Today’s Update

- Coronavirus Update
- Preliminary March 3rd Bond and Parcel Tax Results
- Legislative Update
- Budget Update
Coronavirus Update
COVID-19: System Response

- Roughly 80 colleges are moving towards online instruction.

- Colleges have the discretion to close campuses or adjust course schedules in response to the pandemic outbreak.

- Strongly encouraged to follow local, state and federal guidelines.

- Expect disruption into the next academic year.

Resources: [https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus](https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus)
COVID-19: Legislature

- Recess until April 13\textsuperscript{th}.
- Virtual committee hearings.
- Likely will prioritize critical legislation – potential reduction in bills going through the legislative process.
- Most legislative deadlines up to the discretion of the state legislature.
- Constitutional deadline of budget passage by June 15\textsuperscript{th} still in effect.
Preliminary Bond and Parcel Tax Results
Proposition 13: Statewide Facilities Bond

- Headed towards defeat.
- 53% against, 46% in favor.
- Lukewarm support in Bay Area and Los Angeles.
- Lost in Sacramento, Central Valley, and San Diego
- Potential Factors:
  - Ballot Number
  - Largest bond in state history.
March 3rd Election: Bonds and Parcel Taxes

### Preliminary Bond Measure Results

<table>
<thead>
<tr>
<th>District</th>
<th>Amount</th>
<th>Percent Yes</th>
<th>Percent No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabrillo</td>
<td>$274 Million</td>
<td>50%</td>
<td>49%</td>
</tr>
<tr>
<td>Foothill – De Anza</td>
<td>$898 Million</td>
<td>42%</td>
<td>57%</td>
</tr>
<tr>
<td>Los Rios</td>
<td>$650 Million</td>
<td>51%</td>
<td>48%</td>
</tr>
<tr>
<td>Merced</td>
<td>$247 Million</td>
<td>54%</td>
<td>45%</td>
</tr>
<tr>
<td>Rancho Santiago</td>
<td>$496 Million</td>
<td>48%</td>
<td>51%</td>
</tr>
<tr>
<td>Riverside</td>
<td>$715 Million</td>
<td>56%</td>
<td>43%</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$825 Million</td>
<td>72%</td>
<td>27%</td>
</tr>
<tr>
<td>Yuba</td>
<td>$228 Million</td>
<td>67%</td>
<td>32%</td>
</tr>
</tbody>
</table>

### Preliminary Parcel Tax Results

<table>
<thead>
<tr>
<th>District</th>
<th>Annual Raised</th>
<th>Per Parcel</th>
<th>Percent Yes</th>
<th>Percent No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foothill – De Anza</td>
<td>$5.5 Million</td>
<td>$48</td>
<td>60%</td>
<td>40%</td>
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Bills for Discussion:

**Academic Affairs:**
- AB 2019 (Holden) County Offices of Education
- AB 2764 (Gloria) – Waiver of Open Course Provisions
- AB 3310 (Muratsuchi) Ethnic Studies
- SB 874 (Hill) BA Degrees

**Collective Bargaining:**
- AB 2609 (Medina) Classified Employee Probationary Period
- SB 796 (Leyva) Sick Leave
- SB 1173 (Durazo) Employee Information

**College Affordability:**
- AB 2176 (Holden) Student Transit Passes
- SB 958 (Leyva) Foster Youth

**Governance:**
- AB 2452 (Garcia) Trade Associations
- AB 2190 (Medina) Board Of Governors
- AB 2910 (Weber) Student Trustees

**Facilities:**
- AB 2003 (Garcia) Feminine Hygiene Products
- AB 3207 (Gipson) Flexing Deferred Maintenance
AB 2019 (Holden) County Offices of Education

Would permit County Offices of Education to enter into College and Career Partnerships with their local community college districts.

**Staff Recommendation:** Support

AB 2764 (Gloria) Waiver of Open Course Provisions

Would permit colleges to capture apportionment for courses offered on military bases.

