

May Revise Summary

Governor Brown's May Revised 2014-15 Budget as released yesterday continued his commitment to fiscal restraint. The modest additional funding for community colleges stems from a very conservative estimate of state revenue growth in 2014-15. There will be many pressures during debates in the Legislature to increase assumed revenues for next year and thus make available more money to support the many programs which are still suffering from cuts made during the recession years. That said, do not expect an appreciable change in our community college budget. Below are the highlights of the proposed budget for community colleges. More detailed analyses are attached from the [Chancellor's Office](#), the [Community College League](#), and from the [McCallum Group](#). Also attached is a separate [League analysis of the Governor's CalPERS proposal](#). Funds proposed above the 2013-14 CCC budget:

- \$50 M in one-time money to develop, enhance, and expand Career Technical Education programs that build upon existing regional capacity to better meet regional market demands. This money may be spent over two years and will be allocated by the Chancellor's Office on a regional basis. More language is on the way.
- \$6 M for increased technology infrastructure (\$1.4 M one-time, \$4.6 M ongoing) to upgrade bandwidth and replace technology equipment at local campuses. This money will also be dispersed by the Chancellor's Office.
- Funded enrollment growth is 2.75% down from 3.0% in January, a decrease of \$14.8 M. No change will be made to the growth formula until at least 2015-16.
- Funded COLA is 0.85% down from 0.86% in January, a decrease of \$1.2 M.
- \$148 M in one-time block grant down from \$175 M in January. Only deferred maintenance is funded, eliminating instructional equipment. No match required.

Proposed for 2015-16 is equalization of the funding rate for CDCP noncredit courses to equal the credit rate. Career Development and College Preparation courses are those in ESL, basic skills, and short-term vocational training. [A Chancellor's Office impact study is attached](#).

Not directly affecting funds flowing to community colleges are deferral pay down adjustments:

- A decrease of \$55.5 M in the prior year 12-13, an increase of \$133.6 M in the current year 13-14, a decrease of \$78.1 M in the budget year 14-15 with the net result still being a complete pay down of system deferrals.
- \$42.4 M is added to offset decreases in local property tax and fee revenue estimates for the 14-15 year.

To pay off an unfunded CalSTRS liability of \$74 B, the Governor proposed raising combined contributions from 19.3% to 35.7% of payroll. Wow! Details:

- The state share would be \$20 B, increasing the state rate from 3% to 6.3%.
- The employer share would be \$42 B, increasing the employer rate from 8.25% to 9.50% in 2014-15. Then 1.6% increases each year until 19.1% is reached in 2021-22.
- The employee share would be \$12 B, increasing the employee rate from 8.0% to 9.2% in 2015-16, and to 10.25% each year after.