

State Budget Update:

Governor's May Revision

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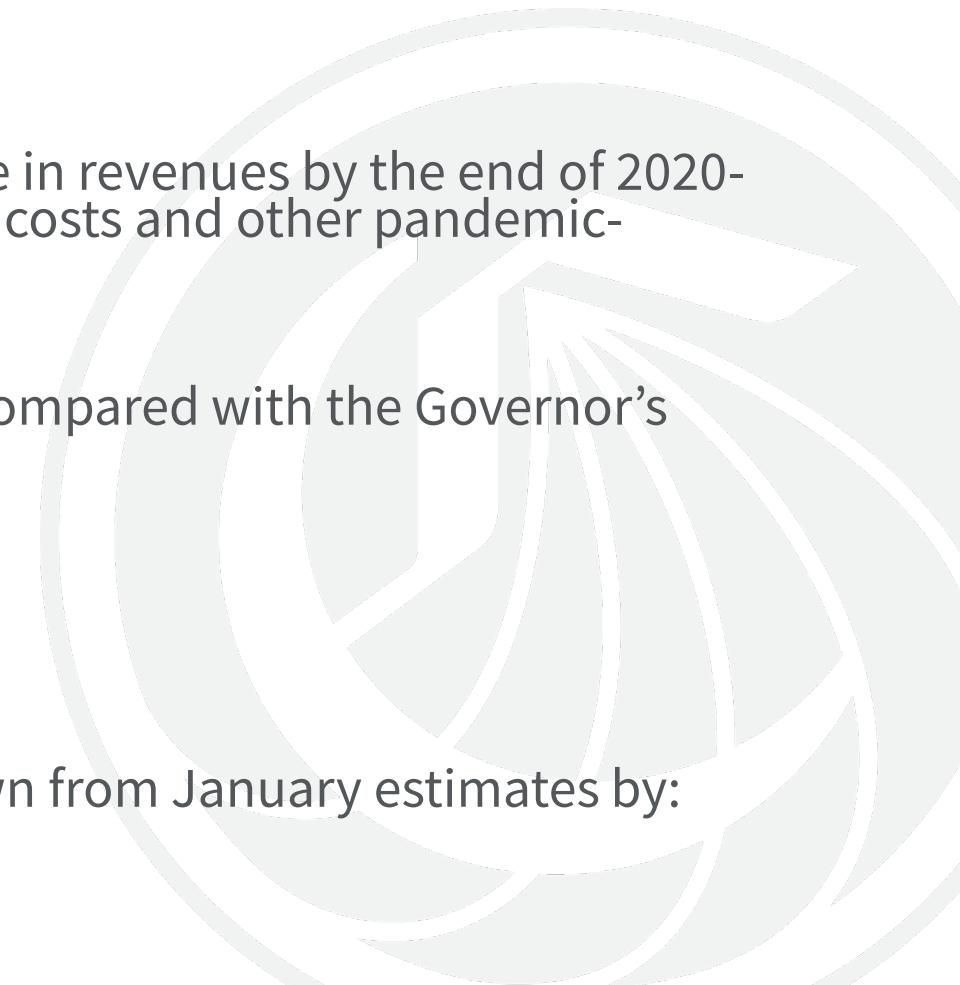
Overview

- State Budget Overview
- May Revision: California Community Colleges Budget
- Budget Process
- Shared Budget Advocacy



