



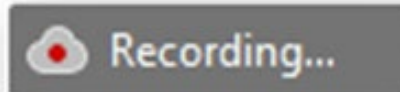
California Community Colleges

Fiscal & Policy Webinar

Office of Institutional Supports & Success

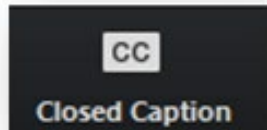
January 2025

WELCOME

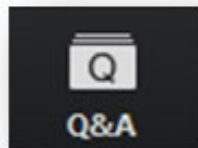


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Enter questions in the Q&A box.

AGENDA

January 30, 2025



The State's Budget Cycle



The Proposition 98 Guarantee



2025 Budget Investments

STATE OF CALIFORNIA

2024–25
FINAL BUDGET SUMMARY



Published by
DEPARTMENT OF FINANCE

This is an informational publication provided to reflect actions of the Governor and Legislature on the Budget Bill/Act (includes Chapters 22, 35, 994, and 995, Statutes of 2024). Appropriations reduced or eliminated by the Governor are shown in strike-out type.

The State's Budget Cycle

Building the Budget

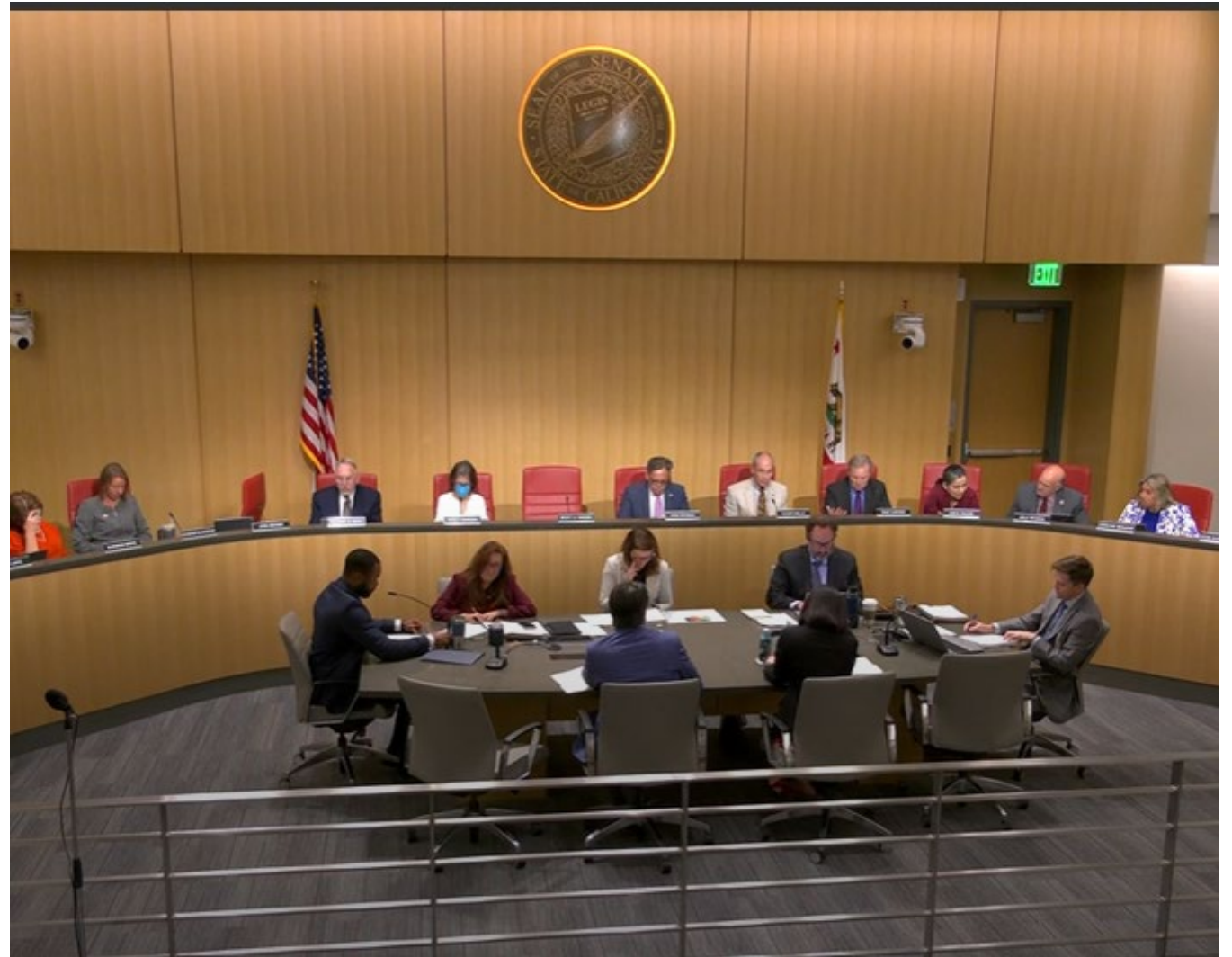


Governor's Budget Development

- Governor's Budget Development Begins in August
- Budget Change Proposals must be submitted in September
- Legislative Budget Change Proposals are due within 10-days of a bill being signed into law
- Initial Baseline Revenue and Expenditure data is compiled by early November
- Discretionary investment decisions are determined in late November and Early December
- Governor's Budget is released by January 10th

Initial Legislative Oversight

- Legislative budget hearing begin in mid-to-late January
- Hearings can cover both proposed investments and ongoing program oversight
- Legislative Budget Hearings Conclude in Mid-June



May Budget Update



- Known as the May Revision
- Spring Budget Letters are due in mid-February
- Reflects updated revenue, expenditure, and proposed investments
- May adjustments are requests for the legislature to update the budget bill and trailer bill language
- May Revision is due by May 14th

Enacted Budget

- The Assembly and Senate adopt versions of the budget in late May to early June
- Conference committee is intended to reconcile the two house's budget in early June
- Given a constitutional requirement to pass a balanced budget by June 15th, the Assembly and Senate have been adopting joint budget plans
- A final budget is negotiated between the Legislature and the Administration in mid-to-late June.



Proposition 98 Guarantee

Computing the Guarantee

98

School Funding. Initiative Constitutional Amendment and Statute

Official Title and Summary Prepared by the Attorney General

