



GOVERNMENT RELATIONS UPDATE

August 2020 Webinar



COMMUNITY COLLEGE LEAGUE OF CALIFORNIA



Agenda

- Save the Date
- Budget Update
- Federal Update
- Legislative Update

A stylized sunburst logo consisting of a central white circle with numerous light blue lines radiating outwards in a semi-circle above and below. The lines vary in length and thickness, creating a sunburst effect.

Save the Date



Virtual Townhalls

This September the League plans to host at least two Virtual Townhalls

- **Proposition 15:** Schools and Communities First
- **Proposition 16:** Ending Proposition 209

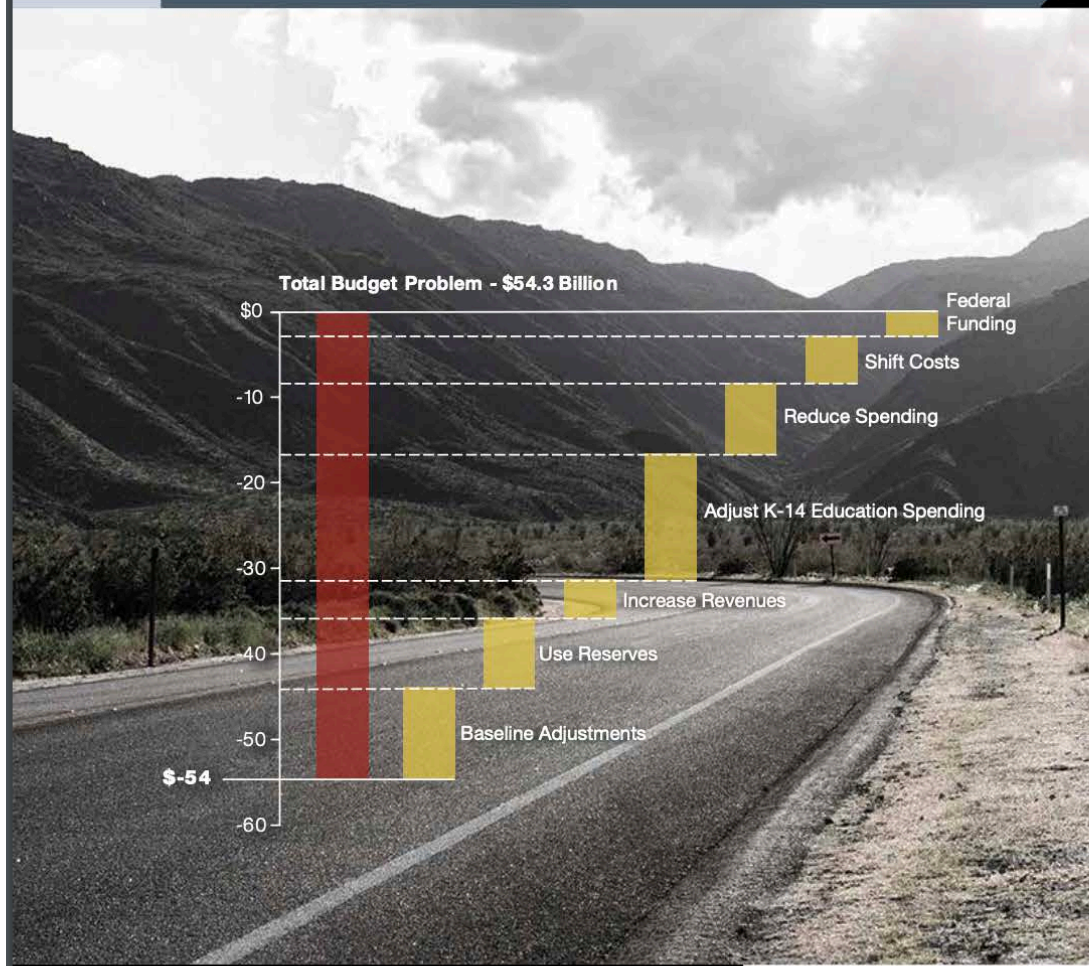
California Community Colleges
Undocumented Student Action Week
October 19-23, 2020





Budget Update

The 2020-21 Budget: Overview of the California Spending Plan (Preliminary Version)





General Fund Revenue Estimates

(Dollars in Millions)

