

Governor's 2021-2022 January Budget Proposal

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Budget Overview & Early Action Package

- ▶ The overall state budget would remain fairly flat compared to the 2020-2021 budget, increasing by approx. \$227.2 billion.
- ▶ The budget commits to paying down liabilities, maintaining reserves, and increasing spending through one-time initiatives rather than on-going commitments.
- ▶ The budget includes a significant buy down of 2020-2021 deferrals.

Economic & Budget Outlook

COVID-19 Relief Funds

- ▶ State revenues continue to outperform earlier projections due to improving employment in many sectors, growing housing market, and sales of taxable goods.
- ▶ Despite higher than expected revenues, the State faces an operating deficit as General Fund expenditures are expected to outgrow the “big three” revenues.
 - ▶ The deficit is projected to exceed \$11 billion by 2024-2025.
- ▶ In December 2020, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) which is a \$900 billion economic relief package
 - ▶ \$22.7 billion will be allocated to the Higher Education Emergency Relief Fund
 - ▶ California Community Colleges are to receive \$1.286 billion
 - ▶ The flexible funds will be used to defray expenses associated with COVID-19, carryout authorized student support activities, and provide financial aid grants to students (without regard to immigration status)
 - ▶ Must spend at least the same amount on emergency financial aid as we did under the CARES act
 - ▶ Allocations to colleges will consider FTES and headcount

District Revenue Projections and Budget Planning Factors

- ▶ COVID-19 Emergency Conditions Allowance will continue through the 2021-2022 budget year
 - ▶ FTES projections are applied to the base allocation of the Student Centered Funding Formula (SCFF)
- ▶ Budget Planning Factors
 - ▶ COLA - 1.5%
 - ▶ Mandated Cost Block Grant - \$30.16/FTES
 - ▶ RSI reimbursement - \$6.54/hour
 - ▶ Financial Aid administration - \$0.91/College Promise Grant
 - ▶ PERS employer contribution rate - 23%
 - ▶ STRS employer contribution rate - 15.92%

Community College System Budget

- ▶ Proposals for the California Community College system:
 - ▶ On-Going Proposals
 - ▶ COLA of 1.5%
 - ▶ Enrollment Growth of 0.5%
 - ▶ Expansion of California Apprenticeship Initiative - \$15 million
 - ▶ Investment in online education ecosystem and infrastructure - \$10.6 million
 - ▶ COLA of 1.5% for certain programs (DSPS, EOPS, CalWORKs, CARE, Adult Education Program)
 - ▶ Cover increased cost in broadband access - \$8 million
 - ▶ Student Success Completion - Reduction of \$23.9 million
 - ▶ California College Promise (AB 19) - Reduction of \$6.3 million
 - ▶ Financial Aid Administration - Reduction of \$3.6 million
 - ▶ Integrated technology - \$19 million
 - ▶ Adult Education Program technical assistance - \$1 million

Community College System Budget

- ▶ Proposals for the California Community College system (cont.):
 - ▶ One-time Proposals
 - ▶ Deposit of \$3 billion into the Public School System Stabilization Account (PSSSA)
 - ▶ Pay back of deferrals in the amount of \$1.1 billion
 - ▶ \$327 million in deferrals remaining
 - ▶ Emergency financial assistance grants for students - \$250 million
 - ▶ Student basic needs related to food and housing insecurity - \$100 million
 - ▶ Support retention and enrollment strategies - \$20 million
 - ▶ Expand work-based learning - \$20 million
 - ▶ Increase faculty professional development - \$20 million
 - ▶ Expand Zero-Textbook cost pathways - \$15 million
 - ▶ Instructional materials for dual enrollment students - \$2.5 million
 - ▶ AB 1460 implementation and anti-racism initiatives - \$0.6 million

Budget Proposal Information

▶ College Affordability Proposals:

- ▶ Emergency financial assistance grants for students - \$250 million
 - ▶ \$100 million would be included in the Early Action Package
 - ▶ Funding targets full-time students who were previously working full time or the equivalent and can demonstrate a financial need, with a self-certification process for students
 - ▶ \$150 million will require students to obtain a 2.0 GPA in one of their last three semesters
- ▶ Expand Zero-Textbook Cost Pathways - \$15 million
 - ▶ This proposal builds on the current \$5 million initiative provided to 23 colleges in 2016.

▶ Student Needs Proposals:

- ▶ \$100 million over three years to address student basic needs, including food and housing insecurity
- ▶ \$30 million for targeted needs supporting students seeking access to mental health services and helping students acquire electronic devices and access high-speed internet.
- ▶ \$20 million to support efforts to increase student retention and enrollment among students who may have withdrawn or could not enroll due to COVID-19.
- ▶ \$10.6 million to provide a more robust and equitable online education ecosystem and infrastructure.

