



MAY REVISION

Gavin Newsom, Governor
State of California

2023-24 Governor's May Revised Budget Proposal Update

Planning and Budget Council Meeting

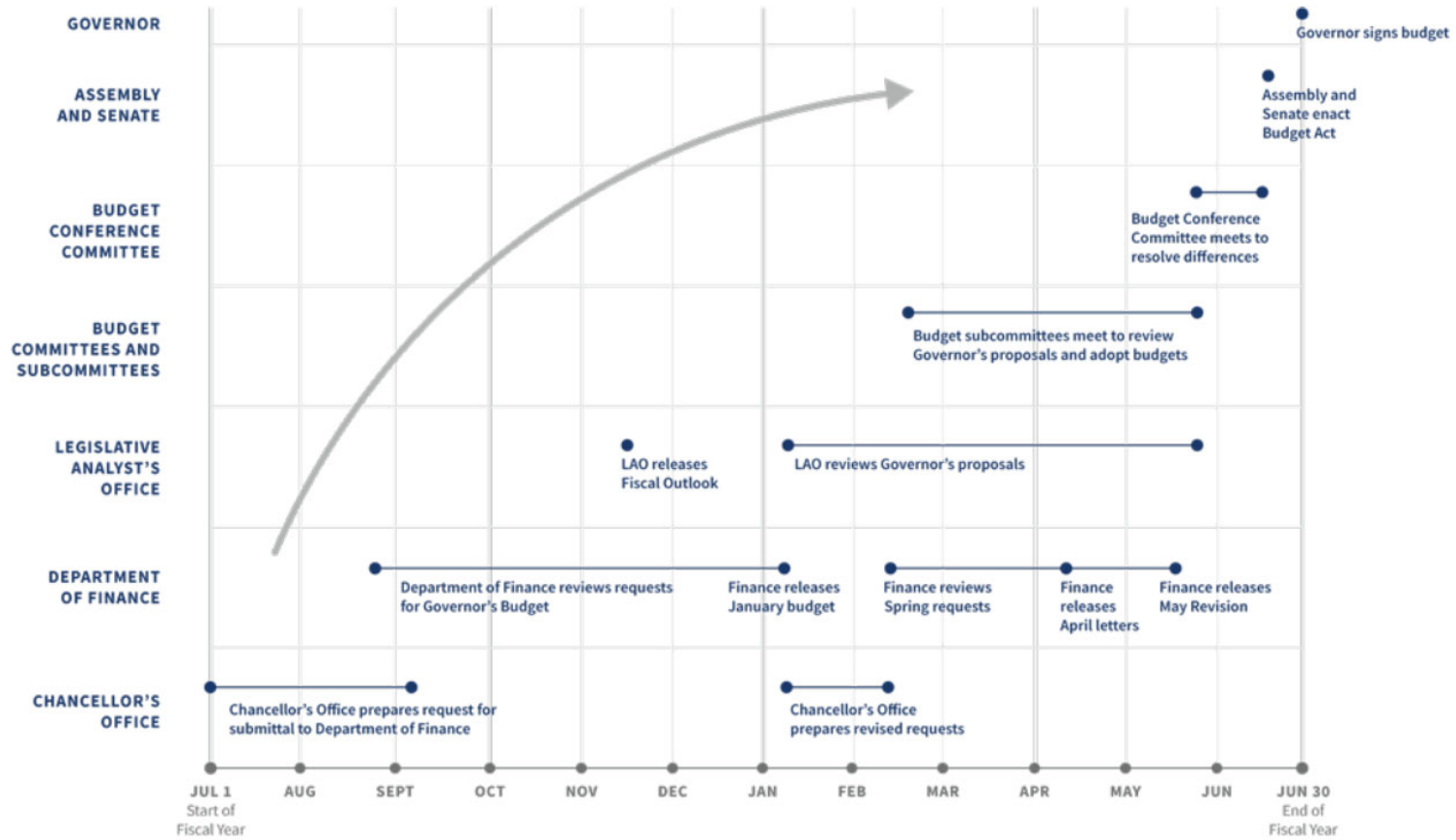
May 17, 2023

Agenda

- Sequence of the Annual Budget Process
- Economic and Budget Conditions
- Budget Changes



