



Riding the Budget Roller Coaster

June 25, 2020

The 2020-21 budget process continues to be a roller coaster ride. In January, Governor Gavin Newsom introduced a proposed budget that reflected a rosy fiscal outlook and a \$6 billion surplus. In May, reeling from the economic impacts brought on by the coronavirus pandemic, the Governor's revised budget called for deep fiscal cuts – including major cutbacks for community colleges. In the weeks that followed, the State Legislature pushed back and restored many of the cuts proposed by the Governor.

This week, Governor Newsom and the Assembly and Senate leadership reached an agreement for a 2020-21 state spending plan, featuring components of the Governor's May revised budget along with components of the legislative plan. The recent agreement on the budget has been described as *round one*, with anticipated changes in the coming months.

Following is a summary of the key impacts of the budget on community colleges:

GENERAL PROVISIONS

- Rejects the Governor's proposal to cut apportionment funding.
- Defers revenue payments to community colleges which will result in some districts, including ours, having to borrow to cover expenses.
- Approves the proposal to extend *hold harmless* funding under the Student-Centered Funding Formula for an additional two years, through 2023-2024.
- Does not include a cost-of-living adjustment (COLA) or growth funding.
- Includes \$120 million one-time funding 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 the spring semester, technology and development of online courses, and student supports.

CATEGORICAL PROGRAMS

- Protects against cuts to categorical programs and maintains the Strong Workforce Program and the Student Equity and Achievement Program at their 2019-20 spending levels.
- Creates a food pantry expense within the Student Equity and Achievement Program.
- Provides \$10 million ongoing support for immigrant legal services.

CAPITAL OUTLAY

- Approves Proposition 51 resources for 40 new and continuing capital outlay projects. Both of our colleges have a project on the approved list – Grossmont College’s Liberal Arts/Business/CSIS building and Cuyamaca College’s Instructional F Building.

OTHER PROVISIONS

- Reduces funding for the state’s new fully online community college -- Calbright College - - by \$5 million in ongoing revenue and \$40 million in one-time funds.
- Provides \$15 million in one-time funds to support emergency financial aid for undocumented students at all state public higher education institutions.
- Modifies the 50% Law exempting COVID-19 expenses from the equation.

Although a California budget is expected to be signed soon, additional changes are expected once income tax revenues come into the state this summer as the result of the extended filing deadline. State officials say a “baby budget” will likely be introduced in August.

With ongoing uncertainties regarding state funding, increased expenses, and the financial impact of the pandemic, including loss in revenue and added expenses, the leadership continues to carefully plan to ensure the long-term fiscal health of the District. Our tentative budget that will be presented to the Governing Board on July 21 was prepared based on the revised budget the Governor presented in May. We plan to stay the course for now and will make changes to the District’s final budget as the state’s economic situation unfolds over the next several months.

We will also continue to advocate with our state and federal legislators for additional federal funding -- a key component to averting cuts in state funding -- and to remind legislators of the key role that community colleges play in the economic recovery of the state.

These are challenging times for all of us, unlike anything we have previously experienced. Nonetheless, I am confident in the strength of our District to weather this fiscal storm and emerge stronger than ever, prepared to serve our community. Thank you for your dedication to our students and each other as we all face incredible challenges during these difficult times. I will keep you posted as we learn more.

Take care.

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