



# MID-YEAR BUDGET UPDATE

## Dear Colleagues:

Economists forecast that California’s economy may experience a recessionary period in the coming years based on historical indicators. This estimated decline in the economy will be simultaneously experienced with the substantial increase in PC’s CalPERS and CalSTRS obligation. A Districtwide approach to addressing these benefit obligations is being investigated.

Fiscal Year	STRS		PERS		Total	Increase	
	Amount	Rate	Amount	Rate		Amount	Rate
2015-16	5,248,992	10.73%	3,156,486	11.85%	8,405,478	N/A	N/A
2016-17	6,153,304	12.58%	3,634,004	13.89%	9,787,308	1,381,830	16.44%
2017-18	7,058,202	14.43%	4,622,564	15.50%	11,680,766	1,893,458	19.35%
2018-19	7,963,100	16.28%	5,068,113	17.10%	13,031,213	1,350,447	11.56%
2019-20	8,867,998	18.13%	5,541,508	18.60%	14,409,506	1,378,293	10.58%
2020-21	9,342,457	19.10%	5,680,742	19.80%	15,023,199	613,693	4.26%

Within this mid-year update, we hope you learn more about the current fiscal outlook, categorical program budget initiatives, and the facilities/construction projects. Please feel free to ask any questions or attend the upcoming Spring Open Forum to obtain more information.

Sincerely,

*Arlitha Harmon*

Arlitha Harmon, Ph.D.  
Vice President of Finance & Administrative Services

Facilities Update  
& Bond Projects

Governor’s Budget  
Economic Outlook  
FY17-18 Proposed

Moving Forward  
**2016 – 2020**  
Projections

Making a  
Difference  
Categorical Programs



# Facilities Update

## Measure G Bond Funds

- Gym Roof/HVAC Project finished in December
- Camera Installation Project – Spring 2017
- Lockdown Hardware scheduled for Jan - March 2017
- Classroom Furniture Modernization is ongoing

## Deferred Maintenance

- SM Cooling Tower Refurbishment Project
- High Voltage Switch Removal
- Drought Compliance

## Energy Prop 39 Phase IV

## ...Investing in Our Future

Porterville College's Measure J funds are providing the resources needed to continue modernizing infrastructure. By the year 2020, California will require 1 million more workers with associate degrees or certificates. Measure J's \$38.9 million bond funds will ensure PC can continue to deliver relevant education in response to emerging and evolving fields of study.



Measure J and Prop 51 are providing the \$22 million funding for the construction of a new Allied Health building for the EMT, Psych Tech, and Nursing Programs. California's nurse-to-patient ratio has ranked 48th in the nation for the past 10 years, and by 2030 there will be more than 193,000 nurses short of estimated need. Relocating these programs from a 10 year old portable structure to a state-of-the-art permanent facility is an investment in PC's future.

By law, all Measure J funds are required to stay local to improve Porterville College. No funds can be spent on administrator salaries or pensions.



**Our mission is to provide quality academic programs, comprehensive support services with students as our focus. Since opening in 1927, we have been providing opportunities for educational advancement to those living in Tulare County and the surrounding areas. Porterville College has a rich history, and a current reputation of providing affordable, quality higher education and applicable training opportunities for area citizens.**

# CALIFORNIA STATE OUTLOOK

## FY16-17 Budget Recap

(Source: California Community College League)

The final budget agreement increases the Proposition 98 Guarantee by a total of \$626 million over the three-year period of 2014-15 to 2016-17, maintaining the Administration's May Revision adjustments. The approved Proposition 98 guarantee funding levels are as follows:

- 2014-15: \$67.2 billion, funding increases by \$463 million
- 2015-16: \$69.1 billion, funding decreases by \$125 million
- 2016-17: \$71.9 billion, funding increases by \$288 million

For community colleges, the 2016-17 budget agreement provides just over \$500 million in new ongoing Proposition 98 resources, and approximately \$350 million in one-time funds. The California Community College League provides a summary of the final the [community college system budget agreement](#). The administration now estimates 2016-17 will end with \$6.8 billion in total reserves. This is \$1.7 billion less than assumed in the June 2016 state budget plan.

## Porterville College Adopted Budget & Projection

Anticipating future fiscal changes, PC has maintained a reserve balance that permits for proactive planning as opposed to reactionary fiscal management. We are projecting for a 2% growth in the number of full-time equivalent students (3,113.3 Total FTES) and 2 new full-time tenure track faculty positions (63 Total FTFO). As of this week, PC is at 98% of achieving the growth target for FY16-17.