State Budget: COVID-19 Pandemic and California's Budget Outlook

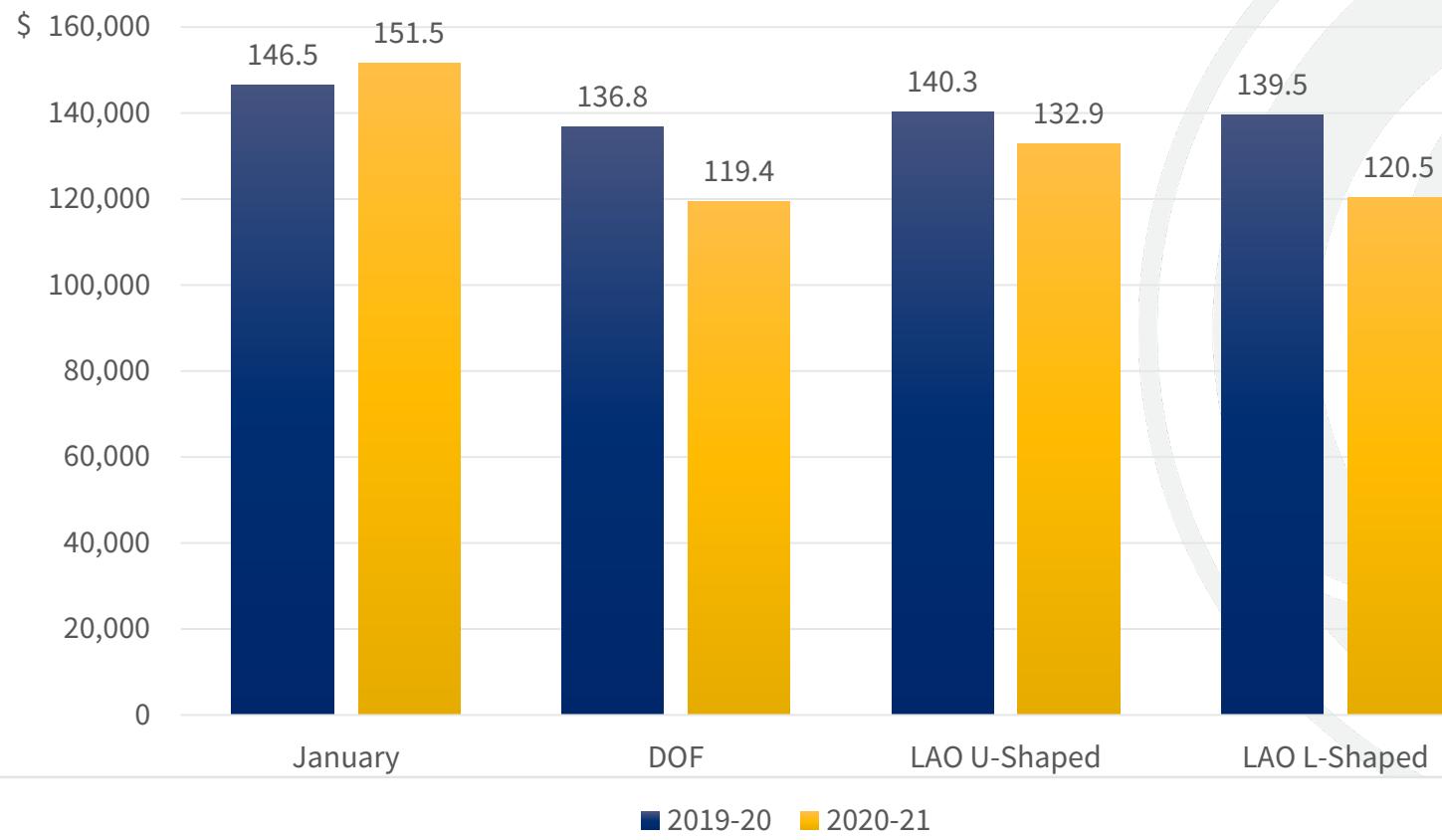
- A May 7th DOF Fiscal Update projected a \$41 billion decline in revenues by the end of 2020-21 and a \$13 billion increase in health and human services costs and other pandemic-related expenditures.
- The result is a projected **budget shortfall of \$54 billion**, compared with the Governor's January budget proposal.
- Uncertainty in state and local revenues
 - Tax revenues delayed until July 15
- By Governor's estimation, the "big three" taxes will be down from January estimates by:
 - 27.2% for the Sales and Use Tax
 - 25.5% for the Personal Income Tax
 - 22.7% for the Corporation Tax



