

COUNCIL ON BUDGET AND FACILITIES
January 11, 2021

BUDGET UPDATE - 2021/22 Governor's January Budget Proposal

**This meeting was an informational meeting only. A full agenda will be resumed at the February 8, 2021 meeting.*

Attendees: Terry Cox, Jennifer Combs, Damion De La Cruz, Christie Diep, Temperence Dowdle, Rodrigo Garcia, Craig Goralski, Jenifer Kalamian, Cherry Li-Bugg, Melisa McLellan, Fola Odebunmi, Jennifer Oo, Kim Orlijan, Jeremy Peters, Alex Porter, Valentina Purtell, Irma Ramos, Pamela Spence, Leslie Tsubaki, Ty Volcy, Kashu Vyas, Fred Williams, and Richard Williams

1. Introduction

Fred Williams presented a PowerPoint on the 2021-22 Governor's January Budget Proposal.

Introduction

- Relatively flat budget for 2021-22 General Fund spending up 5.5% - about \$8.6 billion
- Major Themes:
 - Golden State Stimulus - \$600 payments to individuals
 - Focus on economic recovery through grants/tax credits
 - Re-opening schools for in-person learning

Community College Budget Overview

- One-time funding:
 - Emergency aid to students
 - Work-based learning
 - Mental health
 - Student retention and (re)enrollment
 - On-line Education Infrastructure
 - Expansion of apprenticeship
- On-going
 - COLA
 - Growth Funds
 - Buy down of deferrals

Economic Forecast (Additional detailed graphs can be found on the Governor's website)

- 2021-22 – \$15 billion estimated surplus
- 2022-23 – (\$7.6) billion deficit
- 2023-24 – (\$8.7) billion deficit
- 2024-25 – (\$11.3) billion deficit

Highlights

- COLA 1.5% \$111.1 million (3.84% COLA for K-12)
- Growth .5% \$23.1 million (most CC District have a decreasing enrollment)
- Buy down of deferrals - \$1.1 billion leaving \$326.5 million (~\$15 million for NOCCCD)
- PERS/STRS stabilization

Estimated CalPERS/STRS Rates

	2019-20	2020-21	2021-22
STRS	17.10%	16.15%	15.92%
PERS	19.721%	20.70%	23.00%

For 2021-22 PERS rate was to go to 24.9%

Other Funding

- Emergency Financial Assistance - \$250 million (may be early relief packages)
 - \$100 million – Student financial needs
 - \$150 million – Grade requirements
- \$15 million zero textbook costs
- Student Basic Need - \$130 million
 - \$100 million over 3-years – housing and food security
 - \$30 million – mental health
- \$20 million – student retention and (re)enrollment (targeting students effected by COVID)
- On-line education support and infrastructure \$13.1 million

Federal Funding

\$1.286 billion for California Community Colleges Operating expenses (anticipating funding on a headcount basis vs. FTES)

- Operating expenses
- Authorized student support activities
- Financial Aid Grants without regard to immigrant students

Questions

- 2020-21 Title 5 Emergency conditions?
- Hold Harmless – continues through 2023-24?

Questions/Comments:

1. *Equity Gap – It was mentioned in the Governor’s Proposed Budget that some funding may be withheld until the District makes a proper budget that is action and outcome focused rather than compliance. How does this effect our District? No additional information has been provided at this time. The details are expected to be released with the release of the Trailer Bill Language.*
2. *When we see the state numbers, what percentage can we use to determine the figures in the budget related to our District? We typically use 3% to calculate our numbers.*
3. *Full-time Faculty Obligation – If the Board of Governors has determined that there is an adequate funding to support hiring obligations, why would penalties be differed rather than waived? And how does that differ from how we operate now? This falls FON calculations are based on prior P-2 numbers, which had an 8% deficit. That deficit put our FON over by 40 or 50. We can anticipate that our FON will continue to be over, but we can also take into consideration the early retirement incentive that was offered to faculty, depending on how many participate. In the short term, we do not have any issues with our FON. Unfortunately, it is not clear why there is a deferral vs. a waiver.*
4. *Shared Learning Management System – They mention Canvas. Does this mean that there will be a required community college system-wide implementation of specific platforms? No, we believe they are trying to solidify the statewide provisioning of Canvas for free to all the community colleges who are interested in using this platform.*