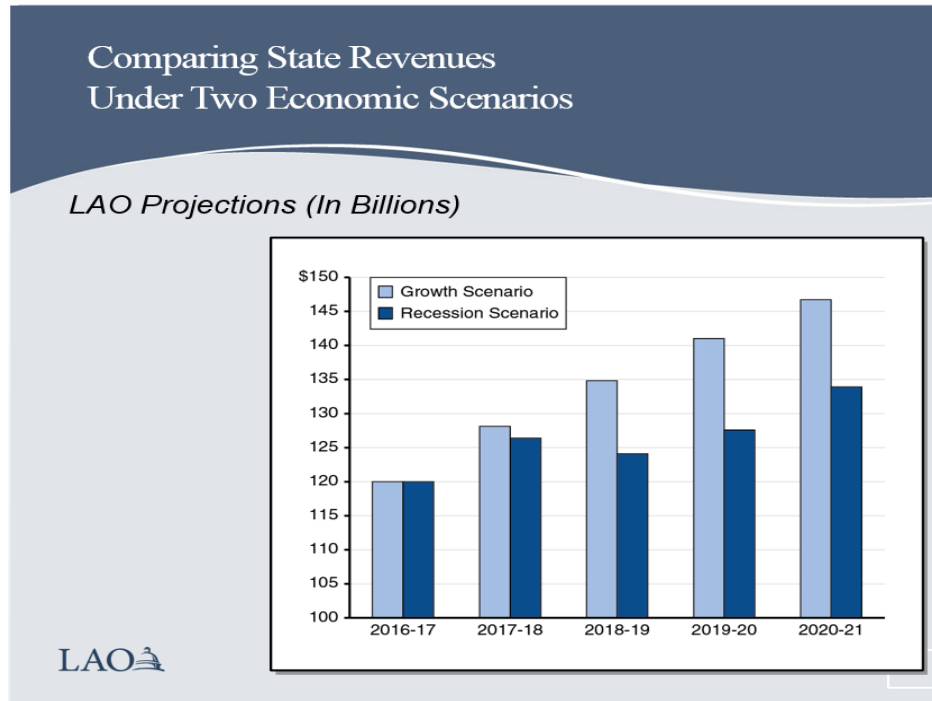
2016-19 Longterm Budget Projections			
Location: Porterville College - General Unrestricted (GU001 Only)			
Description	2016-17 Base Adjusted Budget	2017-18 Projected	2018-19 Projected
<b>Beginning Balance</b>	<b>7,175,773</b>	<b>6,348,338</b>	<b>5,518,244</b>
<b>Revenues</b>			
<i>Federal</i>			
<i>State</i>			
<i>Local</i>	264,146	264,146	264,146
<i>Allocation</i>	19,596,449	20,303,868	21,017,841
<b>Total Revenue</b>	<b>19,860,595</b>	<b>20,568,015</b>	<b>21,281,987</b>
<b>Expenditures</b>			
<i>Academic Salaries (Instructional)</i>	6,560,982	6,850,780	6,973,558
<i>Academic Salaries (Non-Instructional)</i>	2,015,173	2,102,009	2,152,621
<i>Classified &amp; Other Non-academic Salaries (Non-Instructional)</i>	2,482,797	2,509,252	2,571,301
<i>Classified (Instructional)</i>	349,410	353,204	358,042
<i>Employee Benefits (Instructional)</i>	2,184,352	2,245,477	2,390,629
<i>Employee Benefits (Non-Instructional)</i>	1,475,732	1,576,976	1,607,165
<i>Supplies &amp; Materials</i>	319,600	323,722	327,898
<i>Service/Utilities/Operating Exps.</i>	1,229,067	1,369,922	1,512,594
<i>Capital Outlay</i>	169,323	171,507	173,720
<i>Other Outgo</i>	157,895	150,000	150,000
<i>District Charge Backs</i>	3,622,888	3,622,888	3,622,888
<i>Transfers Out</i>	120,811	122,370	123,948
<b>Total Expenditures and Other Outgo</b>	<b>20,688,030</b>	<b>21,398,109</b>	<b>21,964,365</b>
<b>Ending Balance (Reserves)</b>	<b>6,348,338</b>	<b>5,518,244</b>	<b>4,835,866</b>



## FY17-18 Fiscal Outlook

(Source: California Legislative Analyst's Office – November 2016)

The California Legislative Analyst's Office Fiscal Outlook for the upcoming 2017-18 Budget provides an assessment for the condition of the California economy and budget for the upcoming fiscal year (2017-18) as well as the following three years (through 2020-2021). The LAO estimated the condition of the state budget under two different economic scenarios. They are: (1) an economic growth scenario, which assumes the economy continues to grow, and (2) a mild recession scenario, which assumes the state experiences a mild economic downturn beginning in the middle of 2018. Under the growth scenario, it is estimate the budget remains in surplus over the outlook period.



