



GOVERNMENT RELATIONS UPDATE

April Webinar



COMMUNITY COLLEGE LEAGUE OF CALIFORNIA



Today's Update

- *Budget Update*
- *Legislative Update*
- *Federal Update*



Budget Update

**UCLA****Anderson**
School of Management

Los Angeles (April 10, 2020)—Given the speed of the U.S. economy's rate of decline amid the coronavirus pandemic, the UCLA Anderson Forecast team has updated its views, downgrading the near-term outlook. According to senior economist David Shulman, *real GDP is now on track to decline in the second quarter of 2020 by 7.5% from the previous quarter (an annual rate of -30%) and decline by an additional 1.25% in the third quarter (an annual rate of -5%).*

This contraction will drive the official unemployment rate to a peak of around 13% in the fourth quarter, and total job loss to approximately 17 million. The economy is forecast to rebound by 1% in the fourth quarter (an annual rate of 4%). The rate of growth is expected to accelerate in early 2021 as the effects of COVID-19 abate; however, a recovery to an employment level equivalent to the last months of 2019 will not occur until late 2022.



Legislative Analyst's Office

The California Legislature's Nonpartisan Fiscal and Policy Advisor

APRIL 16, 2020

Preliminary Assessment of the Economic Impact of COVID-19

PRESENTED TO:

Senate Budget and Fiscal Review Committee
Hon. Holly J. Mitchell, Chair



LEGISLATIVE ANALYST'S OFFICE

COVID-19: Recession and Recovery

- ▶ **Job Loss and Abrupt Halting of Economic Activity Make it Clear That We Have Entered a Recession**
- ▶ **From This Point, Two Paths Seem Plausible:**
 - **U-Shape.** Sharp downturn with depressed level of activity persisting for some period of time, followed by a pronounced recovery.
 - **L-Shape.** Sharp downturn, slow resolution to the virus, and inadequate federal fiscal stimulus leads to protracted recession with high unemployment rates.
- ▶ **Which Shape the Recovery Takes Likely Depends on the Trajectory of Virus Itself**



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/COVID-19/documents/4-10-20_COVID-19_Interim_Fiscal_Update_JLBC_Letter.pdf



GAVIN NEWSOM - GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

April 10, 2020

Honorable Holly Mitchell, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

COVID-19—Interim Fiscal Update

As the Legislature assesses the extraordinary impacts of the COVID-19 pandemic on the state's fiscal condition, the Department of Finance provides the following interim fiscal update. Finance will continue to refine the information in this letter, as well as the state's revenue and expenditure estimates, as it develops the May Revision.

Economic Forecast and Revenues

The need to implement stay-at-home measures in California to protect public health and safety, combined with the effects of the COVID-19 pandemic on the national and world economies, have dramatically affected the state's economy. The economic disruption from the pandemic is expected to result in a recession and have significant negative effects on state revenues; concurrently, the drop in the stock market may cause further revenue declines.

This impact is expected to be immediate, affecting fiscal year 2019-20, and will continue in to fiscal year 2020-21 and additional years depending on the pace of recovery of local, state and national economies.

To give some perspective, Finance modeled a moderate recession scenario for the Governor's Budget, when it was released in January of this year, in which unemployment was projected to peak at 9.1 percent in the second quarter of 2021, compared to 6.9 percent and 12.3 percent for the 2001 and 2009 recessions, respectively. Due to the scope of the COVID-19 pandemic, unemployment could peak at a level higher than the Great Recession.

Expenditures

state to issue Revenue Anticipation Warrants, also called "RAWs", which are external cash borrowings that extend beyond a single fiscal year. The State Controller's Office, however, does not anticipate issuing RAWs this year because of the projected available cash and unused internal borrowable resources.

Conclusion

The May Revision that the Administration will submit to the Legislature by the statutory deadline will reflect the extraordinary impacts of the COVID-19 pandemic on the state's fiscal condition. As this letter demonstrates, the state faces daunting challenges and difficult decisions in the weeks and months ahead. The Administration will continue to work with the Legislature during this unprecedented crisis to maintain a balanced budget that promotes opportunity, and supports an equitable economic recovery.


