



Fiscal Services Update: FY 2019-20 Proposed Budget Released



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January 2019

The Governor has released his initial budget proposal for FY 2019-20 and based on our preliminary analysis, it looks to be positive, with one major concern. While it is too soon to analyze the entire budget, we wanted to communicate to you key highlights that affect SBCCD.

Summary

The Governor's proposed budget focuses on a college-going culture while promoting student success by providing an additional \$40 million to support a second year of tuition-free college, and by continuing with the implementation of the Student Centered Funding Formula (SCFF). As anticipated, the SCFF is expected to remain at the same rates as FY 2018-19 plus COLA, with a split of 70% for enrollment, 20% for low income students, and 10% for student success.

"Given federal political uncertainty, the risks to the current economic forecast, and the need for a solid fiscal foundation, the Budget allocates \$13.6 billion to building budgetary resiliency and paying down the state's unfunded pension liabilities. This includes:

- \$4 billion investment that eliminates all outstanding budgetary debt as well as deferrals
- \$4.8 billion to build reserves, bringing the state's Rainy Day Fund to more than \$15 billion this year (the largest amount ever) and nearly \$20 billion over four years
- \$4.8 billion to pay down unfunded retirement liabilities"¹

Governor Newsom's proposed budget includes changes that could benefit SBCCD with a Cost of Living Adjustment (COLA) of approximately 3.46% and Enrollment Growth of 0.55% for the community college system. Furthermore, the proposed budget contains an increase of \$358.7 million to include 12 new and 15 existing facilities projects – **and the San Bernardino Valley College Technical Building in the amount of \$34.4 million is on the eligible approved list!**

One major concern for SBCCD, however, is the elimination of the deferred maintenance and instructional equipment block grant. This annual funding, which averaged \$1.5 million over the past five years, was instrumental in reducing some of the burden on our unrestricted general fund. It is now apparent, however, that these costs will need to shift to the unrestricted general fund; therefore, making it more of a challenge to balance our budget.

Next Steps

We will continue to monitor the State budget process and keep you updated on important developments. Furthermore, we will continue to advocate for the elimination of the requirement to participate in the federal student loan program as part of the funding eligibility for the College Promise.

For additional detail from the State Chancellor's office on the proposed budget, click on this link: <http://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/2019-20/UpdateGovBudget-011019-Final.pdf>.