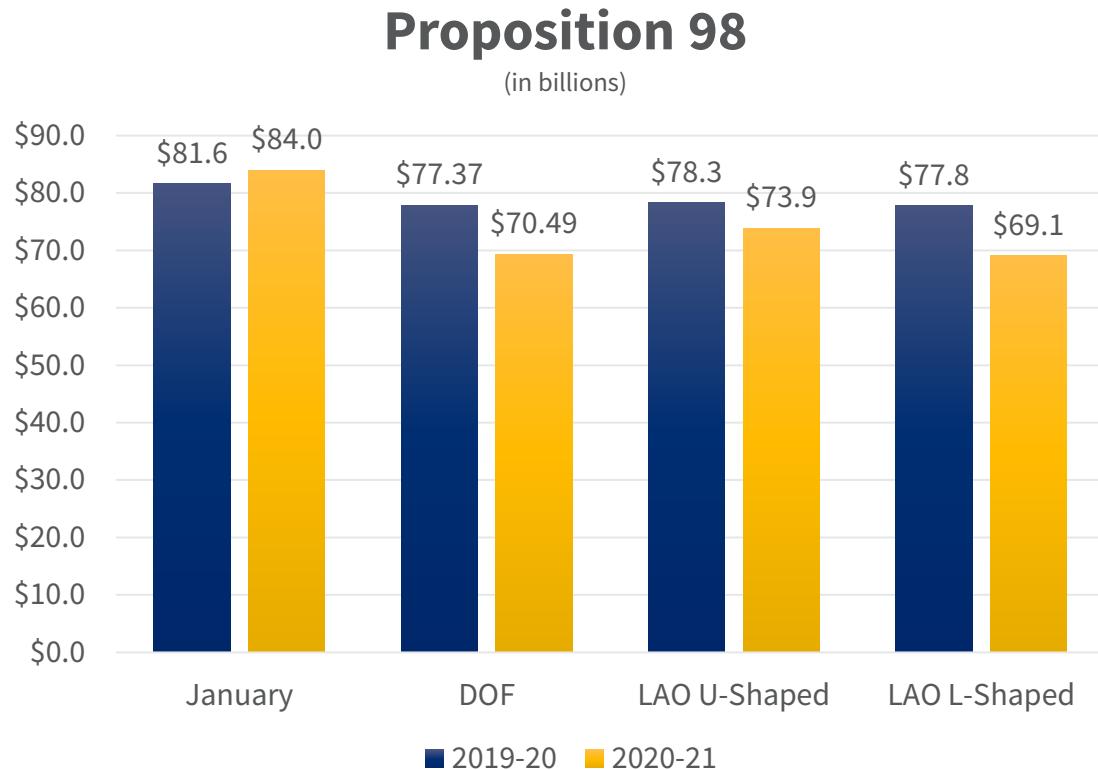
California's Economic Trajectory Scenarios

State General Fund Revenue Estimates

(in millions)



What does this mean for community college funding?