KEELY MARTIN BOSLER
Director, Department of Finance

<https://bit.ly/3anrUhM>



Budget process

Normal Year

Changes for 2020-21

May Revise

May Revise

June 15 deadline to approve budget

Approve Budget Bill based on best available data

Possibility of August Revise

Possibility of Budget Bill Junior reflecting tax filings



Budget hearings

Live Media

Assembly Room 4202 Video , Monday, April 20th, 2020



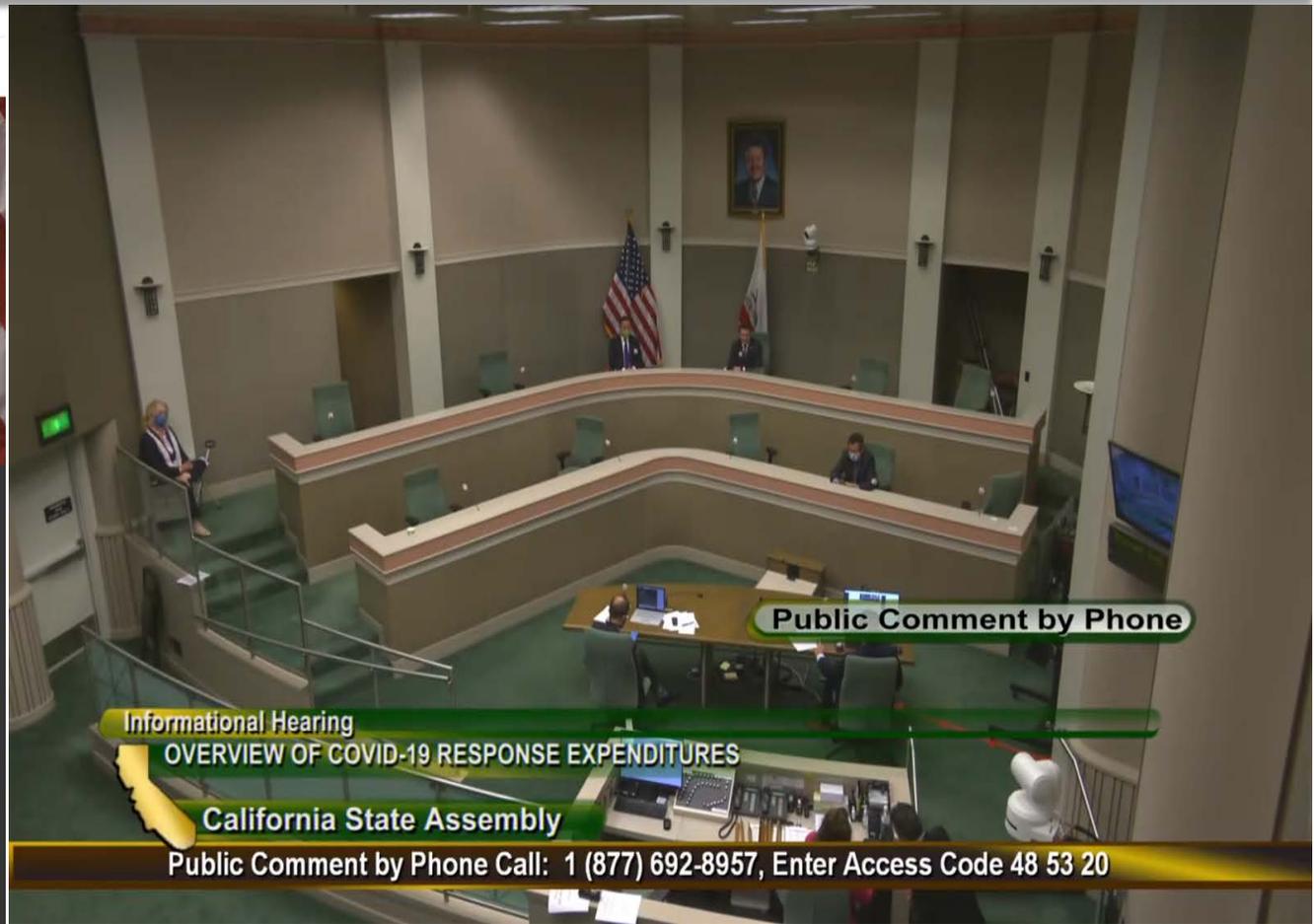
Philip Y. Ting
COMMITTEE CHAIR
California State Assemblymember
District 19, San Francisco -D

Live Media

BUDGET AND FISCAL REVIEW SPECIAL BUDGET
SUBCOMMITTEE ON COVID-19 RESPONSE: 2 p.m., Thursday,
April 16th, 2020



 **Senator Holly Mitchell**
(D) Los Angeles Committee Chair



Public Comment by Phone

Informational Hearing
OVERVIEW OF COVID-19 RESPONSE EXPENDITURES

California State Assembly

Public Comment by Phone Call: 1 (877) 692-8957, Enter Access Code 48 53 20



Budget hearings

5 Facts



California Budget
& Policy Center

Independent Analysis. Shared Prosperity.

APRIL 2020 | BY SARA KIMBERLIN AND AUREO MESQUITA

No Safety Net or Federal COVID-19 Relief: California's Undocumented Workers and Mixed Status Families Are Locked Out of Support

California is home to an estimated 2 to 3.1 million individuals who are undocumented immigrants, making up approximately 6% of the state's total population.^{1,2} These workers, parents, children, and their family members – many of whom are US-born citizens – are deeply integrated in the state's communities and vital to the state's economy. California's undocumented workers are especially hard-hit by the economic effects of the COVID-19 crisis, and yet they are locked out of most of the federal and state public supports available to help workers and their families weather this pandemic. State leaders should prioritize supporting this essential group of Californians who are at severe risk of financial and health hardship but blocked from COVID-19 public relief efforts.

<https://bit.ly/3eyScAO>



COMMUNITY COLLEGE LEAGUE OF CALIFORNIA



Advocacy themes

Stability. Flexibility. Predictability.



Messaging

California Community Colleges

- A) Quickly moved educational offerings to a remote space.
 - B) Maintaining focus on access, success, and equity.
 - C) Training majority of respiratory therapists, nurses, public safety officers, and others essential for today's crisis.
 - D) Ready to absorb new students dislocated by the economy if funded to do so.
-



League's budget priorities

- A) \$200 million ongoing, inclusive of COLA
- B) Flexible COVID-19 block grant honoring local decision-making
- C) Two-year extension of Hold Harmless in SCFF
- D) Continue approval of capital outlay projects
- E) One-year deferral of employer-side pension increases
- F) Backfill any shortfall in property tax or student fee revenue
- G) Direct 50% of Governor's Emergency Education Relief Fund to CCCs
- H) Maintain overall integrity of Proposition 98
- I) Assure CCC's receive at least statutory split of Proposition 98
- J) Approve statutory framework for financial aid reform
- K) Allow for appropriate statutory and regulatory relief



Strategies

Communications

Direct Lobbying

Coalition

Federal

**Continuing
Communication and
Coordination with
Local Leadership**

**Grassroots
Lobbying**



Legislative Update



Legislative Process Put On Hold

- Legislature placed on recess until May 4th.
- Few observers believe they will come back by then.
- Lawmakers are being asked to prioritize legislation and only focus on legislation that:
 - Absolutely must pass this year.
 - Is directly COVID-19 related.
 - Alleviates homelessness.
 - Is related to wildfire preparedness or response to PG&E bankruptcy.



Nursing and Allied Programs

- Significant cutbacks in clinical training slots for nursing and other allied health programs.
- Will reduce the ability of our colleges to graduate allied health workers in the midst of a global pandemic.
- Department of Consumer Affairs directed the Board of Registered Nursing to temporarily increase permissible hours to be done via simulation.
- More flexibility will be needed if colleges are expected to maintain normal graduation rates.





Federal Update



CARES Act

\$2.2 Trillion Stimulus Package – 10% of GDP

- \$13.5 billion for K-12.
 - \$3 billion for Governors to distribute – wide latitude on how they can use these funds.
 - \$14.25 billion for Higher Education.
 - Half of higher education funding must go to students.
 - Undocumented, non-credit and fully online students did not count towards individual college allocations.
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Federal Stimulus Funding: Advocacy Activities

Governor's Education Fund

- Significant discretion on how to spend those dollars.
- California received a \$355 million allocation.
- Community college groups are asking to receive at least half of the funding.

Phase Four: Need for Additional Stimulus Clear

- Deal around increased funding for loans to small businesses and health funding likely near.
 - Unknown if the deal would include state and local governments.
 - Higher education groups have asked for an additional \$45 billion.
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