



May 11, 2017

MEMORANDUM

To: Lynette Nyaggah, CCA President
Brad Reynolds, CCA Vice-President

From: Jennifer Baker, Legislative Advocate 

Re: 2017-18 Budget May Revision: California Community Colleges

Earlier today, the Governor issued his May Revision to the 2017-18 Budget Proposal. While slightly higher than the January budget proposal, the Governor does recognize a slowing down of the economy and has budgeted for a more fiscally constrained environment while trying to promote specific priorities.

Increased attention is being given to expanding the dialog and future of online education. The Governor notes that each segment of higher education is spending approximately \$30 million annually for expanding access through online education. He notes that he will bring together segment leaders and stakeholders to better align these resources. Additionally, he is requesting the Chancellor's office develop a proposal for a completely online community college by November 2017.

The significant adjustments that were made to the community college budget include:

Chancellor's Office State Operations – Instead of the previous two Vice-Chancellor's positions that were included in the January Budget Proposal, six positions are being proposed with \$618,000 General Fund dollars and \$454,000 in reimbursement authority to support a second deputy Chancellor;

Increased Operating Expenses – Net increase of \$160 million Prop. 98 General Fund dollars to support increased operating expenses in areas such as, employee benefits, facilities, professional development, converting faculty from part-time to full-time, and other general expenses;

Apportionments – An increase of \$34.1 million Prop. 98 General Fund dollars including:

- \$28.5 million increase reflecting amounts earned back through three years of declining enrollment;

- \$23.6 million increase reflecting unused prior-year enrollment growth;
- \$3.5 million increase in cost-of-living adjustments from 1.48 percent to 1.56 percent;
- \$21.5 million decrease in enrollment growth from 1.34 percent to 1 percent;

Deferred Maintenance and Instructional Equipment - \$92.1 million increase in one-time Prop. 98 General Fund and settle-up dollars for deferred maintenance, instructional equipment, and specified water conservation projects;

Full-Time Student Success Funding - \$1.9 million increase in Prop. 98 General Fund dollars for the increased estimate of eligible Cal Grant B and Cal Grant C recipients in 2017-18 and to align the grant amounts with the statewide annual academic year average of \$600 per full-time student;

Equal Employment Opportunity Program - \$1.8 million increase from Employment Opportunity Funds to promote equal employment opportunities in hiring and promotion;

Categorical Program Cost of Living Adjustment - \$229,999 increase in prop. 98 General Fund dollars for the change in the cost-of-living adjustment from 1.48 percent to 1.56 percent for the Disabled Student Programs and Services Program, the Extended Opportunities Programs and Services program, the Special Services for CalWORKs Recipients Program, and the Child Care Tax Bailout Program;

Proposition 39 - \$5.8 million decrease in the amount of energy efficiency funds available to community colleges in 2017-18 reflecting reduced revenue estimates;

Local Property Tax Adjustment - \$68.2 million increase in Prop. 98 General Fund dollars in 2016-17 reflecting decreased offsetting local property tax revenues;

Student Enrollment Fee Adjustment - \$24.8 million decrease in Prop. 98 General Funds from increased offsetting student enrollment fee revenues.