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Sent: Friday, May 13, 2016 10:11 AM
To: SO2CBO@LISTSERV.CCCNEXT.NET
Subject: 2016-17 May Revision Update for CCC

Colleagues,

The Governor just released his 2016-17 May Revision, which includes an update of his projections, policies, and priorities outlined in his Governor's Budget released in January. Below is a brief analysis of the May Revision as it relates to the California Community Colleges. Please note the adjustments are ongoing unless otherwise noted as one-time.

Proposition 98

The 2016-17 Proposition 98 Minimum Guarantee increased from \$71.6 billion at Governor's Budget to \$71.9 billion at May Revision, however, 2015-16 decreased from \$69.2 billion at Governor's Budget to \$69.1 billion, which is still greater than the 2015-16 Budget Act estimate of \$68.4 billion. 2014-15 increased from \$66.7 billion to \$67.2 billion.

The May Revision maintains our 10.93% split for 2014-15, 2015-16, and 2016-17.

Apportionments

A \$75 million increase is proposed for a base increase. These funds will help colleges make up for the purchasing power lost during the recent recession and to help mitigate other cost increases on the horizon (pension, health care, campus safety, technology, etc.).

A \$38.6 million increase is proposed to cover lower than initially estimated 2015-16 property taxes. To the extent our property tax deficit is less than this amount at P2, these remaining funds will be allocated as one-time mandated costs payments. (One-time)

A \$29.3 million decrease is proposed to reflect a 0% COLA. This is a technical adjustment that is consistent with the K-12's statutory apportionment adjustment.

The May Revision maintains enrollment growth funding of 2%.

A \$29.2 million increase to retire prior mandate claims, which brings the new total to \$108.5 million. While these funds are unrestricted, language encourages these funds to be used to promote campus security, technology, and professional development.

Facilities

A \$70.1 million decrease for the Deferred Maintenance and Instructional Equipment program to help support other priorities contained in the May Revision. This lowers the total amount for the program to \$219.4 million. In addition, the cap for seismic retrofit projects is proposed to increase to \$646,000. (One-time)

A \$4.1 million increase for Proposition 39 energy efficiency projects. This increases the total amount for the program to \$49.3 million for the fourth year of the program.

Trailer bill language will also increase the Division of State Architect minimum project cost thresholds to \$100,000 for structural and \$225,000 for nonstructural. This proposal will improve efficiency by allowing more projects to be exempt from Division of State Architect approval.

Instructional

A \$300,000 increase for the Academic Senate to, in part, support implementing the Workforce Taskforce recommendations. These funds will also help support the great work our Academic Senate has done on various initiatives in recent years.

A \$3 million increase for a new program to support digital content on e-readers in state correctional facilities. This is a new program that is attempting to eliminate a potential barrier of success for incarcerated students.

A \$5 million increase for statewide activities necessary to support the Adult Education Block Grant program. These funds will be used to continue providing webinars, trainings, convenings, professional development, and technical assistance over the next three years. (One-time)

There are no changes to the Basic Skills Initiative program; however, the \$30 million increase provided at the Governor's Budget remains in the May Revision.

Technology

A \$20 million increase for the Online Education Initiative to support the development of courses in the Online Course Exchange. (One-time)

A \$5 million increase (Ongoing) and \$7 million (One-time) for the Telecommunications and Technology Infrastructure Program to support of 10 Gig circuits throughout the system. These circuits will be procured for and managed centrally to take advantage of our systems economies of scale.

There are no dollar changes to the zero-textbook cost degree proposal; however, the following changes to the program propose: (1) award amounts are decreased from a maximum of \$500,000 to a maximum of \$200,000 per grant, (2) financial sustainability of the degree is now a factor for consideration in the grant process, (3) faculty purview and compliance with ADA are now specifically mentioned, and (4) a start date of 2018-19 for these degrees to be offered is included.

Workforce

There are no dollar changes to the Strong Workforce Program; however, the May Revision proposes the following changes: (1) requires the Chancellor's Office to provide options for course approval to be completed in a half a year and one year, (2) requires the Chancellor's Office to provide options for curriculum to be portable once approved, (3) requires a 60%/40% (college/region) split of funding allocated to regions, (4) allows up to 60% of the funding

received by the college to be used for ongoing purposes, and (5) makes maintenance of effort based on percent of CTE FTES to total FTES.

Other

The Compton Community College District's loans are proposed to be refinanced at 2.307%, which allows an opportunity for the district to reinvest in operation needs. The interest rate is the same as provided to two K-12 districts in the prior year's budget.

While the May Revision hasn't brought about a significant increase in resources to our system above the Governor's Budget, it's important to keep in mind we've still seen a significant increase above the 2015-16 Budget Act. As mentioned before, we are nearing the point when a normal economic expansion period should end; therefore, it's important to use the resources provided in this budget to position your college for the future.

Next steps in the budget process include a response by the Legislative Analyst's Office, review by the budget committees of each house, and a legislative conference committee to iron out differences between the two houses. It is expected that the budget will be approved and signed by the Governor prior to July 1, 2016. During this process, I'll continue to keep the system updated at key milestones.

Regards,
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