

Item 5

(Information/Action Item)

Update on 2021-22 State budget, May Revise and legislative issues affecting Commission's programs

SUMMARY:

This item provides an update on pending federal and state policy issues and legislation relevant to the California Student Aid Commission's policy priorities adopted in December 2020 or other items relevant to the Commission's programs.

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

State Budget

In January, Governor Newsom presented his proposed [2021-22 State Budget](#). Since the release of that proposal, several developments have impacted state economic and revenue outlooks, including tax revenues exceeding earlier estimates and the enactment of the American Rescue Plan Act of 2021. In [November 2020](#), the Legislative Analyst's Office (LAO) estimated that California would see additional revenue toward the 2021-22 Budget of \$26 billion before facing operating deficits in the ensuing fiscal years. Since those estimates were released, the Department of Finance has continued to report that tax revenues have exceeded assumptions above the 2021-22 Budget forecast, in April reaching a total of [\\$16.7 billion in revenue](#) above the earlier estimate. In addition to this revenue, the LAO estimated that California will receive an additional [\\$26 billion in federal funding](#) appropriated by the American Rescue Plan Act of 2021. Just four months since release of the proposed 2021-22 State Budget, the estimated state revenue surplus has now surpassed \$75 billion, according to Governor Newsom's announcement of the "California Comeback Plan" reflected in the May Revise Budget.

Commission staff will provide the status of all relevant budget proposals in the Governor's May Revise budget, which will not be released until right before the Commission meeting on May 20.

State Legislation

Commission staff have classified 16 legislative measures for priority tracking and advocacy actions during the first year of the 2021-22 legislative session. Friday, April

California Student Aid Commission

30 was the last day for Senate and Assembly policy committees to report fiscal bills to their respective Appropriations Committees. Bills with identified costs are held in policy committees after this date. The Appropriations Committee suspense hearings, scheduled for the third week in May, determine which fiscal bills can move forward. At the upcoming Senate and Assembly suspense hearings eight priority bills will be considered, including the Commission's sponsored bill Assembly Bill 1456 (Medina & McCarty) which would simplify and expand the Cal Grant programs (further information is provided in Agenda Item 7).

Commission staff designated formal "support" positions for five additional legislative measures which are presented in the attached Summary of Priority & State Legislation. Staff refer to the Commission's adopted Statement of Policy Priorities when developing formal positions on bills, before the Executive Director approves a position in consultation with the Commission Chair and Chair of the Legislative, Audit, and Budget Committee. The Bill Tracking Matrix is also attached and provides a more concise reference on the status of priority bills identified by Commissioner staff.

Please note: referenced attachments on state legislation will be provided at the Commission meeting to ensure they reflect the most recent information at the time of the May 20 meeting.

Federal Legislation

President Biden recently introduced his American Families Plan, which calls for \$109 billion to make two years of community college free for all students, as well as an approximately \$85 billion investment in Pell Grants to increase the maximum award amount and reduce reliance on student loans. In addition, other free college proposals were recently introduced by Senator Bernie Sanders and Senator Brian Schatz. These proposals along with the President's plan will be reviewed in more depth at the June Commission meeting.

RESPONSIBLE PERSON(S):

Jake Brymner, Director
Government and External Relations

ATTACHMENT(S):

Summary of Governor's May Revision to the 2021-22 State Budget
Summary of Priority & Tracked Legislation
Legislative Bill Tracking Matrix