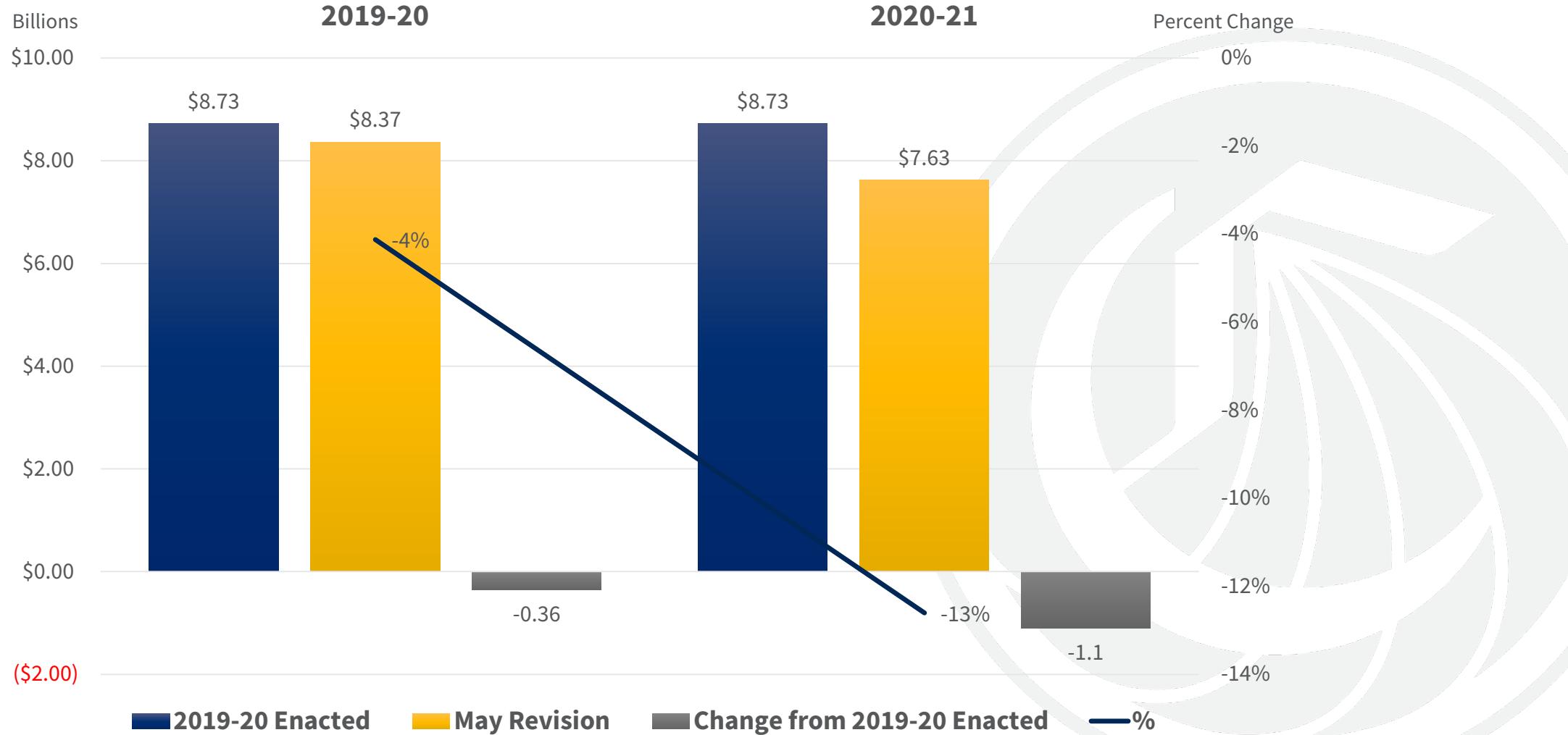


- Proposition 98 is primary source of CCC funding
- 2019-20 and 2020-21 guarantee declines from January estimates by as much as \$3.7 billion and \$14.6 billion, respectively
- What can the state do?

Governor's May Revision: California Community Colleges (CCC) Budget

- The Governor articulates expectations for CCC and other segments to maintain access to higher education, especially for underrepresented students.
- Expects colleges to absorb budget reductions without reducing FTES, support for students' basic needs, or services to assist underrepresented students.
- Focuses on the expansion of competency-based education and short-term career technical education programs
- Proposition 98 Minimum Guarantee adjusted

