

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: [Fiscal Resources Committee](#)

Agenda for January 22, 2020

1:30 p.m. - 3:00 p.m.

Executive Conference Room #114

1. Welcome
2. State/District Budget Update - Hardash
 - 2020-21 Proposed State Budget report link: <http://www.ebudget.ca.gov>
 - 2020-21 Governor's Budget for CCC's Joint Memo
 - CCCCCO/ACCCA/ACBO/CCLC Memo and Powerpoint
 - LAO 2020-21 Overview of Governor's Budget link: <https://lao.ca.gov/Budget>
 - School Services of California
 - Ask SSC... What's up with the down COLA?
 - CalPERS Issues Revised Employer Contribution Rate Estimates
 - Legislative Analyst Issues Positive But Cautious Outlook
 - Proposition 98 Reserve Projected to Grow
 - Department of Finance Updates Out Year COLA Estimates
 - Initial Impressions from Governor Newsom's 2020-21 State Budget Proposal
 - Governor's Proposal for the 2020-21 State Budget and Education
 - Dartboard for 2020-21 Proposed State Budget
 - [Proposed Budget Presentation to Board of Trustees January 13, 2020](#)
3. Continued discussion of SCFF and review of BAM - Cambridge West Partnership Consultants
 - Section 1 – “Introduction” - **Action**
 - Section 6 – “Terms” - **Action**
 - Section 3 – “College & District Responsibilities” – **Action**
 - Section 4 – “Revenue Modifications” - Discussion
4. Mid-Year Updates
 - Unrestricted General Fund Expenditure Update
 - FTES Update as of January 15, 2020 at (P1)
5. RSCCD 2018-19 Audit Reports link: <http://www.rsccd.edu/Departments/Fiscal-Services>
6. Standing Report from District Council - Shahbazian
7. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rsccd.edu>
 - Vacant Funded Position List as of January 15, 2020
 - Measure “Q” Project Cost Summary as of December 31, 2019
 - Monthly Cash Flow Summary as of December 31, 2019
 - [SAC Planning and Budget Committee Agendas and Minutes](#)
 - [SCC Budget Committee Agendas and Minutes](#)
8. Approval of FRC Minutes – November 20, 2019
9. Other

Next FRC Committee Meeting: (Executive Conference Room #114 1:30 pm – 3:00 pm)
February 19, 2020

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities.

State Budget Update

Governor's January Budget

Revised edition released January 14, 2020¹



¹ This edition supersedes the January 10, 2020 version.

Background

This analysis was prepared jointly by:

- Association of California Community College Administrators (ACCCA)
- Association of Chief Business Officials (ACBO)
- California Community Colleges Chancellor's Office (Chancellor's Office)
- Community College League of California (League)

Its purpose is to provide factual information about the Governor's January budget proposal as a common resource for each organization's further analyses and advocacy efforts. Over the next several months, updated analyses will describe the proposed trailer bills, the Governor's May Revision, and the enacted budget.

Introduction

This morning, Governor Newsom released his budget proposal for the 2020-21 fiscal year. Under the proposal, the overall state budget would increase 3.5% from the enacted 2019-20 budget, to \$222.2 billion. General Fund spending would increase 3.6%, to \$153.1 billion.

The proposed budget maintains the state's recent commitment to paying down liabilities, building reserves, and increasing spending primarily for one-time initiatives. Major themes of the Governor's budget proposal include:

- Addressing the affordability crisis through health care initiatives focused on cost savings to consumers, and by continuing the Governor's efforts to address both the availability and affordability of housing.
- Investing in emergency response to confront the statewide crisis of homelessness through increased funding and a fundamental shift in the state's role in housing unsheltered persons; and providing funds to combat the continuing threat of wildfires and the climate risk that compounds them.
- Promoting opportunity through increased public school funding, a new Department of Early Childhood Development, continued progress toward universal preschool, and expanded access across all higher education segments.

Budget Overview

The Governor's budget proposal for California Community Colleges (CCC) includes new, ongoing investments in work-based learning and targeted student support services, and streamlines coordination of systemwide initiatives and technical assistance. It also includes routine ongoing adjustments, including enrollment growth and cost-of-living adjustments (COLA), using updated estimates of revenue, enrollment, inflation, and student participation. In addition, the Governor's Budget provides one-time funding for CCC facilities, faculty development and support, and college affordability.

PROPOSITION 98 ESTIMATES

Minimum Guarantee. Each year, the state calculates a “minimum guarantee” for school and community college funding based on a set of formulas established in Proposition 98 and related statutes. To determine which formulas to use for a given year, Proposition 98 lays out three main tests that depend upon several inputs including K-12 attendance, per capita personal income, and per capita General Fund revenue. Depending on the values of these inputs, one of the three tests becomes “operative” and determines the minimum guarantee for that year. The state rarely provides funding above the estimated minimum guarantee for a budget year. As a result, the minimum guarantee determines the total amount of Proposition 98 funding for schools and community colleges.

Though these formulas determine total funding, they do not prescribe the distribution of funding. The Governor and Legislature have significant discretion in allocating funding to various programs and services.

Table 1 shows the budget’s estimates of the minimum guarantee for the prior, current, and budget years. The CCC share of Proposition 98 funding is at or above the traditional share of 10.93% in each of these years. Included in this share is a small amount of pass-through funding for school district-based apprenticeship programs. Prior to calculating the CCC share, funding for the Adult Education, Adults in Correctional Facilities, and K-12 Strong Workforce programs, as well as transfers to the Public School System Stabilization Account, are excluded from the total.

Table 1: California Community Colleges Proposition 98 Funding by Source (In Millions)

Source	2018-19 Revised	2019-20 Revised	2020-21 Proposed	Change From 2019-20 Amount	Change From 2019-20 Percent
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$54,506	\$56,405	\$57,573	\$1,168	2%
Local Property Tax	23,942	25,168	26,475	1,307	5%
Totals	\$78,448	\$81,573	\$84,048	\$2,475	3%
COMMUNITY COLLEGES ONLY					
General Fund	\$5,426	\$5,516	\$5,652	\$136	2%
Local Property Tax	3,077	3,254	3,435	181	6%
Totals	\$8,503	\$8,770	\$9,088	\$318	4%

Updated Estimates for Prior and Current Years. Estimates of the minimum guarantee for 2018-19 and 2019-20 have changed slightly compared to projections when the 2019-20 budget was enacted in June of last year. Such increases can occur if school enrollment, economic growth, or state revenues turn out to be different than expected. Specifically,

the revised estimate for 2018-19 is higher than was projected in June. As a result, the state is required to make a “settle-up” payment to fully fund the guarantee. (The settle-up payment for 2018-19 affects K-12 funding only, but the CCC share of funding for 2018-19 remains above the traditional share.) In addition, the revised estimate for 2019-20 is higher than projected in June. The Governor’s Budget adjusts funding to match the revised guarantee in 2019-20.

Required Transfer to Public School System Stabilization Account (PSSSA). Proposition 2, approved by voters in November 2014, created the PSSSA, a new state reserve for schools and community colleges. Under Proposition 2, transfers are made to this account only if several conditions are satisfied. That is, the state must have paid off all Proposition 98 debt created before 2014-15, the minimum guarantee must be growing more quickly than per capita personal income, and capital gains revenues must be above average.

The 2019 Budget Act made the first transfers into the PSSSA, totaling \$389 million for 2019-20. Subsequent estimates have increased the required transfer for the current year by \$135 million. For 2020-21, the Department of Finance (Finance) estimates the state will make a small withdrawal from the reserve, totaling \$38 million, to support Proposition 98 programs.

Though these transfers change *when* the state spends money on schools and community colleges, it does not directly change the *total amount* of state spending for schools and community colleges across fiscal years. Specifically, required transfers to the PSSSA count toward Proposition 98 totals in the year the transfer is made. As a result, appropriations to schools and community colleges in such a year could be lower than otherwise required by Proposition 98. However, in a year when money is spent out of this reserve, the amount transferred back to schools and community colleges is over and above the Proposition 98 amount otherwise required for that year.

CHANGES TO CCC FUNDING

The Governor’s Budget includes \$272 million in ongoing policy adjustments for the CCC system, compared to revised 2019-20 expenditure levels, as reflected in Table 2.

Table 2: Proposed 2020-21 Changes in CCC Proposition 98 Funding (in Millions)

2019-20 Revised Budget ^a	\$8,770
TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula base adjustments	\$ 9.7
Remove one-time spending	-28.6
Other technical adjustments	1.6
Subtotal Technical Adjustments	-\$ 17.3

POLICY ADJUSTMENTS	
Ongoing	
Provide 2.29% COLA for Student Centered Funding Formula	\$ 167.2
Fund 0.5% enrollment growth	31.9
Support existing apprenticeship coursework	27.8
Expand California Apprenticeship Initiative	15.0
Support districts' food pantry services	11.4
Continue legal services support for immigrant students, faculty, and staff	10.0
Provide 2.29% COLA for certain categorical programs ^b	9.2
Fund Dreamer Resource Liaisons and related support services	5.8
Fund instructional materials for dual enrollment students	5.0
Adjust California College Promise for recipients	-1.5
Adjust Student Success Completion Grant funding for recipients	-9.4
Subtotal Ongoing Policy Adjustments	\$ 272.4
One-Time	
Expand work-based learning within Guided Pathways	\$20.0
Create statewide pilot fellowship program for diverse hiring	15.0
Augment support for part-time faculty office hours	10.0
Expand Zero Textbook Cost Pathways	10.0
Fund deferred maintenance and instructional equipment (one-time) ^c	7.6
Subtotal One-Time Policy Adjustments	\$ 62.6
TOTAL CHANGES	\$317.7
2020-21 Proposed Budget^a	\$9,088

^a Amounts exclude Adult Education Program and K-12 Strong Workforce Program funding.

^b Applies to CalWORKS, Campus Childcare, DSPS, EOPS, apprenticeships, and Mandates Block Grant programs.

^c In addition, the budget provides \$8.1 million in 2019-20 funds and \$1.5 million in reappropriations, which combined with \$7.6 million in one-time funds provides a total of \$17.2 million for deferred maintenance and instructional equipment.

COLA = Cost-of-living adjustment

Appendix B compares the Governor's proposed CCC adjustments for 2020-21 to the Board of Governors' budget and legislative request. Below we highlight a few of the administration's more significant policy decisions and related information. Later in this analysis, we detail local support funding by program, capital outlay funding, and state operations.

MAJOR POLICY DECISIONS

Apportionments

No Change to Student Centered Funding Formula for 2020-21. Although the budget makes no change to the formula at this time, the administration states that it supports the recent recommendation of the Student Centered Funding Formula Oversight Committee to include a metric reflecting first-generation college students within the formula. The administration notes that incorporating this metric first requires the collection of first-generation student data aligned with the Committee's recommended definition, and indicates that it expects the Chancellor's Office to develop guidance and work with districts to collect this data for inclusion in the formula in the future. A minimum of two years of data would be needed for Finance to produce reliable projections.

Growth and Cost-of-Living Adjustment (COLA) Provided. The proposal includes 0.5% growth in access, and a 2.29% COLA for apportionments and selected categorical programs.

Draft Rates Expected in February. The 2019 Budget Act tasks the Chancellor's Office with determining the formula's final 2019-20 funding rates based on total computational revenue of \$7.43 billion as determined by Finance. The Chancellor's Office anticipates calculating and publishing preliminary rates by mid-February. This timing is due to a lag in reporting the data—such as enrollment and student outcomes—needed to set the rates. Following submission of districts' second enrollment reports in April, the rates will again be adjusted prior to budget enactment.

2019-20 Proposition 98 Adjustments Limited. The administration makes no change to CCC Proposition 98 apportionment funding for the current year, but shifts funding among Proposition 98 General Fund, local property taxes, and enrollment fee revenues. The administration provides \$28.5 million in one-time current-year funding outside of apportionments, including \$20.4 million for apprenticeship reimbursement and \$8.1 million for deferred maintenance. (Note that additional deferred maintenance funding is included in budget year funds and reappropriations, such that the total proposed funding is \$17.2 million.)

Increased Local Property Tax Collections for 2018-19. Although property tax revenues are higher than projected for the prior year, the budget makes no corresponding changes in Proposition 98 General Fund. This is consistent with 2019 trailer legislation that prohibits downward adjustments to appropriations once a fiscal year has ended. As a result, districts would be able to use the higher collections to cover the majority of a prior year deficit that was anticipated in June 2019.

College Affordability

Expands Zero Textbook Cost Pathways. The Governor's Budget includes \$10 million in one-time funds to expand zero textbook cost (ZTC) pathways using open educational resources (OER) and other materials that are free of charge to students. This proposal builds on \$5 million provided to 23 colleges in 2016 to create degree and certificate

programs that eliminate conventional textbook costs. The Chancellor's Office estimates that programs created under this earlier funding will have generated \$42 million in textbook cost savings for more than 23,000 students by 2022. The proposal would support two additional \$5 million rounds of competitive grants.

Student Financial Aid. The budget does not include major proposals related to state financial aid. However, the administration indicates it will review a forthcoming report from a work group convened by the California Student Aid Commission on how the state's financial aid programs could better serve the needs of students. Specifically, the report is expected to address strategies for mitigating students' total costs of attendance, including non-tuition costs. The budget also provides \$5 million to the California Student Aid Commission for a work group and outreach related to student loan debt.

Diversity, Equity, and Inclusion

Creates a Statewide Fellowship Pilot Program. The proposed budget includes \$15 million one-time to create and implement, on a pilot basis, a fellowship for current and recent graduate students. The purpose of the fellowship program is to improve faculty diversity at community colleges through recruitment and mentorship.

Student Needs

Expands Work-Based Learning. The proposed budget includes \$20.4 million one-time in the current year and \$27.8 million ongoing in the budget year to support projected increases in apprenticeship instructional hours. The budget also includes \$15 million ongoing to expand the California Apprenticeship Initiative, which supports the development of new and innovative apprenticeship and pre-apprenticeship programs through competitive grants.

In addition, the Governor's Budget provides \$20 million one-time for grants to expand access to work-based learning models and programs at community colleges, including working with faculty and employers to incorporate work-based learning into the curriculum.

Assists Undocumented Students. The proposed budget provides \$5.8 million ongoing to fund a Dreamer Resource Liaison and associated support services at each campus, as required by Assembly Bill 1645 (Blanca Rubio). Liaisons would help qualifying students access financial aid, social services, legal services, and academic opportunities for which they are eligible. In addition, the Governor proposes \$10 million in ongoing Proposition 98 support, to be administered by the California Department of Social Services, for legal services to immigrant students, faculty, and staff. This proposal builds on a 2018 appropriation of one-time funds for the same purpose.

Additional Proposals. Other proposals addressing student needs include \$11.4 million ongoing to support food pantry programs at colleges and \$5 million ongoing for instructional materials for dual enrollment students.

CCC System Support Program

Proposal Consolidates Dispersed Support Appropriations into a Single Program. The Governor proposes budget bill and trailer bill language to shift \$125 million in funding from existing categorical set-asides and statewide programs to a new CCC System Support Program.

Currently, the state funds several statewide activities through direct local assistance appropriations or through set-asides in various categorical programs. In general, those funds are administered through contracts and grants between the Board of Governors and particular community college districts. Those districts often use a percentage of the set-asides for their own administrative costs associated with these services. Further, the Chancellor's Office administers several programs that are for statewide purposes—often with goals that are similar to the goals of the set-asides. Because these statewide programs are budgeted separately, they are not always well aligned with each other and with the *Vision for Success*.

The Governor's proposal addresses this concern by establishing the new program. Specifically, the new program would absorb all or a portion of existing budgetary set-asides for administrative and statewide activities from the following programs:

- Student Equity and Achievement Program
- Cooperating Agencies Foster Youth Educational Support
- CCC Strong Workforce Program

The new program also would absorb all or a portion of existing funding from the following statewide programs:

- Institutional Effectiveness Partnership Initiative
- Integrated Technology
- Transfer Education and Articulation
- Expand Delivery of Courses through Technology
- Statewide media campaigns (from Financial Aid Administration)

Pending trailer bill language would require the Board of Governors to annually adopt a budget for the new program and report on expenditures for the prior fiscal year. Initially, many statewide programs would remain in place, and would undergo review for possible improvements as their existing contract terms expire.

LOCAL SUPPORT FUNDING BY PROGRAM

Table 3 (next page) shows proposed local assistance funding by program for the current and budget years. As the table shows, most categorical programs received level or workload funding in the Governor's proposal, with certain programs receiving cost-of-living adjustments consistent with recent practices. Decreases in funding are primarily due to removing one-time funding allocated in 2019-20.

Table 3: CCC Funding by Program^a (In Millions)

Program	2019-20 Revised	2020-21 Proposed	Change Amount	Change Percent	Explanation of change
Student Centered Funding Formula	\$7,430	\$7,631	\$ 201	2.70%	COLA, enrollment growth, minimum revenue provision
Student Equity and Achievement Program	475	459	-17	-3.50%	Shift program set-aside to System Support Program
CCC Strong Workforce Program	248	236	-12	-5.00%	Shift program set-aside to System Support Program
Student Success Completion Grant	150	141	-9	-6.23%	Adjust for revised estimates of recipients
Adult Education Program - CCC Districts ^b	63	64	1	2.29%	COLA
Disabled Students Programs and Services (DSPS)	124	127	3	2.29%	COLA
CCC System Support Program	-	125	125	-	Consolidate set-aside and infrastructure funds from multiple programs
Extended Opportunity Programs and Services (EOPS)	116	119	3	2.29%	COLA
California College Promise (AB 19)	85	84	-1	-1.72%	Adjust for revised estimates of first-time, full-time students
Apprenticeship (CCC districts)	44	72	29	65.68%	COLA, expand CAI, support projected increase in RSI hours
Financial aid administration	76	69	-7	-9.09%	Adjust for revised estimates of fee waivers, shift statewide media campaign to System Support Program
Full-time faculty hiring	50	50	0	0.0%	
CalWORKs student services	47	48	1	2.29%	COLA
Mandates Block Grant and reimbursements	34	35	1	2.32%	COLA, revised enrollment estimates

Part-time faculty compensation	25	25	0	0.00%	
Economic and Workforce Development	23	23	0	0.00%	
California Online Community College	20	20	0	0.00%	
Part-time faculty office hours	12	22	10	82.16%	Add one-time funding
NextUp (foster youth program)	20	19	-1	-3.75%	Shift program set-aside to System Support Program
Deferred maintenance and instructional equipment (one-time)	13	17	4	27.87%	Add one-time funding, includes reappropriated funds
Cooperative Agencies Resources for Education (CARE)	17	17	0	2.29%	COLA
Lease revenue bond payments	16	13	-4	21.62%	Adjust for actual obligations
Nursing grants	13	13	0	0.0%	
District food pantries	-	11	11	-	Add new, ongoing program
Immigrant legal services through DSS	-	10	10	-	Make funding ongoing
Veterans Resource Centers	10	10	0	0.00%	
Student Housing Program	9	9	0	0.00%	
Dreamer Resource Liaisons	-	6	6	-	Add new, ongoing program per Assembly Bill 1645 of 2019 (Blanca Rubio)
Foster Parent Education Program	6	6	0	0.00%	
Instructional materials for dual enrollment students	-	5	5	-	Add new, ongoing program

Equal Employment Opportunity Program	3	4	1	51.90%	Add available EEO fund resources
Childcare tax bailout	4	4	0	2.29%	COLA
Other ^c	4	3	-1	-19.81%	Shift Transfer Education and Articulation funds to System Support Program
Umoja	3	3	0	0.00%	
Mathematics, Engineering, Science Achievement (MESA)	3	3	0	0.00%	
Puente Project	2	2	0	0.00%	
Middle College High School Program	2	2	0	0.00%	
Online education initiative	23	13	-10	-43.48%	Shift statewide infrastructure to System Support Program; add one-time investment for ZTC degree programs (\$10)
Integrated technology	42	-	-42	-100.00%	Shift statewide infrastructure to System Support Program
Institutional effectiveness initiative	28	-	-28	-100.00%	Shift statewide technical assistance to System Support Program
One-time program funding ^d	9	35	26	272.34%	Removes one-time funds, adds funds for work-based learning (\$20), faculty fellowship (\$15)
College-specific allocations	11	-	-11	-100.00%	Remove one-time funding
K-12 pass-throughs (adult ed, K-12 apprenticeship, workforce)	608	638	30	3.97%	Remove one-time funding, COLA
Totals	\$9,940	\$10,261	\$321	3.2%	

^a Table reflects total programmatic funding for CCC, including amounts from prior years available for use in the years displayed.

^b Amounts represent share received by CCC districts. For the overall adult education program, \$423 million (76.7%) is distributed through school district fiscal agents or funded directly to school districts and K-12 agencies, and \$128 million (23.3%) is distributed by community college district fiscal agents or funded directly to community college districts.

^c Other programs include Academic Senate, transfer, FCMAT, and part-time faculty health insurance.

^d 2018-19 includes one-time allocations for hunger-free campus, mental health services and training, re-entry grant program, and open educational resources. 2019-20 includes one-time allocations for hunger-free campus, mental health services and training, and teacher credentialing partnership.

COLA = cost-of-living adjustment. CAI = California Apprenticeship Initiative. RSI = Related Supplemental Instruction. ZTC = zero textbook cost.

CAPITAL OUTLAY

Governor's Proposals. The Governor's Budget provides \$27.6 million in capital outlay funding from Proposition 51, approved by voters in 2016. The funding is to support 24 new projects, as listed in Table 4. The administration is in the process of reviewing CCC's 39 continuing bond projects for inclusion in its spring proposals. In addition, the budget reappropriates previously approved funding for 10 existing CCC projects due to delays in their design phases.