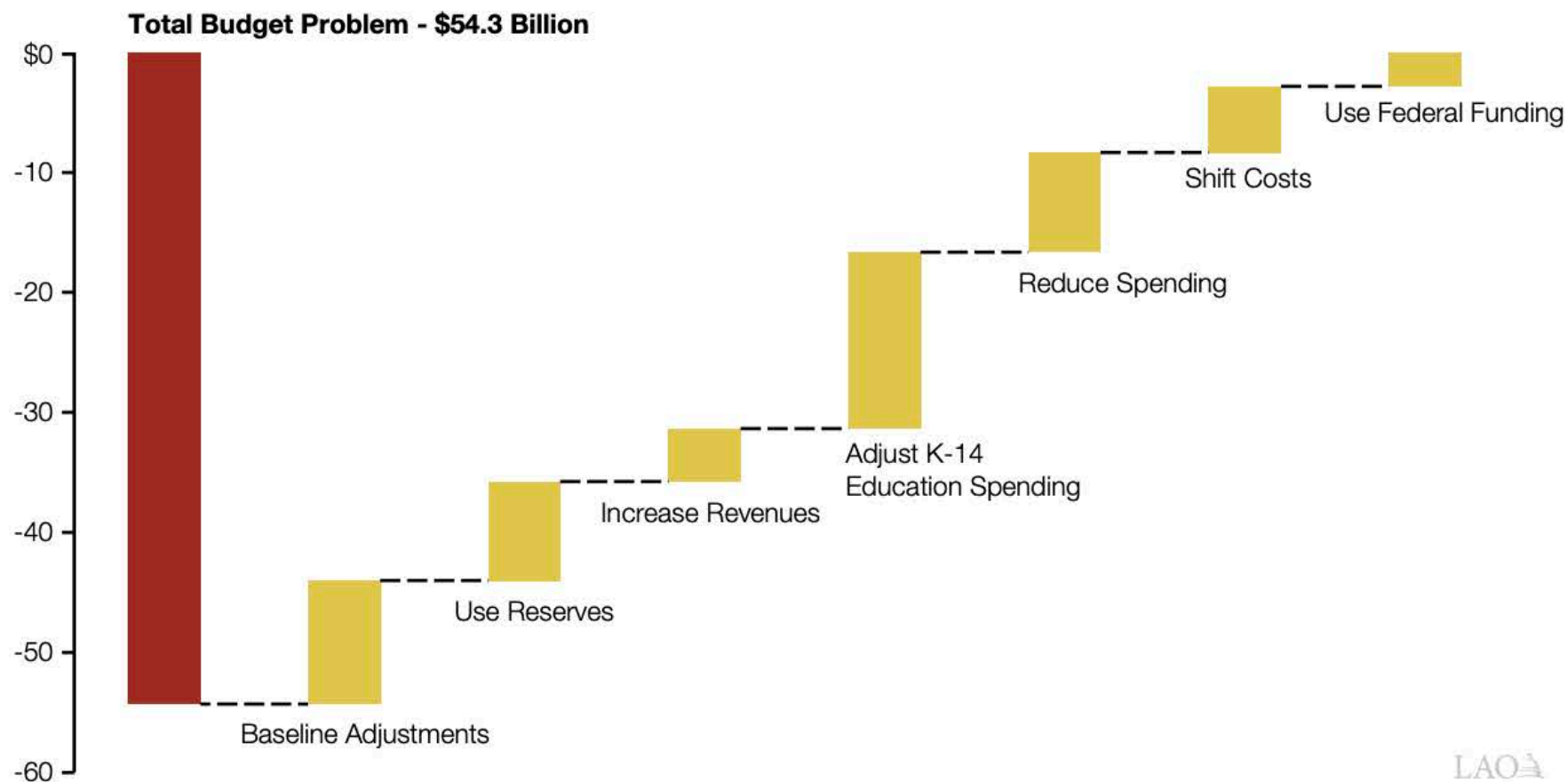
| | Revised | | Enacted 2020-21 | Change From 2019-20 | |
|--|------------------|------------------|--------------------|---------------------|----------|
| | 2018-19 | 2019-20 | | Amount | Percent |
| Personal income tax | \$99,189 | \$95,566 | \$77,567 | -\$17,999 | -19% |
| Sales and use tax | 26,150 | 24,941 | 20,583 | -4,358 | -17 |
| Corporation tax | 14,075 | 13,870 | 16,534 | 2,665 | 19 |
| Subtotals | (\$139,414) | (\$134,377) | (\$114,684) | (-\$19,693) | (-15%) |
| Insurance tax | \$2,727 | \$3,052 | \$2,986 | -\$66 | -2% |
| Other revenues | 2,344 | 4,199 | 7,704 | 3,505 | 83 |
| Transfer to BSA | -3,189 | -2,120 | — | — | — |
| Transfer from BSA | — | — | 7,806 | — | — |
| Other transfers and loans | -1,237 | -1,883 | 4,539 | 6,422 | -341 |
| Totals, Revenues, and Transfers | \$140,060 | \$137,625 | \$137,719 | \$94 | — |

Note: Reflects administration estimates of budgetary actions taken through July 1, 2020.