CCC Prop 98 Funding

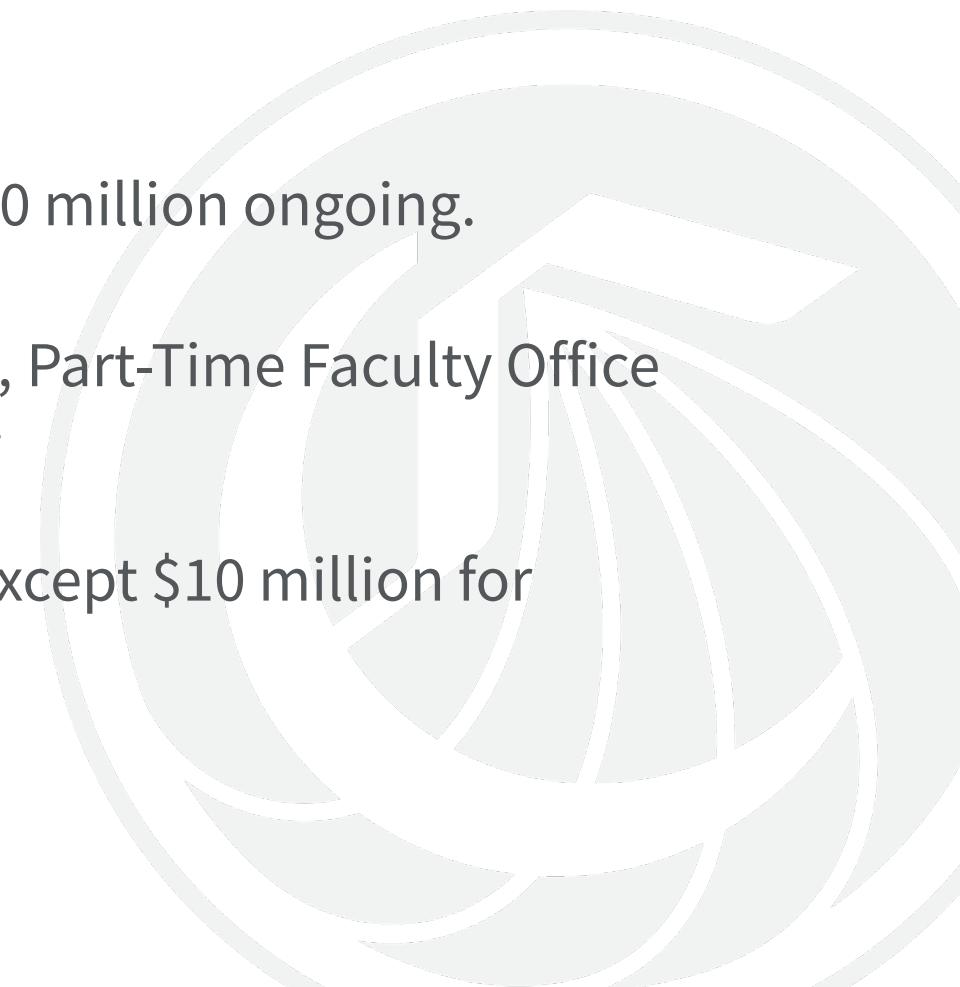


CCC Apportionments

- Reduces Student Centered Funding Formula by 10% (\$593 million cut plus the foregone statutory COLA).
- Extend Student Centered Funding Formula minimum revenue (hold harmless) provisions for an additional two years.
- Proportional share of cuts to categorical program reductions for community supported (basic aid) districts.
- Shifts June 2020 and 2021 payments to the next fiscal year, deferring \$330.1 million from 2019–20 to 2020–21 and \$662.1 million from 2020–21 to 2021–22.

CCC Budget Changes

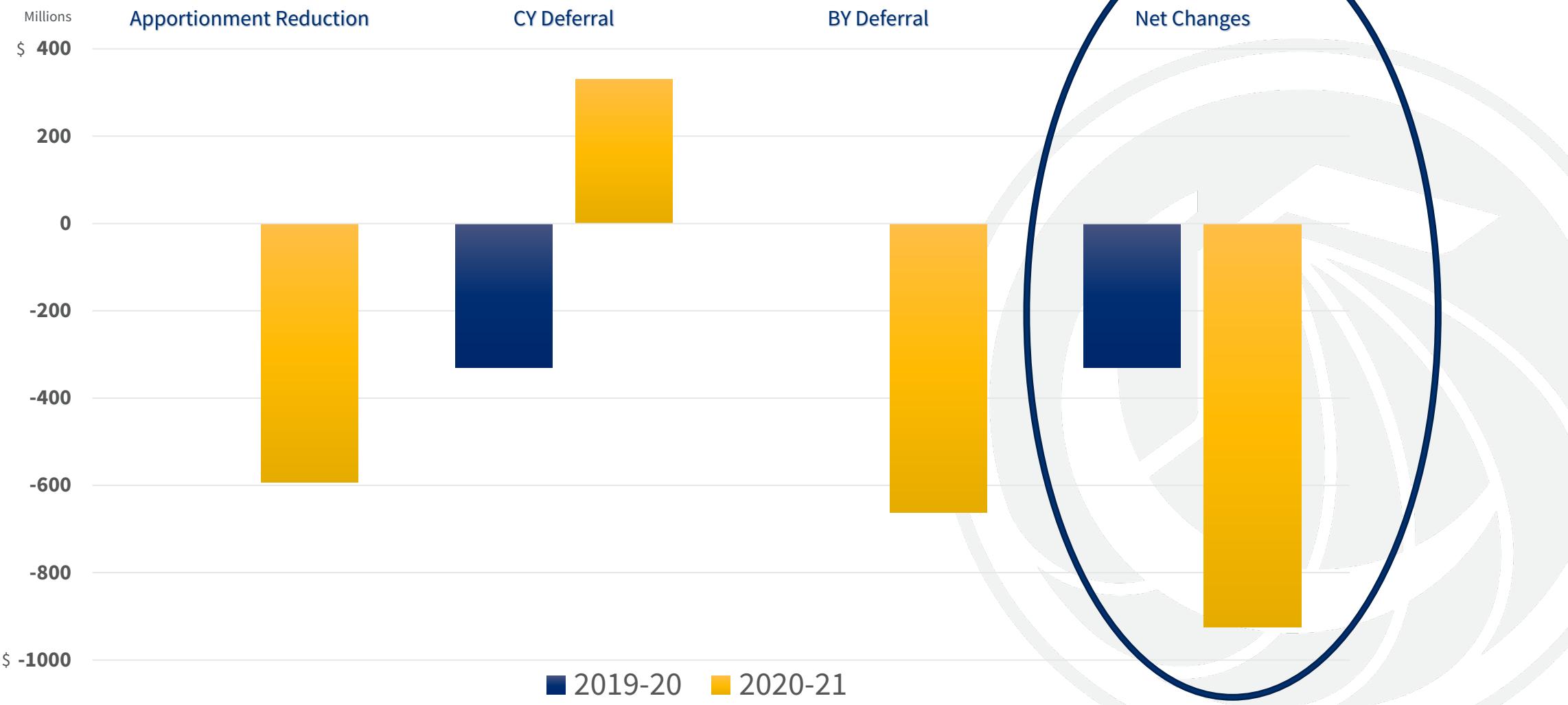
- Reduces Strong Workforce from \$248 million to \$100 million ongoing.
- Reduces Student Equity and Achievement Program, Part-Time Faculty Office Hours, Academic Senate, System Support Program.
- Eliminates all new spending proposed in January except \$10 million for immigrant legal services (ongoing).
- Cuts Calbright College by 15%.
- Does not provide COLA. Final COLA rate is 2.31%.



