

**Chabot-Las Positas Community College District
Budget in Brief
Fiscal Year 2015 – 16**

Summary of the Governor’s May Revise

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On May 14, 2015, Governor Bown released the May Revision to his proposed State budget for the year 2015-16. Since the January Budget, the state’s economy has strengthened and revenues have increased, driven primarily by increased capital gains and other income from high-wage earners. According to the Administration, the current year (2014-15) Proposition 98 guarantee increased by \$3.1 billion, to \$66.3 billion, and the budget year 2015-16 guarantee increases \$2.7 billion, to \$68.4 billion. Both of these upward revisions provide the Administration opportunities to increase one-time and ongoing funds for K-14 education.

Below is a summary of the Governor’s Budget Proposal as it relates to the California Community Colleges and the Chabot-Las Positas Community College District. The major components of the May Revision include:

Access - \$156.5 million to fund 3% growth (up \$49.7 million from the January State Budget proposal to fund additional 1% growth)

Cost of Living Adjustment (COLA) – \$61 million to fund the statutory cost-of-living-adjustment (COLA) of 1.02% (down \$31.3 million because the estimated COLA was 1.58% in January)

Base Allocation Funding - \$266.7 million as a base allocation funding increase to reflect increased operating expenses “in the areas of facilities, retirement benefits, professional development, converting faculty from part time to full time, and other general expenses” (up \$141.7 million from the January State Budget Proposal)

Student Success and Support Program In January, the Governor proposed an additional \$200 million for student success programs in 2015-16, \$100 million of which is to fund student equity plans. The May Revision proposes an additional \$15 million for Student Equity Plans and an additional \$15 million for student success technical assistance and training (also, six additional positions are proposed at the Chancellor’s Office to provide this assistance)

Prior Year Mandated Cost - \$626 million in one-time funds, \$274.7 million more than proposed in January, to further pay down outstanding state mandate claims, to be allocated on a per-FTES basis; the Governor suggests using these funds for one-time needs such as curricula redesign and start-up costs for new career technical education programs

Deferred Maintenance and Instructional Equipment - \$148 million in one-time funds for deferred maintenance or instructional equipment with no matching funds required for deferred maintenance (the January State Budget proposal had included language suggesting the use of the per-FTES mandate funds for deferred maintenance and instructional equipment)

Basic Skills and Student Outcomes Transformation Program - \$60 million in one-time funds for the Basic Skills and Student Outcomes Transformation Program. These funds are intended to improve basic skills instruction through adoption and/or expansion of evidence-based models of placement, remediation, and student support that will aid the progress and success of basic skills students. More detail will be available in the forthcoming trailer bill

Student Fees – The Governor proposes no changes to current fee levels at \$46 per credit unit

Awards for Innovation in Higher Education Program - \$25 million more for the Awards for Innovation in High Education program, bringing the total funding proposed to \$50 million, and it is proposed that community colleges can be lead applicants for the awards

Disabled Student Programs - \$2.5 million to fund the statutory COLA of 1.02% for Disabled Student Programs and Services, Extended Opportunities Programs and Services, Special Services for California Work Opportunity Programs and Services (CalWORKs) Recipients, and Child Care Tax Bailout programs

Basic Skills Partnership Pilot Program - \$2 million for a Basic Skills Partnership Pilot Program for coordination with the California State University (CSU)

Proposition 39 - \$38.7 million for Proposition 39 energy efficiency program grants, a reduction from the January State Budget proposal of \$39.6 million to reflect revised revenue estimate

Adult Education - January 2015, Governor Brown indicated his commitment to Adult Education by proposing a \$500 million Adult Education Block Grant. The Governor's May Revision strengthens the proposal by making adjustments based on stakeholder feedback such as eliminating the allocation boards, requiring more robust, but less frequent, planning, and providing for a more stable funding stream

Career Technical Education - In January 2015, the Governor proposed \$250 million over three years for a transitional Career Technical Education Incentive Grant Program. The May Revision proposes an additional \$150 million for 2015-16, \$50 million for 2016-17, and then a reduction of \$50 million in 2017-18. The May Revision proposes a phased plan for the matching requirement to better allow K-12 schools to transition entirely to using their own discretionary funding by 2018-19

Full-Time Faculty Hiring - The Governor proposes an increase of \$75 million to fund approximately 600 additional full-time faculty positions in the system. This funding is proposed to be allocated based on full-time equivalent student (FTES) counts; however, districts with relatively lower proportions of full-time faculty would be expected to increase more in the number of full-time faculty positions. The full-time faculty obligation report for 2014-15 will be used to rank each community college district in quintiles from the highest to lowest full-time faculty percentage, and the full-time faculty obligation will be increased for each district by quintile:

Lowest quintile (Quintile 1): increase obligation by one full-time faculty position for every \$70,000 received
Next lowest quintile (Quintile 2): increase obligation by one full-time faculty position for every \$100,000 received
Quintile 3: increase obligation by one full-time faculty position for every \$130,000 received
Quintile 4: increase obligation by one full-time faculty position for every \$160,000 received
Highest quintile (Quintile 5): increase obligation by one full-time faculty position for every \$190,000 receive

CalSTRS and CalPERS - Employer costs for retirement benefits for both the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) are projected to nearly double over the next several years. The May Revision does not address these cost increases California Community Colleges; however, the Governor continues his January State Budget proposal to increase the base allocations for community colleges partly in recognition of increased expenses in the area of retirement benefits

Proposition 2 and Proposition 98 Reserves - According to the Administration's revised estimates, California's General Fund revenues increased by a total of \$6.7 billion above January projections. The May Revision appropriates the lion's share of the additional revenue pursuant to constitutional requirements to fund education, pay down state debts, and make deposits into the state's Rainy Day Fund. Specifically, of the increased \$6.7 billion revenues, the May Revision spends \$5.5 billion on education and makes an additional \$633 million into the Rainy Day Fund (for a total deposit of \$1.9 billion).

With regard to the Proposition 98 reserve, the criteria for requiring a deposit into the fund have not been met; however, the May Revision proposes to pay off the Proposition 98 maintenance factor (one of the criteria) by \$5.4 billion, leaving a maintenance factor balance of \$772 million

Institutional Effectiveness Partnership Initiative - \$15 million increase for the Institutional Effectiveness Partnership Initiative. Of this amount, \$3 million will go toward technical assistance and the remaining \$12 million is for the development and dissemination of effective practices.

K-14 Apportionment Deferrals - The Governor's May Revision continues the January State Budget proposal to eliminate all outstanding cash deferral debt for K-14 education in the current year. One-time Proposition 98 funds from 2014-15 are proposed for this purpose: \$900 million to eliminate K-12 deferrals and \$94.5 million to eliminate the last California Community Colleges (CCC) deferral.

This information from the Governor's May Revision will be utilized in developing the Chabot-Las Positas Community College District (CLPCCD) Tentative and Adoption Budgets for 2015-16 fiscal year.

Sources of Information:
California Community Colleges System Office
Community College League of California
School Services of California (SSC)
Office of the Governor