**Staff Recommendation:** Support
AB 3310 (Muratsuchi) Ethnic Studies:

Mandates ethnic studies course as graduation requirement for community college students by the 2023-24 academic year. Sponsored by the Los Angeles Community College District.

Staff Recommendation: Oppose

SB 874 (Hill) BA Degrees

Focuses on expanding the existing community college pilot degree program by:
1) Making the existing programs permanent.
2) Permits all community colleges to offer BA degrees and removes the existing one program per district cap.
3) Requires colleges to justify the necessity of these degrees via various workforce and economic development metrics.

Staff Recommendation: Support
AB 2609 (Medina) Classified Employee Probationary Period

Prohibits colleges from placing new classified employees on probation for a period longer than up to 6 months. Modeled after similar legislation for K-12 that was passed and signed into law last year.

**Staff Recommendation:** Oppose

SB 796 (Leyva) Sick Leave

Would require districts to pay full salaries of employees who have exhausted all their sick leave for up to five months.

**Staff Recommendation:** Oppose

SB 1173 (Durazo) Employee Information

Current law requires colleges to send contact information of their employees to their collective bargaining units on a regular basis. This bill would make colleges liable for the expense of collecting that information if they fail to do so up to 3 times in a calendar year.

**Staff Recommendation:** Oppose
AB 2176 (Holden) Student Transit Passes

Would require transit agencies to offer free transit passes to college students as a condition of receiving state transit funds.

Staff Recommendation: Support

SB 958 (Leyva) Foster Youth

Would expand eligibility for the NextGen support program from those who were in the foster youth system as of at least 16 years of age to those who left the system at 13.

Staff Recommendation: Support
AB 2452 (Garcia) Audit of Trade Associations

Would permit the state auditor to audit associations that represent local governmental bodies, including community colleges if he or she determines they are reckless with public funds.

Staff Recommendation: Oppose

AB 2190 (Medina) Board Of Governors

Currently, the Board of Governors contains two student members, of which has a full vote. This bill would provide a full vote to both student members.

Staff Recommendation: Watch
AB 2910 (Weber) Student Trustees

Would permit a college to give a student trustee a full vote and mandates all of the following:
1. All student trustees have an advisory vote before action of board.
2. All students trustees would have equal compensation with their elected trustee peers.
3. The ability of student trustees to make motions and seconds.

Original Intention:

To mandate full voting rights for student trustees, participation in closed sessions and their ability to make motions and seconds.

Staff Recommendation: Support if the bill is amended to strike Item 3, modify Item 2 to reflect equal pay for equal work and specify the provisions of the bill would be specific to one student trustee.
AB 2003 (Garcia) Feminine Hygiene

Would require colleges to stock half of their restrooms with feminine hygiene products.

Staff Recommendations: Watch

AB 3207 (Gipson) Flexing Deferred Maintenance

Would flex deferred maintenance dollars to be utilized to support the construction or maintenance of student housing.

Staff Recommendation: Support
Big Picture

Recession due to coronavirus could hit California harder than rest of U.S.

California Gov. Gavin Newsom declared a state of emergency in response to the first California death of a patient with COVID-19, on Wednesday, March 4, 2020, at the Capitol in Sacramento. The proclamation will help the state obtain more resources.

The U.S. economy has entered its first recession in 11 years, and it’s likely to be slightly more severe in California than the rest of the nation, a new forecast from the UCLA Anderson School of Management said Monday.
Without Significant New Spending, California Could Weather a Typical Post-WWII Recession

Scenario Assumes Automatic Program Suspensions Are Not Operative (In Billions)

- Operating Deficit (Covered by Reserves)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Deficit</th>
<th>Reserves Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-21</td>
<td>-10</td>
<td>$10</td>
</tr>
<tr>
<td>2021-22</td>
<td>-8</td>
<td>$20</td>
</tr>
<tr>
<td>2022-23</td>
<td>-6</td>
<td></td>
</tr>
<tr>
<td>2023-24</td>
<td>-4</td>
<td></td>
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</table>
California prepares to spend $1 billion on emergency coronavirus aid

