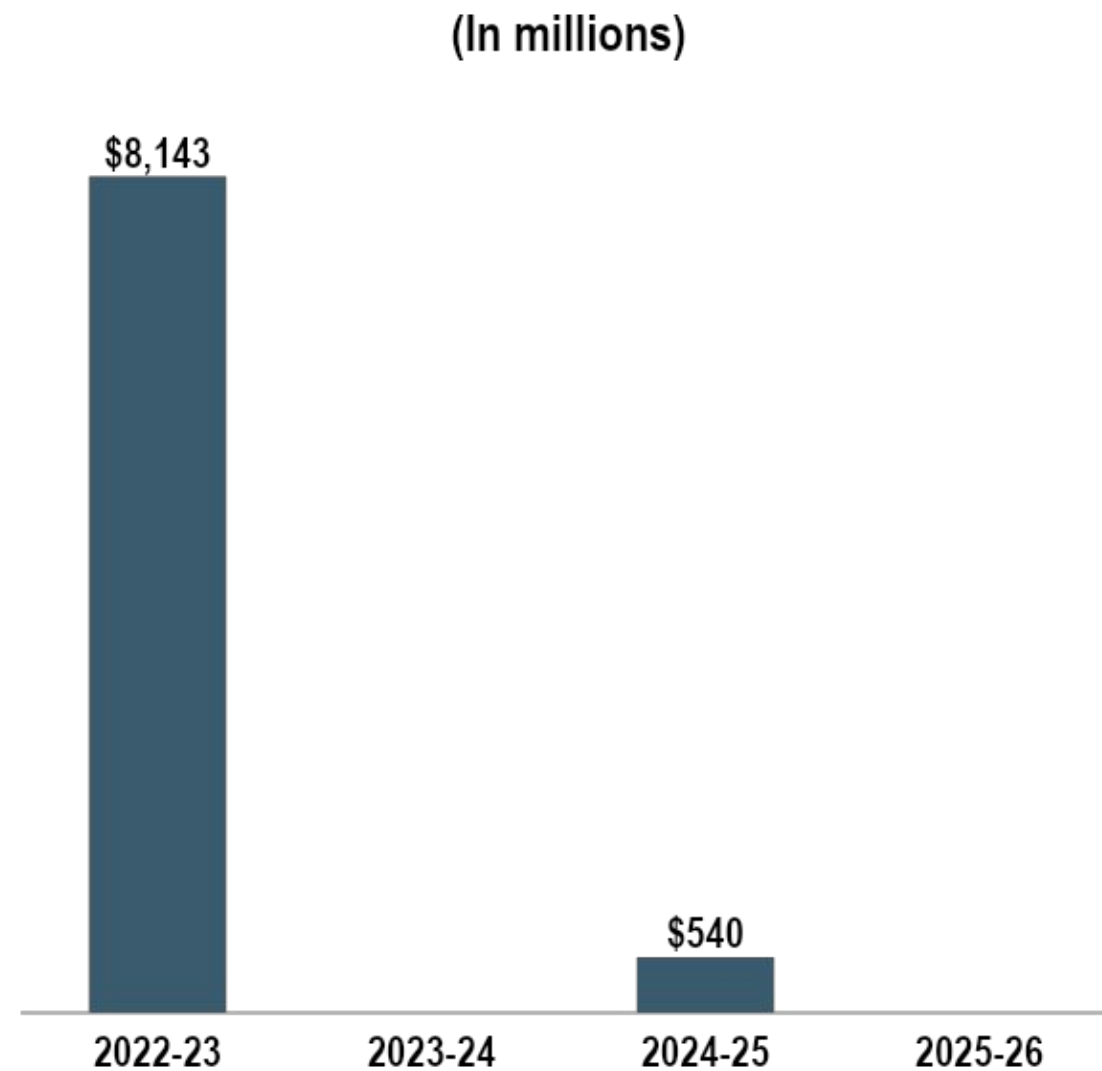
2025-26 Minimum Guarantee—From January to May

- From Governor’s Budget, the 2025-26 minimum guarantee is down nearly \$4.4 billion
 - General Fund portion of the guarantee down by \$3.9 billion
 - Local property taxes now estimated to be lower by \$500 million



Proposition 98 Rainy Day Fund

- **Public School System Stabilization Account (PSSSA) requires deposits when capital gains revenue is above average and withdrawals when the minimum guarantee is below the prior-year funding level**
- **The May Revision:**
 - **Maintains the 2023-24 full withdrawal**
 - **Reduces the mandatory deposit in 2024-25 from \$1.2 billion to \$540 million**
 - **Rather than making a discretionary deposit in 2025-26, makes a mandatory \$540 million withdrawal, depleting the fund**



May Revision—Key Features of Proposition 98

Something old, something new . . .

