

Governor's January Budget

Revised edition released January 14, 2020¹



¹ This edition supersedes the January 10, 2020 version.

and related statutes. To determine which formulas to use for a given year, Proposition 98 lays out three main tests that depend upon several inputs including K-12 attendance, per capita personal income, and per capita General Fund revenue. Depending on the values of these inputs, one of the three tests becomes “operative” and determines the minimum guarantee for that year. The state rarely provides funding above the estimated minimum guarantee for a budget year. As a result, the minimum guarantee determines the total amount of Proposition 98 funding for schools and community colleges.

Though these formulas determine total funding, they do not prescribe the distribution of funding. The Governor and Legislature have significant discretion in allocating funding to various programs and services.

MAJOR POLICY DECISIONS

Apportionments

No Change to Student Centered Funding Formula for 2020-21. Although the budget makes no change to the formula at this time, the

CCC System Support Program

Proposal Consolidates Dispersed Support Appropriations into a Single Program. The Governor proposes budget bill and trailer bill language to shift \$125 million in funding from existing categorical set-asides and statewide programs to a new CCC System Support Program.

Currently, the state funds several statewide activities through direct local assistance appropriations or through set-asides in various categorical programs. In general, those funds are administered through contracts and grants between the Board of Governors and particular community college districts. Those districts often use a percentage of the set-asides for their own administrative costs associated with these services. Further, the Chancellor's Office administers several programs that are for statewide purposes—often with goals that are similar to the goals of the set-asides. Because these statewide programs are budgeted separately, they are not always well aligned with each other and with the *Vision for Success*.

The Governor's proposal addresses this concern by establishing the new program. Specifically, the new program would absorb all or a portion of existing budgetary set-asides for administrative and statewide activities from the following programs:

- x Student Equity and Achievement Program
- x Cooperating Agencies Foster Youth Educational Support
- x CCC Strong Workforce Program

The new program also would absorb all or a portion of existing funding from the following statewide programs:

- x Institutional Effectiveness Partnership Initiative
- x Integrated Technology
- x Transfer Education and Articulation
- x Expand Delivery of Courses through Technology
- x Statewide media campaigns (from Financial Aid Administration)

Pending trailer bill language would require the Board of Governors to annually adopt a budget for the new program and report on expenditures for the prior fiscal year. Initially,



Student Centered

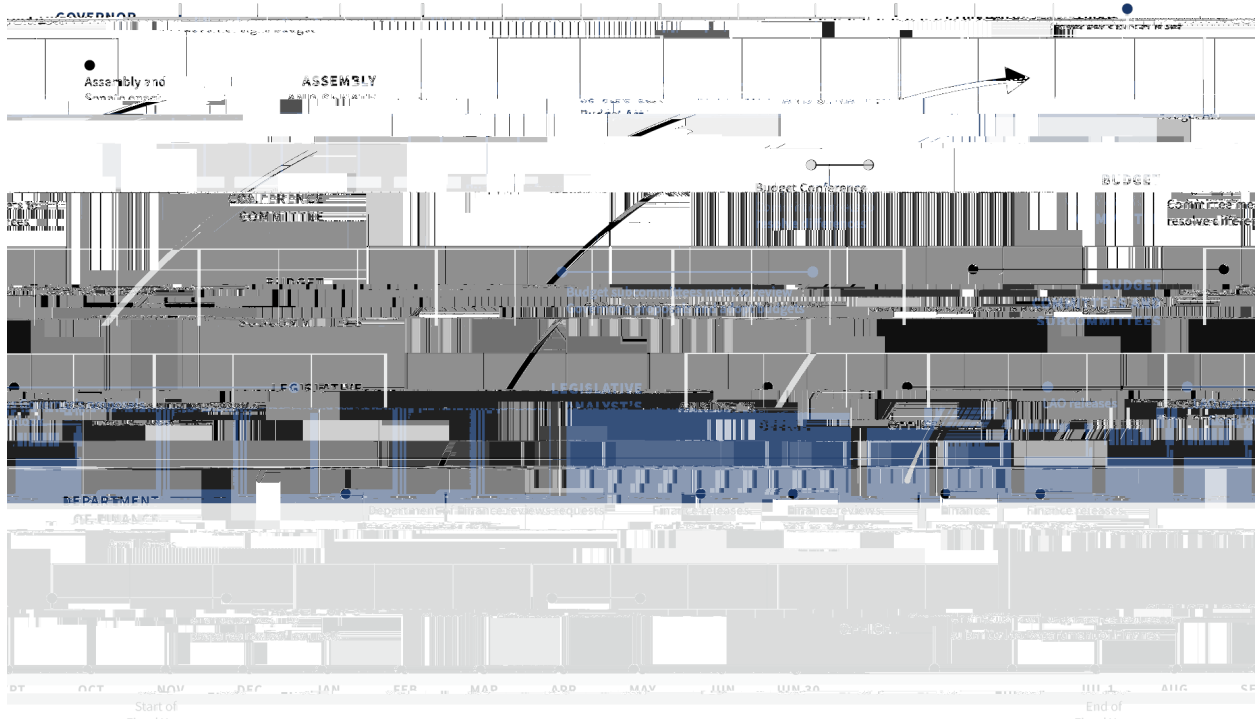
^d2018-19 includes one-time allocations for hunger-free campus, mental health services and training, re-entry grant program, and open educational resources. 2019-20 includes one-time allocations for hunger-free campus, mental health services and training, and teacher credentialing partnership.

current-year (2019-20) budget provides \$20.5 million in non-

A budget conference committee is then appointed to resolve differences between the Senate and Assembly versions of the budget. The administration commonly engages with legislative leaders during this time to influence conference committee negotiations. The committee's report reflecting the budget deal between the houses is then sent to the full houses for approval.

. Typically, the Governor has 12 days to sign or veto the budget bill. The Governor also has the authority to reduce or eliminate any appropriation included in the budget. Because the budget bill is an urgency measure, the bill takes effect as soon as it is signed.

SEQUENCE OF THE ANNUAL STATE BUDGET PROCESS



Appendix B: Board of Governors' Budget and Legislative Request Compared to Governor's Budget Proposal

\$328 million to meet districts' current obligations and provide cost adjustments	Provides \$199.1 million for COLA and growth; \$48.2 million (of which \$20.4 million is one-time) to support projected increases in apprenticeship instructional hours
\$100 million one-time support toward pension contributions	---
\$650 million from Proposition 51 bond funding for Board of Governors' Capital Outlay Program (25 new and 39 continuing projects)	Authorizes \$27.6 million for 24 new projects; construction funding for continuing projects will be considered in spring
\$251 million for financial aid reform	No reform proposal; administration will review forthcoming work group report on how state's aid programs could better serve student needs; provides \$5 million to Student Aid Comm. for work group and outreach on student loan debt
\$10 million for textbook affordability	Provides \$10 million one-time to expand zero textbook cost