BSA = Budget Stabilization Account.



How the Budget Addresses a \$54.3 Billion Budget Problem (In Billions)



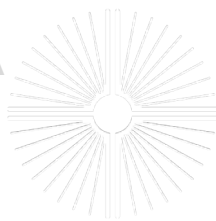


Total State and Federal Expenditures

(Dollars in Millions)

| | Revised | | Enacted 2020-21 | Change From 2019-20 | |
|----------------------|------------------|------------------|--------------------|---------------------|------------|
| | 2018-19 | 2019-20 | | Amount | Percent |
| General Fund | \$140,387 | \$146,933 | \$133,900 | -\$13,033 | -9% |
| Special funds | 57,152 | 57,874 | 62,115 | 4,241 | 7 |
| Budget Totals | \$197,539 | \$204,807 | \$196,015 | -\$8,792 | -4% |
| Bond funds | \$5,704 | \$7,187 | \$6,059 | -\$1,129 | -16% |
| Federal funds | 97,202 | 125,714 | 159,878 | 34,164 | 27 |

Note: Reflects administration estimates of budgetary actions taken through July 1, 2020.



Actions Taken to Address a \$54.3 Billion Budget Problem in the 2020-21 Budget Package

(In Billions)

| | Subject to Trigger | Not Subject to Trigger | Total |
|--|--------------------|------------------------|---------------|
| Make Baseline Adjustments^a | | | |
| Account for higher federal Medicaid funding | — | \$5.3 | \$5.3 |
| Assume lower CalWORKs caseload | — | 2.0 | 2.0 |
| Assume higher revenues | — | 1.0 | 1.0 |
| Assume receipt of additional federal funds | — | 2.0 | 2.0 |
| Use Reserves | | | |
| Make BSA withdrawal | — | 7.8 | 7.8 |
| Make Safety Net Reserve withdrawal | — | 0.5 | 0.5 |
| Increase Revenues | | | |
| Suspend net operating losses | — | 1.8 | 1.8 |
| Limit business incentive tax credits | — | 2.0 | 2.0 |
| Interaction between the two above items | — | 0.6 | 0.6 |
| Make Deferrals and Adjustments to K-14 Education Spending | | | |
| Defer education-related spending | \$6.6 | 5.9 | 12.5 |
| Other adjustments | | 2.2 | 2.2 |
| Reduce Spending | | | |
| Reduce spending ^a | 3.6 | 4.7 | 8.3 |
| Shift Costs | | | |
| Make special fund loans | 0.9 | 2.1 | 3.0 |
| Shift pension costs | — | 1.7 | 1.7 |
| Convert capital financing to LRBs | — | 0.7 | 0.7 |
| Make special fund transfers | — | 0.1 | 0.1 |
| Use Federal Funding | | | |
| Allocate Coronavirus Relief Fund to state | — | 2.7 | 2.7 |
| Use CCDBG funds | — | 0.1 | 0.1 |
| Total | \$11.1 | \$43.2 | \$54.3 |



Spending Reductions and Deferrals “Triggered Off” if Federal Funds are Forthcoming

| | |
|---|----------------------|
| Education-Related Deferrals | \$6.55 |
| Spending Reductions | |
| Employee compensation reduction | 1.89 |
| Higher education reductions | 0.97 |
| Special fund loans ^a | 0.94 |
| Realignment backfill | 0.25 |
| Infill infrastructure grant program reversion | 0.20 |
| Judicial branch reduction | 0.15 |
| Golden State Teacher Grant Program reduction | 0.09 |
| Child support agency funding reversion | 0.05 |
| Moderate-income housing reversion | 0.05 |
| Total, Spending Reductions | <u>\$4.58</u> |
| Total | \$11.14 |

^a Borrowing from special fund loans related to employee compensation savings.
Note: Numbers may not total due to rounding.



General Fund Condition Summary

(In Millions)

| | 2019-20 | 2020-21 |
|---------------------------|---------------|-----------------|
| Prior-year fund balance | \$11,280 | \$1,972 |
| Revenues and transfers | 137,625 | 137,719 |
| Expenditures | 146,933 | 133,900 |
| Ending fund balance | \$1,972 | \$5,791 |
| Encumbrances | \$3,175 | \$3,175 |
| SFEU balance | -1,203 | 2,616 |
| Reserves | | |
| BSA balance | \$16,116 | \$8,310 |
| SFEU balance ^a | -1,203 | 2,616 |
| Safety net reserve | 900 | 450 |
| Totals | — | \$11,376 |

^a Includes \$716 million in COVID-19 reserve.