2024-25 \$1.3 Billion Settle Up	2025-26 \$2.3 Billion Deferrals	Proposition 98 “Split” for UTK
Maintains January proposal to delay a portion of the minimum guarantee—referred to as “settle up” Reduced from \$1.6 billion	Retires deferrals from last June but creates new deferrals in 2025-26 Community Colleges \$531.6 million TK-12 \$1.8 billion	May Revision proposes to increase TK-12 share of the guarantee by \$492.4 million Makes an equal reduction to the community college share

Risks to Proposition 98 and Education

The present is uncertain . . . the future is even more so



- Proposition 98 and the education budget rely on a healthy California economy and the strength of the state General Fund
- Deteriorated conditions diminish education resources
- The May Revision reverts to using old budget tools and creates a new one—a *psychic* settle up
- Reliance on one-time resources to support core programs poses risks, especially if conditions worsen
- Problems on the “*other side*” of the State Budget could make suspending Proposition 98 an enticing budget solution

Community College Budget

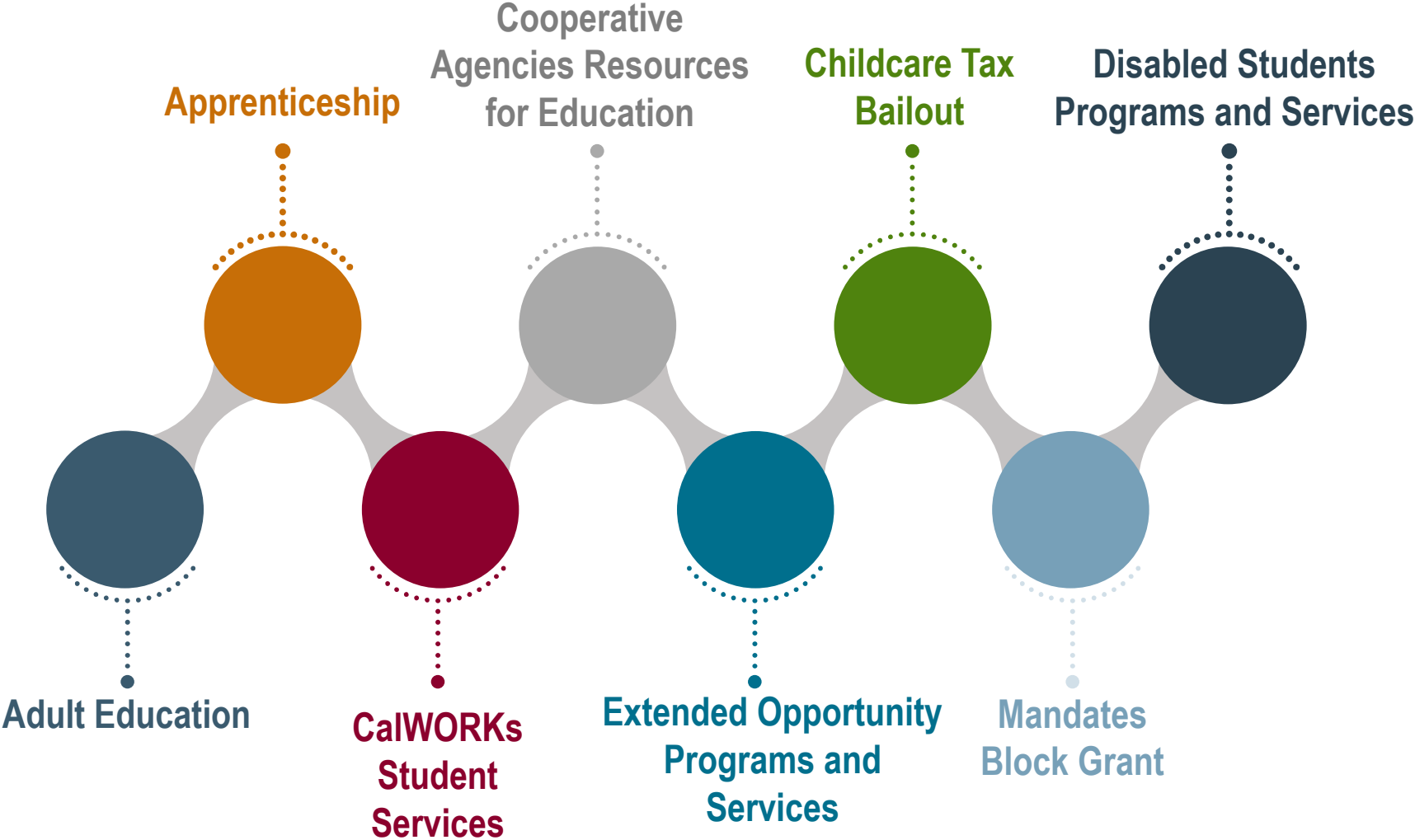
SCFF, Enrollment Growth, and Wildfire Relief

