

Joint Analysis Governor's January Budget

January 8, 2021



Local property tax	\$3,252	\$3,414	\$3,598	\$184	5.4%
Totals	\$8,606	\$8,881	\$9,295	\$414	4.7%

^a This amount includes one-time supplemental Proposition 98 funding for 2021.

^b This amount reflects the Proposition 98 funding received by CCCs excluding adult education funding.

Updated Estimates for Prior and Current Years Estimates of the minimum guarantee for 2019-20 and 2020-21 have changed slightly compared to projections when the 2020-21 budget was enacted in June of last year, which can occur if school enrollment, economic growth, or state revenues turn out to be different than expected. Specifically, the revised estimates for 2019-20 and 2020-21 are higher than was projected in June related to stronger revenues.

Required Transfer to Public School System Stabilization Account (PSSSA) Proposition 2, approved by voters in November 2014, created the PSSSA, a new state reserve for schools and community colleges. Under Proposition 2, transfers are made to this account only if several conditions are satisfied. That is, the state must have paid off all Proposition 98 debt created before 2014-15, the minimum guarantee must be growing more quickly than per capita personal income, and capital gains revenues must exceed 8% of total revenues.

The Governor's Budget proposes a deposit of \$3 billion to the PSSSA.

TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth)	\$97.6
Other technical adjustments	-\$48.6
Subtotal Technical Adjustments	\$49.0
POLICY ADJUSTMENTS	

Provide instructional materials for dual enrollment students	2.5
AB 1460 implementation and anti-racism initiatives	0.6

Table 4: Apportionment Deferrals for the California Community Colleges in 2021-22 Proposed Budget

Fiscal Year	Deferral Action	Amount	Net Deferral
2020-21 ^a	New deferral	\$1,453.0	\$1,453.0
2021-22	Repayment	-\$1,126.5	\$326.5

^a 202021 deferrals are detailed in Se (a)Tj 0.48 f<64 0.i1(N0 0.96 05 Tw 5.52 -0 0 5.52 72 12 g 4 0.2.022 TI)8.52 .7 J 0 Nnnaefni

to mental health services and helping students acquire electronic devices and access high-speed internet.

Invests in Efforts to Retain and Enroll Students. The budget proposal includes \$20 million in one-time funds for student retention and re-enrollment, to be included in the Early Action Package. The intent is to support college efforts to increase student retention rates and enrollment among students who may have withdrawn or could not enroll due to COVID-19, and among current and prospective students who are hesitant to remain or enroll in college due to the impacts of the pandemic.

Improves Online Education Supports and Infrastructure Other proposals addressing student needs include \$10.6 million ongoing to provide a more robust and equitable online education ecosystem and infrastructure. The proposal also includes \$2.5 million in one-time funds for instructional materials for dual enrollment students.

Diversity, Equity, and Inclusion

Invests in the “Call to Action.” In the context of several high-profile incidents of racial violence across the country and widespread protests over systemic racial injustices, the Chancellor’s Office hosted a “Call to Action” webinar in June 2020. The chancellor and other system leaders called for the system to actively strategize and take action against structural racism at our colleges. Specifically, the system was asked to review and modify training and curriculum; create inclusive classrooms and improve campus climate; and update Equity Plans to ensure they are designed for action and outcomes rather than compliance. The Governor’s Budget includes \$600,000 for Chancellor’s Office coordination of systemwide antiracism efforts and

The Governor's budget proposes \$250 million one-time General Fund to support workforce development and better linkages between higher education and gainful employment. The focus will be enhancing opportunities for skill-building and wealth development for communities that have been systemically excluded. Additional details are expected in the forthcoming trailer bills.

Other Actions

Requires More Online Courses. The proposed budget would require that higher education institutions maintain a higher proportion of online courses than in the past. Specifically, districts would be required to maintain a number of online courses in 2021-22 that is 10% higher than the number offered in 2018-19. Additional details will likely be

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consistent with recent practices. Decreases [redacted] are related to removing one-time funding allocated in 2020-21 or to revised estimates of underlying factors.

