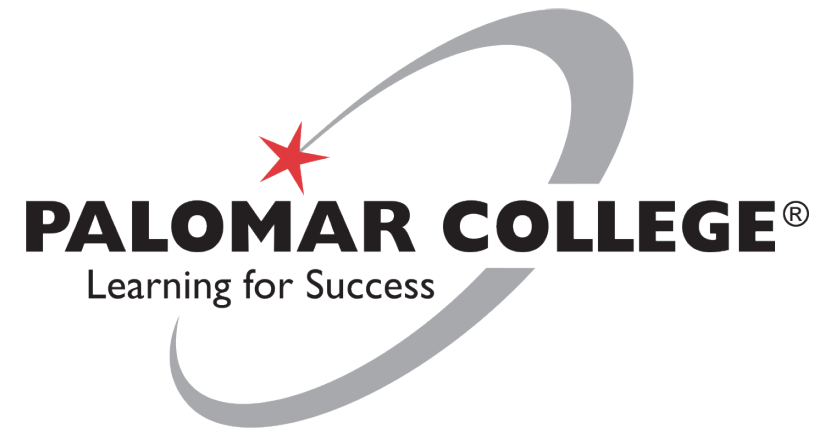


May Revision and the Tentative Budget 2021-2022

Governing Board
June 1, 2021



The Economy and Revenues

The state's primary revenue sources – the personal income tax, sales tax, and corporate tax – have been coming in ahead of projections for several months.

- Proposition 98 estimated to increase by \$17.7 billion above January estimates.

The state now has a projected \$75.7 billion surplus, when combined with over \$25 billion in federal relief, supports a \$100 billion California Comeback Plan.

- Reserves - \$24 billion
- Budget Stabilization Account - \$15.9 billion
- Public School System Stabilization Account (PSSSA) // Prop. 98 Reserve - \$4.6 billion total, increase of \$1.6 billion from Jan. estimates

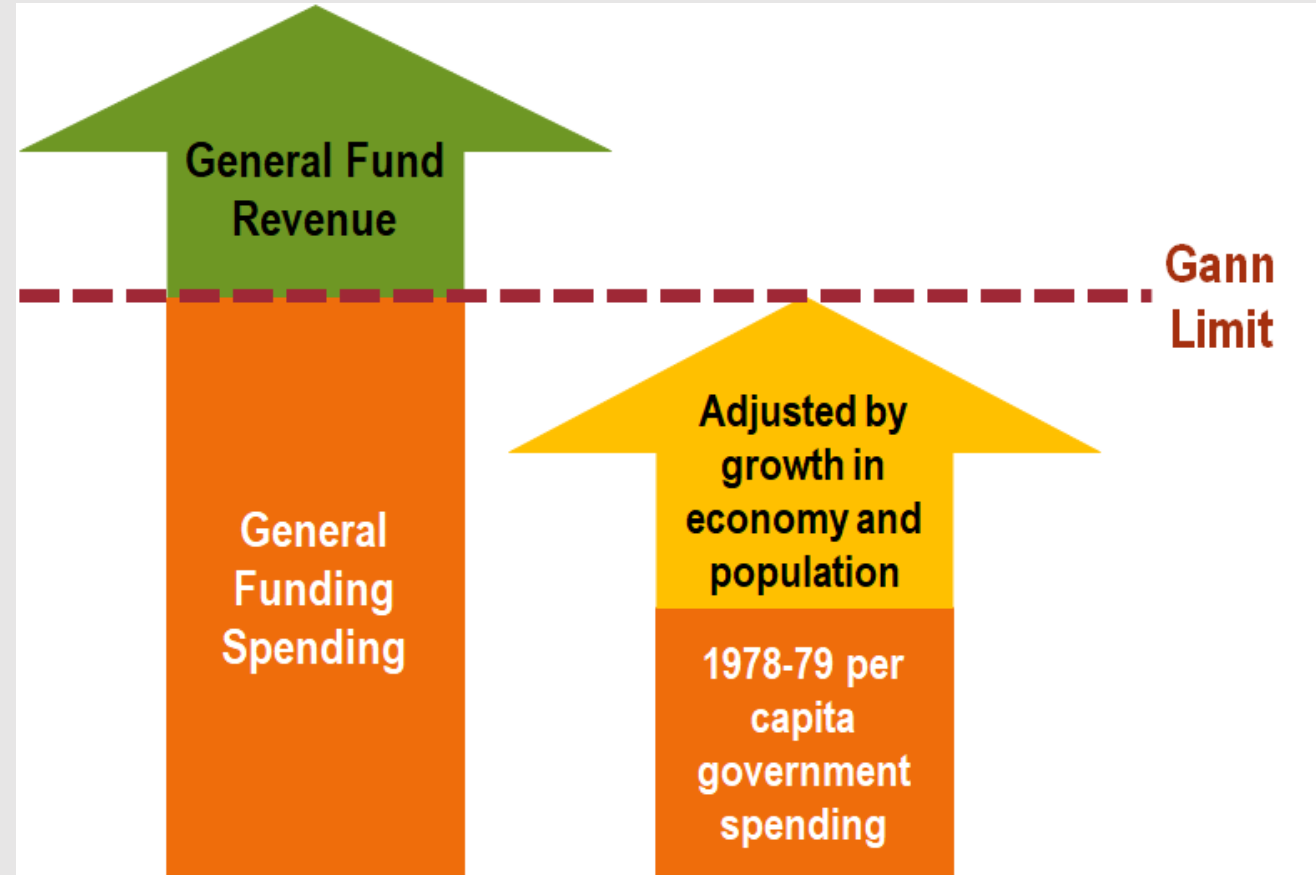
The Gann Limit has been triggered by this growth.

