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May 21, 2009

The Honorable Arnold Schwarzenegger
Governor, State of California
California State Capitol
Sacramento, CA 95814

Dear Governor Schwarzenegger:

On behalf of the Hispanic Association of Colleges and Universities (HACU), I wish to submit some thoughts on the issues that face the State of California as you and the Legislature debate changes to the 2008-09 and 2009-10 budgets. HACU understands that these are very difficult financial times in California, particularly in light of the May 19 election results. As policy makers move forward with a final budget, we urge you to take into account the economic impact of drastic reductions to the systems of higher education that educate the workers of today and tomorrow. The following are of particular concern to HACU:

1) California Community Colleges

- a. Under the 2009-10 budget and May Revise, the California Community Colleges would suffer a total of \$940M in cuts. These budget cuts include \$242M in 2008-09 cuts, including deferrals, categorical cuts, and property tax shortfall reductions. The 2008-09 cuts come just as the spring semester is ending – meaning colleges will have to dip into what little reserves they have left as there is no time to adjust expenditures.
- b. The 2009-10 cuts include reductions for PE Courses (\$120M), enrollment growth (\$127.1M), categorical programs (\$334M) and expected property tax shortfalls (\$116.7M). California's double digit unemployment is driving a rush to California's community colleges for retraining. Further cutting enrollment growth means that a projected 250,000 students will be unable to access the courses they need to graduate and get back to work.
- c. Your May Revision contingency proposal includes an additional reduction of \$112.4M to community college categorical programs. These programs are vital to low-income and first-generation students pursuing two-year degrees. In addition, they include funding required under ADA, and the reduction would open the schools up to lawsuits or decimate programs that help low-income students access and succeed in college.
- d. The May Revision contingency proposal further includes a reduction of \$68.7M in 2009-10 for enrollment growth for apportionments and categorical programs. These reductions come just as increasing numbers of unemployed workers are going to the colleges to receive retraining so that they can reenter the workforce.
- e. The community colleges are meant to be the open access system of higher education; these cuts will shut out 250,000 students. We urge you and the Legislature to find a way to minimize the impact on California's ability to educate its workforce.

2) **California State University**

- a. Under the 2009-10 budget and May Revise, the CSU would suffer a total of \$410M in cuts. The 2009-10 Budget and May Revise include net budget cuts of ten percent to the California State University System. There would be cuts of \$292M in 09-10 including already approved cuts and additional net reduction, and with the failure of the ballot propositions on May 19, the additional \$118.6M cuts delineated below. While the CSU has already taken measures to deal with previous cuts, including raising fees and reducing 2009-10 freshman enrollment targets, these additional budget cuts will invariably result in additional enrollment reductions, cuts in academic programs and course offerings (leading to longer time to graduation), increased class size and still higher student fees. We know that California will need even more college-educated workers than we are preparing today; reducing access to the systems of higher education will hurt our long-term recovery.
- b. Your May Revision contingency proposals include eliminating CSU Academic Preparation programs (\$18.6M). The DOF states that “these reductions would not impact core education delivery to students.” In fact, these programs are vital to access and success for many low-income and first-generation college students. These programs help students navigate a complex system and provide additional assistance to ensure that students can successfully complete their degrees. When our economy recovers, it will need educated workers. What may seem a wise short-term solution is a very poor long-term proposal.
- c. Your May Revision contingency proposal includes a \$100M unallocated cut to CSU. During the last round of cuts, we already saw access to CSU significantly reduced: this cut would only lead to qualified students being denied a spot in college in greater numbers.
- d. The Legislative Analyst Office has recommended that the Legislature adopt specific 2009-10 enrollment targets for UC and CSU in order to clarify the state’s goals for enrollment (as the current budget proposal does not). We are opposed to the LAO’s proposal. CSU has found creative ways to use one-time measures to educate students for whom they have not received funding; given that the segments have received funding cuts, it would be unfair to penalize them by re-benching their funding at their current enrollment levels.
- e. Nursing Program Enrollments: As part of the 2009-10 Budget Act adopted in February 2009, funding to support expansion of enrollments in nursing at UC and CSU was deleted “without prejudice.” Under consideration, as an open issue, is to provide CSU with \$3.6M to fund an additional 340 undergraduates in nursing. We note that, not only are nursing programs more expensive to operate, but, according to information from the Latino Coalition for a Healthy California, while more than 1 in 3 Californians is Latino, only 6-8% of the nursing field is Latino. If we are to provide enough culturally sensitive nurses, we must continue to fund nursing programs in our public universities.