Table 6: California Community Colleges Funding by Program^a (In Millions)

Program	2020-21 Revised	2021-22 Proposed	Change
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Full-time faculty hiring	50.0	50.0	0.0	0.0%	
CalWORKs student services	46.9	47.6	0.7	1.5%	1.5% COLA
Apprenticeship (community college districts)	44.0	45.0	1.0	2.3%	Adjust for revised estimate of related supplemental instruction hours
Integrated technology	42.0	61.0	19.0	45.2%	Augmentation for Online Education Infrastructure and CENIC
Mandates Block Grant and reimbursements	33.4	33.7	0.3	0.9%	Revised enrollment estimates; funded at \$30.61

Veterans Resource Centers	10.0	10.0	0.0	0.0%	
Student Housing Program	9.0	9.0	0.0	0.0%	
Dreamer Resource Liaisons	5.8	5.8	0.0	0.0%	
Foster Parent Education Program	6.0	6.0	0.0	0.0%	

Equal Employment
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^b Excludes share ultimately received by community college districts through the Adult Education Block Grant. For the overall adult education program in 2022 (including \$5 million to develop a unified data set and \$1 million for technical assistance), \$42 million (77%) is distributed through school district fiscal agents or funded directly to school districts and K-12 agencies, and \$12 million (23%) is distributed by community college district fiscal agents or funded directly to community college districts.

^c Other programs include Academic Senate, transfer, FCMAT, and part faculty health insurance.

CAPITAL OUTLAY

Bond Funding for Continuing and New Projects. The Budget Act includes \$355.8 million in capital outlay funding from Proposition 51, approved by voters in 2016. The funding is to support the construction phase for 17 continuing projects (\$353.6 million) and the preliminary plans and working drawings phase for one

Table 8: Planning Factors for Proposed 2021-22 Budget

Factor	2019-20	2020-21	2021-22
Cost-of-living adjustment (COLA)	3.26%	0.00%	1.50%
State Lottery funding per FTES ^a	\$191.00	\$199.00	
Mandated Costs Block Grant funding per FTES	\$30.16	\$30.16	\$30.16
RSI reimbursement per hour	\$6.45	\$6.44	\$6.54

The total amount proposed for each major classification of expenditures is the maximum amount that may be expended for that classification for the fiscal year. Through a resolution, the governing board may make budget adjustments or authorize transfers from the reserve for contingencies to any classification (with a two-thirds vote) or between classifications (with a majority vote).

State Requirements Related to Expenditures

State law includes two main requirements for districts' use of apportionments. The Chancellor's Office monitors district compliance with both requirements and annually updates the Board of Governors.

Full-Time Faculty Obligation. State law sets a goal that 75% of instructional hours in each district should be taught by full-time faculty. Each district has a baseline reflecting the number of full-time faculty in 1988-89. Each year, if the Board of Governors determines that adequate funds exist in the budget, districts are required to increase their base number of full-time faculty over the prior year in proportion to the amount of growth in funded credit full-time equivalent students. The target number of faculty is called the Faculty Obligation Number (FON). An additional increase to the FON is required when the budget includes funds specifically for the purposes of increasing the full-time faculty percentage. The chancellor is required to assess a penalty for a district that does not meet its FON for a given year. The Board of Governors, at their November 2020 meeting, determined that the Budget Act of 2020 does not provide adequate funding to support full implementation of districts' full-time faculty hiring obligations for Fall 2021. As a result, districts must continue to report actual full-time and part-time faculty data to the

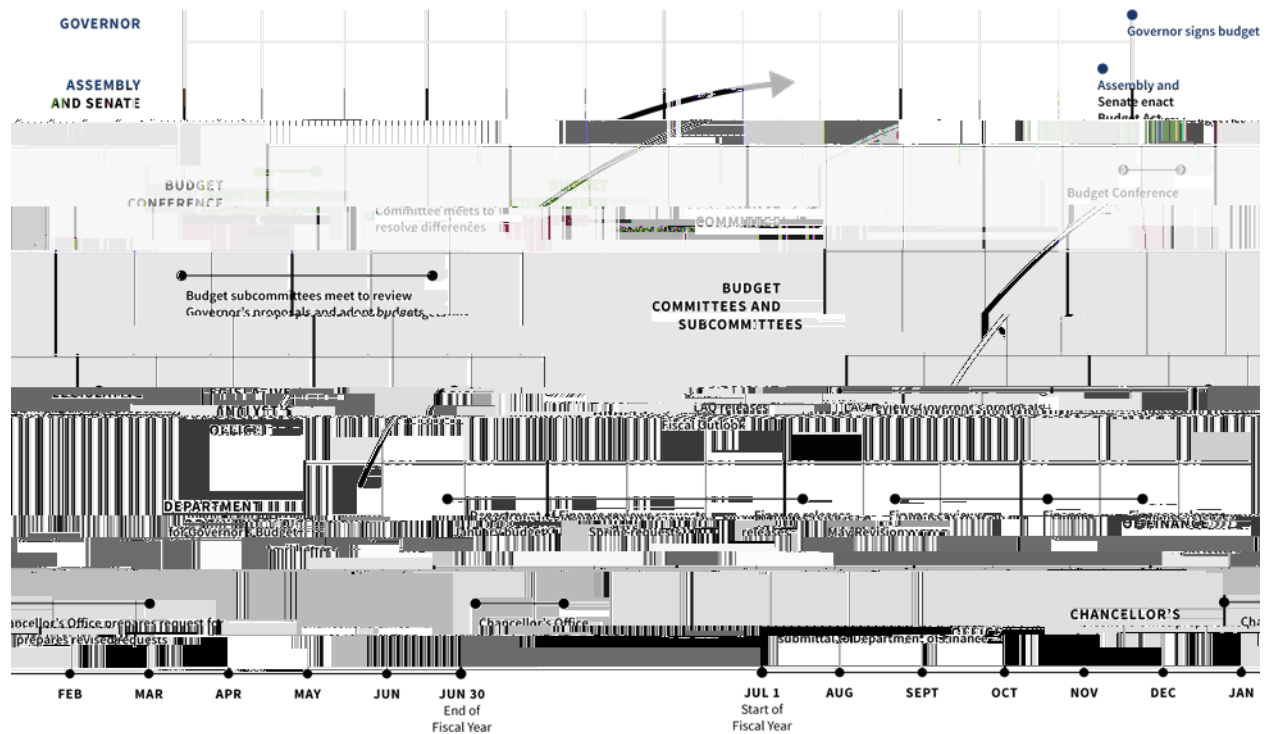
- ” Appendix C: Districts’ Fiscal Health
- ” Appendix D: Glossary

