RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: Fiscal Resources Committee

Agenda for January 25, 2023

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

Zoom Meeting

1. Welcome

2. State/District Budget Update – Iris Ingram
    - 2023-24 Proposed State Budget report link: http://www.ebudget.ca.gov
    - LAO 2023-24 Overview of Governor's Budget link: https://lao.ca.gov/Budget
    - LAO 2023-24 Budget: California's Fiscal Outlook
    - LAO Redesigning California's Adult Education Funding Model
    - LAO 2023-24 Budget: Fiscal Outlook for Schools and Community Colleges
    - Joint Analysis – Governor's January Budget
    - DOF – November 2022 Finance Bulletin
    - DOF – December 2022 Finance Bulletin
    - SSC – Inflation Persists
    - SSC – Proposition 28 and Two Other Statewide Ballot Measures Approved
    - SSC – Payroll and Benefit Parameters Set by the IRS for 2023
    - SSC – BOG Adopts 2023 FON and Elects New Leadership for 2023
    - SSC – LAO Issues Forecast for Economy and Education Funding
    - SSC – 2022 Local Election Results
    - SSC – What Does Split Congress Mean for FY 2023 Budget and Debt Ceiling Negotiations?
    - SSC – Inflation Decelerates While Downsides Continue
    - SSC – UCLA Forecast: Too Cold or Just Right?
    - SSC – Affordable Student Housing Second Round Grant Application Now Open
    - SSC – Inflation: Taming the Beast
    - SSC – 2020-21 Statewide Average Reserves
    - SSC – FY 2023 Omnibus Bill Details Emerge
    - SSC – Positive Trends Continue for Inflation, Unemployment, and Cash Receipts
    - SSC – Initial Impressions from Governor Newsom's 2023-24 State Budget Proposal
    - SSC – An Overview of the 2023-24 Governor's Budget Proposals
    - SSC – CPI Indicates Inflation Is Slowing
    - Budget Presentation to Board of Trustees January 17, 2023

3. Mid-Year Updates
    - Unrestricted General Fund Expenditure Update
    - (P1) 2022-2023 FTES
    - SCFF Simulation FY 2022-23

4. 2023/2024 RSCCD Tentative Budget Assumptions - ACTION

5. Annual External Audit

6. Standing Report from District Council – Craig Rutan

7. Informational Handouts
    - District-wide expenditure report link: https://intranet.rsccd.edu
    - Vacant Funded Position List as of January 13, 2023
    - Monthly Cash Flow Summary as of December 31, 2022
    - SAC Planning and Budget Committee Agendas and Minutes
    - SCC Budget Committee Agendas and Minutes
    - Districtwide Enrollment Management Workgroup Minutes

8. Approval of FRC Minutes – November 16, 2022

9. Other

Next FRC Committee Meeting: February 22, 2023, 1:30-3:00 pm

The 2023-24 Budget:

California's Fiscal Outlook

LAO

GABRIEL PETEK
LEGISLATIVE ANALYST
NOVEMBER 2022

Executive Summary

Economic Conditions Weigh on Revenues. Facing rising inflation, the Federal Reserve—tasked with maintaining stable price growth—repeatedly has enacted large interest rate increases throughout 2022 with the aim of cooling the economy and, in turn, slowing inflation. The longer inflation persists and the higher the Federal Reserve increases interest rates in response, the greater the risk to the economy. The chances that the Federal Reserve can tame inflation without inducing a recession are narrow. Reflecting the threat of a recession, our revenue estimates represent the weakest performance the state has experienced since the Great Recession.

State Faces $25 Billion Budget Problem and Ongoing Deficits. Under our outlook, the Legislature would face a budget problem of $25 billion in 2023-24. (A budget problem—also called a deficit—occurs when resources for the upcoming fiscal year are insufficient to cover the costs of currently authorized services.) The budget problem is mainly attributable to lower revenue estimates, which are lower than budget act projections from 2021-22 through 2023-24 by $41 billion. Revenue losses are offset by lower spending in certain areas. Over the subsequent years of the forecast, annual deficits would decline from $17 billion to $8 billion.

Inflation-Related Adjustments Vary Across Budget. The General Fund budget can be thought of in two parts: (1) the Proposition 98 budget for schools and community colleges, representing about 40 percent of General Fund spending, and (2) everything else. Under our estimates, the state can afford to maintain its existing school and community college programs and provide a cost-of-living adjustment of up to 8.38 percent in 2023-24. The extent to which programs across the rest of the budget are adjusted for inflation varies considerably. Because our outlook reflects the current law and policy of the Legislature, our spending estimates only incorporate the effects of inflation on budgetary spending when there are existing policy mechanisms for doing so. Consequently, our estimate of a $25 billion budget problem understates the actual budget problem in inflation-adjusted terms.

