

**From:** Goodrich, Kelly  
**Sent:** Tuesday, May 13, 2014 10:50 AM  
**To:** Gimple, Tina Marie; Pasillas, Karol A  
**Cc:** Strong, Michael W; Stark, Scott R  
**Subject:** May Revision Budget Update

Dear Tina/Karol:

Can you please forward this onto your campus' Budget Committee members?

Thanks.

## Kelly Goodrich

Kelly Goodrich, Fiscal Services Admin Asst.  
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**From:** Goodrich, Kelly  
**Sent:** Tuesday, May 13, 2014 10:48 AM  
**To:** Allen, Denise R; Au, Algie N; Battle, Yendis G; Castro, Omar; Chatfield, Walter; Crow, Kathryn E.; Dorsey, Patrick; Dulgeroff, James E.; Flores, Yasmeen; Hansen, Rosemarie May; Isaac, Matthew K; Kuck, Dr. Glen; Marshall, Cheryl; Millican, Edward S.; Oliver, Timothy L; Perez, Amalia T; Peterson, Karen Marie; Prater, Rhonda S; Raghavan, Girija R; Stark, Scott R; Strong, Michael W; Sutorus, Steve; Torres, Jose Felipe  
**Cc:** Allred, Gregory P; Strong, Lawrence P  
**Subject:** May Revision Budget Update

## On behalf of Tim Oliver...

Dear Budget Committee Members:

Below are two emails regarding the Governor's May Budget Revision -- one from Dan Troy at the CCCCCO, and one from Scott Lay at the CCLC.

Early indications are that while there will be increases in some categorical programs, all other budget areas will remain the same or decrease slightly. This verifies the assumptions that Jose and I have been sharing with you to date, and that our 2014-15 unrestricted funds budget and the SBCCD Resource Allocation

funding will be relatively unchanged compared to this year. Note, access and COLA are less in the May Revise. Please also note that a) the Governor is still pushing hard for "Rainy Day" budget solutions; b) that the Board of Governors has yet to determine how to distribute funds related to "Districts in greatest need"; and c) the legislature still has a long way to go before approving the final 2014-15 budget.

Thanks again for your outstanding contributions to our Committee this year!

Tim

Tim Oliver  
Interim Vice Chancellor, Business & Fiscal Services  
San Bernardino Community College District

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**From:** Troy, Dan [<mailto:dtroy@CCCCO.EDU>]  
**Sent:** Tue 5/13/2014 9:17 AM  
**To:** [SO2CBO@LISTSERV.CCCNEXT.NET](mailto:SO2CBO@LISTSERV.CCCNEXT.NET)  
**Subject:** May Revision Budget Update

Colleagues,

The Governor released his May Revision update on the morning of Tuesday, May 13<sup>th</sup>. While those watching the updated revenues flow into the Treasury for the 13-14 fiscal year may have hoped for ongoing increases even beyond the relatively strong proposal outlined in January, the Governor and his staff see a more complicated picture. While there was strong revenue growth in the 13-14 fiscal year, the Governor does not see the current year increase carrying over into the 14-15 fiscal year to any large extent.

Further, as the Proposition 98 minimum guarantee is based largely on year-over-year change, the upward tick in the 13-14 year combined with a modest revenue increase in the 14-15 projection actually decreases the minimum guarantee in the budget year relative to the January estimate. Despite the decrease in the 14-15 guarantee, the Governor's proposal actually manages to create room for some increased programmatic support by shifting some of the buy down of deferrals from the budget year to the current year.

While more time and details are needed to get a fuller picture of the proposal, the key highlights are as follows:

- \$50M is added to the Economic and Workforce Development Program (EWD) on a one-time basis “to improve student success in career technical education.” The funds are intended to develop, enhance, and expand CTE programs that build upon existing regional capacity to better meet regional market demands.
- \$42.4M is added to offset decreases in local property tax and fee revenue estimates for the 14-15 year.
- \$6M for increased technology infrastructure (\$1.4M one-time, \$4.6M ongoing) to upgrade bandwidth and replace technology equipment at local campuses
- Adjustments to Access Funding and COLA –
  - o A decrease of \$14.8M to reflect a change from 3 percent to 2.75 percent in funds for new access for the 2014-15 fiscal year. Additionally, the Governor will push back the implementation of a revised growth formula until the 2015-16 fiscal year.
  - o A decrease of \$1.2M to reflect a drop in the COLA from 0.86 percent to 0.85 percent
- Adjustment to the January maintenance and instructional equipment proposal –
  - o A decrease from \$175M to \$148M
  - o All funds will go toward deferred maintenance in the revised proposal, rather than a 50/50 split with instructional equipment
  - o A local match will *not* be required in 2014-15
- A decrease of \$1.5M for Proposition 39 projects/workforce development, due to reduced revenues attributable to the California Clean Energy Jobs Act
- The May Revise will also propose increasing the funding rate for Career Development and College Preparation courses to the rate for credit courses *commencing with the 2015-16 year*
- Deferral pay down adjustments –
  - o A decrease of \$55.5M in the prior year
  - o An increase of \$133.6M in the current year
  - o A decrease of \$78.1M in the budget year
  - o While there are adjustment of payments among the three fiscal years, the net result is still a complete pay down of system deferrals as of the 14-15 fiscal year

The Governor is expected to emphasize the need for fiscal restraint amid many calls for greater spending and restoration of general fund programs that were negatively impacted during the Great Recession. To this end, the Governor will be pushing passage within the Legislature of a ballot initiative to be placed before voters this fall that will modify a proposed Rainy Day Fund that will smooth out the state’s boom and bust budget cycles (fueled primarily by

capital gains returns) and require the state to pay down liabilities. Further, it is anticipated that the Governor will work on a solution regarding CalSTRS obligations, though it is not clear at this time what he will propose.

Next steps will include a response by the Legislative Analyst's Office (recall that at this time last year, the LAO projection of revenues was far more optimistic the Governor's figures), review by the budget committees of each house, and a legislative conference committee to iron out differences between the two houses. It is expected that the budget will be approved and signed by the Governor prior to July 1, 2014.

Regards,  
Dan Troy

Vice Chancellor, College Finance and Facilities Planning  
California Community Colleges Chancellor's Office

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May 13, 2014

Dear Tim,

Good morning. Governor Jerry Brown just released the [May Revision to his proposed 2014-15 State Budget](#), and the s community colleges released in January.

Here are the major community college items, with changes from January identified in yellow:

<b>Item (amounts in 000s)</b>	<b>2013-14 Enacted</b>	<b>2014-15 January</b>	<b>2014-15 May</b>	
<b>Ongoing Funds</b>			0.85%	Ge
Enrollment Growth	1.63%	3%	2.75%	Ge
Student Success and Support Program	\$99,183	\$199,183	\$199,183	
Student Success and Support Program - Equity	\$0	\$100,000	\$100,000	
Disabled Students Programs and Services	\$84,223	\$84,223	\$84,223	
Extended Opportunity Programs and Services	\$88,605	\$88,605	\$88,605	
Economic and Workforce Development	\$22,929	\$22,929	\$22,929	
Student Financial Aid Administration	\$67,537	\$67,896	\$67,896	
CalWORKs	\$35,545	\$35,545	\$35,545	
Part-time Faculty Compensation	\$24,907	\$24,907	\$24,907	
Basic Skills	\$20,037	\$20,037	\$20,037	
Telecommunications and Technology Infrastructure	\$15,790	\$15,790	\$20,390	
Nursing Education	\$13,378	\$13,378	\$13,378	
Foster Care Education Program	\$11,786	\$11,786	\$11,786	
Part-time Faculty Office Hours	\$3,514	\$3,514	\$3,514	
Campus Childcare Tax Bailout	\$3,350	\$3,350	\$3,350	
Transfer and Articulation	\$698	\$698	\$698	
Part-time Faculty Health Insurance	\$490	\$490	\$490	
<b>One-Time Funds</b>				
Physical Plant and Instructional Equipment		\$175,000	\$148,000 (maintenance only)	

Economic and Workforce Development			\$50,000	<i>to increase s</i>
Telecommunications and Technology			\$1,400	

The revised budget makes technical adjustments for property tax (+17.7m general fund) and student fee revenues (+ remaining apportionment deferrals. Student fees would remain at \$46 per credit unit. The summary also proposes to i rate beginning in 2015-16, a significant win for our advocacy.

We'll continue to dive into the details as they become available and will share more shortly.

Sincerely,