

Date of Hearing: April 9, 2013

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
AB 283 (Bloom) – As Introduced: February 11, 2013

SUBJECT: Community colleges: property tax revenues.

SUMMARY: Requires General Fund apportionments to the California Community Colleges (CCC) to be automatically adjusted for changes in property tax revenues. Specifically, this bill:

- 1) Requires the annual Budget Act specify the total local property tax revenue, as defined, for CCC districts upon which the General Fund appropriation for CCC districts is based.
- 2) Requires the CCC Chancellor to certify to the State Controller by December 31 of each year, the actual property tax revenue for the prior year based on information reported on each CCC district's Annual Financial Budget Report.
- 3) Requires, if the total amount of local revenue identified in the annual Budget Act is greater than the amount of local revenue identified and reported by the CCC Chancellor, the State Controller, at the time of the next general apportionment certification by the Chancellor, to transfer the deficient amount from the General Fund to the State School Fund for the CCC.
- 4) Requires, if the total amount of local revenues identified in the annual Budget Act is less than the amount of local revenues identified and reported by the CCC Chancellor, the State Controller, at the time of the next general apportionment certification by the Chancellor, to transfer the excess amount from the State School Fund for the CCC to the General Fund.

EXISTING LAW provides that general fund apportionments to K-12 school districts automatically adjust for changes in local property tax revenues. Current law does not provide for a similar adjustment for CCC districts.

FISCAL EFFECT: Unknown but potentially significant.

COMMENTS: Background on CCC budgeting. In developing the annual CCC budget, the state must estimate how much local property tax and student fee revenue will be available to the CCC. If the systemwide level of local property tax and fee revenue turns out to be lower than budgeted, this shortfall is proportionally spread across all CCC districts. In some years, legislation has been passed to augment General Fund support to CCCs in order to make up for this shortfall. In other years, CCCs were required to absorb the shortfall. While CCC funding is not automatically "backfilled" for non-received local revenue, state aid to CCC is also not automatically reduced when local revenues exceed estimates.

Background on property tax shortfalls. As a result of legislation that responded to the court ruling in *Serrano v. Priest*, current law provides for K-12 school districts to be automatically compensated with state funding when property tax revenues fall short of expectations relied upon for the state budget act. Unlike K-12 school districts, CCC does not have a mechanism for the automatic backfilling of property taxes not received. As noted above, in years where property tax revenues are less than estimated, a direct appropriation is the means for adjustment.

Purpose of this bill. According to the author, "Community college districts should have the same level of protection against fiscal uncertainty and financial loss as K-12 school districts. The current lack of protection diminishes colleges' ability to adequately meet the educational needs of their students and communities."

Prior legislation. AB 2591 (Furutani) of 2012, which was held in the Assembly Appropriations Committee, was almost identical to this bill. Several bills have been introduced over the past decade to address some aspect of this issue; all have failed.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community Colleges
California Federation of Teachers
California School Employees Association, AFL-CIO
Community College League of California
Faculty Association of California Community Colleges
Kern Community College School District
Los Angeles Community College School District
Mt. San Jacinto Community College School District
Peralta Community College School District
Rio Hondo Community College School District
San Diego Community College School District
West Kern Community College School District
Yosemite Community College School District
Yuba City Community College School District

Opposition

None on file.

Analysis Prepared by: Sandra Fried / HIGHER ED. / (916) 319-3960