Save Reserves for a Recession. The $25 billion budget problem in 2023-24 is roughly equivalent to the amount of general-purpose reserves that the Legislature could have available to allocate to General Fund programs ($23 billion). While our lower revenue estimates incorporate the risk of a recession, *they do not reflect a recession scenario*. Based on historical experience, should a recession occur soon, revenues could be $30 billion to $50 billion below our revenue outlook in the budget window. As such, we suggest the Legislature begin planning the 2023-24 budget without using general purpose reserves.

Recommend Legislature Identify Recent Augmentations to Pause or Delay. Early in 2023, we suggest the Legislature question the administration about the implementation and distribution of recent augmentations. If augmentations have not yet been distributed, the Legislature has an opportunity to reevaluate those expenditures. Moreover, in light of the magnitude of the recent augmentations, programs may not be working as expected, capacity issues may have constrained implementation, or other unforeseen challenges may have emerged. To address the budget problem for the upcoming year, these cases might provide the Legislature with areas for pause, delay, or reassessment.

INTRODUCTION

Each year, our office publishes the *Fiscal Outlook* in anticipation of the upcoming state budget process. The goal of this report is to help the Legislature begin crafting the 2023-24 budget. Our analysis relies on specific assumptions about the future of the state economy, its revenues, and its expenditures. Consequently, our estimates are not definitive, but rather reflect our best guidance to the Legislature based on our professional assessments as of November 2022. This year's report addresses four main topics for lawmakers:

- ***Economic Conditions and the Revenue Picture.*** We discuss the implications of persistently high inflation for the economy and, in turn, the effects of the economic environment on our revenue estimates. In short, although our revenue estimates do not assume a recession occurs, they are lower than budget act estimates due to the heightened risk of an economic downturn.
- ***The Budget Problem.*** We then discuss the implications of lower revenue estimates for the budget condition in 2023-24 and beyond. Specifically, lower revenues are expected to lead to a deficit of $25 billion in the budget window. Over the subsequent years of the forecast, annual deficits decline from $17 billion to $8 billion.
- ***The State Budget and Inflation.*** We also discuss the implications of persistently high inflation on the state's spending programs. Given that many program areas do not account for inflation without direct legislative action, we advise the Legislature keep in mind the programmatic impacts of inflation as it considers budget solutions to address the deficit.
- ***Reserves.*** We conclude with a discussion of the state's reserves, which are the key tool the state has available to address budget problems. We urge lawmakers to begin planning the 2023-24 budget without using general purpose reserves and, instead, to save those reserves for when the state faces a recession.

ECONOMIC CONDITIONS WEIGH ON REVENUES

Booming Economy Has Led to High Inflation. Spurred by pandemic-related federal stimulus, the U.S. economy entered a period of rapid expansion in the summer of 2020 that extended through 2021. Over the last year, however, evidence has mounted that this rapid economic expansion was unsustainable. Amid record low unemployment and continued global supply chain challenges, businesses have strained to meet surging consumer demand. As a result, consumer prices have risen 8 percent over the last year, more than three times the norm of the last three decades.

Efforts to Tame Inflation Are Slowing the Economy. Facing rising inflation, the Federal Reserve—tasked with maintaining stable price growth—repeatedly has enacted large interest rate increases throughout 2022 with the aim of cooling the economy and, in turn, slowing inflation. Higher interest rates dampen economic activity by increasing borrowing costs for home buyers, consumers, and businesses, as well as depressing the value of riskier assets like stocks. The impacts of recent interest rate hikes are apparent in certain areas of the economy: home sales have dropped by one-third, car sales are at the lowest level in over a decade, and stock prices are down 20 percent from recent highs. Some impacts also can be seen in state tax collections. For example, estimated income tax payments for 2022 so far have been notably weaker than 2021, likely due in part to falling stock prices.

Inflation Pressures Remain, Raising Risk of a Recession. While these slowdowns in certain areas of the economy have not yet spread more broadly, similar historical episodes have ended in recessions. The longer inflation persists and the higher the Federal Reserve increases interest rates in response, the greater the risk to the economy. The chances that the Federal Reserve can tame inflation without inducing a recession are narrow. Despite recent interest rate increases, inflation remains well above the Federal Reserve's stated price stability goal. Further, factors that tend to predict future inflation—such as recent changes in consumer spending, incomes, and prices for food and energy—suggest that heightened inflation pressures could remain for some time. These observations suggest that the Federal Reserve will take additional steps to curb inflation in the coming months, further raising the risk of a recession.