Table 4: Governor's Proposed CCC Capital Outlay Projects

College/Location	Project	2020-21 State Cost	2020-21 Total Cost	All Years State Cost	All Years Total Cost
NEW PROJECTS					
Antelope Valley College	Gymnasium Renovation	\$ 870,000	\$ 1,739,000	\$ 12,560,000	\$ 20,631,000
Barstow College	Hydronic Loop and Water Infrastructure	741,000	741,000	9,920,000	9,920,000
Chabot College	Bldg 3000 Maintenance Operations Warehouse & Garage	674,000	1,348,000	8,846,000	17,529,000
Orange Coast College	Chemistry Building Project	1,400,000	2,800,000	20,556,000	40,547,000
Compton College	Physical Education Complex Replacement	1,548,000	3,365,000	23,326,000	46,037,000
El Camino College	Music Building Replacement	1,969,000	3,938,000	27,175,000	54,696,000
Cuyamaca College	Instructional Building Ph 1	1,005,000	2,009,000	14,513,000	28,555,000
Grossmont College	Liberal Arts/Business/Computer Science Information Systems	941,000	1,882,000	11,257,000	22,049,000
Pacific Coast Campus	Construction Trades II	1,268,000	1,585,000	16,238,000	20,298,000
East Los Angeles College	Facilities Maintenance & Operations Replacement	829,000	1,657,000	12,170,000	23,336,000

Los Angeles Pierce College	Industrial Technology Replacement	1,182,000	2,363,000	16,737,000	33,090,000
Los Angeles Trade-Tech College	Design and Media Arts	2,410,000	4,819,000	35,317,000	69,741,000
Los Angeles Valley College	Academic Building 2	1,637,000	3,274,000	23,852,000	47,131,000
West Los Angeles College	Plant Facilities/Shops Replacement	445,000	889,000	5,788,000	11,505,000
Rancho Cordova Educational Center	Rancho Cordova Ph 2	389,000	1,296,000	8,979,000	17,384,000
Napa Valley College	Modernize Industrial Tech Bldg 3100	245,000	489,000	3,024,000	5,916,000
Cypress College	Fine Arts Renovation	1,512,000	2,520,000	18,133,000	29,801,000
Riverside City College	Life Science/Physical Science Reconstruction	1,623,000	2,706,000	27,356,000	35,201,000
Crafton Hills College	Performing Arts Center Renovation	600,000	1,200,000	7,361,000	14,415,000
Sierra College	Gymnasium Modernization	2,409,000	3,212,000	27,865,000	37,183,000
College of the Siskiyous	Theatre Arts Bldg Remodel/Addition	1,633,000	2,041,000	21,985,000	27,482,000
Public Safety Training Center	PSTC Expansion	398,000	664,000	4,975,000	7,427,000
Santa Rosa Junior College	Tauzer Gym Renovation	887,000	1,776,000	10,249,000	20,131,000
Mission College	Performing Arts Building	1,024,000	2,047,000	14,089,000	30,686,000
CONTINUING PROJECTS					
The administration has deferred funding decisions for continuing projects to better align appropriations with project schedules, and indicates that projects with preliminary plans completed prior to April 1, 2020 will be considered during the spring.					
Totals		\$27,639,000	\$50,360,000	\$382,271,000	\$670,691,000

Bond Measure on March 2020 Ballot. In the March 3 statewide primary election, Californians will have the opportunity to vote on Proposition 13, School and College Facilities Bond. If the measure is approved by voters, community colleges would receive \$2 billion of the measure's total \$15 billion for educational facilities.

STATE OPERATIONS

The Chancellor's Office provides system leadership and oversight to the system, administers dozens of CCC programs, and manages day-to-day operations of the system. The office is involved in implementing several recent initiatives including guided pathways, basic skills reforms, new financial aid programs, and a new apportionment funding formula. In addition, the Chancellor's Office provides technical assistance to districts and conducts regional and statewide professional development activities. The

current-year (2019-20) budget provides \$20.5 million in non-Proposition 98 General Fund and \$11.4 million in special funds and reimbursements for Chancellor's Office operations. The budget authorizes 179.9 full time equivalent, permanent positions and temporary help, of which 139.5 are filled.

The Governor's proposed 2020-21 budget adds one position for the Accounting Office, totaling \$166,000 ongoing, including operating expenses. In addition, the budget provides \$700,000 one-time to support the costs of convening a working group on student athlete compensation in the community colleges, as required by Senate Bill 206 of 2019 (Skinner).

The proposal, along with minor technical adjustments to the office's budget, would result in total budgeted resources for the Chancellor's Office of \$31.8 million in 2020-21 (including \$20.4 million in General Fund).

Next Steps

For more information throughout the budget process, please visit the Budget News section of the Chancellor's Office website:

<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News>

The ACCCA, ACBO, Chancellor's Office, and the League expect to provide an update in mid-February with projected rates for the Student Centered Funding Formula, any relevant information from proposed budget trailer bills, and other information as it becomes available.

Appendix

Please see the following pages for supplemental information:

- Appendix A: Overview of the State Budget Process
- Appendix B: Board of Governors' Budget and Legislative Request Compared to Governor's Budget Proposal
- Appendix C: Planning Factors
- Appendix D: Glossary

Appendix A: Overview of the State Budget Process

The Governor and the Legislature adopt a new budget every year. The Constitution requires a balanced budget such that, if proposed expenditures exceed estimated revenues, the Governor is required to recommend changes in the budget. The fiscal year runs from July 1 through June 30.

Governor’s Budget Proposal. The California Constitution requires that the Governor submit a budget to the Legislature by January 10 of each year. The Director of Finance, who functions as the chief financial advisor to the Governor, directs the preparation of the Governor’s Budget. The state’s basic approach is incremental budgeting, estimating first the costs of existing programs and then making adjustments to those program levels. By law, the chairs of the budget committees in each house of the Legislature—the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee—introduce bills reflecting the Governor’s proposal. These are called budget bills, and the two budget bills are identical at the time they are introduced.

Related Legislation. Some budget changes require that changes be made to existing law. In these cases, separate bills—called “trailer bills”—are considered with the budget. By law, all proposed statutory changes necessary to implement the Governor’s Budget are due to the Legislature by February 1.

Legislative Analyses. Following the release of the Governor’s Budget in January, the LAO begins its analyses of and recommendations on the Governor’s proposals. These analyses, each specific to a budget area (such as higher education) or set of budget proposal (such as transportation proposals), typically are released beginning in mid-January and continuing into March.

Governor’s Revised Proposals. Finance proposes adjustments to the January budget through “spring letters.” Existing law requires Finance to submit most changes to the Legislature by April 1. Existing law requires Finance to submit, by May 14, revised revenue estimates, changes to Proposition 98, and changes to programs budgeted based on enrollment, caseload, and population. For that reason, the May Revision typically includes significant changes for the CCC budget. Following release of the May Revision, the LAO publishes additional analyses evaluating new and amended proposals.

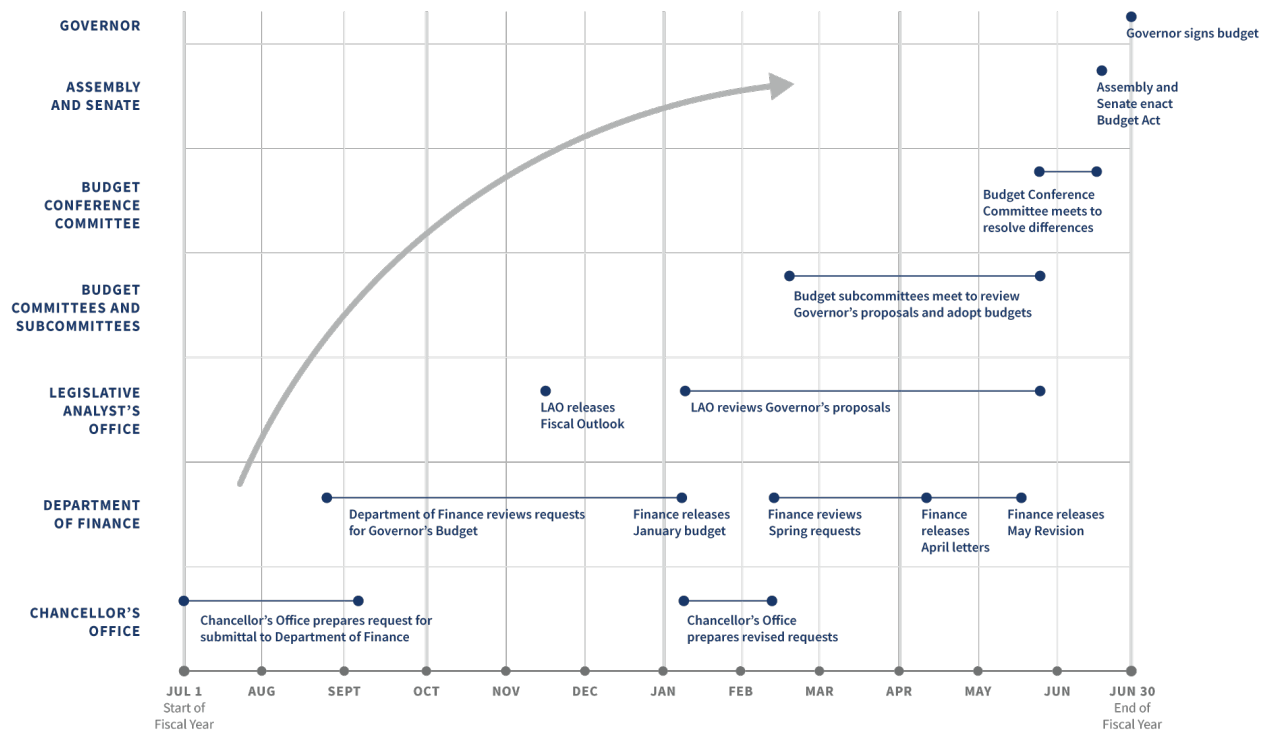
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can adopt, reject, or modify the proposal. Any January proposals not acted on remain in the budget by default. May proposals, in contrast, must be acted on to be included in the budget. In addition to acting on the Governor’s budget proposals, subcommittees also can add their own proposals to the budget.

When a subcommittee completes its actions, it reports its recommendations back to the full committee for approval. Through this process, each house develops a version of the budget that is a modification of the Governor’s January budget proposal.

A budget conference committee is then appointed to resolve differences between the Senate and Assembly versions of the budget. The administration commonly engages with legislative leaders during this time to influence conference committee negotiations. The committee’s report reflecting the budget deal between the houses is then sent to the full houses for approval.

Budget Enactment. Typically, the Governor has 12 days to sign or veto the budget bill. The Governor also has the authority to reduce or eliminate any appropriation included in the budget. Because the budget bill is an urgency measure, the bill takes effect as soon as it is signed.

SEQUENCE OF THE ANNUAL STATE BUDGET PROCESS



Appendix B: Board of Governors' Budget and Legislative Request Compared to Governor's Budget Proposal

Board of Governors' Request	Governor's January Budget Proposal
Foundational Resources	
\$328 million to meet districts' current obligations and provide cost adjustments	Provides \$199.1 million for COLA and growth; \$48.2 million (of which \$20.4 million is one-time) to support projected increases in apprenticeship instructional hours
\$100 million one-time support toward pension contributions	---
\$650 million from Proposition 51 bond funding for Board of Governors' Capital Outlay Program (25 new and 39 continuing projects)	Authorizes \$27.6 million for 24 new projects; construction funding for continuing projects will be considered in spring
Focus on College Affordability	
\$251 million for financial aid reform	No reform proposal; administration will review forthcoming work group report on how state's aid programs could better serve student needs; provides \$5 million to Student Aid Comm. for work group and outreach on student loan debt
\$10 million for textbook affordability	Provides \$10 million one-time to expand zero textbook cost degree pathways
\$350,000 for annual survey of students' basic needs	---
Focus on Faculty and Staff	
\$76 million to implement Faculty and Staff Diversity Task Force recommendations	Provides \$15 million one-time to pilot faculty fellowship program
\$15 million for professional development to improve teaching and student support	---
\$10 million for part-time faculty support	\$10 million one-time for part-time faculty office hours
Targeted Resources to Address Student Needs	
\$20 million to augment the Student Equity and Achievement Program	---
\$10 million to expand mental health services	---
\$10 million to expand educational program for incarcerated students	---
\$20 million one-time to expand work-based learning (WBL) within Guided Pathways (2019-20 Board of Governors Request)	Provides \$20 million one-time for grants to expand WBL models and programs, including working with faculty and employers to incorporate WBL into curriculum
---	Provides additional \$15 million ongoing to expand California Apprenticeship Initiative
---	Adds \$10 million ongoing to continue legal aid services for immigrant students, faculty, and staff
\$2.9 million for Dreamer Resource Liaisons (not in Board's request, but CCC funding need identified through bill analysis and comment process)	Adds \$5.8 million ongoing for Dreamer Resource Liaisons consistent with AB 1645 (2019)
---	Adds \$5 million ongoing to fund instructional materials for dual enrollment high school students participating in College and Career Access Pathways (CCAP) Partnerships
Expansion of State Supports to Serve System Needs	
Legislation to establish a System of Support for CCC	Legislation to consolidate support services as requested
\$945,000 and 6 positions to expand Chancellor's Office Research and Planning Unit	---
\$6.2 million and 2 positions to establish Chancellor's Office Housing Unit	No proposal, however, budget includes \$11.4 million in new, ongoing support for districts' food pantry services
\$200,000 and 2 positions to establish Chancellor's Office Energy and Environmental Sustainability Unit	---
\$4 million for CCC library services platform	---
\$2.5 million for systemwide awareness and outreach	---
\$2.3 million in core support and 13 positions for Chancellor's Office operations	Provides \$166,000 for one position for Chancellor's Office accounting operations

Appendix C: Planning Factors

Budget Planning and Forecasting

Based on the information Finance used in developing the Governor's budget proposal, it would be reasonable for districts to plan their budgets using information shown in the table below.

Table C-1: Planning Factors for Proposed 2020-21 Budget

Factor	2018-19	2019-20	2020-21
Cost-of-living adjustment (COLA)	2.71%	3.26%	2.29%
State Lottery funding per FTES	\$204.00	\$218.91	\$219.42
Mandates Block Grant funding per FTES	29.21	30.16	30.85
RSI reimbursement per hour	6.26	6.45	6.59
Financial aid administration per College Promise Grant	0.91	0.91	0.91
Employer pension contribution rates			
Public Employees' Retirement System (CalPERS)	18.06%	19.7%	22.8%
State Teachers' Retirement System (CalSTRS)	16.3%	17.10%	18.40%

We are not aware of any other changes in allocation methods or match requirements for local support programs, other than the funding formula adjustments described above.

Appendix D: Glossary

Appropriation: Money set apart by legislation for a specific use, with limits in the amount and period of time during which the expenditure is to be recognized.

Augmentation: An increase to a previously authorized appropriation or allotment.

Bond Funds: Funds used to account for the receipt and disbursement of non-self-liquidating general obligation bond proceeds.

Budget: A plan of operation expressed in terms of financial or other resource requirements for a specific period of time.

Budget Act (BA): An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget, amended by the Legislature, and signed by the Governor.

Budget Year (BY): The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

Capital Outlay: Expenditures which result in acquisition or addition of land, planning and construction of new buildings, expansion or modification of existing buildings, or purchase of equipment related to such construction, or a combination of these.

Cost Of Living Adjustment (COLA): Increases provided in state-funded programs intended to offset the effects of inflation.

Current Year (CY): The present state fiscal year, beginning July 1 and ending June 30 (in contrast to past or future periods).

Department of Finance (DOF or Finance): A state fiscal control agency. The Director of Finance is appointed by the Governor and serves as the chief fiscal policy advisor.

Expenditure: Amount of an appropriation spent or used.

Fiscal Year (FY): A 12-month budgeting and accounting period. In California state government, the fiscal year begins July 1 and ends the following June 30.

Fund: A legal budgeting and accounting entity that provides for the segregation of moneys or other resources in the State Treasury for obligations in accordance with specific restrictions or limitations.

General Fund (GF): The predominant fund for financing state operations; used to account for revenues which are not specifically designated by any other fund.

Governor's Budget: The publication the Governor presents to the Legislature by January 10 each year, which includes recommended expenditures and estimates of revenues.

Legislative Analyst's Office (LAO): A nonpartisan office that provides fiscal and policy advice to the Legislature.

Local Assistance: Expenditures made for the support of local government or other locally-administered activities.

May Revision: An update to the Governor’s Budget presented by Finance to the Legislature by May 14 of each year.

Past Year or Prior Year (PY): The most recently completed state fiscal year, beginning July 1 and ending June 30.

Proposition 98: A section of the California Constitution that, among other provisions, specifies a minimum funding guarantee for schools and community colleges. California Community Colleges typically receive 10.93% of the funds.

Reserve: An amount set aside in a fund to provide for an unanticipated decline in revenue or increase in expenditures.

Revenue: Government income, generally derived from taxes, licenses and fees, and investment earnings, which are appropriated for the payment of public expenses.

State Operations: Expenditures for the support of state government.

Statute: A law enacted by the Legislature.

Workload Budget: The level of funding needed to support the current cost of already-authorized services.

State Budget Update:

Governor's January Budget

January 10, 2020



California Community Colleges



Overview

- State Budget Overview
- California Community Colleges Budget
- Next Steps



State Budget: Major Themes

- **Addressing affordability crisis** – health care and housing
- **Investing in emergency response** – homelessness and wildfires
- **Promoting opportunity** – increased funding for preschool, public schools, and higher education; new Dept. of Early Childhood Development

State Budget: Continued But Slowing Growth

- Increases funding compared to 2019-20 enacted budget:
 - Total spending up by \$7.4 billion (3.5%), to \$222.2 billion
 - General Fund spending up by \$5.3 billion (3.6%), to \$153.1 billion
 - Proposition 98 funding is \$84 billion
- \$5.9 billion in discretionary resources:
 - \$4.1 billion in one-time spending and reserves
 - \$1.4 billion in ongoing programmatic spending
 - \$0.3 billion in other adjustments
- Continued but slowing growth, remaining risks, in long-term forecast

State Budget: Continued Focus on Resiliency

- **Grows Rainy Day Fund** from \$16 billion in 2019-20 to \$18 billion in 2020-21 and \$19.4 billion by 2023-24
- **Maintains Safety Net Reserve** at \$900 million and sets aside \$1.6 billion in **Special Fund for Economic Uncertainties**
- **Grows Public School System Stabilization Account** including additional 2019-20 deposit (\$147 million), small withdrawal (\$38 million) in 2020-21, bringing total to \$487 million at end of 2020-21
- **Makes required Proposition 2 debt payments** including supplemental \$1.1 billion payment to CalPERS in 2023-24

State Budget: Major Education Proposals

- Increasing and improving access to early learning and care
 - New Department of Early Childhood Development, additional preschool slots
- Investing in public education
 - \$1.2 billion increase in Local Control Funding Formula
 - \$900 million for educator recruitment and training
 - Nearly \$900 million for special education
- Increased access across higher education segments
- Central Valley initiative includes \$40 million for UC Riverside and UC San Francisco medical schools and \$17 million for Fresno K-16 collaborative

California Community Colleges (CCC) Budget

- Proposition 98 provides minimum guarantee for school and community college funding
- Although formulas determine total funding, Governor and legislature determine allocation
- In determining the Proposition 98 requirements:
 - Department of Finance estimates minimum guarantee
 - These estimates cover prior, current, and budget years
 - Adjusted periodically, with settle-up required if funding was below the final guarantee

Proposition 98 Estimates *(Dollars In Millions)*

Source	2018-19 Revised	2019-20 Revised	2020-21 Proposed	Change (Amount)	Change (Percent)
All Proposition 98 Programs					
General Fund	\$54,506	\$56,405	\$57,573	\$1,168	2%
Local Property Tax	23,942	25,168	26,475	1,307	5%
Totals	\$78,448	\$81,573	\$84,048	\$2,475	3%
Community Colleges Only					
General Fund	\$5,426	\$5,516	\$5,652	\$136	2%
Local property tax	3,077	3,254	3,435	181	6%
Totals	\$8,503	\$8,770	\$9,088	\$318	4%

Note: Prior to calculating the CCC share of Proposition 98 funding, funding for the Adult Education, Adults in Correctional Facilities, and K-12 Strong Workforce programs ,and transfers to the PSSSA (\$794 million, \$1.337 billion, and \$805 million in the prior, current, and budget years, respectively), are excluded from the total.