- The Governor’s May Revision is committed to protecting core funding for community colleges
 - This includes applying the 2.30% cost-of-living adjustment (COLA) to the Student-Centered Funding Formula (SCFF), increases funding for enrollment growth above the historical 0.5%, and provides relief to colleges impacted by the L.A. fires

SCFF	In addition to applying the 2.30% COLA to the SCFF, the May Revision also proposes a one-time increase of \$210.2 million to fully fund the SCFF in 2024-25 and an ongoing increase of \$104.7 million in 2025-26
SCFF Deferrals	Defers \$531.6 million from the SCFF for 2025-26 to 2026-27 (for May and June 2026)
Enrollment Growth	Proposes an ongoing increase of \$109.5 million to fund 2.35% enrollment growth in the SCFF in 2025-26
Wildfire Relief	Provides \$3.8 million one-time in 2024-25 and \$8 million one-time for 2025-26 for community colleges impacted by the wildfires

Categorical Programs Receiving COLA

- The May Revision applies the 2.30% estimated statutory COLA to the following categorical programs:



Modified Proposals from January to May

- Due to the revenue situation, Governor Newsom proposes to pare down or withdraw several California Community Colleges (CCC) proposals from his January Budget

Proposal	January Proposed Investment	May Proposed Investment
Collaborative Enterprise Resource Planning Project	\$168 million, one-time Proposition 98	Withdrawn
Common Cloud Data Platform	\$133.5 million, one-time \$29 million, ongoing Proposition 98	\$12 million, one-time Proposition 98
Rising Scholars Network Augmentation	Increase of \$30 million, ongoing Proposition 98	Increase of \$10 million, ongoing Proposition 98

Master Plan for Career Education—Plans of Action

On April 2, 2025, the Governor released the Master Plan for Career Education (Master Plan), which includes six plans of action:

1. Create a state planning and coordinating body
2. Strengthen regional coordination
3. Support skills-based hiring through a career passport
4. Develop career pathways for high school and college students
5. Strengthen workforce training for young people and adults
6. Increase access to and affordability of education and workforce training



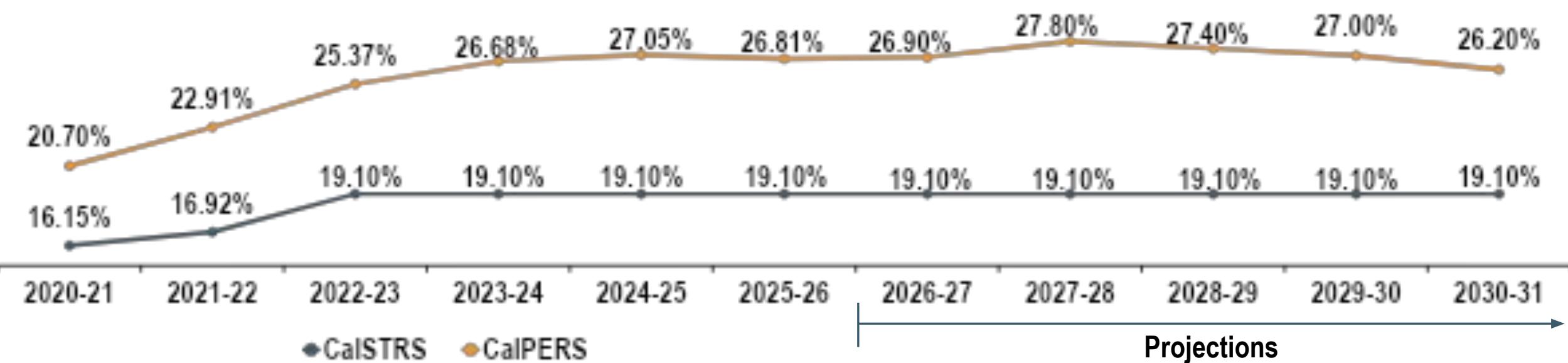
Master Plan for Career Education—Investments

- In his May Revision, the Governor proposes to significantly pare down or eliminate several proposed investments to implement the Master Plan

Proposal	January Proposed Investment	May Proposed Investment
Establish the California Education Interagency Council	\$5 million, ongoing non-Proposition 98	Withdrawn
Labor and Workforce Development Agency evaluate the expansion of regional coordination models	\$4 million, one-time non-Proposition 98	\$1 million, one-time non-Proposition 98
Establish the California Career Passport	\$50 million, one-time Proposition 98	\$25 million, one-time Proposition 98
Establish the Credit for Prior Learning Initiative	\$50 million, one-time \$7 million, ongoing Proposition 98	\$15 million, one-time \$5 million, ongoing Proposition 98

