



CALIFORNIA BUDGET BASICS

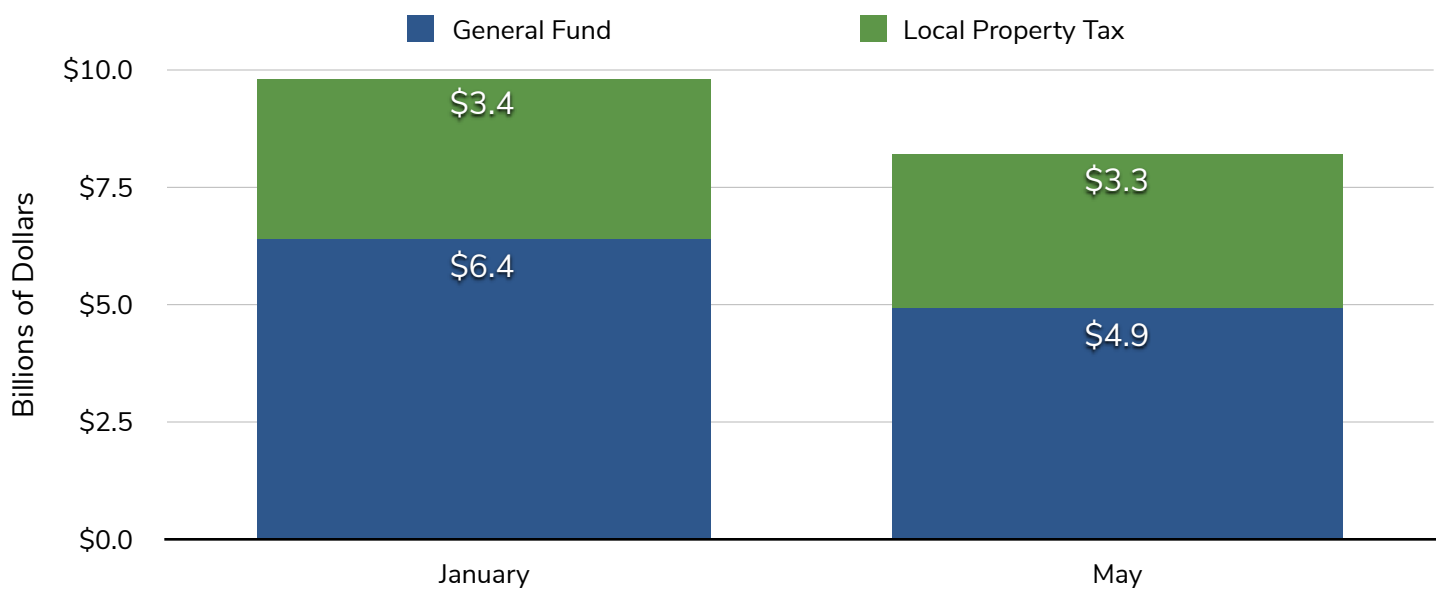
Community Colleges



California Community Colleges (CCCs) are the largest system of higher education in the nation, serving roughly one-quarter of the nation's community college students. The CCCs provide basic skills, vocational, and undergraduate transfer education with 73 districts, 115 campuses, and 78 educational centers. CCCs enroll nearly two-thirds of all undergraduates in the state.

As it is with K-12 education, California community colleges are funded through **Proposition 98**, which sets a minimum funding guarantee based on General Fund revenue that must go to K-14 education. The enrollment fee is \$46/unit, so average tuition is \$1,380 per year for full-time-equivalent (FTE) students. The state last raised the CCC enrollment fee in July 2012, and the 2019-20 budget extended a second year of free tuition to first-time, full-time students.

Comparing January and May Community College Proposition 98 Funding



Data from the Legislative Analyst's Office

The average fees for a non-resident FTE student are \$8,841 per year. In 2017-18, 78% of CCC students received a **tuition waiver** or financial aid. **Per-student Prop 98 funding is estimated to be around \$7,460 in 2020-21** under the final budget, a decrease of nearly 15% from the approximately \$8,760 proposed in January.

WHAT'S IN THE 2020-21 BUDGET

Notably, the enacted 2020-21 budget maintains two years of free tuition at community colleges for first-time, full-time students and maintains current Cal Grant eligibility rules. Cal Grants are financial aid awards that don't need to be paid back and are awarded each year to hundreds of thousands of students at community colleges, as well as CSU, UC and private campuses.

The Governor had proposed to cut funding to community colleges by 10% if the federal government does not allocate additional money to cover their costs—about \$1 billion. The Legislature recommended avoiding those cuts regardless of whether or not additional federal funds materialize by converting the amount needed to a deferral that would be paid back in future years. Deferrals are essentially IOUs issued by the state, in this case to the community college system.

The final budget agreement **defers \$1.5 billion** of community college funding, but will reduce the amount of these deferrals if the state receives additional federal funding. If \$14 billion in federal funding is made available by October 15, 2020, the payment deferrals to K-12 school and community college districts will be reduced by \$6.6 billion—\$5.8 billion for K-12 schools and \$791.1 million to reduce community college deferrals.

Deferrals provide the state with one year of savings and allow the state to authorize a level of spending by community colleges that the state cannot afford in 2020-21. However, without the state payments, community colleges must front the money in order to maintain spending levels. In the short-term, deferrals avoid cuts, but the amount of the deferral must eventually be repaid and creates future cost pressures on the state. For context, the state finally paid off all debts and deferrals accumulated during the Great Recession in 2019-20.

COMMUNITY COLLEGES KEY FACTS

- ➔ **Enrollment:** In 2018-19, CCCs awarded over 98,000 certificates and 186,000 degrees, and transferred over 103,000 students to four-year institutions
 - ▶ 29% of UC graduates and 51% of CSU graduates started at a community college
- ➔ **Workforce Development:** According to the [Public Policy Institute of California](#) (PPIC), California will face a shortage of 1 million holders of college degrees and certificates needed to fuel its workforce by 2025
 - ▶ They estimate that 38% of all jobs in CA will depend on workers with at least a bachelor's degree, but only 33% of workers will have one
 - ▶ The average lifetime earnings of a graduate with an associate's degree is \$1.6 million—\$400,000 more than a high school graduate
- ➔ **Taxpayer Benefit:** In addition to graduates earning more, taxpayers benefit from investments in CCCs—taxpayers receive \$4.50 for every \$1 invested in students who graduate from a CCC
- ➔ **Compared to Other States:** From 2008 to 2018, California was one of only four states that increased per-student funding for higher education (two- and four-year colleges) along with Hawaii, North Dakota, and Wyoming

*Data from the 2020-21 enacted budget, LAO, [EdSource](#), [CCC](#), and [California Budget & Policy Center](#) unless otherwise specified.