



SBCCD 2021-22 State Budget Priorities

Presented for Discussion January 14, 2021

Priority	Background
1. General Funding	<p>Community colleges have been historically underfunded, receiving the least amount of funding per student of the public education sectors. Additionally, the significant deferrals enacted with the 2020-21 budget act, while better than program reductions, have left many colleges short on cash flow and have forced additional borrowing costs for many districts.</p> <p>Fund Deferrals First: The state’s priority for additional funding should be to fund the borrowing done in the current budget. Funding to buy down the deferrals ought to be the priority.</p> <p>Fund Deferrals Early: SBCCD agrees with the LAO’s suggestion that the state should fund part of the deferrals early through early action to buy down the deferrals before the end of the fiscal year. Doing so would provide SBCCD and other community colleges with the ability to manage cash flow better. The sheer magnitude of the deferred funding has left many colleges with weak margins. The state could use its excess cash flow to partially address the deferrals and then make any further buy down contingent upon future revenues coming in as projected.</p> <p>Automatic Property Tax Backfill: SBCCD supports an automatic property tax backfill for community colleges. Unlike K-12 schools, when actual property taxes fall short of estimates, community colleges are not guaranteed to be made whole. While we appreciate the administration’s regular truing up in recent years, community colleges cannot thoroughly budget for each fiscal year without the guarantee.</p>
2. CalSTRS & CalPERS Funding	<p>Steep increases in employer contribution requirements for CalSTRS and CalPERS have eroded district spending power. SBCCD appreciates the action that the state has taken the last two years to “buy down” some of the cost of the employer contribution to both systems. With the LAO projecting an estimated \$26 billion “windfall” for the current year, some of that funding should be used to further reduce the CalPERS and CalSTRS employer contributions, further freeing up funding for operating expenses.</p>



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3. Flexible Block Grant	SBCCD believes that additional one-time funding ought to be allocated to districts through a block grant. Last year, the state allocated to community college districts a block grant that focused on COVID-19 expenses. Now that a vaccine is available, community colleges may have varying priorities, like retrofitting classrooms and labs for health safety, which will create costs. One solution is to allocate funds in a block grant, similar to how funding was allocated on an FTES basis a number of years ago. Doing so provides maximum flexibility for districts to address either COVID-19 needs or different priorities to transition to a new normal once the vaccine is widely distributed. Furthermore, as colleges have moved to remote learning, the digital divide has become more apparent. The problem is not just in rural areas, but also in urban “dead zones.” SBCCD believes that many of the remote learning components are here to stay. State investment in broadband access is a necessity for our students.
4. Student Basic Needs	Students are facing housing and food insecurity, exacerbated by COVID-19. Meanwhile, community colleges are being asked to provide additional services to students. SBCCD has developed programs to connect students with food and housing resources. These programs are not cheap. A state-local partnership that addresses these needs could support the career training and academic achievement of our most vulnerable students.