May Revision Update
Legislative Update
Federal Update
Legislative Conference
Speakers/Issues
May Revision Update
## General Fund Expenditures by Agency
(Dollars in Millions)

<table>
<thead>
<tr>
<th>Agency</th>
<th>2022-23</th>
<th>2023-24</th>
<th>Dollar Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative, Judicial, Executive</td>
<td>$18,407</td>
<td>$9,630</td>
<td>-$8,777</td>
<td>-47.7%</td>
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<tr>
<td>Business, Consumer Services &amp; Housing</td>
<td>3,740</td>
<td>1,448</td>
<td>-2,292</td>
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<tr>
<td>Transportation</td>
<td>1,986</td>
<td>1,190</td>
<td>-796</td>
<td>-40.1%</td>
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<tr>
<td>Natural Resources</td>
<td>15,943</td>
<td>7,512</td>
<td>-8,431</td>
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<tr>
<td>Environmental Protection</td>
<td>3,892</td>
<td>339</td>
<td>-3,553</td>
<td>-91.3%</td>
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<tr>
<td>Health and Human Services</td>
<td>62,644</td>
<td>73,244</td>
<td>10,600</td>
<td>16.9%</td>
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<tr>
<td>Corrections and Rehabilitation</td>
<td>15,695</td>
<td>14,676</td>
<td>-1,019</td>
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<td>K-12 Education</td>
<td>77,019</td>
<td>78,871</td>
<td>1,852</td>
<td>2.4%</td>
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<td>Higher Education</td>
<td>22,659</td>
<td>22,598</td>
<td>-61</td>
<td>-0.3%</td>
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<tr>
<td>Labor and Workforce Development</td>
<td>1,274</td>
<td>856</td>
<td>-418</td>
<td>-32.8%</td>
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<tr>
<td>Government Operations</td>
<td>6,892</td>
<td>4,439</td>
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<tr>
<td>General Government:</td>
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<tr>
<td>Non-Agency Departments</td>
<td>2,557</td>
<td>2,443</td>
<td>-114</td>
<td>-4.5%</td>
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<tr>
<td>Tax Relief/Local Government</td>
<td>668</td>
<td>559</td>
<td>-109</td>
<td>-16.3%</td>
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<tr>
<td>Statewide Expenditures</td>
<td>3,096</td>
<td>6,295</td>
<td>3,199</td>
<td>103.3%</td>
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Personal Income Growth Comparison
(Year-over-year % Change)

MR 23-24 Baseline Scenario
MR 23-24 Recession Scenario

Source: U.S. Bureau of Economic Analysis, CA Department of Finance, 2023-24 May Revision Forecast.
“The May Revision continues to reflect a focus on the CCC multi-year roadmap, which focuses on

• equity,
• student success,
• and enhancing the system’s ability to prepare students for California’s future.”
Most Significant Changes

- Ongoing versus one-time funding
- COLA Increase
- Deferred Maintenance/Covid 19 Block Grants reductions
- Affordable Housing (general fund)
- Flexibility for certain categoricals
Cost-Of-Living Adjustment

January 2023
An increase of $652.6 million ongoing Proposition 98 General Fund
- Or 8.13-percent Cost-of-Living Adjustment (COLA) for Student Centered Funding Formula apportionments

May 2023
An increase of $25.4 million ongoing Proposition 98 General Fund
- or 8.22 percent Cost-of-Living Adjustment (COLA) for student Centered Funding Formula Apportionments
Other Categorical Cost-Of-Living Adjustment

January 2023

An increase of $92.5 million ongoing Proposition 98 General Fund to provide an 8.13-percent COLA for select categorical programs and the Adult Education Program.

May 2023

An increase of an additional $3 million ongoing Proposition 98 General Fund to provide an 8.22-percent COLA for select categorical programs and the Adult Education Program.
Enrollment Growth

January 2023
$28.8 million ongoing Proposition 98 General Fund
Or 0.5-percent enrollment growth.

