



Jose F. Torres, Vice Chancellor, Business & Fiscal Services

July 2016

Summary

The Governor has released the final budget for FY 2016-17 and, based on our analysis, there are few significant resource changes for SBCCD from what was projected in the May Revise.

To note since the May Revise are 1) an increase in growth based on the growth formula, 2) a decrease in the estimated Physical Plant & Instructional Equipment allocation (Block Grant), and 3) an increase in Proposition 39 energy efficiency funding. The State Chancellor's Office continues to caution that "we are nearing the point when a normal economic expansion period should end." It is important, therefore, that we use 2016-17 resources to position ourselves for the future.

As we learn more from the State and through internal analyses, we are taking prompt action to address new developments.

- Our District Enrollment Management and District Budget committees are meeting to determine how to appropriately take advantage of our growth potential. The tentative budget contains \$600,000 to support growth goals for both colleges.
- To prepare for the increased STRS/PERS costs we have set aside \$4 million to cover the estimated increases for five years.
- A recent facilities assessment noted deferred maintenance needs of \$31 million and the Board of Trustees directed the District to take steps in response. The 2016-17 tentative budget includes \$2.3 million toward this purpose.

Details of Impact to SBCCD

Growth	4.25%	This is an increase from the 2.0% estimated at May Revise and results from <i>the new formula that determines our maximum funded growth based on need. Although the maximum is 4.25% our enrollment goal for next year is 2%.</i>
COLA	.0%	<i>This will make it difficult for districts to address increasing operating costs; no change from the May Revise.</i>
Student Equity & SSSP	Same as 2015-16	<i>Unchanged from the May Revise.</i>



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One-time Funding (Mandates)	\$105.5 million	<i>Estimated at \$1.4 million for SBCCD. Consistent with the May Revise.</i>
Physical Plant & Instructional Equipment (Block Grant)	28.5%	<i>This is a significant increase over 2015-16 but a decrease from the 48% increase estimated at May Revise. Similar to 2015-16, we will have the flexibility to distribute funds among maintenance, instructional equipment, and drought response activities with no local match required. We have two years to encumber and an additional two years to expend these funds.</i>
Proposition 39 – Energy Efficiency	Increase of about 32% over 2015-16	<i>Up from 16% increase projected at May Revise.</i>
Tuition Fees	No Increase	<i>No increases in tuition fees for our students! Same as the May Revise.</i>
Base Augmentation	\$75 million	<i>To support increases in operating expenses, such as STRS/PERS, health care, campus safety, technology, etc. Estimated at \$1 million for SBCCD. The majority of this funding was redirected from the Physical Plant & Instructional Equipment and is consistent with the May Revise.</i>

Other Items to Note

The budget proposal contains other items worth mentioning.

- \$300,000 increase to Academic Senate to support the implementation of the Workforce Taskforce Recommendations.
- The addition of \$20 million in one-time funding to expedite online course offerings for the Online Education Initiative.
- One-time \$5 million set aside to provide incentives to programs with no cost to students for the use of textbooks.

Next Steps

We will continue to monitor the State budget process and keep you updated on important developments. In the meantime, we are working to complete the final budget which is scheduled to be reviewed by the Board of Trustees on August 25th and will be presented for adoption on September 8th.