CCC Budget Changes (Cont'd)

- Withdraws all funding in Public School System Stabilization Account in 2019-20.
- Repurposes funds designated for buydown of long-term pension liabilities to use for current employer contributions instead, reducing districts' costs by about 2%
- Preserves full funding for Cal Grants and CCC student financial aid programs.
- Exempts COVID-19 related costs from 50% law.

May Revision Reduction and Deferrals



May Revision Reductions and Deferrals (In Millions)

	2019-20	2020-21
Apportionment Reduction		-\$593
Current Year Deferral	-\$330	\$330
Budget Year Deferral		-\$662
Net Changes	-\$330	-\$925

Foregone Increases (In Millions)

	2020-21
Apportionment COLA	-\$167
Enrollment Growth	-\$32
Total	-\$199

Proposed 2020-21 Changes in CCC Funding (In Millions)

TECHNICAL ADJUSTMENTS	Governor's Budget	May Revision	Change
Remove one-time spending / add back one-time reductions	-\$28.6	\$373.6	\$402.1
Student Centered Funding Formula base adjustments	9.7	39.6	29.9
Other technical adjustments	1.6	-32.0	-33.6
Reductions from programs above the split	0.0	14.6	14.6
Subtotal Technical Adjustments	-\$17.3	\$395.9	\$413.1

Proposed 2020-21 Changes in CCC Funding (In Millions)

ONGOING	Governor's Budget	May Revision	Change
POLICY ADJUSTMENTS			
Reduce Student Centered Funding Formula allocations by 10 percent	\$0.0	-\$593.0	-\$593.0
Provide COLA for Student Centered Funding Formula (2.29% / 0%)	167.2	0.0	-167.2
Reduce CCC Strong Workforce Program funding	0.0	-128.9	-128.9
Reduce Student Equity and Achievement Program funding	0.0	-68.8	-68.8
Fund enrollment growth (0.5% / 0%)	31.9	0.0	-31.9
Support existing apprenticeship coursework	27.8	0.0	-27.8
Consolidate dispersed support appropriations into a single program	Legislation	-18.8	-18.8
Adjust Student Success Completion Grant funding for recipients	-9.4	9.1	18.4
Expand California Apprenticeship Initiative	15.0	0.0	-15.0
Support districts' food pantry services	11.4	0.0	-11.4

Proposed 2020-21 Changes in CCC Funding (In Millions)

ONGOING	Governor's Budget	May Revision	Change
POLICY ADJUSTMENTS			
Provide COLA for certain categorical programs ^b (2.29% / 0%)	9.2	-0.1	-9.3
Reduce Part-Time Faculty Compensation and Office Hours funding	0.0	-7.1	-7.1
Fund Dreamer Resource Liaisons and related support services	5.8	0.0	-5.8
Fund instructional materials for dual enrollment students	5.0	0.0	-5.0
Reduce California Online Community College (CalBright College) funding	0.0	-3.0	-3.0
Adjust California College Promise for recipients	-1.5	-3.8	-2.3
Reduce Academic Senate for Community Colleges funding	0.0	-0.3	-0.3
Continue legal services support for immigrant students, faculty, and staff	10.0	10.0	0.0
Subtotal Ongoing Policy	\$272.4	-\$804.5	-\$1,076.9

