



2016-2017
BUDGET UPDATE
GOVERNOR'S 2017-2018 PROPOSED BUDGET

Board of Trustees Meeting
February 6, 2017

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 10th
 - Governor Brown continues talking about the need to prepare for the next economic downturn – way past due
 - State's heavy reliance on volatile Capital Gains revenues
 - Moderate recession could quickly produce huge deficits in state budget
- 2017-2018 Proposition 98 minimum funding guarantee for K-14 estimated to increase by \$2.1 billion (approx. 3%)
 - Community colleges estimated increase of approximately \$400 million
 - Approximately \$220 million in one-time funds
 - 10.87% share of Prop 98 K-14 funding (not 10.93% minimum)
 - In order to keep K-12 LCFF from cuts
 - CC funding shortfall of \$45 million (RSCCD=\$1.1 million loss)
- 2015-2016 and 2016-2017 minimum Prop 98 K-14 funding estimated to decrease by \$900 million
 - Community colleges share uncertain at this time
 - RSCCD = possible loss of \$1 million in 2016-2017 based on current estimates

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

- \$79.3 million (1.34%) in growth/access
 - RSCCD = approximately \$1.5 million opportunity
 - Utilizing the new prescribed growth formula
 - RSCCD projected to be in stabilization or restoration in 2017-2018 – therefore, no growth funding

- 1.48% COLA (Cost of Living Allowance) - \$94.1 million
 - Governor proposes a 1.48% statutory COLA for general purpose apportionments
 - Also for EOPS, DSPS, CalWORKs categorical programs
 - RSCCD = approximately \$2,300,000

- Base Augmentation - \$23.6 million
 - RSCCD = approximately \$600,000
 - For “increasing operating costs, especially due to rising employer pension cost”

State Budget Update Governor's Proposed Budget Community Colleges Impact

One Time Funding

- Guided Pathways Program – new - \$150 million
 - Formula - 10% off the top - Chancellor's Office administration of program, with the remaining amount split:
 - 20% - equal distribution to colleges
 - 35% - FTES % distribution
 - 45%- % students on Pell Grants

- Scheduled Maintenance/Instructional Equipment - \$43.7 million
 - No match requirement
 - RSCCD = approximately \$1 million

- Innovation Awards - \$20 million
 - Competitive process

- Integrated Library Systems - \$6 million
 - To develop statewide cloud based library system for students

State Budget Update Governor's Proposed Budget Community Colleges Impact

- Proposition 39 Energy Efficiency program - \$52.3 million
 - 17/18 will be the fifth year out of a five year program
 - RSCCD = approximately \$1.1 million

State Budget Update Governor's Proposed Budget Community Colleges Impact

RSCCD 2017-2018 Budget Challenges

- ▣ Only \$2.9 million in new ongoing revenues
 - COLA - 1.48% - \$2.3 million
 - Base Increase - \$600,000

- ▣ \$6 million to \$9 million in new expenditures
 - COLA - \$2.3 million
 - Step/column - \$1.2 million
 - STRS increase - \$1.2 million
 - PERS increase - \$600k
 - Health benefits increase - @3.5% - \$671k
 - Retiree Health Benefits ARC increase - \$3.3 million

State Budget Process Update

- Governor's Proposed Budget just starts State Budget process and discussions for 17/18 State Budget
 - Legislative committees hold hearings
 - Not much happens until after April 15th
- May Revision (due May 15th) updates state revenues and expenditures
 - 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