Note: Reflects administration estimates of budgetary actions taken through July 1, 2020.

SFEU = Special Fund for Economic Uncertainties ; BSA = Budget Stabilization Account ; and COVID-19 = coronavirus disease 2019.



Proposition 98 Funding by Segment and Source

(Dollars in Millions)

| | 2018-19 Final | 2019-20 Revised | 2020-21 Enacted | Change From 2019-20 | |
|-------------------------------|------------------|--------------------|--------------------|---------------------|--------------|
| | | | | Amount | Percent |
| Funding by Segment | | | | | |
| K-12 Education | \$69,311 | \$68,568 | \$62,525 | -\$6,043 | -8.8% |
| California Community Colleges | 9,211 | 9,109 | 8,365 | -745 | -8.2 |
| Totals | \$78,522 | \$77,678 | \$70,890 | -\$6,788 | -8.7% |
| Funding by Source | | | | | |
| General Fund | \$54,746 | \$52,656 | \$45,066 | -\$7,590 | -14.4% |
| Local property tax | 23,776 | 25,022 | 25,824 | 802 | 3.2 |

Note: Amounts reflect June 2020 enacted budget levels, assuming the state does not receive additional federal funding.



2020-2021 Budget and Trailer Bills

*SB 820 and AB 1865

Budget-Related Legislation

| Bill Number | Chapter | Subject |
|-------------|---------|---|
| SB 74 | 6 | <i>2020-21 Budget Act</i> |
| AB 89 | 7 | Amendments to the <i>2020-21 Budget Act</i> |
| AB 75 | 9 | Amendments to the <i>2019-20 Budget Act</i> |
| AB 76 | 5 | Proposition 98 2019-20 deferrals and settle-up payments |
| AB 78 | 10 | Infrastructure and economic development bank |
| AB 79 | 11 | Human services |
| AB 80 | 12 | Health omnibus |
| AB 81 | 13 | Health funding |
| AB 82 | 14 | State government |
| AB 83 | 15 | Housing |
| AB 84 | 16 | Public employment and retirement |
| AB 85 | 8 | State taxes and charges |
| AB 90 | 17 | Transportation |
| AB 92 | 18 | Public resources |
| AB 93 | 19 | Earned income tax credit |
| AB 100 | 20 | State government |
| AB 102 | 21 | Retirement savings |
| AB 103 | 22 | Unemployment compensation benefits |
| SB 98 | 24 | Schools and child care |
| SB 116 | 25 | Higher education |

Note: Includes budget bill and "trailer bills" identified in Section 39.00 of the *2020-21 Budget Act* that were enacted into law.

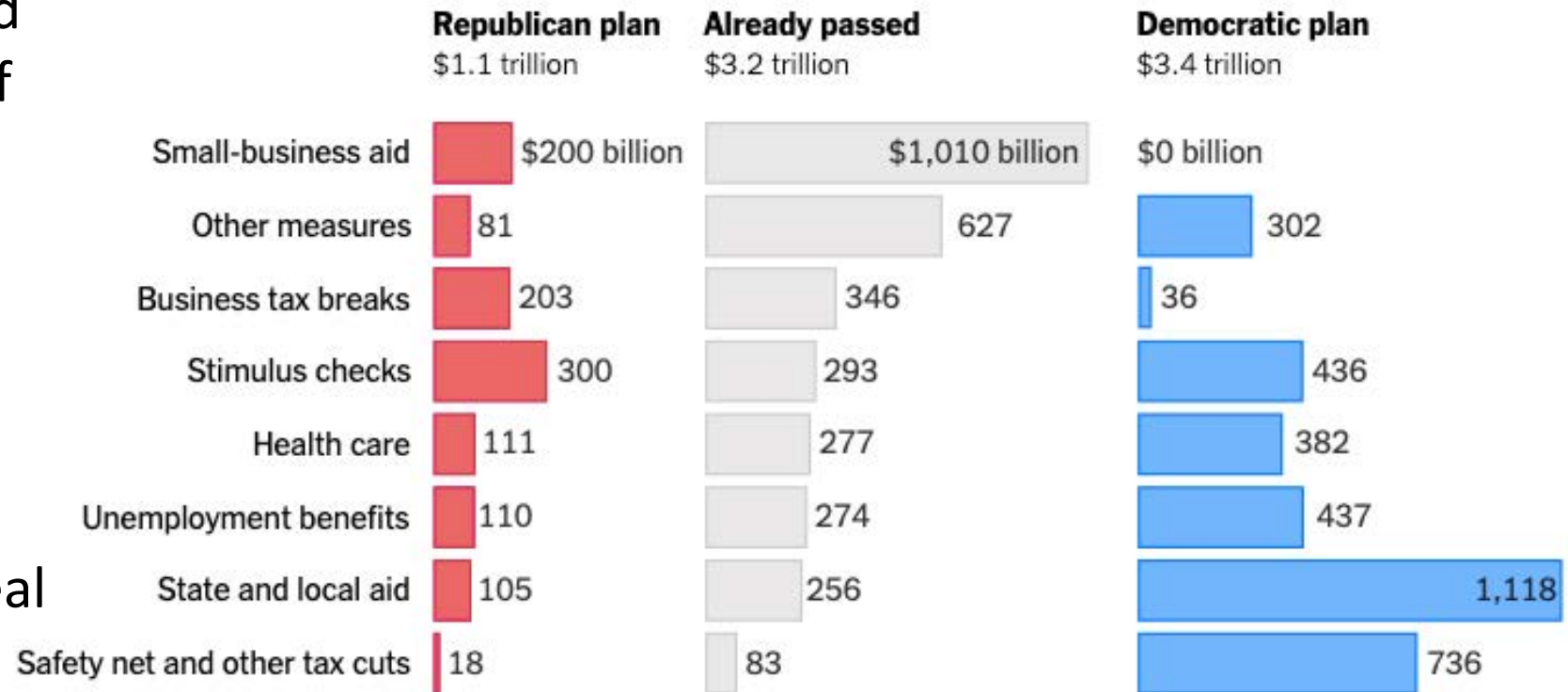
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Federal Update



