PLANNING & BUDGETING COMMITTEE
January 19, 2017
1:00 -2:30 P.M.
Library 202

Facilitator: Rory K. Natividad Notes: Linda M. Olsen

STATEMENT OF PURPOSE

The Planning and Budgeting Committee serves as the consultation committee for campus-wide planning and budgeting. The PBC assures that the planning and budgeting are integrated and evaluated while driven by the mission and strategic initiatives set forth in the Strategic Plan. The PBC makes recommendations to the President on all planning and budgeting issues and reports committee activities to campus constituencies.

Strategic Initiative – C – Collaboration

Advance an effective process of collaboration and collegial consultation conducted with integrity and respect to inform and strengthen decision-making.

Members

- ☐ William Garcia - Student & Community Adv.
- ☐ Amy Grant - Academic Affairs
- ☐ Ken Key - ECCFT
- ☐ David Mussaw – ECCE
- ☐ Areceli Rodriguez – ASO, Student Rep.
- ☐ Rory K. Natividad - Chair (non-voting)
- ☐ Cheryl Shenefield - Administrative Services
- ☐ Jackie Sims - Management/Supervisors
- ☐ Dean Starkey – Campus Police
- ☐ Josh Troesh - Academic Senate

Alternate Members / Support

- ☐ Babs Atane – Support
- ☐ Janice Ely – Support
- ☐ Irene Graff – Support
- ☐ Jo Ann Higdon – Support
- ☐ Kristie Daniel-DiGregorio – Support
- ☐ Art Leible – Support
- ☐ Jeanie Nishime – Support
- ☐ Barbara Perez – Support
- ☐ Rebecca Russell - Alt., Ac. Affairs
- ☐ Andrea Sala – Alt. SCA
- ☐ Jean Shankweiler – Support
- ☐ Ericka Solarzano - Alt. Police
- ☐ Michael Trevis – Alt. Adm.
- ☐ Vacant – Alt. Ac. Sen
- ☐ Steve. Waterhouse-Alt.Mgmt/Sup
- ☐ Alt. ASO, Student
- ☐ Luukia Smith – Alt. ECCE
- ☐ Susana Prieto – Alt. ECCFT

AGENDA

1.	Draft Minutes Approval – December 1, 2016	R. Natividad	1:00 P.M.
2.	PBC Responsibilities	R. Natividad	1:10 P.M.
3.	PBC Communication checkup	R. Natividad	1:20 P.M.
4.	Budget Development Criteria	J. Higdon	1:30 P.M.
5.	Budget Workshop update	J. Higdon	1:40 P.M.
6.	Common Assessment Initiative	W. Garcia	1:50 P.M.
7.	Financial Aid	W. Garcia	2:00 P.M.

Next meeting – February 2, 2017

Committee Funds and Financial Terms Glossary

General Unrestricted	Fund 11
General Restricted	Fund 12
Compton Center Related Activities	Fund 14
Special Programs Compton Center Partnership	Fund 15
Student Financial Aid	Fund 74
Workers Comp.	Fund 61
Capital Outlay Projects	Fund 41
General Obligation Bond	Fund 42
Property & Liability Self-Insurance	Fund 62
Dental Self-Insurance	Fund 63
Post-Employment Benefits Irrevocable Trust	Fund 69
Bookstore	Fund 51

WSCH = Weekly Student Contact Hours
BOGFW = Board of Governors Fee Waiver
FTES = Full Time Equivalent Students
FTEF = Full Time Equivalent Faculty
COLA = Cost of Living Adjustment
OPEB = Other Post-Employment Benefits
FON = Faculty Obligation Number

* A complete list is available in the annual final budget book.

Planning and Budgeting Committee
2016-17 Goals

PBC Goals 2016-17 for discussion:

1. Develop an action plan utilizing the college wide evaluation of planning and budgeting process. The evaluation was conducted last year.
2. Review and approve the Comprehensive Master Plan to ensure that they are:
   a. Supportive of the Mission and Strategic Plan,
   b. Integrated with other college planning and budgeting,
   c. Implementable, and
   d. Achievable.
3. Evaluate the Strategic Plan including Institutional Effectiveness Outcomes and Strategic Initiative Objectives.
4. Review and improve upon the yearly activity calendar.
5. Provide a professional development opportunity for faculty and classified.
6. Seek evidence of constituent group PBC communications in an effort to improve the understanding of committee efforts throughout the campus.

