

**From:** Troy, Dan [<mailto:dtroy@CCCCO.EDU>]

**Sent:** Friday, May 22, 2015 7:32 PM

**To:** [SO2CBO@LISTSERV.CCCNEXT.NET](mailto:SO2CBO@LISTSERV.CCCNEXT.NET)

**Subject:** May 22 Budget Update

Colleagues,

While a final budget is still a few weeks away, I thought I'd provided an update on key legislative subcommittee actions taken in recent days. Attached also is the summary of the May Revision presented to the Board of Governors earlier this week.

- On Monday, the 25<sup>th</sup>, the Legislative Analyst's Office provided an updated revenue forecast showing 2015-16 projected revenues about \$3 billion than the Governor's May Revision. Similarly, they project the Proposition 98 minimum guarantee \$723 million high for 15-16 than what Governor proposed last week. Assuming an 11% split, that would suggest an extra \$80 million is available for the CCCs.
- Both the Senate and Assembly budget committees appropriated funds based on the LAO's projections, rather than on the figures proposed in the Governor's May Revision.
- There is a great deal of agreement on many key issues:
  - All support 3 percent growth.
  - All support significant funding for increased general operating expenses (the Governor and Assembly are at \$267 million, and the Senate is at \$273 million).
  - All support \$75 million for increased full-time faculty hiring, though the methodology will receive undergo further discussion.
  - All support funding for Physical Plant and Instructional Equipment without a local match (the Governor and the Assembly are \$146 million while the Senate is at \$173 million).
  - All support significant funding to pay down mandates (the Governor and Assembly pay down \$626 million while the Senate supports \$651 million).
  - All support the \$15 million augmentation for Institutional Effectiveness, the \$15 million increase for Student Equity Plans (total increase for the year at \$115 million) and the \$100 million increase to SSSP that was proposed in January. The \$29 million increase for Apprenticeship and the \$48 million for SB 1070 are also supported by all 3 entities.
- Where the Senate and Assembly largely differ with the Governor's May Revision is in the area of categorical funding:
  - The Senate and Assembly both restore EOPS, CalWORKs, and Part-time Faculty Office Hours to pre-recession levels.

- The Senate and Assembly both reject the Governor’s proposed \$25 million for Higher Education Innovation Awards.
- The Assembly approved the Governor’s \$60 million one-time Basic Skills and Student Outcomes Transformation, but the Senate did not. Both houses rejected the \$2 million proposal related to remediation of incoming CSU students.
- The Assembly also provided \$16 million in one-time funds for professional development, a \$10 million increase for Financial Aid Administration, and added \$39 million to supplement Cal Grant B Access Awards by approximately \$450 for community college students who take 12 or more units.
- Regarding Adult Education, the Senate provided \$49.5 million to fund data systems for local consortia data systems and only modest changes for now to the Governor’s May Revise proposal other than The Assembly acted to allow K12 MOEs to include expenditures from all 10 categories and removed the Chancellor’s Office involvement from the MOE certification process. Adult education is almost certainly the most contentious policy area yet to be settled.

We have not yet received word on when the Conference Committee will start or who the conferees will be. In recent years, the Governor has insisted that the final budget be based on his revenue estimates rather than at the LAO’s level, so it would not be a surprise to see that happen again. This would require the two houses to not only sort key differences while squeezing the total CCC budget package down by \$80 million.

I will provide more updates throughout the process.

Regards,  
Dan Troy

Vice Chancellor, Fiscal Policy  
California Community Colleges

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