May 2023
a decrease of $2.4 million ongoing Proposition 98 General Fund
To sustain a 0.5 percent student enrollment
Fund budget year apportionment with one-time resources

An increase of approximately $503 million one-time Prop 98 funds allocated to support SCFF increase in 2023-24.
Deferred Maintenance

January 2023

A decrease of approximately $213 million one-time Proposition 98 General Fund for deferred maintenance needs.

May 2023

A decrease of approximately $452 million one-time Proposition 98 General Fund for deferred maintenance needs.
Student Enrollment & Retention

January 2023

An increase of $200 million one-time Proposition 98 General Fund to continue to support community college efforts and focused strategies to increase student retention rates and enrollment,

May 2023

Now only $100 million one-time Proposition 98 General Fund to continue to support community college efforts and focused strategies to increase student retention rates and enrollment,
COVID-19 Block Grant

A decrease of $345 million one-time Proposition 98 General Fund in support of the California Community College COVID-19 Recovery Block Grant,

bringing the block grant amount to $305 million one-time Proposition 98 General Fund,

reflecting revised estimates of available Proposition 98 resources
Additional Flexibility
Additional Flexibility

After five years, the Chancellor's Office would assess district-level progress in meeting of the roadmap goals.

Districts not making progress, would have their flexible spending authority revoked.

May Revision also proposes to expand eligible uses of funding for the CCC Strong Workforce Program funding,

Including providing funds for 2023-24 student grants to cover fees for third-party certification and licensing and learning in the workplace.
Student Success and Completion Grant Program

- $50 million one-time Proposition 98 General Fund reduction
- Reflects revised program participation estimates,
- Bringing the cumulative 2023-24 support for this program to a total of approximately $362.6 million Proposition 98 General Fund.
a) The Governor’s Budget proposed $500 million one-time General Fund for 2023-24

b) and $250 million one-time General Fund for 2024-25 for affordable student housing projects.

c) The May Revision instead proposes $450 million one-time General Fund for 2023-24 and $95.4 million one-time General Fund for 2024-25 for CCC affordable student housing projects.
The May Revision also proposes to shift approximately $1.1 billion in current and planned General Fund support for UC and CSU affordable student housing grants from General Fund to UC- and CSU-issued bonds. And reflects an increase of $75 million ongoing General Fund to support the underlying debt service on those bonds.
How the May Revision Addresses a $28 Billion Budget Problem
(In Billions)

- Spending Reductions and Delays
- Cost Shifting
- Revenue Increases and Shifts
- Reserve Withdrawal

$28 Billion Budget Problem

May Revision
Governor's Budget
Legislative Analyst’s Office
Initial Budget Response

- May Revision Predicated on Optimistic Revenues.
- Budget Problem Magnified by New Proposals.
- Revenues Estimates Are Always Uncertain.
- Spending Reductions for 2023-24 Will Be More Challenging Next Year.
Legislative Analyst’s Office Recommendations:

LAO expressed concerns with COLA using one-time revenues

Encouraged a lower COLA, like 5%

Would allow state to fund items like deferred maintenance
Process

• The Assembly Budget Committee is scheduled for a hearing on Thursday, May 25th, upon adjournment of Session,

• The topic of the hearing is: the 2023 Assembly Budget Plan.

• Also, the following dates/times below are held for possible additional hearings:

  • Tuesday, May 30: Upon adjournment of Session – Room 1100
  • Wednesday, May 31: 9:00 AM – Room 1100
Action Alert: Talking Points
Legislative Update and Bill Discussion
May: Appropriations Committees

Key Fiscal Committees:
• Assembly Appropriations Committee
• Senate Appropriations Committee

Suspense File:
• Most legislation with a fiscal cost is referred to the Suspense File.
• Intended to give a space for the state to examine all bills in overall fiscal spending.
• Opportunity for legislative leadership to hold or amend problematic bills.

