

DRAFT

Chancellor's Office
California Community Colleges
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PROPOSITION 13 CONTINGENCY PLAN
CALIFORNIA COMMUNITY COLLEGES

BACKGROUND

Passage of Proposition 13 would create many uncertainties for future operations of community colleges in California. This paper suggests a way the state-level Board of Governors and Chancellor's Office may work with the Legislature and local boards to meet such an emergency situation. If the initiative passes, colleges will lose between \$500 million and \$750 million (if colleges were to receive no local property tax revenue) statewide in local revenue. This amounts to between 40% and 60% of district operating budgets statewide during 1978-79 and thereafter. The impact on individual district budgets will vary dramatically. Some districts lose a small portion of their budget (as little as 5%), while others will lose more than four-fifths of their operating income.

STRATEGY

The Board of Governors and Chancellor's Office will take the lead to secure legislation and take other steps necessary to keep community colleges open during 1978-79 and thereafter. Because of the timing involved, three short-term emergency efforts, followed by a long-term effort, will be undertaken:

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3. State aid will be distributed during 1978-79 in an attempt to accommodate the problem of lost revenue.

Since 1947, state aid has been distributed so as to equalize differences in district property wealth per student.

Passage of the initiative would change this and require that other measures be used in order that comprehensive programs and services be continued.

State apportionment aid for 1978-79 will be that calculated in the advanced apportionment, based (as usual) upon 1977-78 second period apportionment plus inflation.

In the event that State General Fund surplus funds (or other general revenues) become available, these would be distributed as follows:

additional state funds for a district =
district target budget (1977-78 total actual budget
revenue plus inflation)
less
state apportionment
less
local property tax revenues

Additional state funds will be distributed so as to bring each district to the same proportion of its target budget.

State and federal matching requirements for districts should be relaxed. Possible budget reductions will make it difficult or, in some cases, impossible for districts to meet the matching requirements of certain federal and state categorical aid programs. These requirements should be modified is possible.