Budget Proposal Information

▶ Diversity, Equity, and Inclusion Proposals:

- ▶ \$0.6 million for the CCCCO to coordinate a systemwide antiracism effort and the implementation of the new ethnic studies course requirement in the CSU as it affects community college transfer students.
- ▶ The Budget states an expectation for each segment of higher education to draft actionable plans to close equity gaps. **Community college districts would be required to draft actionable plans as a condition for receiving COLA.**

▶ Workforce Development Proposals:

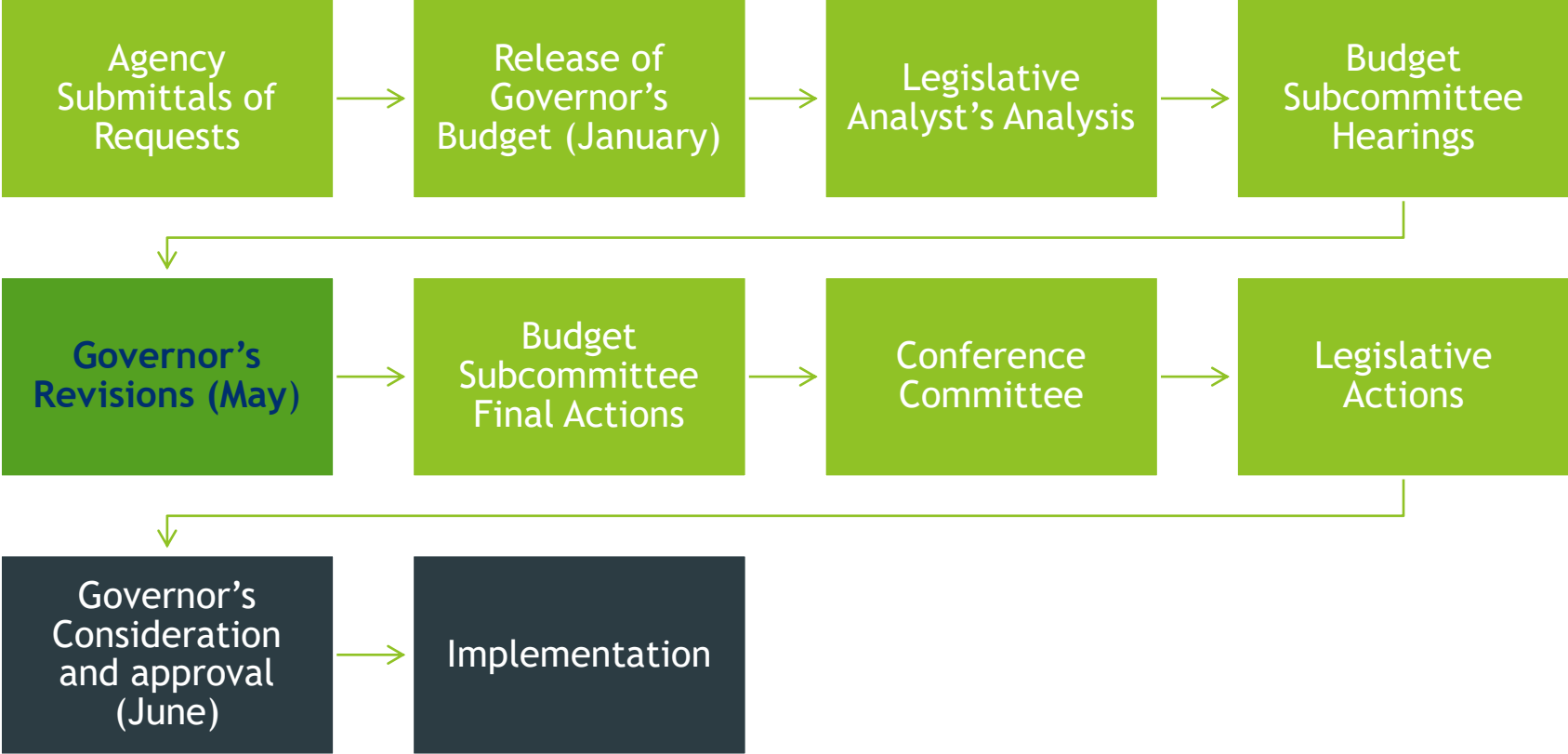
- ▶ \$15 million ongoing to expand the California Apprenticeship Initiative
 - ▶ Supports the development of new and innovative apprenticeship and pre-apprenticeship programs through grants
- ▶ \$20 million one-time funding for grants to expand access to work-based learning models and programs, including working with faculty and employers to incorporate work-based learning into the curriculum.
- ▶ \$250 million one-time General Fund support to focus on enhancing opportunities for skill building and wealth development for communities that have been systemically excluded.

Budget Proposal Information

▶ Other Proposed Actions:

- ▶ Higher education institutions maintain a higher proportion of online courses than in the past.
 - ▶ Districts would be required to maintain a number of online courses in 2021-2022 that is 10% higher than the number of offered in 2018-19
- ▶ The establishment of a dual admission process between CCC and the public university system and for increased production of Associate Degrees for Transfer (ADTs).
- ▶ The requirement that all higher education segments adopt a common learning management system (such as Canvas), with a goal of increased efficiency that could be achieved by negotiating collectively with a vendor.
- ▶ Continued implementation of the pension buydowns included in the 2020 Budget Act
 - ▶ CalSTRS employer contribution declines from 17.1% to 15.92%
 - ▶ CalPERS estimated contribution rate was originally 24.9% and is now estimated at 23%

Next Steps



Questions?