EL CAMINO COLLEGE
Planning & Budgeting Committee
Minutes
Date: January 5, 2017

MEMBERS PRESENT

☒ William Garcia– Student & Comm Adv.
☒ Amy Grant – Academic Affairs
☐ Ken Key - ECCFT
☐ Araceli Rodriguez – ASO, Student Rep.
☒ David Mussaw – ECCE
☒ Rory K. Natividad – Chair (non-voting)
☒ Cheryl Shenefield–Administrative Services
☐ Jackie Sims -Management/Supervisors
☐ Dean Starkey – Campus Police
☐ Josh Troesh - Academic Senate

Other Attendees: Members: A. Sala, S. Waterhouse
Support: I. Graff, J. Higdon, A. Leible

The meeting was called to order at 1:07 p.m.

Approval of the December 1, 2016 Minutes

1. The minutes were approved as presented to the committee. The minutes will be posted to the portal.

Review of Statement of Purpose – R. Natividad

1. The current changes to the Statement of Purpose were brief. The second sentence was changed to read as follows: "The PBC assures that planning and budgeting are integrated and evaluated while driven by the mission and strategic initiatives set forth in the Strategic Plan." All were in agreement with the updated statement.

College Plan – I. Graff (handout)

1. The College Plan is the old Vice President Priority document. There is a different formulation which helps fit with the new TracDac plan. There is an existing "College Plan" now in TracDac so it takes it up to one more level which was the goal. The College Plan is viewable to everyone who has access to TracDac. The plan is also published on the planning webpage and will be included on the PBC page. This will assist in distributing information out to those who do not have access to TracDac.
2. In reviewing the plan it was noted everything is sorted by expense category. The column of college rank shows the priority of the recommendation by Cabinet and the vice presidents. There are a small number of on-hold items the vice presidents wanted to wait and consult with the areas of Facilities, IT, and Fiscal Services before making a final determination.
3. In January and February more training will be scheduled for all unit leaders. Currently the program plans should be finalized so it will give the areas a month to fine tune their plans.

Enrollment Update – R. Natividad / D. Mussaw (handout)

1. The enrollment goals for winter and spring 2017 were discussed as presented on the handout. For winter the enrollment goal (projected FTES) for resident students is 900; currently it is at 830. It was noted we are at a very strong fill rate across the board (90-plus fill rate). Originally the Enrollment Management Plan had us at 200 sections. Currently we are 100 above this figure.

2. For spring the enrollment goal (projected FTES) for resident students is 8,100; currently it is at 5,175. We are at 55 days until census. Last year at this point we were 100 FTES ahead of this figure. It was noted this could be the result of having a winter session this year.

CalPERS – J. Higdon (handout)

1. It was noted from a budget standpoint, we are getting ready to take another hit. CalPERS has reviewed their investment assumptions and rather than assuming a 7.5 percent rate of return on their investments, they have pulled it down to a 7.0 percent rate of return. It is assumed this will be staggered in over the next few years.
2. There was some work which was done by school services that says for every quarter of a percent that the investment is lowered, it will result in the employer having to pay an additional 1 percent.
3. Once concern noted was if CalPERS is adjusting their investments, will CalSTRS follow suit and do the same thing. The employer rate on both CalPERS and CalSTRS are going up even higher than what we originally anticipated.

Adjournment – R. Natividad

1. The meeting adjourned at 1:33 p.m. The next meeting will be held on **January 19, 2017** in Library 202.

RKN/lmo

Budget Development Criteria

The 2016-17 budget will reflect the goals identified in the El Camino College 2016-21 Strategic Plan.

Costs for operational necessities such as utilities, insurance, regular payroll (including step and column advancement and other negotiable items) will be budgeted and funded prior to identifying moneys for priorities developed through the planning process.

Requests are based on needs assessment and/or program review. An augmentation is a one-time addition to the current year budget. An enhancement is an increase to the base budget. Priorities may also be accomplished by redirecting existing funds.

Budget augmentations will be funded using one or more of the following guidelines:

1. Maintain current level of revenue produced for the District, I.E., achieving FTES target, outreach activities, grant development.
2. Directly impacting institutional effectiveness outcomes.
3. Maintain the integrity of a program.
4. Fulfill legal mandate requirements.
5. Recognize District employees as valued professionals.

