



May 24, 2018

President's Waypoint: The State Community College Budget - What we know and don't know...

The Governor's proposed new funding formula has been hugely frustrating for California's Community Colleges. It's been a fiscal roller coaster with wildly dramatic swings of positive budget news only to be quickly dashed by challenges to formula calculations. Below is what we know and don't know at this point.

The tide has shifted in terms of who is supporting the new funding formula. Months ago, most California Community College leaders were not supporting the new funding formula. In essence, there was a feeling that the proposed "performance based" funding formula was too much of a change, too fast for the world's largest system of higher education, serving over 2 million students!

Today, the sentiment towards the new funding formula has changed. Given the old formula was based solely on enrollment and 58 of our 72 community college districts have experienced enrollment declines over the last two years, many college Presidents and Business Officers are now desperately hoping the new funding formula will pass, acknowledging other aspects of what we do like student success (i.e., degrees and certificates), equity for underrepresented students, etc. It would provide hundreds millions in new revenues to our system. The general idea is to get it passed with a two year hold-harmless clause, giving us time to sort out the details and make necessary adjustments. Because SBCC is one of the colleges that is set to gain a significant amount of revenue from the new funding formula, this would be immensely helpful in bringing our budget into balance. Having said all of this, both the Senate and Assembly Budget committees have voted the new funding formula down. However, in speaking with the Community College League of California, folks there tell me this is far from over.

In terms of the budget development process, legislative negotiations of the new funding formula have put things in limbo. Chief Executive Officers, Chief Business Officers, and others around California are frustrated that they do not have a revenue funding formula to develop 2018-19 college budgets. Normally, at this time of year, SBCC's budget development would be near completion. The Governor's May Revise would have provided our District with the necessary information to build revenue projections. At SBCC, we can estimate expenditures with good confidence. We then take statewide budget information and develop revenue projections, which allow us to prepare our budget. With the continuing uncertainty about the funding formula, we have not been able to complete this process.

So what happens next? At this point, I can confidently tell you that no one knows. Even the experts and leaders in the state are saying that they simply do not know what the state's community college budget will look like for 2018-19. One thing there seems to be agreement around is that the budget will be approved on time (by June 15). So we may be looking at the end of June to get a good handle on our SBCC 2018-19 budget.

In the meantime, because of the uncertainty with the funding formula, we are building our 2018-19 Tentative Budget based on the current funding formula. We are planning to present the Tentative Budget to the Board of Trustees for adoption at its meeting on June 28. After the state budget is completed, the

summer will be spent updating the revenue portion of the 2018-19 budget for inclusion in the Adopted Budget, which we are planning to present to the Board of Trustees for adoption on September 13, 2018.

At this point, this is all very much up in the air. Budget negotiations at the state level are still very much in play, and as they stand right now, things are far from over! We're watching this all very carefully and will keep you posted along the way.

Together forward,

A handwritten signature in blue ink, appearing to read "Anthony". The signature is fluid and cursive, with a large initial letter 'A'.