CalPERS and CalSTRS Employer Contribution Rates

- In the spring, the CalSTRS and the California Public Employees' Retirement System (CalPERS) Boards set the employer contribution rates for the next fiscal year and updated their outyear projections
 - For the first time in recent memory, the annual CalPERS rate is *decreasing* instead of *increasing*
 - While the CalSTRS rate is projected to remain at the same level through 2043-44, CalPERS rates are projected to fluctuate in the 26%-28% range for the next several years



Federal Budget

Federal Education Budget

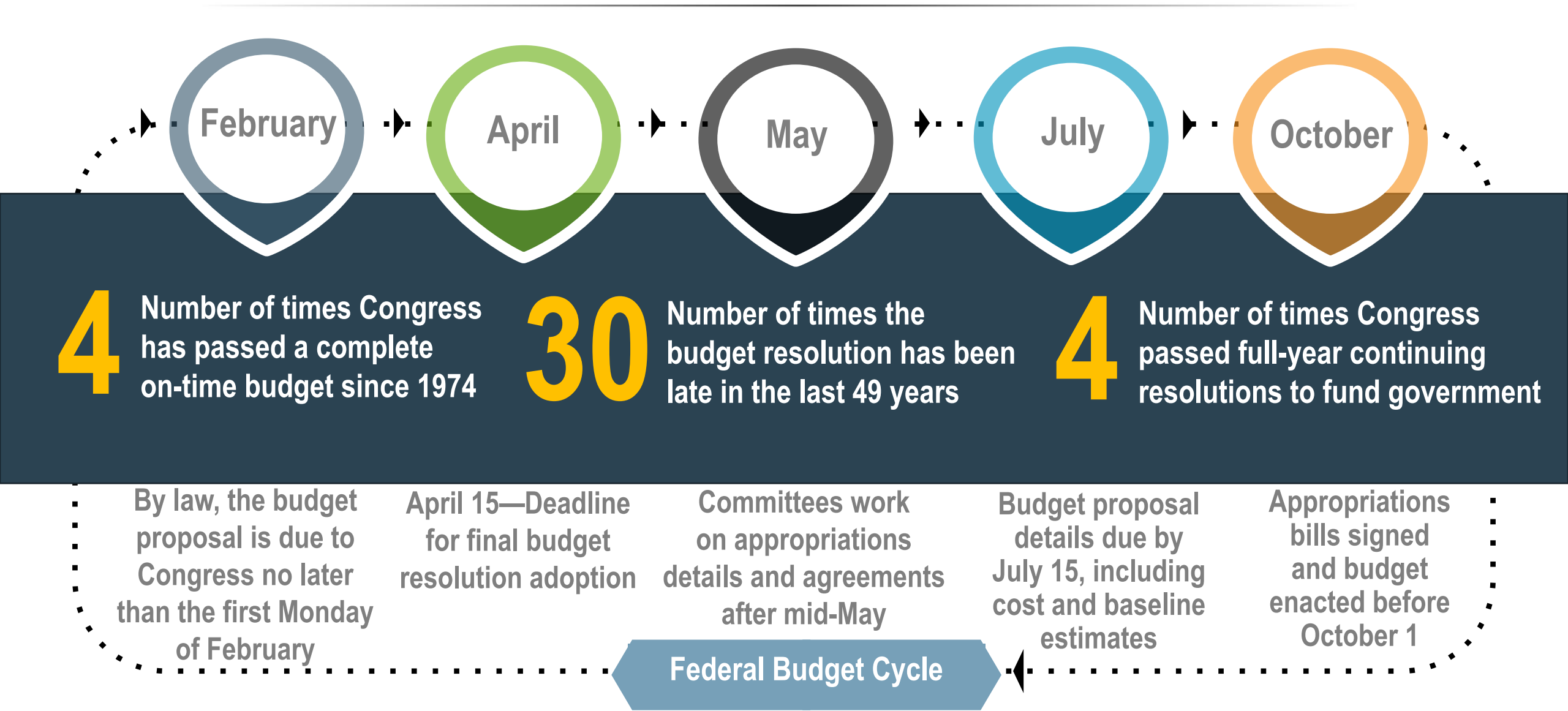
President Donald Trump's Proposed 2026 Budget

Non-Defense Spending

Reduced by
\$163 billion from
2025 levels, including
education spending

- ● Reduces education spending by 15.3% compared to FY2025 levels (from \$78.7 billion to \$66.7 billion)
- ● Elimination of the work study program, which helps students earn money and pay for expenses
- ● Elimination of the Child Care Access Means Parents in School program, which offers child care support
- ● Changes Pell Grant enrollment requirements

Federal Education Budget



Federal Education Policies and Local Impacts

President Trump has taken steps to dismantle the U.S. Department of Education (ED)



On March 20, 2025, President Trump signed Executive Order (EO) 14242 directing ED Secretary Linda McMahon to facilitate the department's closure

