



July 3, 2017

President's Waypoint: The 2017-18 Final State Budget.

Last week, after an opening salvo in January and a revision in May, Governor Brown approved the [final state budget](#) amid little fanfare. The Governor offered the following in his introductory budget remarks:

The 2017 Budget Act continues to bolster the state's Rainy Day Fund and pay down accumulated debts and liabilities to counter the potential fiscal impact of federal policy changes on California and the potential end of an economic expansion that has surpassed historical averages. While maintaining fiscal prudence, the Budget focuses state spending on the Governor's key priorities—investing in education, counteracting the effects of poverty, and improving the state's streets, roads and transportation infrastructure.

In addition to a \$1.4 billion reserve in the Special Fund for Economic Uncertainties, the Budget adds \$1.8 billion to the Proposition 2 Budget Stabilization Account, bringing the balance to \$8.5 billion in 2017-18—or 66 percent of its constitutional target. Additionally, much of the new spending added after the May Revision is one-time in nature, which avoids ongoing commitments that would put pressure on the budget.

In terms of budget specifics, the budget includes some well needed funding for Community Colleges to offset, at least partially, the dramatically rising state pension costs facing all California public entities (e.g., colleges, schools, city, counties, etc.) making balanced budgets very difficult and taking away from mission critical services such as educating students. In any case, the following is a summary of the augmentations for the California Community College budget and that for SBCC (bold and italicized).

Base Apportionment (Unrestricted General Fund) - \$183.6 million for an ongoing base increase to support increased operating expenses. ***Approximately \$2,132,000 for SBCC.***

COLA (Unrestricted General Fund) - \$97.6 million for a 1.56% COLA from ongoing apportionment. ***Approximately \$1,133,000 for SBCC.***

COLA (Restricted Funds) - \$5.7 million for a 1.56% COLA for the Apprenticeship, EOPS, DSPS, CalWORKs and the Child Care Tax Bailout programs. ***Approximately \$66,000 for SBCC.***

Prior Year Revenue Adjustments (Unrestricted General Fund) - \$31.7 million to backfill districts for lower than estimated Redevelopment Agency (RDA) revenue and \$9 million due to 2015-16 apportionment revenue reallocations. (one-time) ***Approximately \$473,000 for SBCC.***

Deferred Maintenance and Instructional Equipment - \$76.9 million (one-time) ***Approximately \$833,000 for SBCC.***

Growth - \$57.8 million for a 1.0% growth in access apportionment to growing districts. ***Due to SBCC's declining enrollment, unfortunately no growth funding will be allocated to SBCC.***

Guided Pathways - \$150 million increase for grants to community colleges to develop integrated, institution-wide approach to student success. (one-time) ***Approximately \$1,500,000 over 5 years for SBCC if awarded grant.***

Online Education Initiative - \$10 million to provide system-wide access to the Online Education Initiatives learning management system allowing students to have online access to course materials. ***This system is "Canvas" and is already in use at SBCC. The funding allows SBCC to use Canvas at no cost to the district.***

Community College Completion Grant - \$25 million to provide grants of up to \$2,000 to students who take at least 15 units per term and are on track to graduate in a timely manner. ***Too early to know fiscal impact.***

Full-Time Student Success Grant - \$25 million to increase the grant to \$1,000 from \$600 per students who are Cal Grant recipients (both B and C) and enroll full-time. ***Too early to know fiscal impact.***

Services for Veterans - \$10 million increase (of which \$5 million is one-time) to develop and enhance veterans' resource centers. ***Too early to know fiscal impact to SBCC.***

SSSP, SEP, and other student support programs – The budget provides the same level of funding as 2016-17 for Student Success and Support Program, Student Equity Plans, Basic Skills Students Program, Adult Education, and Strong Workforce programs.

Overall, this state budget includes some positives for SBCC, but not enough ongoing revenues to balance our budget. In general, our continued declining enrollment coupled with rising state pension costs negatively impacts our ability to balance our Unrestricted General Fund budget, which continues at a deficit. I will detail this further in an upcoming Waypoint, after the final budget items are incorporated into the five-year fiscal projections. All of this said, as it is so difficult to live in Santa Barbara, we made the decision to pass through the COLA to employees. The COLA increase of 1.56% will be in your July payroll check.

Together forward,

A handwritten signature in blue ink, appearing to read "C. Anthony", is positioned below the text "Together forward,".