

Jolley, Kate

From: Jolley, Kate
Sent: Tuesday, January 24, 2023 8:56 PM
To: Jolley, Kate
Subject: Governor's Proposed 2023/24 Budget

Sent bcc: DL.STAFF.ALL

Dear Colleague,

Governor Newsom has released the January 2023/24 State Budget Proposal, which I am pleased to report continues to be supportive of California community colleges, despite reported challenges in the state revenues.

As a part of the 2022/23 budget proposal, the Governor created a [multiyear roadmap](#) that focused on equity and student success. The roadmap created goals and expectations for all higher education segments, including increasing completions, decreasing units to completions, increasing transfers, closing equity gaps, supporting and participating in statewide initiatives, and improving workforce preparedness. The 2023/24 budget proposal continues to be shaped by the road map and states that the administration is intending to develop a mechanism in May to reward districts that are making progress towards those goals with increased categorical program spending and reporting flexibilities.

The highlights for **ongoing funding** proposals in the Governor's budget 2023/24 proposal includes:

- 8.13 % COLA (including for Adult Ed, CalWORKS, DSPS, EOPS, apprenticeship and mandated costs)
- 0.50% growth
- \$200 thousand to develop a community college chief business officer professional learning program through the Fiscal Crisis and Management Assistance Team (FCMAT).

The highlights for **one-time funding** proposals in the Governor's 2023/24 budget proposal includes:

- A decrease of \$213 million from the 22/23 deferred maintenance/instructional equipment allocation. This is approximately 25% of what was funded in 2022/23 and puts about \$3.95 million of our funding at risk of reverting
- \$200 million to continue to support increasing student retention rates and enrollment strategies related to the pandemic
- \$14 million for workforce training grants in collaboration with the California Department of Forestry and Fire Protection
- \$75 thousand additional to develop a community college chief business officer professional learning program through FCMAT
- \$143.8 million for 10 Prop 51 capital outlay projects (does not include any SRJC projects)
- Delays a portion of the student housing grants to 2024/25 and pushes out the revolving loan program for up to two years (no impact to SRJC)

In addition, the proposal requests that districts develop dual enrollment agreements with all local educational agencies within the district and develop a one-unit service-learning course that all high school students could access. The intent of the service-learning classes would be to enable high school students to volunteer in the community and participate in civic engagement.

I receive a lot of questions on the status of the fire waiver and the long-range plan. We are in our last full year of the fire waiver and have one additional year with partial protection. There are additional allowances within our funding mechanism to provide some protection through 2024/25. The 2022/23 state budget eliminated the fiscal cliff we were facing, and instead, beginning in 2025/26, implemented a fiscal gap that eliminated ongoing COLA until we were able to

grow back sufficiently to earn the funding that we receive. This created a new fiscal issue for us that could only be addressed through regrowth and put our long-term fiscal health in jeopardy. Since the pandemic, our enrollment numbers have dropped significantly. This is how SRJC receives most of its funding, which further strains our fiscal health. I am pleased that we are starting to trend back up, but we have a lot of ground to cover and the timing of that has a significant impact on our future fiscal planning.

During the 2022/23 budget development process, in response to all of these changes, we paused the large reductions called for in the long-range plan, instead implementing a smaller reduction this fiscal year. This allowed the Enrollment Management Workgroup time to develop the Strategic Enrollment Management Plan (SEMP). That process is now nearly complete and will be presented to the Board of Trustees at the February meeting.

The 2023/24 state budget proposal includes a statement that it will work with stakeholders to develop a mechanism to adjust the budget of districts that are not regaining enrollments entering into the 2024/25 budget year, which is the year that becomes the floor for the new hold harmless reform. This reinstates some type of (currently unknown) future adjustment so the implementation of the SEMB will be critical over the next two years.

While this budget proposal is good news for California community colleges, this information is tentative and will most likely change over the next few months as the state revenue picture becomes clearer. I will continue to keep you updated as the budget process continues to unfold.

Please feel free to reach out to me directly with any questions.

Sincerely,
Kate

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I acknowledge that Santa Rosa Junior College is on the territorial traditional land of the Pomo People in Santa Rosa and the Coast Miwok People in Petaluma, past and present, and honor with gratitude the land itself and the people who have stewarded it throughout the generations.

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