- **While the President would like to close the ED, it will take an act of Congress to do so, and it is unlikely they will be able to given the slim Republican majority in the House and the need to invoke cloture (break a filibuster) in the Senate**



In the interim, the Trump Administration announced plans to reduce the ED's workforce by 50% and has signed several significant EOs aimed at reshaping education federally

- **These actions have sparked legal challenges by the Democratic attorney generals (AGs) in a number of states**

Federal Education Policies and Local Impacts—ED Layoffs

- In March 2025, the ED announced it was laying off 50% of its workforce pursuant to EO 14242
 - More than 1,300 employees received formal reduction in force notices
 - Targeted offices include Federal Student Aid, Institute of Education Sciences, Office for Civil Rights, and Office of Elementary and Secondary Education
- A legal challenge to the layoffs was filed by 21 state AGs and a preliminary injunction to halt the layoffs is pending in federal court as of May 2025
 - The AGs argue that the firings are unconstitutional and violate the Administrative Procedure Act, which governs how federal agencies create, implement, and enforce regulations
- Local Impacts—disruption of federal funding and grant support, reduced oversight and enforcement of civil rights, shifts compliance burdens to LEAs, delays in FAFSA processing, and loss of institutional knowledge



The Road Ahead

Proposition 30/55—Major Concern by both Labor and Management

- Proposition 30 was initially passed at the strong urging of Governor Jerry Brown in 2012
 - The “urging” came in the form of a significant cut to K-14 funding if it did not pass
- Proposition 30 was set to expire in 2019, but the income tax portion was extended to 2030 with the passage of Proposition 55 in 2016
- From 2012-13 through 2023-24, Proposition 30/55 PIT made up about 6.2% of the “Big Three” revenues
- Proposition 30/55 revenues account for approximately 9% of the total PIT revenue
- There is currently a major focus by labor to either extend or make permanent the PIT provisions of Proposition 30/55

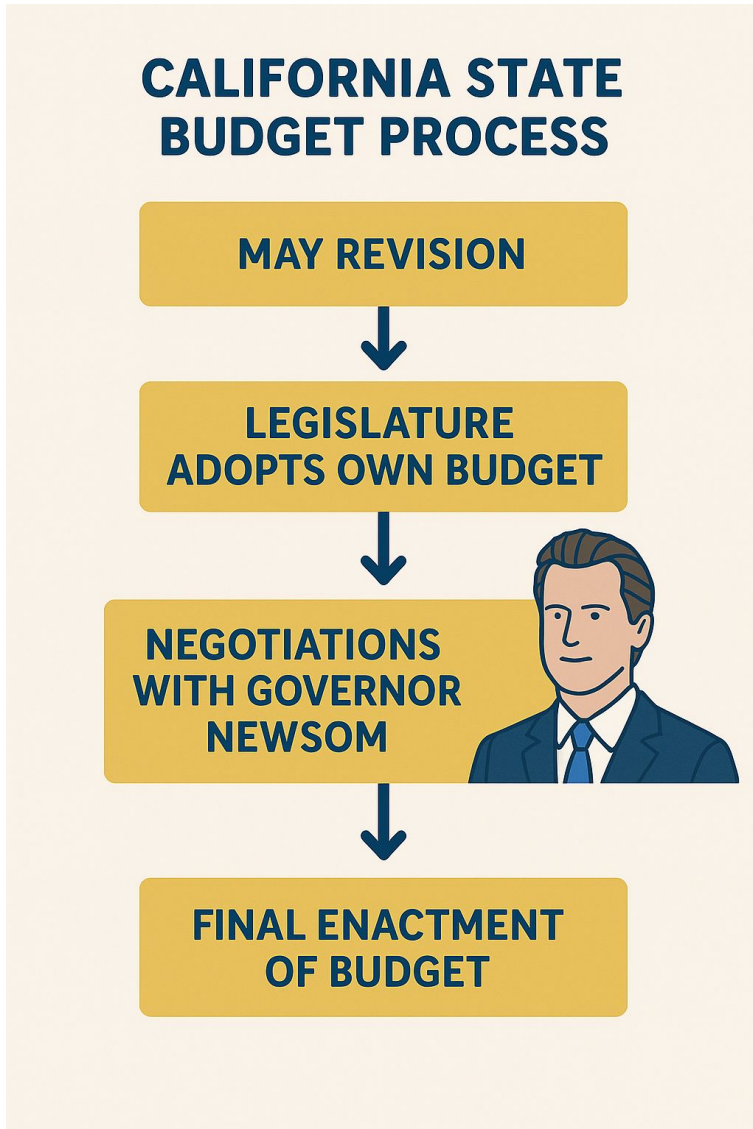


Federal Education Policies—What's on the Horizon?

