

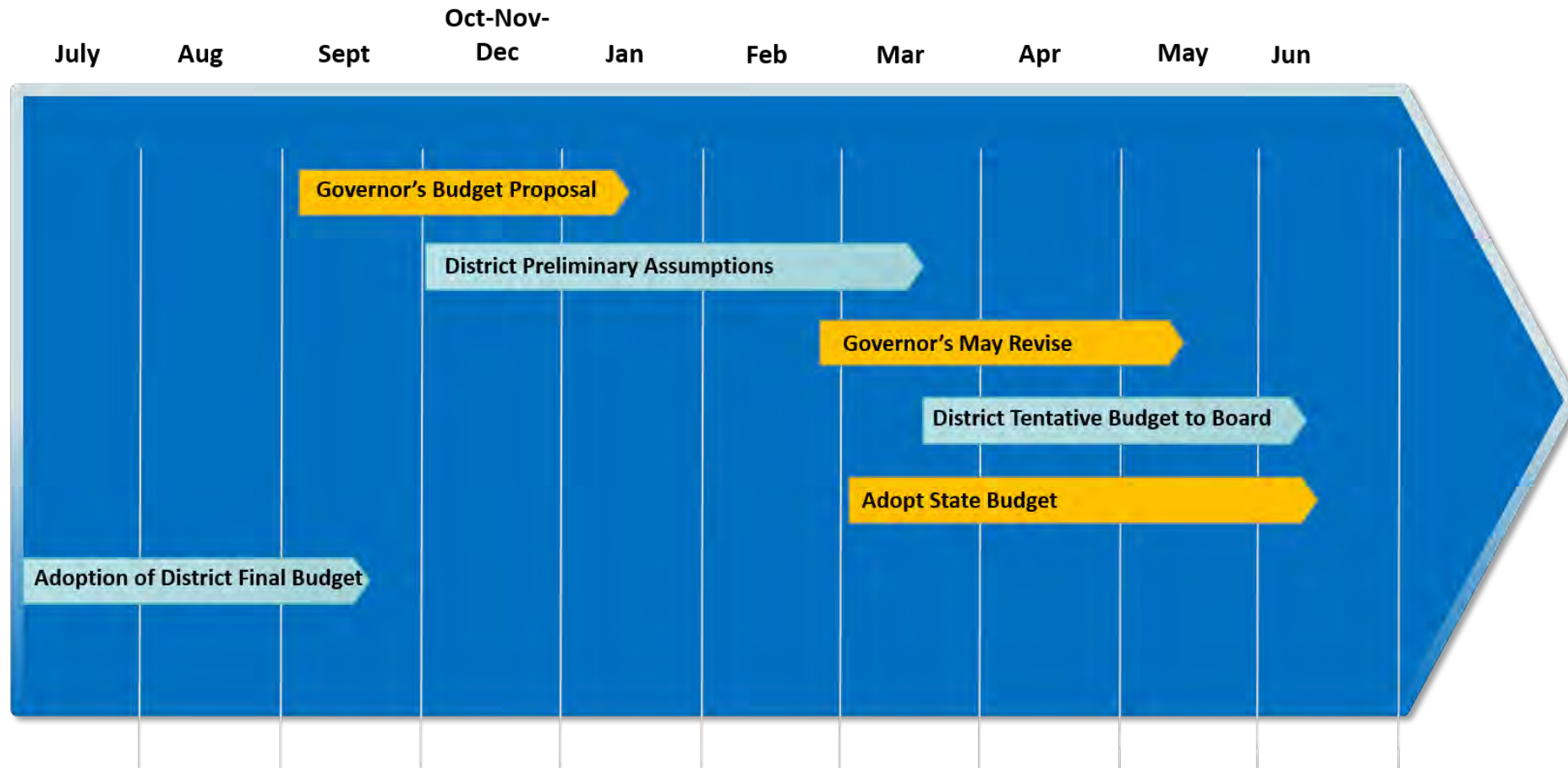


Governor's May Revise and New Proposed Funding Formula

Thursday, May 17, 2018



2018-19 Budget Timeline



Governor's May Revision – Ongoing Funds

Item	2018-19 Governor's January Proposal	2018-19 Governor's May Revision	Notes
Cost of Living Adjustment (COLA)	\$161.2 M (2.51%)	\$173.1 M (2.71%)	Approximately \$1.3 M to Merced College
Enrollment Growth	\$60 M (1%)	\$60 M (1%)	Allows the system to serve around 25,000 more students
Base Funding for Transition to New Funding Formula	\$175 M	\$175 M (plus \$104 M one-time)	Support transition to a new student equity and outcomes focused funding formula. Adds \$104 M one-time in 2018-19 to provide discretionary resources so that all districts receive, in 2018-19, total resources of at least their 2017-18 totals adjusted by 2.71 %
CA College Promise Program	\$46 M	\$46 M	To implement AB19 for first-time, full-time students
Financial Aid Streamlining and Modernization	No allocation	\$5 M ((\$13.5 M one-time)	For implementation of new financial aid system improvements at the colleges
Online College	\$20 M	\$20 M	\$20 M ongoing

Governor's May Revision – One-Time Funds

Item	2018-19 Governor's January Proposal	2018-19 Governor's May Revision	Notes
Online College	\$100 M	\$100 M	For establishment of a new online college targeting 25-34 year olds with no degree
Scheduled Maintenance & Instructional Equipment	\$274.3 M	\$143.5 M	No matching funds required. Approximately \$1.1 M to Merced College
Open Educational Resources	No allocation	\$6 M	To expand open educational resources across colleges
Prop 51 Capital Outlay Projects	5 new projects and 15 continuing projects	6 Projects	15 new projects requested in the 2018-19 Capital Outlay Program. Funds only six projects



Governor's May Revision – Categorical

- Consolidates the following categorical programs into a single program:
 - ✓ Student Success and Support Program (SSSP)