SCHOOL FUNDING. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE. Amends State Constitution by establishing a minimum level of state funding for school and community college districts; transferring to such districts, within limits, state revenues in excess of State's appropriations limit; and exempting excess funds from appropriations limit. Adds provisions to Education Code requiring excess funds to be used solely for instructional improvement and accountability and requiring schools to report student achievement, drop-out rates, expenditures per student, progress toward reducing class size and teaching loads, classroom discipline, curriculum, quality of teaching, and other school matters. Contains other provisions. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Meeting the required minimum funding level for schools and community college districts will result in state General Fund costs of \$215 million in 1988-89. No excess state revenues are expected in 1988-89 for transfer to schools and community colleges. Local administrative costs are estimated to be \$2 million to \$7 million a year for preparation and distribution of School Accountability Report Cards. No fiscal effect can be identified for the required prudent reserve fund.

Analysis by the Legislative Analyst

Background

The state provides funding for public schools and community colleges, adjusted each year to reflect changes in inflation and student enrollment.

Under the California Constitution, most government entities (including the state and local school districts) have a limit on the amount of tax revenues they can appropriate each year, adjusted annually to reflect changes in inflation and population. Whenever a government entity does not appropriate all of its tax revenues, these "excess revenues" must be returned to taxpayers.

Proposal

This measure makes changes in the way the state funds public schools and treats excess revenues. Specifically, the measure does the following:

- Establishes a minimum level of funding for public

colleges is not less than the percentage that was allocated to them in 1986-87.

- The second method would require the state to ensure that public schools and community colleges receive from state and local tax revenues the same total amount of funds received from these sources in the prior year, adjusted for changes in inflation and increases in enrollment.

The measure permits the enactment of legislation by a two-thirds vote, to suspend the minimum funding requirement for one year.

