Final Budget FY 18/19

September 4, 2018

VICE CHANCELLOR’S BUDGET MESSAGE

State Budget Information
West Valley-Mission Community College District is one of the 72 locally governed districts in the California Community College (CCC) system. A district’s budget allocation is determined by the Board of Governors and the State Chancellor’s Office once the State Budget is approved. The allocations are based on revenues from state and local sources, including student fees. How much funding the colleges receive depends on the state’s economy, state general fund revenues, and the spending priorities of the Governor and State Legislature. The amount of state funding for the community colleges is determined by Proposition 98, which guarantees that about 40% of the state general fund is allocated to the K-12 public school systems and community colleges. The share of the Proposition 98 funds for the community colleges varies annually. With the District becoming a Community Support District, it is no longer dependent on the State’s apportionment for the general fund; however, it will continue to receive funding for student services categorical programs.

The District became the sixth “community support” community college district at the end of FY 12/13. This occurred because the District’s local property tax revenues and enrollment fees exceeded the total funding that the State would have provided as calculated by SB 361 apportionment. Under “community support,” there is no need to factor in any State apportionment because the property taxes and student fees surpass the minimum funding level established by the State. A “community support” district is not affected by statewide shortfalls.

On June 27, 2018, the Governor signed the General Fund FY 18/19 State Budget which revised the State Funding Formula to be effective for FY 18/19. The Governor proposed this new formula to improve colleges’ ability to use their resources to support the vision for success. The intent of the new formula is to increase the resources available to districts that serve large numbers of historically underrepresented and low-income students, to reward colleges that are engaged in improving outcomes for such students, and to reduce the emphasis on enrollment growth so that colleges can focus on student success. The State Chancellor’s office will annually calculate a base allocation, a supplemental allocation, and a student success allocation for each community college district pursuant to AB 1809, section.32.84750.4.b. The allocations are based on several factors highlighted below.

- The calculation shall only apply to the allocation of credit revenue.
• There will be a three-year phase-in of the formula. The model is designed to provide 70 percent for the base allocation, 20 percent for the equity allocation, and 10 percent for the student success allocation in FY 18/19 (70-20-10 split), with a 65-20-15 split in FY 19/20, and a 60-20-20 split in FY 20/21.

• The base allocation will be calculated based on the three-year rolling average comprised of funded FTES from the current year, the prior year, and the year prior to the prior year.

• The supplemental allocation will be calculated based on the total points calculated for each community college district for Pell Grant recipients, AB 540 students, and California College Promise Grant recipients.

• The student success allocation will be calculated for each community college district based on the total points for Associate Degrees, Baccalaureate Degrees, Associate Degrees for transfer, credit certificates, completion of transfer level mathematics and English, successful transfer to a four year University, completion of nine CTE units, and regional living wages.

• For FY 18/19 and 19/20, a hold harmless protection will be in place to ensure that all community college districts receive at a minimum the total computational revenue the district received in FY 17/18.

• Starting with FY 20/21, and each year thereafter, community college districts shall receive the higher of the funding level determined by the formula or the level of funding determined by multiplying the community college district’s new FTES by the associated credit, noncredit, and career development and college preparation rate received by the district in FY 17/18.

As a community support district, there will be minimal impact to the district’s funding level with the new State Funding Formula. The District continues to receive the majority of its funding locally through property taxes and enrollment fees.

The West Valley-Mission Community College District’s Final Budget for FY 18/19 was developed within an approved timeline and presented to District Council and the Board of Trustees’ Audit and Budget Oversight Committee (ABOC). The revenue assumptions were based on the most current data at the time. The expenditure budgets were adjusted based on revenue projections for the District, any known trends in on-going expenditures, assumptions related to salary and benefit increases, and projected one-time costs. Based on the preliminary simulation of the new State Funding Formula, the District will use the FY 17/18 funding level to develop the FY 18/19 Final Budget.