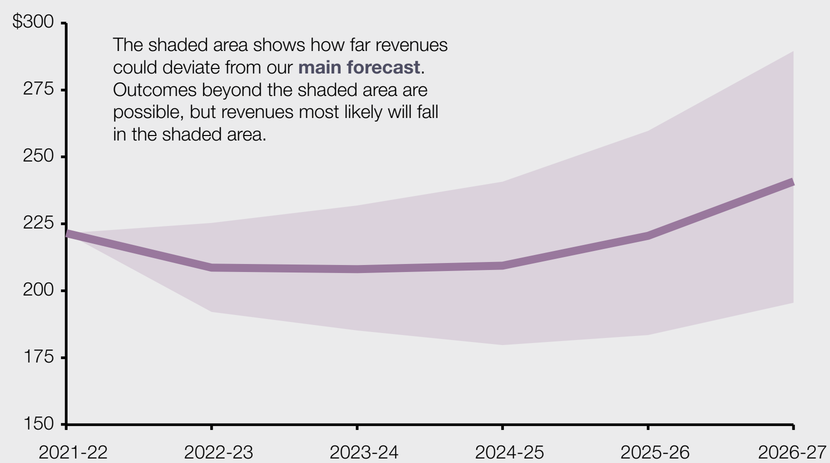
Economic Environment Creates Challenges for the Legislature. The current economic environment poses a substantial risk to state revenues. In the past, when economic conditions have been similar to today, revenues subsequently have tended to decline. This presents the Legislature with the challenge of balancing two key risks when selecting a revenue assumption for the 2023-24 budget. On the one hand, adopting overly optimistic revenues which fail to account for the potential of an economic downturn would create a high risk of shortfalls in future years. On the other hand, while it appears likely a recession will occur, it is far from certain. Further, the exact timing and severity of a possible recession are unknowable. Because of this, adopting revenues consistent with the abrupt onset of a recession would run the risk of making cuts to public services before they are necessary.

Fiscal Outlook Revenues Balance Competing Risks. Our revenue outlook—displayed in Figure 1—weighs equally the risks of excess optimism and excess pessimism. Reflecting the threat of a recession, our revenue estimates represent the weakest performance the state has experienced since the Great Recession. At the same time, our revenues stop short of reflecting an abrupt recession. Were a recession to occur soon, revenue declines in the budget window very likely would be more severe than our outlook.

Figure 1

LAO Revenue Outlook

General Fund Revenue, Excluding BSA Transfers (In Billions)



BSA = Budget Stabilization Account.

THE BUDGET PROBLEM

In this section, we describe our estimates of California's budget condition in the near term (in 2023-24) and over a multiyear period (through 2026-27). Over both time horizons, we expect the state will face deficits, also known as budget problems.

BUDGET YEAR

We Anticipate the Legislature Faces a Budget Problem of $25 Billion in Upcoming Year. Figure 2 shows that, under our revenue estimates, the state would have a budget problem of $25 billion in 2023-24. The nearby box describes what the term "budget problem" means in more detail. As the figure shows, the state also would end 2023-24 with nearly $22 billion in the Budget Stabilization Account (BSA)—the state's general-purpose reserve. These funds are available to address a budget emergency. (Under the State Constitution, the Governor can declare a budget emergency when estimated resources in the current or upcoming fiscal year are insufficient to keep spending at the level of the highest of the prior three budgets, adjusted for inflation and population. The Legislature cannot access the BSA without this declaration.)

Figure 2

General Fund Condition Under Fiscal Outlook

(In Millions)

	2021-22	2022-23	2023-24
Prior-year fund balance	$38,334	$19,385	-$2,416
Revenues and transfers	224,089	208,280	208,252
Expenditures	243,039	230,081	226,486
Ending Fund Balance	**$19,385**	**-$2,416**	**-$20,650**
Encumbrances	$4,276	$4,276	$4,276
SFEU Balance	**$15,109**	**-$6,692**	**-$24,926**
Reserves			
BSA balance	$21,925	$21,925	$21,925
Safety Net Reserve	900	900	900

SFEU = Special Fund for Economic Uncertainties.

What Is a Budget Problem?

A budget problem—also called a deficit—occurs when resources for the upcoming budget are insufficient to cover the costs of currently authorized services. As such, calculating the budget problem involves two main steps:

- ***Projecting Anticipated Revenues.*** First, we estimate how much revenue will be available for the remainder of the current and upcoming year. This means using assumptions about how the economy is likely to perform over the coming 20 months and then using those assumptions to project revenue collections.
- ***Estimating Current Service Level.*** Second, we compare those anticipated revenues to the level of spending to support the current service level under the state's current law and policy. Projecting current service spending, which we also call "baseline spending," has several components. For example, it requires us to project how caseload will change for means-tested programs, estimate how much federal funding will come to the state based on current federal policy, and make many other assessments.

When current service level spending exceeds anticipated revenues, the state has a budget problem. In this document, the budget problem is reflected in the 2023-24 ending balance in the Special Fund for Economic Uncertainties, shown in Figure 2.

