



The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS

DATE: July 17, 2017

SUBJECT: Overview of the Enacted 2017-18 Budget		Item Number: 3.1	
		Attachment: Available at meeting	
CATEGORY:	College Finance and Facilities Planning	TYPE OF BOARD CONSIDERATION:	
Recommended By:	 Mario Rodriguez, Vice Chancellor	Consent/Routine	
		First Reading	
Approved for Consideration:	 Eloy Ortiz Oakley, Chancellor	Action	
		Information	X

ISSUE: This item presents an overview of the 2016-17 budget approved by the Governor as it relates to the California Community Colleges.

BACKGROUND: On Wednesday, June 15th, the Legislature approved a \$122.5 billion (General Fund) budget for the 2017-18 fiscal year. The Governor approved the final budget package on Tuesday, June 27th without vetoing a single appropriation.

The 2017 Budget Act continues to increase the state’s Rainy Day Fund and pay down liabilities to counter the potential fiscal impact of federal policy changes, and the potential end of an economic expansion that has surpassed historical averages. The 2017-18 Budget focuses state spending on key state priorities of education, counteracting the effects of poverty, and improving transportation infrastructure.

The 2017-18 Budget includes Proposition 98 funding of \$74.5 billion for 2017-18, an increase of \$2.6 billion over the 2016 Budget Act level. When combined with revenue changes attributable to the 2015-16 and 2016-17 fiscal years, as well as other one-time savings and adjustments in those years, the 2017-18 Budget provides a \$3.3 billion increased investment in K-14 education over the three-year period.

RECOMMENDATION: This item is presented to the Board of Governors for information and discussion.

ANALYSIS: Specific to California Community Colleges (CCCs), the 2017 Budget Act includes \$8.6 billion, an increase of \$270.2 million over the 2016 Budget Act level. When combined with adjustments to the 2015-16 and 2016-17 fiscal years, the 2017-18 Budget provides a \$587.8 million increased investment in CCCs over the three-year period.

Major components of the 2017-18 Budget include:

Apportionments

- \$183.6 million to support increased community college operating expenses in areas such as employee benefits, facilities, professional development, converting faculty from part-time to full-time, and other general expenses.
- \$97.6 million for a 1.56-percent cost-of-living adjustment.
- \$57.8 million for enrollment growth of 1-percent.
- \$31.7 million (one-time) to be allocated on an FTES basis to backfill for lower than estimated RDA revenue.
- \$9 million (one-time) to be allocated on an FTES basis due to 2015-16 Apportionment having revenue in excess of the entitlement.

Institutional Redesign

- \$150 million (one-time) for Guided Pathways grants to support colleges as they develop an integrated, institution-wide approach to student success based on the Guided Pathways framework.
- \$20 million (one-time) for Innovation Awards to provide funding for the development and implementation of innovative practices.

Technology

- \$10 million to provide system-wide access to the Online Education Initiative's learning management system.
- \$6 million (one-time) to facilitate the development of an integrated library system that, once operational, will allow California community college students access to a cloud-based library system.

Student Services

- \$25 million for the Community College Completion Grant to provide grants of up to \$2,000, to students who take at least 15 units per term and are on track to graduate in a timely manner.
- \$25 million to increase the Full-Time Student Success Grant to \$1,000.
- \$12 million (of which \$7 million is one-time) to develop and enhance veterans' resource centers. Of the one-time increase, \$2 million is for Norco College to expand the capacity of its student veterans' service center and establish articulation agreements, policies, and processes related to awarding course credit for prior military service.
- \$5.7 million for a 1.56-percent cost-of-living adjustment for the Apprenticeship, EOPS, DSPS, CalWORKs and the Child Care Tax Bailout programs.
- \$5 million for the Part-Time Faculty Office Hours program.

- \$2.5 million to support the development and expansion of the Umoja program.
- \$1 million to support the administration of financial aid offices.
- \$4.5 million (one-time) to support mental health services training and support.
- \$2.5 million (one-time) to support training and compliance with Title IX.
- \$2.5 million (one-time) for Hunger-Free Campus grants.
- \$1.7 million (non-Proposition 98) to increase Cal Grant C from \$547 to \$1,094 annually.
- \$250,000 (one-time, non-Proposition 98) to expand UC Berkeley's Underground Scholars inmate education program.

Facilities

- A total of 15 Proposition 51 bond facilities projects was approved.
 - Pasadena CCD - Pasadena City College - Armen Sarafain Building Seismic Replacement
 - San Francisco CCD - Alemany Center - Seismic and Code Upgrade
 - San Francisco CCD - City College of San Francisco - Utility Infrastructure Replacement
 - Allan Hancock Joint CCD - Allan Hancock College - Fine Arts Complex
 - Coast CCD - Orange Coast College - Language Arts & Social Sciences Building
 - Long Beach CCD - Liberal Arts Campus - Multi-Disciplinary Facility Replacement
 - Santa Monica CCD - Santa Monica College - Math/Science Addition
 - Sonoma County JCD - Santa Rosa Junior College - Science & Mathematics Replacement
 - West Hills CCD - North District Center - Center Expansion
 - Compton CCD - Compton College - Instructional Building 2 Replacement
 - Long Beach CCD - Pacific Coast Campus - Construction Trades 1
 - North Orange County CCD - Fullerton College - Business 300 & Humanities 500 Buildings
 - Rancho Santiago CCD - Santa Ana College - Russell Hall Replacement
 - Solano CCD - Solano College - Library Building 100 Replacement
 - West Valley-Mission CCD - Mission College - MT Portables Replacement Building
- \$76.9 million (one-time) for deferred maintenance, instructional equipment, and specified water conservation projects.

Other

- \$11.3 million (one-time) to support the transition of Compton Community College from a learning center back to a community college. In addition, the college is provided three-years of enrollment stability.
- \$1 million to support the Academic Senate as they continue to implement C-ID. In addition, the Chancellor's Office can enter into direct contracts with the Academic Senate to support statewide initiatives funded with Proposition 98.

Staffing

- \$618,000 General Fund for six new positions and funding for an additional executive position, to support the Chancellor's priorities to provide greater leadership and technical assistance.

Overall this a very good budget for the CCCs. We will be able to provide a higher quality experience for our students through our increased per student funding rate and improved facilities. The new Guided Pathways initiative will help fuel the next phase of our student success efforts, resulting in higher student completion rates and closed achievement gaps. In addition, we will be better able to support the wide-ranging needs of our diverse student population by expanding and strengthening our financial aid programs, veterans resource centers, and mental health services.

As we move towards the next budget cycle, it is important to keep in mind our system has received \$552 million in base increases over the last three years to support increased operating expenses, primarily attributable to escalating employer pension rates. While the employer pension rate increases have only totaled \$317 million between 2013-14 and 2017-18, the Legislative Analyst's Office expects this to reach \$902 million between through 2024-25. It is important for colleges to properly plan for how they will absorb the remaining rate increases between now and 2024-25, and to use wisely their share of the \$552 million in base increase to mitigate its impacts on their students and employees.