Planning and Budgeting Committee

The Planning and Budgeting Committee (PBC) serves as the consultation committee for campus-wide planning and budgeting. The PBC assures that the College's planning and budgeting processes are interlinked and are driven by the missions and strategic initiatives set forth in the Strategic Plan. The PBC makes recommendations to the President on all planning and budgeting issues and reports all committee activities to the campus community.

Responsibilities

General

- Discuss, develop and review the purpose, goals, responsibilities, and membership of the committee.

Planning

- Annually review and discuss the current Strategic Plan and Comprehensive Master Plan, and monitor their implementation.
- Review and discuss prioritized Area plan requests for funding, and other aspects of annual planning, ensuring that requests for funding are linked with program review, master planning, or other planning processes.
- Participate in the development and review of the five-year cycle of strategic and master planning.
- Participate, review and make recommendations on the College Strategic Initiatives.

Budgeting

- Review and discuss annual Preliminary, Tentative and Final Budget proposals and assumptions, ensuring they support the College's mission and strategic initiatives.
- Review and discuss College revenues and expenditures
- Review and discuss long-range financial forecasting.

Communication

- Provide recommendations to the President regarding College planning and budgeting activities.
- Regularly inform the College community of the results of the planning and budgeting process.
- Periodically review and evaluate the effectiveness of PBC communications to the College community.
- Inform the College community of committee goals and responsibilities.

The COMMUNITY COLLEGE UPDATE

Volume 37 For Publication Date: January 27, 2017 No. 2

New CalPERS Employer Rates Released

Later this week, the California Public Employees' Retirement System (CalPERS) will officially release new employer contribution rates for school agencies (which includes community colleges) to take effect in the 2018-19 school year. Previously projected at 17.7%, the employer contribution rate in 2018-19 will now be 1% higher at 18.7%, starting a steep upward climb to the projected rate of 28.2% in 2023-24. CalPERS reports that the revised projected employer contribution rates are based upon a new analysis of the fund.

CalPERS stated that increase in the projected employer contribution rates are ". . . based on the June 30, 2015 annual valuation for the Schools Pool. The Projected Rates assume CalPERS earns 0% for fiscal year 2015-16, and no future demographic or asset gains or losses. Assumes a discount rate change to 7.375% effective for 2018-19, 7.25% for 2019-20 rates and a discount rate change to 7.00% effective for 2020-21 rates and beyond. Assumes that all other actuarial assumptions will be realized and no other changes to assumptions, contributions, benefits or funding will occur during the projection period. Aside from the projected 2017-18 contribution rate, these projections do not take into account the positive impact PEPRA is expected to gradually have on the normal cost."

CalPERS School Employer Contribution Rates		
Fiscal Year	Previously Released Employer Contribution Rates	Projected Employer Contribution Rate
2016-17	13.888%	13.888%
2017-18	15.8%	15.8%
2018-19	17.7%	18.7%
2019-20	19.7%	21.6%
2020-21	21.1%	24.9%
2021-22	N/A	26.4%
2022-23	N/A	27.4%
2023-24	N/A	28.2%

School agencies will need to update their financial projections, including the multiyear projection, with the increased rates and evaluate the squeeze on base revenues. For some perspective, the projected employer contribution rate of 28.2% for 2023-24 is 2.4 times that of the employer contribution rate of 11.847% in 2015-16, an increase of 138% in just eight years.

—Matt Phillips, CPA; Kathleen Spencer; Michelle McKay Underwood; and Sheila G. Vickers

State Budget Issues

Initial Impressions From the Governor's 2017-18 State Budget Proposal

Today, January 10, 2017, Governor Jerry Brown released his proposal for the 2017-18 State Budget. The purpose of this article is to provide a quick overview of Governor Jerry Brown's assertions regarding the 2017-18 State Budget. We address the community college topics highlighted by Governor Brown this morning in his press conference and press release, but reserve our commentary and in-depth details for inclusion in our more comprehensive *Community College Update* article to be released later today.

Overall Economic Outlook

As the Department of Finance has been signaling in recent monthly *Finance Bulletins*, the 2017-18 State Budget proposal reflects a revised revenue forecast that is $5.8 billion lower for 2015-16 through 2017-18 compared to the 2016-17 State Budget Act. This translates to reductions to the Proposition 98 minimum guarantee for prior years.

Overall Level of Proposition 98 Funding

The proposed 2017-18 State Budget includes Proposition 98 funding of $73.5 billion for 2017-18, compared to $71.4 billion provided for in the 2016-17 State Budget. However, Governor Brown proposes reductions of $506 million to the 2016-17 guarantee and $953 million to the 2017-18 guarantee, relative to 2016 Budget Act levels.

