

**From:** Chief Business Officers [mailto:CBO-ALL@LISTSERV.CCCCO.EDU] **On Behalf Of** Rodriguez, Mario  
**Sent:** Thursday, February 16, 2017 10:15 AM  
**To:** CBO-ALL@LISTSERV.CCCCO.EDU  
**Subject:** LAO's analysis on 2017-18 CCC budget

Colleagues,

Today the Legislative Analyst's Office (LAO) released their analysis of the Higher Education portion of the Governor's Budget. The LAO analysis provides an initial review of the Governor's Budget and it signals some of the questions the Legislature may ask during legislative hearings.

Below is a summary of the recommendations related to CCCs.

#### Proposition 98

- Expect the 2015-16 guarantee not to change much in the coming months. Expect the 2016-17 guarantee to rise or fall about 50 cents for each dollar of higher or lower state tax revenue.
- Expect the 2017-18 minimum guarantee to exceed the administration's January estimate by as much as \$1.5 billion due to increases in state tax revenue. This would provide CCCs approximately an additional \$150 million in ongoing revenues.
- Continue to rely upon a mix of one-time and ongoing spending in 2017-18, as this would minimize the likelihood of programmatic cuts the following year were the economy to experience a downturn.

#### Educational Services

- Ask the administration and Chancellor to provide information in hearings about (1) how the proposed \$150 million guided pathways program would be structured, implemented, and led; (2) what changes might be needed in how the state organizes and funds CCC student success efforts; and (3) the rationale for the proposed funding amount and timeline. With this information, the Legislature would be in a better position to weigh the proposal against its other priorities.
- Reject \$20 million innovation awards proposal. Rather than providing large sums to a small number of colleges to implement local initiatives, focus on ensuring that existing CCC student success programs are implemented effectively.

#### Apportionments

- Wait until early May for updated estimate of 2016-17 enrollment and then adjust apportionments for that year and 2017-18 accordingly. Use any freed-up funds for other Proposition 98 priorities.
- Continue to monitor CCC course offerings to ensure that colleges do not unduly expand enrollment in nonpriority areas to meet enrollment targets.
- Adopt Governor's proposal to repeal authority for Chancellor's Office to allocate excess local revenues to districts for one-time purposes. Authority has not been used to date, as the state routinely reallocates excess revenues through the budget process.
- Approve \$98 million COLA for apportionments and select categorical programs (adjusting the final amount in May). Also approve \$24 million general purpose apportionment increase and consider a larger increase if additional state revenue is available in May.

### Technology

- Reject \$10 million augmentation to permanently, fully subsidize a statewide course management system. The existing subsidy already enables most colleges to realize significant savings from adopting the new software.
- Direct CCC to develop statewide integrated library system (ILS) whether or not the state provides funding. The ILS would substantially lower costs for most colleges giving them a strong incentive to develop it on their own. If the Legislature wished to facilitate development, it could consider the \$6 million proposal in the context of its other priorities.

### Capital Outlay

- Ask the administration during spring budget hearings to clarify its plans for rolling out the \$2 billion in Proposition 51 bond funding for CCC facility projects as expeditiously as possible. Based on the information provided, consider authorizing additional CCC projects in 2017-18 and developing a five-year expenditure plan.

### Chancellor's Office

- Ask the administration and Chancellor to report on the results of their organizational review of the Chancellor's Office. As part of their report, ask them to offer better justification for any positions or funding they propose adding to the office. Ask the Chancellor also to identify lower-value oversight activities that could be curtailed without adverse effect.

### Financial Aid

- Restructure state and institutional financial aid programs by either consolidating them into one program or establishing a core set of uniform and coordinated eligibility requirements. Then, prioritize aid for the financially neediest students in the state.

If you would like to learn more about any of these recommendations, please see the below links.

LAO's Higher Education analysis: <http://www.lao.ca.gov/Publications/Report/3559>

LAO's K-12 analysis (Proposition 98

recommendations): <http://www.lao.ca.gov/Publications/Report/3549>

The next steps in the budget process will be legislative hearings in both houses, which coupled with the input from stakeholders, will provide the Administration input when developing the May Revision. If you have any questions on the LAO's recommendations, or any other issues related to the budget, feel free to contact me.

Regards,

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