

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

The 2024-25 May Revision



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Earlier than statutorily required, on May 10, 2024, Governor Gavin Newsom released his revised proposal for the 2024-25 State Budget. While very few details were provided this morning, the article below summarizes all the information we have today. We will provide more detailed and comprehensive analysis as additional information is released by the Newsom Administration, which we anticipate will be released on May 14, 2024.

Scope of Budget Problem and Proposition 98

Despite early budget action to shrink the shortfall by approximately \$17.3 billion, lower revenues since January results in an *increased* overall budget deficit by \$7.0 billion for a total deficit of \$27.6 billion.

While this level of detail was not released this morning, based on the provided revenue estimates in the May Revision, we roughly estimate that the Proposition 98 funding levels for 2022-23, 2023-24, and 2024-25 are down from the Governor's Budget estimates by \$786 million, \$3.0 billion, and \$364 million, respectively. The estimated Proposition 98 minimum guarantee for each fiscal year, which assumes no changes in average daily attendance and local property taxes, is as follows:

- 2022-23: \$97.5 billion
- 2023-24: \$102.5 billion
- 2024-25: \$108.7 billion

The May Revision includes withdrawals from the Public School System Stabilization Account of approximately \$8.4 billion to “maintain predictable support for local educational agencies and community college districts.” This is a significant increase compared to the January Governor's Budget proposed withdrawal of \$3.0 billion in 2023-24 and \$2.7 billion in 2024-25.

While not in print, Governor Newsom noted during his press conference that he is continuing to propose the Proposition 98 “maneuver” and that it has increased from \$8.0 billion to \$8.8 billion.

COLA

Governor Newsom acknowledged the statutory cost-of-living adjustment (COLA) at the May Revision has increased to 1.07%, but did not affirmatively state that the May Revision proposes to *fund* it for the Student Centered Funding Formula and other categorical programs.

2022 Trigger

The 2022 State Budget Act included a trigger provision that required expenditures to be available for specified programs to be implemented in the 2024 State Budget Act. Given the negative multiyear projections, the Governor's State Budget summary lists investments that were part of this trigger provisions that are not included in the May Revision, meaning that they are not proposed to be a part of the 2024-25 State Budget. This list included the following:

- California State Student Aid Commission—Cal Grant Reform Act
- California Community College Cal Grant Expansion Program

Summary

This brief explanation of Governor Newsom's May Revision proposals reflects the amount of information made public at this time. Stay tuned for comprehensive analysis throughout the days ahead via *Community College Update* articles. Subsequent articles will provide us with an opportunity to add the details and clarifications that allow you to assess the impact of the 2024-25 May Revision on your community college district. Stay tuned.