

California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA)

Mid Year Budget Cuts Talking Points

November 14, 2008

Governor Proposes \$322 Million Cut to Community Colleges

The Governor has called a special session of the state Legislature to address California's emerging budget shortfall.

For community colleges, the Governor proposes:

- Cutting \$39.8 million, which is the remaining, funded 0.68% for the cost-of-living adjustment. This results in a cut of 5.66% from the statutory funding level.
- A five percent (5%) cut to each district's general apportionment (\$292.4 million). Allowing districts to backfill portions of their general apportionment cut by doing a mid- year shift from categorical program funding. Normal consultation and public meetings requirements would be required at the local level.

Issues to Consider in Cuts to Student Financial Aid Programs

- As the unemployment rate in California is projected to rise, enrollment demand at community colleges will rise as well. Many of these students will be seeking financial aid and requesting services from offices already behind in processing larger numbers of applicants for the Fall 08 term.
- Financial Aid Offices are funded in part by BFAP-SFAA funds which have received no COLA or growth funding the last 5 years. With personnel and benefit costs increasing over time, many college offices are struggling to maintain service levels. Budget cuts as proposed will exacerbate this further.

- If enrollment fees at community colleges are increased, more students will be seeking options to minimize the price change including seeking financial aid in ever increasing numbers.
- With the state of the economy, many students' only option for educational financing is federal student loan programs as traditional means of borrowing are no longer available due to the current problems in the lending markets. Many financial aid offices are not staffed sufficiently to accommodate an increase in demand for student loans.
- Our experience in the past has demonstrated that, even when minor community college fee increases are implemented, additional financial aid outreach and information programs are essential to off-set the resulting belief among many low-income populations that higher education in California is no longer financially possible for them. For this very reason, the state legislature established BFAP funds. Funding cuts to this program will hamper our ability to provide these programs at a time when they are most essential.
- The current economic climate has significantly increased student applications for financial aid at community colleges. Offices are struggling to serve the demand without adequate resources. Further cuts will only hamper these efforts to serve these students, and more, in a timely manner.
- Investing in education and assisting needy students with the costs of education both serve the long-term interests of the State by developing an educated work force to contribute to the economic stability of California.