



“Digest” means an item has been through internal review by the Chancellor’s Office and the review entities. The item now has form and substance and is officially “entered into Consultation.” The Council reviews the item and provides advice to the Chancellor.

Title: Update on the May Revision of the 2018-19 State Budget

Date: May 17, 2018

Contact: Christian Osmeña, Vice Chancellor for College Finance and Facilities Planning

ISSUE

Provide an update on the Governor’s May Revision, with an emphasis on issues affecting the California Community Colleges.

BACKGROUND

The Governor released his proposed budget for the 2018-19 fiscal year (as well as changes in appropriations for prior fiscal years and also multi-year projections) on January 10, 2018. The budget reflects total expenditures for the California Community Colleges of nearly \$10 billion in 2018-19, including \$6 billion in state General Fund appropriations and \$3 billion in local property tax revenues, the two sources included in the calculation of the Proposition 98 guarantee.

Pursuant to existing law, the chairs of the budget committees in each house of the Legislature introduced bills reflecting the Governor’s proposal. Since then, the budget subcommittees have been reviewing items in the budget.

The Department of Finance proposes adjustments to the January budget through “spring letters.” Existing law requires the Department of Finance to submit most changes to the Legislature by April 1. For the California Community Colleges, changes were made only to capital outlay (facilities) projects, including funding for the Imperial Valley College project included in the Board’s budget request.

Existing law requires Finance to submit, by May 14, revised revenue estimates, changes to Proposition 98, and changes to programs budgeted based on enrollment, caseload, and population. For that reason, the May Revision typically includes significant changes for the California Community Colleges budget.

Notably, on May 7, the Chancellor transmitted to the Department of Finance recommendations related to the Governor's proposals on the community college funding formula, categorical programs, and related issues. Those recommendations seek to:

- Encourage progress toward the Vision for Success accepted by the Board of Governors.
- Recognize that districts should receive additional resources to help certain groups of students who face especially high barriers to success meet those goals.
- Make additional resources most useful to community college districts by allocating them through a formula that is sufficiently simple, transparent, and stable.

The full recommendations are attached.

FEEDBACK/QUESTIONS FOR COUNCIL

What information should be shared with the Department of Finance and legislative leaders as they take final actions on the 2018-19 budget?