CCC Apportionments

- No changes to Student Centered Funding Formula at this time
- Administration supports Formula Oversight Committee recommendation to include a metric reflecting first-generation college students within the formula in the future, after data for the new metric is available
- Chancellor's Office will publish preliminary formula funding rates in mid-February

College Affordability

- Expands zero textbook cost (ZTC) pathways
 - \$10 million for additional ZTC degrees within Guided Pathways
 - Builds on \$5 million grant program provided in 2016
- Student financial aid
 - No major proposals, but administration indicates it will review forthcoming work group report on how state's aid programs could better serve the needs of students, including addressing non-tuition costs of attendance
 - Provides \$5 million to Student Aid Commission for a work group and outreach on reducing student loan debt

CCC Diversity, Equity, and Inclusion

- Creates a statewide fellowship pilot program
 - \$15 million one-time to create and implement, on a pilot basis, a fellowship for current and recent graduate students
 - The purpose of the fellowship program is to improve faculty diversity at community colleges through recruitment and mentorship

CCC Student Needs

- Expands work-based learning
 - \$27.8 million ongoing and \$20.4 million one-time for apprenticeship hours, and \$15 million ongoing to expand the California Apprenticeship Initiative
 - \$20 million one-time to expand access to work-based learning models and programs at community colleges
- Assists undocumented students
 - \$5.8 million ongoing to fund Dreamer Resource Liaisons and associated support services at each CCC campus, per Assembly Bill 1645 (Blanca Rubio)
 - \$10 million ongoing for legal services to immigrant students, faculty, and staff, to be administered through Department of Social Services
- Other proposals
 - \$11.4 million ongoing for food pantry programs at community colleges, and \$5 million for instructional materials for dual enrollment students

CCC System Support Program

- Consolidates dispersed support appropriations into single program
 - Currently, state funds several statewide activities through local assistance appropriations and set-asides in various categorical programs
 - Structure lacks efficiency, consistency, and alignment with *Vision for Success*
 - Governor's proposal creates a new program to provide coordinated support
 - Program would absorb all or a portion of existing statewide program appropriations and set-asides
 - Pending trailer bill language will require Board of Governors to adopt annual budget and expenditure reports

CCC System Support Program *(cont.)*

- Set-asides for administrative and statewide activities
 - Student Equity and Achievement Program
 - Cooperating Agencies Foster Youth Educational Support
 - CCC Strong Workforce Program
- Statewide Programs
 - Institutional Effectiveness Partnership Initiative
 - Integrated Technology
 - Transfer Education and Articulation
 - Expand Delivery of Courses through Technology
 - Statewide media campaigns (from Financial Aid Administration)

Proposed Local Assistance Adjustments

2020-21 Policy Adjustments in CCC Spending -- Ongoing	<i>In Millions</i>
Provide 2.29% COLA for Student Centered Funding Formula and certain categorical programs	\$176.4
Fund 0.5% enrollment growth	31.9
Provide workload adjustments for various programs	17.0
Fund Dreamer Resource Liaisons and legal aid support for immigrants	15.8
Expand California Apprenticeship Initiative	15.0
Support districts' food pantry services	11.4
Fund instructional materials for dual enrollment students	5.0
Total Ongoing Adjustments	\$272.4

Proposed Local Assistance Adjustments *(cont.)*

2020-21 Policy Adjustments in CCC Spending – One Time	<i>In Millions</i>
Expand work-based learning within Guided Pathways	\$20.0
Create statewide pilot fellowship program for diverse hiring	15.0
Expand zero textbook cost pathways	10.0
Augment support for part-time faculty office hours	10.0
Fund deferred maintenance and instructional equipment (one-time) ^a	7.6
Total One-Time Adjustments	\$62.6

^aIn addition, the budget provides \$8.1 million in 2019-20 funds and \$1.5 million in reappropriations, which combined with \$7.6 million in one-time funds provides a total of \$17.2 million for deferred maintenance and instructional equipment.

Proposed Local Assistance Adjustments *(cont.)*

2019-20 Adjustments in CCC Spending – One Time	<i>In Millions</i>
Support existing apprenticeship coursework – current-year adjustment	\$20.4
Fund deferred maintenance and instructional equipment ^a	8.1
Total 2019-20 One-Time Adjustments	\$28.5

^aIn addition, the budget provides \$7.6 million in one-time 2020-21 funds and \$1.5 million in reappropriations, which combined with the \$8.1 million in 2019-20 funds provides a total of \$17.2 million for deferred maintenance and instructional equipment.

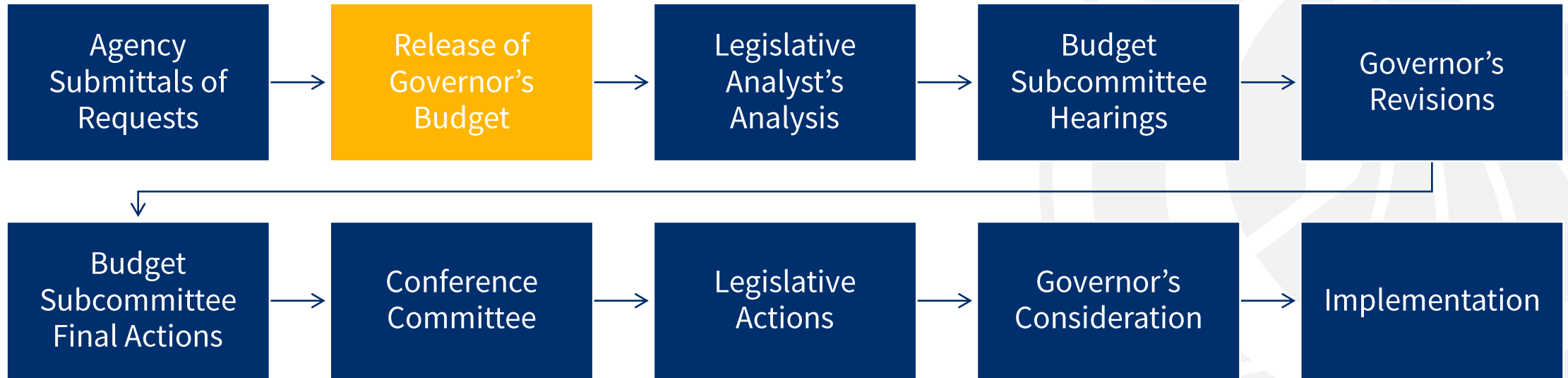
CCC Capital Outlay Proposals

- Provides \$27.6 million in bond funds for 24 new projects
- Funds are from Proposition 51, approved by voters in 2016, which authorized a total of \$2 billion
- Administration is in the process of reviewing CCC's 39 continuing bond projects for inclusion in its spring proposals
- Californians will vote on Proposition 13, School and College Facilities Bond, on March 3
 - If measure is approved, CCC would receive \$2 billion of \$15 billion total

CCC State Operations Proposals

- Budget maintains total resources for the Chancellor's Office almost level, at \$31.8 million (including \$20.4 million General Fund) in 2020-21
 - Adds one position for the accounting office totaling \$166,000 ongoing, including operating expenses
 - Provides \$700,000 one-time to support the costs of convening a working group on student athlete compensation in the community colleges, as required by Senate Bill 206 of 2019 (Skinner)

Budget Process



State Requirements for Approval of Local Budgets

- By law, districts are required to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues. Specifically, districts must:
 - Adopt a tentative budget by July 1.
 - Hold a public hearing and adopt final budget by September 15.
 - Complete annual budget and financial report by September 30.
 - Submit report to Chancellor by October 10.
- Adopted budget limits spending by major classification.

Districts' Fiscal Health

- BOG has established standards and monitoring process.
 - Districts regularly report status of their fiscal condition to governing boards and Chancellor's Office.
 - Chancellor's Office can intervene if needed to restore fiscal health.
 - Standard for unrestricted general fund balance as percentage of all expenditures and other restricted general fund outgo is 5%. Other entities recommend higher balances equaling two months of general fund operating revenues or expenditures—for many districts, this is closer to 15%.
- Use FCMAT Fiscal Health Risk Analysis for Districts as management tool.

Next Steps

For more information throughout the budget process, please visit the **Budget News** section of the Chancellor's Office website:

www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News

The ACCCA, ACBO, Chancellor's Office, and the League expect to provide an update in mid-February with projected rates for the Student Centered Funding Formula, any relevant information from proposed budget trailer bills, and other information as it becomes available.

[Click Here for Fire and Emergency Related Resources](#)

COMMUNITY COLLEGE UPDATE

Ask SSC . . . What's up with the down COLA?

 [BY MICHELLE MCKAY UNDERWOOD](#)

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Q. I noticed that the estimated cost-of-living adjustment (COLA) changed significantly in the Legislative Analyst's Office's (LAO's) Fiscal Outlook—from a healthy 3% to a mere 1.79%. What happened, and will low COLAs be with us for a while?

A. You are correct—while the cost of maintaining local operations, on average, is more often close to 3% or more, the newly estimated COLA by the LAO is unfortunately below that threshold and just over half of what was expected as of the 2019–20 State Budget adoption.

The statutory COLA is based on a national price index that is intended to reflect the cost of goods and services purchased by state and local governments across the country. While not explained in the report, LAO analysts point to relatively low wage growth as a potential depressor of the COLA. As of the LAO's Fiscal Outlook (see "[Legislative Analyst Issues Positive But Cautious Outlook](#)" in the December 6, 2019, *Community College Update*), six of the eight data points needed to calculate the COLA are already available, meaning the COLA will likely not improve significantly between now and the final statutory COLA calculation in late April, just in time for the May Revision.

To add to the unfortunate news, the Newsom Administration's May projections had the statutory COLA around 3% annually for the next few years; however, the consensus forecast prepared by Moody's Analytics for the LAO has the COLA rate hovering around 1.2% after 2020–21.

On the upside, after providing this meager COLA and 0.5% growth in full-time equivalent students, the LAO estimates that more than \$2 billion in new Proposition 98 spending will be available for 2020–21 and suggests that the Legislature consider using some of those resources to give a larger COLA than statutorily required. This, of course, is up to State Budget negotiations, so our advice is to consider what your local budget and multiyear projections would look like if the 1.79% COLA is all that is received through the Student Centered Funding Formula in 2020–21.

Once Governor Gavin Newsom releases his State Budget Proposal on January 10, 2020, we will be revising our SSC Financial Projection Dartboard for the estimated COLA in the current year and following years, as well as the many other factors that will change by that time. Stay tuned . . .

[Click Here for Fire and Emergency Related Resources](#)

VOLUME 39

NO. 24

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: DECEMBER 6, 2019

CalPERS Issues Revised Employer Contribution Rate Estimates

 **BY SHEILA G. VICKERS**

Copyright 2019 School Services of California, Inc.

posted November 25, 2019

The California Public Employees' Retirement System (CalPERS) has just finalized the Schools Pool Actuarial Valuation report, as of June 30, 2018, and has adjusted its estimates for employer contribution rates, as follows:

Year	Prior Employer Contribution Rate	Current Employer Contribution Rate*
2019–20	19.721%	19.721%
2020–21	22.70%	22.80%
2021–22	24.60%	24.90%
2022–23	25.40%	25.90%
2023–24	26.10%	26.60%
2024–25	26.30%	27.00%
2025–26	26.20%	26.80%
2026–27	N/A	26.70%

*Actual for 2019–20 and estimated for future years

These rates reflect the application of Senate Bill 90 (Chapter 33/2019), which included a \$904 million contribution from the state to reduce the employer contribution levels by 0.9% in 2020–21 and 0.3% in the subsequent years. These updated rates should be used for any budget revisions currently being prepared, and will be included in the next version of our SSC Financial Projection Dartboard to be prepared with the 2020–21 Governor's Budget Proposal in January 2020.

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VOLUME 39

NO. 24

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: DECEMBER 6, 2019

Legislative Analyst Issues Positive But Cautious Outlook

**BY PATTI HERRERA**

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posted November 21, 2019

In its annual [Fiscal Outlook](#) released on November 20, 2019, the Legislative Analyst's Office (LAO) reports that the condition of the California economy and budget are stable, but cautions that the state may face headwinds in the near future.

Consistent with its recent approaches to forecasting California's economy, the LAO looks at the state's outlook through two lenses—a growth lens and a recession lens. Under an economic growth scenario, the LAO estimates state revenues to grow from \$146 billion in 2019–20 to \$167 billion in 2023–24. Conversely, in a recession scenario, the LAO predicts that the state could lose roughly \$50 billion in revenue over the forecast period; due largely to declines in revenue generated by the personal income tax, which yields the lion's share of revenue from the state's "Big Three" taxes. Even in the face of significant revenue losses, the LAO estimates that reduced spending obligations in education and debt payments could save the state roughly \$27 billion. The state could manage the remaining budget deficit and weather a recession by tapping into what is expected to be a \$23 billion state reserve.

Noting that much of the risks to the state economy and budget are outside the control of state lawmakers, the LAO urges the Legislature to make judicious spending choices in the coming year. Though Analyst Gabriel Petek (Analyst) predicts that the state will enjoy a \$7 billion surplus going into fiscal year 2020–21, he cautions lawmakers against committing more than \$1 billion of the surplus to expanding programs or services and instead using it for one-time purposes.

Proposition 98: The Education Outlook

The LAO projects that the Proposition 98 minimum guarantee for 2020–21 will grow by \$3.4 billion (nearly \$2 billion from the General Fund and \$1.4 billion from local property taxes) for a total of \$84.3 billion. The Analyst also predicts that an additional \$206 million will be available due to the expiration of one-time funded activities. Moreover, the LAO's revised estimates for fiscal year 2018–19 and the current year show that the state's obligated spending levels are \$511 million below the minimum guarantee, requiring a Proposition 98 settle-up payment that can be used for one-time spending purposes. After accounting for ongoing obligations between the K–12 and community college systems, like the cost-of-living adjustment (COLA) discussed later, a \$350 million required deposit into the Proposition 98 rainy day fund, and funding an assumed full-time equivalent increase of 0.5%, there will be approximately \$2.1 billion for lawmakers to spend.

Budget Year 2020–21

While this may seem plentiful, the LAO notes that its revised estimate for the statutory COLA of 1.79% for 2020–21 is relatively low compared to the growing cost pressures districts face. Just over five months ago, the statutory COLA for 2020–21 was predicted to be 3.00%. This significant change in a key component of multi-year budgeting can have magnitudinous local impacts. Consequently, the LAO suggests that the Legislature may want to consider funding a higher COLA than is statutorily required, stating that a 0.5% increase to the COLA will cost the state \$300 million for the LCFF and \$38 million for community college apportionments. Other, more targeted investments that help districts defray costs to their general funds is another way to help districts manage their growing cost pressures such as paying down pension obligations that yield long-term returns. Finally, the LAO advises the Legislature that investing in one-time activities provides latitude and helps to avoid future spending cuts in the event of an economic down turn.

Beyond the Budget Year

Like its broader report, the LAO forecasts Proposition 98 under a growth and recession scenario. As was alluded to previously, if the state were to fall into a recession, its education spending obligations would diminish significantly under Proposition 98. The LAO predicts that the minimum guarantee could fall by as much as \$20 billion over the forecast period. Chillingly, the LAO warns that “the state not only would be unable to provide the COLA in 2021–22 and 2022–23, it would need to reduce spending, assuming it funds at the lower minimum guarantee.” Furthermore, the Analyst further suggests that the state could open its old recession toolbox and that the “Legislature could [reduce spending] by making reductions to ongoing programs, deferring school and college payments, or exploring possible fund swaps.”

For those of us who lived in the trenches of the Great Recession, terms like “deferrals” and program “reductions” are enough to have us running for the hills. Thus, we would hope that lawmakers would consider using other tools to mitigate the impacts of an economic downturn on our students, including using a portion of the state’s reserve to avoid such draconian reductions to education spending.

Governor Gavin Newsom will issue his 2020–21 proposed State Budget on or by January 10, 2020.

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VOLUME 39

NO. 24

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: DECEMBER 6, 2019

Proposition 98 Reserve Projected to Grow



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posted November 27, 2019

As noted in “[Legislative Analyst Issues Positive but Cautious Outlook](#)” in the current edition of the Community College Update, the Legislative Analyst’s Office (LAO) released its [California Fiscal Outlook](#) report for the 2020–21 State Budget. It also released [The Fiscal Outlook for Schools and Community Colleges](#) report, which provides a more detailed look at the outlook for the Proposition 98 minimum guarantee and other factors affecting K–14 education.

Of particular note are the LAO’s projections for deposits into the Public School System Stabilization Account, also known as the Proposition 98 reserve. The intention of the Proposition 98 reserve is to have a distinct pot of resources to assist K–14 districts through an economic downturn. As a quick recap, four criteria are necessary to trigger a deposit into the Proposition 98 reserve:

1. Full repayment of the Proposition 98 maintenance factor prior to 2014–15,
2. Proposition 98 funding based on Test 1,
3. Proposition 98 funding sufficient to fund the change in average daily attendance and inflation, and
4. Capital gains revenue in excess of 8% of General Fund revenue.

All four criteria were met in 2019–20, and the first deposit into the Proposition 98 reserve of \$377 million was estimated at 2019–20 State Budget adoption.

For community college districts, the Proposition 98 reserve serves as a small reassurance that the next economic downturn may be softened by these one-time resources. For K–12 districts, the Proposition 98 reserve represents an axe about to fall. Once the Proposition 98 reserve reaches at least 3% of the Proposition 98 funding level for school districts, K–12 districts must reduce their combined assigned or unassigned ending balance to no more than 10%. This law does not apply to community college districts.

As part of its analysis, the LAO modeled two economic scenarios—growth and recession—when developing its projections for General Fund revenues and the subsequent Proposition 98 minimum guarantee. Under both scenarios, the LAO lowers the deposit for 2019–20 from \$377 million to \$177 million due to slower year-to-year growth in the minimum guarantee. In future years, though, the two scenarios diverge. In the recession scenario, no further deposits are made into the Proposition 98 reserve. In fact, the funds are immediately withdrawn in 2020–21 to help offset the impacts of a slowing economy on the minimum guarantee.

Under the growth scenario—which assumes California will continue to add jobs, wages will continue to increase, and the stock market will remain strong—the minimum guarantee continues a steady increase from \$80.9 billion in 2019–20 to \$93.9 billion in 2023–24 (the extent of the forecast period). As the economy continues to grow, the LAO assumes that the state will continue to make deposits into the Proposition 98 reserve—ranging from \$1 billion in 2021–22 to \$100 million in 2023–24. These deposits would result in a cumulative balance of \$2.2 billion (or 2.3% of the Proposition 98 funding level) at the end of the forecast period—just shy of the 3% needed to trigger the K–12 reserve cap.

Throughout the *Fiscal Outlook*, the LAO repeatedly notes that the risks of an economic downturn are higher than normal and urges the Legislature to be prudent when approaching the budgeting process for 2020–21.

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: JANUARY 24, 2020

Department of Finance Updates Out Year COLA Estimates



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posted January 13, 2020

The Department of Finance released the latest estimates for the out-year cost-of-living adjustment (COLA) percentages for apportionments and certain categorical programs, which are reflected below.

Statutory COLA				
	2019–20 Actual	2020–21 Estimated	2021–22 Estimated	2022–23 Estimated
COLA	3.26%	2.29%	2.71%	2.82%

These percentages will be reflected in School Services of California Inc.’s [Financial Projection Dashboard](#) in the coming days.

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: JANUARY 10, 2020

Initial Impressions from Governor Newsom's 2020–21 State Budget Proposal



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posted January 10, 2020

Today, January 10, 2020, Governor Gavin Newsom released his proposal for the 2020–21 State Budget, his second budget proposal as California's chief executive.

The purpose of this article is to provide a quick overview of Governor Newsom's assertions regarding the 2020–21 State Budget. We address the community college topics highlighted by Governor Newsom this morning in his press conference, press release, and high-level State Budget summary but reserve our commentary and in-depth details for inclusion in our *Community College Update*, to be released later today.

Economic Outlook

As the Department of Finance has been signaling in recent monthly Finance Bulletins, the 2020–21 State Budget proposal reflects a revised revenue forecast that is \$5.8 billion higher from 2018–19 through 2020–21 compared to the 2019–20 State Budget Act. Over the three fiscal years, the personal income tax is down \$1.5 billion, the sales and use tax is up \$129 million, and the corporation tax is up almost \$5 billion.

The budget continues to build additional reserves for the state's Rainy Day Fund. The Governor's proposal assumes nearly \$2 billion in 2020–21 and an additional \$1.4 billion over the remainder of the three-year forecast period. The Rainy Day Fund is projected to be \$18 billion in 2020–21 and \$19.4 billion by 2023–24.

Level of Proposition 98 Funding

The proposed 2020–21 State Budget includes Proposition 98 funding of \$84 billion for 2020–21, which Governor Newsom notes as an "all-time high." The Proposition 98 funding levels for the current budget year (2019–20) and last year (2018–19) have been revised to \$81.6 billion and \$78.4 billion, respectively. When combined with more than \$819 million in settle-up payments for prior fiscal years, the State Budget proposes an increased investment of \$3.8 billion for K–14 schools.

Due largely to projected increases in revenues and year-over-year declines in K–12 ADA, Test 1 is projected to be operative for fiscal years 2018–19 through 2020–21.

Public School System Stabilization Account (PSSSA)

The budget projects that a \$524.2 million deposit into the PSSSA is required for 2019–20, which represents an increase of \$147.7 million over the deposit projected in the enacted 2019–20 State Budget. Proposition 2 requires deposits made into the account be spent in fiscal years in which the minimum Proposition 98 funding level is not sufficient to fund the prior-year funded level adjusted for any deposits. This means that a withdrawal of \$37.6 million is projected to be made from the PSSSA in 2020–21.

Growth and Cost-of-Living Adjustment (COLA)

Governor Newsom proposes an increase of \$31.9 million in Proposition 98 funding for enrollment growth and a \$167.2 million increase for a 2.29% COLA for apportionments.

Student Centered Funding Formula (SCFF)

While the Governor offers no significant changes to the SCFF in his 2020–21 State Budget proposal, the Administration notes that it supports the recent recommendations from the SCFF Oversight Committee to include a metric reflecting first-generation college students within the formula. However, incorporating this metric first requires the collection of first-generation data that is aligned with the committee's recommended definition and thus the Administration expects the Chancellor's Office to develop guidance and work with community colleges to collect this data for inclusion in the formula.

Apprenticeship Programs

Governor Newsom's budget provides a proposed increase of \$83.2 million in funding for apprenticeship programs:

- \$48.2 million (\$27.8 million ongoing) to support projected increases in apprenticeship instructional hours
- \$15 million to expand the California Apprenticeship Initiative
- 20 million to expand access to work-based learning models

Affordability

Financial Aid

The Governor's Budget includes \$5 million in one-time non-Proposition 98 funding for the state's Student Aid Commission to form a workgroup and to provide outreach related to student debt. However, the Budget does not provide any major proposals related to reforming the state's financial aid system, which is expected to be a key issue for the Legislature in 2020. The Governor does indicate that a proposal could be coming in the future as they wait to review an upcoming report on financial aid by a Student Aid Commission workgroup.