Under the recession scenario, the state would have enough reserves to cover almost all of its operating deficits through 2020-21. This means, under this assumptions, the state could weather a mild recession without cutting spending or raising taxes through 2020-21.

## FY17-18 Governor's Budget Proposal (January 2017)

The Governor's budget proposes significant investment in student success at California's community colleges with on-going support for the Student Success Program, Student Equity Plans, and the redesign of basic skills education. Notably, the Governor proposes \$150 million in one-time Proposition 98 funds to support "guided pathways"; a much-needed redesign of the way community colleges serve students. These high-impact practices provide campus-wide academic and transfer roadmaps that detail the courses students must take to complete a degree while embedding targeted advising and student supports to improve completion, reduce time to degree, increase employment opportunities, and reduce student debt.

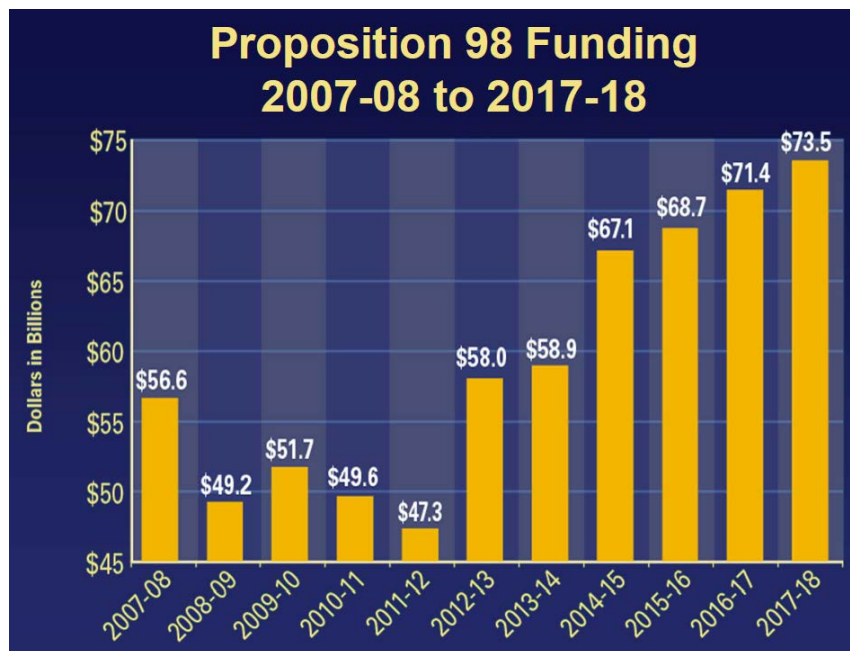
### Apportionments

- \$94.1 million for a 1.48% COLA to apportionments.
- \$79.3 million for a 1.34% growth in access. These funds will be allocated through the recently revised growth formula.
- \$23.6 million for a base increase to cover increasing operating costs, especially due to rising employer pension cost.

### Facilities and Equipment

- \$43.7 million for the Physical Plant and Instructional Equipment program. (one-time)
- \$52.3 million for energy efficiency projects through the Proposition 39 program. (one-time)

Between 2013-14 and 2020-21, pension costs for the system will increase by over \$400 million as the state reduces the gap between the assets and liabilities in PERS and STRS. It is at least a possibility, if not likely, PERS employer rates will increase in future years based on the lowering of the return rate.



The years of seeing significant increases in Proposition 98 are likely behind us. Given that the economy is nearing its peak, the sales and use tax portion of Proposition 30 is ending, and the backlog of Proposition 98 maintenance factor created during the recession has been paid off, we should expect modest growth in Proposition 98 until the next recession.