Focus: Policy committees have determined this is a good idea, can the state afford to implement it?
May 18th Suspense Results

SENATE SUSPENSE RESULTS (416 BILLS)

Bills Held: 90 Bills or 22%
Bills Passed: 326 Bills or 78%

ASSEMBLY SUSPENSE RESULTS (755 BILLS)

Bills Held: 220 Bills or 29%
Bills Passed: 535 Bills or 71%
Legislation for Discussion

**Academic Affairs:**
AB 811 (M. Fong) Repeatability: **WATCH**
AB 634 (Ward) CDCP Programs: **SUPPORT**

**Collective Bargaining:**
AB 260 (Santiago) Part-Time Faculty Pay: **OPPOSE**
AB 1190 (Irwin) Office Hours: **CONCERN**
AB 1699 (McCarty) K-14 Classified Employees: **OPPOSE**
AB 472 (Wicks) Leaves of Absence
SB 433 (Cortese) Third Party Disciplinary Hearings

**Facilities:**
AB 358 (Addis) Housing: **SUPPORT**
SB 532 (Wiener) Ballot Measures: **SUPPORT**
AB 247 (Muratsuchi) K-14 Bond: **SUPPORT**
SB 28 (Glazer) K-12, Higher Ed Bond: **WATCH**

**Student Services:**
AB 252 (Holden) Athletics: **OPPOSE**
AB 299 (Holden) Hazing: **OPPOSE**

**Financial Aid and Basic Needs:**
AB 91 (Alvarez) Non-Resident Tuition: **SUPPORT**
AB 610 (Holden) Transit Passes: **SUPPORT**
AB 680 (Rubio) Non-Resident Tuition: **SUPPORT**
AB 1400 (Bryan) HBCU Transfer Students: **SUPPORT**
AB 1542 (M. Fong) BOG Students: **SUPPORT**
SB 629 (Cortese) Fee Waivers: **SUPPORT**

**Governance:**
AB 1142 (M. Fong) CPEC 2.0: **WATCH**
AB 1248 (Bryan) Independent Redistricting Commissions: **WATCH**
AB 1541 (M. Fong) Student Trustee Advisory Vote: **SUPPORT**

**Workforce:**
AB 689 (Carrillo) Healthcare Programs
AB 1577 (Low) Clinical Training Slots
Legislation: Academic Affairs

AB 811 (M. Fong) Repeatability
Would increase the number of times a student may take a credit course for which they received a substandard grade up to five times. Students who received a satisfactory grade would be permitted to repeat a course at least three times for personal enrichment. Recent amendments narrowed this legislation to focus on the arts, humanities, kinesiology, foreign languages, and ESL.

Position: WATCH
Location: Assembly Floor

AB 634 (Ward) CDCP Programs
Would require CDCP courses to be funded via a positive attendance funding count or on a census date basis, depending on when and how often the course meets either in person or online.

Position: SUPPORT
Location: Assembly Floor
AB 260 (Santiago) Community Colleges: Part-Time Employees
Would require the ratio of pay for part-time faculty members to be equal to their full-time colleagues. This is a requirement upon receipt of funds allocated for student success categorical programs and thus would not be a reimbursable mandate.
Position: OPPOSE
Location: Held in Appropriations

AB 1190 (Irwin) Part-Time Faculty Office Hours
Originally this bill would have created a prescriptive formula on the number of office hours a college would be required to assign to a part-time faculty member. It recently took amendments that delete the above provisions and instead would require colleges to pay for part-time office hours in an equal ratio to full-time faculty members.
Position: CONCERN
Location: Held in Appropriations
Legislation: Collective Bargaining

AB 472 (Wicks) Compulsory Leaves of Absence

Among other items, would require schools and community colleges to fully compensate an employee for lost wages if that employee was placed on unpaid leave due to an investigation into criminal or administrative charges, but the investigation was found in the employee’s favor.