Budget Problem Must Be Addressed. The State Constitution requires the Legislature to pass a balanced budget. As a result, if—earlier in the process—the state faces a budget problem, the Legislature must solve the problem using a combination of tools. In a recession, the main tool for solving a budget problem is the state's reserve. If reserves are insufficient to cover the budget problem, however, the Legislature must take other actions to bring the budget into balance. These actions include reducing spending, increasing revenues, and/or shifting costs, for example, between funds, time periods, or entities of government.

Budget Problem Driven by Lower Revenue Estimates. The budget problem for 2023-24 mainly is attributable to lower revenue estimates. More specifically, however, the budget problem arises as a result of the offsetting effects of five main factors:

- ***Planned Deficit of Nearly $3 Billion for 2023-24.*** Under the *2022-23 Budget Act* assumptions, the state would have ended 2023-24 with a deficit of nearly $3 billion in 2023-24. Revenue losses compound this already negative starting point.
- ***Revenues Losses Add to Deficit by $41 Billion.*** Across 2021-22, 2022-23, and 2023-24, our estimates of revenues and transfers (excluding transfers to the BSA) are lower than budget act projections by $41 billion.
- ***Formula-Driven Spending on Schools and Community Colleges Offsets Revenue Losses by $13 Billion.*** General Fund spending on schools and community colleges is determined by a set of constitutional formulas under Proposition 98 (1988). Under our outlook, the state allocates about 40 percent of General Fund revenue to K-14 education each year of the budget window. Relative to budget act estimates and consistent with lower revenue, our estimate of required General Fund spending on schools and community colleges for 2021-22 through 2023-24 decreases by $13 billion.
- ***Formula-Driven BSA Deposits Offset Revenue Losses by an Additional $5 Billion.*** Relative to the budget act, under our revenue estimates, the state's required deposits into the BSA would be lower by $5 billion across the three-year period. This decline is driven by three factors: (1) higher capital gains revenues in 2021-22 result in a $1.6 billion increase in the deposit that year; (2) significantly lower revenues in 2022-23 cause that year's $3.4 billion deposit to be reduced to zero; and (3) our assumption that the state suspends the otherwise required BSA deposit in 2023-24, due to the budget problem, originally estimated to be $2.9 billion.
- ***Other Spending Lower by About $1 Billion***. Across the rest of the budget, our estimates of spending are lower than the administration's by $1.4 billion across the three-year period. This figure reflects the net effect of a number of different factors moving in both directions.

Under Our Revenue Estimates, No SAL Requirement in 2023-24. In recent years, the state appropriations limit (SAL) has placed considerable limitations on how the Legislature can use revenues that exceed a specific threshold. Mainly due to lower revenues, the SAL is less likely to be a significant constraint in this year's budget process. The box on page 9 describes our SAL estimates for 2022-23 and over the multiyear period.

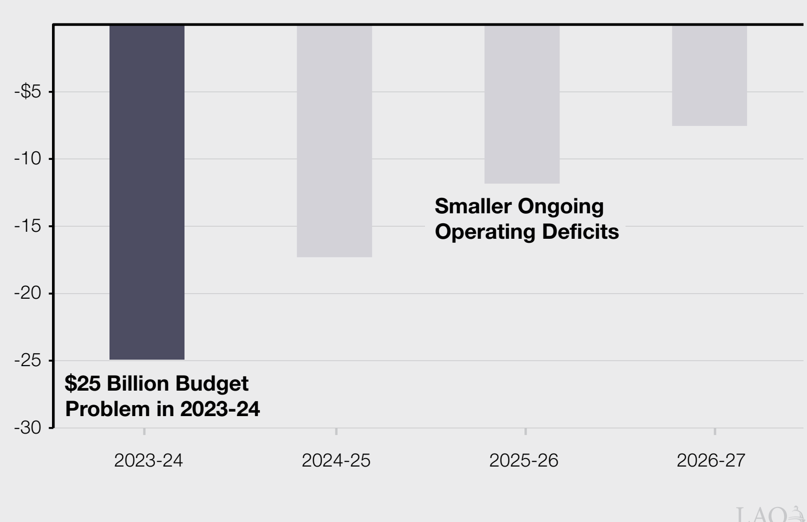
MULTIYEAR

State Faces Operating Deficits Over the Multiyear Period. Figure 3 displays our estimates of the budget's condition over the outlook period.

Figure 3

State Faces Budget Deficits Across Multiyear Period

(In Billions)



As the figure shows, in addition to the $25 billion budget problem the state faces in 2023-24, the state faces annual operating deficits which decline from $17 billion to $8 billion by 2026-27. The remainder of this section describes some of the key multiyear trends that result in these bottom line estimates.

