

Budget Update

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Governor's May Revision

- ▶ Stay at home orders related to COVID-19 have had a major impact on the state's economy
- ▶ While the precise duration of the problem is hard to quantify, negative effects will linger for years
- ▶ In May, Governor Newsom provided an update to state revenues and proposed significant changes to his January Budget

Governor's May Revision

- ▶ The Governor projects a \$41 billion decline in revenues through the end of 2020-21
- ▶ Combined with anticipated increases in health and other pandemic-related costs, the result is a projected budget shortfall of \$54 billion relative to the Governor's January budget proposal.

Governor's May Revision

- ▶ Funding for education is highly dependent on state revenues
- ▶ Reduced estimates of state revenues significantly reduce the Proposition 98 guarantee, which provides a minimum funding level for K14 education
- ▶ The January budget proposed \$84B for Prop 98 for 2020-21, the May Revision cuts that to \$70.5B

Governor's May Revision

- ▶ Community college funding decreases \$1.5B combined over 2019-20 and 2020-21
- ▶ During the Great Recession, colleges lost about \$1.5B from 2007-08 through 2011-12

Governor's May Revision

- ▶ Reduces Student Centered Funding Formula (SCFF) by 8% year over year.
- ▶ Extend SCFF hold harmless provisions for an additional two years (through 2023-24)
- ▶ Proportional share of cuts to categorical program reductions for community supported (basic aid) districts.
- ▶ Defers \$330.1 million from 2019-20 to 2020-21 and \$662.1 million from 2020-21 to 2021-22.

Governor's May Revision

- ▶ Reduces Strong Workforce from \$248 million to \$100 million ongoing
- ▶ Reduces Student Equity and Achievement Program, Part-Time Faculty Office Hours
- ▶ No COLA
- ▶ Pension costs are mitigated

Governor's May Revision

- ▶ We project our current general apportionment will drop \$4M year over year, from \$52M to \$48M
- ▶ Our current projection is that we'll have approximately \$48.7M in local revenues, making us basic aid
- ▶ As a basic aid district, the state would make an additional cut to our categorical funding in order to get the full \$4M reduction.

State Budget

- ▶ This is the Governor's proposal - the Legislature may have different ideas
- ▶ The Legislature is balking at making immediate cuts
 - ▶ They *assume* new Federal funds will bail out the state
 - ▶ Otherwise massive deferrals would be triggered midyear
- ▶ The debate in Sacramento makes our planning difficult

District Budget

- ▶ We will propose tentative budget at the July meeting
- ▶ We are planning strategies to address a multiyear problem:
 - ▶ Retirement incentive
 - ▶ Eliminating vacant positions
 - ▶ Miscellaneous reductions (travel, supplies, hourlies)
 - ▶ Furloughs
- ▶ We should have more clarity once the state approves a final budget

Questions

The background features a complex, abstract design of overlapping, semi-transparent green triangles and polygons. The colors range from light, pale greens to deep, dark forest greens. The shapes are layered, creating a sense of depth and movement. The overall composition is modern and clean, with the text 'Questions' positioned on the left side of the frame.