

## Business & Fiscal Services Update: FY 2017-18 Final State Budget Approved



*Business & Fiscal Services*

*July 2017*

The Governor has approved the FY 2017-18 budget proposal and based on our preliminary analysis, it seems that our advocacy work over the past several months to increase ongoing revenues and one-time funds has paid off. While it is too soon to analyze the entire budget, we wanted to communicate to you key highlights that affect SBCCD. Please keep in mind that the State Chancellor’s Office needs to appropriate funds and this information is subject to change.

### *Summary*

Although the FY 2017-18 revised budget appears to be a great win for SBCCD, there are a few continued challenges in the upcoming years. In his July 3 email, CCCCO’s Vice Chancellor of Finance & Facilities Mario Rodriguez cautions about increases in STRS/PERS:

*“As we move towards the next budget cycle, it is important to keep in mind our system has received \$552 million in base increases over the last three years to support increased operating expenses, primarily attributable to escalating employer pension rates. While the employer pension rate increases have only totaled \$317 million between 2013-14 and 2017-18, the Legislative Analyst’s Office expects this to reach \$902 million ... through 2024-25. It is important for colleges to properly plan for how they will absorb the remaining rate increases between now and 2024-25, and to use wisely their share of the \$552 million in base increase to mitigate its impacts on their students and employees.”*

Other areas to be mindful of include increases to health care costs, the decrease to the Physical Plant and Instructional Equipment program and the significant reduction of one-time funds.

### *Details*

<b>Growth</b>	<b>1.00%</b> <i>The state will continue to fund districts based on the new growth formula, which translates to approximately 1.72% for SBCCD. Our multi-year forecast will continue to use 1.5% enrollment growth as recommended by the District Enrollment Management Committee.</i>
<b>COLA</b>	<b>1.56%</b> <i>It is estimated that the COLA will provide approximately \$1.3 million to SBCCD in order to cover a portion of the estimated \$2 million increase to STRS/PERS.</i>

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<b>Guided Pathways</b>	<b>\$150 million</b> <i>It is estimated that Guided Pathways will provide approximately \$2 million to SBCCD. Allocation and reporting requirements are still unknown at the moment.</i>
<b>One-time Funding (General Operating)</b>	<b>Redevelopment Agency (RDA) Backfill and excess entitlement</b> <i>The final budget contains a small portion for one-time needs; however, details and allocations are unknown at the moment. If this materializes, it is estimated this one-time funding will provide approximately \$500 thousand to SBCCD.</i>
<b>Physical Plant &amp; Instructional Equipment (Block Grant)</b>	<b>\$76.9 million</b> <i>This equates to approximately \$1 million for SBCCD. While this initially seems like great news, the concern is that we will not receive this funding until P2 in FY 2018-19 (April 2018) and that it may be subject to decreases due to low state revenue.</i>
<b>Proposition 39 – Energy Efficiency</b>	<b>\$38.9 million</b> <i>This equates to approximately \$541 thousand for SBCCD. This funding is for solar facilities at the District Office as stated in program review.</i>
<b>Tuition Fees</b>	<b>No increases in tuition fees for our students!</b>
<b>Base Augmentation</b>	<b>Significant increase in the proximate amount of \$183.6 million</b> <i>This equates to approximately \$2.5 million for SBCCD.</i>

### Next Steps

We will continue to monitor the State budget process, possible allocations, and keep you updated on important developments.