Textbooks and Instructional Materials

The Governor's Budget includes \$10 million in one-time funds to expand zero textbook cost

pathways using open educational resources and other materials that are free of charge to students.

Additionally, the Governor proposes an increase of \$5 million for community colleges to provide instructional materials for dual enrollment students.

Food Pantry Programs

The Governor provides an increase of \$11.4 million to support food pantry programs

Faculty

The proposed budget includes \$15 million in one-time funds to create and implement a pilot fellowship program to improve faculty diversity at community colleges. The Administration also proposes an increase of \$10 million in one-time funds for part-time faculty office hours.

Services for Undocumented and Immigrant Students

Governor Newsom proposes to provide \$5.8 million in ongoing funding to ensure that each campus can hire a Dreamer Resource Liaison, which is now required by law after the Governor signed Assembly Bill 1645 last year.

Building off of a one-time appropriation from last year's enacted budget, the Governor proposes \$10 million in ongoing funding to provide legal services for immigrant students, faculty, and staff.

CCC System Support Program

The Governor also proposes to shift \$125 million in funding from existing categorical programs to a new CCC System Support Program, which would be managed by the Chancellor's Office.

Capital Outlay

Governor Newsom proposes \$27.6 million in Proposition 51 capital outlay funding to support 24 new projects. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.

Summary

This very broad extract of the Governor's Budget proposal is provided to keep you informed. Over the next few hours and days, we will be working to distill the information and make it actionable for community colleges.

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: JANUARY 10, 2020

Governor's Proposals for the 2020-21 State Budget and Education



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posted January 10, 2020

Preface

During the Great Recovery, California enjoyed unprecedented growth in funding largely due to restoration of past reductions, growth in the economy, and passage of Propositions 30 and 55. To open his press conference, Governor Gavin Newsom disabused California's naysayers, those with "California Derangement Syndrome," that the best days are behind us.

Governor Newsom's press conference preamble, as he called it, highlighted the state's job growth, bond rating, rainy day fund, state surplus, and payments to the Wall of Debt. He gave credit to Governor Jerry Brown for setting the tone and tenor on many of these items and continues these as priorities. In the world of education, Newsom also honors Governor Brown by continuing the K-12 Local Control Funding Formula (LCFF) and the community college Student Centered Funding Formula (SCFF), but also goes his own way when it comes to funds for new programs.

Over the fall, the education community braced against the news that the cost-of-living adjustment (COLA) might be significantly less than what was projected just months before. There was hope that Governor Newsom would provide flexible funding above a meager COLA, perhaps with a "super" COLA, for the LCFF and SCFF. Instead, Governor Newsom proposes continued categorical programs, all with laudable goals, but few that provide immediate relief when the cost to keep local educational agencies (LEAs) afloat hovers around 4% or more.

As we enter the 2020-21 State Budget deliberations, a key focus will be on whether California is slowly or quickly moving into a new education funding era.

Overview of the Governor's Budget Proposals

On Friday, January 10, 2020, just after 10:30 a.m., Governor Newsom released his second proposed State Budget for the upcoming 2020-21 fiscal year stating that "Building a strong fiscal foundation now is the best way the state can prepare for the future and continue to build a 'California for All'." Gone are the days of the five minute budget press conferences by former Governor Jerry Brown. Consistent with his inaugural State Budget presentation, Governor Newsom went into great detail and spent nearly two hours presenting the Budget through his Twitter account followed by an additional hour of answering questions from reporters.

The Governor led by explaining that he is proposing a \$157 billion General Fund Budget for the upcoming fiscal year, a 2.23% increase over the current year. The total State Budget proposed by the Governor measures at \$222.2 billion. Governor Newsom emphasized that the 2020–21 Budget is structurally balanced. He uses a significant amount of one-time funds as a way to provide flexibility during times of economic uncertainty. In fact, this strategy, along with continued economic growth, allowed the Governor to propose extending nearly \$2 billion in programs that were due to expire on December 21, 2021, to July 1, 2023. Being fiscally prudent, examples of proposed flexibility are found in the education budget where nearly 60% of the \$3 billion in available new revenue is proposed for new or the extension of one-time investments.

Economic Outlook

Acknowledging eleven years of economic expansion, the State Budget proposal forecasts “constrained growth” for the state over the next four years. Governor Newsom noted in his press conference that, while the economy is not contracting, our continued growth is. Nevertheless, the state’s General Fund continues to enjoy stronger than estimated revenue from the “Big Three” taxes. The 2020–21 revised revenue forecast is over \$5 billion more than the 2019–20 State Budget Act projection. Personal income tax is up by \$1.2 billion, corporation tax is up by \$700 million, and revenue from the sales and use tax is projected to be \$1.1 billion over the 2019 Enacted Budget estimates.

Governor Newsom continues to build additional reserves beyond the \$16 billion currently set aside in the Rainy Day Fund. An additional \$1.9 billion transfer is proposed in the budget year and an additional \$1.4 billion over time, bringing the Rainy Day Fund to \$19.4 billion by 2023–24. This unprecedented level of state savings and Governor Newsom’s prudent budgeting approach, which mimics the days of his immediate predecessor, can help the state weather a future economic storm should it come.

The Economy and Revenues

Economic Outlook

Following the footsteps of his predecessor, Governor Newsom cautions that the opportunities for continued economic growth is expected to slow as both the nation and the state have reached full employment. The economic stimulus from the 2017 federal tax policy changes has run its course, interest rates are very low, the stock market is at an all-time high, and growing risks from trade tensions between the U.S. and China as well as military escalation in the middle east all create instability in the global economies of California’s trade partners. In particular, California faces unique structural risks in its aging population and housing shortage.

The State Budget proposal includes constrained job growth realized unevenly across the state and acknowledges an increase in payroll jobs resulting from rule changes on independent contractors, moving most onto company payrolls. The Budget assumes that personal income growth will be 4% through the projection period. Growth in real wages and personal income are necessary to sustain healthy consumption and overall economic activity.

While the State Budget identifies a rising economic risk related to the housing shortage, the UCLA Forecast from December 2019 focuses on continued trade tensions with China, subprime auto loans, certification of the Boeing 737 Max, and trillion-dollar deficits. As the world's fifth largest economy, California is especially reliant on import-export business and decreasing imports will have an impact. When combined, the economists at UCLA state that the likelihood of a recession is 32%, but share that a temporary economic slowdown in the second half of 2020 is far more likely.

Revenues

The 2020–21 State Budget assumes higher overall revenues for fiscal years 2017–18 through 2019–20, exceeding the 2018–19 State Budget projections by more than \$5.05 billion. Over the three-year period, personal income tax, sales and use tax, and corporation tax are expected to beat earlier estimates.

Over the long term, the forecast calls for continued increases in the state's "Big Three" taxes.

"Big Three" Revenue Forecast (General Fund Revenue—in billions)

	Fiscal Years						Average Year-Over-Year Gro wth
	2018–1 9	2019–2 0	2020–2 1	2021–2 2	2022–2 3	2023–2 4	
Personal Income Tax	\$98.6	\$101.7	\$102.9	\$106.1	\$108.1	\$110.0	2.2%
Sales and Use Tax	\$26.1	\$27.2	\$28.2	\$29.0	\$29.7	\$30.4	3.1%
Corporation Tax	\$14.1	\$15.3	\$16.0	\$16.5	\$17.0	\$17.6	4.6%

Proposition 98

Adopted by state voters in 1988, Proposition 98 sets in the State Constitution a series of complex formulas that establish the minimum funding level for K–12 education and community colleges from one year to the next. This target level is determined by prior-year appropriations that count toward the guarantee and (1) workload changes as measured by the change in K–12 average daily attendance (ADA), and (2) inflation adjustments as measured by the change in either per capita personal income or per capita state General Fund revenues, whichever is less. While gains experienced over the last several years continue with the 2020–21 State Budget proposal, these gains represent the minimum required by law.

Current- and Prior-Year Minimum Guarantee

The Proposition 98 minimum guarantee has increased from the 2019 State Budget Act for both 2018–19 and 2019–20 due largely to an increase in property tax revenue in 2018–19 and increased General Fund revenues in both years.

For the current year, Governor Newsom's State Budget proposal acknowledges an increase of \$517 million from the 2019–20 State Budget Act—raising the Proposition 98 guarantee to an estimated \$81.6 billion, up from \$81.1 billion. The 2018–19 year reflects a more modest increase of \$301.5 million, raising the minimum guarantee from \$78.1 billion to \$78.4 billion.

2020–21 Minimum Guarantee

For 2020–21, the Governor's State Budget proposes a Proposition 98 guarantee of \$84 billion, an increase of \$3 billion year over year. As expected, given the continued declines in K–12 enrollment and ADA, the guarantee is projected to be based on Test 1—funding based on education's proportion of the General Fund in 1986–87.

Cost-of-Living Adjustment and K-12 Average Daily Attendance

The estimated statutory COLA for education programs in 2020–21 is 2.29%. Note that, while the COLA is lower than estimated in the 2019–20 enacted State Budget, it is higher than that projected by the Legislative Analyst's Office in its Fiscal Outlook, which was released in November 2019.

Statewide, K–12 ADA is expected to continue declining. The State Budget proposal reduces Proposition 98 funding in 2019–20 due to an ADA decline greater than projected in the 2019–20 State Budget Act, and in 2020–21 from a further projected ADA decline in 2020–21.

Student Centered Funding Formula and Other CCC Apportionments

The Governor proposes \$167.2 million to fund the 2.29% cost-of-living adjustment (COLA) for apportionments, which is applied to the rates within the Student Centered Funding Formula (SCFF) as well as the basic allocations. The 2019–20 State Budget Act included some changes in the formula, which the Governor acknowledges, so no additional specific changes are proposed for 2020–21. However, the Administration notes that it supports the recent recommendations from the SCFF Oversight Committee to include a metric reflecting first-generation college students within the formula. Incorporating this metric first requires the collection of first-generation data that is aligned with the committee's recommended definition and thus the Administration expects the Chancellor's Office to develop guidance and work with community colleges to collect this data for inclusion in the formula.

In addition to the COLA on apportionments, the Governor proposes to provide \$31.9 million to fund student enrollment growth of 0.5%. The estimate for local property tax collections has increased by \$191.1 million, which reduces state aid accordingly in 2020–21.

There are no proposed current year adjustments in the 2020–21 Governor's Budget related to the 2019–20 property tax and student fee collections; however, one-time current-year funds of \$20.4 million are provided for apprenticeship programs and \$8.1 million are provided for deferred maintenance in 2020–21 from this source (augmented from other sources as illustrated later in this article).

Local property tax collections for 2018–19 are higher than projected, which in prior years would have resulted in a downward adjustment in state aid. However, because of trailer bill legislation related to the 2018–19 State Budget Act, the higher property tax collections will be applied to reduce that year's apportionment deficit.

Governor Newsom once again does not propose any one-time discretionary funds for 2020–21—funds that have historically been counted as paying down outstanding state mandate claims. Also, consistent with the prior Governor's prior proposals, there is no proposed change to current fee levels for the California Community Colleges (CCCs).

Apprenticeship Programs

Governor Newsom's budget provides a proposed increase of \$83.2 million in funding for apprenticeship programs:

- \$48.2 million (of which \$20.4 million is one-time as noted above) to support projected increases in apprenticeship instructional hours
- \$15 million to expand the California Apprenticeship Initiative to support the creation of apprenticeship opportunities in priority and emerging industry sectors
- \$20 million to expand access to work-based learning models, including working with faculty and employers to incorporate work-based learning into the curriculum

Capital Outlay

Governor Newsom proposes \$27.6 million in Proposition 51 capital outlay funding to support 24 new projects. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.

Consolidation of Categorical Programs

The Governor's proposals for 2020–21 include language to create a new CCC System Support Program, managed by the Chancellor's Office, by shifting \$125 million in funding from these existing categorical program set-asides and statewide programs:

- Student Equity and Achievement Program
- Cooperating Agencies Foster Youth Educational Support
- CCC Strong Workforce Program

In addition, all or a portion of the existing funding from these statewide programs would be shifted to the new CCC System Support Program:

- Institutional Effectiveness Partnership Initiative

- Integrated Technology
- Transfer Education and Articulation
- Expand Delivery of Courses through Technology
- Statewide media campaigns (from Financial Aid Administration)

It is proposed that the Board of Governors would adopt a budget for the CCC System Support Program each year and then provide a report on expenditures at the end of each year. Initially, many of these programs would stay in place and would be reviewed as their contract terms expire.

Other Programs

The Governor's 2020–21 State Budget proposals for other community college programs include:

- \$17.3 million in one-time funds (including the \$8.1 million designated from the current year as mentioned above) for deferred maintenance and instructional equipment
- \$15 million in one-time funds for a pilot fellowship program for improving faculty diversity at community colleges
- \$11.4 million to establish or support food pantries at community college campuses
- \$10 million in one-time funds for part-time faculty office hours
- \$10 million in one-time funds to develop and implement zero-textbook-cost degrees using open educational resources
- \$10 million to continue providing legal services to immigrant students, faculty, and staff on community college campuses
- \$9.2 million to fund the 2.29% COLA for Disabled Student Programs and Services, Extended Opportunity Programs and Services, California Work Opportunity and Responsibility to Kids, Child Care Tax Bailout, and Mandate Block Grant programs
- \$5.8 million to fund Dreamer Resource Liaisons (required by AB 1645, Chapter 788/2019) and student support services for immigrant students, including services related to career pathways and economic mobility
- \$5 million to provide instructional materials for dual enrollment students at the colleges
- \$700,000 in one-time non-Proposition 98 funds for the Chancellor's Office contract with an external organization to staff a Working Group on Community College Athlete Compensation in order to address a community college athlete's use of the athlete's name, image, and likeness for compensation (related to Senate Bill 206, Chapter 383/2019)

Financial Aid

The Governor's Budget includes \$5 million in one-time non-Proposition 98 funding for the state's Student Aid Commission to form a workgroup and to provide outreach related to student debt. However, the Budget does not provide any major proposals related to reforming the state's financial aid system, which is expected to be a key issue for the Legislature in 2020. The Governor does indicate that a proposal could be coming in the future as they wait to review an upcoming report on financial aid by a Student Aid Commission workgroup.

CalSTRS and CalPERS Payments

While the Governor makes reference to the \$3.15 billion (one-time, non-Proposition 98) California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) investment that was made on behalf of employers as part of the enacted 2019–20 State Budget, he does not propose to provide any additional CalSTRS and CalPERS relief for LEAs in his 2020–21 State Budget blueprint.

Early Childhood and Preschool

Early childhood investments continue to be a top priority for Governor Newsom. This is perhaps most strongly signaled by his sweeping proposal to establish a Department of Early Childhood Development under the Health and Human Services Agency, and shift all but the California State Preschool Program from the Department of Education into the new department, beginning in July, 2021. The new department is intended to integrate early childhood funding, programs and services including child care, home visiting, and early health programs. As it relates to programs affecting public agency providers, the Governor's State Budget proposals includes the following investments:

- \$75 million in Proposition 98 funding to expand the Inclusive Early Education Expansion program that provides one-time grants to construct or modernize preschool facilities that serve children with disabilities
- Increases the provider reimbursement rates for General Child Care and State Preschool by a 2.29% COLA
- Proposes future changes in the K–12 State School Facility Program if voters approve the \$15 billion statewide school bond (Proposition 13) to provide facility grant enhancements to expand preschool programs on school campuses

The Rest of Higher Education

The Governor's State Budget proposal for 2020–21 sets the expectation that both the University of California (UC) and the California State University (CSU) systems continue to maintain affordability, improve access, reduce achievement gaps, and improve timely degree completion.

The Governor's proposals for the University of California (UC) system include a 5% increase, or \$217.7 million, for base operations, expanded enrollment and services in the area of medicine, and for immigrant legal services. In addition, the Governor proposes to provide \$55.3 million in one-

time funds to develop a grant program for animal shelters, support degree and certificate completion programs at UC extension centers, and develop a UC Subject Matter Project in computer science.

The CSU is proposed to also receive a 5% increase for base operations, which equates to \$199 million, as well as to expand enrolment and further achieve the goals of the CSU's Graduation Initiative 2025. In addition, \$6 million in one-time funds are provided to support the development or expansion of degree and certificate completion programs via the Extended and Continuing Education programs, with a focus on online programs.

The Governor's 2020–21 State Budget proposal includes a new initiative involving higher education but more broadly includes other statewide functions—“Fresno DRIVE” (Developing the Region's Inclusive and Vibrant Economy). The proposal is to improve the economic mobility of people living in the Fresno area by investing the following:

- \$33 million in one-time non-Proposition 98 funds for the Fresno-Merced Food Innovation Corridor
 - The Department of Food and Agriculture would work with local educational institutions as well as other partners to establish an innovation corridor to stimulate research and development, commercialization, and innovation to support advanced sustainable agricultural production and high-quality jobs in the San Joaquin Valley
- \$17 million in one-time non-Proposition 98 funds for the Fresno Integrated K-16 Education Collaborative
 - To plan educational pathways to improve social and economic mobility in the greater Fresno region

K–12 Education Proposals

The 2.29% statutory COLA is applied to the K–12 Local Control Funding Formula and the few categorical programs that still exist for K–12 education. Just as for the CCC, Governor Newsom does not propose any one-time discretionary funds for K–12 education that are scored against outstanding state mandate claims.

The Governor proposes \$645 million for special education programs (a continuation of the one-time augmentation from 2019–20), plus an additional \$250 million in one-time funds to be allocated based on preschool special education pupil counts. A revised special education funding formula is mentioned but details are not yet available.

One-time funds of \$900 million are proposed to fund several programs to address the statewide teacher shortage, especially in high needs areas such as special education and STEM.

In Closing

In closing, Governor Newsom is making his mark and distinguishing himself in his proposed 2020–21 State Budget. While respecting Brown's education reform by maintaining the LCFF and SCFF at “full funding” through providing the COLA, he is maintaining several one-time programs under his

watch. While many of these programs are intended to improve LEA operations and services to students over the long term, Governor Newsom provides minimal, immediate relief from the myriad cost pressures that LEAs face.

Remember that the Governor's Budget proposal marks the beginning of the process, not the end. We expect the Legislature to push back on the Governor's priorities and propose their own. As the various proposals are considered by legislative committees, we can expect both confrontation and compromise. We continue to watch the evolving dynamic between a Governor hitting his stride in the second year and a well-established legislative leadership with a strong Democratic supermajority.

We look forward to continuing to see the vision Governor Newsom has for the state of California and wish him well as we all continue this journey together.

SSC Community College Financial Projection Dartboard 2020–21 Governor’s Proposed State Budget

This version of School Services of California Inc., (SSC) Financial Projection Dartboard is based on the 2020–21 Governor’s Proposed State Budget. We have updated the cost-of-living adjustment (COLA), consumer price index (CPI), and ten-year T-bill planning factors to reflect the latest economic forecasts. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are, at best, general guidelines.

Factor		2019–20	2020–21	2021–22	2022–23	2023–24
Statutory COLA for Apportionments		3.26%	2.29%	2.71%	2.82%	2.60%
Growth Funding		0.55% (\$24.7 million)	0.50% (\$31.9 million)	TBD	TBD	TBD
State Categorical Programs	COLA	3.26% ¹	2.29% ¹	2.71% ¹	2.82% ¹	2.60% ¹
	Funding	\$98.4 million	\$185.3 million ²	Ongoing unless otherwise stated	Ongoing unless otherwise stated	Ongoing unless otherwise stated
California CPI		3.09%	2.99%	2.89%	2.69%	2.73%
Interest: Ten-Year Treasuries		2.07%	2.25%	2.51%	2.50%	2.60%
California Lottery ³	Unrestricted per FTES	\$153	\$153	\$153	\$153	\$153
	Restricted per FTES	\$54	\$54	\$54	\$54	\$54
Mandate Block Grant (per FTES)		\$30.16	\$30.85	\$31.69	\$32.58	\$33.43
CalPERS Employer Rate ⁴		19.721%	22.80%	24.90%	25.90%	26.60%
CalSTRS Employer Rate ⁵		17.10%	18.40%	18.10%	18.10%	18.10%

¹ COLA for Adult Education Block Grant, Disable Student Programs and Services, Extended Opportunity Programs and Services, special services for California Work Opportunity and Responsibility to Kids, Child Care Tax Bailout programs, and the Mandate Block Grant.

² The 2020–21 Governor’s Proposed State Budget includes additional programmatic funding sources, the most significant of which are:

- \$83.2 million in funding for apprenticeship programs (\$48.2 million, including \$20.4 million in one-time funds, to support increased hours; \$15 million to expand the California Apprenticeship Initiative; \$20 million to expand access to work-based learning models)
- \$27.6 million in Proposition 51 capital outlay funding for 24 new projects
- \$17.3 million in one-time funds for deferred maintenance and instructional equipment
- \$15 million in one-time funds for a pilot fellowship program for improving faculty diversity at community colleges
- \$11.4 million to establish or support food pantries at community college campuses
- \$10 million in one-time funds for part-time faculty office hours
- \$10 million in one-time funds for zero-textbook-cost degrees using open educational resources
- \$5.8 million to fund Dreamer Resource Liaisons and student support services for immigrant students
- \$5 million to provide instructional materials for dual enrollment students

³ Lottery funding is initially based on prior-year actual annual FTES, and is ultimately based on current-year annual FTES.

