



OFFICE OF THE
CHIEF BUSINESS OFFICER
MEMORANDUM

To: All Managers

From: Mr. Felipe R Lopez, Chief Business Officer

CC: Dr. Keith Curry, Provost/Chief Executive Officer

Date: March 30, 2016

Subject: 2016-2017 Budget Development Overview

On January 7, 2016, the Governor released his fiscal year 2016-2017 proposed budget. This proposed budget marks the beginning of the budget development cycle. It also provides guidance for the state's funding priorities for the next year.

His initial budget proposal notes improvements in revenues which are estimated at \$124.2 billion. California Community Colleges will be allocated approximately \$7.9 billion in ongoing funds and \$395.8 million in one-time funds. Apportionment increased by \$114.7 million in Proposition 98 for access ("growth"), which represents a 2 percent increase in full-time equivalent enrollment. The Budget also provides an increase of \$29.3 million in Proposition 98 General Fund for a cost-of-living adjustment (COLA). While more detail will be available over the next several months, the key highlights relevant to the Compton Community College District and California Community Colleges are as follows:

Unrestricted General Fund

- No monies allocated for operating expenses, including annual pension benefit expense increases (PERS/STRS), retirement benefits, professional development, and other general operating expenses.
- Cost-of-Living Adjustment (COLA) augmentation of 0.47% or approximately \$150,000.
- Increase of approximately \$114.7 million for access (growth) which the Compton Center will unlikely be able to access based on current enrollment trends.
- Increase of approximately \$200 million from strong support for Workforce Programs, which will enable community colleges to expand access to additional career technical education courses and programs.
- One-time funding for mandated claims and other one-time costs estimated at \$76.3 million, which is significantly down from the \$632 million received in 2015-2016. It is estimated the District will receive \$65 per FTES or \$394,000, down from the \$3.2 million received in 2015-2016.

Restricted General Fund

- No augmentation in Student Success and Student Equity Funding augmentation which stands at approximately \$1.1 million.
- Increase in one-time funding for deferred maintenance and instructional equipment of approximately \$1.4 million, up from \$800,000 from a year ago.
- Increase of \$30 million in Basic Skills Program to implement practices that increase students' mobility to college-level courses.

Although the above is positive news, we must note the substantial increases in the PERS/STRS employer contribution rates that will impact our general fund budget. We will experience these expenditure increases at the same time that Proposition 30 revenues phase out. The sales tax provision expires on December 31, 2016, and the income tax provision expires two years later. Additionally, we have significant OPEB liabilities we must continue to address in order to maintain fiscal stability and protect the district during leaner budget times.

Attachment "A" outlines the fiscal year 2016-2017 overarching priorities reviewed and approved by the Planning and Budget Committee. These priorities define the basis of our budget assumptions and the direction and support Compton CCD intends to provide in the 2016-2017 budget year.

When developing your 2016-2017 department budget, resources are allocated/roll forward from your established prior-year budget. Department budgets must be: in line with the Overarching Priorities set by the District/Center; linked clearly to your annual program plans; and prioritized both short-term and long-range for funding improvements.

Attachment "B" outlines the fiscal year 2016-2017 tentative budget assumptions. These assumptions reflect the provisions included in the Governor's budget proposal.

Please review Attachment "C" Financial and Budget Policies that will guide the development of the District/Center Tentative Budget.

Please note your budget includes non-discretionary and discretionary accounts. Non-discretionary accounts are those that provide for the salary and benefits of permanent, adjunct, and part-time employees. Discretionary accounts are those that do not impact full-time or part-time positions and benefits, and may be reallocated at the discretion of the Dean, Chief Business Officer, or Chief Executive Officer. Within your own budget, you are encouraged to reallocate discretionary account funds from their current account to those accounts identified as highest priority, and linked to your department/division program plans.

All budget development data must be entered into your budget worksheet and submitted to the Business Office by end of business **Friday April 29, 2016**, in accordance with the budget development calendar.

By Friday, May 20, 2016 each Division (Student Services, Academic Affairs, Administrative Services, and Human Resources) will be responsible for providing a prioritized list of Budget Augmentation/ Enhancements for 2016-2017 using the Budget Augmentation/ Enhancement Request Form.

2016-2017 Budget Development Memo
March 30, 2016

An augmentation is a one-time addition to the current year budget. An enhancement is an increase to the base budget. Budget Augmentation/ Enhancement requests are based on a needs assessment and/or program review.

Attachment "D" Budget Augmentation/ Enhancement Request Form is used to request augmentation/ enhancements for 2016-2017. Budget augmentation/enhancements will be prioritized for funding using one or more of the following:

1. Maintain current level of revenue produced for the District, e.g., achieve FTES target.
2. Direct impact on institutional effectiveness outcomes.
3. Maintain the integrity of a program.
4. Fulfill legal mandate requirements.
5. Recognize District employees as valued professionals.

If funds are available, this prioritized list will be utilized to fund any Budget Augmentation/ Enhancements for 2016-2017.

Business Office staff is available to meet with any department, program or group to discuss the budget development process and answer any questions. Your assistance is greatly appreciated as we plan for the 2016-2017 budget year.

Enclosures:

- Attachment A - 2016-17 Overarching Priorities
- Attachment B - 2016-17 Tentative Budget Assumptions
- Attachment C - Financial and Budget Policies
- Attachment D - Budget Augmentation/ Enhancement Request Form