

Dr. Jose Fierro
President's Message
May 14, 2017

Dear Colleagues:

The Governor recently released his May Revision. Below are a few highlights for community colleges.

Proposition 98

- The 2015-16 funded guarantee is \$69.1 billion, of which community colleges receive 10.97%. This is an increase of \$0.4 billion above the Governor's Budget, which is consistent with the estimate at the 2016-17 Budget Act.
- The 2016-17 funded guarantee is \$71.4 billion, of which community colleges receive 10.93%. This is consistent with the Governor's Budget and is a decrease of \$0.5 billion below the 2016-17 Budget Act.
- The 2017-18 funded guarantee is \$74.6 billion, of which community colleges receive 10.90%. This is an increase of \$1.1 billion above the Governor's Budget and is an increase of \$2.7 billion above the 2016-17 Budget Act.
- While the May Revision does not provide community colleges the statutorily required 10.93% of the funded guarantee in 2017-18, it does provide us with an additional \$23.1 million in additional "settle-up" funding beyond what would be expected if the 10.93% were applied equally across all three years applicable fiscal years. "Settle-up" funding is essentially a correction of an underpayment in a prior years. In short, the Governor has continued to support our segment and we appreciate the improvements made at the May Revision.
- The May Revision also proposes some technical, yet material, changes to the funded guarantee in an effort to mitigate concerns raised when the Governor's Budget reduced the 2015-16 level of funding from \$69.1 billion to \$68.7 billion, which is proposed to remain at \$69.1 billion in the May Revision. As a part of this package of changes, the deferred maintenance and instructional equipment funding discussed below will act as a contingency in 2017-18, and will not be allocated until P2 in 2018-19. There will likely be plenty of discussion on this issue over the next few weeks.
- The EOPS, DSPS, CalWORKs, and Campus Child Care Tax Bailout categoricals each received a 1.56% COLA.
- The California Apprenticeship Initiative grants provided in in 2015-16, 2016-17, and 2018-19 are provided an additional two years to be encumbered or expended, which recognizes the lead time necessary to develop and implement an innovative apprenticeship program.
- The Equal Employment Opportunity Program was provided an additional \$1,825,000 on a one-time basis from FON penalties.
- \$45.8 million in additional one-time revenue to be allocated on an FTES basis due to 2015-16 Apportionment having revenue in excess of the entitlement. This funding may be used by the Legislature to fund other one-time priorities in the final budget.
- \$31.7 million in additional one-time revenue to be allocated on an FTES basis to backfill for lower than estimated RDA revenue.

Apportionments

- An additional \$160 million of base increase for a total of \$183.6 million, which is provided in recognition of pending cost increases in areas such as pension rates, employee benefits, and utilities. This brings the total provided for a base increase to \$552.3 million over the three-year period.
- A reduction of \$21.5 million of growth for a total of \$57.8 million to reduce growth from 1.34% to 1%. Growth funds will continue to be allocated by the revised growth formula that gives consideration to high-need students and high-need communities.
- An increase of \$3.5 million for a total of \$97 million to reflect a COLA that increased from 1.48% to 1.56%.
- The Administration also proposes budget bill language that authorizes the Chancellor's Office to apply unused growth funds to cover an apportionment deficit. While this does not remove all uncertainty from the apportionment process, it will help in years we are not growing to our funded cap and have an apportionment deficit. The Governor's Budget proposal to remove the authority of the Chancellor's Office to allocate unused apportionment funding due to higher than estimated student fee and property tax revenues remains in the May Revision.

Guided Pathways

- The Administration also amends the Guided Pathways grant trailer bill language to do the following: (1) clarify the Guided Pathways four pillar framework, (2) clarify the funds will be primarily used for release time, professional development, and technology solutions, (3) ensures the Chancellor's Office has sufficient authority to require a grant application with programmatic criteria and both qualitative and quantitative indicators, and (4) requires the Chancellor's Office to report annually on the status of implementing the grant.

Support Services

- An additional \$1.9 million for a total increase of \$5 million for the Full-time Student Success Grant that provides grants to CalGrant B and C students taking 12 or more units per term. Further, the Administration proposes increasing the grant amounts from \$300 to \$350 per term.

During the next four weeks each house of the Legislature will pass their own budget and the differences will be worked out during Conference Committee.

Some of the top issues we can expect to hear about are: promise programs, student financial aid, additional facilities projects, veteran resource centers, part-time faculty programs, and mental health services.

I will provide additional updates as I learn more.

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