Colleagues,

Earlier this evening, the joint Budget Conference Committee met and approved the major provisions of the 2014-15 budget for the California Community Colleges and other areas of the budget.

While subcommittees of both houses had previously voted to augment the CCCs by $246M by assuming the higher budget year revenue that has been estimated by the Legislative Analyst’s Office (my message from May 23rd described those increases), similar to last year, the Governor held fast to the level of spending proposed in the May Revision. Ultimately, Governor Brown has prevailed.

A key adjustment made to K14 Proposition 98 spending is that it is will no longer be the case that deferrals will completely eliminated as of the 2014-15 fiscal year. Some of this funding will be diverted within the minimum guarantee to fund legislative priorities such preschool/child care, another round of funding for the Career Pathways Trust competitive grant program ($250M, similar to the current year), and funding for prior mandate claims.

To that end, the Conference budget looks very similar to the Governor’s May Revision, with a few notable changes:

- Funding for Student Equity Plans will be reduced from $100M to $70M
- $30M augmentation for DSPS
- $49.5M for reimbursement of previous mandate claims
- A reduction of $94.465M in the paydown of deferrals
- Districts will have flexibility to determine the split of expenditures between maintenance and instructional equipment ($148M)
- Cal Grant B awards will increase to $1,648

Further, the final budget will include a positive trigger: If the Department of Finance determines as of the 2015 May Revision that the Proposition 98 guarantee is higher than what is estimated at the time of the budget agreement, additional expenditures will occur. The first priority would be to paydown the remaining K14 deferrals ($94.465M for the CCCs).

Otherwise, the provisions of the Conference agreement are very similar to the Governor’s May Revision (2.75% increased access, 0.85% COLA, $50M increase for EWD, etc.). My message of May 13th covers the May Revision proposal in detail.

The current expectation is that the Conference budget will be voted on by each house over the weekend (probably Sunday), so the Legislature will meet the June 15th deadline.

Until the budget is final and signed by the Governor, changes are always possible. Further, in some cases there can be changes made to the budget bill language or included in trailer bills that have affect us of which we may not yet be fully aware. I will try to keep you updated as new information emerges.

Regards,

Dan Troy

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