

A MESSAGE FROM THE CHANCELLOR



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT



A Look at the Governor's May Revise Budget

May 17, 2023

Dear Colleagues,

Last week, Governor Newsom presented a promising updated budget plan for 2023-2024 that remains strongly committed to supporting community colleges across the state, even with a significantly larger-than-expected budget deficit.

To put things in perspective, at this time last year the Governor forecasted a record budget surplus for the current year. Today, declining revenues are expected to increase the state's budget shortfall to \$31.5 billion next year. In addition, while the state is not projecting a recession, the Governor's revised budget recognizes risks in the economy.

Even with a projected deficit, when it comes to support for community colleges, there is reason to cheer. Governor Newsom's May Revise budget would increase overall spending in the state from nearly \$298 to \$306 billion, including an 8.22 percent cost-of-living adjustment (COLA) for community colleges. This COLA would translate into about \$678 million in funding for community colleges, with the District's share estimated at \$10.67 million. The COLA for the District will cover a broad range of increased costs, including benefits, pensions, and contracts, as well as new and ongoing operating expenses and salary improvements for our employees.

Below are some additional highlights:

- **Roadmap for the Future:** The budget continues to be shaped by the Roadmap for the Future, introduced in 2022-2023 and intended to advance equity, student success and the California Community Colleges' ability to prepare students for the state's future. The Roadmap is aimed at getting to a point where 70% of working-age Californians possess a degree or credential by 2030. This investment supports students, by improving educational outcomes, closing equity gaps, addressing basic needs, and increasing affordability.

- **Funding for Categorical Programs:** The budget proposal includes an additional \$3 million, or 8.22 percent, in COLAs and adjustments for selected categorical and Adult Education programs. Unfortunately, not all of the categorical programs are slated to receive a COLA including one of our largest categorical programs, the Student Equity and Achievement Program (SEAP).
- **Retention and Enrollment Efforts:** The budget calls for \$100 million in one-time funding for student retention and enrollment efforts, down from the \$200 million proposed in the Governor’s January draft budget.
- **Deferred Maintenance:** The proposed budget would reappropriate \$452 million in funding that had previously been allocated for deferred maintenance in the 2022-2023 budget. The District would see a reduction of \$6.2 million in maintenance projects that have already been planned.
- **Discretionary Block Grants:** COVID-19 Recovery Block Grant funding would be reduced by nearly \$345 million, with the District’s share of the decrease estimated at \$4.8 million.

Next Steps in the Budget Process

In the weeks ahead, state legislators will consider the Governor’s budget proposal and make adjustments. A final version must be approved by June 15.

Meanwhile, leadership at the colleges and District will work closely with constituent groups to consider short-term needs, while also being mindful of the long-term financial stability of the District. The tentative District budget that will go before the Governing Board for approval in June will be based on the Governor’s budget from January. The adoption budget that will go to the Governing Board in September will be based on the final state budget.

We are grateful for the strong support for community colleges next year, but mindful of the importance of building back enrollment to ensure stability, particularly with the Hold Harmless funding provision ending in 2024-2025. As we establish spending priorities, we will continue to take a cautious approach with an eye to ensuring the long-term fiscal health of the District.

For more detail, the proposed state budget is available through the [California Department of Finance state budget website](#). This [joint analysis of the revised state budget](#) was prepared by the California Community Colleges Chancellor’s Office.

Sincerely,

Lynn

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