Budget Update
Legislature’s Proposal

California Community Colleges

- Eliminates Calbright College. Requires Calbright Board of Trustees to develop a closure plan by December 2020.

- Rejects the May Revision proposal to cut apportionment funding, and adds $17 million ongoing Proposition 98 General Fund to apportionments redirected from Calbright College.

- Provides $75 million one-time Proposition 98 General Fund redirected from Calbright College to support a basic needs/learning loss/COVID 19 response block grant to colleges to support expenses such as mental health services, housing and food insecurity, re-engagement for students who left college in Spring 2020, technology and development of online courses and student supports.

- Rejects the May Revision proposals to reduce funding for the Strong Workforce and K-12 Strong Workforce programs, keeping the programs at 2019-20 spending levels.

- Restores the Governor’s Budget proposal to provide a $167.7 million Proposition 98 General Fund cost-of-living adjustment to the Student Centered Funding Formula.
Legislature’s Proposal

- Restores the Governor’s Budget proposal to provide $31.9 million ongoing Proposition 98 General Fund to support enrollment growth.

- Rejects the May Revision proposal to reduce support for the Student Equity and Achievement Program, keeping the program at the 2019-20 spending level.

- Rejects the May Revision proposal to reduce support for adult education, keeping the program at the 2019-20 spending level.

- Defers without prejudice the Governor’s Budget proposal to create the System of Support program.

- Rejects the May Revision proposals to reduce funding for part-time faculty office hours and compensation, and the Academic Senate.

- Increases support for the part-time faculty office hours and compensation programs by about $10.6 million Proposition 98 General Fund, redirected from Calbright College.

- Rejects the May Revision proposal to move the Dreamer Resource Liaison program into the Student Equity and Achievement Program. Provides $5.8 million ongoing Proposition 98 General Fund to support the Dreamer Resource Liaison program.
Approves the May Revision proposal to extend the hold harmless period for the Student Centered Funding Formula by an additional two years.

Approves $332 million in deferrals in the 2019-20 and 2020-21 budget years. Includes placeholder trailer bill language to allow hardship exemptions.

Approves an Oct. 1 trigger deferral of $739.9 million Proposition 98 General Fund if the state does not receive federal funding.

Rejects the May Revision proposal to create a food pantry expense within the Student Equity and Achievement Program. Provides $11.4 million ongoing Proposition 98 General Fund to support food pantries.

Provides $20 million one-time Proposition 98 General Fund to support costs associated with apprenticeship instructional hours.

Approves the Governor’s Budget and May Revision proposals to support 25 new and 15 continuing capital outlay projects using Proposition 51 funding. Also approves the May Revision proposal to reappropriate funds for 9 projects.
Approves the Governor’s Budget proposal to provide $700,000 one-time General Fund to support a working group to review current rules governing the use of athletes’ names, images and likeness per the Fair Pay to Play Act.

Makes technical funding adjustments to various programs, including the Mandates Block Grant, Student Success Completion Grant, California College Promise, Financial Aid Administration, local property taxes, student fees, oil and mineral reserves, and the Education Protection Account.

Approves the May Revision proposal to withdraw several Governor’s Budget proposals, including funding for textbooks for dual enrollment students, zero-textbook-cost degrees, the faculty diversity fellowship program, work-based learning models, budget year apprenticeship instructional hours; increases to the California Apprenticeship Initiative and Chancellor’s Office; and cost-of-living adjustments for adult education and other categorical programs.

Approves the Governor’s Budget proposal to provide ongoing support for immigrant legal services.
Key Assumptions

Revenues
- Legislative package uses largely the same revenue assumptions as the Governor’s May Revision, including the major revenue proposals.

Baseline Spending
- Legislative package uses LAO estimates of caseload in Medi-Cal and California Work Opportunity and Responsibility to Kids (CalWORKs), saving an estimated $3.6 billion relative to the May Revision assumptions.
Federal Funding

- Both the Legislature’s package and May Revision include provisions if additional federal funding is forthcoming.
- Governor’s May Revision does not assume more federal funding will be available. Under the May Revision, $15 billion in spending-related reductions would take effect on July 1, 2020, but those reductions would be restored if sufficient federal funds were received.
- Legislative package assumes new federal funding will be available to offset baseline General Fund costs. Legislative package includes “trigger reductions” if federal funds do not materialize, which would take effect on October 1, 2020.
Governor vs Legislature

