

FY15/16 Review of Governor's Budget Forecast

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Presented by: Susan Cheu

Highlights of Proposed Budget

- ◆ 1.58% COLA
- ◆ \$125 million increase in base allocation funding
 - ◆ Ease discretionary spending constraints
 - ◆ Address operating expense needs, specifically STRS/PERS increases
- ◆ 2% growth funding (District is currently not in a growth mode)
- ◆ \$351.3 million to pay down state mandate claims
 - ◆ Allocated on a per FTE basis
 - ◆ Suggestion to use these funds to address one-time costs such as deferred maintenance or instructional equipment
- ◆ \$200 million increase for Student Success
 - ◆ Split evenly between SSSP and Equity
 - ◆ Match requirement for SSSP funds

Highlights of Proposed Budget (cont)

- ◆ \$39.6 million for Proposition 39 (energy efficiency programs)
- ◆ \$500 million for Adult Education Block Grant (basic skills, citizenship, ESL, CTE) distributed through a consortia
- ◆ \$48 million for CTE (Career Technical Education)
- ◆ \$29.1 million for Apprenticeship to restore program to 2007-08 levels
- ◆ \$94.5 million to eliminate deferrals (this does not increase funding to the community colleges)
- ◆ \$48 million for CDCP (Career Development and College Program) specific FTES
 - ◆ Minimal impact to Foothill-De Anza

Concerns

- While this is the best budget seen by community colleges, it may also be the best one seen in a while
 - Need to reserve base allocation increases for future needs (STRS/PERS)
 - Block grants being used to address needs
 - Proposition 98 increases are one-time
- Proposition 30 “phase out”
- STRS/PERS employer cost increases – future increases
- State Construction Bond – alternative funding versus state bond
- SSSP Match and spending
- Equity funding
- 50% compliance in light of funding with specific purpose and match requirements

Summary

- ◆ Still a long way before the budget is finalized – nothing is “written in stone”.
- ◆ FY14/15 shows revenue up with strong potential for additional Proposition 98 funding to colleges
- ◆ FY15/16 budget one of the best in years – very stable
- ◆ FY16/17 is less certain
 - ◆ Proposition 30 phase-out
 - ◆ Economic volatility
 - ◆ Typical post WWII economic era generally shows a five year upswing in the economy before down-turn occurs
- ◆ ...But it's still one of the best budgets that the community college system has seen in years!

Questions?