- Will Trump be successful in eliminating the ED?
- Will the ED layoffs stand or will the courts reverse the 50% reduction?
- Will there be significant education cuts in the fiscal year 2026 federal budget and subsequent years?
- What EOs will survive the legal challenges?
- What new EOs will be signed?
- What's on the horizon?
 - A lot of uncertainty and a lot of court cases!



State Budget Final Steps



- The first round of budget hearings are concluding with just more than two weeks until the May Revision
- Between the May Revision and Enacted Budget adoption, the Legislature now has a history of adopting its own version of the State Budget by June 15 and then continuing negotiations with Governor Newsom
- Final enactment must take place by June 30, but trailing details, tweaks, and significant changes have become routine
 - This is especially likely with the delayed Los Angeles tax deadline

Part-Time Faculty Lawsuit

Community College Districts With Active Litigation

Board of Governors or the California Community College	Sierra Joint Community College District	Monterey Peninsula Community College District	Sequoias Community College District	Desert Community College District	Palomar Community College District
Contra Costa Community College District	San Mateo Community College District	Peralta Community College District	Shasta-Tehama Trinity Joint Community College District	Butte-Glenn Community College District	Yuba Community College District
Los Rios Community College District	Mt. San Jacinto Community College District	San Diego Community College District	Cerritos Community College District	Los Angeles Community College District	San Joaquin Delta Community College District
Mt. San Antonio Community College District	Foothill-Deanza Community College District	Yosemite Community College District	Pasadena Area Community College District	Santa Clarita Community College District	Long Beach Community College District

Actions Taken



Recent Court Actions

Long Beach CC--Not likely to appeal
Chancellor's Office Ruling--Likely to appeal



AB 736 (Irwin, 2020)

Sponsored by AICCU and SEIU



Meetings With Labor

FACCC
CTA



Sierra College's Remedy

Attorney Advertisements

ATTORNEY ADVERTISEMENT

Kemnitzer
Barron & Krieg
Representing Consumers Throughout California

KLAFTER | LESSER

JAVERBAUM  WURGALT
HICKS KAHN WIKSTROM & SININS



Dan Galpern Law
Protecting People & Planet



You May Be Owed Back Wages!

Do you work as a part-time, adjunct, or contingent faculty member at a California Community College?

You take pride in your teaching. For many part-time professors this requires hours each week in preparation, course material development, grading, responding to students, and other instruction-related work outside of class.

The Association of Independent California Colleges and Universities on AB 736

“provides statutory consistency for adjunct faculty wages at independent, nonprofit colleges and universities in California, and provides a baseline compensation for adjunct faculty and allows our institutions to continue treating adjunct faculty as exempt employees under the Labor Code and relevant Wage Orders. ...

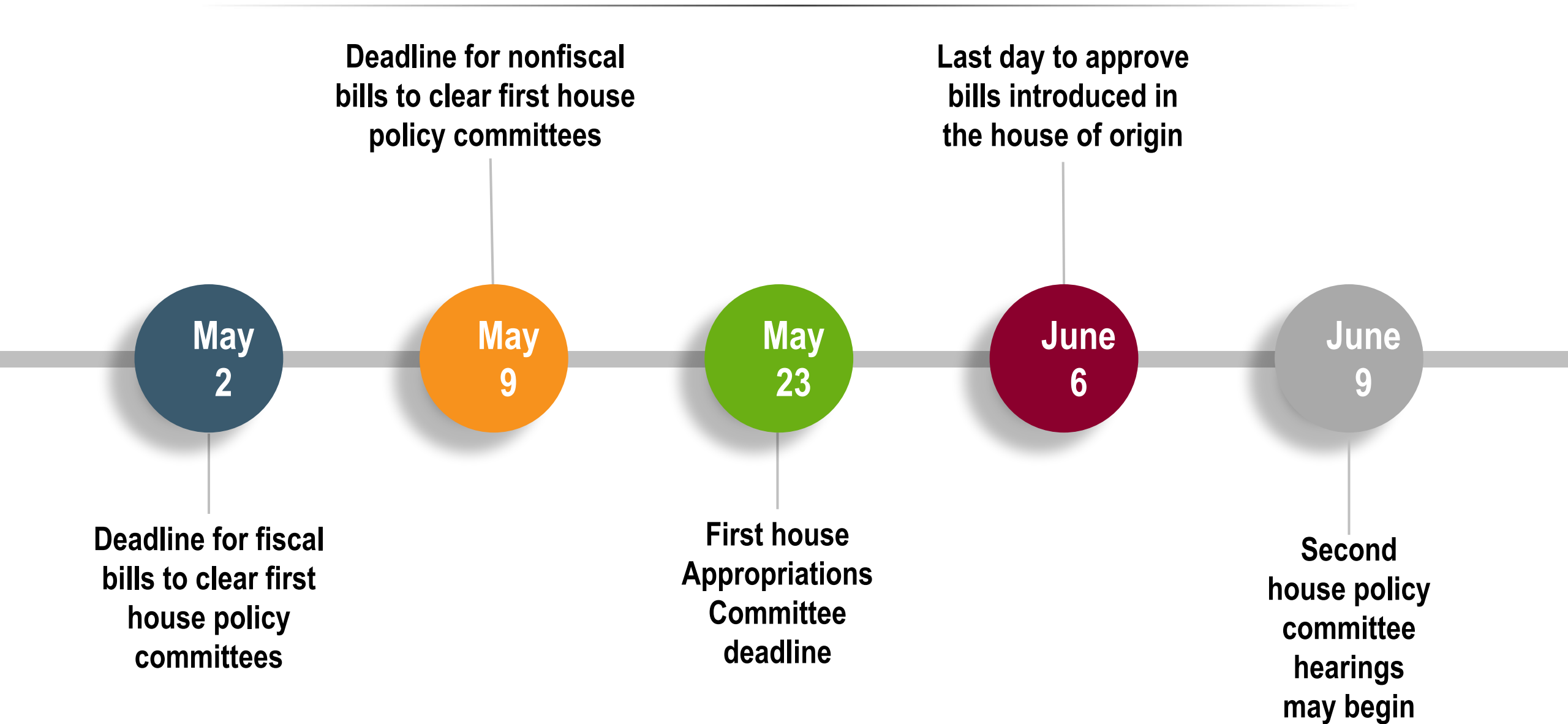
While adjunct faculty are regularly treated as exempt employees, recently several of our institutions have been forced to convert adjunct faculty to hourly, non-exempt employees in response to litigation stemming from ambiguity in the Labor Code.

