California
Community
Colleges

TO: California Community Colleges

FROM: Lizette Navarette, Vice Chancellor, College Finance and Facilities Planning

RE: Update on 2020-21 State Budget Development

2020-21 State Budget Development Update

Context:
While many steps and negotiations lie ahead before the 2020-21 state budget is finalized, this memo provide a brief update on actions taken in the State Senate. An update will be provided when further details about the ongoing budget process emerge.

Update on Senate Proposal:
Following a Senate Budget Subcommittee on Education meeting on May 25, the full Senate Committee on Budget and Fiscal Review met on May 28 to approve its version of the 2020-21 state budget. The spending plan approved by the Senate Committee on Budget and Fiscal Review will need a majority vote by the full Senate in the following week.

The Senate closes a $54 billion budget shortfall by adopting the Department of Finance's revenue forecast, but not its COVID-19 statewide expense estimates. Instead, the Senate utilizes the Legislative Analyst's Office COVID-19 expense estimates.

Most notably, the Senate's plan assumes additional federal funding will become available to California. If the federal government does not provide relief for state and local governments by October 1, 2020, the Senate plan would "trigger" a series of cuts and defer over $670 million in funding to California's community college to future years.

The Senate's proposal rejects many of the Governor's May Revision proposed cuts, including $8.1 billion in proposed reductions to Proposition 98 funding. Should federal funding not materialize, the plan defers funding and relies on local community college district reserves.

Below is a top-level summary of differences between the Governor's and Senate's Proposals:

Governor's May Revision	Senate Proposal w/ Federal Funding Assumptions	Senate Proposal without Federal Funding
Reductions and deferrals totaling $925 million for 2020-21.	No reductions to Proposition 98.	Defers community college funding to a future year.

Governor's May Revision	Senate Proposal w/ Federal Funding Assumptions	Senate Proposal without Federal Funding
Does not provide a COLA. Reduces the Student Centered Funding Formula by $593 million.	Provides funding for the Student Centered Funding Formula, including a COLA.	Defers funding and eliminates COLA.
Reduces Student Equity and Achievement Program by 15%. Reduces Strong Workforce Program to $100 million ongoing.	Rejects the Governor's proposed cuts to apportionments and several categoricals, including Strong Workforce and Student Equity.	Defers funding to certain categoricals to future years.
Reduces Calbright College by 15% ongoing.	Redirects $55 million in one-time funding for Calbright College and $22 million in prior year carryovers to fund base apportionments.	Redirects $55 million in one-time funding for Calbright College and $22 million in prior year carryovers to fund base apportionments.
Proposes greater coordination and transparency of statewide technical assistance funding through a System Support Program.	Rejects coordination of statewide technical assistance funding through a System Support Program.	Rejects coordination of statewide technical assistance funding through a System Support Program.

Next Steps:
Next week, the Assembly Budget Committee is expected to release and approve its 2020-21 budget plan which would then be presented to the full Assembly for a vote.

Following each chamber's release of a spending plan, a Conference Committee with equal members from each house would typically form to reconcile the differences. Given complications due to COVID-19 and social distancing requirements, there is no confirmation that a Conference Committee will convene.

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, or contact me at lnavarette@cccco.edu.