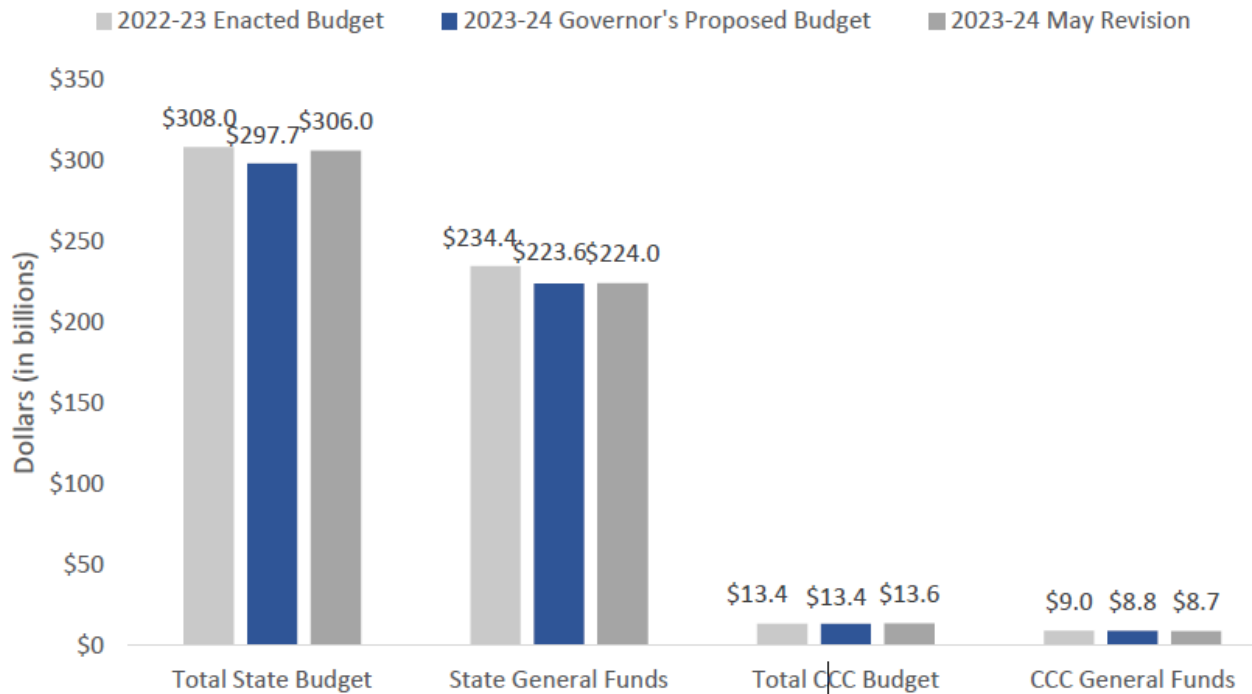
Sequence of the Annual Budget Process



Economic and Budget Conditions

- The May Revision does not anticipate a recession scenario. However, the Governor spoke about facing “macroeconomic headwinds”
- January 2023, the administration projected a budget deficit of **\$22.5 billion** for 2023-24
 - Due to significant revenue shortfalls resulting from downturn in the stock market, particularly in the technology sector
- May 2023, the administration projects a budget deficit of **\$31.5 billion** for 2023-24
 - The revised proposal is based on \$209 billion in expected revenues for 2023-24
 - The projected budget is uncertain due to the following factors:
 - State’s delay of the 2022 tax filing deadline from April to October
 - High Interest rates
 - Current impasse related to the federal debt ceiling
 - The administration projects \$37.2 billion in reserves, including \$22.3 billion in the state’s Rainy Day Fund
 - The state’s efforts to build reserves over the last couple of years will somewhat mitigate the impact of the budget deficit for 2023-24.

Summary of Key Budget Changes



- The overall State Budget would be \$306 billion, somewhat higher than proposed in January but slightly lower than the 2022-23 enacted budget (\$308 billion).
- The overall California Community Colleges (CCC) Budget would be **slightly higher** than the 2022-23 enacted budget (\$13.4 billion).

Proposed 2023-24 Changes in Proposition 98 Funding for the System

Policy Adjustment Summary*

	January Proposal	May Revised Proposal	Change from Governor's Budget
Ongoing Policy Adjustments	\$767.30	\$746.10	(\$21.20)
One-Time Policy Adjustments	\$1.10	(\$680.30)	(\$681.40)
Technical Adjustments Student Centered Funding Formula (SCFF) adjustments related to DOF estimates of 2023-24 Hold Harmless protection and FTES, supplemental, and success metrics.	(\$314.40)	\$28.10	\$342.50
Total Changes	\$454.00	\$93.90	(\$360.10)

* In millions

Proposed 2023-24 Changes in Proposition 98 Funding for the System

Ongoing Policy Adjustment Summary

	January Proposal	May Revised Proposal	Change from Governor's Budget
Provide 8.13% 8.22% COLA for Student Centered Funding Formula (SCFF)	\$652.60	\$678.00	\$25.40
Provide 8.13% 8.22% COLA for Apportionments and Programs:			
Adult Education, Extended Opportunity Programs and Services, Disabled Students Programs and Services, Apprenticeship, CalWORKs Student Services, Mandates Block Grant and reimbursements, Cooperative Agencies Resources for Education, and the childcare tax bailout	\$114.70	\$108.10	(\$6.60)
Provide funding for a new LGBTQ+ Pilot Program	\$0.00	\$10.00	\$10.00
Reduce Student Success Completion Grant to reflect an enrollment-based adjustment	\$0.00	(\$50.00)	(\$50.00)
Subtotal Ongoing Policy Adjustment	\$767.30	\$746.10	(\$21.20)