Stimulus 4.0: Competing Proposals

- Senate Republicans unveiled proposal for fourth round of stimulus funding.
- Significant differences between Republican and Democrat proposals.
- Short timeline to reach a deal





Stimulus 4.0: Issues to Resolve

Level of stimulus funding.

- Democrats: \$3.4 Trillion
- Republicans: \$1.1 Trillion

Supplement to Unemployment Insurance

- Democrats: \$600 a week.
- Republicans: \$200 a week.

Assistance to state and local governments.

- Democrats: \$915 Billion
- Republicans: \$0

Liability protections related to COVID-19 lawsuits.



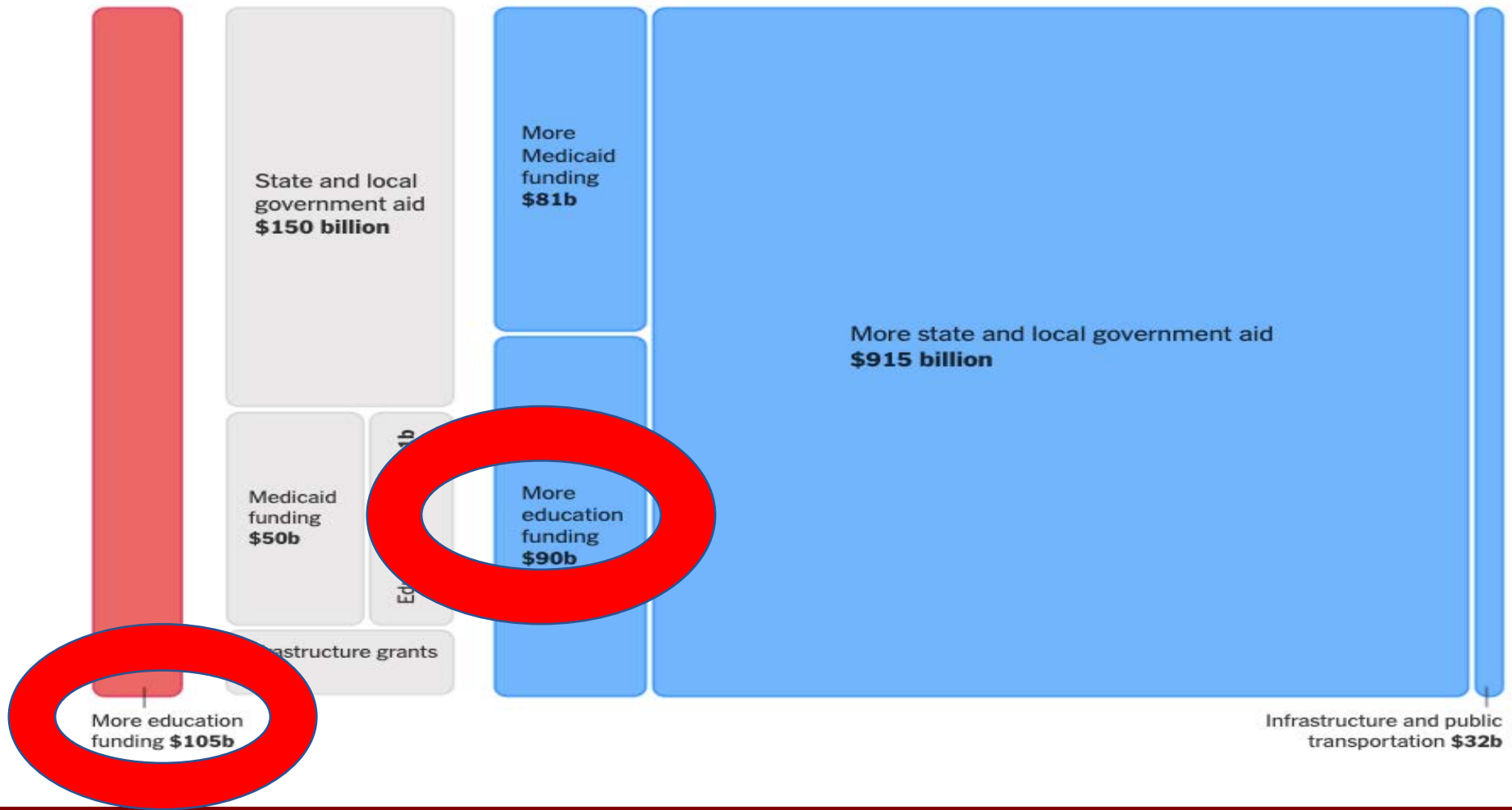


Stimulus 4.0:

Assistance to State and Local Governments

Republican plan **Already passed**

Democratic plan





HEALS Act: Higher Education Provisions

Senate Republican Proposal:

- \$105 Billion for Education
- \$29 Billion for Higher Education.

Allocation Formula:

- 90% Pell FTES, 10% FTES

Other Provisions:

- No institutional reopening requirements or incentives for higher education.
- Colleges have discretion on how level of allocated dollars to students.
- Liability protections intended to protect businesses also apply to colleges.





HEROES Act: Higher Education Provisions

House Democratic Proposal:

- \$90 Billion for Education
- \$27 Billion for Higher Education.

Allocation Formula:

- 75% Pell Headcount, 25% Headcount

Other Provisions:

