

TO: California Community Colleges

FROM: Lizette Navarette, Vice Chancellor, College Finance and Facilities Planning

RE: 2020-21 State Budget Update – Legislative Proposal

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Context:

Late June 3, 2020, the Senate and Assembly reached an agreement around the 2020-21 state budget legislative plan. This memo provides a brief update on the proposal. The leaders of the State Senate and the State Assembly will now negotiate with the Governor to reach an agreement before presenting a spending plan for both houses to approve by June 15.

Senate-Assembly 2020-21 Budget Agreement:

The legislature closes a [\\$54 billion budget](#) shortfall by adopting the Department of Finance’s revenue forecast and the Legislative Analyst’s Office lower COVID-19 expense estimates.

The [legislative budget agreement](#) aligns to many elements of the [Senate’s plan May 28th plan](#). The Senate-Assembly agreement rejects many of the Governor’s May Revision proposed cuts, including \$8.1 billion in proposed reductions to Proposition 98 funding. The [legislative budget](#) agreement instead assumes federal funding would be available to backfill California’s General Fund and COVID-19 expenses. Under this “trigger” mechanism, if federal funds do not materialize by September 1, 2020, the proposed trigger solutions would take effect on October 1, 2020. The trigger solutions include \$5.3 billion in deferrals to K-14 education of which over \$670 million is funding to California’s community college which would be paid in future years. In practice, this relies on local community college district to use reserves for payments, expenses, payroll during the months of April, May and June of 2021.

Below is a top-level summary of key differences between the Governor’s May Revision and the Legislature’s Proposals:

Governor’s May Revision	Legislative Proposal with Federal Funding Assumptions	Legislative Proposal without Federal Funding
Reductions and deferrals totaling \$925 million for 2020-21.	No reductions to Proposition 98.	Defers nearly \$700 million in community college funding to future years.

Governor’s May Revision	Legislative Proposal with Federal Funding Assumptions	Legislative Proposal without Federal Funding
Does not provide a COLA. Reduces the Student Centered Funding Formula by \$593 million.	Provides funding for the Student Centered Funding Formula, including a COLA.	Assumes available revenue for COLA.
Defers \$330 million in 2019-20 to 2020-21.	Approves \$332 million in deferrals in the 2019-20 and 2020-21 budget years.	Approves an Oct. 1 trigger deferral of \$674.3 million Proposition 98 if the state does not receive federal funding.
Reduces Student Equity and Achievement Program by 15%. Reduces Strong Workforce Program to \$100 million ongoing.	Rejects the Governor’s proposed cuts to apportionments and several categoricals, including Strong Workforce and Student Equity and Achievement.	Defers funding to certain categoricals to future years.
Reduces Calbright College by 15% ongoing.	Would eliminate Calbright and redirects funds.	Would eliminate Calbright and redirects funds.
Proposes greater coordination and transparency of statewide technical assistance funding through a System Support Program.	Rejects coordination of statewide technical assistance funding through the System Support Program.	Rejects coordination of statewide technical assistance funding through the System Support Program.
No proposal	Allocates \$11.4 million for food pantries.	Allocates \$11.4 million for food pantries. Included in overall deferrals.
Reduces the part-time faculty categorical by 15%.	Proposes \$10.6 million for part-time faculty.	Proposes \$10.6 million for part-time faculty.
Provides no enrollment growth.	Provides \$31.9 million for enrollment growth.	Defers \$31.9 million for enrollment growth.
Provides ongoing support for immigrant legal services.	Provides ongoing support for immigrant legal services.	Provides ongoing support for immigrant legal services.
Moves the Dreamer Resource Liaison program to the Student Equity and Achievement Program.	Provides \$5.8 million ongoing to support the Dreamer Resource Liaison program.	Provides \$5.8 million ongoing to support the Dreamer Resource Liaison program. Included in overall deferrals.

Next Steps:

The Senate-Assembly budget agreement allows both chambers to circumvent the Conference Committee process. The Senate President pro Tempore and the Assembly Speaker now begin negotiations with Governor Newsom and the Department of Finance. A budget agreement is expected in time for a vote by the full Senate and Assembly in time for the June 15 Constitutional deadline.

For more information throughout the budget process, please visit the ***Budget News*** section of the Chancellor's Office website:

www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News, or contact me at lnavarette@cccco.edu.