**State Funding Assumptions**
On January 10, 2018, the Governor released the State Budget for FY 18/19.
The Governor proposed for community colleges:

- $175 million to fund the transition of community colleges to a new Student-Focused Funding Formula for general apportionments. The proposed formula includes Base Grants contingent on FTES enrollment comprising 50% of the formula; Supplemental Grants based on the number of low-income students who receive a College Promise Grant fee waiver or Pell Grant; Student Success Incentive Grants based on the number of degrees and certificates granted and the number of students completing them in three years or less, with additional funds for each Associate Degree for Transfer granted. The proposed Student-Focused funding Formula includes a hold harmless provision that ensures that no district receives less funding in 2018-19 than is allocated through the general apportionment in 2017-18.
- $120 million ($20 million ongoing) to create a fully online community college focused on working adults not currently accessing higher education.
- $60 million to fund 1% growth.
- $161.2 million for statutory COLA of 2.51%.
- $7.3 million for 2.51% COLA for EOPS, DSPS, CalWorks and Child Care Tax Bailout programs.
- $32.9 million to consolidate the Full-time Student Success Grant and the Completion Grant programs.
- $275.2 million for Maintenance and Instructional Equipment (one-time).
- $20 million for innovation awards program for grants focused on enhancing equity (one-time).
- $46 million to support implementation of the California College Promise program.
- $2 million for the State Chancellor’s Office to support local colleges in improving student success.
- $17.8 million to reimburse K-12 and community college-sponsored apprenticeship programs.

On May 11, 2018, the Governor released his May Revision of the budget for FY 18/19. The following are changes to his initial budget:

- Increase COLA from 2.51% to 2.71%.
- Adds $104 million one-time to provide discretionary resources so that all districts receive, in FY 18/19, total resources of at least their FY 17/18 totals adjusted by 2.71%.
- Decreases from $274.3 million to $143.5 million for Deferred Maintenance & Instructional Equipment. No matching funds are required.
• Retains total funding of $120 million for online college. Amends trailer bill as follows:
  o Establishes the college under the authority of the Board of Governors (BOG);
  o Requires BOG to contract with a community college district for collective bargaining purposes;
  o Clarifies that president would seek accreditation upon enrollment of first students;
  o Clarifies intent of online college curriculum.
• Proposes several key adjustments to the funding formula framework that was released in January. Under the May Revision funding formula, $175 million ongoing and $104 million one-time would be allocated to hold colleges harmless to 2017-18 levels. Includes Chancellor’s recommendation to fund rates through a 60-20-20 split, using the same three funding elements.

On June 27, 2018, the Governor signed the State Budget. The following are changes to the May Revise.
• $50 million to increase full time faculty (ongoing).
• $50 million to increase part-time faculty office hours (one-time).
• Decrease from $143.5 million to $23 million for deferred maintenance and instructional equipment (one time).
• $10 million for mental health services (one time).
• $10 million to provide legal services for AB 540 and DACA students (one time).
• $8.5 million for Veteran Resource Centers (one time).

West Valley-Mission Community College District Assumptions
• Categorical program funding is based on the FY 18/19 Advanced Apportionment.
• State Lottery revenue is projected to be $136 per FTES (unrestricted) and $48 per FTES (restricted).
• Unrestricted General Fund will be funded at the FY 17/18 level.
• COLA of 2.71% will be applied to the Total Computational Revenue (TCR).
• Twenty-five percent of total ground lease revenues of the Mission-West Valley Land Corporation is divided between two funds of which ten percent is allocated to Fund 110 (unrestricted) and fifteen percent is allocated to Fund 136 (restricted).
• Proposition 30 Educational Protection Account (EPA) revenue is budgeted at $100 per FTES.
• 308 FTE Faculty funded.
• WSCH – 530
• FTES target – 13,700
• 5% reserve and 3% contingency reserve.
• Dean & Department Chair positions fully funded.
• Use the Resource Allocation Model.
• Comply with statutory requirements.

The FY 18/19 unrestricted general fund budget is balanced using community support funds.