

Item 7

(Information Item)

Update on 2020-21 State budget/May Revise, and legislative issues and federal Coronavirus Aid, Relief, and Economic Security (CARES) Act

SUMMARY:

This item provides an update on the 2020-21 State budget and legislation relevant to the California Student Aid Commission's (Commission) programs and policy priorities. This item also provides an update on the higher education provisions of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

State Budget

In January 2020, Governor Newsom released his [proposed 2020-21 budget](#). At the time, the Department of Finance (DOF) estimated revenues of \$151.6 billion for the fiscal year and \$153 billion in proposed spending. The State was expected to end the new fiscal year with \$20.5 billion in reserves. However, the COVID-19 pandemic has changed life as we know it, including at the State Capitol. Stay-at-home orders have kept policymakers away from Sacramento since March while the Governor and his Administration focus on managing the health crisis and the needs of Californians, including coordination with both federal and local government officials.

The Legislature has not initiated the budget process, waiting instead for a new budget proposal in the May Revise; the May Revise will reflect the State's new reality – higher costs, an economic downturn, and substantial revenue losses.

Commission staff will provide the status of all budget requests addressed in the Governors May Revise budget, which will not be released until right before the May 15th Commission meeting.

The Legislature still faces a June 15th constitutional deadline for adoption of the state budget. The current plan is that the Legislature will pass a baseline “workload budget” (described below) before the June 15 Constitutional deadline, and then return after summer recess to revisit the budget based on tax revenues now tied to a July tax filing deadline.

California Student Aid Commission

Please see the attached budget letter from the Director of the Department of Finance (DOF), Keely Bosler, informing state agencies that the Department “will now reevaluate all budget changes within the context of a workload budget, based on the merits of each proposal and ultimately subject to the availability of funding.” This will include all Spring Finance Letter requests as well as previously approved adjustments in the Governor’s proposed 2020-21 Budget. Commission staff developed the attached update on the 2020-21 State Budget, which prioritizes and outlines the agency’s essential budget requests that were contained in the Budget Change Proposals and Spring Finance Letter in light of the current health crisis. Additionally, please see the attached requests to the Governor’s Office for emergency grants to students and consideration of Executive Order actions.

State Legislation

During the Commission meeting on March 26, 2020, the Commission adopted positions on four high priority bills: [AB 376 \(Stone\)](#), [AB 2030 \(Rubio\)](#), AB 2819 (Limón), and [SB 860 \(Beall\)](#). The attached Priority Legislation document provides an update on these bills.

Federal CARES Act

On March 27th, the President signed into law the bipartisan [Coronavirus Aid, Relief, and Economic Security Act \(CARES Act\)](#), a \$2 trillion emergency economic relief package in response to the global COVID-19 pandemic. The CARES Act included critical aid to help address the needs of students, student loan borrowers, and colleges and universities. The attached Summary of the Federal CARES Act outlines the higher education provisions in the CARES Act as well as an update on the implementation of these provisions.

RESPONSIBLE PERSON(S):

Julia Blair, Interim Director
Government Relations

Melissa Bardo, Legislative Analyst
Government Relations

ATTACHMENT(S):

Department of Finance – Budget Letter to State Agencies

Update on 2020-21 State Budget

Request to the Governor’s Office for Emergency Grants to Students

Updated Request to the Governor’s Office for Emergency Grants to Students

Request to the Governor’s Office for Consideration of Executive Order

Update on Priority State Legislation

Summary of the Federal CARES Act