Comparing Packages
Without Federal Assistance

Spending on Schools and Community Colleges

<table>
<thead>
<tr>
<th>Funding for K-14 Education in 2020-21 in May Revision and Legislative Package</th>
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<tbody>
<tr>
<td>(In Billions, Assumes No Additional Federal Funding)</td>
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<tr>
<td>Governor</td>
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<tr>
<td>Proposition 98 funds</td>
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<tr>
<td>Deferred payments</td>
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<tr>
<td>One-time federal relief</td>
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<tr>
<td>Totals</td>
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</tbody>
</table>
Other major differences:

### Key Spending Reductions in the May Revision and Legislative Package

**General Fund, Assumes No Additional Federal Funding**

<table>
<thead>
<tr>
<th></th>
<th>Governor</th>
<th>Legislation</th>
</tr>
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<tbody>
<tr>
<td><strong>Employee Compensation</strong></td>
<td>$1.7 Billion. Assumes collective bargaining processes result in 10 percent reduction to state employee pay.</td>
<td>Does not assume a specific amount of savings, which would result from the collective bargaining process.</td>
</tr>
<tr>
<td><strong>Payment and Rate Reductions</strong></td>
<td>$1.2 Billion (Medi-Cal). Uses Proposition 56 to fund Medi-Cal growth instead of provider payments.</td>
<td>Rejects Governor’s proposal.</td>
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<tr>
<td></td>
<td>$300 Million (DDS). Reduces provider rates.</td>
<td>Rejects Governor’s proposal.</td>
</tr>
<tr>
<td></td>
<td>$297 Million (Child Care). Reduces rates for state preschool program and child care programs.</td>
<td>Rejects Governor’s proposal.</td>
</tr>
<tr>
<td><strong>In-Home Supportive Services</strong></td>
<td>$205 Million. Reduces recipients’ service hours by 7 percent.</td>
<td>Rejects Governor’s proposal.</td>
</tr>
<tr>
<td><strong>Housing and Homelessness</strong></td>
<td>$203 Million. Governor proposes eliminating infill infrastructure program enacted in 2019-20.</td>
<td>Rejects Governor’s proposal.</td>
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</table>

DDS = Department of Developmental Services.
<table>
<thead>
<tr>
<th>Senate/Assembly Vehicles</th>
<th>Content</th>
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<tr>
<td>SB 808/SB 74</td>
<td>Overall Budget bills</td>
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<td>SB 88/AB 75</td>
<td>Supplemental Appropriations /Deficiency Bills</td>
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<td>SB 97/AB 76</td>
<td>Education Finance</td>
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<tr>
<td>SB 111/AB 84</td>
<td>Other Trailer Bills</td>
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<tr>
<td>(Not Yet in Print)</td>
<td></td>
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<tr>
<td>SB 114/AB 85</td>
<td>State Taxes and Changes</td>
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<tr>
<td>SB 116/AB 94</td>
<td>Higher Education Trailer Bills</td>
</tr>
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<td>(Not Yet in Print)</td>
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League’s Budget Priorities
(Following May Revise)

A. Workload Reduction
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. Maintain overall integrity of Proposition 98
H. Assure CCC’s receive at least statutory split of Proposition 98
I. Hardship waiver for deferrals
Cut to the base is too deep, particularly if the expectation is to maintain the same number of students or grow.

Cut to Strong Workforce will impede high-cost programs for in-demand jobs.

Overall budget is predicated on federal action, which is out of our control.

Budget does not contemplate money to our system for redirected students from UC or CSU.

As much as we support the deferrals over cuts, the sheer size of the deferral will mortgage our System for years.
<table>
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<tr>
<th>Strategies</th>
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<td>Communications</td>
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<td>Direct Lobbying</td>
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<tr>
<td>Coalition</td>
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<td>Federal</td>
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<tr>
<td>Continuing Communication and Coordination with Local Leadership</td>
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<tr>
<td>Grassroots Lobbying</td>
</tr>
</tbody>
</table>
2020-21 Budget and Related News