- Limits the allowable growth in state and local government spending, including school districts
- Amounts over the limit must be split evenly between education and taxpayer refunds (Golden State Stimulus)

The Gann Limit and Education Funding

In addition to Proposition 98, the Constitution also provides for additional funding under Proposition 4 in certain instances

- Each year, the Gann Limit caps the amount of tax proceeds the state and local governments can spend
- When there is more revenue than the state can spend within its limit, it must split the excess revenues between tax rebates and K-14 education



California Community College Apportionments

Student Centered Funding Formula (SCFF) - \$185.4 Million (Ongoing)

- Cost of Living Adjustment (COLA): 4.05%
- Compounded COLA of 2.31% for 2020-21 and a revised COLA of 1.7% for 2021-22
- Growth: 0.5%

Apportionment Deferrals - \$326.5 Million (One-Time)

- Fully retire deferrals from the 2021-22 fiscal year to the 2022-23 fiscal year

Dual Enrollment - \$75 Million (One-Time)

- Funds to expand new and existing College and Career Access Pathways (CCAP) agreements

Local Property Tax Adjustments

- Increase in General Fund revenue to support Prop. 98 due to decreased local property tax revenue



Deferred Maintenance

\$314.1 million in one-time Proposition 98 funds and \$250 million in one-time federal funds from the American Rescue Plan.

Student Focused Program Investments

Ongoing

Increase of

- \$50 million to expand vocational training opportunities and English as a Second Language (ESL) programs for ESL students at the community colleges
- \$30 million for colleges to establish basic needs centers and hire basic needs coordinators
- \$27.2 million to support revised estimates of students eligible for the Student Success Completion Grant
- \$23.8 million to increase Student Equity and Achievement Program funding by 5%
- \$5.8 million to further support Dreamer Resource Liaisons and student support services for immigrant students, including undocumented students in community colleges, pursuant to Assembly Bill (AB) 1645 (Chapter 788/2019)

Student Focused Program Investments – One-time

\$150 million to further support colleges' efforts to implement Guided Pathways programs

\$100 million to support efforts to bolster CCC student retention rates and enrollment, consistent with funds approved for this purpose pursuant to AB 85 (Chapter 4/2021)

\$75 million to expand new and existing College and Career Access Pathways agreements

\$20 million to support the implementation of Equal Employment Opportunity Programs best practices

