



SAN DIEGO COMMUNITY COLLEGE DISTRICT

Overview and Impact of Governor's 2013-14 Proposed Budget



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The California Economy

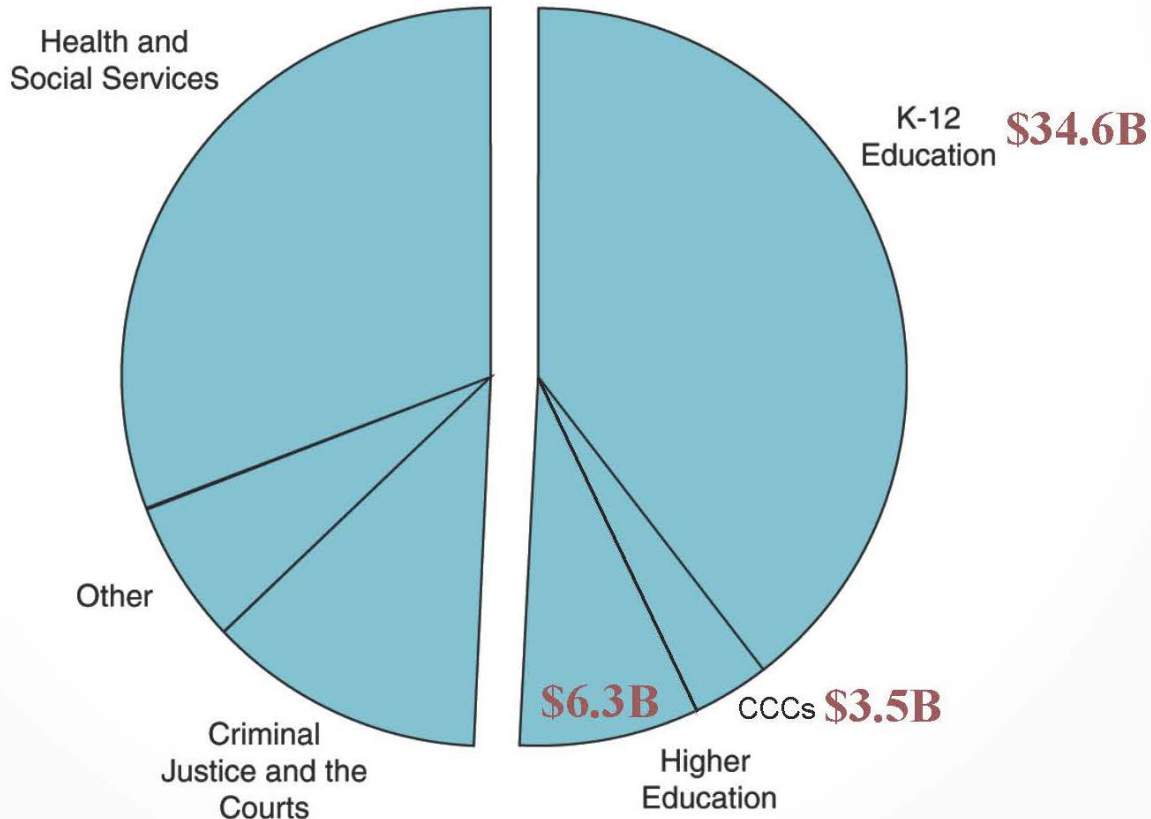


- 9th Largest in the world
- GDP - \$2 trillion
- 12% of U.S. Population



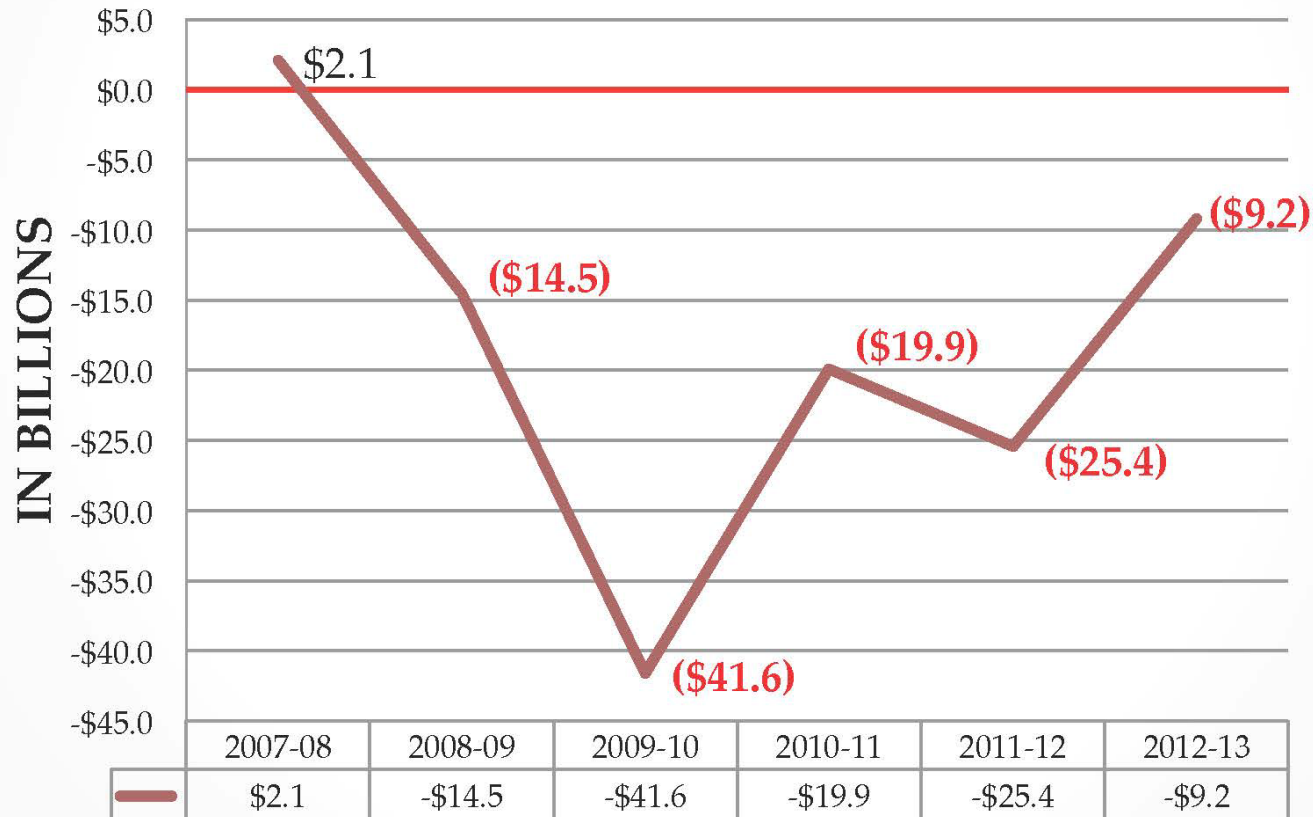
Overview of California Spending

General Fund—2011-12 **\$87.1B**





California's Structural Budget Shortfall / Deficit





Elimination of State Budget Deficit Reductions

Reductions Since 2008-2009 through 2012-2013

- California Community Colleges \$809 million
- San Diego Community College District \$33 million



Elimination of State Budget Deficit \$6 Billion in Increased Revenue

Ballot Measures

Proposition 30 (Temporary)

- $\frac{1}{4}$ ¢ Sales Tax Increase (4 years)
- Personal Income Tax Increase on high-income earners (7 years)

Proposition 39 (Permanent)

Closes a loophole on Taxes for multi-state business – for energy efficiency and clean energy projects.





SAN DIEGO COMMUNITY COLLEGE DISTRICT

Governor's Budget: Increased Funding



APPORTIONMENT

\$196.7 million in increased apportionment funding.

Although the California Community Colleges Board of Governors and Chancellor's Office must determine how to divide this funding in the allocation for FTES growth/restoration, COLA, and other purposes, this will be a significant boost for the entire system of community colleges.

SDCCD Impact. SDCCD apportionment revenue will increase from \$182.8 million to \$189.2 million, providing \$6.4 million in additional dollars. This new income, though not a full restoration, will enable City, Mesa, and Miramar colleges, and Continuing Education to offer more classes in the coming year.



Deferral Buy-Down

\$179 million to buy-down deferrals. This funding will be applied to the state's backlog in funding community colleges in a timely fashion during the year. Deferrals currently total almost \$1 billion. During the periods in which payment is not received, community college districts have had to rely upon their own reserves (as the SDCCD has successfully done) or borrow funds to support their payrolls, classes, and operations. This part of the Governor's Budget will make a dent in this practice, enabling the state to provide cash to districts sooner.

SDCCD Impact. The pay-down impact for the SDCCD will be \$5.9 million. The average deferral impact during the year for us is about \$30 million, which will now be reduced to about \$19 million, thereby providing more flexibility in the use of the District's reserves.