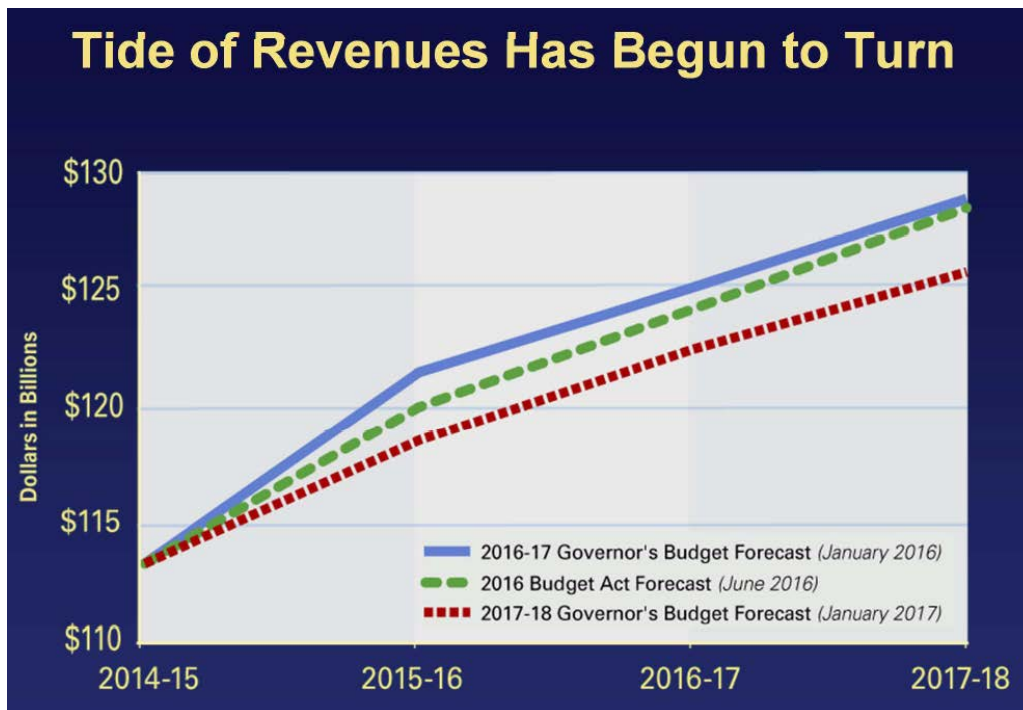
## FY17-18 Governor’s Budget Overview

(Source: California Legislative Analyst’s Office - January 2017)

**Governor Identifies \$1.6 Billion Budget Problem.** In preparing the 2017–18 budget, the administration concluded that the state’s fiscal condition has worsened. According to the administration, absent new budget solutions, the state would face a deficit of \$1.6 billion at the end of 2017–18. The primary reason for this deterioration in the budget’s position is the administration’s lower estimates of revenues, particularly those from the personal income tax (PIT).

**Governor Proposes \$3.2 Billion in Actions to Reduce Spending Growth.** To address this estimated \$1.6 billion budget problem, the Governor’s budget includes more than \$3.2 billion in actions to reduce General Fund spending growth. The most significant of these actions is related to the Proposition 98 minimum funding guarantee for schools and community colleges. Under the administration’s revenue assumptions, the state’s Proposition 2 (2014) rainy day fund would grow to \$7.9 billion—for a combined \$9.4 billion in total reserves.

**Budget’s PIT Estimate for 2017–18 Seems Too Low.** The weak growth that the Governor envisions for PIT is possible in 2017–18, but seems inconsistent with parts of the administration’s own economic outlook. For these reasons, we believe the Governor’s estimate of PIT growth in 2017–18 is probably too low. As a result, by the May Revision, the state could have considerably more General Fund revenue in 2017–18 than now projected by the administration. Part of any such increases would be required to go to schools under the Proposition 98 minimum guarantee as well as mandatory reserve deposits and debt payments under Proposition 2.



**Plan for High Level of Uncertainty.** The Governor has long encouraged the Legislature to plan for the next economic downturn by building reserves and concentrating any new commitments on one-time purposes. In addition, the Legislature now faces new uncertainties, as federal actions could significantly affect the state budget's bottom line in future years. We encourage the Legislature as a first step in its budget deliberations to set a target level for the state's total reserves (that is, the combined amount of discretionary and mandatory reserves available to address future budget emergencies). Facing uncertainties about the future of the economy and federal policy, the Legislature may want to set its target for state reserves at—or preferably above—the level the Governor now proposes.



### CATEGORICAL BUDGET INITIATIVES – PORTERVILLE COLLEGE'S ALLOCATION

**Adult Education Block Grant (AEBG) - \$140,000**

Adult Education Block Grant (AEBG) to the California Community Colleges Chancellor's Office (CCCCO) to jointly work with the California Department of Education (CDE) to expand and improve the delivery of educational services to adult learners across the state.

