Title: 2015-16 Budget Update

Date: March 19, 2015

Contact: Dan Troy, Vice Chancellor for Fiscal Policy

Issue

The Chancellor’s Office will provide an update on the latest information regarding the Governor’s 2015-16 budget proposal.

Background

Budget hearings have been scheduled for April 8th in the Assembly and April 30th in the Senate. These hearings will focus on the Governor’s 2015-16 January budget proposals for community colleges.

In recent weeks the Legislative Analyst’s Office (LAO) released their report on the 2015-16 Budget Higher Education Analysis. The LAO’s revenue forecast is more optimistic than the Governor’s January proposal, predicting an additional $2 billion in general fund tax revenues for 2014-15 above the Governor’s estimates and $1 billion above the Governor’s estimates for 2015-16. Additional revenues in 2014-15 and 2015-16 will go largely to schools and community colleges due to mechanics of the state’s Proposition 98 minimum funding guarantee.

The LAO report takes issue with the Governor’s proposed base increase of $125M for community colleges because it is unallocated. Instead, they propose that this funding be allocated for specific priorities.

The LAO report also identifies concerns with the Community Colleges new growth formula created in response to legislation in the 2014-15 budget. The language directed the Chancellor’s Office to develop a revised growth formula to commence in 2015-16 and specified primary factors that must be included in the formula. The Chancellors Office has voiced concerns to the legislature and the Department of Finance that the growth formula created in response to the trailer bill language does not meet the needs of the system. We are reviewing alternatives we hope will be both consistent with the requirements of the language and be more reflective of demand for access within the system.

This item presents an opportunity for Consultation Council members to discuss matters concerning the state budget.