

Funding Formula Update From VC Christian Osmeña

May 17, 2018

I apologize for the long delay in responding. Yesterday, the Senate budget subcommittee rejected the Governor's proposal on the funding formula in its entirety, including the \$175 million ongoing and the \$104 million one-time to transition to the new formula, the "hold harmless" protections for 2018-19 and 2019-20, and the calculation of full-time equivalent students using a three-year average.

Therefore, if the Senate's proposal was enacted, the general apportionment would be administered pursuant to current law (essentially SB 361). (The Senate proposal includes the 2.71-percent COLA and 1-percent growth budgeted by the Governor.) At the bottom of this note, I have included a table showing the items the Senate instead funds using the resources available because of the rejection of the Governor's proposal.

The full Senate Budget and Fiscal Review Committee is expected to meet on Tuesday, May 22, to consider the Senate's budget plan (which, absent changes, would be based on its subcommittees' actions). The Assembly budget subcommittee on education finance will meet on Wednesday, May 23, to take its budget actions. As you are aware, actions by the budget committees are significant steps in the budget process. Once the houses have produced their budgets, they form a conference committee with a formal charge of resolving only the differences between the houses. Therefore, at that point, entities like the Chancellor's Office must make recommendations on which version of the budget—the Senate's or the Assembly's—is preferable, and it becomes difficult for us to advocate on issues not before the conference committee.

For that reason, the Chancellor's Office is encouraging the budget committees to adopt the Governor's May Revision proposal as part of their budget plans. The Governor's proposal includes most of the recommendations made by the Chancellor, and we believe it is consistent with the principles included in the report of the CEO Funding Formula Workgroup and the advice of the Advisory Workgroup on Fiscal Affairs. We recognize that the Governor's proposal does not reflect all of the requests made by this group over the last several months. We believe, though, that it is the most prudent path moving forward. As we've committed previously, we would continue to work with you all—and our other stakeholders—over the coming years to monitor implementation of a new formula and address unintended consequences.

Thank you, and please feel free to reach out if you need additional information.

Best,

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\$108 million for baseallocation
\$40 million for full-time faculty
\$25 million for part-time faculty compensation
\$15 million (one-time) for undocumented and immigrant legal services
\$20 million (one-time) for mental health services
\$20 million (one-time) for California State Pathways in Technology (P-TECH) Program
\$44 million (one-time) for online education initiative competitive sub grant