



## League Budget Update #13 - August 22, 2008

### Stalemate continues

Despite last weekend's flurry of activity that looked like a budget deal might be close at hand, key deadlines approach in the next few days with legislative leaders far apart. Legislative leaders have canceled appearances at the Democratic convention next week, and the governor has now suggested a special election may be needed with Sunday's ballot deadline soon expiring. Inside the Capitol, key staff believe something will happen in the next couple of days or, instead, in several weeks, which is now seen as more likely.

This week, the governor made public his previously private compromise package that he had presented to legislative leaders behind closed doors. The plan relies on a three-year, 1-cent sales tax increase, which would be followed by a 1.25-cent sales tax cut in 2011 and \$2 billion in cuts beyond what the Democrats supported in the "conference committee" spending plan.

For community colleges, the governor's plan significantly improves on his January and May proposals, by fully restoring proposed categorical cuts and by funding an additional 5,000 students through enrollment growth. The governor also withdrew his proposal to phase-out the Competitive Cal Grant program, which serves 42,000 community college students with an average income of \$15,000.

Issue	Governor's August Plan	Legislative Democrats
Cost-of-living adjustment	None	2.4%
Enrollment growth	2%	2%
Categorical programs	2007-08 funding levels	2007-08 funding levels
Competitive Cal Grants	Program preserved	Program preserved

While the budget deal is far from over, it is important to recognize that the governor and legislative Democrats have responded to the compelling arguments for the need to invest in community colleges during this challenging time for California's economy. Thank you for all of your efforts to tell the stories about your colleges and students, and to Vice Chancellor Erik Skinner for his good work inside the Capitol.

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