Proposed 2020-21 Changes in CCC Funding (In Millions)

ONE-TIME	Governor's Budget	May Revision	Change
POLICY ADJUSTMENTS			
Defer apportionment payments from 2020-21 to 2021-22	\$0.0	-\$662.1	-\$662.1
Defer apportionment payments from 2019-20 to 2020-21	0.0	330.1	330.1
Expand work-based learning within Guided Pathways	20.0	0.0	-20.0
Create statewide pilot fellowship program for diverse hiring	15.0	0.0	-15.0
Augment support for part-time faculty office hours	10.0	0.0	-10.0
Expand Zero Textbook Cost pathways	10.0	0.0	-10.0
Fund deferred maintenance and instructional equipment (one-time)	7.6	0.0	-7.6
Subtotal One-Time Policy	\$62.6	-\$332.0	-\$394.6

Funding by Program (In Millions)

Program	2019-20 Revised	2020-21 Proposed	Change (Amount)	Change (Percent)	Explanation of Change
Student Centered Funding Formula	\$7,430	\$6,842	-\$588	-8%	Proposed reduction (\$592 million) and minor technical adjustments; portion of reduction to be achieved through categorical programs
Deferrals--Student Centered Funding Formula	-330	-662	-332	-	Shift payments to next fiscal year
Student Equity and Achievement Program	475	390	-85	-18%	Reduce by 15% and shift program set-aside to System Support Program
CCC Strong Workforce Program	248	100	-148	-60%	Eliminate \$6.7 million ongoing restoration, reduce by \$128.9 million, and shift program set-aside to System Support Program
Disabled Students Programs and Services (DSPS)	124	124	-	-	
CCC System Support Program	0	106	106	N/A	Budget neutral. Integrates set-aside from multiple programs and reduce by 15%
Extended Opportunity Programs and Services (EOPS)	116	116	-	-	
California College Promise (AB 19)	85	80	-5	-6%	Adjust for revised estimates of first-time, full-time students

CCC Capital Outlay Proposals

- The Governor provides \$223.1 million in capital outlay funding from Proposition 51, approved by voters in 2016.
- The funding is to support the construction phase for 15 continuing projects (\$194.7 million) and the preliminary plans and working drawings phases for 25 new projects (\$28.4 million)

