

Dr. Jose Fierro
President's Message
January 10, 2017

Dear Colleagues,

Today, Governor Brown released his 2017-18 budget proposal, which includes \$122.5 billion in General Fund spending, a slight decrease from current year expenditures of \$122.7 billion. The budget proposal is consistent with the Governor's philosophy of fiscal restraint and preparing the state to weather the next economic downturn. The Governor indicates that the "tide of revenues has begun to turn" and California is entering a period of slower growth combined with federal uncertainty. He estimates that, absent corrective action, the state would face a \$1.6 billion deficit in 2017-18. Therefore, he proposes to pull back on one-time funding commitments made in the prior fiscal year, while avoiding spending increases, identifying \$3.2 billion in budget solutions.

Despite these reductions in the overall budget, the Governor proposes to increase funding for community colleges by approximately \$400 million, and the Proposition 98 minimum guarantee is estimated to increase by approximately \$2.1 billion to \$73.5 billion.

Estimated General Fund debt service expenditures for all purposes will increase by \$151 million over current-year expenditures, to a total of \$5.5 billion in 2017-18. When asked about school bond debt service funding at the budget press conference, Director of Finance Michael Cohen indicated that there are some dollars in the 2017-18 budget for this purpose, but it is a greater issue for 2018-19 and beyond.

Deferred Maintenance and Instructional Support

The budget proposes \$43.7 million that community colleges can use for deferred maintenance, instructional equipment, and specified water conservation projects. No matching funds are required. This is a decrease of \$140.9 million from the funds provided in the 2017-18 budget.

Proposition 39

The budget proposes \$52.3 million in Proposition 39 energy efficiency funding for community colleges, an increase of \$3 million over the 2016-17 funding level.

Online Education Initiative

The budget proposes an increase of \$10 million in Proposition 98 General Fund to provide system-wide access to the Initiative's learning management system.

Integrated Library System

The budget proposes an increase of \$6 million in one-time Proposition 98 General Fund to facilitate the development of an integrated library system that will allow California community college students to access a cloud-based library system.

Cal Grants

The 2017-18 Budget proposes to phase-out the Middle Class Scholarship, a \$74 million program. Further, the budget does nothing to reform Cal Grants to better serve community college students. The budget continues to distribute less than 10% of Cal Grant resources to California community college students despite the fact that our students comprise two-thirds of the higher education population. We are urging Governor Brown and members of the Legislature to ensure that saving from the Middle Class Scholarship program remain invested in financial aid.

Additional Items with Possible Facilities Implications

Enrollment Growth - The budget proposes \$79.3 million for enrollment growth. This provides 1.34% growth in access, and the funds will be allocated through the recently revised growth formula.

COLA

The budget proposes an increase of \$94.1 million for a 1.48% cost of living increase to apportionments.

Operative Expenses - The budget provides an increase of \$23.6 million in Proposition 98 General Fund to support increased community college operating expenses in areas such as employee benefits, facilities, professional development, and other general expenses.

Next Steps

The Legislature will now begin reviewing the Governor's proposal in-depth at hearings over the course of the next few months, as they work to meet a constitutional deadline of adopting the budget by June 15. CCFC will engage directly in this process and advocate for funding of all projects on the 2017-18 Spending Plan approved by the Board of Governors in May 2016.

Augmentations in the proposed budget for community colleges:

Item	2016-17 Enacted Augmentations	2017-18 System Budget Request	2017-18 Governor's January Proposal
Ongoing Funds			
Cost of Living Adjustment (COLA)	0%	1%	\$94.1 M (1.48%)
Enrollment Growth	2%	2%	\$79.3 M (1.34%)
Base Augmentation	\$75 M	\$200 M	\$23.6 M
Student Success and Support Program (SSSP)	No Augmentation	No Augmentation	No Augmentation
SSSP - Equity	No Augmentation	No Augmentation	No Augmentation
Workforce & CTE Pathways	\$248 M	No Augmentation	No Augmentation
Basic Skills	\$30M	\$25M	No Augmentation
Full-Time Student Success Grants	\$2.2 M	No Augmentation	\$3.1 M
COLA for EOPS, DSPS, Cal Works, Childcare Tax Bailout	0%	1%	\$5.4 M (1.48%)

Item	2016-17 Enacted Augmentations	2017-18 System Budget Request	2017-18 Governor's January Proposal
Online Education Initiative	No Augmentation	\$10 M	\$10 M
One-Time Funds			
Guided Pathways			\$150 M
Integrated Library Systems		\$6 M	\$6 M
Deferred Maintenance & Instructional Equipment		\$184.5M	\$43.7 M
Prop 39 Clean Energy Job Creation Fund			\$52.3 M
Innovation Awards		\$25M	\$20 M

Best,
Jose Fierro, D.V.M., Ph.D.
President/Superintendent