

TO: PBC Members  
From: Susan Rinne  
Subject: 2014-15 State Budget Update

Below is a summary report based on the information that we received at the Budget Workshop on Friday the 17<sup>th</sup> of January conducted by ACBO and ACCCA in Sacramento.

### **2014 – 15 Governors Budget**

The State's estimated General fund revenues are projected to exceed the 2007-08 amounts for the first time since the onset of the great recession. Despite this, Governor Brown took great pains to point out several reasons for caution; recession cycles, short term nature of Prop 30, outstanding state debts, and the tax system heavily reliant on capital gains.

- Prop 98 minimum guarantee at \$61.6 billion (increase from 2013-14 of about 11.4%) with \$3.3 billion in additional one-time K-14 resources are provided to settle up the difference.
- For Community Colleges:
- Access - \$155.2 million to fund a 3% restoration of access (formally Growth). This growth is equal to about 500 FTES for PCCD.
- COLA - \$48.5 million to fund a statutory COLA of .86% (and increase of about \$39.91 per FTES) approximately ½ of 2013-14 COLA; bringing the funded base for credit FTES to \$4,680 per FTES. This is approximately \$856,000 for PCCD.
- Student Success - \$200 million to support student success programs and strengthen support for underrepresented students (this term is not defined at this time). It includes \$100 million for Student Success and Support Programs (SSSP) which is twice the 2013-14 allocation. The other \$100 million is to close the gaps in access and achievement for underrepresented student groups.
- Deferred Maintenance and Instructional Equipment - \$175 million split evenly between them. This is approximately 6 times what we received in 2013-14. PCCD estimate is \$2,625,000 to be split between the two programs (\$1,312,500 each)
- Deferrals - \$235.6 million to finish paying down the deferrals. This is not "new" money for the Community College system, but it frees up dollars that were used to purchase short term cash flow solutions in the past.
- Prop 39 - \$39 million to address energy efficiency projects and workforce development. Uncertain how much of this would come to PCCD at this time.
- Improving Statewide Performance - \$2.5 million for providing local technical assistance to support implementation of effective practice in all districts, priority on underperforming districts. Uncertain how much of this would come to PCCD at this time.
- Flexibility – The ability for Community Colleges to transfer 25% of funds from EOPS, CalWORKS and Basic Skills to other federal, state or local programs to meet the needs of underrepresented student groups.
- RDA's – Allocation of \$38.4 million for 2013-14 and \$35.6 for 2014-15 to account for the shift of the RDA funds; in addition to moving up the deadline for determining the amount of backfill necessary to resolve the shortfalls.

- Apportionment Stabilization – amount needed for the \$100 per FTES guarantee from Prop 30 for basic aid districts
- Adult Education - 2015-16 plans for regional adult education consortia.

No increase in student fees, no proposal to fund FTES on completion, or to require all students seeking fee waivers to complete a FAFSA. Plan to resolve the CalSTRS fund shortfall within 30 years.

The Governor is also proposing a constitutional amendment to strengthen the state's rainy day fund that was established in 2004 by prop 58. The amendment would base deposits into the rainy day fund in relation to the percentage of general fund represented by capital gains. In years in which that percentage is 6.5% or higher, state revenues would flow into the rainy day fund up to 10% of state revenue for that year.

We are just in the beginning of the State budget cycle, and many adjustments will/could be involved. Updates will be provided to you as we find them out.