



Fiscal Services Update: FY 2019-20 Budget – May Revision

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Governor Newsom released his proposed budget (aka May Revision) on May 9, 2019. A preliminary analysis indicates a continued commitment to the Student-Centered Funding Formula (SCFF) and the goals to increase student success. This proposal also acknowledges the issues with SCFF data accuracy. The Administration plans to work with the State Chancellor's Office and other stakeholders in the coming months to consider revisions for the 2020-21 budget process which would further the goals of the formula, address its long-term fiscal stability, and improve the accuracy of district-reported data.

Student-Centered Funding Formula Notable Items

- Continue the implementation of the SCFF with three refinements.
 1. Fund 2019-20 at 2018-19 rates adjusted by COLA (aka the hold harmless clause).
 2. Cap year-to-year growth in a district's student success allocation to 10% to eliminate the over issuance of certificates and duplication of students.
 3. Refine the definition of a transfer to eliminate duplication of students. Proposed definition to attribute the transfer to the student's district of residence.
- Extend the hold harmless clause through 2021-22 (current hold harmless expires on 2020-21).

Other Notable Items Affecting SBCCD

- A \$78.4 million decrease in the revenue shortfall. This will help SBCCD preserve its fund balance at the required 10% as directed by the Board of Trustees.
- A decrease of \$18.3 million in Proposition 98 General Fund to reflect a change in the cost-of-living adjustment from 3.46% to 3.26%.
- An increase of \$5.2 million in Proposition 98 General Fund to support the existing first year and proposed second year of the California College Promise. This reflects revised eligible student estimates.
- An increase of \$39.6 million in one-time funding for deferred maintenance, instructional equipment, and specified water conservation projects.
- Addition of \$150 million to decrease the CalSTRS employer contribution rate to 16.7%.
- \$34 million in funding for the SBVC Technical Building Replacement, beginning with \$2.3 million in 2019-20.

Staff will continue to monitor the budget process and incorporate changes into the Tentative Budget which will be presented to the Board of Trustees at its May 30th study session. For the joint analysis developed by the Association of California Community College Administrators, the Association of Chief Business Officials, and the California Community Colleges Chancellor's Office, follow this link:

<https://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/2019-20/Joint%20May%20Revision%20Analysis%20Final..pdf>