When a subcommittee completes its actions, it reports its recommendations back to the full committee for approval. Through this process, each house develops a version of the budget that is a modification of the Governor’s January budget proposal.

A budget conference committee is then appointed to resolve differences between the Senate and Assembly versions of the budget. The administration commonly engages with legislative leaders during this time to influence conference committee negotiations. The committee’s report reflecting the budget deal between the houses is then sent to the full houses for approval.

Budget Enactment. Typically, the Governor has 12 days to sign or veto the budget bill. The Governor also has the authority to reduce or eliminate any appropriation included in the budget. Because the budget bill is an urgency measure, the bill takes effect as soon as it is signed.

SEQUENCE OF THE ANNUAL STATE BUDGET PROCESS



Appendix B: Board of Governors’ Budget and Legislative Request Compared to Governor’s Budget Proposal

Board of Governor’s Request	Governor’s Budget Proposal
Ongoing Investments	

Foundational Resources. \$150 million for a cost-of-living adjustment (COLA) to the Student Centered Funding Formula and to increase qOJJo Tw 0.2e30 T.6 (i)e30 T i2nid1.3 (60.016 Tc 0.01 Tw x0.959 ref539h0.016 T12w x0.

<p>Diversity, Equity, and Inclusion. \$16.6 million for implementation of Faculty and Staff Diversity, Equity and Inclusion Task Force recommendations, including \$15 million to establish a Statewide Pilot Fellowship program to improve faculty diversity hiring, \$1 million to modernize the California Community Colleges Registry and add systemwide trainings, and \$0.6 million to implement AB 1460</p>	<p>Provides \$600,000 to the Chancellor’s Office for the coordination of antiracism in curriculum and for alignment of ethnic studies requirement for transfer to CSU.</p>
<p>Non-Proposition 98 Investments</p>	
<p>Targeted Resources to Address Student Needs. \$10 million ongoing from Proposition 63 funds for expansion of mental health services</p>	<p>See one-time Proposition 98 funding above.</p>

Cal Grant Reform. New Cal Grant framework that focuses resources on the most financially vulnerable students by basing aid on the total cost of

Appendix D: Glossary

Appropriation: Money set apart by legislation for a specific use, with limits in the amount and period during which the expenditure is to be recognized.

Augmentation: An increase to a previously authorized appropriation or allotment.

Bond Funds: Funds used to account for the receipt and disbursement of non-self-liquidating general obligation bond proceeds.

Budget: A plan of operation expressed in terms of financial or other resource requirements for a specific period.

Budget Act (BA): An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget, amended by the Legislature, and signed by the Governor.

Budget Year (BY): The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

Capital Outlay: Expenditures that result in acquisition or addition of land, p t , rco33.2 -1.26 Td(co)6 (n)

Cost of Living Adjustment (COLA): -fu ded
contrast to past or futu e

Deferrols: Late

General Fund (GF): The predominant fund for financing state operations; used to account for revenues that are not specifically designated by any other fund.

Governor's Budget: The publication the Governor presents to the Legislature by January