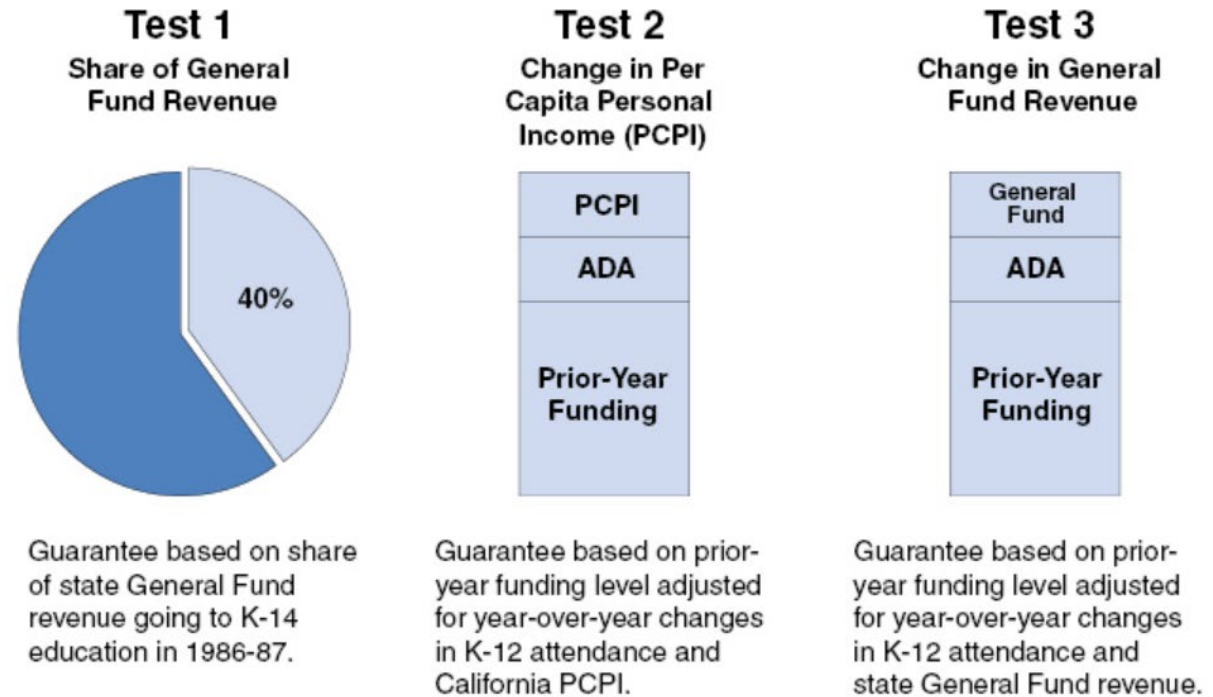
Distribution of Excess Revenues. This measure requires any excess revenues to be distributed to public schools and community colleges rather than returned to taxpayers. The measure limits the amount the state may distribute each year to 4 percent of the minimum school funding level. In 1988-89, this limit would be about \$500

Three Tests

- Test 1 - Linked to share of General Fund revenue and local property tax revenues are added on top of General Fund revenues
- Test 2 - based on prior-year funding adjusted for changes in student enrollment, and inflation using the change in California per capita personal income.
- Test 3- based on prior-year funding adjusted for changes in student enrollment and based on the change in state General Fund revenue plus 0.5 percent.

Figure 1

Three Proposition 98 “Tests”



ADA = average daily attendance.

Which Test Is Operative

- Step one: Determine the lessor of Test 2 and Test 3
- Step two: Determine the greater of Test 1 and the test determine in Step one.
- “Maintenance Factor” is created when the operative test is Test 3 or when the Proposition 98 Guarantee is suspended.
- Maintenance Factor Obligation payments are formulaic
- Spike protection – protects the state when large one-time revenue spikes occur by excluding that funding from future Proposition 98 calculations.
- Settle-Up



K-14 Rainy Day Fund

- When are deposits made?
- When can funds be withdrawn from the fund?
- Do deposits or withdraws change the size of the Guarantee?





Q & A?

Enter Questions into the Q&A Box



California Community Colleges

Thank you!

**Next Fiscal & Policy Webinar
April 24, 2025**

[Fiscal & Policy Webpage and Updates](#)

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