



TO: California Community Colleges

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

RE: 2020-21 State Budget Update – Governor and Legislative Agreement

2020-21 State Budget Agreement:

On June 22, Governor Newsom and Assembly and Senate leadership reached an agreement around a final 2020-21 state spending plan. The final agreement includes components of the Governor's May Revision and the legislative plan approved on June 15. An amended 2020-21 State Budget Act (SB 121/AB 89) will be presented for a vote by the full legislature by the end of the week. Governor Newsom is expected to sign the budget by the end of the month.

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. Of the \$1.45 billion total deferral, \$791 million would trigger-off if Congress approves a fourth stimulus package by October 1, 2020.

2020-21 Highlights for California Community Colleges

A comprehensive Joint Analysis of the 2020-21 Budget Act and its impact on California Community Colleges will be released later this month. In the meantime, a top-level summary of provisions relevant to community colleges is provided below.

Apportionments -

- Rejects the May Revision proposal to cut apportionment funding.
- Approves the May Revision proposal to extend minimum revenue provisions (hold harmless) under the Student Centered Funding Formula by an additional two years.
- No cost-of-living adjustment (COLA) and no growth funds included.

Block Grant -

- Includes \$120 million one-time from Proposition 98 and federal funds 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. Federal portion of funds (\$55 million must be spend by December 31, 2020).

Deferrals –

- Approves a \$332 million deferral of community college apportionments from this May and June to the next fiscal year. Since these funds were already distributed, this deferral is primarily for state accounting purposes.

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 This deferral would be withdrawn if the state receives federal funding.

Categoricals -

- Protects against cuts to any categorical programs, including the Strong Workforce Program and Student Equity and Achievement, keeping the programs at 2019-20 spending levels.
- Creates a food pantry expense within the Student Equity and Achievement Program.
- Defers the Governor’s Budget proposal to create the System of Support program.
- Provides \$10 million ongoing support for immigrant legal services.

Capital Outlay -

- Approves Proposition 51 resources to support 25 new and 15 continuing capital outlay projects. Also approves the May Revision proposal to reappropriate funds for 9 projects.

Other Provisions -

- Reduces funding for Calbright College by \$5 million ongoing and \$40 million one-time.
- 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.
- Provides \$15 million one-time General Fund (through the Cal Grant program) to support emergency financial aid for undocumented students at UC, CSU and the community colleges. \$11 million of total program resources designated for community colleges.
- Prohibits district boards from terminating the services of any permanent or probationary classified employees of the community college district that hold classifications in or are assigned to positions in nutrition, transportation, or custodial services.

Budget and Trailer Bills:

Bill Number	Topic
SB 121/AB 89	Amendments to 2020 Budget Act
SB 111/AB 84	CalSTRS/CalPERS
SB 116/AB 94	Higher Education
SB 108/AB 82	General Government

Next Steps:

The Senate and Assembly are expected to approve amendments to the Budget Act (SB 121/AB 89) later this week. The legislature will also consider accompanying budget trailer bills. Once approved, it will be presented to Governor Newsom for signature and enactment by July 1, 2020.

For more information 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.