Community College Apportionments

Governor Brown proposes an overall decrease of $27.1 million in general purpose apportionments, which includes an increase of $79.3 million available for enrollment (1.34% growth) and $94.1 million to reflect a 1.48% cost-of-living adjustment (COLA). (The apportionments is negative overall to reflect increased offsetting local property taxes and unused growth in 2015-16.)

As we have seen in the past few years, the Administration proposes $23.6 million to support increased community college operating expenses in areas such as "employee benefits, facilities, professional development, and other general expenses."

Deferred Maintenance and Instructional Equipment

For deferred maintenance, instructional equipment, and specific types of water conservation projects, Governor Brown proposes $43.7 million in one-time funds. No matching funds will be required.

Student Success

The State Budget proposes $150 million one-time funds for grants to support community colleges' efforts to develop and implement "guided pathways" programs. A guided pathway program is an integrated, institution-wide approach focused on improving student success.

Proposition 39

To support energy efficiency projects and clean energy job development programs in 2017-18, $52.3 million in one-time funding is proposed in Proposition 39 funds for 2017-18

Summary

This very broad extract of the Governor's Budget proposals is provided to keep you informed. Over the next few hours and days, we will be working to distill the information and make it actionable for educational agencies.

Stay tuned for our Special *Community College Update* article this evening, which will add the details and clarifications that allow you to assess the impact of the Governor's Budget proposal on your district.

[Posted to the Internet 1/10/17] —*SSC Staff*

Governor's Proposals for the 2017-18 State Budget and Education

Preface

Over the past four years, public education in California has enjoyed unprecedented growth in funding largely due to restoration of past reductions, growth in the economy, and passage of Proposition 30 in November of 2012. Within the first 30 seconds of his press conference on the 2017-18 State Budget, Governor Jerry Brown dashed hopes for any continuation of that trend.

In three of the past four years, actual revenue collections exceeded the Administration's forecasts by a substantial amount. However, even after the state lowered its revenue forecast for 2016-17, revenues are coming in below even the lowered estimates. As a result, the Governor has lowered revenue projections even more substantially. Additionally, the state now believes Proposition 98 was over appropriated in 2015-16 and 2016-17. As we explain below, the state intends to take full credit for the over appropriations moving forward. Just a year after paying back and reversing the last of the old cash deferrals, the Governor is proposing a new deferral for K-12 education as part of the correction of the Proposition 98 base.

The theme for the Budget is a broad recognition of the increased risk in the out years. The Governor referred to the fact that California has the most progressive tax structure and, therefore, the most unreliable revenues, in the nation. Our reliance on the top 1% of taxpayers gives us tremendous revenue volatility, both up and down. As a result, the Governor defended the creation of additional reserves at the state level to provide a layer of protection in uncertain times. We agree with the Governor and urge educational agencies to also shore up reserves.

The Governor mentioned a number of competing demands for funding. Maintaining health insurance coverage for those Californians newly provided benefits under the Affordable Care Act (ACA) is a concern and a risk to the Budget if the feds stop funding the current program. Affordable housing, transportation improvements, volatility of revenues, and other factors all create significant exposure for the state and risk to the Budget.

Overview of the Governor's Budget Proposals

Governor Brown unveiled his proposed State Budget for 2017-18 on Tuesday, January 10, 2017, making an energetic presentation to the assembled press corps and fielding questions at a press conference, which began just after 11:00 a.m.

The Governor began by noting that he was using some old, but updated, charts focusing on one that illustrated the deficits of the past and another, which showed that recent revenue forecasts have been lowered compared to one year ago. He also demonstrated the need for belt-tightening by using two charts instead of his usual five.

The Governor stressed the point that while California has the most progressive tax system in the United States, it is also one of the most "unreliable." Therefore, building and maintaining a big reserve is "a corollary of a progressive tax system."

Like prior years, the Governor reminded everyone that we will face a recession. It is just a matter of time. He noted that the current economic recovery is now the third longest on record, and the Department of Finance (DOF) had forecast deficits of $18 billion for three years if the state were to experience even a modest recession.

After this brief introduction, he took questions, which largely focused on California's response to federal fiscal policy changes that could affect the State Budget, such as Medi-Cal funding, the cap and trade program to reduce carbon emissions, collection of climate data, and the deportation of undocumented individuals. For the most part, the Governor offered a wait-and-see approach, declining to speculate on exactly what the Congress and the new president would enact.

