



September 1, 2010

Dear Martha,

Well, it's 63 days into the fiscal year, and we finally had votes on competing budget plans yesterday. To no observer's surprise, the Republican and Democratic plans garnered only the support of members of the sponsoring party. Meanwhile, the governor is scheduled to go on a six-day Asian trade mission next Thursday, and few observers think a deal can be made before he leaves.

The Legislature is now on recess and little pressure is on them to complete work on the budget. While I would be shocked if either scenario happened, there is serious discussion about holding the budget until after the November election or even until the next governor is sworn-in next January.

We continue to be in a tough advocacy position. Both budget plans offered are (relatively) good for community colleges. Nevertheless, we recognize that only the Conference Committee/Democrats plan avoids the elimination of CalWORKs and state-funded child care, as well as avoids a \$1.5 billion unallocated cut to K-12 schools. These cuts would certainly hurt current and future community college students.

The governor and Republicans insist that no net increase in taxes are acceptable, justified by last May's statewide vote against the extension of the temporary taxes (which the Democrats would essentially continue), and GOP legislators put up their votes yesterday to show that they would indeed vote to eliminate CalWORKs and state-supported child care.

There will be no easy way out of this budget mess.

Meanwhile, we are currently surveying community college district chief business officers on exactly how long the colleges can keep their doors open without state funds.

The end of the session was frantic with legislation relating to retirement and compensation reform. While the items passed are unlikely to be sufficient to be considered the "pension reform" that the governor is demanding in conjunction with the budget, they do provide significant changes to current law.

In summary, some of the key bills we were watching that passed were:

- [AB 194](#) (Torres and Torrico)- limits calculation of final

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compensation for the purposes of CalPERS or CalSTRS at 125% of the governor's salary (~\$217,000) for any employee who first enters either retirement system after January 1, 2011

- [AB 827](#) (de la Torre)- for chief executive contracts for local agencies executed after January 1, 2011, including community colleges, prohibits any compensation (including benefits not provided to all employees) increase beyond a cost-of-living adjustment without a performance review (the open session discussion was removed)
- [AB 1987](#) (Ma) & [SB 1425](#) (Correa and Simitian) - prohibits members of PERS or STRS who retire after January 1, 2012 from working (including part-time or under contract) for a PERS/STRS employer for 180 days after retirement, and limits what can be included in final compensation

Three of the significant compensation related bills that we were following did not gain final passage last night (AB 1955, AB 2064, and SB 501). The outcome of the compensation package surprised most local government advocates, as earlier in the week, it looked like the transparency/disclosure bills would pass and the compensation caps would fail. In the end, [the opposite happened](#).

Finally, we were pleased to see two pieces of the California DREAM Act pass last night. [SB 1460](#) would provide access to Board of Governors' fee waivers and campus-based scholarships to AB 540 students, while [AB 1413](#) would make AB 540 students eligible for Cal Grants. While the long-term solution is clearly comprehensive immigration reform, providing educational and economic opportunity to the generation of young people caught between reform efforts must be addressed.

The League's legislative team is finalizing the analysis of all the bills affecting community colleges that were sent to the governor, and it should be available on the League's website by Friday. In the meantime, do not hesitate to ask us any questions that you might have.

Sincerely,



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