



FOOTHILL-DE ANZA
Community College District

12345 El Monte Road
Los Altos Hills, CA 94022

District Budget Committee
January 20, 2015

Governor's Budget Proposal
for 2015-16

Provided below is a very preliminary assessment (highlighted in blue) of how the governor's proposed budget augmentations will translate in funding for Foothill-De Anza CCD if these items were to survive the final adopted budget some time next June.

2015-16 augmentations for the CCC include:

- **\$200M** for student success - These funds will be split evenly between the Student Success and Support Program (SSSP) and Student Equity Plans. Local match requirements are not yet defined and the Chancellor's office promises to keep us updated as soon as information becomes available. (Provides approximately \$4.8 million in additional funding to our existing program plans, but match requirement undetermined and may make it difficult/impossible to qualify for all the new funding.)
- **\$125M** to increase base allocation funding - This increase is intended to ease the constrained discretionary funding environment colleges have experienced since the economic downturn. Districts may choose to use these funds to help address the scheduled increases in STRS and PERS contribution rates, as an example. (Potential for approximately \$3 million in new funding for FHDA.)
- **\$106.9M** for Increased Access - This funding would increase access for approximately 45,000 students (headcount). (FHDA could qualify for up to \$2.6 million of new ongoing funding if we had the enrollment demand. But since we have declined in FTES in recent years, this will not be available to FHDA. We would need to fully recapture all of the FTES that we were under base the past three years before being eligible for these new dollars.)
- **\$92.4M** for COLA - This would fund the statutory cost-of-living-adjustment of 1.58%. (Approximately \$2.2 million in new funding for FHDA.)
- **\$49M** to fund CDCP rate equalization - Legislation passed concurrently with the 2014 Budget Act equalized the CDCP rate to that of the resident credit rate commencing with the 2015-16 year. This augmentation would fund that increased cost. (Virtually no financial impact for FHDA due to minimal Career Development and College Program specific FTES claimed by the district in 2013-14{126 FTES})

- **\$48M** for Career Technical Education - These one-time funds are proposed for support of the SB 1070 Career Technical Education Pathways Program. (Potential for up to \$1.1 million in new categorical grant funding for the FHDA Career and Technical Education Pathways program, depending on competitive grant awards.)
- **\$29.1M** for Apprenticeship - \$14.1M of these funds would restore the rates and seats of current programs back to the 2007-08 levels and an additional \$15M is proposed for innovative apprenticeship projects that focus on new and emerging industries with unmet labor market demand. (Potential for approximately \$700,000 in new funding for the existing Apprenticeship program at both colleges. This would return program funding from current levels of \$1.1 million back to the approximate \$1.8 million received prior to 2009-10 budget cuts.)
- **\$39.6M** for Proposition 39 - These funds support projects and workforce development related to energy sustainability, consistent with the provisions of Proposition 39. (Potential for approximately \$1 million for new energy sustainability projects proposed by the district to the state for approval and funding. The district received approximately \$700,000 in funding in this category in 2014-15.)

Prop 98 Funding Formula One-time Surplus Resources:

- **\$94.5M** to retire deferrals - Legislation passed concurrently with the 2014 Budget Act identified deferrals as the first call on any new current year Proposition 98 expenditures. This funding would completely retire system deferrals, which had reached as high as \$961M just prior to the passage of Proposition 30. (No impact for FHDA. Only improves the timeliness of apportionment payments from the state and FHDA has managed cash-flow to offset apportionment allocation delays from the state.)
- **\$351.3M** to pay down outstanding mandate claims - These one-time funds would be allocated to districts on a per-FTES basis. They would retire outstanding mandate claims, to the extent districts have any such obligations on the books. While the majority of these funds are attributable to the current and prior years, approximately \$125M counts against the 2015-16 minimum guarantee. (Potential for a one-time allocation of approximately \$8.5 million based on the approximate \$28-30 million in mandated cost claims that FHDA currently maintains on our books. However, significant repayment of mandated cost claims to districts has been proposed in past years and is almost always drastically reduced or eliminated in favor of other priorities that rise to the forefront.)

While this is certainly the best system budget proposal we have seen in recent memory and significant restored or new funding is being proposed, Chancellor Brice Harris also recommends caution in his summary analysis. Our district, along with every other district in the state still faces daunting economic challenges in the coming years. Restoration of our past budget cuts, increased employer contributions for STRS and PERS, OPEB liability expense, staffing cost increases, the sunset of Prop 30, and future facility scheduled maintenance and replacement expenses all point to a continuing lack of funding to meet district needs in the coming years. So any new funds received this next year must be prudently allocated. Due to the volatile nature of annual funding, Chancellor Harris recommended that districts are cautious not to commit these new dollars to expenditures that cannot be maintained in the future.