On the specifics of the Budget, General Fund revenues and transfers are proposed at $124 billion (a 4.4% increase) compared to expenditures of $122.5 billion (a 0.2% decline). The state would end the 2017-18 fiscal year with a fund balance of $2.5 billion, plus $7.9 billion in the Rainy Day Fund. Compared to the revenue forecast accompanying the current-year Budget, however, state revenues are projected to be down $5.8 billion over the three-year period of 2015-16, 2016-17, and 2017-18.

The Governor's Budget proposes a combination of reductions and fund shifts totaling $3.2 billion to bring the Budget into balance. These proposals include (1) a $1.7 billion downward adjustment to Proposition 98, (2) $900 million in recaptured allocations for affordable housing and state office building modernizations, and (3) $600 million in expenditure reductions by suspending rate increases for child care, not providing middle class scholarships to new students, and rejecting Budget proposals from various state departments and agencies.

Finally, the Governor's Budget highlights the Administration's efforts to address poverty in the state. The Budget continues to fund the rise in the minimum wage for state workers, expanded health care coverage under the federal ACA, and a cost-of-living-adjustment (COLA) for the Supplemental Security Income/State Supplementary Payment program.

The Economy and Revenues

Economic Outlook

The Governor's Budget takes a sharp turn from previous years. It recognizes that the economy, both locally and nationally, continues to recover from the recession and that this recovery is the third longest recovery in the post-war period. However, the clear message from the Governor's press conference continues to be the implementation of prudent fiscal practices that provide a balanced budget while continuing to plan and save for the future. California is still recovering and growing, however, monthly revenue estimates have fallen short five of the last seven months—supporting the Governor's calls for cautious budgeting and undertaking the difficult work necessary to deliver a balanced Budget.

History has shown that every balanced Budget is followed by large deficits that are significantly more pronounced than the preceding recovery, and the Governor's Budget proposal is aimed at putting a stop to that trend. Without taking action to curb expenses, the State Budget would experience a $1.6 billion deficit in 2017-18, with future deficits estimated at $1 to $2 billion. While the passage of Propositions 52 (hospital fee), Proposition 55 (income tax extension), Proposition 56 (tobacco tax), and Proposition 57 (prison reform) have mitigated deeper deficits and the state's Rainy Day Fund—anticipated to increase to $7.9 billion by the end of 2017-18—will assist in further addressing the consequences of the system's inherent volatility, action must be taken to keep the State Budget from falling into deficit as in prior years.

At the national level, the stock market continues to soar, over 12 million jobs have been added since the end of the recession, wages have picked up, and housing prices continue to rise. However, the Federal Reserve has raised interest rates and that might have a dampening effect on the housing market as mortgage rates rise in concert. There are still indications that the current economic growth the state is experiencing will continue in the near future. The unemployment rate for the country dipped below 5% to 4.6% in November 2016, and in the same month California's unemployment rate dropped to 5.3% further reducing the gap between the two. In addition, the country added 178,000 jobs in November 2016 and the Governor's Budget anticipates modest growth for the California economy.

State Revenues

The Governor's Budget presents a picture that we have seen before—though not in a number of years—and not a welcome one. While we have grown accustomed to seeing understated General Fund revenues when compared with receipts to date and projections, this year's Budget shows that revenues are lower than projections. The revenue forecast is $5.8 billion lower than expected and the state is experiencing a current-year shortfall in the Medi-Cal program, both which contribute to the lower than expected revenues as compared to the 2016 Budget Act adopted in June 2016.

To be clear, total state revenues are higher year-over-year, and the economy continues to grow, though modestly. The lowered expectations reflected in the Budget are a result of the difference in the revenue projections utilized by the DOF when building the 2016-17 Budget and actual revenues received year-to-date.

The Legislative Analyst's Office (LAO) forecast released in November 2016 notes that the condition of the Budget will depend heavily on numerous volatile and unpredictable economic conditions. However, in the near term, it anticipates increased reserves by the end of the 2017-18 fiscal year with no immediate downturn. The LAO provides two long-term estimates—one based on an economic growth scenario and another based on a mild recession scenario. Under the economic growth scenario, the Budget will retain a surplus, while the recession scenario reflects that the state's reserves will have to be utilized in order to cover operating deficits out through 2020-21.