⁴ California Public Employees’ Retirement System (CalPERS) rate in 2019–20 is final

⁵ California State Teachers’ Retirement System (CalSTRS) rate for 2019–20 and 2020–21 are final



**Rancho Santiago Community College District
Budget Allocation Model
Based on SB 361 the Student Centered Funding Formula**

- The “Rancho Santiago Community College District Budget Allocation Model Based on SB361, February 8, 2012” was approved at the February 22, 2012 Budget Allocation and Planning Review Committee Meeting

Commented [CW1]: Update when completed

Introduction

In 2008, both colleges were visited by ACCJC Accreditation Teams in the normal accreditation cycle. The Teams noticed that the district’s budget allocation model that was in place for approximately ten years had not been annually reviewed as to its effectiveness as stated in the model documents. The existing revenue allocation model was developed when the district transformed into a multi college district. The visiting Team recommended a review of the existing budget allocation model and recommended changes as necessary.

The Budget Allocation and Planning Review Committee (BAPR) charged the BAPR Workgroup, a technical subgroup of BAPR, with the task of reviewing the ten year old model. In the process, the Workgroup requested to evaluate other California Community College multi-campus budget allocation models. Approximately twenty models were reviewed. Ultimately, the Workgroup focused on a revenue allocation model as opposed to an expenditure allocation model. A revenue allocation model allocates revenues (state and local) generated in a budget year to the college campuses in the district based on the state funding model that allocates state apportionment revenues to districts. An expenditure allocation model allocates, by agreed upon formulas, expenditure appropriations for full-time faculty staffing, adjunct faculty staffing, classified and administrative staffing, associated health and welfare benefit costs, supply and equipment budgets, utility costs, legal and other services. The BAPR Workgroup ultimately decided on a revenue allocation formula in order to provide the greatest amount of flexibility for the campuses.

Senate Bill 361, passed in 2006, changed the formula of earned Sstate apportionment revenues to essentially two elements, 1) Basic Allocations for college/center base funding rates based on FTES size of the college and center and 2) Full Time Equivalent Students (FTES) based on earned and funded FTES.

The BAPR Workgroup determined that since this is how our primary funding comes from the state this model should be used for distribution on earned revenues to the colleges. The colleges and centers are the only entities in the district that generates this type of funding. Revenue earned and funded by the state will be earned and funded at the colleges. The Budget Allocation Model (BAM) described in this document provides the guidelines, formulas, and basic steps for the development of an annual district budget including the allocation of budget expenditure responsibilities for Santa Ana College, Santiago Canyon College and District Services referred to as the three district Budget Centers. –The budget is the financial plan for the district, and application

of this model should be utilized to implement the district's vision, mission statement, district strategic plan and the technology strategic plan as well as the colleges' mission statements, educational master plans, facilities master plans and other planning resources. The annual implementation of the budget allocation model is to be aligned with all of these plans. To ensure that budget allocation is tied to planning, it is the responsibility of District Council to review budget and planning during the fiscal year and, if necessary, recommend adjustments to the budget allocation model to keep the two aligned for the coming year. The Chancellor and the Board of Trustees are ultimately responsible for the annual budget and the expenditures associated with the budget. In February of 2013, the Board of Trustees adopted a new planning design manual. This document eliminated BAPR and created the Fiscal Resources Committee (FRC). The FRC is responsible for recommending the annual budget to the District Council for its recommendation to the Chancellor and Board of Trustees. FRC is also responsible for annual review of the model for accreditation and can recommend any modifications to the guidelines.

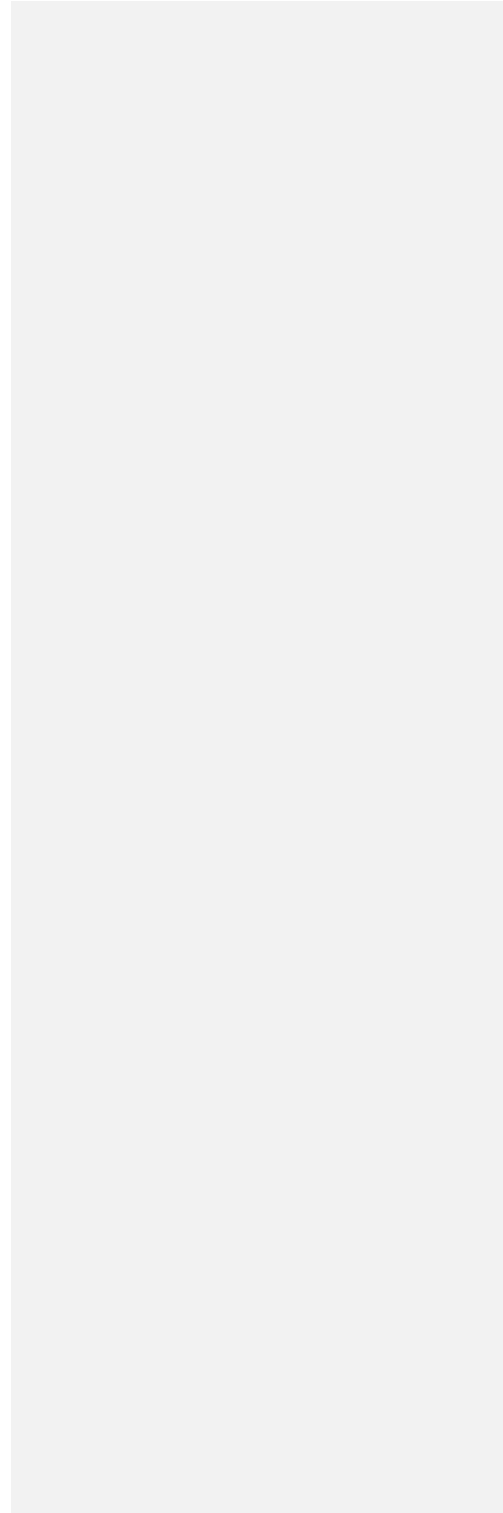
[In 2017 the Student-Centered Funding Formula \(SCFF\) was adopted which changed the way California Community Colleges are funded. The new funding model distributes the community college budget in three separate allocations. These allocations include the base which is approximately 70% of the budget. The base allocation is derived from FTES in traditional credit \(three-year rolling average\), special admit, incarcerated, traditional noncredit and CDCP. The base allocation includes the basic allocation which is the college and comprehensive center funding that was established in SB361. The supplemental allocation is approximately 20% of the budget and includes the unduplicated headcounts for Pell, Promise and AB540 recipients that are included in traditional credit FTES counts. The student success allocation is approximately 10% of the budget and is based on student progress, transfer, completion and wage earnings. This funding uses a three-year rolling average to determine funding levels and includes unduplicated headcounts of students participating in traditional credit FTES. Special admit and incarcerated FTES are fully funded in the base allocation and are not included in unduplicated headcounts used to determine funding in the supplemental and student success allocations.](#)

[Noncredit education funding did not change from SB361. Noncredit and CDCP funding are considered fully funded in the base allocation and do not qualify for supplemental and success funding. See definition of terms for enhanced descriptions.](#)

The goal of the BAM is to create a documented revenue allocation process that provides financial stability and encourages fiscal accountability at all levels in times of either increasing or decreasing revenue streams. It is also intended to be simple, transparent, easy to understand, fair, predictable and consistent, using quantitative, verifiable factors with performance incentives. District Council should conduct a review(s) during each fiscal year to assess if the operation of the budget allocation model is meeting the goal.

Under State law, the District is the legal entity and is ultimately responsible for actions, decisions and legal obligations of the entire organization. The Board of Trustees of the Rancho Santiago Community College District has clear statutory authority and responsibility and, ultimately, makes all final decisions. Likewise, the Chancellor, under the direction of the Board of Trustees, is responsible for the successful operation, reputation, and fiscal integrity of the entire District. The funding model does not supplant the Chancellor's role, nor does it reduce the responsibility of the District Services staff to fulfill their fiduciary role of providing appropriate oversight of the operations of the entire District. It is important that guidelines, procedures and responsibility be clear with regard to District compliance with any and all laws and regulations such as the 50% Law, full-time/part-time faculty requirements, Faculty Obligation Number (FON), attendance accounting, audit requirements, fiscal and related accounting standards, procurement and contract law, employment relations and collective bargaining, payroll processing and related reporting requirements, etc. The oversight of these requirements ~~are~~ is to be maintained by District Services, which has a responsibility to provide direction and data to the colleges to assure they have appropriate information for decision making with regard to resource allocation at the local level, thus, assuring District compliance with legal and regulatory requirements.

All revenue is considered District revenue because the district is the legal entity authorized by the State of California to receive and expend income and to incur expenses. However, the majority of revenue is provided by the taxpayers of California for the sole purpose of providing educational services to the communities and students served by the District. Services such as classes, programs, and student services are, with few exceptions, the responsibility of the colleges. It is the intent of the Revenue Allocation Model to allocate the majority of funds to the colleges in order to provide those educational services. The model intends to provide an opportunity to maximize resource allocation decisions at the local college level. Each college president is responsible for the successful operation and performance of his/her college as it relates to resource allocation and utilization. The purpose and function of the District Services in this structure is to maintain the fiscal and operational integrity of the District and its individual colleges and centers and to facilitate college operations so that their needs are met and fiscal stability is assured. District Services ~~is~~ has responsibility for providing certain centralized functions, both to provide efficient operations as well as to assist in coordination between District Services and the colleges. Examples of these services include; human resources, business operations, fiscal and budgetary oversight, procurement, construction and capital outlay, and information technology. On the broadest level, the goal of this partnership is to encourage and support collaboration between the colleges and District Services.



Appendix Attached
A. Definition of Terms

Commented [CW1]: These charts will be either moved to the 'Responsibilities' section or to the appendix

TABLE 1 Expenditure and Budget Responsibilities		Santa Ana College & CEC	Santiago Canyon College & OEC	District Services	Institutional or Districtwide monitoring
		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Academic Salaries (1XXX)		-	-	-	-
1	State required full-time Faculty Obligation Number (FON)	✓	✓	✓	✓
2	Bank Leave	✓	✓	-	✓
3	Impact upon the 50% law calculation	✓	✓	✓	✓
4	Faculty Release Time	✓	✓	-	✓
5	Faculty Vacancy, Temporary or Permanent	✓	✓	-	-
6	Faculty Load Banking Liability	✓	✓	-	✓
7	Adjunct Faculty Cost/Production	✓	✓	-	-
8	Department Chair Reassigned Time	✓	✓	-	✓
9	Management of Sabbaticals (Budgeted at colleges)	✓	✓	-	✓
10	Sick Leave Accrual Cost	✓	✓	-	✓
11	AB1725	✓	✓	-	-
12	Administrator Vacation	✓	✓	✓	-
Classified Salaries (2XXX)		-	-	-	-
1	Classified Vacancy, Temporary or Permanent	✓	✓	✓	-
2	Working Out of Class	✓	✓	✓	-
3	Vacation Accrual Cost	✓	✓	✓	-
4	Overtime	✓	✓	✓	-
5	Sick Leave Accrual Cost	✓	✓	✓	-
6	Compensation Time taken	✓	✓	✓	-
Employee Benefits (3XXX)		-	-	-	-
1	STRS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	-
2	PERS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	-
3	QASDI Employer Rates, Increase/(Decrease)	✓	✓	✓	-
4	Medicare Employer Rates, Increase/(Decrease)	✓	✓	✓	-
5	Health and Welfare Benefits, Increases/(Decrease)	✓	✓	✓	-
6	SUI Rates, Increase/(Decrease)	✓	✓	✓	-
7	Workers' Comp. Rates, Increase/(Decrease)	✓	✓	✓	-
8	Retiree Health Benefit Cost				-
-	-OPEB Liability vs. "Pay as you go"				✓
9	Cash Benefit Fluctuation, Increase/(Decrease)	✓	✓	✓	-
Other Operating Exp & Services (5XXX)		-	-	-	-
1	Property and Liability Insurance Cost	-	-	-	✓
2	Waiver of Cash Benefits	✓	✓	✓	-
3	Utilities	-	-	-	-

-	-Gas	✓	✓	✓	-
-	-Water	✓	✓	✓	-
-	-Electricity	✓	✓	✓	-
-	-Waste Management	✓	✓	✓	-
-	-Water District, Sewer Fees	✓	✓	✓	-
4	Audit	-	-	✓	✓
5	Board of Trustee Elections	-	-	-	✓
6	Scheduled Maintenance	✓	✓	-	✓
7	Copyrights/Royalties Expenses	✓	✓		
Capital Outlay (6XXX)					
1	Equipment Budget	-	-	-	-
-	-Instructional	✓	✓	✓	✓
-	-Non-Instructional	✓	✓	✓	✓
2	Improvement to Buildings	✓	✓	✓	✓
3	Improvement to Sites	✓	✓	✓	✓

TABLE 2 Revenue and Budget Responsibilities		Santa Ana College & CEC <input checked="" type="checkbox"/>	Santiago Canyon College & OEC <input checked="" type="checkbox"/>	District Services <input checked="" type="checkbox"/>	Institutional or Districtwide monitoring <input checked="" type="checkbox"/>
Federal Revenue (81XX)					
1	Grants Agreements	✓	✓	✓	-
2	General Fund Matching Requirement	✓	✓	✓	-
3	In-Kind Contribution (no additional cost to general fund)	✓	✓	✓	-
4	Indirect Cost (overhead)	✓	✓	✓	✓
State Revenue (86XX)					
1	Base Funding	✓	✓		✓
2	Apportionment	✓	✓	-	✓
3	COLA or Negative COLA	✓	✓	✓	✓-subject to collective bargaining
4	Growth, Work Load Measure Reduction, Negative Growth	✓	✓	✓	✓
5	Categorical Augmentation/Reduction	✓	✓	✓	-
6	General Fund Matching Requirement	✓	✓	✓	-
7	Apprenticeship	✓	✓	-	-
8	In-Kind Contribution	✓	✓	✓	-
9	Indirect Cost	✓	✓	✓	✓
10	Lottery	-	-	-	-
-	-Unrestricted (abate cost of utilities)	✓	✓	✓	-
-	-Restricted Proposition 20	✓	✓		-

11	Instructional Equipment Matches (3:1)	✓	✓	-	✓ and will have chargeback to site proportionally
12	Scheduled Maintenance Matches (1:1)	✓	✓	✓	✓ and will have chargeback to site proportionally
13	Part time Faculty Compensation Funding	✓	✓	-	✓ subject to collective bargaining
14	State Mandated Cost	✓	✓		✓
Local Revenue - (88XX)					
1	Contributions	✓	✓	✓	-
2	Fundraising	✓	✓	✓	-
3	Proceed of Sales	✓	✓	✓	-
4	Health Services Fees	✓	✓	-	
5	Rents and Leases	✓	✓	✓	-
6	Enrollment Fees	✓	✓	-	
7	Non Resident Tuition	✓	✓	-	-
8	Student ID and ASB Fees	✓	✓		-
9	Parking Fees	-	-	✓	✓

Rancho Santiago Community College District
Budget Allocation Model Based on ~~SB 361~~the SCFF
Appendix A – Definition of Terms

AB 1725 – Comprehensive California community college reform legislation passed in 1988, that covers community college mission, governance, finance, employment, accountability, staff diversity and staff development.

Accreditation – The review of the quality of higher education institutions and programs by an association comprised of institutional representatives. The Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC) accredits California's community colleges.

Apportionments – Allocations of [stateState](#) or federal aid, local taxes, or other monies among school districts or other governmental units. The district's base revenue provides most of the district's revenue. The [stateState](#) general apportionment is equal to the base revenue less budgeted property taxes and student fees. There are other smaller apportionments for programs such as apprenticeship and EOPS.

Augmentation – An increased appropriation of budget for an intended purpose.

Bank Leave – Faculty have the option to “bank” their beyond contract teaching load instead of getting paid during that semester. They can later request a leave of absence using the banked LHE.

BAM – Budget Allocation Model.

BAPR – Budget and Planning Review Committee.

Base Allocation (Funding) – The base allocation represents approximately 70% of the statewide funding for CCC's. The base allocation includes the basic allocation which is determined by the college size and number of comprehensive educational centers. A district's base funding could be higher or lower than the 70% statewide target depending on FTES generation as a comparison to overall apportionment.

Base FTES – The amount of funded actual FTES from the prior year becomes the base FTES for the following year. For the tentative budget preparation, the prior year P1 will be used. For the proposed adopted budget, the prior year P2 will be used. At the annual certification at the end of February, an adjustment to actual will be made.

Basic Allocation – Funding based on the number of colleges and comprehensive centers in the community college district. Rates for the size of colleges and comprehensive educational centers were established as part of SB 361 and henceforth are adjusted annually by COLA.

Budget Center – The three Budget Centers of the district are Santa Ana College, Santiago Canyon College and the District Services.

Budget Stabilization Fund – The portion of the district's ending fund balance, in excess of the 5% reserve, budget center carryovers and any restricted balances, available for one-time needs at the discretion of the chancellor and Board of Trustees.

Cap – An enrollment limit beyond which districts do not receive funds for additional students.

Capital Outlay – Capital outlay expenditures are those that result in the acquisition of, or addition to, fixed assets. They are expenditures for land or existing buildings, improvement of sites, construction of buildings, additions to buildings, remodeling of buildings, or initial or additional equipment. Construction-related salaries and expenses are included.

Categorical Funds – Money from the [stateState](#) or federal government granted to qualifying districts for special programs, such as Matriculation or Vocational Education. Expenditure of categorical funds is restricted to the fund's particular purpose. The funds are granted to districts in addition to their general apportionment.

[Career Development and College Preparation \(CDCP\) - Noncredit courses offered in the four distinct categories \(instructional domains\) of English as a Second Language \(ESL\), Elementary and Secondary Basic Skills, Short-term Vocational, and Workforce Preparation are eligible for "enhanced funding" when sequenced to lead to a Chancellor's Office approved certificate of completion, or certificate of competency, in accordance with the provisions of the California Education Code governing Career Development and College Preparation \(CDCP\) programs.](#)

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[CCCCO – California Community College Chancellor's Office](#)

Center – An off-campus site administered by a parent college that offers programs leading to certificates or degrees that are conferred by the parent institution. The district centers are Centennial Education Center ([CEC](#)) and Orange Education Center ([OEC](#)).

COLA – Cost of Living Adjustment allocated from the [stateState](#) calculated by a change in the Consumer Price Index (CPI).

College Reserve – College-specific one-time funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes.

[Credit FTES – Credit FTES include traditional credit, special admit and incarcerated populations. Traditional credit FTES are funded based on a simple three-year rolling average. Special admit and incarcerated FTES are funded based on the current year production.](#)

Decline – When a District (or college internally) earns fewer FTES than the previous year. (please see Stabilization and Restoration)

Defund – Permanently eliminating a position and related cost from the budget.

Ending Fund Balance – Defined in any fiscal year as Beginning Fund Balance plus total revenues minus total expenditures. The Ending Fund Balance rolls over into the next fiscal year and becomes the Beginning Fund Balance. It is comprised of College Reserves, Institutional Reserves and any other specific carryovers as defined in the model or otherwise designated by the Board.

Fifty Percent Law (50% Law) – Section 84362 of the Education Code, commonly known as the 50% Percent Law, requires each community college district to spend at least half of its "current expense of education" each fiscal year on the "salaries of classroom instructors." Salaries include benefits and salaries of instructional aides.

Fiscal Year – Twelve calendar months; in California, it is the period beginning July 1 and ending June 30. Some special projects use a fiscal year beginning October 1 and ending September 30, which is consistent with the federal government's fiscal year.

FON – Faculty Obligation Number, the number of [full-timefull-time](#) faculty the district is required to employ as set forth in title 5, section 53308.

FRC – Fiscal Resources Committee.

FTES – Full Time Equivalent Students. The number of students in attendance as determined by actual count for each class hour of attendance or by prescribed census periods. Every 525 hours of actual attendance counts as one FTES. The number 525 is derived from the fact that 175 days of instruction are required each year, and students attending classes three hours per day for 175 days will be in attendance for 525 hours (3 x 175 = 525). [FTES are separated into the following categories for funding: traditional credit, special admit, incarcerated, traditional noncredit and CDCP.](#)

Fund 11 – The unrestricted general fund used to account for ongoing revenue and expenditures.

Fund 12 – The restricted general fund used to account for categorical and special projects.

Fund 13 – The unrestricted general fund used to account for unrestricted carryovers and one-time revenues and expenses.

Growth – Funds provided in the [stateState](#) budget to support the enrollment of additional FTE students.

In-Kind Contributions – Project-specific contributions of a service or a product provided by the organization or a third-party where the cost cannot be tracked back to a cash transaction which, if allowable by a particular grant, can be used to meet matching requirements if properly documented. In-kind expenses generally involve donated labor or other expense.

Indirect Cost – Indirect costs are institutional, general management costs (i.e., activities for the direction and control of the district as a whole) which would be very difficult to be charged directly to a particular project. General management costs consist of administrative activities necessary for the general operation of the agency, such as accounting, budgeting, payroll preparation, personnel services, purchasing, and centralized data processing. An indirect cost rate is the percentage of a district's indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

Institutional Reserve – Overall districtwide one-time funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes. The Institutional Reserve consists of the Board Policy Contingency, the Budget Stabilization Fund, and any other contingency fund held at the institutional level over and above the College Reserves.

LHE – Lecture Hour Equivalent. The standard instructional work week for faculty is fifteen (15) LHE of classroom assignments, fifteen (15) hours of preparation, five (5) office hours, and five (5) hours of institutional service. The normal teaching load for faculty is thirty (30) LHE per school year.

Mandated Costs – District expenses which occur because of federal or [stateState](#) laws, decisions of federal or [stateState](#) courts, federal or [stateState](#) administrative regulations, or initiative measures.

Modification – The act of changing something.

[Noncredit – Noncredit coursework consists of traditional noncredit and CDCP. CDCP is eligible for enhanced funding.](#)

POE – Planning and Organizational Effectiveness Committee.

Proposition 98 – Proposition 98 refers to an initiative constitutional amendment adopted by California's voters at the November 1988 general election which created a minimum funding guarantee for K-14 education and also required that schools receive a portion of [stateState](#) revenues that exceed the [Sstate](#)'s appropriations limit.

