

Appendix I



DISTRICT BUDGET UPDATE

2/26/2015



GOVERNOR'S BUDGET PROPOSAL

Proposed 2015-16 Augmentations for CCCs

- **\$200M for student success** – These funds will be split evenly between Student Success and Support Program (SSSP) and Student Equity Plans. We are aware that districts will want to know what local match will be required for the budget year, and we're committed to informing you of that decision soon. **Not sure what our share will be, but could be up to \$3.4M**
- **\$125M to increase base allocation funding** – This increase is intended to ease the constrained discretionary funding environment colleges have experienced since the economic downturn. These funds can help colleges address the scheduled increases in STRS and PERS contribution rates, for example. **No impact on us.**
- **\$106.9M for Increased Access** – This funding would increase access for approximately 45,000 students (headcount). **No impact on us.**
- **\$92.4M for COLA** – This would fund the statutory cost-of-living-adjustment of 1.58%. **Gives pressure for COLA, but we're fine there.**

GOVERNOR'S BUDGET PROPOSAL

Proposed 2015-16 Augmentations for CCCs

- **\$49M to fund CDCP rate equalization** – Legislation passed concurrently with the 2014 Budget Act equalized the CDCP rate to that of the resident credit rate commencing with the 2015-16 year. This augmentation would fund that increased cost. **No impact on us**
- **\$48M for Career Technical Education** – These *one-time* funds are proposed for support of the SB 1070 Career Technical Education Pathways Program. **Could be grant funds**
- **\$29.1M for Apprenticeship** - \$14.1M of these funds would restore the rates and seats of current programs back to the 2007-08 levels and an additional \$15M is proposed for innovative apprenticeship projects that focus on new and emerging industries with unmet labor market demand. **No idea...**
- **\$39.6M for Proposition 39** – These funds support projects and workforce development related to energy sustainability, consistent with the provisions of Proposition 39. **We've already counted on these funds.**

GOVERNOR'S BUDGET PROPOSAL

One-time Funds

- **\$94.5M to retire deferrals** - Legislation passed concurrently with the 2014 Budget Act identified deferrals as the first call on any new current year Proposition 98 expenditures. This funding would completely retire system deferrals, which had reached as high as \$961M just prior to the passage of Proposition 30. **No impact on us.**
- **\$353.3M to pay down outstanding mandate claims** – These one-time funds would be allocated to districts on a per-FTES basis. They would retire outstanding mandate claims, to the extent districts have any such obligations on the books. While the majority of these funds are attributable to the current and prior years, approximately \$125M counts against the 2015-16 minimum guarantee. **Our share ought to be about \$6M. These are one time unrestricted funds for 15/16.**

DISTRICT BUDGET PROJECTIONS

- Property taxes increase 6+% per year
- \$6M in one time funds in 2015/16
- Increases in compensation per current contract
- Increases in PERS, STRS, medical costs
- Inflation on fixed costs
- \$3M/year for Innovation Fund
- Not including increases to SSSP or Student Equity
- Not including Prop. 30 funds

DISTRICT PROJECTIONS FOR 2015/16: UNRESTRICTED GENERAL FUND

Property taxes	\$ 6,413,853
Nonresident tuition	\$ 817,694
Other revenues	\$ 6,749,084
Increase in Revenues	\$ 13,980,632

Includes \$6M in **one time** funds in Other Revenues

DISTRICT PROJECTIONS FOR 2015/16: UNRESTRICTED GENERAL FUND

Compensation settlement	\$	4,053,959
Medical cap increase	\$	670,000
STRS	\$	688,584
PERS	\$	322,594
Movement on column & step	\$	1,066,831
Increase in compensation	\$	6,801,969

DISTRICT PROJECTIONS FOR 2015/16: UNRESTRICTED GENERAL FUND

Increase in fixed costs	\$	755,749
Int'l Student allocation	\$	943,686
Change in regular expenses	\$	1,699,435
One-time increase (ongoing)	\$	1,300,000
Innovation fund	\$	3,000,000
New Resource allocation model	\$	4,300,000
Total Increase in expenses	\$	12,801,404
Income Less Expenses	\$	1,179,228

DISTRICT PROJECTIONS FOR 2016/17 & 2017/18: UNRESTRICTED GENERAL FUND

	2016-17	2017-18
Property taxes	\$7,025,307	\$7,460,876
Nonresident tuition	\$1,258,537	\$1,792,941
Other revenues	\$(4,713,678)	\$ 648,347
Change in Revenues	\$3,570,166	\$9,902,164

DISTRICT PROJECTIONS FOR 2016/17 & 2017/18: UNRESTRICTED GENERAL FUND

	2016-17	2017-18
Compensation settlement	\$4,448,616	\$4,764,497
Medical cap increase	\$ 740,000	\$ 740,000
STRS	\$ 794,588	\$ 794,588
PERS	\$ 1,030,817	\$ 687,212
Movement on column & step	\$ 1,044,145	\$ 1,124,906
Change in compensation	\$ 8,058,167	\$ 8,111,203

DISTRICT PROJECTIONS FOR 2016/17 & 2017/18: UNRESTRICTED GENERAL FUND

Increase in fixed costs	\$ 779,177	\$ 803,332
Int'l Student allocation	\$ 1,422,564	\$ 1,991,589
Change in regular expenses	\$ 2,201,741	\$ 2,794,921
Innovation fund	\$ 3,000,000	\$ 3,000,000
New Resource allocation model	\$ 3,000,000	\$ 3,000,000
Total Increase in Expenses	\$ 13,259,908	\$ 13,906,124
Income Less Expenses	(\$9,689,742)	(\$4,003,960)

SO, WHAT NOW?

- Change budget assumptions
- Spend wisely
- Not replace all positions
- Move some staffing onto other funds
- Keep a watch on the state budget