By HANNAH WILLY
March 15, 2020

Gov. Gavin Newsom directed bars, wineries and nightclubs to close for the time being amid the coronavirus pandemic during a press conference at Cal OES near former Mather Air Force Base Sunday, March 15, 2020. (Photo by DANIEL ZINN)

Gov. Gavin Newsom asked the state Legislature on Monday to immediately allocate up to $1 billion to battle the coronavirus that's infected hundreds of Californians and killed six.

The spending bill frees up $500 million, to be increased by $50 million as needed until reaching $1 billion, to lease and activate two hospitals, help public health officials access necessary equipment and lend support to hospitals, nursing homes and other facilities.

The funds would also assist local governments in keeping the coronavirus disease, called COVID-19, out of homeless communities and would provide hotel beds for the unsheltered.

Child care centers would be eligible for cleaning assistance. The bill also allocates money to programs that support senior residents who are supposed to stay in isolation.
Proposition 98

2020-21 Budget Year is Test 1

Three Proposition 98 Tests

- **Test 1**: Share of General Fund Revenue
  - About 40%
  - Guarantee based on share of state General Fund revenue going to K-14 education in 1986-87.

- **Test 2**: Change in Per Capita Personal Income (PCPI)
  - PCPI
  - ADA
  - Prior-Year Funding
  - Guarantee based on prior-year funding level adjusted for year-over-year changes in K-12 attendance and California PCPI.

- **Test 3**: Change in General Fund Revenue
  - General Fund
  - ADA
  - Prior-Year Funding
  - Guarantee based on prior-year funding level adjusted for year-over-year changes in K-12 attendance and state General Fund revenue.

ADA = average daily attendance.
Factors to consider (not exhaustive):

1) What do the numbers show?
2) Would the Legislature suspend the Proposition 98 statutory split?
3) Would the Legislature suspend Proposition 98?
4) Would the Legislature provide relief for increased pension obligation?
5) Would Proposition 2 reserves be triggered (see next slide)?
6) What other mitigation strategies would the Legislature consider?
Withstanding a Shortfall

Proposition 98 Reserve Has Rules for Deposits and Withdrawals. Proposition 2 (2014) created a state reserve specifically for schools and community colleges—the Public School System Stabilization Account (Proposition 98 Reserve). The Constitution requires the state to deposit Proposition 98 funding into this account when the minimum guarantee is growing relatively quickly and other conditions are met (see the nearby box). When the guarantee is growing relatively slowly, the Constitution requires the state to withdraw funds from the reserve and allocate them for school and community college programs. The state continues to update its calculation of any required deposits or withdrawals for up to nine months after the close of the fiscal year.

Key Rules Governing the Proposition 98 Reserve

Below, we describe the rules governing Proposition 98 Reserve deposits and withdrawals.

Deposits Predicated on Four Main Conditions. To determine whether a deposit is required, the state first determines whether all of the following conditions are met:

- **Revenues From Capital Gains Are Relatively Strong.** Deposits are required only when the state receives an above-average amount of revenue from taxes paid on capital gains (a relatively volatile source of General Fund revenue).
- **Test 1 Is Operative.** Test 1 years historically have been associated with relatively strong growth in the minimum guarantee due to strong growth in state revenue.
- **Formulas Are Not Suspected.** If the Governor declares a “budget emergency” (based on a natural disaster or slowdown in state revenues), the Legislature can reduce or cancel a Proposition 98 Reserve deposit. Additionally, if the Legislature votes to suspend the minimum guarantee, any required deposit is automatically canceled.
- **Obligations Created Before 2014-15 Are Retired.** Proposition 2 (2014) specified that no deposits would be required until the state paid certain school funding obligations (known as “maintenance factor”) that it accrued during the Great Recession. The state met this condition starting in 2019-20.
Fund operating expenses.