Proposition 98

Adopted by state voters in 1988, Proposition 98 sets in the State Constitution a series of complex formulas that establish the minimum funding level for K-12 education and the community colleges from one year to the next. This target level is determined by prior-year appropriations that count toward the guarantee and (1) workload changes as measured by the change in average daily attendance (ADA), and (2) inflation adjustments as measured by the change in either per capita personal income or per capita state General Fund revenues, whichever is less. Over the last four years, Proposition 98 has provided significant gains to schools as funding cuts endured through the Great Recession are restored.

Current-Year Minimum Guarantee

For the current year, the Governor's Budget acknowledges that revenues are lower than projected in the adopted 2016-17 Budget Act, resulting in the lowering of the current-year minimum guarantee. For the current year, the Proposition 98 guarantee is now estimated at $71.4 billion, down $506 million from the enacted level. This decrease is based on lower than expected General Fund tax revenues on which the guarantee is funded, which have declined by $5.8 billion over the three-year budget period.

Proposition 98 also requires the state to account for state funding that falls below the long-term target established by Test 2 (i.e., adjustments required by annual changes in per capita personal income). This cumulative shortfall is termed Maintenance Factor. The Governor's Budget notes that as of the end of 2016-17 the Maintenance Factor will reach almost $1.4 billion, an increase of $864 million in the current year.

2017-18 Minimum Guarantee

For 2017-18, the Governor's Budget proposes a Proposition 98 guarantee of $73.5 billion, a decrease of $953 million, relative to the 2016-17 Budget Act. The guarantee is based on Test 3, the change in per capita General Fund revenues, plus 0.5%, and the change in K-12 ADA, which is expected to decline in the Budget year. The Governor's Budget notes that an additional $264 million in Maintenance Factor will be created—due to it being a Test 3 year—totaling just over $1.6 billion at the end of 2017-18.

Proposition 2 and Proposition 98 Reserves

Proposition 2, which revised the state's Rainy Day Fund (officially titled the Budget Stabilization Account), established a constitutional goal of setting aside 10% of tax revenues as protection against unforeseen Budget shortfalls. The Governor's Budget proposes to increase the amount in the Rainy Day Fund by $1.156 billion in 2017-18 to $7.869 billion. This would equal 63% of the constitutional target. Combined with $1.554 billion proposed for the Special Fund for Economic Uncertainties, the state would have $9.4 billion as a Budget cushion in 2017-18.

Proposition 2 also established a state reserve specifically for K-14 education. In the year following a contribution to the Proposition 98 reserve, state law imposes a cap on local K-12 school district reserves if certain conditions are met. Those conditions are not expected to be met during 2017-18.

Community College Proposals

Overall, the Governor's 2017-18 State Budget proposal provides approximately $400 million in additional funding for the California Community College (CCC) system. For general apportionments, community colleges are proposed to receive:

- $94.1 million to fund the estimated 1.48% statutory COLA
- $79.3 million to fund 1.34% growth, which equates to approximately 11,500 full-time equivalent students
- $3.8 million to offset decreased student enrollment fees

Overall, the Governor proposes a decrease in general purpose apportionments of $27.1 million, as the augmentations above are more than offset by unused 2015-16 growth and an increased estimate of local property taxes for 2017-18.

Further, the Governor proposes $23.6 million to fund a base apportionment increase to reflect increasing operating costs in areas such as "employee benefits, facilities, professional development, and other general expenses."

In a departure from prior-year proposals, the Governor does not propose any one-time discretionary funds for 2017-18—funds that have historically been counted as paying down outstanding state mandate claims.

Consistent with the Governor's prior proposals, there is no proposed change to current fee levels for the CCCs.

Guided Pathways

The Governor proposes an increase of $150 million in one-time funds to provide grants to community colleges for developing and implementing Guided Pathways Program—integrated, institution-wide approaches focused on improving student success. Colleges can use the funds for activities such as: design academic roadmaps and transfer pathways that explicitly detail the courses students must take to complete a credential or degree on time; provide targeted advising and support services; redesign assessment, placement, and remedial education policies and courses; and redesign or refresh courses and programs to better align learning outcomes with the requirements for successful employment.

Further details will be released with the State Budget trailer bill language, expected in early February.

Deferred Maintenance and Instructional Equipment

The Governor proposes $43.7 million in one-time funds for deferred maintenance, instructional equipment, and specified water conservation projects, and there would be no matching funds requirement.

