



2015-2016
BUDGET UPDATE
GOVERNOR'S 2016-2017 PROPOSED BUDGET

Board of Trustees Meeting
January 11, 2016

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

State Budget Update Governor's Proposed Budget

- Governor presented Proposed Budget on January 7th
 - Governor Brown talked about the need to prepare for the next economic downturn
 - State's heavy reliance on volatile Capital Gains revenues
 - Moderate recession could quickly produce huge deficits in state budget
 - Governor proposes to place some excess revenues in reserve by adding \$3.5 billion to Prop 2 – Rainy Day Reserve
 - Governor factors in the expiration of Prop 30 temporary revenues
- 2016-2017 Proposition 98 minimum funding guarantee for K-14 estimated to increase by \$3.2 billion
 - Community colleges estimated increase of \$350 million
 - 10.93% share of Prop 98 K-14 funding
 - Test 3
- 2015-2016 minimum Prop 98 K-14 funding estimated to increase by \$766 million
 - Community colleges share approximately \$84 million
 - Additional one-time funding in 16/17

State Budget Update Governor's Proposed Budget Community Colleges Impact

Ongoing Funding

- No increase to student enrollment fees proposed
 - Remains at \$46 per credit unit

- \$114.7 million (2.0%) in growth/access/restoration funding
 - RSCCD = approximately \$1.5 million opportunity
 - Utilizing the new prescribed growth formula
 - RSCCD constrained by new growth formula to approximately 1.2%

- 0.47% COLA (Cost of Living Allowance) - \$29.3 million
 - Governor proposes a 0.47% statutory COLA for general purpose apportionments
 - RSCCD = approximately \$680,000
 - Also 0.47% for select categorical programs
 - Low COLA expected primarily because of lower gas prices
 - LAO estimated COLA at 1.99% in Fiscal Outlook in November

State Budget Update Governor's Proposed Budget Community Colleges Impact

Ongoing Funding

- New Workforce Program - \$200 million
 - New workforce investment program to fund the Task Force on Workforce, Job Creation and Strong Economy recommendations
 - Unknown at this time how these funds will be allocated
 - Formula TBD
 - RSCCD = proportionate "fair share" would be \$5 million

- CTE Pathways Program - \$48 million
 - Continues original one time investment from 15/16
 - Support Career Technical Education Pathways program
 - RSCCD = unknown at this time

- Basic Skills - \$30 million increase to existing program
 - Allocation formula unknown at this time

- Innovation Awards Workforce - \$25 million
 - For innovative programs at colleges
 - Grant process for funding

State Budget Update Governor's Proposed Budget Community Colleges Impact

Ongoing Funding

- Apprenticeship Program - \$1.8 million augmentation
 - To increase hourly rates
 - RSCCD = unknown

- Data Security - \$3 million
 - Enhance data security
 - RSCCD = unknown

- Institutional Effectiveness - \$10 million
 - Augmentation to existing program
 - RSCCD = estimate \$250,000

State Budget Update Governor's Proposed Budget Community Colleges Impact

One Time Funding

- Scheduled Maintenance/Instructional Equipment - \$283 million
 - No match requirement
 - RSCCD = approximately \$7 million

- Mandated Cost Reimbursements - \$76.3 million
 - Unrestricted discretionary funding
 - Per FTES funding allocation
 - RSCCD = approximately \$1.9 million

- Zero Textbook Cost Degree - \$5 million
 - Incentivized program that have no costs to student for the use of textbooks
 - More details on this proposed program to come later this month

State Budget Update Governor's Proposed Budget Community Colleges Impact

- Proposition 39 Energy Efficiency program - \$45 million
 - 16/17 will be fourth year out of a five year program
 - Slight increase over \$39 million allocated for 15/16
 - RSCCD = approximately \$1 million

State Budget Process Update

- Governor's Proposed Budget just starts State Budget process and discussions for 16/17 Budget
 - Legislative committees hold hearings
 - Not much happens until after April 15th
- May Revise (due May 15th) updates state revenues and expenditures
 - May 15th falls on Sunday – most likely released on Friday, May 13th
 - This is generally when serious budget discussions begin
- Legislature has a June 15th deadline to enact a State Budget to forward to the Governor for signature by July 1st
 - Or they don't get paid