Reserves – Funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes. Districts that have less than a 5% reserve are subject to a fiscal ‘watch’ to monitor their financial condition.

Restoration – A community college district is entitled to restore any reduction of apportionment revenue related to decreases in total FTES during the three years following the initial year of decrease if there is a subsequent increase in FTES. Increases its FTES back to the level prior to the year of decline based on the total computational revenue amount. Districts are entitled to restore FTES during the three years following the initial year of decline, but only receive stability funding in year one. (please see Decline and Stabilization)

SB 361 – The New Community College Funding Model (Senate Bill 361), effective October 1, 2006, includes funding base allocations depending on the number of FTES served, credit FTES funded at an equalized rate, noncredit FTES funded at an equalized rate, and enhanced noncredit FTES funded at an equalized rate. The intent of the formula is to provide a more equitable allocation of system wide resources, and to eliminate the complexities of the previous Program Based Funding model while still retaining focus on the primary component of that model, instruction. In addition, the formula provides base operational allocations for colleges and centers scaled for size.

SCFF – The Student Centered Funding Formula is the new model for funding California community colleges. Made up of three parts, Base Allocation, Supplemental Allocation and Student Success Allocation, the aim of the SCFF is to improve student outcomes as a whole while targeting student equity and success.

Seventy-five/twenty-five (75/25) – Refers to policy enacted as part of AB 1725 that sets 75 percent of the hours of credit instruction as a goal for classes to be taught by full-time faculty.

Stabilization – A District receives stability funding from the State for non-credit/noncredit and CDCP FTES (funding at the prior year FTES level) the first year of non-credit/noncredit and CDCP FTES decline. Each college receives its share of the stability funding based on an internal stability mechanism described in this Budget Allocation Model. (please see Decline and Restoration).

Student Success Allocation (Funding) – Consists of approximately 10% of the statewide budget. Apportioned to districts based on a variety of metrics that measures student success. Some examples of the metrics used include associate degrees awarded, certificate degrees awarded, students who earn a regional living wage within a year after leaving college and students that complete transfer level math and english/English- requirements in their first year. The student success allocation is based on a simple three year rolling average which uses the prior, prior prior, and prior prior prior year outcome metrics. Students contributing to fully funded FTES populations (special admit and incarcerated) are not included for funding.

Supplemental Allocation (Funding) – Consists of approximately 20% of the statewide budget. Apportioned to districts based on districts students that are Pell Grant Recipients, AB540 students and/or California Promise Grant Recipients. Students contributing to fully funded FTES populations (special admit and incarcerated) are not included for funding.

Target FTES – The estimated amount of agreed upon FTES the district or college anticipates the opportunity to earn growth/restoration funding during a fiscal year.

Three-year Average – For any given fiscal year the three-year average is the average of current year, prior year and prior prior year traditional credit FTES data. Special Admit and Incarcerated FTES are not included in the three-year average. A three-year average is also utilized for student success metrics. For student success, the three-year average uses the prior year, prior, prior year and prior, prior, prior years to determine funded outcomes.

Title 5 – The portion of the California Code of Regulations containing regulations adopted by the Board of Governors which are applicable to community college districts.

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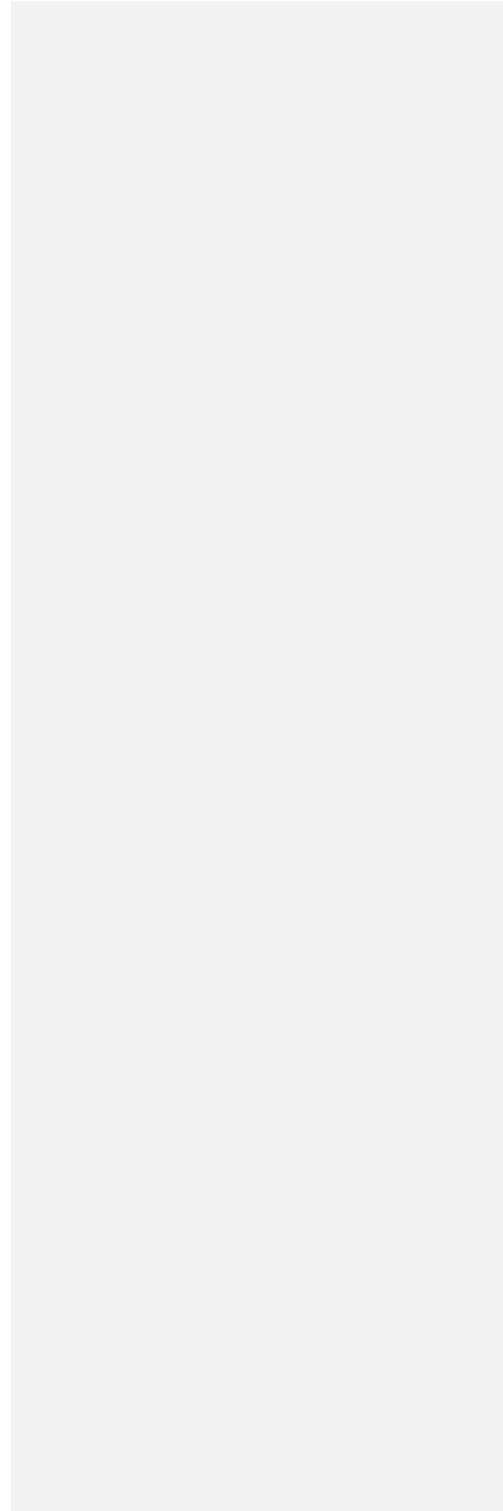
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1300 accounts – Object Codes 13XX designated to account for part time teaching and beyond contract salary cost.

7200 Transfers – Intrafund transfers made between the restricted and unrestricted general fund to close a categorical or other special project at the end of the fiscal year or term of the project.



College and District Services Budgets and Expenditure Responsibilities

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Revenue Allocation

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Since the [RSCCD](#) BAM is a revenue allocation model, all expenditures and allocation of revenues under the model are the responsibilities of the colleges and centers. Expenditure responsibilities for the colleges, District Services and Institutional Costs are summarized in Table 1.

TABLE 1 Expenditure and Budget Responsibilities		Santa Ana College & CEC <input checked="" type="checkbox"/>	Santiago Canyon College & OEC <input checked="" type="checkbox"/>	District Services <input checked="" type="checkbox"/>	Institutional or Districtwide monitoring <input checked="" type="checkbox"/>
Academic Salaries- (1XXX)					
1	State required full-time Faculty Obligation Number (FON)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	Bank Leave	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	Impact upon the 50% law calculation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	Faculty Release Time	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5	Faculty Vacancy, Temporary or Permanent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6	Faculty Load Banking Liability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7	Adjunct Faculty Cost/Production	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
8	Department Chair Reassigned Time	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9	Management of Sabbaticals (Budgeted at colleges)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
10	Sick Leave Accrual Cost	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
11	AB1725	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
12	Administrator Vacation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Classified Salaries- (2XXX)					
1	Classified Vacancy, Temporary or Permanent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	Working Out of Class	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	Vacation Accrual Cost	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	Overtime	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5	Sick Leave Accrual Cost	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6	Compensation Time taken	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Employee Benefits-(3XXX)					
1	STRS Employer Contribution Rates, Increase/(Decrease)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	PERS Employer Contribution Rates, Increase/(Decrease)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	OASDI Employer Rates, Increase/(Decrease)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	Medicare Employer Rates, Increase/(Decrease)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5	Health and Welfare Benefits, Increases/(Decrease)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6	SUI Rates, Increase/(Decrease)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7	Workers' Comp. Rates, Increase/(Decrease)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

8	Retiree Health Benefit Cost				
-	-OPEB Liability vs. "Pay-as-you-go"				✓
9	Cash Benefit Fluctuation, Increase/(Decrease)	✓	✓	✓	-
Other Operating Exp & Services-(5XXX)					
1	Property and Liability Insurance Cost	-	-	-	✓
2	Waiver of Cash Benefits	✓	✓	✓	-
3	Utilities	-	-	-	-
-	-Gas	✓	✓	✓	-
-	-Water	✓	✓	✓	-
-	-Electricity	✓	✓	✓	-
-	-Waste Management	✓	✓	✓	-
-	-Water District, Sewer Fees	✓	✓	✓	-
4	Audit	-	-	✓	✓
5	Board of Trustee Elections	-	-	-	✓
6	Scheduled Maintenance	✓	✓	-	✓
7	Copyrights/Royalties Expenses	✓	✓		
Capital Outlay-(6XXX)					
1	Equipment Budget	-	-	-	-
-	-Instructional	✓	✓	✓	✓
-	-Non-Instructional	✓	✓	✓	✓
2	Improvement to Buildings	✓	✓	✓	✓
3	Improvement to Sites	✓	✓	✓	✓

Revenue and budget responsibilities are summarized on Table 2. The total annual revenue to each college will be the sum of base, supplemental and student success funding rates for each college and center as defined by the SCFF, minus any adjustments by the CCCCO SB-361 and applying the current FTES rates for credit base, noncredit base, career development and college preparation noncredit base revenues as well as any local unrestricted or restricted revenues earned by the college.

TABLE 2 Revenue and Budget Responsibilities		Santa Ana College & CEC ✓	Santiago Canyon College & OEC ✓	District Services ✓	Institutional or Districtwide monitoring ✓
Federal Revenue- (81XX)					
1	Grants Agreements	✓	✓	✓	-
2	General Fund Matching Requirement	✓	✓	✓	-
3	In-Kind Contribution (no additional cost to general fund)	✓	✓	✓	-
4	Indirect Cost (overhead)	✓	✓	✓	✓
State Revenue- (86XX)					
1	Base Funding	✓	✓		✓
	Supplemental Funding	✓	✓		✓
	Student Success Funding	✓	✓		✓
2	Apportionment	✓	✓	-	✓

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3	COLA or Negative COLA	✓	✓	✓	✓ subject to collective bargaining
	Growth, Work Load Measure Reduction, <i>Negative Growth</i>				
4	<i>Growth</i>	✓	✓	✓	✓
5	Categorical Augmentation/Reduction	✓	✓	✓	-
6	General Fund Matching Requirement	✓	✓	✓	-
7	Apprenticeship	✓	✓	-	-
8	In-Kind Contribution	✓	✓	✓	-
9	Indirect Cost	✓	✓	✓	✓
10	Lottery	-	-	-	-
-	- Unrestricted (abate cost of utilities)	✓	✓	✓	-
-	- Restricted-Proposition 20	✓	✓	-	-
11	Instructional Equipment Matches (3:1)	✓	✓	-	✓ and will have chargeback to site proportionally
12	Scheduled Maintenance Matches (1:1)	✓	✓	✓	✓ and will have chargeback to site proportionally
13	Part time Faculty Compensation Funding	✓	✓	-	✓ subject to collective bargaining
14	State Mandated Cost	✓	✓	-	✓
Local Revenue- (88XX)					
1	Contributions	✓	✓	✓	-
2	Fundraising	✓	✓	✓	-
3	Proceed of Sales	✓	✓	✓	-
4	Health Services Fees	✓	✓	-	-
5	Rents and Leases	✓	✓	✓	-
6	Enrollment Fees	✓	✓	-	-
7	Non-Resident Tuition	✓	✓	-	-
8	Student ID and ASB Fees	✓	✓	-	-
9	Parking Fees	-	-	✓	✓

The revenue allocations will be regularly reviewed by [the](#) FRC. In reviewing the allocation of general funds, [the](#) FRC should take into consideration all revenues, including restricted revenues, available to each of the Budget Centers less any apportionment deficits, property tax shortfalls or uncollected student fees or shortfalls. If necessary, [the](#) FRC will recommend adjustments to District Council for submission to the Chancellor.

The expenditures allocated for District Services and for Institutional Costs will be developed based on the projected levels of expenditure for the prior fiscal year, taking into account unusual or one-time anomalies, reviewed by [the](#) FRC and the District Council and approved by the Chancellor and the Board of Trustees.

DISTRICT SERVICES – Examples are those expenses associated with the operations of the Chancellor’s Office, Board of Trustees, Public Affairs, Human Resources, Risk Management, Educational Services, Institutional Research, Business Operations, Internal Auditing, Fiscal Services, Payroll, Purchasing, Facilities Planning, ITS and Safety Services. Economic Development expenditures are to be included in the District Services budget but clearly delineated from other District expenditures.

INSTITUTIONAL COSTS – Examples are those expenses associated with State and Federal regulatory issues, property, liability and other insurances, board election, interfund transfers and Retiree Health Benefit Costs. As the board election expense is incurred every other year, it will be budgeted each year at one-half of the estimated cost. In the off years, the funds will remain unspent and specifically carried over to the next year to be used solely for the purpose of the election expense. If there is insufficient budget, the colleges will be assessed the difference based on the current FTES split. If any funds remain unspent in an election year, it will be allocated to the colleges based on the current FTES split for one-time uses.

An annual review of District Services and Institutional Costs will be conducted by [the](#) District Council each fall in order to give time to complete the evaluation in time to prepare for the following fiscal year budget cycle and implement any suggestions. The review will include an evaluation of the effectiveness of the services provided to assure the District is appropriately funded. If [the](#) District Council believes a change to the allocation is necessary, it will submit its recommendation to [the](#) FRC for funding consideration and recommendation to the Chancellor.

District Reserves and Deficits

The Board of Trustees will establish a reserve through board policy, state guidelines and budget assumptions.

The Chancellor reserves the right to adjust allocations as necessary.

The Board of Trustees is solely responsible for labor negotiations with employee groups. Nothing in this budget model shall be interpreted to infringe upon the Board's ability to collectively bargain and negotiate in good faith with employee organizations and meet and confer with unrepresented employees.

College Budget and Expenditure Responsibilities

Colleges will be responsible for funding the current programs and services that they operate as part of their budget plans. There are some basic guidelines the colleges must follow:

- Allocating resources to achieve the state funded level of FTES is a primary objective for all colleges.
- Requirements of the collective bargaining agreements apply to college level decisions.
- The FON (Faculty Obligation Number) must be maintained by each college. Full-time faculty hiring recommendations by the colleges are monitored on an institutional basis. Any financial penalties imposed by the state due to FON non-compliance will be borne proportionately by the campus not in compliance.
- In making expenditure decisions, the impact upon the 50% law calculation must be considered and budgeted appropriately. Any financial penalties imposed by the state due to 50% law non-compliance will be borne proportionally (by FTES split) by both campuses.
- With unpredictable state funding, the cost of physical plant maintenance is especially important. Lack of maintenance of the operations and district facilities and grounds will have a significant impact on the campuses and therefore needs to be addressed with a detailed plan and dedicated budget whether or not funds are allocated from the state.

Budget Center Reserves and Deficits

At the Adopted Budget each college shall set aside a contingency reserve in the Unrestricted General Fund equal to a minimum of 1% of its total current year budgeted Fund 11 expenditures to handle unforeseen expenses. If the contingency reserve is unspent by fiscal year end, the college reserve rolls over into the colleges' beginning

balance for the following fiscal year. The District Services and Institutional Cost allocations are budgeted as defined in the model for the appropriate operation of the district and therefore are not subject to carryover, unless specifically delineated. The Chancellor and Board of Trustees reserve the right to modify the budget as deemed necessary.

If a college incurs an overall deficit for any given year, the following sequential steps will be implemented:

The college reserve shall first be used to cover any deficit (structural and/or one-time). If reserves are not sufficient to cover the deficit, then the college is to prepare an immediate expenditure reduction plan that covers the amount of deficit along with a plan to replenish the 1% minimum reserve level. Once the college reserve has been exhausted, in circumstances when any remaining deficit is greater than 1.5% of budgeted Fund 11 expenditures, and a reduction plan has been prepared up to the 1.5% level, the college may request a temporary loan from District Reserves. The request, including a proposed payback period, should be submitted to [the](#) FRC for review. If [the](#) FRC supports the request, it will forward the recommendation to [the](#) District Council for review and recommendation to the Chancellor who will make the final determination.

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Revenue Modifications

Apportionment Revenue Adjustments

It is very likely each fiscal year that the District’s revenues from state apportionment could be adjusted after the close of the fiscal year in the fall, but most likely at the P1 recalculation, which occurs eight months after the close of the fiscal year. This budget model therefore will be fluid, with changes made throughout the fiscal year (P-1, P-2, P-annual) as necessary. Any increase or decrease to prior year revenues is treated as a onetime addition or reduction to the colleges’ current budget year and distributed in the model based on the most up to date FTES apportionment split reported by the District and funded by the state.

The apportionment includes funded FTES, supplemental and student success allocations.

An example of revenue allocation and FTES change adjustment:

\$100,000,000 is originally split 70% Santa Ana College (\$70,000,000) and 30% Santiago Canyon College (\$30,000,000) based on FTES the SCFF split at the time of budget adoption. At the final FTES SCFF recalculation for that year, the District earns an additional \$500,000 based on the total funded FTES apportionment. In addition, the split of FTES apportionment changes to 71%/29%. The total revenue of \$100,500,000 is then redistributed \$71,355,000 to Santa Ana College and \$29,145,000 to Santiago Canyon College which would result in a shift of \$855,000 between the colleges. A reduction in funding will follow the same calculation.

It is necessary in this model to set a base level of FTES for each college. Per agreement by the Chancellor and college Presidents, the base FTES split is determined by the prior year final FTES total of 70.80% SAC and 29.20% SCC will be utilized for the 2013/14 tentative budget. Similar to how the state sets a base for district FTES, this will be the beginning base level for each college. Each year through the planning process there will be a determination made if the district has growth potential for the coming fiscal year. Each college will determine what level of growth they believe they can achieve and targets will be discussed and established through Chancellor’s Cabinet. For example, if the district believes it has the opportunity for 2% growth, the colleges will determine the level of growth they wish to pursue. If both colleges decide to pursue and earn 2% growth and the district is funded for 2% growth, then each college’s base would increase 2% the following year. In this case the split would still remain 70.80%/29.20% as both colleges moved up proportionately (Scenario #1).

The 2019/2020 CCCCC approved growth rate for RSCCD is constrained one half of one percent (.5%). These various scenarios are for illustrative purposes.

	Base FTES	% split	Scenario #1	New FTES	% split
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	28,000		2.00%	28,560.00	

If instead, one college decides not to pursue growth and the other college pursues and earns the entire district 2% growth, all of these FTES will be added to that college’s base and therefore its base will grow more than 2% and the split will then be adjusted (Scenario #2).

	Base FTES	% split	Scenario #2	New FTES	% split
SAC	19,824	70.80%	2.82%	20,384.00	71.37%
SCC	8,176	29.20%	0.00%	8,176.00	28.63%
	28,000		2.00%	28,560.00	

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Using this same example in which the district believes it has the opportunity for 2% growth, and both colleges decide to pursue 2% growth, however one college generates 3% growth and the other generates 2%, the college generating more FTES would have unfunded over cap FTES. The outcome would be that each college is credited for 2% growth, each base increases 2% and the split remains (Scenario #3).

	Base FTES	% split	Scenario #3	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(198.24)	
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	28,000		2.00%	28,560.00	

Field Code Changed

If instead, one college generates 3% and the other college less than 2%, the college generating the additional FTES can earn its 2% target plus up to the difference between the other college's lost FTES opportunity and the total amount funded by the district (Scenario #4).

	Base FTES	% split	Scenario #4	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(136.92)	
SAC	19,824	70.80%	2.31%	20,281.80	71.01%
SCC	8,176	29.20%	1.25%	8,278.20	28.99%
	28,000		2.00%	28,560.00	

Field Code Changed

All of these examples exclude the effect of statewide apportionment deficits. In recent years, the CCCCCO has utilized different mechanisms to address revenue shortfalls. Whether a deficit factor, restraint, or the CCCO backs into rates depending on available Statewide revenues, the college revenues will be reduced accordingly. In addition, the Chancellor reserves the right to make changes to the base FTES as deemed necessary in the best interest of the district as a whole.

Stability

This model includes a stability mechanism for noncredit and CDCP FTES only. This model should also include a stability mechanism. The stability mechanism has been eliminated for credit FTES in the SCFF. In a year of decline in which a both colleges earns less noncredit or CDCP FTES than its base, the base noncredit or CDCP FTES will remain intact following the state method for stabilization. In a year in which only one college earns less noncredit or CDCP FTES than its base, the other college is funded at its earned level and any remaining funds received by the district for stability, if any, will be allocated to the college that declined. Therefore, there may only be partial or no stability funding available. In the year of decline, college(s) are in funding stability for that, but have up to three years in which to earn back to its base FTES conditional on state funding. If the college does not earn back to its base during this period the following year, then the new lower noncredit or CDCP FTES base will be established funded. As an example (Scenario #5), year one there is 2% growth opportunity. One of the colleges earns 2% growth but the other college declines by 1%, going into stability. This year the college that declined is held at their base level of noncredit or CDCP FTES while the other college is credited for their growth. In the second year of the example, there is no growth opportunity, but the college that declined recaptures noncredit or CDCP FTES to the previous year base to emerge from stability. Note that since the other college grew in year one, the percentage split has now changed.

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YEAR 1	Base FTES	% split	Scenario #5	New FTES	% split
Actual Generated:					
SAC	3,540	70.80%	-1.00%	3,504.60	70.18%
SCC	1,460	29.20%	2.00%	1,489.20	29.82%
	5,000		-0.124%	4,993.80	
Calculated for Stability:					
SAC	3,540		-1.00%	3,504.60	
stabilization				50.40	
SAC	3,540	70.80%	0.42%	3,555.00	70.48%
SCC	1,460	29.20%	2.00%	1,489.20	29.52%
	5,000		0.884%	5,044.20	
YEAR 2					
Actual Generated:					
SAC	3,504.60	70.18%	1.44%	3,555.00	70.48%
SCC	1,489.20	29.82%	0.00%	1,489.20	29.52%
	4,993.80		1.009%	5,044.20	

Field Code Changed

All of these examples exclude the effect of statewide apportionment deficits. In the case of any statewide deficits, the college revenues will be reduced accordingly. In addition, the Chancellor reserves the right to make changes to the base FTES as deemed necessary in the best interest of the district as a whole.