Other Programs

The Governor's proposals for other community college programs include:

- $52.3 million in one-time funds for Proposition 39 energy efficiency program grants
- $20 million in one-time funds for an Innovation Awards program where the Chancellor's Office determines the eligibility of community college proposals for innovative practices
- $10 million for the Online Education Initiative for a learning management system that provides systemwide access
- $6 million for an Integrated Library System to be developed for all CCC students to have access to a cloud-based library system
- $5.4 million to provide the 1.48% COLA to Apprenticeship, Extended Opportunity Programs and Services, Disabled Student Programs and Services, Special Services for California Work Opportunity and Responsibility for Kids (CalWORKs) Recipients, and the Child Care Tax Bailout programs

The Governor has not proposed any funding increases for the Student Success and Support, Student Equity Plans, Basic Skills, or Strong Workforce Programs. The Governor proposes an increase of $378,000 in non-Proposition 98 funds to support two Vice Chancellor positions in the areas of student success, equity, and the proposed Guided Pathways Program.

The Rest of Higher Education

The Governor's State Budget proposal acknowledges that both the University of California (UC) and the California State University (CSU) systems have not increased tuition in five years, and that both systems are proposing increases for 2017-18. The Governor states that these increases must be viewed in the context of reducing the overall cost structure at the UC and increasing the graduation rates at CSU.

The UC and CSU systems are each proposed to receive $131.2 million consistent with the Governor's long-term plan. In addition, the CSU is proposed to receive $5 million for the final installment of funds committed when the capital outlay funding was revised. The UC is proposed to receive $169 million in one-time Proposition 2 funds as the final third year installment for the unfunded liability of the UC Retirement Plan.

The Governor proposes to phase out the Middle Class Scholarship Program. While the Governor proposes $26 million in 2017-18 for the final installment to fund the changes made to the program in 2015, only the 37,000 students that received awards in 2016-17 will be eligible for renewals in 2017-18, and there will be no new awards provided. The Governor's proposal anticipates that the phase-out will reduce the annual costs of the program to $115.8 million by 2020-21.

Child Care

Last year, the Legislature and Governor negotiated a three-year plan to increase state preschool slots and fund increases to provider reimbursement rates. To fully fund the 2016-17 obligations of the agreement reached with the Legislature, as well as workload adjustments to CalWORKs Stage 2 and 3, the Governor's 2017-18 Budget includes $87.9 million in non-Proposition 98 funds and $23.5 million in Proposition 98 funds. However, the Governor proposes to pause the agreement for the 2017-18 Budget, essentially extending the implementation plan by an additional year.

Specifically, the proposed appropriations fully funds increasing the Regional Market Rate to the 75th percentile of the 2014 regional market rate survey—and maintaining it at that level for 2017-18—and the planned increase of full-day state preschool slots by 2,959 (beginning April 1, 2017). The standard reimbursement rate is proposed to be maintained at the level funded by the 2016-17 Budget (an increase of 5% from 2015-16).

In addition to these fiscal provisions, the Governor's Budget contains several "streamlining" initiatives that allow for the better use of technology to expedite child care applications, address the continuing needs for children identified with exceptional needs when their families no longer meet the income eligibility requirements, and align facilities, staffing, and programmatic requirements between state preschool and transitional kindergarten.

K-12 Education Proposals

The 1.48% statutory COLA is applied to the K-12 Local Control Funding Formula (LCFF) and the few categorical programs that still exist for K-12 education. Further, to help reduce the state's expenditures under Proposition 98 in the current year, a deferral of the LCFF apportionment is proposed from June 2017 to July 2017. This is similar to the P-2 (Second Principal Apportionment) deferral many years ago that started K-14 education down that slippery slope during prior State Budget crises.

K-12 education is proposed to receive approximately $48 per a ADA in one-time discretionary funds that are scored against outstanding state mandate claims. There are no such funds proposed for the CCCs at this point. However, the CCCs are receiving the one-time deferred maintenance and instructional equipment funds, as well as the base apportionment augmentation to address increasing costs.

In Closing

The Governor's 2017-18 State Budget proposal provides a 10.87% share of Proposition 98 funding, lower than the traditional 10.93%. The CCCs would be receiving about $45 million more if the system were funded at the 10.93% level. However, it is important to recognize that community college apportionments are not threatened with a deferral like K-12 district apportionments.