Revenues Decline, Stabilize, and Then Grow. The key assumption underlying our multiyear outlook is our estimate of revenues. As we discussed earlier, our revenue outlook balances competing risks. It reflects the threat of a downturn, but stops short of reflecting an abrupt recession. As **Figure 4** shows, we anticipate revenues will decline between 2021-22 and 2022-23 by more than the budget act anticipated, but then remain largely flat between 2022-23 and 2024-25, before growing again in the last two years of the outlook.

Significant Underlying Program Growth Somewhat Offset by Reductions in Temporary Spending. We estimate spending growth assuming current law and policy remains in place, meaning we assume the Legislature enacts no new policies over the period. Under our assumptions, General Fund spending would grow from $227 billion in 2023-24 to $246 billion in 2026-27—an increase of about $20 billion or an average annual growth of 2.9 percent. (The next section describes some of the other major spending assumptions that are embedded in these estimates, including specific differences with the administration's budget act assumptions.) The relatively slow overall growth in expenditures is the result of many offsetting factors, shown in **Figure 5** on the next page. Namely, faster growth in ongoing programs, such as in education, employee compensation, and health and human services programs, would total nearly $35 billion over the period. But this growth is offset by about $15 billion in lower spending in other areas—including in natural resources, transportation, and housing. In these areas, the state allocated significant portions of recent budget surpluses to temporary augmentations, which "turn off" over the period, resulting in declines relative to the 2023-24 level.

Recent Budgets Committed to Growing Ongoing Augmentations. The spending growth in Figure 5 reflects a combination of underlying program growth and recent legislative augmentations. While recent budgets have committed a significant share of new spending to one-time or temporary purposes, those budgets also consistently allocated some funds to ongoing purposes—many of which grow significantly. For example, the 2021-22 budget allocated $3.4 billion to new, ongoing spending, expected to grow to about $12 billion by 2025-26. Similarly, the 2022-23 budget allocated $2.3 billion to new, ongoing spending, expected to grow to nearly $5 billion by 2026-27. With mostly flat revenue growth, these recent, sizeable, ongoing augmentations place significant pressure on the out-year condition of the budget.

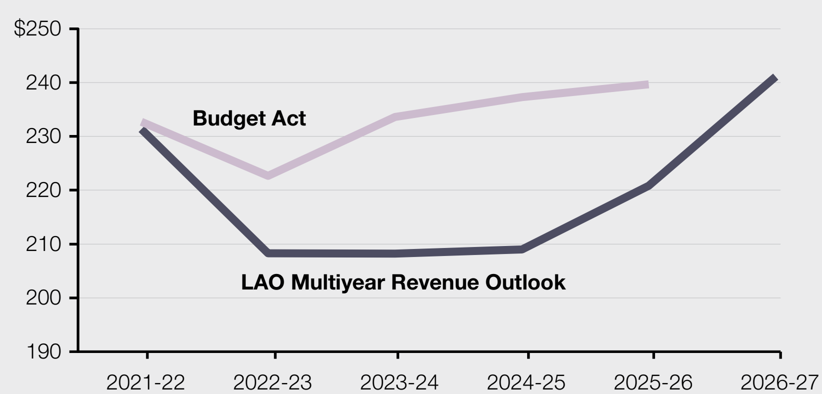
Major Spending Assumptions

Our *Fiscal Outlook* reflects current law and policy. This means our spending estimates incorporate the fiscal effects of all enacted policies. In addition, we include the fiscal effects of those policies which the Legislature has repeatedly enacted (absent

Figure 4

Under Our Outlook, Revenues Decline, Stabilize, and Then Grow

General Fund Revenues and Transfers Excluding BSA Deposits (In Billions)

