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COMMUNITY COLLEGE UPDATE

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October 15 Deadline to Reduce Deferrals Passes with No Relief Package



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The 2020–21 Enacted State Budget includes language that gives the Director of the Department of Finance (DOF) discretion to avert cuts in the State Budget and reduce up to \$791 million in community college deferrals if the federal government approved an additional stimulus package with sufficient funding by October 15, 2020.

While U.S. House of Representatives Speaker Nancy Pelosi and U.S. Treasury Secretary Steve Mnuchin continue negotiations for another COVID-19 relief package, the October 15 deadline stipulated in the current State Budget Act has come to pass with no additional funding for the DOF Director to consider.

Despite the October 15 deadline passing without a new deal, Assembly Budget Committee Chair Phil Ting (D–San Francisco) recently indicated that lawmakers would be able to react quickly if a federal relief package does come to fruition over the next several weeks. This could be done by Governor Gavin Newsom calling the Legislature into a special session (which would have to adjourn by November 30 per the California Constitution) or the Legislature could wait until the 2021–22 Legislative Session officially convenes on December 7, 2020. If there was sufficient federal funding provided in a stimulus bill, lawmakers would likely prioritize reducing the deferrals to education funding and minimizing the cuts to other state programs.

The passing of the October 15 deadline should not change community college districts' preparations for the deferrals stipulated in the State Budget, as the Budget did not assume there would be additional federal relief. In other words, we recommend that community college districts continue to operate and prepare as if there will not be any additional federal funding. This is especially important as the negotiations for another stimulus package have been at an impasse since July 2020, and it is becoming more and more likely that a deal will not be struck before Election Day despite the consensus from all parties that another stimulus package is needed.