We want to remind readers that issuance of the Governor's Budget marks the beginning of the annual Budget process, not the end. Over the next several months, we expect that both the Administration and the Legislature will weigh in on the proposals. In past years, proposals have been modified or fallen away with new ones rising to take their place in line.

So, rather than focus on the individual proposals, we think clear understanding of the premises behind them is important. Revenues growing at a lower rate, volatility in tax receipts, growing costs, and additional risks to the Budget are all at the forefront of the Governor's thinking. His proposals reflect the need to prepare for uncertain times.

We agree with the conservative stance taken by the Governor in these increasingly uncertain times. And further, we think you should too. Plan to spend conservatively, maintain adequate reserves, think long term, and be sure you have a good backup plan. These concepts have protected local schools and community colleges, their employees, and their students through decades of uncertainty and a wide variety of economic conditions. Stay that course.

Each year all of us at School Services of California, Inc., work hard to provide early information that is accurate, timely, and relevant. We continue to refine that information as we learn more detail as the budget trailer bill language is released and from other sources. We will use our *Community College Update* to keep clients informed of clarifications and new information as it develops.

[Posted to the Internet 1/10/17]

—SSC Staff

COMMON **ASSESSMENT** INITIATIVE

What It MEANS for YOUR CAMPUS

PROFESSIONAL DEVELOPMENT REGIONAL MEETING

California Community Colleges Common Assessment Initiative

- Hear a project overview and status update as well as participate in break outs on competency mapping and multiple measures.
- Be confident that you'll have local control of math, reading, writing and ESL placement.
- Meet Common Assessment Initiative (CAI) team members and representatives from other colleges.
- Get answers to your questions about what it means for your campus.

WHAT: Regional Professional Development Meeting for Common Assessment Initiative Implementation

WHO: We encourage colleges to send teams comprised of English, ESL, Math, Reading and Counseling Faculty, Researchers, Assessment Center Staff and Coordinators, IT Personnel and Administrators.

WHY: Make it easier for students to take assessments with portable results. Your college benefits from more effective local placement. At this professional development session, learn how to get started, form an implementation team and take the first steps for a smooth transition.

MORE: • April 6 or 7 TBD - Sacramento area

COMMON ASSESSMENT INITIATIVE

CALIFORNIA COMMUNITY COLLEGES

Friday, March 3
10:00am - 3:30pm
(9:00am breakfast and 12:30pm lunch)

El Camino College
16007 Crenshaw Blvd.
Torrance, CA 90506

EL CAMINO COLLEGE

Please RSVP by February 13 if you will need a hotel room.

Please RSVP by February 22 to reserve your spot.

There is no cost to attend this meeting.

Please review the CAI Professional Development travel reimbursement policy.

You'll receive a confirmation 2-3 days after you register.

Click Here

For more information, visit:
CCCAssess.org

CCC Common Assessment Initiative **ASSESS FOR STUDENT SUCCESS**

El Camino College
Planning & Budgeting Committee
Thursday, January 19, 2017

Presentation by: William L. Garcia, Dean of Student Support Services

Awarding of Financial Aid

The Financial Aid Office has been working with Information Technology Services (ITS) to plan for the reintroduction of the winter term. Students enrolled in the Winter Term 2017 will be disbursed their first Federal Pell Grant funds in Spring Semester 2017 since both terms are combined for the awarding of federal student aid given federal financial aid methodology. Students who are enrolled in the Winter Term 2017 and Spring Semester 2017 will have their units combined for determining federal financial aid eligibility.

Example: A student is enrolled in three (3) units in Winter Term 2017 and enrolled in nine (9) units in Spring Semester 2017 will be considered to be a full-time student and therefore eligible for the maximum federal student aid disbursement they are eligible for based on the information provided on the Free Application for Federal Student Aid (FAFSA). And even if the student fails the course(s) taken during the Winter Term 2017, the student will still be paid in Spring Semester 2017 since the units for both terms are combined. The running of Satisfactory Academic Progress (SAP) calculation at the conclusion of the Spring Semester 2017 will catch students who are not meeting academic and/or progress standards including 100% maximum timeframe as defined by the U.S. Department of Education.

Students who were eligible for the Board of Governors Fee Waiver (BOGFW) for the Fall Semester 2016 will be automatically eligible for the BOGFW during the Winter Term 2017. BOGFW eligibility will be reviewed for the Spring Semester 2017.

Questions regarding financial aid should be directed to Melissa Guess, Director of Financial Aid, or Kristina Martinez, Director of Financial Aid, at El Camino College.