



OFFICE OF THE
CHIEF BUSINESS OFFICER

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

From: Felipe R Lopez, Chief Business Officer

Date: January 21, 2016

Subject: 2016-2017 Compton Community College District Budget Update

On January 7, 2015, the Governor released his initial budget proposal for fiscal year 2016-2017. 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, facilities, 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 Compton 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 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 STRS/PERS 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 address in order to maintain fiscal stability and protect the district during leaner budget times.

Enclosures: Attachment A – Chancellor's Office Budget Chart