* In millions



Proposed 2023-24 Changes in Proposition 98 Funding for the System

One-Time Policy Adjustment Summary

	January Proposal	May Revised Proposal	Change from Governor's Budget
Support retention and enrollment strategies	\$200.00	\$100.00	(\$100.00)
Workforce Training Grants	\$14.00	\$14.00	\$0.00
East Los Angeles College Entrepreneurship and Innovation Center	\$0.00	\$2.50	\$2.50
FCMAT Professional Learning Opportunities	\$0.10	\$0.10	\$0.00
Reduce prior year deferred maintenance funding	(\$213.00)	(\$452.20)	(\$239.20)
Reduce prior year COVID-19 Recovery Block Grant funding	\$0.00	(\$344.70)	(\$344.70)
Subtotal One-Time Policy Adjustments	\$1.10	(\$680.30)	(\$681.40)

* In millions

Support Retention and Enrollment Strategies One-Time Funds

- The proposed budget reflects continuing concern about the significant loss of enrollment across the community colleges, which has declined by more than 16% since the pandemic's beginning.
- Summary of One-Time Retention and Enrollment funding investments:

Fiscal Year	January Proposal		May Revised Proposal	
	System Investment	Cañada's Allocation	System Investment	Cañada's Allocation
2021-22	\$120 million	\$280,536	\$120 million	\$280,536
2022-23	\$150 million	\$365,177	\$150 million	\$365,177
2023-24*	\$200 million	\$406,903	\$100 million	\$203,452
Total	\$470 million	\$1,052,616	\$370 million	\$849,165

*Estimated amount based on prior year distribution formula

Deferred Maintenance Funding One-Time Funds

- **Deferred Maintenance Funding, proposed decrease of 54% (from \$840 million to \$388 million)**

	System Investment	District's Allocation
FY2223 Allocation	\$ 840 million	\$ 11,909,375
January Adjustment	\$ (213) million	\$ (3,023,287)
January Proposal	\$ 627 million	\$ 8,886,088
May Adjustment	\$ (452) million	(\$6,405,095)
May Revised Proposal	\$ 388 million	\$ 5,504,280

Prior Year COVID-19 Recovery Block Grant One-Time Funds

- **COVID-19 Recovery Block Grant, proposed reduction of 53% (from \$650 million to \$305 million)**

	System Investment	District's Allocation	Cañada's Allocation
FY2223 Allocation	\$ 650 million	\$ 9,302,538	\$1,818,784
January Adjustment	\$ 0	\$ 0	\$ 0
January Proposal	\$ 650 million	\$ 9,302,538	\$1,818,784
May Adjustment	\$ (345) million	\$ (4,364,785)	\$ (853,061)
May Revised Proposal	\$ 305 million	\$ 4,937,753	\$965,723

**Estimated amount based on prior year distribution formula*

District Flexibility Increase

- To support the roadmap for the future and provide districts with an opportunity to maximize use of their funds, the administration introduces a **mechanism to provide additional flexibility** in the spending of the following categorical programs:
 - Student Equity and Achievement Program
 - Student Financial Aid Administration
 - Student Mental Health Resources
- Also, the administration proposed statutory changes to expand eligible uses of funding for the Strong Workforce Program funding, including providing funds for student grants to cover fees for third-party certification and licensing and support applied and experiential learning in the workplace, including, but not limited to, work-based learning programs and models

Roadmap for the Future

- The budget proposal for the California Community Colleges continues to be shared by the Roadmap for the Future, introduced in 2022-23.
- Roadmap Term: 2022-23 through 2026-27 fiscal academic years.
- Purpose: Intended to support students to improve educational outcomes, close equity gaps, address basic needs, and increase affordability.
- Link: <https://dof.ca.gov/wp-content/uploads/Programs/Education/CCC-Roadmap-May-2022.pdf>

Roadmap for the Future Goals

- **Goals (Aligned with the Vision for Success & our EMP Goals):**

- Increase the percentage of students earning degrees, certificates, and specific skill sets for in-demand jobs by 20% by 2026.
- Increase the percentage of TK-12 students who graduate with 12 or more college units earned through dual enrollment by 15%.
- Focus on establishing or expanding programs that address workforce needs in healthcare, climate action, education, and early education.
- Increase the number of transfers to the UC or CSU in proportion to enrollment growth in those systems.
- Decrease the median units to completion in excess of 60 by 15% of the units, and establish systemwide stretch goals regarding the number of students completing or transferring within the minimum amount of time necessary.
- Establish a baseline for credit for prior learning (CPL) offerings and increase these offerings annually. Increase systemwide access and enrollment into direct-assessment competency-based education (CBE) programs by 15%.
- Improve systemwide graduation rates, transfer rates, and time to completion among underrepresented Pell Grant recipients and disabled students to meet the average of all students by 2026;
- Close equity gaps in access to dual enrollment programs
- Increase the percentage of completing students who earn a living wage by 15%.

A large sculpture of a horse's skeleton, constructed from weathered driftwood, stands in a grassy area. In the background, a modern, multi-story building with large glass windows is visible. The scene is set during the day under a clear sky. The text "Q & A" is overlaid on the upper part of the image.

Q & A

Thank you!