3) **University of California**

- a. Under the 2009-10 budget and May Revise, UC would suffer a total of \$322M in cuts. The 2009-10 Budget and May Revise include net budget cuts of ten percent to the University of California: cuts of \$322M in 09-10 including already approved cuts of \$115M, an additional net reduction of \$125M, and with the failure of the ballot propositions on May 19, the cuts delineated below. While UC has already taken measures to deal with previous cuts, including higher fees and reducing 2009-10 freshman enrollment targets, these additional budget cuts will result in additional enrollment reductions, cuts in academic programs and course offerings (leading to longer time to graduation), increased class size and still higher student fees. We know that California will need more college-educated workers than we are preparing today; reducing access to the systems of higher education will hurt our long-term recovery.

- b. Your May Revision contingency proposals include eliminating UC Academic Preparation programs (\$31.3M). The DOF states that “these reductions would not impact core education delivery to students.” In fact, these programs are vital to access and success for many low-income and first-generation college students. These programs help students navigate a complex system and provide assistance to ensure that students can successfully complete their degrees. When our economy recovers, it will need these educated workers. Once again, an apparently wise short-term solution will prove very poor in the long term.
- c. Your May Revision contingency proposal also includes a \$50M unallocated cut to UC. During the last round of cuts, we already saw access to UC significantly reduced; this cut would only lead to more students being denied a spot in college.
- d. The Legislative Analyst Office has recommended that the Legislature adopt specific 2009-10 enrollment targets for UC and CSU in order to clarify the state’s goals for enrollment (as the current budget proposal does not). We are opposed to the LAO’s proposal. UC has found creative ways to use one-time measures to educate students for whom they have not received funding; given that the segments have received funding cuts, it would be unfair to penalize them by re-benching their funding at their current enrollment levels.
- e. Program in Medical Education Enrollments (PRIME): As part of the 2009-10 Budget Act adopted in February 2009, funding to support the enrollment of a new PRIME student cohort was deleted “without prejudice.” UC is requesting \$1.46M to support the new cohort of 57 PRIME students at the full marginal cost of medical school instruction. We would urge the Governor and Legislature to keep in mind that, according to a 2008 report by the Center for California Health Workforce Studies at the University of California, San Francisco, “While Latinos represent one third of the state’s adult population, only 5% of California physicians are Latino.” There are also significant regional disparities affecting rural and inner city areas. We must remedy these disparities in order to ensure that all Californians have access to the health care they need.
- f. Nursing Program Enrollments: As part of the 2009-10 Budget Act adopted in February 2009, funding to support expansion of enrollments in nursing at UC and CSU was deleted “without prejudice.” Under consideration, as an open issue, is to provide UC with \$1.1M to fund an additional 50 undergraduates and 42 master’s level students in nursing. We want to remind you and the Legislature that not only are nursing programs more expensive to operate, but in addition, according to information from the Latino Coalition for a Healthy California, although more than 1 in 3 Californians is Latino, only 6-8% of the nursing field is Latino. If we are to provide enough culturally sensitive nurses, we must continue to fund nursing programs in our public universities.

4) Cal Grant Programs

- a. The May Revision includes \$87.5M in cuts to the various Cal Grant Programs, including:
 - i. Eliminating all new Cal Grant Competitive Awards which go to some of California’s neediest families, including adults who choose to go back to complete a 2-year degree so that they can provide adequately for their families.
 - ii. Reducing the maximum awards for students at private institutions, where Latino students have met with great academic success and are graduating in high numbers.
 - iii. Partially decoupling award levels from UC and CSU fee increases, in a state where inadequate state funding for the 4-year institutions forces them to raise fees to be able to continue to provide a quality education. Given the state’s high cost of living, other forms of aid needed to cover living expenses cannot also cover fees.Despite California’s deep economic crises, we must remain opposed to any cuts which would deny Californians an education by pricing them out of college.

5) De-Centralization of California Student Aid Commission (CSAC)

- a. As you consider the de-centralization of CSAC, we note two important issues:
 - i. Under the Governor's proposal the Cal Grants for students attending the independent and private colleges would be administered through the California Community College Chancellor's Office. Given that the Chancellor's Office is consistently underfunded and understaffed, we believe that the office should not be burdened with additional responsibilities unrelated to its mission, and that the students will not be best served under this scenario. We would urge you to find a more appropriate entity to administer these grants.
 - ii. Currently, CSAC administers financial aid awareness programs including CAL-SOAP and Cash for College. According to a study by the Tomas Rivera Policy Institute (TRPI), only about 30% of Latino students use any grant to pay for their college education, despite the fact that the median income for Latino families is well below the state average. This can be attributed in large part to a need for greater financial aid awareness among low-income and first-generation college going families. The state needs an entity tasked with administering these programs that can also advocate for them when budget cuts are proposed.

Thank you for your consideration of these issues. We look forward to working with you to find a constructive solution to California's budget crisis. Should you have any questions, please contact Erica Romero, Executive Director of Western States Legislative Affairs, via e-mail at eromero@hacu.net, or by calling 916-442-0392.

Sincerely,



Antonio Flores
President and CEO

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