The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities
Governor Brown released his May Revise for the 2014-2015 budget on May 13th

- State revenues continue to show signs of improvement – over $2 billion more in revenues
- State costs and appropriations increase as well
  - Medi-Cal and Obamacare coverage
  - Rainy Day Fund
  - Paydown the “Wall of Debt”
  - CalSTRS unfunded liability
- Over $2 billion more in costs

“Shifts” in forecasts and formulas result in changes to Prop 98 minimum guaranteed funding

May revision for Community Colleges is slightly reduced from January proposal due to these adjustments
State Budget Update
Governor’s May Revise Budget
Community Colleges Impact

- No increase to student enrollment fees proposed
- $140.4 million (2.75%) in growth/access/restoration funding
  - Down from 3% in January
  - RSCCD = approximately $3.6 million
- COLA (Cost of Living Allowance) - $47.3 million
  - 0.85% statutory COLA for general purpose apportionments
  - Down from 0.86% in January
  - No COLA proposed for categorical programs
  - RSCCD = approximately $1.2 million
State Budget Update
Governor’s May Revise Budget
Community Colleges Impact

RDA/property tax/student fee/EPA revenue adjustments
- $42.5 million partial backfill
- RSCCD = approximately $1 million
- Slightly reduces overall apportionment deficit

Apportionment Deferrals - $592.4 million
- Eliminates (buys back) all community college’s apportionment deferrals (IOU’s) by the 14/15 budget year
- RSCCD = $15.4 million in IOU’s
- Deferral elimination 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 May Revise Budget
Community Colleges Impact

Student Success and Support Program - $100 million expansion (formerly Matriculation program)
- RSCCD = approximately $2.5 million
- New allocation requires 2:1 Match with unrestricted funds
- Match = wrong side of 50% Law

Plus an additional $100 million for 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 estimate
- no clarity on how funds are to be distributed to districts
Proposes to increase CDCP rates in 2015/16 to the credit rate per FTES

- Current CDCP rate = $3,232.07
- Current credit rate = $4,564.83
- RSCCD = Could generate an additional $8.6 million

Prop 39 energy efficiency program - $37.5 million

- Reduced from 2013-2014 allocation and January proposal
- RSCCD = approximately $960,000
- Slight reduction from current year funding
- Second year of funding the program
Scheduled Maintenance - $148 million
  - RSCCD = approximately $3.9 million
  - No Match required
  - One time funding

Instructional Equipment
  - No funding proposed for 2014-15

Mandates Block Grant
  - Reduced funding statewide by $345,000 to $29.5 million
  - RSCCD = approximately $740,000
  - One time funding
CalSTRS Funding Plan
- Proposal to increase employer cost in 2014-2015 from 8.25% to 9.5%
- RSCCD = additional 2014/15 cost approximately $687,500
- Large increases proposed through 2020-2021 up to 19.1%

Adult Education
- No changes in funding until 2015-2016
- Continue $25 million appropriation to Community Colleges and K-12 districts consortia for planning and implementation grants
State Budget Process

- LAO reports there will be over $2 billion more in revenues available in 2014/15 than Governor predicts
- Senate and Assembly sub-committees are utilizing higher state revenue estimates to increase community colleges funding levels by $246 million
  - Increase COLA from 0.85% to 1.7%
  - Full Time Faculty augmentation $25 million
    - Converting adjunct to full time
  - Increased funding for Apprenticeship program
  - Increase funding for Scheduled Maintenance/Instructional Materials – 50/50 split
Good News/Bad News

Good News

- State economy slowly recovering and providing Prop 98 increased revenues
- Continued temporary tax revenues from Prop 30
- Growth funding provides more access (classes) for students
- COLA provides (low) inflation adjustment
- No student fee increases
- Large investment in student success programs
- Legislature intends to invest even more in the community colleges
Bad News

- RSCCD increased expenses far outpace increased new unrestricted revenues
- Majority of funding increases buys down deferrals and provides substantial increases/restorations to categorical programs
- STRS district cost increase with no corresponding increase in funding
- SSSP Program increased funding requires 2 to 1 match
  - State funding increase = $2.5 million
  - RSCCD match requirements = $5 million
  - Concern effect on 50% Law compliance
Serious state budget discussions start now

Negotiations with Governor for budget package

Legislature has a June 15th deadline to enact a state budget to forward to Governor for signature by July 1
  - Governor may blue pencil down some additional augmentations

RSCCD 2014-15 Tentative Budget will be presented for Board approval on June 9th
  - Placeholder budget in order to pay district obligations

RSCCD 2014-15 proposed Adopted Budget for Board approval at September 8th meeting
  - Will include actual enacted state budget act funding authorizations