

This morning, Governor Brown released the revision to the 2017-18 state budget proposal – a budget focused on prudent investments in California's future. Recognizing the importance of enhancing educational quality and supporting community colleges in their mission to provide opportunities for social mobility for all Californians, the Governor dedicates substantial resources to higher per-student funding.

The base augmentation increase in the Governor's Revised Budget illustrates a recognition that California's community colleges are an indispensable component of a more prosperous and equitable California. The one-time Guided Pathways funding is a necessary catalyst for a systemic and integrated redesign of the student experience at California's community colleges.

### **Economic Context**

The May Revision is driven by economic insecurity based on a mild drop in state revenue coupled with uncertainty about federally-funded programs. Governor Brown's budget underscores a belief that the current spending trajectory will lead to a state budget deficit. Spending growth is tempered by lower revenue projections. The Revised Budget reflects a revenue forecast that is \$5.8 billion lower for 2015-16 through 2017-18.

### **Proposition 98 and Community Colleges**

California's economic flattening has resulted in prior year adjustments to Proposition 98, however overall K-14 funding still grows by \$2.1 billion for 2017-18. The total Proposition 98 K-14 guarantee for 2017-18 is \$74.6 billion.

For community colleges, the Governor's 2017-18 proposal provides \$230.2 million in new Proposition 98 resources. The Administration's community college investments focus on enhancing colleges' institutional capacity to nurture and sustain success for California's 2.1 million community college students. This investment also supports evidence-based approaches in curriculum development, planning, and other measures to improve student outcomes.

### **Supporting Quality Education**

The League appreciates the recognition of the critical nexus between a base augmentation and maintaining educational quality. Governor Brown's May Revision recognizes robust investments in community colleges lead to economic opportunities for all Californians.

**General Operating Resources** – The May Revision includes an additional \$160 million to fund general operating expenses for a total of \$183 million. Among other necessities, base funding is essential to maintaining faculty and staff talent, converting part-time professors to full-time faculty, covering healthcare and pensions for the workforce, and confronting increasing operating costs.

**Proposition 98 Statutory Split** – The League is grateful to Governor Brown and members of the Legislature for efforts to more closely honor the Proposition 98 statutory split and continuing its longstanding support for the nation's largest system of public higher education.

### **Remaining Areas of Concern**

**Bond and Capital Outlay** – In 2016, California voters approved a facilities bond providing a \$2 billion infrastructure investment in California's community colleges. Nevertheless, the May Revision adds only four additional projects or nine of the 29 shovel-ready capital projects. Moreover, this budget includes only a fraction of the \$29.2 billion in facilities needs identified in the Five-Year Capital Outlay Plan. Failing to fund approximately 70% of these capital projects represents a missed opportunity to create jobs and to cultivate a skilled and educated workforce in communities throughout the state.

Though a much-needed investment in the Cal Grant Program is absent from this budget, the League will continue to advocate for reforms to better serve the state's community college students. The Cal Grant Program distributes less than 10% of total aid to our community college students despite the fact that our students comprise 73% of the higher education population in the state. This policy approach reinforces the very socio-economic stratification that public higher education seeks to counteract.

The League's May Revision Summary chart illustrates the major components of the proposed budget for community colleges. The chart is also available [here](#).

| Item  | 2016-17<br>Enacted Totals | 2017-18 Governor's<br>January Proposal | 2017-18<br>May Revision    |
|---|---------------------------|--|----------------------------|
| <b>On-Going Funds</b>                                 |                           |  |                            |
| Cost of Living Adjustment (COLA)                      | 0%                        | \$94.1 M (1.48%)                       | \$97 M (1.56%)             |
| Enrollment Growth                                     | 2%                        | \$79.3 M (1.34%)                       | \$57.8 M (1%) <sup>1</sup> |
| Base Augmentation                                     | \$75 M                    | \$23.6 M                               | \$186.3 M                  |
| Student Success and Support Program (SSSP)            | No Augmentation           | No Augmentation                        | No Augmentation            |
| SSSP - Equity   | No Augmentation           | No Augmentation                        | No Augmentation            |
| Workforce & CTE Pathways                              | \$248 M                   | No Augmentation                        | No Augmentation            |
| Basic Skills  | \$30M                     | No Augmentation                        | No Augmentation            |
| COLA for EOPS, DSPS, Cal Works, Childcare Tax Bailout | 0%                        | \$5.6 M (1.48%)                        | \$5.6 M (1.56%)            |
| Full-Time Student Success Grants                      | \$41.2 M                  | No Augmentation                        | \$5 M <sup>2</sup>         |
| Online Education Initiative                           | No Augmentation           | \$10 M                                 | \$10 M                     |
| <b>One-Time Funds</b>                                 |                           |  |                            |
| Guided Pathways                                       |                           | \$150 M                                | \$150 M <sup>3</sup>       |
| Integrated Library Systems                            |                           | \$6 M                                  | \$6 M                      |
| Deferred Maintenance & Instructional Equipment        |                           | \$43.7 M                               | \$135.8 M <sup>4</sup>     |
| Prop 39 Clean Energy Job Creation Fund                |                           | \$52.3 M                               | \$46.5 M                   |
| Innovation Awards                                     |                           | \$20 M                                 | \$20 M <sup>5</sup>        |

<sup>1</sup> Allows the system to serve around 24,000 more students.

<sup>2</sup> About \$600 per full-time student.

<sup>3</sup> Amends trailer bill language: (1) clarify the Guided Pathways four pillar framework; (2) clarify the funds will be used for release time, professional development, and technology solutions; (3) CO authority to require program criteria, qualitative and quantitative indicators; and (4) requires annual report.

<sup>4</sup> Majority allocated in P2 2018-19

<sup>5</sup> Focus areas determined by CCC Chancellor