Governor’s May Revision
2019-2020

Board of Trustees meeting
May 13, 2019
May Revise

- Governor Newsom presented May Revise on May 9
  - Revises Governor’s January Budget Proposal with current revenue/expenditure estimates
  - State revenues projected for 2019-2020 are estimated slightly higher than in January Proposal
    - $3.2 billion higher over three year period (17/18, 18/19, 19/20)
  - Small share of new revenues for Prop 98 minimum funding guarantee
    - Only $746 million available for K-14 education
    - Constraints of Prop 98 formulas
May Revise – Proposition 98

• Of the $746 million for K-14
  – $389 million placed into Prop 2 Reserve Account for first time under Prop 2 (2014)
    • Primarily due to increase in Capital Gains revenues
  – Remaining net share at 10.93% for the community colleges
  – Plus offsetting savings from COLA reduction
  – Plus additional cost to State of lower projected property tax revenues in 19/20
    • No backfill for current fiscal year shortfall for CC’s
May Revise – Prop 98 - Community Colleges

• Community Colleges allocation largely unchanged from January Proposal
  – Approximately $68 million net increase
  – Mostly technical adjustments

• COLA – decreased from 3.46% to 3.26%
  – RSCCD = approximately $360k decrease

• Scheduled Maintenance/Instructional Equipment Program
  • One time funding of $39 million for CC’s
  • RSCCD = approximately $900k
Governor does not provide additional funding to address large funding shortfall for implementation of SCFF for the current year (18/19) and budget year (19/20)

- Current year - $182 million shortfall in funding
- Budget year – only 3.26% COLA provided for formula

Governor and State Chancellor’s Office propose to modify the formula to existing levels of funding

- Some changes in current 18/19 budget year
- Several changes in 19/20 budget year

Requests another year of implementation to 4 years
May Revise - Community Colleges
Student Centered Funding Formula

• In current budget year, 2018-2019, the new SCFF at Advanced Apportionment projected RSCCD additional revenues in excess of COLA (2.71%) at approximately $7.4 million

• At P1 March, the SCFF estimated RSCCD would not even receive full funding of COLA
  – RSCCD = $8.9 million deficit to Advanced formula

• At P1 April, the SCFF estimated RSCCD would receive full funding of COLA and $345k

• The new SCFF is underfunded, unstable and unpredictable
Governor and State Chancellor’s Office is recommending various changes to the SCFF in order to accommodate data metrics to existing funding

- Used poor data for implementation
- Cleaner data required additional funding
- Proposing to reduce/condensing number of data metrics currently funded

2019-2020 simulation predicts RSCCD will only receive 2017-2018 prior year funding plus 2.71% 18/19 COLA and 3.26% 19/20 COLA

- RSCCD now a “held harmless” district
May Revise - Community Colleges
Student Centered Funding Formula

• RSCCD – 2018-2019 current year budget
  – Campuses were allocated $5 million of expected $7.4 million in additional revenue from SCFF last fall after Adopted Budget
  – District not informed until P1 March these funds may not materialize
    • Confirmed in P1 April
    • Too late to recapture at this point in time
      – 10 months into the fiscal year
  – $5 million allocation from 18/19 will be removed for 19/20 Tentative and Adopted Budgets