



Additional Materials Distributed on May 15, 2020

May Revise Update

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General Overview

- Department of Finance projects **\$54 Billion** budget deficit
- All areas of the budget are impacted
- All higher education segments will see significant budget reductions including cuts to aid for students at private, nonprofit colleges and universities
- May Revisé proposes **\$1.8B** reduction in Higher Education state funding (-10.14%)



Cal Grant Program Modifications (2020-21)

- Maintains traditional Cal Grant caseload adjustments
 - Plus **increased caseload of 10,000 students** due to new eligibility from COVID-19 income loss
- Increase of **\$599.7M General Fund** to adjust for:
 - Decrease of **\$600M** to reflect decrease in available TANF
 - Decrease of **\$348,000** to reflect revised program estimates
- Decrease of **\$8.9M** to reflect deduction of Cal Grant award for private, non-profit students from **\$9,084** to **\$8,056**
 - Tied to number of Associate Degree for Transfer (ADT) admittances statewide
- Access Award for Students with Dependents
 - Caseload adjustments but otherwise maintained
- No changes to **Competitive Cal Grant Awards**



Other Proposed Budget Modifications 2020-21

- **Middle Class Scholarship** (MCS) Program maintained
 - Now capped at \$117M for both UC and CSU students
- **Student Loan Debt Service Workgroup & Outreach**
 - Decrease of **\$4.5M** (grant funding)
 - \$500,000 remaining to fund Workgroup activities



Proposed Modifications to 2019-20 Budget

- **Cal Grant Program**
 - Increase of **\$11.8M** to account for revised program estimates
- **Middle Class Scholarship**
 - Increase of **\$6.8M** to reflect revised program estimates
- **Golden State Teacher Grant (GSTG) - \$89.7M**
 - Reduction of **\$88.4M**
 - Partially offset with **\$15M** in federal IDEA funding focusing on recruitment of new special education teachers
 - Remaining \$1.3M for program administration (1.5% carveout)
- **Child Savings Account (CSA) Program - \$25M**
 - Reduction of **\$15M**
 - \$10M remaining for grants



Budget Change Proposals 20-21

| Proposals | January Proposed Budget | Revised Request (Minimum Required) | May Revise |
|---|--|--|--------------------------------|
| Grant Delivery System Modernization | \$5.3 M one-time | \$5.3 M one-time | \$5.3 M one-time |
| National Voter Registration Agency (NVRA) Compliance | \$479,000 ongoing (6.0 PYs) | \$334,375 ongoing (4.0 PYs) | \$334,375 ongoing (6.0 PYs) |
| Office Space Acquisition | FY 20-21: \$1.8M FY 21-22: \$930K (ongoing) | FY 20-21: \$380K FY 21-22: \$941K (ongoing) | \$0 (\$1.8M withdrawn) |
| Dreamer Service Incentive Grant (DSIG) Program | \$294K ongoing (3.0 PYs) | \$294K ongoing (3.0 PYs) | \$294K ongoing (3.0 PYs) |
| Child Savings Account (CSA) Grant Program | No additional funding (2.0 PYs) | No additional funding (1.0 PY) | 2.0 PYs |
| Golden State Teacher Grant (GSTG) Program | No additional funding (4.0 PYs) | No additional funding (2.0 PYs) | No PYs (4.0 PYs withdrawn) |



Public Higher Education Segments

| Segment | May Revise Withdrawn Proposals* | Triggers Absent Federal Funding* | CARES Act Funding | Overall Loss in State Funding (20-21) |
|---------|---|---|----------------------|--|
| UC | <p>\$169.2M ongoing GF base increase (5%)</p> <p>Additional ongoing/one-time proposals withdrawn</p> | <p>-\$338M ongoing GF (10%)</p> <p>-\$4M limited GF for summer FA</p> | \$260M | \$631.6M (-15.11%) |
| CSU | <p>\$199M ongoing GF base increase (5%)</p> <p>Additional one-time proposals withdrawn</p> | <p>-\$398M ongoing GF (10%)</p> <p>-\$6M limited GF for summer FA</p> | \$525M | \$609.1M (-14.39%) |
| CCC | <p>\$14.3 M ongoing Prop 98 GF support</p> <p>Additional one-time proposals withdrawn and deferrals of Prop 98 funding</p> | <p>-\$167.7M COLA</p> <p>-\$31.9M enrollment growth</p> | \$579M | \$1.1B (-17.14%) |

*These estimates reflect significant adjustments related to baseline cuts or cuts to financial aid. There are other proposed cuts (related to specific programs) in the Governor's May revise that may not be reflected in these columns.



Next Steps

- Administration proposed a “workload budget”
 - [March 24, 2020 Budget Letter](#) – Department of Finance
- [Assembly Budget Subcommittee No.2 on Education Finance](#) (McCarty, Chair) – Tuesday, March 19th
- Senate Budget Subcommittee No.1 on Education (Roth, Chair) – TENTATIVE Monday, March 25th
- Constitutional Deadline to pass Budget: June 15th
- Possible revisions to 2020-21 Budget in August based on revised revenue estimates (tax deadlines in July)
 - [Assembly Budget Committee Letter](#) – April 6, 2020
 - [Assembly Budget Committee Letter](#) – May 11, 2020

Making education beyond high school financially accessible to all Californians.