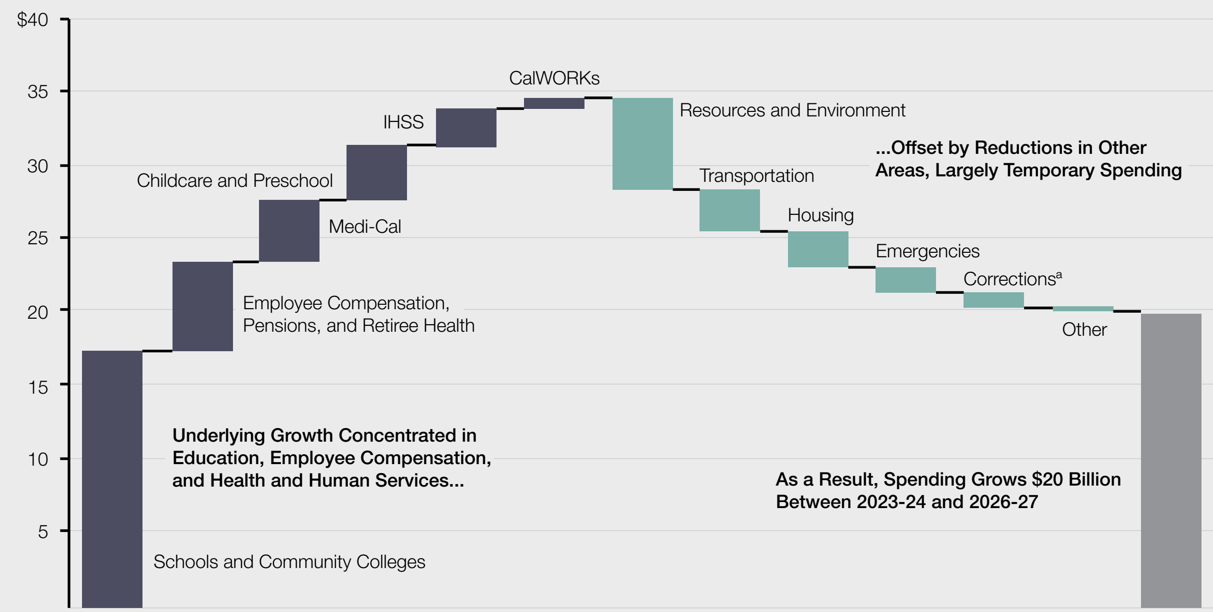


BSA = Budget Stabilization Account.

Figure 5

Factors Affecting Spending Growth

(In Billions)



[a] Excluding employee compensation.

IHSS = In-Home Supportive Services.

statutory commitments to ongoing spending). The remainder of this section describes some of the other key spending assumptions in this *Fiscal Outlook*.

Assume Spending Enacted With Clear Legislative Intent Occurs... In the *Fiscal Outlook*, we aim to estimate the costs of the state's commitments under current law and policy. For this analysis, we include the costs associated with legislative intent language as current policy if it meets certain conditions. Specifically, (1) the Legislature voted on and approved the policy, (2) the policy is included in budget-related statutes (for example, in trailer bill) that have force of law, and (3) the policy as described in statute is specific and implementable.

...Which Results in Some Differences With the Administration. The administration's spending estimates at the time of the budget act included some expenditures that did not meet these criteria. Consequently, those items are not included in our expenditure estimates. The largest expenditures included in the administration's estimates but excluded from our analysis are: (1) spending $1.7 billion to accelerate the repayment of bond debt service in 2024-25, (2) setting aside additional reserve deposits of $1 billion in 2024-25 and $3 billion in 2025-26, and (3) spending $1.9 billion in 2023-24 to shift capital outlay projects currently authorized for lease revenue bonds to General Fund cash. In addition, the administration included an unallocated set aside for inflation-related costs in their estimates. We do not make a similar adjustment because those costs do not reflect current law and policy. (If we had included these amounts in baseline spending, the budget problem would have been larger.) On the other hand, we do reflect spending on school facilities of $2 billion in 2023-24 and $875 million in 2024-25, and broadband spending of $300 million in 2023-24 and $250 million in 2024-25, in which enacted legislative intent language met our criteria.

November 2022 State Appropriations Limit (SAL) Estimates

How the SAL Works. The SAL calculation involves comparing (1) the limit to (2) appropriations subject to the limit. The limit is calculated by adjusting last year's limit for a growth factor that includes economic and population growth. Appropriations subject to the limit are determined by taking all proceeds of state taxes and subtracting excluded spending. If appropriations subject to the limit are less than the limit, there is "room." If the converse is true, the state has a SAL requirement. The Legislature can meet SAL requirements in one of three ways: (1) lowering proceeds of taxes (for example, by providing taxpayer rebates), (2) spending more on excluded purposes (for example, for capital outlay or funding to local governments), or (3) issuing taxpayer rebates and providing more funding to schools and community colleges. For more information about the SAL and its recent implications on the state budget, see our reports *The State Appropriations Limit* and *The 2022-23 Budget: State Appropriations Limit Implications.*

Under LAO Revenue Estimates, State Has Room Across the Budget Window... Under our estimates of revenues and spending, including special funds, the state would have room of $27 billion in 2021-22 and $23 billion in 2022-23. In 2022-23, this is somewhat more room than was anticipated at budget act, mainly due to lower General Fund revenues. In 2023-24, the state still would have $19 billion in room due to a few factors: (1) relatively flat General Fund tax revenues, (2) continued capital outlay spending from recent budget acts, (3) modest growth in other baseline exclusions, and (4) some growth in the limit itself.

