

The background of the slide features a collage of puzzle pieces. Some pieces show parts of US dollar bills, including the portrait of Benjamin Franklin on a \$100 bill and the text 'SERIES 2003'. Other pieces show a green circular seal with a building and the year '1789'. A hand is visible on the right side, placing a puzzle piece into the larger assembly.

# 2016-17 GOVERNOR'S BUDGET PROPOSAL FOR CALIFORNIA COMMUNITY COLLEGES MAY REVISION AND ENROLLMENT GROWTH UPDATE

Released May 13, 2016  
Presented May 18, 2016

# 2015-16 Growth Update

Description	3.83% Constrained Growth, Per Per P1 Apportionment April 2016		
	Growth Formula Percent	Total Amount	Estimated Number of FTES (At Credit Rate)

## 2015-16 ESTIMATED GROWTH:

2015-16 Estimated Growth <u>at Cap</u>	3.83%	\$ 5,061,412	1,072
<b>2015-16 Estimated Growth</b>	<b>3.75%</b>	<b>\$ 4,949,081</b>	<b>1048*</b>
<b>2015-16 Estimated Growth</b>	<b>2.85%</b>	<b>\$ 3,767,645</b>	<b>798</b>
2015-16 Estimated Growth	2.00%	\$ 2,643,034	560
2015-16 Estimated Growth	1.00%	\$ 1,321,517	280

## Compared to Funded FTES of 2014-15 Recalc April 2016 and 2015-16 P2 320 Report:

	Credit	Noncredit	CDCP	Total
2014-15 Recalc P1 April 2016	24,281	1,802	4,186	30,269
2015-16 P2 320	24,854	1,641	4,572	31,067
<b>Subtotal</b>	<b>573</b>	<b>(161)</b>	<b>386</b>	<b>798</b>
				<b>250</b>
<b>Total</b>				<b>1,048</b>

\* Includes Summer 2016 Projected Growth for CED

# Introduction

- Governor's May Revision Message is Careful Planning and Fiscal Restraint in Light of a Slow-Growth Economy.
- The State's Projections do not Assume a Recession, but do Assume that Proposition 30 Temporary Taxes Expire. Under These Assumptions, the State Forecasts Large Deficits, Which Will Grow Even Higher if a Recession Should Develop.
- The Proposition 98 Funding Increased Slightly Over the January proposal. The May Revision Proposes that Proposition 98 Adjustments for 2014-15, 2015-16 and 2016-17 combined total \$626 Million.

# Budget Highlights

## Ongoing – Unrestricted Fund

- \$114.7 Million (2%) Growth.
  - For Mt. SAC Approximately \$2.7 Million
- No Cost-of-Living Adjustment (COLA), as Compared with the Estimated 0.47% in January.
  - No COLA for Categorical Programs.
- \$75 Million for a Base Apportionment Increase (Which was not Proposed in January). Could be Utilized for the Escalating Operational Costs and STRS and PERS Increases.
  - For Mt. SAC Approximately \$2.0 Million

# Budget Highlights

## Categorical/Restricted Funds

- \$30 Million in Ongoing Funding for Basic Skills Innovation Categorical Program to Incentivize and Support Colleges that Successfully Implement Research-Based Practices that Transition Students from Basic Skills to College-level Programs.
- \$200 Million for Strong Workforce Program to Improve and Expand Access to Additional Career Technical Education (CTE) Courses and Implement a Regional Accountability Structure. Split 60% to Colleges and 40% to Regions. Of the 60% Going to Colleges, 40% is for One-Time Purposes for Program Implementation; the Remaining Funds are for Ongoing Purposes.
- \$48 Million In Ongoing Funding for CTE Pathways Program.
- \$2.3 Million for Equal Employment Opportunity.
  - For Mt. SAC Approximately \$62,177

# Budget Highlights

## One-Time Funds

- \$105.5 Million for Mandate Reimbursements, as Compared with the \$76.3 Million in January. The Governor Recognizes the Fiscal Challenges of Funding STRS and PERS. Could be Utilized for STRS and PERS.
  - For Mt. SAC Approximately \$2.8 Million
- \$219.4 Million for Physical Plant and Instructional Support. Down from \$289.5 Million in January. No Local Match Required.
  - For Mt. SAC Approximately \$5.9 Million
  - Hopefully, the State will Provide Two Years to Expense These Funds.
- \$49.3 Million for Proposition 39 Energy Efficient Projects.
  - For Mt. SAC Approximately \$1.2 million
- \$38.6 Million Increase in One-Time Funding for an Anticipated Shortfall of the 2015-16 Property Taxes.



## Other Statewide Budget Highlights

- \$8 Million in Ongoing Funding and \$7 Million in One-Time Funding for the TTIP Program to Expand Broadband Capacity Across the Community Colleges Campuses.
- \$25 Million in One-Time Funding for Innovation Awards.
- \$5 Million in One-Time Funding for Zero Textbook Cost Degree.
- \$300,000 for Statewide Academic Senate to Develop, Promote, and Act Upon Policies in Support of Student Success and Workforce.
- \$20 Million in One-Time Funding for Online Education Initiative to Support the Development of Courses in the Online Course Exchange.
- \$5 Million Increase in One-Time Funding for Adult Education Technical Assistance.

# Other Budget Issues

- OPEB Trust
  - Retirees' Health Premiums - \$4.5 Million - Paid from the Interest Earned in the OPEB Trust.
  - Retirees' Health Premiums - \$2.5 Million – Paid from the Unrestricted General Fund.
  - OPEB Trust Balance as April 30, 2016 \$68.8 Million.
- STRS Increases
  - “Employer Share” Rate will Increase from 10.73% to 12.58% in 2016-17 for a Total of \$1.7 Million, and will be at 19.10% in 2020-21.
- PERS Increases
  - “Employer Share” Rate will Increase from 11.847% to 13.888 % in 2016-17 for a Total of \$1.1 Million, and will be at 19.8% in 2020-21.
- The 2016-17 May Revision Provides an Augmentation of \$75 Million, which is a Clear Recognition of the Substantial Fiscal Challenges that the District Faces in Coming Years due to Escalating Operational Costs, STRS and PERS increases, and OPEB Liabilities.
- Proposition 30 is Temporary (\$24.7 Million for Mt. SAC in 2015-16).
  - Sales Tax Increase Terminates at the end of 2016.
  - Income Tax Increase Terminates at the end of 2018.



# Questions

