



2013-2014  
Budget Update  
Governor's 2014-2015 Proposed  
Budget

Board of Trustees Meeting  
January 13, 2014

# State Budget Update Governor's Proposed Budget

- Proposed Budget “leaked” evening of January 8<sup>th</sup>
  - Was scheduled for January 10<sup>th</sup>
- State economy slowly rebounding from recession
  - Additional revenues from improving economy, employment, capital gains and consumer confidence
  - Prop 30 temporary taxes revenues
- Additional combined revenues project state budget surpluses in near future
  - One time revenues (capital gains taxes) vs. ongoing projected revenues
- Governor urges “wisdom and prudence should be the order of the day”

State Budget Update  
Governor's Proposed Budget  
Community Colleges Impact

- No increase to student enrollment fees proposed
- \$155.2 million (3.0%) in growth/access/restoration funding
  - RSCCD = approximately \$3.9 million?
  - Subject to BOG adopting a growth formula that “gives first priority to districts identified as having the greatest unmet need in adequately serving their community’s higher educational needs. All districts will receive some additional growth funding, and over time will be fully restored to pre-recession apportionment levels.”
  - No clarity yet on what this means and how funds would be earned

State Budget Update  
Governor's Proposed Budget  
Community Colleges Impact

- COLA (Cost of Living Allowance) - \$48.5 million
  - Governor proposes a 0.86% statutory COLA for general purpose apportionments
  - No COLA proposed for categorical programs
  - RSCCD = approximately \$1.2 million
- Apportionment Deferrals - \$592.4 million
  - Eliminates (buys back) all community college's apportionment deferrals (IOU's)
  - \$235.6 million from one time Prop 98 prior year settle up funds
  - \$356.8 million from 2014-2015 budget year
  - RSCCD = \$15.4 million
  - Largest allocation, but does not provide any additional funds to districts (no new money)
  - pays off entirely the state's apportionment deferrals "wall of debt" to the community colleges (and K-12 education)

State Budget Update  
Governor's Proposed Budget  
Community Colleges Impact

- Student Success and Support Program - \$100 million expansion
  - Formerly Matriculation program
  - RSCCD = approximately \$2.5 million
- Plus an additional \$100 million to establish a new program within the Student Success and Support Program for “Student Equity”
  - “to close achievement gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans” and “to better coordinate delivery of existing categorical programs.”
  - RSCCD = \$2.5 million?
  - No clarity on how funds are to be distributed to districts

State Budget Update  
Governor's Proposed Budget  
Community Colleges Impact

- Prop 39 energy efficiency program - \$39 million
  - slightly less than 2013-2014
  - RSCCD = approximately \$999,000
  - Second year of funding the program
- Redevelopment Agency funding shortfalls - partial backfill
  - Shortfall caused larger overall apportionment deficits for districts
  - \$38.4 million for 2013-2014
    - RSCCD = approximately \$980,000
  - \$35.6 million for 2014-2015
    - RSCCD = approximately \$911,000
  - Not new funds – partial “property tax” backfill
    - Reduces apportionment deficit



State Budget Update  
Governor's Proposed Budget  
Community Colleges Impact

- Scheduled Maintenance - \$87.5 million
  - One time prior year Prop 98 settle-up funds
  - RSCCD = approximately \$2.2 million
  - Match = 1:1
- Instructional Equipment - \$87.5 million
  - One time prior year Prop 98 settle-up funds
  - RSCCD = approximately \$2.2 million
  - Match = 1:3
- Overall, only about 42% of these funding proposals are for additional funds to districts with the remainder buying apportionment down deferrals

# State Budget Process

- Governor's Proposed Budget just starts state budget discussions for 2014-2015
  - Not much happens until after April 15
  - Legislative sub committee hearings
- May Revise (expected May 15) updates state revenues and expenditures
  - This is generally when serious budget discussions start
- Legislature has a June 15<sup>th</sup> deadline to enact a state budget to forward to Governor for signature by July 1