

# State Budget Update: Governor's May Revision

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## Background

This May Revision analysis builds on a [January](#)

[analysis](#) of the [Governor's](#) [Community Colleges Chancellor's](#) [Community College League of California](#)

Its purpose is to provide factual information about the budget as a common resource for each organization's further analysis of the upcoming analysis at the conclusion of the annual budget as it is enacted by the Governor and Legislature.

## Introduction

On May 15, Governor Newsom released his May Revision budget proposal for the fiscal year 2020. Below we describe major changes in the overall state budget framework and the budget for California Community Colleges (CCC) relative to January. We then review changes to proposed CCC budget adjustments in detail.

## Changes in Overall Budget Framework



income. Though Proposition 13 changes when the state would spend money on schools and community colleges, it does not directly change the total amount of state spending.

## CHANGES IN FUNDING

The Governor's January budget proposed \_\_\_\_\_ million in ongoing policy adjustments for CCC. In the May Revision, the administration increased this amount to \_\_\_\_\_ million, as reflected in Table \_\_\_\_\_. Most notably, new funding is proposed for deferred maintenance and to backfill reduced federal funding in the Foster Parent Education Program. In addition, the May Revision restores ongoing funding for Strong Workforce, largely reversing a January proposal to fund a portion of the program with one-time sources in \_\_\_\_\_. The remaining changes are mainly technical or related to updated estimates of inflation and program participation. The COLA rate is reduced from \_\_\_\_\_ to \_\_\_\_\_. The enrollment growth rate is unchanged from January, but the estimated numbers of recipients for the California College Promise and the Student Success Completion Grant are revised upward.

**Table 3 Proposed 2019-20 Changes in California Community Colleges Proposition 55 Funding (In Millions)**

\_\_\_\_\_ preliminary information may be updated when detailed data is available from DOF

	Governor's Budget	May Revision	Change
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As in any year the final budget could include a general apportionment shortfall particularly if the Governor and Legislature do not make changes to the SCFF or if offsetting revenues do not materialize. In that event, the Chancellor's Office would intend to limit year-to-year increases in districts' TCR for [redacted]. At the April revision of the first principal apportionment, the Chancellor's Office used a limit of about [redacted] above the [redacted] TCR. All districts would receive, at minimum, their [redacted] TCR adjusted by COLA. ACCCA, ACBO, the Chancellor's Office, and the League have been working with the Governor and the Legislature to obtain full funding for general apportionment costs for [redacted].

## LOCAL SUPPORT FUNDING BY PROGRAM

Table 5 shows the Governor's proposed local assistance funding by program for the current and budget years as of the May Revision. As the table shows, most categorical programs received level funding in the Governor's proposal, with certain programs receiving cost-of-living adjustments consistent with recent practices. Decreases in funding are primarily due to removing one-time funding allocated in [redacted].

**Table 5 California Community Colleges Funding by Program at 2019 May Revision<sup>a</sup> (In Millions)**

Preliminary information may be updated when detailed data is available from DOF.

Program	2018-19 Revised	2019-20 Proposed	Change		Explanation of change
			Amount	Percent	
Student Centered Funding Formula					COLA enrollment growth minimum revenue provision
Student Equity and Achievement Program					
Strong Workforce Program					Remove one-time [redacted] in [redacted] is from one-time sources
Student Success Completion Grant					Adjust for revised estimates of recipients
Adult Education Program					COLA does not apply to million for data system
Disabled Students Programs and Services (DSPS)					COLA
Extended Opportunity Programs and Services (EOPS)					COLA
California College Promise (AB)					Remove [redacted] for revised estimates of recipients; add expansion
Financial aid administration					Remove one-time [redacted] adjust for revised estimates of fee waivers
Full-time faculty hiring					
CalWORKs student services					COLA