- Department of Education is prohibited from establishing eligibility restrictions that go beyond what is in the HEROES Act.
- Half of allocated funds would be required to be spent on direct student aid.





Stimulus 4.0: Stalled Negotiations

Senate and House have gone into recess without reaching a deal.

No timeline on when a deal might be reached.

Significant divisions among Senate Republicans appear to make it difficult for a cohesive Republican position.

Trump Executive Orders:

- Four executive orders relating to student loans, study of prohibiting evictions, and increase unemployment insurance.
- Constitutionally suspect.
- Largely ineffective
- Student loan executive order would exempt student loan payments through the end of the year.



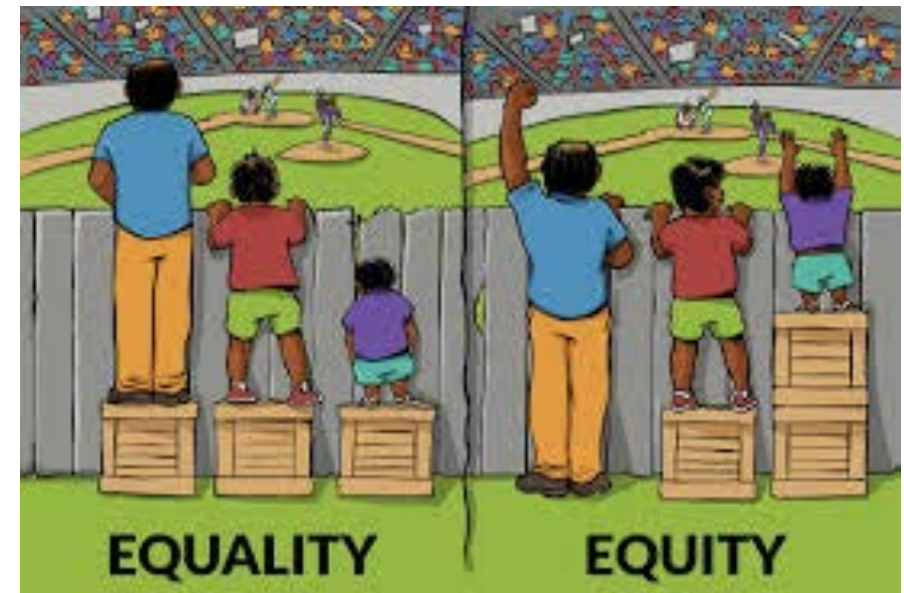


Stimulus 4.0: Allocation Formula

The lowest resourced sector that serves the largest number of both students and lower-income students received disproportionately the least funding than the other sectors.

| Comparison of Proposed Funding Mechanisms | | | | |
|---|------------------|------------|------------|------------|
| | Percent Students | CARES Act | HEROES Act | HEALS Act |
| Public Four-Year | 34% | 44% | 51 | 45% |
| Two-year | 39% | 27% | 49% | 31% |
| Non-profit Four Year | 18% | 18% | N/A* | N/A* |
| Private for-profit | 9% | 9% | N/A* | N/A* |

Data provided by the Association of Community College Trustees and the American Association of Community Colleges.