College Affordability: Zero-Textbook-Cost Degrees

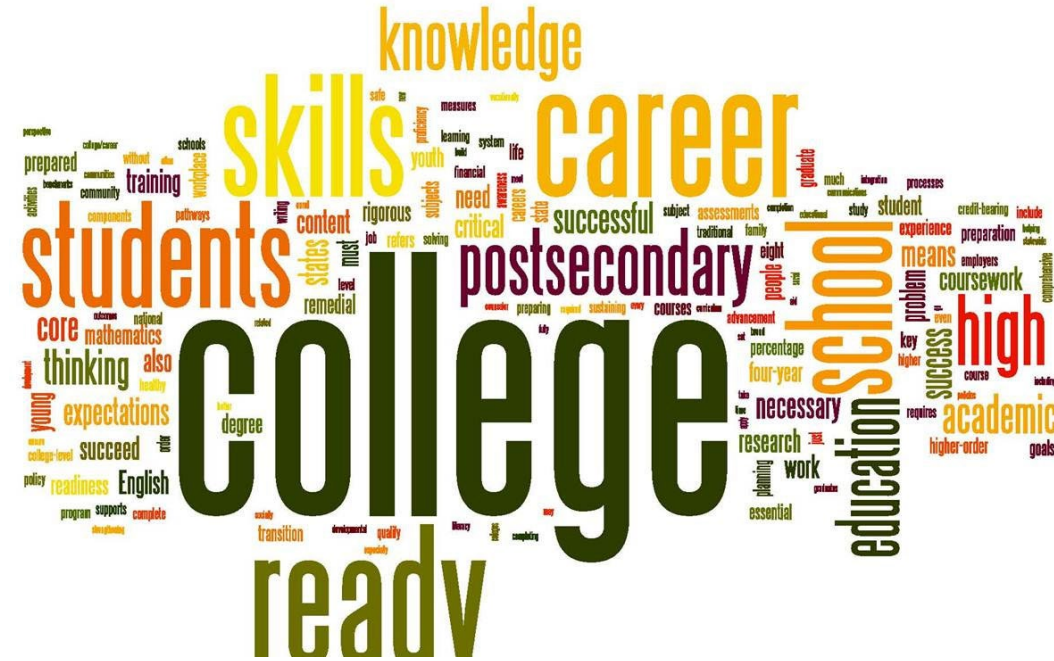
The May Revision proposed \$100 million one-time Proposition 98 General Fund, which when combined with \$15 million one-time funds proposed in January, total \$115 million one-time funds to develop and implement zero-textbook-cost degrees and open educational resources.



Workforce Development Investments

Governor Newsom proposed millions more in workforce-focused programs. Included in a package of proposals is \$12.4 million ongoing to increase program funding for the CCC Strong Workforce Program by 5% and several onetime investments:

- \$20 million to support CCC participation in High Road Training Partnership and regional partnerships developed by the California Workforce Development Board (Grant)
- \$10 million to develop work-based learning opportunities in cloud computing and zero emissions and supply chain fields
- \$10 million to pilot implementation of competency-based education at select community colleges



Technology-Focused Investments

- Program Pathways Technology – increase of \$10 million ongoing Prop. 98 General Fund for the systemwide acquisition of software that visualizes and clearly maps out curricular pathways for students choosing their pathway and for students needing help to stay on their pathway.
- Common Course Numbering - increase of \$10 million one-time Prop. 98 to plan for and begin developing a common course numbering system throughout the community college system.
- Library Services Platform - increase of \$4 million ongoing Prop. 98 to support a systemwide technology platform for library services to better manage and deliver digital information to support teaching and learning.



Anticipated Impact to Paloma College

Palomar College MYP based on May Revision 2021

Component	2020-21 Estimated Actuals	2021-22 Projection	2022-23 Projection	2023-24 Projection	2024-25 Projection
Total Revenue	\$129,819,649	\$136,530,832	\$140,253,568	\$144,626,010	\$150,735,391
Total Expense	\$124,421,326	\$134,736,139	\$144,543,548	\$150,272,381	\$156,792,604
Change in Fund Balance	\$5,398,323	\$1,794,693	(\$4,289,979)	(\$5,646,371)	(\$6,057,213)
Reserve %	21.07%	20.79%	16.41%	12.02%	7.66%