

2020-2021 Governor's January Budget Highlights

On January 10, 2020, Governor Newsom released his budget proposal for the 2020-21 fiscal year. The overall state budget would increase 3.4% from the 2019-20 budget, to \$222.2 billion. General Fund spending would increase 3.6%, to \$153.1 billion.

As 2020 begins, California's economy is the strongest in the nation, with a gross domestic product (GDP) of nearly \$3 trillion, representing the 5th largest economy in the world. The state's unemployment rate is now at 3.9%, down from 12.2% during the Great Recession.

Even with California's strong economy, continues growth is uncertain due to the instability in global economic markets and the nation's political climate.

Budgetary Reserves

The proposed budget continues to build additional reserves in the Budget Stabilization Account (Rainy Day Fund). Additional \$2 billion in 2020-21 and additional \$1.4 billion over the remainder of the three-year forecast period. The Rainy Day Fund balance is projected to be \$18 billion in 2020-21 and \$19.4 billion by 2023-24.

Higher Education

The 2019 Budget Act included major investment in higher education that provided two years of tuition-free community college, increased enrollment and investments to improve student success. The proposed budget further expands enrollment and increases student support.

The proposed budget includes \$21.2 billion in General Fund and local property taxes for higher education, an increase of \$376 million.

California Community Colleges Highlights

- The proposed budget includes \$272 million in ongoing policy adjustments compared to 2019-20 and \$62.6 million in one-time policy adjustments
- The Student-Centered Funding Formula was established in 2018 Budget Act to address the old enrollment-based apportionment formula.
- The 2019 Budget Act included several changes to provide more stability for colleges under the formula:
 - Awarding funding for a student's highest outcome earned for specified student success metrics
 - Directing the Chancellor's Office to recalculate the SCFF rates and specifying that those rates be reflected in the 2020-21 fiscal year. The Chancellor's Office anticipates calculating and issuing the rates by mid-February.

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- The proposed budget does not include any changes to the formula in fiscal year 2020-21. The Chancellor's Office is continuing to make improvements to its data collection and implementation plan to improve the accuracy of the data reported by districts for planning purposes.
- The Funding Formula Oversight Committee recommended to include a metric reflecting first-generation college students within the funding formula. In order to incorporate this metrics, it requires the collection of first-generation student data. The Chancellor's Office will be developing a guidance and working with districts to collect this data to be included in the formula. A minimum of 2 years of data would be needed to produce a reliable projections.

On-Going Funding Increases:

- 2.29% Cost-of-Living Adjustment (COLA) – an increase of \$167.2 million
- 0.5% enrollment growth – an increase of \$31.9 million
- 2.29% COLA for selected categorical programs such as DSPP, EOPS, CalWORKs, and CARE
- \$27.8 million to support projected increases in apprenticeship instructional hours
- \$15 million to expand the California apprenticeship initiative through competitive grants
- \$11.4 million to support food pantry programs at community college campuses
- \$10 million for legal services to immigrant students, faculty, and staff, administered by the California Department of Social Services
- \$5.8 million to fund a Dreamer Resource Liaison and associated support services at each campus as required by AB 1645.
- \$5 million for instructional materials for dual enrollment students
- \$1 million for Equal Employment Opportunity Program

One-Time Funding

- \$17.2 million for deferred maintenance and instructional equipment
- \$10 million for part-time faculty office hours
- \$10 million to expand zero textbook cost pathways
- \$15 million to create a state-wide fellowship pilot program to improve faculty diversity through recruitment and mentorship
- \$20.4 million to support projected increases in apprenticeship instructional hours
- \$20 million for grants to expand access to work-based learning programs at community colleges

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Capital Outlay

The proposed budget includes \$27.6 million in capital outlay funding from Proposition 51, approved by voters in 2016. The funding is to support 24 new projects including Grossmont College for Liberal Arts/Business/CSIS building and Cuyamaca College for Instruction Building F.

Bond Measure on March 2020 Ballot

In March primary election, Californians will have the opportunity to vote on Proposition 13, School and College Facilities Bond. If the measure is approved by voters, community colleges would receive \$2 billion of the measure's total 15 billion for educational facilities.

Planning Factors for Proposed 2020-21 Budget

Factor	2018-19	2019-20	2020-21
Cost-of-living adjustment (COLA)	2.71%	3.26%	2.29%
State Lottery funding per FTES	\$204.00	\$218.91	\$219.42
Mandates Block Grant funding per FTES	\$29.21	\$30.16	\$30.85
Employer pension contribution rates:			
Public Employees' Retirement System (CalPERS)	18.06%	19.7%	22.8%
State Teachers' Retirement System (CalSTRS)	16.3%	17.10%	18.40%