



SACRAMENTO REPORT January 10, 2022

MGI ADVOCACY – BUDGET UPDATE

This morning, the Governor introduced in January proposed budget as is required by the state constitution. As was the case last year and as was predicted by the Legislative Analyst's Office, there is a significant projected surplus in this year's budget and in the proposed budget for 2022-23. This Administration continues to propose investments in a number of areas across various priorities, rather than how Governor Brown built his budgets with significant investments in one or two areas.

The January proposed budget released today has a projected \$45.7 billion budget surplus. For Proposition 98, which stays in Test 1 (about 38% of general fund plus property taxes), there is approximately \$16.1 billion in additional funding. Additionally, the proposed budget makes approximately a \$9.7 billion deposit into the Proposition 98 rainy day fund. While the official "facts and figures" documents have not been released, this would mean approximately \$1.8 billion for community colleges plus the allocation for a cost of living. The Governor did note in his press conference that 86% of new spending is one-time in nature in order to protect against future funding decreases. Additionally, the budget proposes a major change to the community college Student Centered Funding Formula. Finally, while not placing any requirement, the budget proposal expects at least 50% of course offerings to be in person.

California Community College Proposed Budget

Student Centered Funding Formula: To prevent what the administration anticipates could be large funding declines among some districts between 2024-25 and 2025-26, the Governor proposes on a permanent basis to provide all districts with no less than their 2024-25 hold harmless amount—regardless of the number of students they serve that year or in the future.

Cost of Living Adjustment: \$409.4 million for 5.33% COLA

Growth: \$24.9 million for 0.5% Growth

Retention and Enrollment Strategies: \$150 million

Part-Time Faculty Health Insurance: \$200 million (ongoing)

Deferred Maintenance and Energy Projects: \$387.6 million

Student Success & Completion Grant: \$100 million

Common Course Numbering: \$105 million (implementation of AB 1111)

Transfer Reform: \$65 million (implementation of AB 928)



Program Mapper: \$25 million
Equal Employment Opportunity: \$10 million
Financial Aid Offices: \$10 million
NextUp Foster Youth: \$10 million (20-30 districts)
Chancellor's Office Positions: \$1.4 million in budget year & \$1.4 million next year
Healthcare Vocational Education: \$130 million for healthcare pathways for English language learners
Technology Infrastructure & Data Protection: \$25 million (ongoing) & \$75 million (one-time)
AB 540 Students: \$20 million
3Ps in STEM Education: \$20 million
Teacher Credential Pilot Program: \$5 million
African American Male Education Network and Development (A2MEND) Student Charters: \$1.1 million
Umoja: \$179,000
Learning Alignment Program: \$300 million

The budget proposal also includes \$514.1 million Prop 51 over the next five years, all for continuing phases of projects approved in prior budgets. This amount includes \$373 million proposed in the Budget for the construction phase of 17 projects and the working drawings phase of 1 project, and \$141.1 million in future years for the construction phase of 12 projects.

There is no additional funding for student housing included in this budget. The Administration indicates that they plan to continue to allocate the funding that they set aside in the current-year budget to fund a number of proposed projects. They have indicated that those projects will be submitted to the joint budget committee on March 1st of this year.

You can download the entire budget summary [here](#)

This is just the first phase of the budget track that will conclude in late June/early July with an adopted budget. The Legislature will now hold hearings to hear the Governor's proposal. The Administration will then present an updated budget plan with up-to-date economic projections in May.

There will be many changes as we move forward. In fact, in his press conference, the Governor indicated that he anticipates in May many different proposals that we currently see in this January budget.

We will have much more information and analysis on the proposal in the coming days.