Defer everything else, regardless of merit, until revenues stabilize.
# January Budget

## Proposed Ongoing: What’s Essential

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLA for Funding Formula, 2.29%</td>
<td>$167.2</td>
<td>Operating expense (Yes)</td>
</tr>
<tr>
<td>Enrollment Growth, 0.5%</td>
<td>$31.9</td>
<td>Operating expense (Yes)</td>
</tr>
<tr>
<td>Existing apprenticeship coursework</td>
<td>$27.8</td>
<td>Operating expense (Yes)</td>
</tr>
<tr>
<td>Expand California Apprenticeship Initiative</td>
<td>$15.0</td>
<td>Policy decision (No)*</td>
</tr>
<tr>
<td>Support food pantry services</td>
<td>$11.4</td>
<td>Policy decision (No)*</td>
</tr>
<tr>
<td>Continue legal services for immigrant students, faculty and staff</td>
<td>$10.0</td>
<td>Policy decision (No)*</td>
</tr>
<tr>
<td>COLA for certain categorical programs, 2.29%</td>
<td>$9.2</td>
<td>Operating expense (Yes)</td>
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<tr>
<td>Dream Resource Liaisons and related services</td>
<td>$5.8</td>
<td>Mandate (Yes)</td>
</tr>
<tr>
<td>Instructional materials for dual enrollment</td>
<td>$5.0</td>
<td>Policy decision (No)*</td>
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**Subtotal (potential savings)** $41.4

*Not a comment on merit on merit of proposals*
## January Budget

### Proposed One-Time: What’s Essential

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Decision Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand workplace learning within Guided Pathways</td>
<td>$20</td>
<td>Policy decision (No)*</td>
</tr>
<tr>
<td>Create statewide pilot fellowship for diverse faculty hiring</td>
<td>$15</td>
<td>Policy decision (No)*</td>
</tr>
<tr>
<td>Augment support for Part-Time Faculty Office Hours Program</td>
<td>$10</td>
<td>Policy decision (No)*</td>
</tr>
<tr>
<td>Expand Zero Textbook Cost Pathways</td>
<td>$10</td>
<td>Policy decision (No)*</td>
</tr>
<tr>
<td>Deferred maintenance and instructional equipment</td>
<td>$17.2</td>
<td>Operating expense (Yes)</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>$27.6</td>
<td>Operating expense (Yes)</td>
</tr>
<tr>
<td><strong>Subtotal (potential savings)</strong></td>
<td><strong>$55</strong></td>
<td><em>Not a comment on merit or proposals</em></td>
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January Budget
Major Budget Subcommittee Hearings

Assembly Budget Subcommittee No. 2 on Education Finance
California Community College Support Budget
May 5 (or TBA)
9:00 am
State Capitol Room 447

Senate Budget Subcommittee No. 1 on Education
California Community College Support Budget
April 23 (or TBA)
9:30 am or on close of Senate floor session
State Capitol Room 3191

All hearings times and locations are subject to change.

Legislature is now on three-week hiatus.
January Budget
Budget Subcommittee Rosters

Assembly Budget Subcommittee No. 2 on Education Finance
Hon. Kevin McCarty, Chair (D-Sacramento)
Hon. William Brough, Vice-Chair (R-San Juan Capistrano)
Hon. James Gallagher (R-Chico)
Hon. Monique Limón (D-Santa Barbara)
Hon. Jose Medina (D-Riverside)
Hon. Al Muratsuchi (D-Torrance)
Hon. Patrick O’Donnell (D-Long Beach)

Senate Budget Subcommittee No. 1 on Education
Hon. Richard Roth, Chair (D-Riverside)
Hon. Mike Morrell (R-Rancho Cucamonga)
Hon. Connie Leyva (D-San Bernardino)
Questions?