...But if Revenues Grow Again, State Most Likely Would Face SAL Requirements Again. Under our multiyear outlook, the state would have much less room in 2024-25, about $4 billion, and then face SAL requirements in 2025-26 and 2026-27 of $4 billion and $18 billion, respectively. These SAL requirements occur largely because our estimates of General Fund tax revenues grow faster than the limit itself in these years. Under our outlook, the state *also* would face budget deficits in these years, making these SAL requirements considerably more difficult to address. That said, while these estimates are highly uncertain and revenues could be significantly higher or lower than our estimates in any given year, on a long-term basis, we expect the state to continue to reach the limit. This will reoccur because historical revenue growth rates exceed the growth in the limit itself.

Assume BSA Deposit and Infrastructure Spending Requirement Are Not Suspended After 2023-24. Under the constitutional rules of Proposition 2 (2014), the state must make annual payments toward certain state debts, deposits into the BSA, and, in some years, infrastructure payments. While the debt payments are required until 2029-30 regardless of the condition of the budget, BSA deposits and infrastructure payments can be suspended if the state faces a budget emergency. Our outlook assumes these payments are suspended in 2023-24, but not in 2024-25 or later. That said, in at least one of these years, the Legislature might have the option to suspend deposits and infrastructure spending if certain conditions are met. Suspending BSA deposits and infrastructure spending would result in an improvement in the budget condition by an average of roughly $1 billion each year.

Make CalPERS Contribution Assumptions Consistent With Recent Experience and LAO Forecasts. Our outlook assumes the state makes required pension contributions to the California Public Employees' Retirement System (CalPERS) based on the most recent actuarial valuation—in this case, as of June 30, 2021, which establishes the state's contribution rates for 2022-23. Using CalPERS' online tool, we adjust these contribution rates based on recent investment returns, our assessment of economic conditions, and expected Proposition 2 debt repayments under our forecast. The net effect of these assumptions is that the outlook assumes that state pension contribution rates are significantly higher than the projected rates published in CalPERS' most recent actuarial valuation. Specifically, annual General Fund contributions to CalPERS would be higher by $1.7 billion by the last year of our outlook. (A corresponding upward adjustment to The California State Teachers' Retirement System was not necessary due to differing funding mechanisms and investment returns.)

Assume Enhanced Federal Match for Medicaid Ends Midway Through 2022-23. Medicaid is an entitlement program whose costs generally are shared between the federal government and states. In 2020, Congress approved a temporary 6.2 percentage point increase in the federal government's share of cost for most state Medicaid programs. This funding enhancement lasts until the end of the quarter in which the national public health emergency (PHE) declaration ends. For the purposes of this analysis, we assumed the declaration would expire in January 2023, resulting in an increase in General Fund costs of Medicaid programs in the fourth quarter of 2022-23. However, as we completed this analysis, the U.S. Department of Health and Human Services did not notify states the PHE would end in January. Given the federal administration committed to providing states 60 days' notice regarding the end of the public health emergency, the PHE is likely to remain in place after January 2023. We estimate a one-quarter extension results in lower General Fund costs of about $450 million—improving the budget bottom line condition by that amount (this figure is subject to uncertainty).

INFLATION-RELATED ADJUSTMENTS VARY ACROSS BUDGET

The General Fund budget can be thought of in two parts: (1) the Proposition 98 budget for schools and community colleges, representing about 40 percent of General Fund spending, and (2) everything else. In this section, we discuss the budget conditions of each of these parts of the budget—accounting for inflation—and the implications of those differences.

Under Proposition 98 Estimates, State Can Maintain Program Spending to Schools Even Adjusted for Inflation. Under our outlook, the Proposition 98 funding requirement for schools and community colleges is $108.2 billion ($78 billion General Fund) in 2023-24, a decrease of $2.1 billion (2 percent) compared with the enacted 2022-23 level. Despite this decrease, the state could afford to maintain its existing school and community college programs and provide a cost-of-living adjustment (COLA) of up to 8.38 percent in 2023-24. (This COLA represents a slight reduction in the statutory rate that would apply if the Proposition 98 funding requirement were larger.) The key reasons this COLA can be afforded are: (1) the June budget allocated a sizeable amount of funding to one-time activities, which expire in 2023-24; (2) program costs decline from 2022-23 to 2023-24 due to an adjustment for school attendance; and (3) a constitutionally required withdrawal from the Proposition 98 Reserve supplements the regular Proposition 98 funding level. The nearby box gives more detail about the out-year condition of the Proposition 98 budget.