Location: Assembly Floor

AB 1699 (McCarty) K-14 Classified Employees

This bill would require local education agencies to offer any new part- or full-time classified assignments to existing classified employees before the assignment is publicly posted as long as the employee can reasonably perform the duties of the new job. If an unqualified employee is interested in the position but can become qualified with 10 or a few hours less of professional development, schools, and colleges would be required to provide it.

Staff Recommendation: OPPOSE
SB 433 (Cortese) Third Party Disciplinary Hearings

Removes the authority of a school or trustee board to discipline an employee and instead it gives the authority to a mutually agreed upon third party official. This is similar to a merit system of employee discipline.

Location: Assembly Floor

Staff Recommendation: OPPOSE
**Legislation: Facilities**

**AB 358 (Addis) Field Act Exemption**
Would exempt community college housing from the Field Act, which requires the Department of General Services to supervise the design and construction of school buildings, except upon request by the community college district.

**Position:** SUPPORT

**Location:** Senate Rules

**SB 532 (Wiener) Enhanced Transparency for Local Tax Measures**
Would enable local jurisdictions to provide enhanced information in the voter information guide rather than on the 75-word ballot label, which does not provide enough space for appropriate context and explanation, ultimately causing confusion among voters.

**Position:** SUPPORT

**Location:** Senate Floor
Would place a school facilities bond of $14 billion on the ballot in 2024 for only K-12 and community colleges.
Position: SUPPORT
Location: Assembly Floor

Would place on the March 2024 ballot a bond of $15.5 Billion. The CSU, UC, and CCC would each receive $2 billion.
Position: WATCH
Location: Senate Floor
AB 252 (Holden) Student Athlete Protection Act

Would create a regulatory agency empowered to investigate and manage California collegiate athletic practices related to student academic, mental, and physical health. Additionally, it mandates the creation of a degree completion fund for student-athletes that obtain an athletic scholarship.

**Position:** OPPOSE

**Location:** Assembly Floor

AB 299 (Holden) Hazing: Institutional Liability

Would make higher educational institutions, including community colleges, liable for hazing activities occurring within student body organizations affiliated with those institutions.

**Position:** OPPOSE

**Location:** Assembly Floor
AB 91 (Alvarez) Exemption from Non-Resident Tuition: SDICCCA
Would exempt from the nonresident tuition fee a nonresident, low-income student who is a resident of Mexico, registers for lower division courses at a San Diego and Imperial Counties Community Colleges Association (SDICCCA) college and has residence within 45 miles of the California-Mexico border.

Position: SUPPORT
Location: Assembly Floor

AB 680 (Rubio) Non-Resident Tuition
Would create a new AB 540 pathway for community college students to qualify for in-state tuition at any California public college or university by (1) completing 60-semester or 90-quarter units of credit in a California community college or (2) attaining an associate degree for transfer.

Position: SUPPORT
Location: Held in Appropriations
AB 610 (Holden) Transit Passes
Would create a free student transit program by awarding grants to transit agencies for the costs of creating, designing, developing, advertising, distributing, and implementing free transit passes to persons attending certain educational institutions, providing free transit service to holders of those passes.
**Position:** SUPPORT
**Location:** Assembly Floor

AB 1542 (M. Fong) Student BOG Member Support
Would increase the pay of each student member of the Board of Governors to $4,000 per semester via the Student Success Completion Grant.
**Position:** SUPPORT
**Location:** Senate Rules
SB 629 (Cortese) Community Colleges: fee waivers

Would authorize any CCD to adopt a policy that uses local unrestricted general funds to provide fee waivers to students with the greatest financial need. Funds can be used to assist students with addressing their total cost of attendance. Districts that benefit from this policy must ensure that 100% of students are completing FAFSA or the California Dream Act Application (CADAA) and must have a fully staffed Basic Needs Center.

Position: SUPPORT

Location: Held in Appropriations

AB 1400 (Bryan) Community College Transfers to Historically Black Colleges and Universities

Would provide up to $5,000 financial aid scholarships to community college students who are transferring to Historically Black Colleges and Universities. For funding, would redirect current funds received through the College Access Tax Credit Fund.