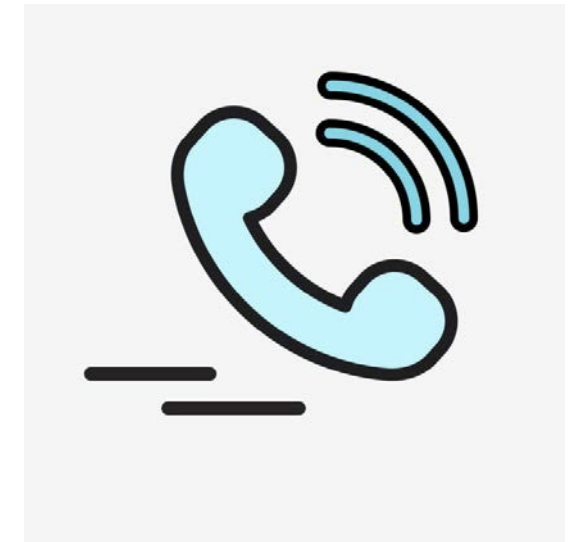
*Non-profit four years and for-profit are in different pots of money and follow a different set of so where in this included in this chart. If all pots of money were included, the share of public four year and community colleges would likely go down.



Stimulus 4.0:

Contact Your Congressional Reps

- Critical that your college understands the importance of utilizing headcount over FTES to fund our colleges at the appropriate level.
- Contact your congressional representatives.
- Not a partisan issue – Senators and Republican/Democrat Congressmembers need to be contacted.
- To find your congressional representative, click here:
<https://www.house.gov/representatives/find-your-representative>





Stimulus 4.0: Other League Activities

A call to action will go out to League membership with a script and facilitated the ability to contact congressional members.

League is working with targeted districts to ask to sign on:

- Districts with members close to Speaker Pelosi.
- Districts with members that are primarily served by community colleges, not CSU.

League staff will call all members of the delegation, emphasizing the importance of a formula based on head count.

League staff is here to assist you if you are looking for additional information on ways to get in talk with your congressional representative.



Take Action Now

<https://p2a.co/GP6Sc8B>

Take Action Now! Tell Federal Lawmakers that Every Student Counts



Congress is now debating whether further support of higher education will be distributed on a student headcount or full-time equivalent student (FTES) basis. Since the vast majority of community college students attend part-time, the only equitable method is headcount.

California Community Colleges were harmed in the last round of stimulus because Congress went with the FTES model. Without additional federal dollars that count every student, our system will sustain an additional \$791.1 million in state budget deferrals.

The time to act is now. Tell your members of Congress to count every student because every student counts. Federal dollars for higher education must work on a headcount basis.

While Senators Feinstein and Harris and most of the California congressional delegation have expressed support for more federal assistance, they need to hear from community colleges on why student headcount is



Send an email to your federal representatives with one click!

Title * ▼

Full Name *

Address *

Zip * city and state not required

Phone *

Email *

Send Email

Unique messages are more likely to be read by your officials. **Write your own message or edit the template below before sending.**

Subject: Support Another Round of Stimulus Fu...

As a [TITLE] for [COLLEGE NAME] in [CITY], CA, I urge you to approve another stimulus package that



Stimulus 4.0: More Materials

AACC and ACCT Letter on Headcount:

https://www.ccleague.org/sites/default/files/pdf/federal-advocacy/aacc_acct_headcount_letter.docx

AACC Analysis on Headcount:

https://www.ccleague.org/sites/default/files/pdf/federal-advocacy/202007_aacc_headcount_analysis_final.pdf

Inside Higher Education Article:

<https://www.insidehighered.com/news/2020/08/03/congress-aid-discriminates-against-colleges-serving-minorities-groups-warn>

ACCT Article:

<http://perspectives.acct.org/stories/a-more-equitable-stimulus-formula-for-community-colleges>



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Legislative Update



COVID-19 and the Legislative Process

Legislators and staff have tested positive for COVID-19.

Delayed in the second house policymaking process.

Compressed what is normally a three-month legislative process into 5 weeks.

Most policy committees have only met once.

- Example: The Senate Business and Professions Committee met for almost 7 hours to consider 28 bills on a Saturday.





Bills for Discussion

Academic Affairs:

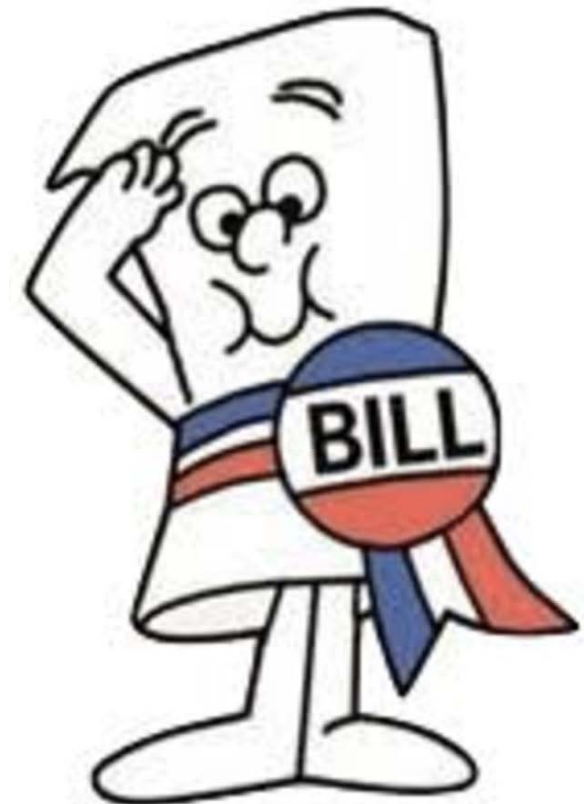
- AB 1460 (Weber) CSU Ethnic Studies
- AB 2288 (Low) Nursing Programs
- AB 2416 (Gabriel) Satisfactory Academic Progress

Basic Needs:

- AB 2884 (Berman) Lottery Dollars
- SB 1232 (Glazer) CalWORKs

College Operations:

- AB 1759 (Salas) Liability Protections
- SB 1173 (Durazo) Employee Info





Office of Governor
GAVIN NEWSOM



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Appointments

Governor Newsom Signs Legislation 8.17.20

Published: Aug 17, 2020

SACRAMENTO – Governor Gavin Newsom today announced that he has signed the following bill:

- AB 1460 by Assemblymember Shirley Weber (D-San Diego) – California State University: graduation requirement: ethnic studies.

For full text of the bill, visit: <http://leginfo.legislature.ca.gov>



Bills for Discussion: Academic Affairs

AB 1460 (Weber) Ethnic Studies

Would require the California State University make a a three-unit ethnic studies course as a graduation requirement. The CSU has adopted an alternative ethnic studies requirement.

Signage or veto will likely influence discussion on ethnic studies at the

Location: **Signed into law.**

AB 2288 (Low) Nursing Programs

Would provide more flexibility for nursing programs facing a reduction in clinical training hours due to the COVID-19 crisis.

Location: Senate Appropriations Committee

AB 2416 (Gabriel) – Satisfactory Academic Progress

Would require colleges to consider homelessness as a mitigating factor when considering appeals for students who fail to maintain satisfactory academic progress.

Location: Senate Floor



Bills for Discussion: Basic Needs



AB 2884 (Berman) Lottery Dollars

Would permit lottery dollars to be spent on student basic needs such as food and housing assistance.

Location: Senate Appropriations Committee

SB 1232 (Glazer) CalWORKs

Would permit CalWORKs recipients at public universities to receive a \$500 per semester benefit to pay for books and permit them to request reimbursement for classroom-related expenses above the allocated \$500. Implementation of the bill is contingent on an appropriation via the state budget, which did not occur for 2020-21.

Location: Assembly Appropriations Committee





Bills for Discussion: College Operations

AB 1759 (Salas) Liability Protections

Would enhance liability protections from frivolous lawsuits related to COVID-19 infections for institutions of higher education, including community colleges.

Location: Senate Judiciary Committee.

SB 1173 (Durazo) Employee Info

Would permit the Public Employment Relations Board to assess penalties on public employers, including community colleges, if they do not send correct new and current employee contact information on a specified basis to their collective bargaining units.

Location: Assembly Appropriations Committee



2021: Looking Ahead

COVID-19 forced a significant reduction of bills for the legislature to consider.

Reduced budget expenditures will make bills with significant costs to make it more difficult to go forward.

Issues to expect:

- Financial Aid Reform
- Student Basic Needs
- Access to Broadband
- Elimination of differential pay for faculty in favor of extended sick leave.
- Board of Registered Nursing sunset review.
- Ethnic Studies
- Police training curricula and local law enforcement practices.
- Shortened probation time for newly hired classified employees.