Hold Harmless

This model includes several hold harmless mechanisms in alignment with the SCFF. The chart below describes the various methods the State Chancellor’s Office uses to fund districts in the event apportionments are reduced from year to year.

Note – the hold harmless provisions in the SCFF are continually changing and will need to be updated as changes are made.

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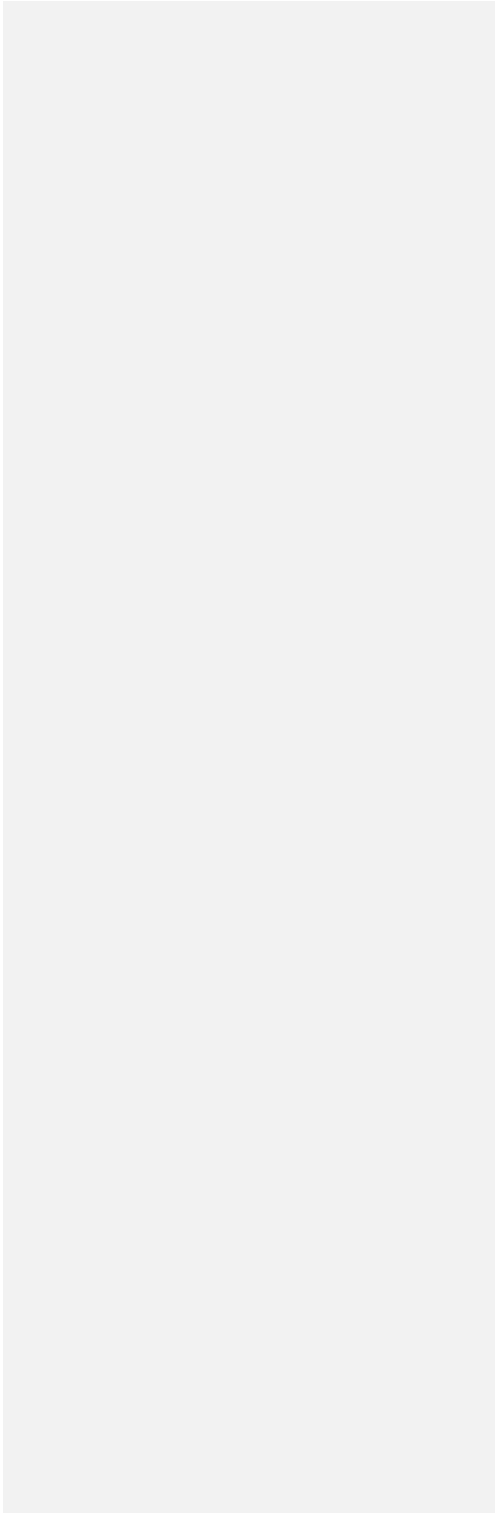
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In any given year, a district's funding under the new Student Centered Funding Formula (SCFF) would be the highest of the amounts included in the lines below:

Line	Statutory Reference	2018-19	2019-20	2020-21	2021-22
1	Education Code section (ECS) 84750.4(b), 84750.4(c), 84750.4(d), 84750.4(e), and 84750.4(f) [STUDENT-CENTERED FUNDING FORMULA (SCFF)]	SCFF calculation	SCFF calculation	SCFF calculation	SCFF calculation
2	ECS 84750.4(g)(1)	2017-18 TCR ¹	2017-18 TCR ¹	N/A	N/A
3	ECS 84750.4(g)(2)	N/A	N/A	2017-18 credit, noncredit, and CDCP noncredit rates, multiplied by 2020-21 FTES, with basic allocation. ¹	2017-18 credit, noncredit, and CDCP noncredit rates, multiplied by 2021-22 FTES, with basic allocation. ¹
4	ECS 84750.4(g)(4)	N/A	Greater of lines 1 or 2 as calculated in 2018-19 .	Greater of lines 1 or 2 as calculated in 2019-20 .	Greater of lines 1 or 3 as calculated in 2020-21 .
5	ECS 84750.4(h)	2017-18 TCR adjusted by 2018-19 COLA	2017-18 TCR adjusted by 2018-19 and 2019-20 COLAs.	2017-18 TCR adjusted by 2018-19, 2019-20, and 2020-21 COLAs.	N/A

¹ Special provisions for San Francisco Community College District and Compton Community College District.

TCR= Total Computational Revenue



	Base FTES	% split	Scenario #1	New FTES	% split
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
	Base FTES	% split	Scenario #2	New FTES	% split
SAC	19,824	70.80%	2.82%	20,384.00	71.37%
SCC	8,176	29.20%	0.00%	8,176.00	28.63%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
	Base FTES	% split	Scenario #3	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(198.24)	
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
	Base FTES	% split	Scenario #4	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(136.92)	
SAC	19,824	70.80%	2.31%	20,281.80	71.01%
SCC	8,176	29.20%	1.25%	8,278.20	28.99%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
YEAR 1	Base FTES	% split	Scenario #5	New FTES	% split
Actual Generated:					
SAC	19,824	70.80%	-1.00%	19,625.76	70.18%
SCC	8,176	29.20%	2.00%	8,339.52	29.82%
	<u>28,000</u>		-0.124%	<u>27,965.28</u>	
Calculated for Stability:					
SAC	19,824		-1.00%	19,625.76	
stabilization				282.24	
SAC	19,824	70.80%	0.42%	19,908.00	70.48%
SCC	8,176	29.20%	2.00%	8,339.52	29.52%
	<u>28,000</u>		0.884%	<u>28,247.52</u>	
YEAR 2					
Actual Generated:					
SAC	19,625.76	70.18%	1.44%	19,908.00	70.48%
SCC	8,339.52	29.82%	0.00%	8,339.52	29.52%
	<u>27,965.28</u>		1.009%	<u>28,247.52</u>	

Commented [CW1]: This chart will be removed in final version.

Allocation of New State Revenues

Growth Funding: Plans from the Planning and Organizational Effectiveness Committee (POE) to seek growth funding requires FRC recommendation and approval by the Chancellor, and the plans should include how growth funds will be distributed if one of the colleges does not reach its growth target. A college seeking the opportunity for growth funding will utilize its own carryover funds to offer a schedule to achieve the desired growth. Once the growth has been confirmed as earned and funded by the state and distributed to the district, the appropriate allocation will be made to the college(s) generating the funded growth back through the model. Growth/Restoration Funds will be allocated to the colleges when they are actually earned.

Revenues which are not college specific (for example, student fees that cannot be identified by college), will be allocated based on total funded FTES percentage split between the campuses.

After consultation with district's independent audit firm, the implementation team agreed that any unpaid uncollected student fees will be written off as uncollectible at each year end. This way, only actual collected revenues are distributed in this model. At P-1, P-2 and P-annual, uncollected fee revenues will be adjusted.

Due to the instability of revenues, ~~such as interest income~~, discounts earned, auction proceeds ~~and~~, vendor rebates (not including utility rebates which are budgeted in Fund 41 for the particular budget center), revenues from these sources will **not** be part of the revenue allocation formula. Income derived from these sources will be deposited to the institutional reserves. The ongoing state allocation for the Mandates Block Grant will be allocated to the colleges through the model. Any one-time Mandates allocations received from the state will be discussed by FRC and recommendations will be made for one-time uses.

Cost of Living Adjustments: COLAs included in the tentative and adopted budgets shall be distributed to the three budget centers pro rata based on total budgeted salary and benefits expenses and sequestered and not allocated for expenditure until after collective bargaining for all groups have been finalized.

Lottery Revenue: Income for current year lottery income is received based on the prior fiscal year's FTES split. At Tentative Budget, the allocation will be made based on projected FTES without carryover. At Adopted Budget, final FTES will be used and carryovers will be included.

**MID YEAR EXPENDITURE FOR FUND 11 & 13
COMPARISON BY LOCATION - 12/31/XX**

	FY 2018-2019					FY 2019-2020				
	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail
Aca Salaries (excl. 1300's)	28,541,088	28,717,384	14,905,839	13,811,545	48.09%	31,569,905	31,653,076	15,374,435	16,278,641	51.43%
1300's	18,453,796	18,453,796	10,452,105	8,001,691	43.36%	17,318,684	17,252,528	10,114,716	7,137,812	41.37%
2 Classified Salaries	12,717,796	12,893,678	6,316,873	6,576,805	51.01%	13,669,291	13,746,956	6,525,585	7,221,371	52.53%
3 Employee Benefits	24,102,008	24,241,379	11,876,359	12,365,020	51.01%	25,228,577	25,223,982	11,900,724	13,323,258	52.82%
4 Supplies & Materials	564,867	704,436	197,702	506,734	71.93%	679,622	701,761	220,506	481,255	68.58%
5 Other Operating Exp	8,546,609	9,376,024	1,462,009	7,914,015	84.41%	10,716,690	8,422,689	1,567,149	6,855,540	81.39%
6 Capital Outlay	606,164	1,548,738	20,856	1,527,882	98.65%	736,289	909,480	89,710	819,770	90.14%
7 Other Outgo	4,895,302	5,971,195	-	5,971,195	100.00%	3,219,134	5,265,253	497,473	4,767,780	90.55%
Santa Ana College	98,427,630	101,906,630	45,231,743	56,674,887	55.61%	103,138,192	103,175,725	46,290,299	56,885,426	55.13%
Aca Salaries (excl. 1300's)	14,789,246	14,788,422	7,829,077	6,959,345	47.06%	15,960,576	15,960,576	8,094,200	7,866,376	49.29%
1300's	6,975,572	8,036,534	4,211,639	3,824,895	47.59%	6,657,726	6,657,726	4,230,438	2,427,288	36.46%
2 Classified Salaries	6,685,915	6,711,654	3,351,979	3,359,675	50.06%	7,281,477	7,346,229	3,571,149	3,775,080	51.39%
3 Employee Benefits	11,798,511	12,057,578	5,963,353	6,094,225	50.54%	12,449,882	12,470,952	6,062,936	6,408,016	51.38%
4 Supplies & Materials	192,697	324,626	82,628	241,998	74.55%	368,519	441,327	95,394	345,933	78.38%
5 Other Operating Exp	4,322,104	4,926,818	1,140,619	3,786,199	76.85%	5,543,767	5,359,860	925,515	4,434,345	82.73%
6 Capital Outlay	10,174	100,339	71,286	29,053	28.95%	108,091	133,145	1,957	131,188	98.53%
7 Other Outgo	2,690,531	2,039,779	138,518	1,901,261	93.21%	1,516,283	1,516,603	(262)	1,516,865	100.02%
Santiago Canyon College	47,464,750	48,985,750	22,789,100	26,196,650	53.48%	49,886,321	49,886,418	22,981,327	26,905,091	53.93%
1 Academic Salaries	684,466	684,466	357,695	326,771	47.74%	741,920	741,920	368,639	373,281	50.31%
2 Classified Salaries	13,438,033	13,343,442	6,230,624	7,112,818	53.31%	14,499,227	14,282,491	6,751,104	7,531,387	52.73%
3 Employee Benefits	7,981,072	7,954,475	3,641,250	4,313,225	54.22%	8,467,661	8,429,235	3,787,593	4,641,642	55.07%
4 Supplies & Materials	534,546	547,243	232,523	314,720	57.51%	541,204	398,771	97,405	301,366	75.57%
5 Other Operating Exp	6,706,425	6,894,166	3,341,758	3,552,409	51.53%	7,638,562	8,219,677	3,953,822	4,265,855	51.90%
6 Capital Outlay	998,900	919,650	32,814	886,836	96.43%	917,327	727,177	523,594	203,583	28.00%
7 Other Outgo	1,279,371	1,279,371	-	1,279,371	100.00%	784,361	784,361	(590)	784,951	100.08%
District Services	31,622,813	31,622,813	13,836,663	17,786,150	56.24%	33,590,262	33,583,632	15,481,567	18,102,065	53.90%
TOTAL FUND 11 and FUND 13	177,515,193	182,515,193	81,857,506	100,657,687	55.15%	186,614,775	186,645,775	84,753,192	101,892,583	54.59%

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2018-19 FTES ACTUALS COMPARISON TO 2019-20 FTES P1 ESTIMATED ACTUALS**

(P1)-FINAL

As of January 9, 2020

SUMMER 2018 On or After 7/1/2018

	2017-2018			2018-2019			2019-2020			2019-2020		
	(P3) Actuals <i>with borrow</i> as of July 16, 2018			(RECALC) Reporting as of October 25, 2019			(P1) Estimated Actuals as of January 9, 2020			Better (Worse) RECALC 18/19 vs. P1 Estimated Actuals		
	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC
NC	104.79	60.04	44.75	74.77	28.24	46.53	150.86	73.54	77.32	76.09	45.30	30.79
CDCP	354.89	263.54	91.35	359.96	267.23	92.73	730.14	563.39	166.75	370.18	296.16	74.02
CDCP-Distance Education	0.00	0.00	0.00	0.00	0.00	0.00	9.28	0.00	9.28	9.28	0.00	9.28
CR	1,739.30	1,240.71	498.59	350.26	274.09	76.17	1,901.06	1,360.70	540.36	1,550.80	1,086.61	464.19
SUMMER TOTALS	2,198.98	1,564.29	634.69	784.99	569.56	215.43	2,791.34	1,997.63	793.71	2,006.35	1,428.07	578.28

FALL 2019

		2017-2018			2018-2019			2019-2020			2019-2020		
		TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC
NC	F	318.43	302.62	15.81	281.37	271.89	9.48	302.99	294.98	8.01	21.62	23.09	(1.47)
CDCP		1,774.90	1,374.44	400.46	1,849.94	1,449.80	400.14	1,881.77	1,374.46	507.31	31.83	(75.34)	107.17
CDCP-Distance Education		0.00	0.00	0.00	0.00	0.00	0.00	31.28	0.00	31.28	31.28	0.00	31.28
CR													
IS, DSCH		432.18	274.64	157.54	491.42	319.37	172.05	714.90	422.24	292.66	223.48	102.87	120.61
IS, WSCH		609.25	390.47	218.78	834.54	507.30	327.24	927.83	588.20	339.63	93.29	80.90	12.39
DSCH	F	312.86	217.06	95.80	258.57	217.38	41.19	260.64	202.26	58.38	2.07	(15.12)	17.19
Positive	F	1,474.16	1,366.75	107.41	1,448.96	1,343.74	105.22	1,409.84	1,318.94	90.90	(39.12)	(24.80)	(14.32)
WSCH		7,060.85	4,599.31	2,461.54	6,829.19	4,442.46	2,386.73	6,571.71	4,270.16	2,301.55	(257.48)	(172.30)	(85.18)
TOTAL CR		9,889.30	6,848.23	3,041.07	9,862.68	6,830.25	3,032.43	9,884.92	6,801.80	3,083.12	22.24	(28.45)	50.69
FALL TOTALS		11,982.63	8,525.29	3,457.34	11,993.99	8,551.94	3,442.05	12,069.68	8,471.24	3,598.44	75.69	(80.70)	156.39

SPRING 2020

		2017-2018			2018-2019			2019-2020			2019-2020		
		TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC
NC	F	663.03	299.30	363.73	581.70	292.95	288.75	647.64	315.62	332.02	65.94	22.67	43.27
CDCP		2,837.65	1,899.61	938.04	2,288.22	1,453.33	834.89	2,138.30	1,470.67	667.63	(149.92)	17.34	(167.26)
CDCP-Distance Education		0.00	0.00	0.00	20.64	0.00	20.64	42.55	0.00	42.55	21.91	0.00	21.91
CR													
Jan. intersession	F	789.91	520.10	269.81	874.97	574.54	300.43	842.41	549.71	292.70	(32.56)	(24.83)	(7.73)
IS, DSCH		456.55	266.68	189.87	610.67	349.08	261.59	622.57	363.47	259.10	11.90	14.39	(2.49)
IS, WSCH		696.63	453.46	243.17	856.42	551.51	304.91	852.45	548.44	304.01	(3.97)	(3.07)	(0.90)
DSCH	F	291.73	258.80	32.93	326.34	276.43	49.91	355.45	293.72	61.73	29.11	17.29	11.82
Positive	F	1,641.82	1,546.20	95.62	1,618.64	1,555.36	63.28	1,583.45	1,520.08	63.37	(35.19)	(35.28)	0.09
WSCH		6,362.84	4,129.31	2,233.53	5,923.83	3,816.29	2,107.54	5,906.35	3,815.39	2,090.96	(17.48)	(0.90)	(16.58)
TOTAL CR		10,239.48	7,174.55	3,064.93	10,210.87	7,123.21	3,087.66	10,162.68	7,090.81	3,071.87	(48.19)	(32.40)	(15.79)
SPRING TOTALS		13,740.16	9,373.46	4,366.70	13,080.79	8,869.49	4,211.30	12,948.62	8,877.10	4,071.52	(132.17)	7.61	(139.78)

SUMMER 2020 On or Before 6/30/2020

		2017-2018			2018-2019			2019-2020			2019-2020		
		TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC
NC		6.03	4.37	1.66	2.63	1.35	1.28	30.00	30.00	0.00	27.37	28.65	(1.28)
CDCP		14.27	0.03	14.24	13.67	12.85	0.82	285.00	285.00	0.00	271.33	272.15	(0.82)
CDCP-Distance Education		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CR		43.55	32.69	10.86	28.82	19.31	9.51	0.00	0.00	0.00	(28.82)	(19.31)	(9.51)
Borrowed		1,392.91	942.34	450.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUMMER TOTALS		1,456.76	979.43	477.33	45.12	33.51	11.61	315.00	315.00	0.00	269.88	281.49	(11.61)

COMBINED

		2017-2018			2018-2019			2019-2020			2019-2020		
		TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC
NC		1,092.28	666.33	425.95	940.47	594.43	346.04	1,131.49	714.14	417.35	191.02	119.71	71.31
CDCP		4,981.71	3,537.62	1,444.09	4,511.79	3,183.21	1,328.58	5,035.21	3,693.52	1,341.69	523.42	510.31	13.11
CDCP-Distance Education		0.00	0.00	0.00	20.64	0.00	20.64	83.11	0.00	83.11	62.47	0.00	62.47
CRECREDIT		23,304.54	16,238.52	7,066.02	20,452.63	14,246.86	6,205.77	21,948.66	15,253.31	6,695.35	1,496.03	1,006.45	489.58
TOTAL		29,378.53	20,442.47	8,936.06	25,925.53	18,024.50	7,901.03	28,198.47	19,660.97	8,537.50	2,272.94	1,636.47	636.47

	2017-2018	2018-2019	2019-2020	2019-2020
Non-Credit	61.00%	39.00%	63.12%	36.88%
CDCP	71.01%	28.99%	72.16%	27.84%
Credit	69.68%	30.32%	69.49%	30.51%
Total	69.58%	30.42%	69.72%	30.28%

NOTE: (F) Factored

Growth Total District % (+/-)	6.76%
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Growth Total District % (+/-)	-11.75%
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Growth Total District % (+/-)	8.77%
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Growth Total % (+/-) by Campus	6.99%	6.25%
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Growth Total % (+/-) by Campus	-11.83%	-11.58%
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Growth Total % (+/-) by Campus	9.08%	8.06%
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RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2017-18 FTES (without borrowing) ACTUALS COMPARISON TO 2019-20 FTES P1 ESTIMATED ACTUALS

(P1)-FINAL

As of January 9, 2020

SUMMER 2018 On or After 7/1/2018			
	TOTAL	SAC	SCC
NC	104.79	60.04	44.75
CDCP	354.89	263.54	91.35
CDCP-Distance Education	0.00	0.00	0.00
CR	1,739.30	1,240.71	498.59
SUMMER TOTALS	2,198.98	1,564.29	634.69

2017-2018			
	TOTAL	SAC	SCC
NC	104.79	60.04	44.75
CDCP	354.89	263.54	91.35
CDCP-Distance Education	0.00	0.00	0.00
CR	1,739.30	1,240.71	498.59
SUMMER TOTALS	2,198.98	1,564.29	634.69

2017-2018			
	TOTAL	SAC	SCC
NC	104.79	60.04	44.75
CDCP	354.89	263.54	91.35
CDCP-Distance Education	0.00	0.00	0.00
CR	1,739.30	1,240.71	498.59
SUMMER TOTALS	2,198.98	1,564.29	634.69

2018-2019			
	TOTAL	SAC	SCC
NC	74.77	28.24	46.53
CDCP	359.96	267.23	92.73
CDCP-Distance Education	0.00	0.00	0.00
CR	350.26	274.09	76.17
SUMMER TOTALS	784.99	569.56	215.43

2019-2020			
	TOTAL	SAC	SCC
NC	150.86	73.54	77.32
CDCP	730.14	563.39	166.75
CDCP-Distance Education	9.28	0.00	9.28
CR	1,901.06	1,360.70	540.36
SUMMER TOTALS	2,791.34	1,997.63	793.71

2019-2020			
	TOTAL	SAC	SCC
NC	46.07	13.50	32.57
CDCP	375.25	299.85	75.40
CDCP-Distance Education	9.28	0.00	9.28
CR	161.76	119.99	41.77
SUMMER TOTALS	592.36	433.34	159.02

FALL2019			
	TOTAL	SAC	SCC
NC	318.43	302.62	15.81
CDCP	1,774.90	1,374.44	400.46
CDCP-Distance Education	0.00	0.00	0.00
CR	432.18	274.64	157.54
IS, DSCH	609.25	390.47	218.78
IS, WSCH	312.86	217.06	95.80
DSCH	1,474.16	1,366.75	107.41
Positive	7,060.85	4,599.31	2,461.54
WSCH	9,889.30	6,848.23	3,041.07
FALL TOTALS	11,982.63	8,525.29	3,457.34

