

# **2015-16 BUDGET WORKSHOP**

**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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# 2015-16 BUDGET OVERVIEW



Once in a Lifetime

# 2015-16 BUDGET

- AB 93/SB 97 signed by Governor June 24, 2015
- For 5th consecutive year, passed on time and with few Republican votes
- Prop 25 puts majority clearly in charge

# THE BIG PICTURE

- Total General Fund expenditures = \$115 billion
- \$7 billion higher than what was approved in the 2014 budget
- 2015-16 budget includes a reserve of \$3.4 billion

# THE BIG PICTURE

- 2015-16 budget includes a reserve of \$3.4 billion
- Trend of general fund revenues surpassing estimates continues. Leads to large amounts of one-time funding.
- The LAO estimates are again more optimistic than the Governor's, predicting \$3 billion more in revenues from 13-14 through 15-16

# THE BIG PICTURE

- The final budget is based on the Governor's more conservative revenue forecast
- Approach intended to protect state from boom and bust budgeting cycles
- Governor has clearly laid out his path
  - Protect against boom and bust cycles
  - Retire debt
  - Focus new money on education

# PROPOSITION 98

- 2015-16 budget provides \$68.4 billion in Proposition 98 funding, this is an increase of \$7.6 billion over the 2014-15 Budget Act.
- The final budget increases Proposition 98 funding for 2013-14 and 2014-15 by \$6.1 billion due to revenues coming in higher than expected and the mechanics of the Proposition 98 guarantee.
- The Proposition 98 maintenance factor, which totaled nearly \$11 billion during the economic downturn, is reduced to \$772 million.

# WALL OF DEBT

- **2015-16 Budget eliminates over \$7 billion in debt:**
  - **\$1 billion in remaining K-14 deferrals**
  - **\$4.5 billion to repay mandate reimbursements for local governments, school districts, and community colleges**
  - **Makes the last payment on the Economic Recovery Bonds used to cover earlier budget deficits**
  - **Remainder in loans, maintenance factor, and retirement liabilities for UC**

# K12 HIGHLIGHTS

- \$6 billion increase for the Local Control Funding Formula
- \$400 million for the Career Technical Education Incentive Grant Program
- \$500 million in one-time funding for educator support
- \$60 million to implement recommendations from the Special Education Task Force
- \$897 million to eliminate system deferrals
- \$3.2 billion in one-time payments for old mandate reimbursement claims

# UC AND CSU

- The budget includes \$217 million in new ongoing funding for CSU
- UC receives \$120 million in new ongoing funding and \$96 million in one-time funding from Proposition 2 to assist in paying down their pension liabilities
- No fee increases. Holding the line on fees through 2016-17 is a priority for the Governor

# COMMUNITY COLLEGES

- Access - \$156.5 million (3%)
- COLA - \$61 million (1.02%)
- General Operating Increase - \$266.7 million
- Categorical Programs:
  - \$2.5 million COLA for EOPS, DSPS, CalWORKs, and Childcare Tax Bailout programs
  - \$33.7 million for EOPS to restore funding to the pre-recession level
  - \$29.1 million for Apprenticeship programs
  - \$200 million increase in the Student Success and Support Program, includes:
    - \$100 million for matriculation and counseling services through SSSP
    - \$85 million for Student Equity Plans
    - \$15 million for Institutional Effectiveness Partnership Initiative

# COMMUNITY COLLEGES

- **\$148 million for deferred maintenance, instructional equipment, and drought resistance. Flexible locally and specified as one-time.**
- **\$94.5 million to eliminate system deferrals.**
- **\$632 million to pay down mandates (\$117 million ongoing funds combined with \$515.7 million in current year and prior year funds). Allocated per FTES and will offset district's prior claims.**
- **\$38.7 million for Proposition 39**
- **No fee increase**

# COMMUNITY COLLEGES: WHAT'S NEW?

- \$62.3 million to increase the number of full-time faculty
- \$6 million to aid local implementation of the SB 850 baccalaureate pilot programs
- \$39 million for financial aid support for Cal Grant B recipients who are taking 12 or more units. An additional \$3 million is provided to help districts implement this new program.

# RENEWED INTEREST IN BASIC SKILLS PROGRAMS

The 2015-16 Budget includes \$70 million in one-time funding for Community College basic skills programs.

- \$60 million for the Governor's Basic Skills and Student Outcomes Transformation Program - a grant program aimed at improving and expanding evidence-based practices in basic skills education.
- \$10 million for the Basic Skills Partnership Pilot Program. This is an effort to enhance coordination among high schools, community colleges, and CSU to better prepare incoming CSU students for college work.

# ADULT EDUCATION

- The final budget includes \$500 million for the Adult Education Block Grant program.
- For the 2015-16 year, a maximum of \$375 million of these funds are intended to maintain recent levels of expenditures on adult education. The remainder will be allocated to consortia through a need-based formula to be jointly developed by the Chancellor's Office and the Superintendent of Public Instruction.
- The budget also provides \$25 million for the development or improvement of local district data systems necessary to track students and monitor performance.

# CAUTIONS AND CONCERNS

## ■ Proposition 30 is *temporary*

- Sales tax increase terminates at the end of 2016 (approximately 21% of Prop 30 revenues)
- Income tax increase terminates at end 2018

## ■ Increasing PERS and STRS obligations

- In 2014-15 community colleges CalSTRS contribution rate increased from 8.25% to 8.88%. In 2015-16, the rate will increase to 10.73% and will continue to increase until it reaches 19.1% in 2020-21
- The effective PERS and STRS *annual* cost increase to the colleges is over \$400 million

## ■ Once in a lifetime

- Recessions happen; maintenance factor nearly paid off

# COMMUNITY COLLEGES: BUDGET TRENDS

- Focus on disadvantaged populations and basic skills
- Linkages with other public systems
- Unrestricted funding
- Wall of debt: Deferrals and Mandates
- Access

# 2015-16 BUDGET