Impact on Community Colleges

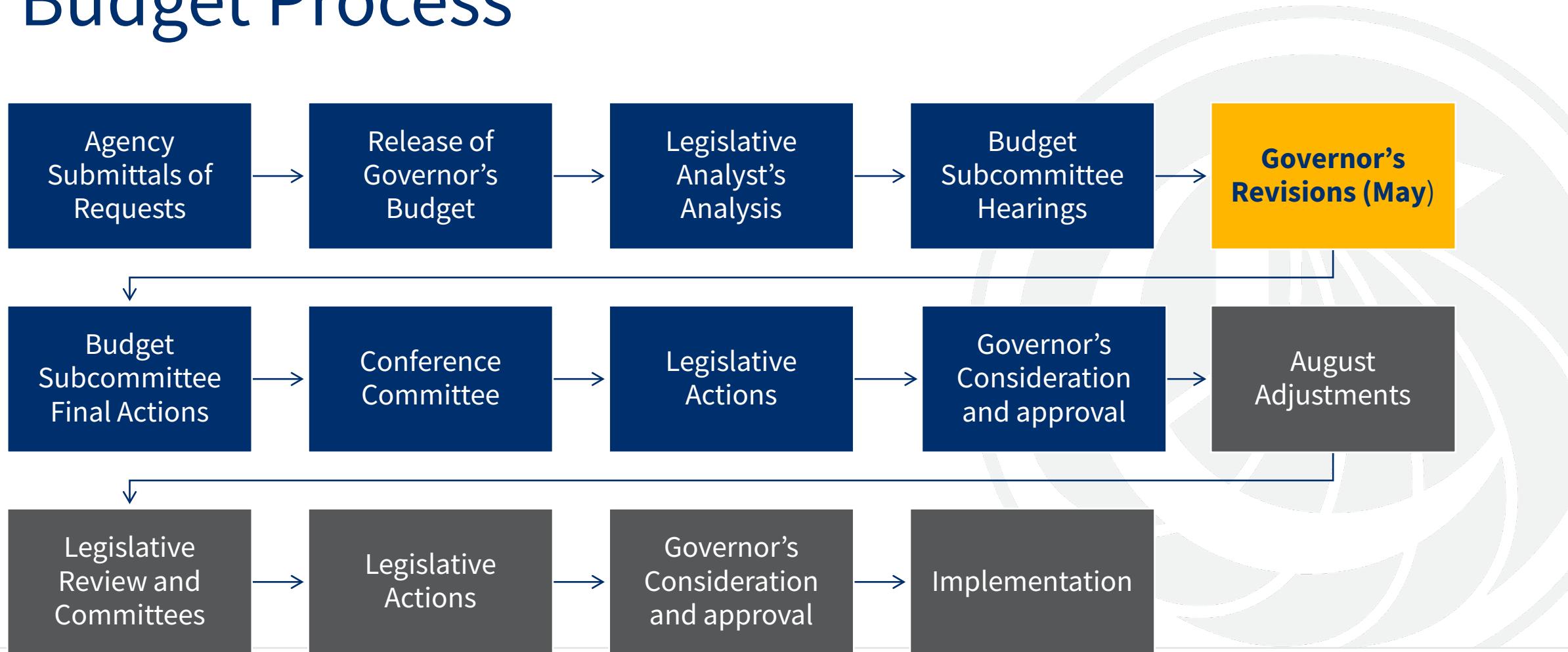
- **Decrease in Overall Funding of \$1.5 billion compared to January Proposed Budget.**
- For comparison, the Great Recession which devastated the community college system, cut \$1.5 billion in budget cuts between 2007–08 and 2011–12 (five years).
- As the lowest-funded education system yet most consequential for equity and access, state leaders should recognize that doing more with less reaches a breaking point.

Requirements for Approval of Local Budgets

- By law, districts are required to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues.
- These dates were adjusted to reflect current conditions (Executive Order: 2020-06)

College District Financial Reporting Requirement	Regulatory Due Date	New Due Date	CCR Title 5 Section
Hold a public hearing on the proposed budget.	September 15	October 31	58301
Adopt a final budget.			58305(c)
Complete its adopted annual financial and budget report and make public.	September 30	November 15	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10	November 30	58305(d)
Submit the annual audit report to the Chancellor's Office.	December 31	February 28	59106

Budget Process



Shared Budget Advocacy

Advocating for CCC Education



Growing List of Advocacy Partners



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for California Community Colleges



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Critical to California's COVID-19 Response

- The California Community Colleges system has proven critical to the state's fight against COVID-19 – from training first responders to donating desperately needed medical supplies and equipment.
- California Community Colleges educate 70 percent of the state's nurses and 80 percent of firefighters, law enforcement personnel and emergency medical technicians. Twenty thousand first responders and health care professionals trained at a California community college enter the workforce every year.
- California's leaders should prioritize and protect funding for community colleges so that students have access to the education they need and can join the state's response to COVID-19.



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Strong for California's Communities in the Recovery

- With nimble workforce education programs and quality transfer pathways, CCCs will be crucial in helping California navigate the new economy emerging through this crisis.
- Cutting funding to the California Community Colleges means a severe reduction in access, equity and success at a consequential cost to emerging generations.
- In these challenging and uncertain times, flexibility to mitigate the impact on our students will be critical.
- While the May Revision attempts to protect access, it lacks the resources needed to address the inequities that plague California's higher education systems. Instead, the challenges that low-income students, students of color and high-needs students face are just further exacerbated by compromising quality.



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Social Media Advocacy



Suggested Hashtags:

#CACommunityColleges
#SupportCCEducation
#CCCStrongforCalifornia
#CAHigherEd
#CommunityCollege
#CAworkforce
#CAleg
#CAbudget
#truecostofcollege

Key Twitter Handles:

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Stay Informed

For more information throughout the budget process, please visit the **Budget News** section of the Chancellor's Office website:

www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News

For more information, please contact Lizette Navarette, Vice Chancellor, College Finance and Facilities Planning, at lnavarette@cccco.edu.