Conversion to hourly, non-exempt classification is not the preferred action of either the institutions or the faculty. However, **lacking the change proposed in this legislation**, this is the only means by which institutions can **comply with Labor Code and prevent additional lawsuits**, which are resulting in six- or seven-figure financial losses.

We believe this narrowly crafted solution **allows our institutions to continue treating adjunct faculty as exempt employees** and provides them the same level of professional flexibility as their full-time counterparts.”

Legislation

First House Policy Committee Deadlines



CCLC Oppose Positions

AB 90 (Jackson): Overnight parking: **OPPOSE**

AB 340 (Ahrens): Confidential communications: **OPPOSE**

AB 374 (Nguyen): K–14 classified employees: payment of wages: itemized statements: **OPPOSE
UNLESS AMENDED**

AB 850 (Pacheco): Institutional debt: **OPPOSE**

AB 1028 (Fong): Part-time faculty: **OPPOSE**

AB 1109 (Kalra): Union- worker privilege: **OPPOSE**

AB 1247 (Garcia): Classified employee training: **OPPOSE**

AB 1163 (Elhawary): Employees: workplace violence: prevention plans: topics and trainings: **OPPOSE**

SB 226 (Cabaldon): CCC Territory transfer: **OPPOSE**

SB 494 (Cortese): Disciplinary hearings: appeals: **OPPOSE**

CCLC Support Positions

AB 323 (Fong): Strong Workforce Program: work-based learning opportunities: SUPPORT

AB 363 (Bryan): CalWORKs: SUPPORT

AB 335 (Gipson): Black-Serving Institutions: SUPPORT

AB 537 (Ahrens): California College Promise: SUPPORT

AB 731 (Fong): College and Career Access Pathways Partnerships: SUPPORT

AB 1400 (Soria): Community College BSN: SUPPORT

ACR 40 (Fong): Student Financial Aid: SUPPORT

SB 761 (Ashby): Expanding CalFresh: SUPPORT

Nursing—AB 1400

AB 1400 (Soria): Community College Baccalaureate Degrees in Nursing

Authorizes 15 community college districts (CCDs) to establish a Baccalaureate Degree in Nursing program. Requires participating colleges to have a nationally accredited ADN program. Requires the Chancellor's Office to give priority to districts in underserved nursing areas and to districts where the service area includes communities with persistent poverty. The pilot program would sunset in 2035.

Location: Assembly Appropriations Committee – Suspense File

CCLC Position: SUPPORT

Student Services—AB 90

AB 90 (Jackson): Overnight Student Parking

Requires the governing board of each community college district to create a plan to establish an overnight parking program with 50 parking spots per community college. The governing board must vote on the plan annually until it is approved.

Location: Assembly Appropriations Committee, Suspense File

CCLC Position: OPPOSE

Collective Bargaining—AB 1028

AB 1028 (Fong): Part-Time Faculty

Requires the governing board of a CCD that terminates the employment of a temporary employee to comply with any procedures for termination of temporary employees contained within its collective bargaining agreement (CBA) and, if its CBA contains no such procedures, the governing board must provide a written explanation for the termination, if the employee submits a written request within 10 calendar days of termination.