 - ✓ Basic Skills
 - ✓ Student Equity
- The District would not receive less funding in 2018-19 or 2019-20 than the sum of the amounts received from those programs in 2017-18.
- The funds are expected to be used in support of student equity plans.

New Funding Model Progression

Governor's Proposed Budget

- 50% FTES
- 25% Low income students
- 25% Student Success Incentive Grant
- One-year hold harmless provision
- Ends "Summer Shift"



Chancellor's Recommendations

- 60% FTES base allocation
- 20% Supplemental Grant
- 20% Student Success Incentive Grant
- Non-credit FTES funded at existing rates
- Two-year hold harmless provision with COLA
- Provide funding limit authority to Chancellor
- Ends "Summer Shift"



May Revised Budget

- 60% FTES base allocation
- 20% Supplemental funding
- 20% Student Success Incentive Grant
- Non-credit FTES funded at existing rates
- Two-year hold harmless provision without COLA
- Special one-time funding for 2018-19 COLA
- Ends "Summer Shift"

New Funding Model

60% Base Funding

3 year average
Ends summer shift
Ends stability funding
Non-credit FTES at current rates

20% Supplemental Grant

Pell Grant recipients
Promise Grant recipients over 25
AB 540 Students

20% Student Success Incentive Grant

ADT
AD or BD
16 unit Certificate
Transfer courses Math/English
University Transfer
CTE
Living wage work
Low income
First generation

Hold Harmless

2017-18 levels for 2 years
One-time funds for COLA



Next Steps

- District develops Tentative Budget based on Governor's May Revision
- Senate and Assembly budget subcommittee hearings
- Budget Conference Committee resolves differences between the Senate and Assembly versions
- Legislature negotiates with Governor to pass and sign final budget
- District develops Final Budget in September based on final state budget
- **REMINDER**: District Budget Committee meeting will be held Thursday, May 24 at 3 pm to discuss Tentative Budget.

QUESTIONS