Proposition 39 – Energy Efficiency



\$49.5 million to support energy efficiency efforts. As part of the Proposition 39 income, funding will be available for community colleges to develop and expand workforce and career training programs in areas pertaining to clean energy and energy-efficiency.

SDCCD Impact. Although the guidelines are yet to be provided, the SDCCD might see as much as \$1.5 million for this purpose, but this will depend upon how the allocation is determined and whether funds will be set aside as competitive grant funding in the State Chancellor's Office.



Online Education – Information

\$16.9 million to enhance online education. Governor Brown hopes to see the creation of a centralized Virtual Campus, with a single hosting system, so that students throughout the state could find online classes through a common portal. There is also an interest in expanding this system to support SB 1440 transfer degree courses, remedial courses, and credit-by-examination.



SDCCD Impact. The SDCCD already has a robust online program. City, Mesa, and Miramar colleges presently offer almost 1,200 online class sections on an annual basis, and online degrees in 27 major subjects. The direct impact of the Governor’s proposal is unclear other than the fact that our class sections would be included in the Virtual Campus mix.



Adult Education and Apprenticeship

\$300 million to shift Adult Education responsibility from K-12 to CCCs. As a result of several studies, including the recent study by the Little Hoover Commission, the Governor has joined the ranks of those who believe that Adult Education would best be provided by community colleges. This will be partial funding toward that goal.

SDCCD Impact. San Diego Continuing Education (CE) was used as one of the top two models in the Little Hoover Commission report, and the Governor's Budget. Since CE is already structured and functions in this manner, it is assumed that there will be little change required and that some new funding will be provided.

\$15 million for Apprenticeship Training.

SDCCD Impact. Unclear since the apprenticeship program is already in place and the amount of funding is small.





Policy Issues

- 90-unit Cap for State funding of students.
- 5-year phase in of student completion as an impact on community college funding.
- Part B Board of Governors (BOG) fee waivers to require use of FAFSA forms for financial aid.