Location: Assembly Appropriations Committee - Suspense File

CCLC Position: OPPOSE

Labor—AB 1247

AB 1247 (Garcia): Classified Employees: School Districts and CCC Districts: Contracting Out: Training Requirements

Requires that contracted employees at a school district or community college district (CCD) meet or exceed the minimum qualifications and standards required of direct hires with the same job functions, as prescribed, and requires a district provide them with the same health care or retirement benefit contributions as a direct hire. The bills also requires that a school district or CCD compensate classified employees for any time necessary to complete required training at the employee's regular pay rate.

Location: Assembly Appropriations Committee - Suspense File

CCLC Position: OPPOSE

Labor—AB 1163

AB 1163 (Elhawary): Employees: Workplace Violence Prevention Plans: Topics and Trainings

This bill would require K-12 and community colleges to provide a workplace violence prevention plan for their employees on or before July 1, 2026.

The training would need to occur before a new employee begins their duties, and as soon as practicable for existing employees, and then annually for all employees.

Location: Assembly Appropriations Committee - Suspense File

CCLC Position: OPPOSE

Human Resources—AB 374

AB 374 (Nguyen): K–14 classified Employees: Payment of Wages: Itemized Statements

Requires community colleges to provide classified employees with an accurate, itemized wage statement (that at the time of each payment.

- The statement must include: gross wages earned, all deductions, total hours worked, and all applicable hourly rates during the pay period.

Requires community colleges to keep on file the payment deductions at the CCD for at least three years.

Sponsored by the California School Employees Association

Location: Senate Rules Committee

CCLC Position: OPPOSE UNLESS AMENDED

Governance—SB 226

SB 226 (Cabaldon): Territory Transfers Between Districts

Authorizes the board of governors to approve the transfer of territory, in whole or in part, from specified community college districts to another district “upon its own initiative” or upon the filing of a petition by the governing board of a district or the county committee on school district organization for the county where territory would be transferred.

Location: Senate Appropriations Committee

CCLC Position: OPPOSE

Housing—AB 648

AB 648 (Zbur): Community Colleges: Housing: Local Zoning Regulations: Exemption

Provides parity to the CCC to with the California State University and the University of California, by exempting the construction of faculty and staff housing projects, student housing projects, and university housing development projects, from local zoning regulations of any city, county, or city and county when constructed on property owned or leased by a CCD, but no further than a half mile away from the campus.

Location: Assembly Floor

CCLC Position: SUPPORT

Financial Aid and Fees—AB 850

AB 850 (Pacheco): Institutional Debt Transparency Act

Requires all post-secondary institutions grant a one-time exemption from an enrollment/registration hold to all students that owe a debt to the college. The student would be required to pay the debt the following semester or quarter.

Location: Assembly Appropriations Committee

CCLC Position: OPPOSE

Financial Aid and Fees—AB 537

AB 537 (Ahrens): California College Promise

Removes the full-time eligibility requirement for the California College Promise Program, allowing all part-time students to receive the College Promise fee waiver. It would also prohibit any other program from being referred to as the “California College Promise.”

*Note: This bill **does not impact** the California College Promise Grant, aka the former BOG Fee Waiver, or a locally funded College Promise Program. This bill only impacts the California College Promise Program, which is a voluntary program allowing colleges to award fee waivers to full-time students for two years.*

Location: Assembly Appropriations Committee, Suspense File

CCLC Position: SUPPORT

50 Percent Law Audit

50 Percent Law Audit Report

- Audit report found that the California Community Colleges oversight of the 50 Percent Law is ineffective, and the law could be amended to better support students
- “My office determined that the 50 Percent Law limits districts’ ability to fund services outside of the classroom that may better support student success.
- The modern higher education landscape is vastly different than when the 50 Percent Law was passed in 1961, and the law in its current form does not account for these changes.”



Audit Report Recommendations



We ***recommend*** that the Legislature consider including the salaries and benefits of librarians and counselors in “Instructor Salaries,” or the numerator of the 50 percent formula.



And ***exclude*** technology expenses related to instruction from the 50 percent formula.



To offset the impact of including additional costs in the numerator, the Legislature ***may*** also consider raising the compliance requirement to above 50 percent.



We also propose that the ***Chancellor’s Office provide*** the districts with regular training and clarify its existing guidance for districts’ reporting on the 50 Percent Law.



Other Issues of Note



Class size, despite it being the reason for the law, it has never been measured



Growth of administrators, data is flawed due to data from chancellor's office



Errors by districts, due to guidance from chancellor's office



Noncompliant districts



Thank you!

Kyle Hyland
kyleh@sscal.com

Andrew Martinez
amartinez@ccleague.org