



January 11, 2024

Good evening, colleagues,

I hope you're doing well. I wanted to share some important news with you regarding the Governor's Budget Proposal that was released yesterday. The proposal outlines that there will be a decrease of about 6% in the overall state budget, which will amount to \$291.5 billion due to a significant shortfall in revenues. This will result in an overall deficit of \$37.9 billion. General Fund spending would decrease by almost 8% to \$208.7 billion.

In comparison to the enacted budget for 2023-24, the proposal suggests several key changes for the California Community Colleges, which are listed below:

The California Community Colleges' budget proposal focuses on maintaining stability despite the state's significant budget problem. The proposal does not suggest any significant core reductions to programs or services, but funding would decline slightly compared to the current year enacted budget.

The proposal includes additional ongoing spending of \$69.1 million for a 0.76% cost-of-living adjustment (COLA) for community college apportionments, approximately \$9.3 million for COLAs and adjustments to certain categorical programs, and \$29.6 million for system-wide enrollment growth of 0.5%.

The proposal has limited one-time funding, which will be used to expand nursing program capacity. There will be a \$60 million investment in 2024-25 and plans for that level of investment will continue over five years.

A plan to fund affordable student housing through a statewide lease revenue bond structure is in development and will be included in forthcoming trailer bill language. Certain affordable student housing projects that do not fit within this approach will be funded through redirected General Funds previously earmarked for debt service/rental subsidy payments for affordable student housing lease revenue bonds.

I understand that this news may not be what we were hoping for, and I want to assure you that I share your concerns. However, it's important that we start planning accordingly, given the nature of the proposal. It seems that we will not receive any new money or very minimal funds (if a COLA remains for the enacted budget). Virtually all one-time funds have been eliminated from this budget proposal. Therefore, no deferred maintenance funding or instructional equipment funding will be available.

Please know we will continue to advocate for our needs at the state level. I will do my best to keep you informed of any changes.

Jose

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