2017-2018			
	TOTAL	SAC	SCC
NC	318.43	302.62	15.81
CDCP	1,774.90	1,374.44	400.46
CDCP-Distance Education	0.00	0.00	0.00
CR	432.18	274.64	157.54
IS, DSCH	609.25	390.47	218.78
IS, WSCH	312.86	217.06	95.80
DSCH	1,474.16	1,366.75	107.41
Positive	7,060.85	4,599.31	2,461.54
WSCH	9,889.30	6,848.23	3,041.07
FALL TOTALS	11,982.63	8,525.29	3,457.34

2017-2018			
	TOTAL	SAC	SCC
NC	318.43	302.62	15.81
CDCP	1,774.90	1,374.44	400.46
CDCP-Distance Education	0.00	0.00	0.00
CR	432.18	274.64	157.54
IS, DSCH	609.25	390.47	218.78
IS, WSCH	312.86	217.06	95.80
DSCH	1,474.16	1,366.75	107.41
Positive	7,060.85	4,599.31	2,461.54
WSCH	9,889.30	6,848.23	3,041.07
FALL TOTALS	11,982.63	8,525.29	3,457.34

2018-2019			
	TOTAL	SAC	SCC
NC	281.37	271.89	9.48
CDCP	1,849.94	1,449.80	400.14
CDCP-Distance Education	0.00	0.00	0.00
CR	491.42	319.37	172.05
IS, DSCH	834.54	507.30	327.24
IS, WSCH	258.57	217.38	41.19
DSCH	1,448.96	1,343.74	105.22
Positive	6,829.19	4,442.46	2,386.73
WSCH	9,862.68	6,830.25	3,032.43
FALL TOTALS	11,993.99	8,551.94	3,442.05

2019-2020			
	TOTAL	SAC	SCC
NC	302.99	294.98	8.01
CDCP	1,881.77	1,374.46	507.31
CDCP-Distance Education	31.28	0.00	31.28
CR	714.90	422.24	292.66
IS, DSCH	927.83	588.20	339.63
IS, WSCH	260.64	202.26	58.38
DSCH	1,409.84	1,318.94	90.90
Positive	6,571.71	4,270.16	2,301.55
WSCH	9,884.92	6,801.80	3,083.12
FALL TOTALS	12,069.68	8,471.24	3,598.44

2019-2020			
	TOTAL	SAC	SCC
NC	(15.44)	(7.64)	(7.80)
CDCP	106.87	0.02	106.85
CDCP-Distance Education	31.28	0.00	31.28
CR	282.72	147.60	135.12
IS, DSCH	318.58	197.73	120.85
IS, WSCH	(52.22)	(14.80)	(37.42)
DSCH	(64.32)	(47.81)	(16.51)
Positive	(489.14)	(329.15)	(159.99)
WSCH	(4.38)	(46.43)	42.05
FALL TOTALS	87.05	(54.05)	141.10

SPRING2020			
	TOTAL	SAC	SCC
NC	663.03	299.30	363.73
CDCP	2,837.65	1,899.61	938.04
CDCP-Distance Education	0.00	0.00	0.00
CR	789.91	520.10	269.81
Jan. intersession	456.55	266.68	189.87
IS, DSCH	696.63	453.46	243.17
IS, WSCH	291.73	258.80	32.93
DSCH	1,641.82	1,546.20	95.62
Positive	6,362.84	4,129.31	2,233.53
WSCH	10,239.48	7,174.55	3,064.93
SPRING TOTALS	13,740.16	9,373.46	4,366.70

2017-2018			
	TOTAL	SAC	SCC
NC	663.03	299.30	363.73
CDCP	2,837.65	1,899.61	938.04
CDCP-Distance Education	0.00	0.00	0.00
CR	789.91	520.10	269.81
Jan. intersession	456.55	266.68	189.87
IS, DSCH	696.63	453.46	243.17
IS, WSCH	291.73	258.80	32.93
DSCH	1,641.82	1,546.20	95.62
Positive	6,362.84	4,129.31	2,233.53
WSCH	10,239.48	7,174.55	3,064.93
SPRING TOTALS	13,740.16	9,373.46	4,366.70

2017-2018			
	TOTAL	SAC	SCC
NC	663.03	299.30	363.73
CDCP	2,837.65	1,899.61	938.04
CDCP-Distance Education	0.00	0.00	0.00
CR	789.91	520.10	269.81
Jan. intersession	456.55	266.68	189.87
IS, DSCH	696.63	453.46	243.17
IS, WSCH	291.73	258.80	32.93
DSCH	1,641.82	1,546.20	95.62
Positive	6,362.84	4,129.31	2,233.53
WSCH	10,239.48	7,174.55	3,064.93
SPRING TOTALS	13,740.16	9,373.46	4,366.70

2018-2019			
	TOTAL	SAC	SCC
NC	581.70	292.95	288.75
CDCP	2,288.22	1,453.33	834.89
CDCP-Distance Education	20.64	0.00	20.64
CR	874.97	574.54	300.43
Jan. intersession	610.67	349.08	261.59
IS, DSCH	856.42	551.51	304.91
IS, WSCH	326.34	276.43	49.91
DSCH	1,618.64	1,555.36	63.28
Positive	5,923.83	3,816.29	2,107.54
WSCH	10,210.87	7,123.21	3,087.66
SPRING TOTALS	13,080.79	8,869.49	4,211.30

2019-2020			
	TOTAL	SAC	SCC
NC	647.64	315.62	332.02
CDCP	2,138.30	1,470.67	667.63
CDCP-Distance Education	42.55	0.00	42.55
CR	842.41	549.71	292.70
Jan. intersession	622.57	363.47	259.10
IS, DSCH	852.45	548.44	304.01
IS, WSCH	355.45	293.72	61.73
DSCH	1,583.45	1,520.08	63.37
Positive	5,906.35	3,815.39	2,090.96
WSCH	10,162.68	7,090.81	3,071.87
SPRING TOTALS	12,948.62	8,877.10	4,071.52

2019-2020			
	TOTAL	SAC	SCC
NC	(15.39)	16.32	(31.71)
CDCP	(699.35)	(428.94)	(270.41)
CDCP-Distance Education	42.55	0.00	42.55
CR	52.50	29.61	22.89
Jan. intersession	166.02	96.79	69.23
IS, DSCH	155.82	94.98	60.84
IS, WSCH	63.72	34.92	28.80
DSCH	(58.37)	(26.12)	(32.25)
Positive	(456.49)	(313.92)	(142.57)
WSCH	(76.80)	(83.74)	6.94
SPRING TOTALS	(791.54)	(496.36)	(295.18)

SUMMER 2020 On or Before 6/30/2020			
	TOTAL	SAC	SCC
NC	6.03	4.37	1.66
CDCP	14.27	0.03	14.24
CDCP-Distance Education	0.00	0.00	0.00
CR	43.55	32.69	10.86
Borrowed	0.00	0.00	0.00
SUMMER TOTALS	63.85	37.09	26.76

2017-2018			
	TOTAL	SAC	SCC
NC	6.03	4.37	1.66
CDCP	14.27	0.03	14.24
CDCP-Distance Education	0.00	0.00	0.00
CR	43.55	32.69	10.86
Borrowed	1,392.91	942.34	450.57
SUMMER TOTALS	1,456.76	979.43	477.33

2017-2018			
	TOTAL	SAC	SCC
NC	6.03	4.37	1.66
CDCP	14.27	0.03	14.24
CDCP-Distance Education	0.00	0.00	0.00
CR	43.55	32.69	10.86
Borrowed	1,392.91	942.34	450.57
SUMMER TOTALS	1,456.76	979.43	477.33

2018-2019			
	TOTAL	SAC	SCC
NC	2.63	1.35	1.28
CDCP	13.67	12.85	0.82
CDCP-Distance Education	0.00	0.00	0.00
CR	28.82	19.31	9.51
Borrowed	0.00	0.00	0.00
SUMMER TOTALS	45.12	33.51	

Vacant Funded Positions as of 1/15/2020 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
35%-fd 11									
65%-fd 31	Miranda Zamora, Cristina	1AUX-CF-SPAS3	Auxiliary Services Specialist	Promotion	SAC	11/19/2019		16,205	396,881
40%-fd 11									
60%-fd 12	Nguyen, Cang D.	1ASMT-CF-TECH4	Instructional Center Technician	Retirement	SAC	12/29/2019		18,377	
11	Nguyen, John T.	1SA-CM-CORD	P/T Student Services Specialist	Promotion	SAC	8/12/2019	CL19-1372	24,679	
11	Schumacher, Leisa A.	1ACA-CF-SECX	Executive Secretary	Promotion	SAC	10/8/2019	CL19-1352	96,309	
11	Tuon, Sophanareth	1CUST-CF-CUSR1	Senior Custodian/Utility Worker	Promotion	SAC	11/7/2019	CL19-1365	70,244	
40%-fd 11									
60%-fd 12	Vu, Giang T.	1ASMT-CF-CLAD	Administrative Clerk	Retirement	SAC	8/31/2019	CL19-1337	33,511	
14%-fd 11									
86%-fd 12	Berganza, Leyvi C	20SS-CF-SPOR1	High School & Community Outreach Specialist	Promotion	OEC	3/19/2017		13,847	
									211,343
11	Gardener-Lead		Gardener-Lead	Reorg#1154	SCC		CL19-1314 REORG#1154 WOC Christopher Stevenson#245506 12/2/19-2/28/20	86,656	
11	Gitonga, Kanana	2INTL-CF-CORD	International Student Coordinator	Retirement	SCC	1/31/2019	WOC Esther Meade 1/1/19-5/31/19	110,841	
								1,273,267	
TOTAL								5,705,540	

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary

12/31/19 on 01/06/20

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2019-2020		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3035/ 3056	Johnson Student Center	59,442,126	12,097,425	11,994,922	31,754,725	55,847,072	3,595,054	94%
	Agency Cost		477,737	1,157	5,349	484,244		
	Professional Services		3,710,137	741,511	2,704,926	7,156,574		
	Construction Services		7,909,551	11,252,253	29,044,450	48,206,254		
	Furniture and Equipment		-	-	-	-		
3049	Science Center & Building J Demolition	70,480,861	38,623,078	12,608,251	7,502,099	58,733,428	11,747,433	83%
	Agency Cost		427,263	-	1,696	428,959		
	Professional Services		7,089,932	645,514	1,724,407	9,459,853		
	Construction Services		31,105,882	11,818,471	5,573,963	48,498,316		
	Furniture and Equipment		-	144,265	202,034	346,299		
TOTAL ACTIVE PROJECTS		129,922,987	50,720,503	24,603,172	39,256,825	114,580,500	15,342,487	88%
CLOSED PROJECTS								
3032	Dunlap Hall Renovation	12,620,659	12,620,659	-	-	12,620,659	0	100%
	Agency Cost		559	-	-	559		
	Professional Services		1,139,116	-	-	1,139,116		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	57,266,535	57,266,535	-	-	57,266,535	0	100%
	Agency Cost		416,740	-	-	416,740		
	Professional Services		9,593,001	-	-	9,593,001		
	Construction Services		47,216,357	-	-	47,216,357		
	Furniture and Equipment		40,437	-	-	40,437		
3043	17th & Bristol Street Parking Lot	198,141	198,141	-	-	198,141	0	100%
	Agency Cost		16,151	-	-	16,151		
	Professional Services		128,994	-	-	128,994		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
TOTAL CLOSED PROJECTS		70,085,335	70,085,334	-	-	70,085,334	0	100%
GRAND TOTAL ALL PROJECTS		200,008,322	120,805,837	24,603,172	39,256,825	184,665,834	15,342,487	92%
SOURCE OF FUNDS								
	ORIGINAL Bond Proceeds	198,000,000						
	Interest Earned	2,008,322						
	Totals	200,008,322						

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2019-20, 2018-19, 2017-18
YTD Actuals- December 31, 2019

FY 2019/2020												
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	\$38,759,045	\$46,756,827	\$39,860,345	\$42,646,016	\$31,417,806	\$32,297,627	\$51,101,040	\$51,101,040	\$51,101,040	\$51,101,040	\$51,101,040	\$51,101,040
Total Revenues	18,530,608	6,957,617	17,893,333	6,103,920	18,289,460	35,050,331	0	0	0	0	0	0
Total Expenditures	10,532,826	13,854,098	15,107,662	17,332,129	17,409,639	16,246,919	0	0	0	0	0	0
Change in Fund Balance	7,997,782	(6,896,482)	2,785,670	(11,228,209)	879,821	18,803,412	0	0	0	0	0	0
Ending Fund Balance	46,756,827	39,860,345	42,646,016	31,417,806	32,297,627	51,101,040	51,101,040	51,101,040	51,101,040	51,101,040	51,101,040	51,101,040
FY 2018/2019												
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	\$37,903,213	\$41,275,963	\$35,157,531	\$35,434,499	\$27,561,284	\$25,844,907	\$39,405,066	\$39,371,921	\$28,793,164	\$28,369,733	\$39,111,613	\$30,603,274
Total Revenues	12,626,143	6,732,548	14,600,385	7,442,505	17,105,605	29,957,387	14,004,082	6,570,808	15,379,629	26,037,945	9,298,822	31,999,654
Total Expenditures	9,253,392	12,850,980	14,323,417	15,315,721	18,821,982	16,397,228	14,037,228	17,149,564	15,803,060	15,296,065	17,807,162	23,843,882
Change in Fund Balance	3,372,750	(6,118,432)	276,968	(7,873,215)	(1,716,377)	13,560,159	(33,145)	(10,578,756)	(423,431)	10,741,880	(8,508,340)	8,155,771
Ending Fund Balance	41,275,963	35,157,531	35,434,499	27,561,284	25,844,907	39,405,066	39,371,921	28,793,164	28,369,733	39,111,613	30,603,274	38,759,045
FY 2017/2018												
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	\$35,254,317	\$40,165,384	\$34,555,513	\$34,261,380	\$26,080,179	\$27,224,885	\$42,521,590	\$43,680,834	\$33,946,676	\$32,674,972	\$35,963,224	\$26,790,583
Total Revenues	13,230,747	6,401,471	13,730,226	7,947,537	17,388,889	29,510,148	14,345,552	4,546,656	15,319,442	17,749,412	6,431,657	38,131,074
Total Expenditures	8,319,680	12,011,343	14,024,358	16,128,738	16,244,183	14,213,443	13,186,308	14,280,814	16,591,146	14,461,160	15,604,298	27,018,444
Change in Fund Balance	4,911,068	(5,609,872)	(294,132)	(8,181,201)	1,144,706	15,296,705	1,159,244	(9,734,158)	(1,271,704)	3,288,252	(9,172,641)	11,112,630
Ending Fund Balance	40,165,384	34,555,513	34,261,380	26,080,179	27,224,885	42,521,590	43,680,834	33,946,676	32,674,972	35,963,224	26,790,583	37,903,213

Fiscal Resources Committee

Executive Conference Room – District Office
1:30 p.m. – 3:00 p.m.

Meeting Minutes for November 20, 2019

FRC Members Present: Adam O'Connor, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Thao Nguyen, Arleen Satele, Roy Shahbazian, Michael Taylor, and Vanessa Urbina

Alternates/Guests Present: Erika Almaraz, James Kennedy, Mark Reynoso, Jose Vargas and George Walters (CWP)

1. Welcome: Mr. O'Connor called the meeting to order at 1:32 p.m. He shared that Vice Chancellor Hardash was in Sacramento at the Advisory Workgroup for Fiscal Affairs meeting regarding the SCFF.
2. State/District Budget Update
 - ACBO Fall Conference Chancellor's Office Update – Mr. O'Connor briefly referenced updates from the Fall ACBO conference.
 - ACBO Fall Conference Economic Update – Mr. O'Connor briefly referenced economic update shared at the Fall ACBO conference.
 - LAO 2019/20 Spending Plan and Education Specifics
 - LAO 2020/21 Fiscal Outlook – Mr. O'Connor briefly discussed the Fiscal Outlook (published 1 hour and 15 minutes prior to this meeting) and referenced associated links. Additionally, he discussed highlights as follows:
 - Are there sufficient resources to pay commitments for the upcoming year? Yes, assuming no recession on the horizon. A \$7 billion surplus is built into 2020/21 budget that could be used for new commitments, on-going, one-time expenditures, paying down debts and building up reserves. The State is in good shape to endure a typical recession.
 - Recommendation to legislature is not to allocate more than \$1 billion for on-going funds.
 - Current year revenues are estimated at \$1.6 billion for both 18/19, 19/20 combo. Of that, \$250 million is required to be spent on schools and community colleges.
 - Prop 98 minimum guarantee includes increase of \$2 billion for schools and community colleges for 20/21. However, big change is COLA estimates. Estimates for 19/20 were at 3.26%, 20/21 at 3% and 21/22 at 2.8%. The new estimate for 20/21 is at 1.79%. This is a much bigger change and will affect district as result of recent salary settlements at 4%, 4%, and 4% over the next three years.
 - The link to report for specifics on schools and community colleges digs into COLA issue saying legislature could provide additional funds to support higher COLA; State could allocate funds to support a higher COLA.
 - Economic slowdown continues to get higher with each year making a recession potential.
 - With estimated COLA for 20/21 at 1.79%, there may not be enough funds which will cause potential budget cuts state-wide.
 - Declining enrollments are a bigger challenge for districts and economic risks are higher than normal.
 - SSC – State Revenue on Target for September
 - SSC – Legislative Analyst Releases 2019 Budget Overview

- SSC – Does A Statewide Bond Help or Hurt a Local Bond Election?
 - CCCCO Chancellor Oakley-SCFF Development Memo – Mr. O’Connor referred to the memo from Chancellor Oakley on SCFF. Jim Austin has been appointed to manage funding formula and transition related matters following the resignation of Christian Osmena. Chancellor states that final apportionment for 2018/19 will be made in December. This apportionment will account for final report on enrollment and revenues. An additional \$103 million for 2018/19 is needed to fully fund all districts. CCCCCO will apportion additional funds to districts to the greater extent possible given the final revenues. However, reading the Metune memo it is stated a little differently. It is unknown what this means and whether there are additional funds – it is believed it may be a typo. Come February the allocation will be known after corrections are made in January.
 - RSCCD submitted a recalculation for FTES that captured approximately 42 FTES and is fairly evenly split between the colleges. That will be beneficial in meeting minimum guarantee, it won’t have much affect if hold harmless. Other districts have also submitted recalculations and that will affect the distribution as well.
 - Additional handout – BOG Update on the Student Centered Funding Formula – Metune Memo – Mr. O’Connor referred to interesting differences in Metune memo that demonstrated an understanding of the various factors that affect districts differently.
3. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants
- Section 1 – Introductory. Additional feedback was received by SAC after the agenda was prepared and therefore Mr. O’Connor and Mr. Walters reviewed and discussed those recommendations as well as the feedback included in the meeting materials. SAC suggested the introductory be rewritten into an abbreviated version that includes the historical progress of budget models and removes language related to ACCJC visit. It was also suggested the history language be moved to an appendix. It was determined the introductory would remain very simple and the historical language move to an appendix with an additional review via email for feedback would be sufficient for action at the next meeting in January.
 - Section 6 – Definition of Terms. Definition of Center was discussed and while it is not necessary to list off-site centers, clarifying language is needed to specify “State approved centers receiving funding”. Definition of Categorical Funds was discussed and determined to remove “Matriculation or Vocational Education” and replaced with “Student Equity and Achievement or Career Education.” Following a discussion, the definition of defund was revised to read “eliminating the cost of a position from the budget.” Other additions to definitions include CDCP, noncredit, and the words “first academic year” to the Student Success Allocation. LHE definition was discussed and determined that if there is no further reference to it in the BAM, it would be removed from the list of definitions. SB361 definition was discussed and determined to edit in past tense since it is no longer new or applicable. SCFF is revised to include the “State’s” new model. In conclusion of the definition of terms, it was determined the adoption date of the SCFF model would be included, and pending final elements of funding formula the definition of hold harmless will be added.
 - Section 3 – College and District Services Budgets and Expenditures Responsibilities. Mr. Walters reviewed proposed edits and following a lengthy discussion, it was determined tables 1 and 2 require extensive review to confirm the revenue, expenditures and roles be defined for colleges, district services and institutional (overall). It was also suggested that table 2 be moved ahead of table 1. Mr. O’Connor will prepare a draft for review by FRC members and requested early feedback so that action can be taken at the meeting in January. It was understood that all edits to the above sections will be provided prior to SAC’s Budget and Planning meeting of December 3 so that feedback could be incorporated into meeting materials and action at the January 22 FRC meeting.

4. Standing Report from District Council - Shahbazian
Mr. Shahbazian briefly discussed two reorganizations approved by District Council one in Educational Services and another in Fiscal Services.
5. Informational Handouts
 - Districtwide expenditures report link: <https://intranet.rsccd.edu>
 - Vacant Funded Position List as of November 6, 2019 with changes as a result of last meeting feedback.
 - Measure "Q" Project Cost Summary as of October 31, 2019
 - Monthly Cash Flow Summary as of October 31, 2019
 - SAC Planning and Budget Committee Agendas and Minutes
 - SCC Budget Committee Agendas and Minutes
6. Approval of FRC Minutes – October 16, 2019
A motion was made by Arleen Satele, seconded by Bart Hoffman to approve the minutes of October 16, 2019 as presented. With no questions, comments or corrections the motion passed unanimously.
7. Other
Next meeting reminder: Wednesday, January 22, 2020, 1:30 – 3:00 in the Executive Conference Room #114, District Office

This meeting adjourned at 2:36 p.m.