

California Community Colleges Chancellor's Office Fiscal and Policy Update



Update on Budget Process

- No formal "August Revision"
- Administration and Legislature are undergoing the usual Omnibus technical clean-up bill process.
- Preparing Shared Advocacy Request for broad feedback and input.

Protections in Place

FTES Protections:

- Title 5, section 58146 provides the criteria for funding allowances due to emergency conditions such as natural disasters or emergencies, including pandemics.
- The intent behind this section is that **districts should not lose apportionment** as a result of emergency conditions.
- The Chancellor's Office will be operating under these regulation to protect colleges from FTES declines for the 2019-20 and 2020-21 academic year.

Hold Harmless Extension:

- The Budget Act of 2020 extended minimum revenue (hold harmless) provisions by an additional two years to 2023-24.

2020-21 State Budget Agreement

- No cuts in 2020-21.
- For California Community Colleges, the 2020-21 budget agreement prevents cuts to apportionments and categoricals.
- In order to accomplish this, \$1.45 billion in funding to colleges is deferred to future years and provides no COLA and no enrollment growth.

Categoricals

All Categoricals

- Protects against cuts to categorical programs keeping programs at 2019-20 spending levels.

Student Equity and Achievement

- Requires a portion of the Student Equity and Achievement Program to be used to support or establish food pantries or food distribution program.

Strong Workforce Program

- Encourages short-term workforce training programs focusing on: reskilling and upskilling; one proven employer partner, demonstrate job vacancies; use CBE and apply credit for prior learning; 4-12 week programs

Deferrals

- Approves a \$662.1 million deferral from 2020-21 to 2021-22.
- Includes a trigger deferral of \$791.1 million Proposition 98. This deferral would be withdrawn if the state receives federal funding.

Local Assistance Funding for Districts

Limited Cash to Distribute

- The 2020 Budget Act defers a total of \$1.45 billion in apportionment funding from 2020-21.

- Deferrals were all reduced from the 2020-21 SCFF Apportionment schedule, however there is not enough money for this level of deferral during the months specified in statute.
- In prior recessions, the statute had not designated which month's deferrals could occur and they were distributed throughout the year.
- The current estimated SCFF apportionment need is \$2.6 billion, leaving slightly more than \$1.1 billion available to fund the SCFF budget schedule for the first 7 months of the fiscal year before deferrals become applicable.

August Advance Apportionment

- Currently, districts are receiving a minimum of 76% their TCR (all sources of revenue – State General Fund, EPA, Property Taxes, Enrollment Fees, and 15-16 Faculty Hiring).
- This minimum will increase to roughly 82% when we use the SEA funds for the Apportionments schedule.
- The Exhibit R along with the Exhibit A provides a high level overview, but we will release a user-friendly, more detailed chart.

COVID-19 Response Block Grant

- \$120 Million Block Grant, one-time from Proposition 98 and federal funds to support a learning loss and COVID 19 response.
- \$54 million must be spent by December 30, 2020.
- \$66 million must be spent by June 30, 2022.
- Allocated on actual reported FTES (2018-19 Certified).

Allowable Uses

1. Reengagement strategies for students.
2. Grants to faculty to develop online, accelerated learning modules
3. Professional development opportunities for faculty and student services professionals to support students impacted by learning loss, and to develop online instruction.
4. Supports to address other barriers to learning such as access to basic needs and mental health services
5. Expenditures related to government payroll support program and unemployment Insurance costs related to COVID-19.

NOT Allowed

1. Backfill of lost revenue.
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency (including teleworking).
4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Workforce bonuses other than payment of overtime.
6. Severance pay.
7. Legal settlements.
8. Public Health Expenses

Economic Update

- Revenues from 2019 tax collections from April to July 2020 are outpacing budget projections by \$1.3 billion.
- Property Tax coming in strong Except.... LA County

- Currently one of few counties down.

Federal Advocacy Is Critical

- State leaders hope to receive federal aid to rescind a portion of the deferrals—\$791 million of the \$1.45 billion total.
- We are in an unfortunate battle with our 4-year higher ed partners
- Call to Action: contact your Member of Congress, as well as California's two U.S. senators, and urge them to support the use of headcount rather than FTE in the stimulus package currently being negotiated by congressional leaders. Please call today (Tuesday, August 4th) but no later than Thursday, August 6th.

Lizette Navarette, Vice Chancellor