- Overview of the Legislature's 2020-21 Budget Package (June 12, 2020)
- Floor Report 2020-21 State Budget Version 2 (June 12, 2020)
- Overview of the Legislature's 2020-21 Budget Package (June 4, 2020)
- Floor Report 2020-21 State Budget (June 4, 2020)
- The Legislature's Version of the 2020-21 State Budget (June 3, 2020)
- Budget Act of 2020 Overview of the Senate Budget Plan
- Prop 98 Tracking 20-21 Senate Plan Final Handout
- Pending Senate Version of the Budget 2020-21
- Overview of the Senate 2020-21 Budget Package
- Supplemental May Revise Letter (May 27, 2020)
- League response to the May Revise (May 20, 2020)
- LAO Overview and Assessment of Higher Education in May Revision Proposals
- K-14 Education Teeter Letter
- LAO Initial Comments on the Governor's May Revision
- Federal HEROES Act
- Governor's May Revise
- California Community Colleges federal complaint against U.S. Secretary of Education Betsy DeVos on the distribution of CARES Act
- LAO Analysis: The 2020-21 Budget: California's Spring Fiscal Outlook
- Department of Finance Fiscal Outlook, May 7
- Community College State Executives Letter on Federal Stimulus
- League-ACBO Letter on Federal Stimulus
- League-Initiated Coalition Letter on Governor's Emergency Education Relief Fund (GEERF)
- League Revised Budget Letter
- CCC Coalition Budget Request Letter
- Chancellor's Office Deferral of Penalties on FON Compliance
- U.S. Dept of Education FAQ on CARES Act Funding for Institutions
- U.S. Department of Education FAQ on CARES Act Funding for Students
- FCMAT Alert
- PPIC Paper on How the Corona Virus will Test the State's Reserves
- LAO Overview of Higher Education Relief
- LAO Preliminary Assessment of the Economic Impact of COVID-19
- Department of Finance Letter on Interim Fiscal Impact
- Department of Finance Letter on Workload Budget
- League Letter on Governor's January Budget Proposal
- LAO Analysis of Higher Education Budget Proposal
- LAO Analysis of Budget Proposal for Proposition 98
- Governor's January Budget Proposal
- Budget Change Proposal for 2020-21 (Item 2.9)
Priority Bills: Moving Forward

**ACA 5 (Weber) Repeal of Proposition 209 – SUPPORT**
Would authorize a ballot measure that would repeal the remaining provisions of Prop 209 that prevent government entities from crafting affirmative action policies and programs.

**Location**: Senate Committee on Labor, Public Employees and Retirement

**AB 2019 (Holden) County Offices of Education - SUPPORT**
Would permit County Offices of Education to enter into College and Career Access Pathways partnerships with community college districts.

**Location**: Senate Rules Committee

**AB 2288 (Low) Nursing Programs – SUPPORT if AMENDED**
Would provide more flexibility to our nursing programs if their access to clinical training slots are impacted by the COVID-19 crisis.

**Location**: Senate Rules Committee

**AB 2884 (Berman) Lottery Funds - SUPPORT**
Expands acceptable use of restricted lottery dollars to pay for housing and food assistance for students.

**Location**: Senate Rules Committee

**SB 1173 (Durazo) Labor Relations: Employee Information - OPPOSE**
Would require the Public Employment Relations Board (PERB) to levy a fine against public employers to enforce unions’ rights to specified employee contact information.

**Location**: Senate Appropriations Committee Suspense File
Federal Update
Legislation result of accelerated policymaking process – resulted in a poorly drafted statue.

April 9: Secretary DeVos informs colleges that there will be significant discretion on how and to whom a college can allocate CARES Act dollars.

April 21: Department of Education guidance appeared to contradict statute on:
  • Allowable institutional and student reimbursement expenses.
  • Limitation of eligible students to those who are eligible for federal financial aid.

May 12: California Chancellor’s Office and five community college districts (Foothill-De Anza, Los Rios, Los Angeles, State Center, and San Diego) sue DOE over guidance.

May 21: Department of Education (DOE) communicated its guidance represented only the DOE thoughts on the matter and not legally enforceable.

June 14: DOE Issues interim final rule formalizing limitations in April 21 guidance.

June 14: Judge temporally blocks enforcement of rule.
Formalizes April 21 guidance narrowing student eligibility dollars for those eligible for Title IV aid.

Excludes:
- Students who have not filled out a FASFA.
- Many non-credit students.
- CTE students.

DACA recipients and other undocumented students likely excluded from aid via CARES Act due to existing federal statute.

Despite not going through the formal rulemaking process, Interim Final Rules have the force of law.

Guidance and Communication: [https://www2.ed.gov/about/offices/list/ope/ caresact.html](https://www2.ed.gov/about/offices/list/ope/ caresact.html)
Allocation Formula That Reflects the Students We Serve:
- By focusing on Pell FTES, community colleges receive disproportionately less funding.
- Allocating on basis on college’s headcount will provide more equitable funding.
- CTE and Non-credit students should count as well.

Support for Workforce Programs:
- Workforce programs will be essential to training dislocated workers by the recession.
- Federal – state partnership key to maintain educational quality.
- CTE programs are generally more expensive to operate than other types of courses.

Clear but Flexible Guidance on Allowable Spending:
- Current Department of Education guidance doesn’t reflect what is in the CARES Act.
- Multiple guidances, rules, and updates have made it difficult for colleges to allocate dollars.
- Colleges should have maximum discretion to serve their students in the way they see best.
Questions?