



January 10, 2019

MEMORANDUM

TO: Lynette Nyaggah, CCA President
Brad Reynolds, CCA Vice-President

FROM: Jennifer Baker, Legislative Advocate

RE: *Governor's Proposed 2019-20 Budget: Community Colleges*

The following is a summary of the major components of the Governor's Proposed 2019-20 community college budget. Further details will be forthcoming as budget discussions and deliberations begin.

Governor's Macro Goals

Governor Newsom's overall budget goals are to moderate growth expectations, create resiliency for California, and to prepare for uncertain times. With these themes in mind his goals are to increase and improve California's public education system as well as its health and human services system. A combined 81 percent of California's budget is centered around these two areas (53 percent education and 28 percent health and human services).

Higher Education – The budget proposes a total of \$36.4 billion in funding for higher education, reflecting growth of \$1.43 billion.

The Prop. 98 split is proposed to be 10.93 percent for community colleges and 89.07 percent for K-12 for 2019-20.

California Community Colleges – The budget proposes a seven percent increase in Prop. 98 funding reflecting an increase of \$246 million.

- \$40 million increase in Prop. 98 General Fund dollars to support a second year of free tuition for students, extending the California College Promise to waive enrollment fees for first-time students for a second academic year, impacting approximately 28,000 students.
- \$248.3 million increase in Prop. 98 General Fund dollars for a 3.46 percent COLA.
- \$26 million increase in Prop. 98 General Fund dollars for enrollment growth.
- \$211.4 million decrease in Prop. 98 General Fund dollars resulting from an increase of offsetting property tax revenues.
- 3.46 percent COLA for various categorical programs.

- \$10 million increase in Prop. 98 General Fund dollars to provide legal services to undocumented and immigrant students, faculty, and staff.
- \$358.7 million increase in general obligation bond funding for 12 new and 15 continuing projects.
- \$5 million one-time General Fund dollars for the Chancellor's Office to expand outreach regarding the California College Promise.
- Student Centered Funding Formula – The Chancellor is tasked with reviewing the accuracy of data districts have submitted for the new supplemental and student success allocations and has created a workgroup to make recommendations on other implementation issues.
 - The budget proposes to maintain the current rates for the Student Success Allocation Factor for 2019-20, adjusting inflation, pending further review.
 - The budget proposes to fund reasonable growth within the Student Success Allocation while establishing limits on the year-over-year increases a district can receive to 10 percent.
 - The budget clarifies the definition of transfer students to reflect an unduplicated student count.
- \$435,000 one-time, non-Prop. 98 General Fund dollars for the Chancellor's Office to contract out the Student Centered Funding Formula Oversight Committee.
- \$135,000 increase in ongoing non-Prop. 98 General Fund dollars and one new position for an Information Security Officer at the Chancellor's Office for increased security.
- \$3 billion one-time non-Prop. 98 General Fund dollars for a payment to CalSTRS to reduce long-term employer liabilities. \$700 million of this amount is to buy down the employer contribution rates in 2019-20 and 2020-21, decreasing the projected increases from 18.13 percent to 17.1 percent in 2019-20 and from 19.1 percent to 18.1 percent in 2020-21. The final \$2.3 million would go toward the employers' long-term unfunded liability, saving employers \$6.9 billion over the next three decades.

Please note these are only highlights and further details will be forthcoming. As always, please keep in mind, this is only a "proposal" and must be negotiated through the Legislative process.