Apprenticeship CCC districts



**Table 5 California Community Colleges Funding by Program at 201 May Revision<sup>a</sup> (In Millions)**

Preliminary information may be updated when detailed data is available from DOF

Program	2018-19 Revised	2019-20 Proposed	Change		Explanation of change
			Amount	Percent	
Integrated technology					
Deferred maintenance and instructional equipment one time					Remove and add one time funding
Mandates Block Grant and reimbursements					COLA revised enrollment estimates
Institutional effectiveness initiative					Remove one time funding
Part time faculty compensation					
Online education initiative					Remove one time funding
Economic and Workforce Development					
NextUp foster youth program					
California Online Community College					Remove one time funding
Cooperative Agencies Resources for Education CARE					COLA
Lease revenue bond payments					Adjust for actual obligations
Nursing grants					
Part time faculty office hours					Remove one time funding
Legal services					Make permanent
Foster Parent Education Program					Backfill federal funding million
Veterans Resource Centers					Remove one time funding
Childcare tax bailout					COLA
Other <sup>b</sup>					
Equal Employment Opportunity Program					Remove one time funding EEO Fund
Umoja					
Mathematics Engineering Science Achievement MESA					
Puente Project					
Middle College High School Program					
One time program funding <sup>c</sup>					Remove one time funding
College specific allocations					Remove one time funding

## Table 5 California Community Colleges Funding by Program at 201 May Revision<sup>a</sup> (In Millions)

Preliminary information may be updated when detailed data is available from DOF

Program	2018-19 Revised	2019-20 Proposed	Change		Explanation of change
			Amount	Percent	
K passthroughs adult ed K apprenticeship workforce					Remove one time funding COLA
Totals	\$9,902	\$9,939	\$37	0.38%	

<sup>a</sup> Table reflects total programmatic funding for CCC, including amounts from prior years available for use in the years displayed.

<sup>b</sup> Other programs include Academic Senate, transfer, FCMAT, and part-time faculty health insurance.

<sup>c</sup> Includes one-time allocations for hunger-free campus, mental health services and training, re-entry grant program, and open educational resources.

COLA = cost-of-living adjustment.

As noted earlier the majority of changes to the Governor s January proposals are based on workload and COLA and are detailed in Table

### CAPITAL OUTLAY

**G** The Governor s January budget proposal included million in capital outlay funding from Proposition approved by voters in The funding is to support continuing projects and new projects The administration s April Finance Letters proposed an additional million in Proposition funds to augment one of the new projects proposed in January and to support three more new projects The letter also proposed reappropriating previously approved funding for three existing CCC projects due to delays in their design phases Table shows the administration s complete proposal excluding reappropriations highlighting the April changes



## Table 6 Governor’s Proposed CCC Capital Outlay Projects

*Highlighted rows reflect changes from Governor's January Proposal*

Preliminary information may be updated when detailed data is available from DOF

College	Project	Phase	2019-20		All Years	
			State Cost	Total Cost	State Cost	Total Cost
Saddleback College	Gateway Building	PW				
College of Alameda	Replacement of Buildings B and E Auto and Diesel Technologies	PW				

fire life and safety concerns Further DOF indicated an expectation that districts provide a reasonable match using local funds

**A** The Legislature can choose to make adjustments to the Governor's project list or fund additional projects The Assembly budget subcommittee on education finance T

## Next Steps

Following release of the Governor's May Revision, the budget process moves very quickly. LAO typically publishes analyses of the May Revision proposals within a few days. Budget subcommittees convene to review the proposals and often take action on both January and May proposals within about a week. Subcommittees report their recommendations to full committees, which in turn report to their respective houses. Not long after, a budget conference committee convenes to resolve differences between the two houses, versions of the budget by June—the state constitutional deadline for the Legislature to approve a budget. See Appendix B for a more complete overview of the state budget process.

The Appendix contains additional information including the CCC Board of Governors budget request, an overview of the state budget process, information about districts, local budgets and fiscal health, and a glossary.

For further information throughout the budget process, please visit the Budget News section of the Chancellor's Office website.

<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServicesUnit/BudgetNews.aspx>

The ACBO, ACCCA, Chancellor's Office, and the League will provide another update following final budget enactment.



