

LONG BEACH COMMUNITY COLLEGE DISTRICT
OFFICE OF THE ACTING SUPERINTENDENT-PRESIDENT

MEMORANDUM

To: Colleagues
From: Ann-Marie Gabel
Date: January 18, 2017
Re: District Budget Update

Governor Brown released his 2017-18 State Budget on January 10, 2017. The Budget urges focus and restraint. "The trajectory of revenue growth is declining," Brown said in unveiling his State Budget. He has warned of potential declines in the state's future for years, but this warning is more specific in quantity and timing. He predicts that the current spending trajectory will lead to a \$1.6 billion deficit by summer 2018 if action is not taken. As a result, the Budget reflects this concern and provides what typically should be ongoing resources as one-time funds only. By doing this, it may reduce the need for cuts in an economic downturn.

Overall the Budget provides community colleges with slightly over \$210 million in new ongoing resources and \$220 million in one-time allocations. However, it is concerning that the Proposition 98 split between K-12 and community college districts has not been maintained. Based on the January Budget, community colleges will receive 10.87% of the Proposition 98 dollars yet we should receive 10.93%, a reduction of close to \$45 million. The highlights of the budget for the community colleges and estimates for LBCC are as follows:

2017-18

Ongoing Unrestricted

- Cost of Living Adjustment (COLA) of **1.48%** totaling **\$94.1 million**. This would provide around **\$1.6 million** for LBCC.
- Enrollment Growth funds of **1.34%** totaling **\$79.3 million** for increased full-time equivalent students (FTES). In order to receive any of these growth funds, we would have to generate an additional 278 FTES in which case LBCC could receive up to **\$1.4 million**.
 - We will be working together to determine our FTES target and if we can capture any growth revenue.
- Increased operating expenses of approximately **0.4%** totaling **\$23.6 million**. This is distributed as a base augmentation and is intended to cover increasing operating costs such as employee benefits, facilities, professional development, and other general expenses. This would provide about **\$0.4 million** for LBCC.

Ongoing Categorical

- Cost of Living Adjustment (COLA) of **1.48%** totaling **\$5.4 million** for select Categorical Programs. This increase is only for DSPS, EOPS, special services for CalWORKs and Child Care Tax Bailout. It is estimated to provide approximately **\$56,000** increase for LBCC.

- Online Education Initiative totaling **\$10 million**. These funds are intended for the purchase of a system-wide learning management system (CANVAS) that will be provided free to all colleges. We are already in the process of piloting this system and plan on moving towards full implementation late next year. The funds will be used on a statewide basis and will not be allocated to individual colleges.

One-Time

- Deferred Maintenance & Instructional Equipment totaling **\$43.7 million** with no match requirement. This would provide about **\$790,000** for LBCC.
- Proposition 39 – Clean Energy Job Creation Fund provides **\$52.3 million** for community college energy efficiency projects. This will be the 5th year of a five-year program and we expect to receive around **\$946,000** to use towards our energy efficiency lighting projects.
- Innovation Awards totaling **\$20 million**. These funds are intended to “incent the development and implementation of innovative practices in various functional areas as determined by the Chancellor.” It is unknown at this time if LBCC will qualify for any of these funds.
- Full-Time Student Success Grants totaling **\$3.1 million**. These funds are provided to students that qualify through Financial Aid. We estimate around **\$54,000** for LBCC.
- Guided Pathways Program totaling **\$150 million**. This is a new program to develop an integrated institution-wide approach to student success. It represents a substantial investment by the Governor toward a systemic and integrated redesign of the student experience at California’s community colleges. Although the program will be made available to all community colleges, it is still undetermined how the funds will be allocated so we have no estimate as to how much LBCC’s share may be.
- Integrated Library System totaling **\$6 million**. These funds are for the procurement of an Integrated Library System that allows every student to access a cloud-based up-to-date library catalog. The funds will be used on a statewide basis and will not be allocated to individual colleges.

Although the State Budget provides us with some much needed resources, there are still some concerns that we’ll be working with both the Chancellor’s Office and the Department of Finance on in the coming months before the budget is finalized. Primarily, the Governor only funded 5 out of the 29 Capital Outlay Projects which were approved by the Board of Governors. Unfortunately, our 2 projects: Buildings M and N and Building MM were not part of the 5 funded projects. These projects have been in line for funding for almost a decade now and with the passage of Proposition 51, we were hoping that they would be funded this year.

Next Steps

As a reminder, the January budget proposal is the beginning of the annual budget process, not the end. As always the Governor and the Legislature will discuss the proposals and possible changes over the next several months. We will work together as a College to balance our budget in order to protect us through the uncertainty and the wide variety of economic conditions that may be on the horizon. The Budget Advisory Committee will develop the assumptions for the Tentative Budget which will be presented to the Board in June.