

Dr. Jose Fierro
President's Message
June 24, 2019

Dear Colleagues,

Below please find a short summary of the budget 2019-2020 California Budget for community colleges.

The final budget agreement includes five notable expenditures for California Community Colleges:

- A second year of free tuition to first-time full-time students and other local College Promise strategies,
- Release of Proposition 51 bond funds
- A buy-down of STRS and PERS forthcoming district contribution increases,
- A modest expansion of the Cal Grant program, and
- Technical adjustments to the Student Centered Funding Formula (SCFF).

The 2019 Budget Act includes a cost-of-living adjustment (COLA) of 3.26% and a reduction of \$25.5 million from the May Revision for deferred maintenance and instructional equipment.

The Governor and Legislature approved funding for all projects in the 2019-20 Capital Outlay Plan. The 2019 Budget Act approves projects in the Governor's January Budget and April Finance Letter supporting 15 new projects and 15 continuing projects using Proposition 51 bond funding. **For us this means the funding of the Health Occupations renovation project.**

Primary Allocations in the 2019-20 Budget Act

Funding Formula – Under the approved budget estimates, revenues would be sufficient to cover the 2018-19 Total Computational Revenue (TCR). However, it's important to clarify that the agreement reduces apportionments in 2018-19 mainly by reducing transfer counts in the student success allocation, worth \$49 million, rather than fully funding the SCFF as planned and anticipated by colleges at the start of the 2018-19 fiscal year. More details are expected next month around how the \$49 million deficit will be addressed or distributed among districts. Further, the Legislature and Governor acknowledged the need to make technical adjustments to the new Student Centered Funding Formula (SCFF) to enable an effective transition. For 2019-20, the adjustments to the SCFF include:

- Capping performance funding at 10% of the formula, thereby maintaining the 70/20/10 percentage distribution.
- Capping year-to-year growth in a district's student success allocation to 10% beginning in 2019-20.
- Modifying the definition of a transfer student to attribute credit to the district where the student completed the most units.
- Extending the hold harmless period by one year, through 2021-22.
- Requiring colleges to use three-year averages for supplemental and outcomes funding.

Further, the 2019 Budget Act extends the "hold harmless" provision through 2021-22 and specifies that in future years districts will receive at least the 2018-19 TCR adjusted by COLA.

Pension Liabilities – The 2019 Budget Act builds on a unique and welcome one-time \$3.15 billion pay down of CalSTRS and CalPERS to help school and community college districts with growing pension costs and unfunded liabilities. The agreement would reduce employer pension contribution increases for the next two years, resulting in districts having to contribute 1.03 percentage points less than the amount set in the existing 2019-20 payment schedule and 0.70 percentage points less in the 2020-21 fiscal year. The resources are allocated from the non-Proposition 98 General Fund.

College Promise and Free-Tuition – The final budget agreement retains an allocation of \$42.6 million for local College Promise programs, which includes resources to fund a second year of free tuition to first-time full-time students with incomes above the California College Promise Grant thresholds. The program continues to provide districts flexibility to cover students’ essential non-tuition costs and implement strategies to build a college-going culture.

Cal Grants and Financial Aid – Currently, the Cal Grant program distributes less than 10% of Cal Grant resources to California community college students, despite the fact that our students comprise two-thirds of the higher education population. While the approved budget makes some effort to remedy this longstanding inequity, the final agreement unfortunately does not include funding for a financial aid program to specifically support California’s community college students. The 2019-20 budget agreement remains largely unchanged and proposes funding for 15,000 additional Competitive Cal Grant awards and a new Cal Grant access award for students with dependent children attending a public higher education institution.

Jose

Jose Fierro, D.V.M., Ph.D.
President/Superintendent