**Basic Skills (\$90,000) and Student Outcomes and Transformation (BSSOT) Programs - \$322,400**

The Basic Skills and Student Outcomes and Transformation (BSSOT) Program are designed to improve the progression rate of students needing basic skills instruction into college-level instruction by implementing or expanding innovations and redesign in the areas of assessment, student services, and instruction.

### **California Career Pathways Trust (CCPT) - \$115,273**

The purpose of the CCPT is to provide funding to motivate the development of sustained kindergarten through grade fourteen (K–14) career pathways programs that connect businesses, kindergarten through grade twelve (K–12) schools, and community colleges together in order to better prepare students for the 21st century workplace. The career pathway programs are intended to prepare students for high-skill, high-wage jobs in emerging and growing industry sectors in the local or regional economy.

### **California Work Opportunity and Responsibility to Kids (CalWORKs) - \$335,248**

CalWORKs funds are for the purpose of assisting welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges including: work study, job placement, child care, coordination, curriculum development and redesign, and under certain conditions post-employment skills training, and instructional services.

<https://www.portervillecollege.edu/student-services/calworks>

### **Cooperative Agencies Resources for Education (CARE) Program - \$140,332**

The CARE program was established by the State of California to help welfare recipients become convinced that they and their children are important, that they are capable, and that with proper support they can break the welfare dependency cycle through education and job training. CARE is a supplemental component of EOPS that specifically assists EOPS students, who are single heads of welfare households with young children, by offering supportive services so they are able to acquire the education, training and marketable skills needed to transition from welfare-dependency to employment and eventual self-sufficiency for their families. Every CARE student is an EOPS student who must meet the eligibility criteria for both programs.



### **Disabled Student Programs and Services (DSPS) - \$366,868**

The DSPS program provides support services, specialized instruction, and educational accommodations to students with disabilities so that they can participate as fully and benefit as equitably from the college experience as their non-disabled peers. Examples of services available through DSPS that are over and above those regularly offered by the college would be test-taking facilitation, assessment for learning disabilities, specialized counseling, interpreter services for hearing-impaired or deaf students, mobility assistance, note taker services, reader services, speech services, transcription services, transportation, specialized tutoring, access to adaptive equipment, job development/placement, registration assistance, special parking and specialized instruction. <https://www.portervillecollege.edu/student-services/disability-resource-center>

### **Extended Opportunity Programs and Services (EOPS) - \$806,077**

The EOPS program's primary goal is to encourage the enrollment, retention and transfer of students disadvantaged by language, social, economic and educational circumstances, and to facilitate the successful completion of their goals and objectives in college. EOPS offers academic and support counseling, financial aid and other support services.

<https://www.portervillecollege.edu/node/236>



### **Student Equity - \$548,783**

Porterville College's Student Equity Plans focus on increasing access, course completion, ESL and basic skills completion, degrees, certificates and transfer for all students as measured by success indicators linked to the CCC Student Success Scorecard. PC develops specific goals/outcomes and actions to address disparities that are discovered, disaggregating data for indicators by student demographics.

<https://www.portervillecollege.edu/student-services/student-equity>

### **Student Success and Support Program (SSSP - formerly Matriculation) - \$1,051,105**

Student Success and Support Program (SSSP) (formerly Matriculation) is a program that enhances student access to the California Community Colleges and promotes and sustains the efforts of credit students to be successful in their educational endeavors. The program goals are to ensure that all students complete their college courses, persist to the next academic term, and achieve their educational objectives through the assistance of the student-direct components of the student success & support program (formerly matriculation) process: admissions, orientation, assessment and testing, counseling, and student follow-up.

<https://www.portervillecollege.edu/getting-started/student-success-support-program>

### **Strong Workforce Program - \$143,886**

The Strong Workforce Program provides funds for college to accomplish the following:

- Increase the number of students in quality career technical education courses, programs, and pathways that will achieve successful workforce outcomes.
- Increase the number of quality career technical education courses, programs, and pathways that lead to successful workforce outcomes, or invest in new or emerging career technical education courses, programs, and pathways that may become operative in subsequent years and are likely to lead to successful workforce outcomes.
- Address recommendations from the Strong Workforce Task Force, including the recommended provision of student services related to career exploration, job readiness and job placement, and work-based learning.



### **Carl Perkins VTEA IV Program - \$144,032**

The Carl Perkins VTEA IV Program is administered by the United States Department of Education and pass-through to the Chancellor's Office. It provides funding to support career technical education programs through 2012. The focus of grant this term is on accountability and program improvement, increased coordination with career technical education and the community, stronger academic and technical integration, connections between secondary and postsecondary education, and a stronger focus on business and industry.