## **Appendix A: Board of Governors' Budget Request**

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**Appendix A: Board of Governors' B**



**Table A-2 Capital Outlay <sup>1/</sup>**

*Projects included in Governor's Proposed Budget as of May Revision are highlighted in yellow. All other projects not highlighted appear in the Assembly Budget subcommittee on education finance proposal.*

New/ Cont.	Cat.	District	Location	Project Name	Ph.	State 19-20	Ph.	Local 19-20
New	B	Long Beach CCD	Liberal Arts Campus	Music/Theatre Complex	PW		PW	
New	B	Los Rios CCD	Elk Grove					

### Table A-2 Capital Outlay <sup>1/</sup>

Projects included in Governor's Proposed Budget as of May Revision are highlighted in yellow. All other projects not highlighted appear in the Assembly Budget subcommittee on education finance proposal.

New/ Cont.	Cat.	District	Location	Project Name	Ph.	State 19-20	Ph.	Local 19-20
Cont	C	Rancho Santiago CCD	Santa Ana College	Russell Hall Replacement /	CE		CE	
Cont	C	Solano CCD	Solano College	Library Building Replacement /	CE		C	
Cont	C	West Valley Community College	Merced	Library Building Replacement /	CE		C	

**Table A-**

## Appendix A: Board of Governors' Budget Request (continued)

Table A-3 State Operations and Other Agencies

Item	Board of Governors Request	Governor's Budget Proposal at May Revision
<b>1. Student Centered Funding Formula</b>		
Oversight	spread over _____ and _____ for support of oversight committee	_____ non Proposition _____ in
Evaluation	spread over _____ and _____ for evaluation	
<b>2. Comprehensive Support for All Students</b>		
Cal Grant Program	Changes focused on CCC students estimated at _____ billion ongoing to be funded from non Proposition General Fund	_____ million for supplemental grants to Cal Grant recipients with dependent children _____ million for additional competitive awards bringing total to _____ awards All non Proposition
Student Equity and Achievement Program	One position for statewide leadership	
College Promise Outreach	_____ million one time and statutes to establish program Two positions for statewide leadership	_____ million non Proposition one time
<b>3. Faculty and Staff Programs</b>		
College Wide Professional Development	One position for statewide leadership	
Faculty Support Programs	One position for statewide leadership	
Faculty Diversity	One position for statewide leadership	
<b>4. Work-Based Learning</b>		
Work based learning within Guided Pathways	One position for statewide leadership	
<b>5. Statewide Leadership</b>		
Data Use for Educational Improvement	Changes in statutes and expected General Fund costs	_____ million non Proposition _____ one time in Department of Education for all segments to collaborate on planning and implementation of longitudinal student data system
Chancellor's Office Capacity for Leadership of Statewide Change	_____ million for state operations and changes in statutes for various local assistance programs	_____ non Proposition _____ and four positions for information security accounting and monitoring districts fiscal health





## **Appendix C: Local Budgets and Districts' Fiscal Health**

LOCAL BU

**Table C-1 Student Centered Funding Formula Factors and Rates  
at 201 May Revision**

Preliminary information





## State Requirements for District Budget Approval

Existing law requires the governing board of each district to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues. Specifically:

By July each district is required to adopt a tentative budget.

By September each district is required to hold a public hearing and adopt a final budget.

By September each district is required to complete its adopted annual budget and financial report. CCFS

By October each district is required to submit its adopted annual budget and financial report to the Chancellor.

If the governing board of any district fails to develop a budget as described, the Chancellor may withhold any apportionment.

## DISTRICTS' FISCAL HEALTH

The Board of Governors has established standards for sound fiscal management and a process to monitor and evaluate the financial health of community college districts. These standards are intended to be progressive with the focus on prevention and assistance at the initial level and more direct intervention at the highest level.

Under that process, each district is required to regularly report to its governing board the status of the district's financial condition and to submit quarterly reports to the Chancellor's Office. Based on these reports, the Chancellor is required to determine if intervention is needed. Specifically, intervention may be necessary if a district's report indicates a high probability of fiscal distress.

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## **Appendix D: Glossary**

Appropriation:

