



California Community Colleges

SYSTEM WEBINAR SUMMARY: Annual Budget Workshop, Session 1 (August 2024)

This [webinar](#) provided a summary of the 2024-25 state budget, focusing on the state's economic outlook, the budget's impact on the California Community Colleges' (CCC) Student Centered Funding Formula (SCFF), and the deferral of funds from the state's Rainy Day fund. Guest presenters include Patti Herrera, Executive Vice President of School Services of California, and Chris Ferguson, Program Budget Manager for the Department of Finance.

What is the Economic Outlook for California?

- The national economy is expected to remain relatively flat through 2026, with gross domestic product (GDP) growth at about 2.9%, slightly below the historical average. An increasing unemployment rate and slow response by the Federal Reserve to lower interest rates is raising concern about a potential recession.
- Overall, California's economy is expected to reflect the national trends. The stock market has increased by more than 100% since the COVID-19 recession, which is good for state revenues, but an unemployment rate that has been consistently somewhat higher than the nation's raises concerns about the potential for volatility in California's economy.
- State revenues from the "Big 3" sources (personal income, corporate, and sales taxes) for 2023-24 came in higher than projected in the 2023 Budget Act, but continuing volatility in the stock market could have a significant impact on the largest source of revenues (personal income taxes) in 2024-25.

How is the Forecast Reflected in the Proposition 98 Budget?

- The 2024 State Budget attempts to respond to economic projections and potential volatility by:
 - Suspending the Proposition 98 Guarantee for 2023-24, creating about \$8 billion in "maintenance factor" that will provide additional resources to the guarantee when state revenues improve;
 - Partially funding the prior year Proposition 98 Guarantee (2022-23) by accounting for a percentage of the cost over a multi-year period; and
 - Using \$546 million from the Public School System Stabilization Account (PSSSA) to support the SCFF, and deferring \$446 million for 2023-24 to be repaid in 2024-25 (with a deferral of \$244 million for 2024-25 expected to be repaid in 2025-26).

- The state maintains about \$1 billion in the PSSSA, allowing for some options to deal with revenue volatility and variability in the guarantee going forward, and providing some assurance that districts can expect fairly stable allocations.

What is the Impact on the CCC Programs in the Budget?

- Core funding is protected in the 2024-25 budget for CCC, which includes:
 - An increase of \$113.3 million to support a 1.07% cost of living adjustment (COLA) for apportionments and selected categorical programs; and
 - An increase of \$28.1 million to support 0.5% enrollment growth.
- The budget reallocates some [unspent funds](#); the Chancellor's Office will be pulling back a little under \$1 million in Strong Workforce funds and \$22.5 million in unspent Student Success Completion Grant funds.
- The budget designates \$60 million to support a nursing pathways grant program, with a similar annual investment expected for 5 years (the 2024-25 funds are provided via targeting Strong Workforce funds to the program).
- The budget includes three one-time investments to support expansion of e-Transcript California (\$12 million), Credit for Prior Learning grants (\$6 million), and a Pathways for Low-Income Workers Demonstration Project (\$5 million).
- The budget raises the reimbursement limit for districts' costs for Part-Time Faculty Office Hours from 50% to 90%, and available funding is expected to cover 90% reimbursement for 2024-25.
- The budget establishes a statewide funding plan to support the 13 approved projects for affordable student housing but does not fund Cal Grant Reform implementation due to insufficient revenue. The Chancellor's Office will continue to advocate for implementation when state budget conditions improve.
- If passed, Proposition 2 on the November 2024 ballot would increase funds available for updating and maintaining educational facilities.
- Suggestions for districts to grow their SCFF allocations include increasing engagement with [Rising Scholars](#) and [Dual Enrollment](#), evaluating supplemental and success metric [trends](#), maximizing student eligibility for financial aid, and engaging in student centered course scheduling.

Where Can I Find More Information on the CCC Budget?

- Documents discussed in the webinar can be found on the Chancellor's Office [website](#).
- The system's Joint Analysis of the Budget [report](#) and 2024-25 [Compendium of Allocations and Resources](#) provide more details about the budget.
- There will be a [second session](#) of the annual budget workshop on August 29th that will summarize new grant programs, reporting changes, and other budget issues.