Position: SUPPORT

Location: Assembly Floor
AB 1142 (M. Fong) CPEC 2.0

Would establish the Coordinating Commission for Postsecondary Education in California, composed of five public members appointed by the Senate, Assembly, and Governor. Among other items, it would be empowered to:

- Set performance targets for enrollment and completion statewide and by region.
- Conduct a review of statewide and regional gaps in enrollment, completion, and other matters.
- Review and make recommendations on how to create efficiencies in cross-segmental cooperation.
- Evaluate how each segment is responding to the goals outlined by the Governor in the 2022-23 budget.

**Position:** WATCH

**Location:** 2-Year Bill
AB 1248 (Bryan) Local Government: Independent Redistricting Commissions
Would require all local governments, including community colleges that serve a population of 500,000 or more to create independent redistricting commissions modeled after the current commission for the state. Schools and community colleges. Similar legislation regarding counties with a population of 400,000 or more was vetoed by Governor Newsom in 2019 due to cost concerns.
Position: WATCH

AB 1541 (M. Fong) Student Voting Members
Would give each student member of the Board of Trustees of a community college district an advisory vote.
Position: SUPPORT
Location: Senate Rules
AB 689 (Carrillo) Healthcare Workers
Would ensure that at least 15% of students that are admitted in impacted healthcare programs such as nursing are incumbent healthcare workers. If the college utilizes a priority enrollment system, incumbent healthcare workers would be eligible for priority. Colleges are already permitted to utilize

**Staff Recommendation:** WATCH, but may move to OPPOSE.

AB 1577 (Low) Clinical Placements: Nursing
Would require hospitals to report the number of clinical placement slots they have and disaggregate the data by school type, school name and location.

**Staff Recommendation:** WATCH, but may move to SUPPORT.

Gathering feedback from nursing deans, the field and the Chancellor’s Office.
Federal Update
With the lack of a reauthorization of the Higher Education Act, the Department of Education (DOE) has increasingly turned to regulations to push forward higher education policy changes.

Regulations can and do change with different administrations.

Two major revisions are happening soon:

- Guidelines on sexual assault or harassment investigations.
- Protections for transgender athletes.
- Reinstatement of Gainful Employment
Federal Update: Title IX Investigations

Sexual Assault and Harassment Investigations
• DOE is expected to release final revisions of its proposed Title IX rules this month.
• DOE received over 300,000 public comments, so it may miss this deadline.
• Revised regulations will probably be similar to draft regulations released in June 2022 and will focus on:
  • Expanding the definitions of sexual assault and harassment.
  • Increase the scope of responsibilities for colleges when investigating sexual assault or harassment.
  • Changes in how colleges conduct investigations.
  • Removal of a requirement for either party to conduct live in-person interrogations.

Transgender Athletes:
• DOE released final revisions of its proposed rules protections for student-athletes.
• Colleges would be prohibited from implementing a total ban on transgender student-athletes from participating in athletics.
• Colleges can make judgments on transgender student athletic participation on a sport-by-sport basis but must use criteria set out by DOE. Criteria include concerns about competition and student-athlete safety.
• Colleges must minimize harm to transgender student-athletes when considering this decision.
Federal Update: Gainful Employment

• Trump administration canceled Obama era regulations

• Focused on for-profit institutions and students in a non-degree programs at community colleges.

• Goal is to ensure that graduates of these programs can afford to pay back their debt and obtain a job that pays more than the average adult who did not go to college.

Two Major Metrics:

• Debt-to-Earnings Ratio (similar to old regulations): Program graduates cannot have higher debt payments than 8% of their yearly income or 20% of their discretionary income.

• Earnings Premium: Program graduates must earn more than the median yearly wage of adults who did not go to college that are aged between 25 and 34.
Questions?

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA