



**The Governor's
January Budget Proposal
for 2016-17**
presented to the
Board of Trustees

March 22, 2016

Governor's Budget Overview

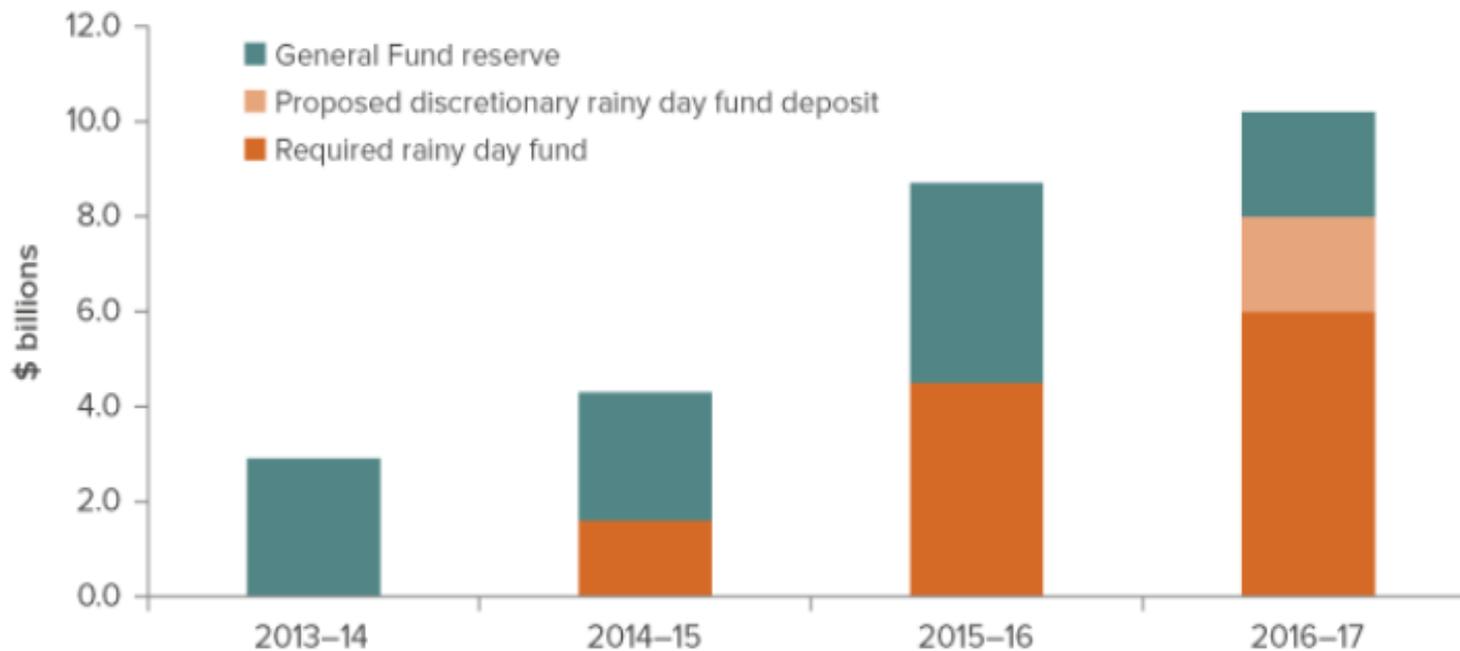
State of CA General Fund Budget Summary (in billions)	2015-16	2016-17
Prior-Year Balance	\$3,699	\$5,172
Revenues and Transfers	<u>\$117,537</u>	<u>\$120,633</u>
Total Resources	\$121,236	\$125,805
Total Expenditures	<u>\$116,064</u>	<u>\$122,609</u>
Fund Balance	\$5,172	\$3,196
Budget Reserve:		
Reserve for Encumbrance	\$966	\$966
Special Fund for Economic Uncertainties	\$4,206	\$2,230
Budget Stabilization Account / Rainy Day Fund	\$4,455	\$8,011

Source: 2016-17 California State Budget Proposal

***Proposed
Expenditures of
\$122.6 Billion***

Governor's Budget Overview

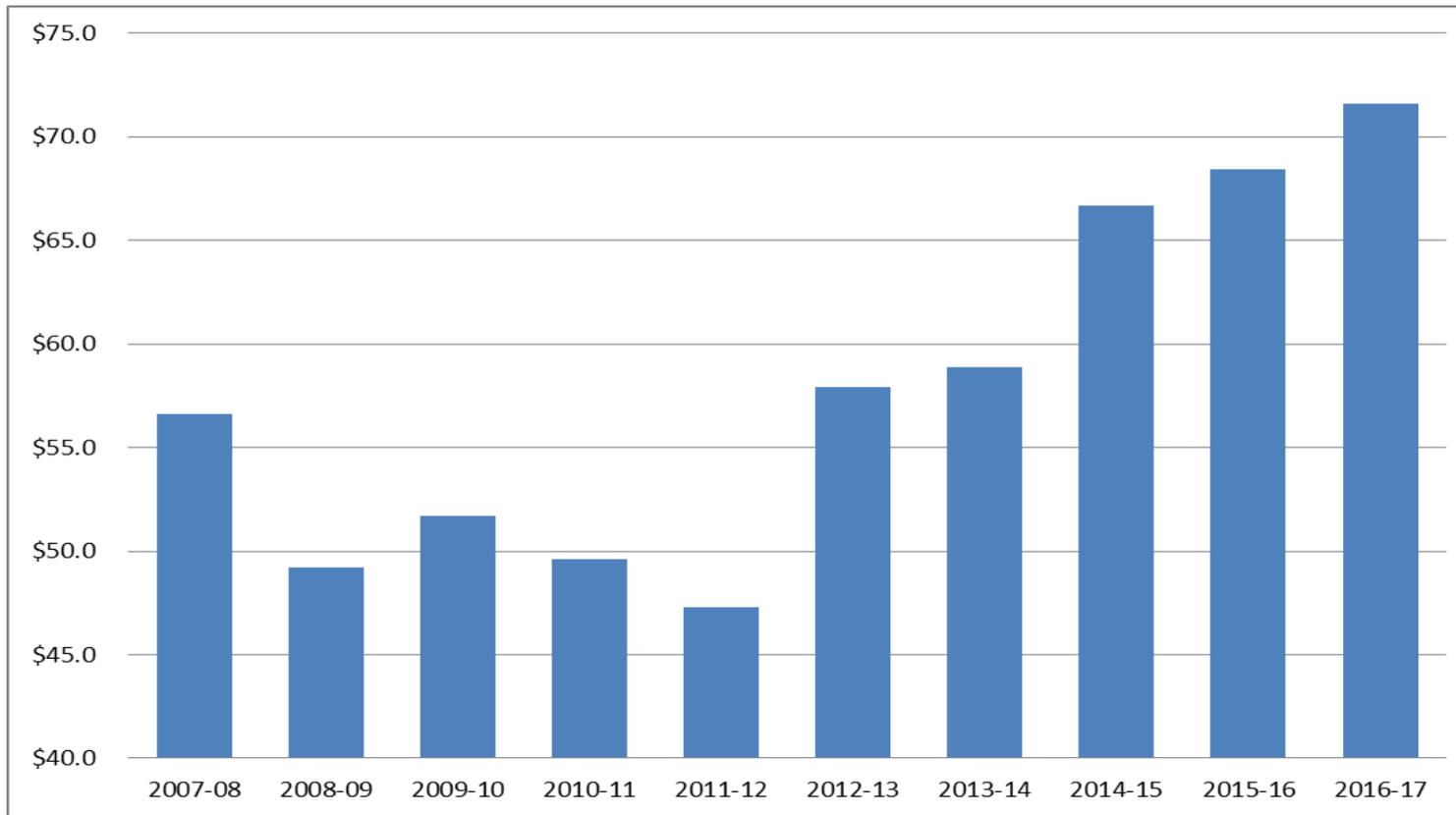
The governor proposes large state budget reserves



SOURCES: Schedule 1 (General Budget Summary), Governor's Budget Summary, 2016-17, California Department of Finance, January 7, 2016. Summary Chart 1 (General Fund Budget Summary), 2014-15 Enacted State Budget, California Department of Finance.

Governor's Budget Education

Prop 98 Funding in Billions



Source: 2016-17 California State Budget Proposal

***Governor's
Budget
Themes in Higher Ed***

I. Maintaining Affordability for Students

- A. No student fee increases
- B. Increase in funding for Cal Grant program
- C. Funding for growth at CCCs

II. Supporting Success for All Students

- A. Significant Student Success funding
- B. Significant Student Equity funding
- C. Significant Opportunity to Leverage these and other Resources

III. Strengthening Pathways from Education to Workforce

- A. “Student must be ready for College and Careers”
- B. Significant funding for the Strong Workforce Program
- C. Regional Collaboration and Partnerships required

The Governor's January Proposal represents the beginning of the 2016-17 Budget conversation.

Governor's Budget Community Colleges

- **Access/Restoration Funding, \$114.7 Mil**
 - Ongoing Increase up to 2% system wide, or 50,000 students
 - **PCCD** eligible for **approximately 350 FTES** of restoration
no growth is anticipated **\$0**

- **Cost of Living Adjustment of 0.47%, \$29.3 Mil**
 - Ongoing Increase to the Base
 - **Approximately \$445,000 to PCCD**

- **Mandate Reimbursement, \$76.1 Mil**
 - One-Time Discretionary Funding
 - To assist Colleges with increasing operating costs including STRS & PERS increases, technology, security, etc.
 - **Approximately \$1.2 Mil to PCCD**

PROPOSED UNRESTRICTED FUNDING = 1/3 of new State Funds

Governor's Budget Community Colleges

- **Student Success, \$285 Mil**
 - Restricted ongoing funding to increase orientation, assessment, placement, counseling and other education planning services. No increase over this year's allocation.
 - Impact to **PCCD** – TBD
- **Student Equity, \$155 Mil**
 - Restricted ongoing funding to close achievement gaps in access and achievement of underrepresented student groups. No increase over this year's allocation.
 - Impact to **PCCD** – TBD
- **Basic Skills, \$50 Mil**
 - Restricted ongoing funding to improve delivery of basic skills instruction through student support
 - Increase of \$30 million (Governor looking towards a *performance model* of allocation)
 - Impact to **PCCD**– TBD

PROPOSED RESTRICTED FUNDING = 2/3 of new State Funds

Governor's Budget Community Colleges

- **Workforce/ Economic Development, \$200 Mil**
 - One-Time Funding (funding formula TBD)
 - Based on recommendations made by Task Force on Workforce, Job Creation and Strong Economy
 - **PCCD share TBD**

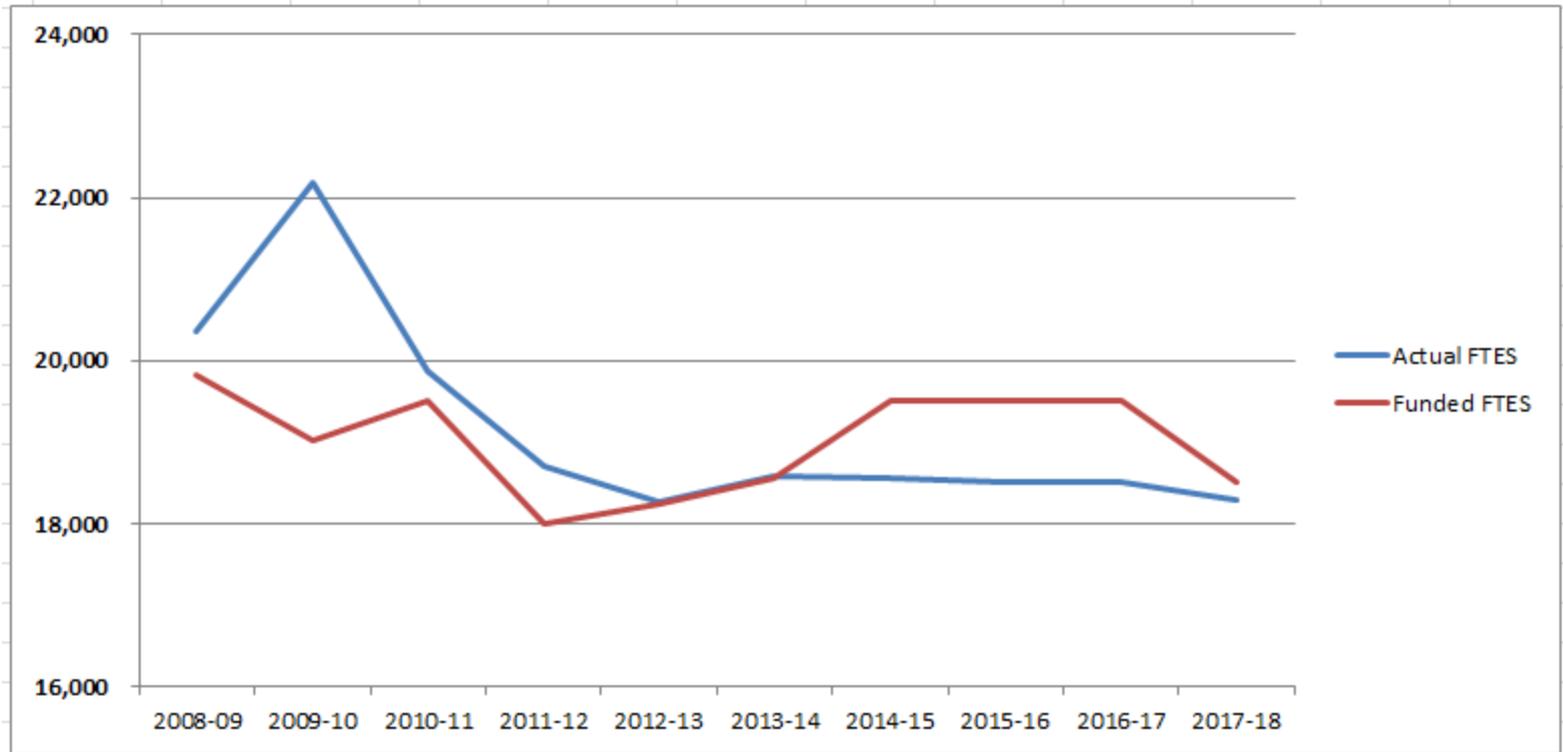
- **CTE Pathways, \$48 Mil**
 - Ongoing funding to support continued development of CCC and K-12 consortia efforts
 - **PCCD participating**

- **Maintenance & Instructional Equip, \$289 Mil**
 - One-Time Funding
 - Other one-time expenditures may be eligible
 - **PCCD share est. at \$4.0 Mil**

- **Prop 39, Clean Energy Act, \$45 Mil**
 - Annual Funding
 - To encourage energy efficiency projects
 - **PCCD share estimated at \$350k**

PROPOSED RESTRICTED FUNDING = 2/3 of new State Funds

Peralta Community College District Enrollment



Five-year average FTES average (2010-2015) = 18,600 FTES

2015-16 PCCD budget built on 19,500 FTES

Peralta Community College District Enrollment

Stability Funding:

- Districts receive stability funding only in the initial year of decline in FTES in an amount equaling the revenue loss associated with the FTES reduction for that year (Title 5, §58776)
- Districts are entitled to revenue equal to at least the prior year's total computational revenue (Title 5, §58770(a)(2))
- Impacts of Stability: Although revenue is supported in the year of decline, base revenue for the subsequent year is reduced by the amount of prior year stability

**22 of the 72 CA community college districts claimed
stability in 2014-15**

General Fund - Unrestricted

PCCD ***Other Revenue*** ***Budget Impacts***

- **Partial Sunsetting of Proposition 30**
 - Sales Tax increase terminates on December 31, 2016
 - ½ Year reduction of EPA funds
 - Impact to PCCD – **(\$1,750,000)**
- **International Students Revenues**
 - Increased enrollment & Fees
 - Impact to PCCD – **\$900,000**
- **Enrollment**
 - Spring Intercessions & Late Start Classes
 - Borrow ALL Summer FTES to meet our CY Budget Target
 - Claim Stability in 2016-17
 - Some state funding based on current year FTES
 - Impact to PCCD – **(\$150,000)**

General Fund - Unrestricted

PCCD ***Other Expenditure*** ***Budget Impacts***

- **Increase in Employer Contributions**
 - STRS \$650,000
 - PERS \$335,000
 - Impact to **PCCD** – **\$985,000**
- **Employee Step & Column Increases – \$1,150,000**
- **Unbudgeted Ongoing Expenditures – \$450,000**
 - Omitted in 2015-16 Budget
- **District Office Staffing - \$350,000**

PCCD

Budget Outlook

General Fund – Unrestricted	2016-17
Revenues	
Enrollment driven	750,000
COLA	445,000
Prop 30	(1,750,000)
One-Time	1,200,000
Net Revenues	\$645,000
Expenditures	
Step & Column	(1,150,000)
PERS & STRS	(985,000)
OPEB	900,000
Other	250,000
Net Expenditures	(\$985,000)
Fiscal Impact	(\$340,000)

PCCD
Multi Year
Outlook

General Fund – Unrestricted	2016-17	2017-18	2018-19
Revenues			
Enrollment driven	750,000	(4,500,000)	(4,500,000)
COLA	445,000	1,000,000	1,000,000
Prop 30	(1,750,000)	(3,500,000)	(3,500,000)
One-Time	1,200,000	0	0
Net Revenues	\$645,000	(\$7,000,000)	(\$7,000,000)
Expenditures			
Step & Column	(1,150,000)	(1,000,000)	(1,000,000)
PERS & STRS	(985,000)	(900,000)	(900,000)
OPEB	900,000	-	-
Other/ Instructional	250,000	750,000	750,000
Net Expenditures	(\$985,000)	(\$1,150,000)	(\$1,150,000)
Fiscal Impact	(\$340,000)	(\$8,150,000)	(\$8,150,000)

PCCD
Integrated Planning
& Budget Development
Next Steps

- | | |
|---------|---|
| Mid-May | Governor releases his May Revise Budget |
| Mid-May | Impacts of May Revise Budget analyzed & shared |
| Mid-May | Chancellor provides direction re: PIO Resource Allocation |
| Mid-May | PCCD Multi Year Budget Projections shared |
| May 27 | Preliminary Tentative Budget presented to PBC |
| June 21 | 2016-17 Tentative Budget presented to Board of Trustees |
| Sept 13 | 2016-17 Final Budget presented to Board of Trustees |

Thank you.

Questions?