In Contrast, the Remainder of the Budget Has a Budget Problem Without Universal Adjustments for Inflation. In some areas across the rest of the budget, programmatic spending is adjusted somewhat automatically for inflation—either through formulas or administrative decisions. Examples of these adjustments include actuarially determined increases in Medi-Cal managed care rates and administrative discretion over increases to capital outlay. In other cases, spending increases are determined through legislative deliberation and are directly approved by the Legislature. Because our outlook reflects the current law and policy of the Legislature, our spending estimates only incorporate the effects of inflation on budgetary spending when there are existing

Proposition 98 Multiyear Outlook

Proposition 98 Establishes "Budget Within a Budget." By requiring the state to set aside certain amounts of funding, Proposition 98 (1988) creates a budget for schools and community colleges within the state's larger budget. The minimum size of this budget—the "minimum guarantee"—is determined by a set of constitutional formulas. Individual school and community college programs, in turn, are paid out of this budget. A "shortfall" in the context of the Proposition 98 budget means that funding under the guarantee is insufficient to cover the costs of existing educational programs, as adjusted by changes in student attendance and inflation. A "surplus," by contrast, means that the guarantee exceeds these program costs.

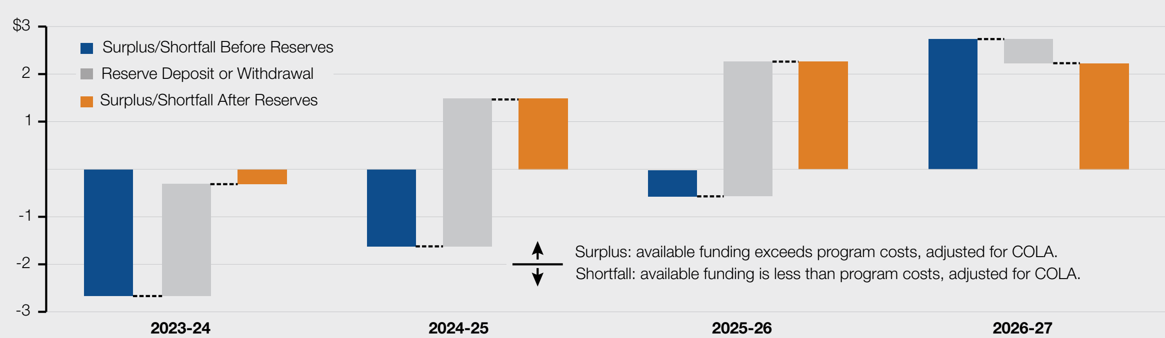
Guarantee Grows Over the Outlook Period. Our estimate of the total Proposition 98 spending on schools and community colleges in 2022-23 is $106.7 billion ($78.6 billion from the General Fund and $28.1 billion from local property taxes). The minimum funding requirement grows by an average of $5.6 billion (4.9 percent) per year over the next four years. Most of this growth comes from the state General Fund, but increases in local property tax revenue also contribute. The increases in the guarantee are relatively slow early in the period and faster near the end.

Growth in General Fund Portion of the Guarantee Driven by Three Factors. The General Fund portion of the guarantee grows by $16.7 billion from 2022-23 to 2026-27. Most of this increase reflects our General Fund revenue estimates, with the constitutional formulas generally directing about 40 percent of state revenue growth toward the Proposition 98 guarantee. Our estimates also account for two smaller adjustments: (1) an increase of $2.6 billion for the expansion of transitional kindergarten and (2) an increase of approximately $1 billion beginning 2023-24 to fund arts education (based on preliminary Proposition 28 results).

Reserve Withdrawals Compensate for Small Shortfalls. The figure summarizes the overall condition of the Proposition 98 budget under our forecast. The negative blue bars early in the period correspond with small shortfalls. Reserve withdrawals, however, reduce the shortfall in 2023-24 and eliminate it entirely in the following two years. (Proposition 2 [2014] created a reserve for schools and community colleges and established rules requiring deposits into and withdrawals from the fund under certain conditions.) The orange bars show the surplus or shortfall after accounting for these withdrawals. By the end of the period, the Proposition 98 budget is back in balance and the state makes a small reserve deposit. Overall, our outlook suggests that the school and community college budget generally is balanced but does not have capacity for new ongoing commitments.

Proposition 98 Reserve Compensates for Small Shortfalls Over the Next Few Years

Main Forecast (In Billions)



COLA = cost-of-living adjustment.

policy mechanisms for doing so. This means that the actual costs to maintain the state's service level are higher than what our outlook reflects. Consequently, our estimate of a $25 billion budget problem *understates* the actual budget problem in inflation-adjusted terms. That is, assuming the Legislature wanted to maintain its current level of services, additional spending would be necessary.

Consider Inflation When Addressing the Budget Problem. As the Legislature works to address the budget problem, we suggest policymakers consider the unique impacts of inflation on each of the state's major spending programs in conjunction with possible budget solutions. On the one hand, pausing automatic adjustments could free up resources and mitigate the need for other reductions. On the other hand, for those programs whose costs have not recently been adjusted for inflation, budget reductions would result in greater reductions in service. If the Legislature wants to provide inflation adjustments in some areas in response to higher prices, the size of the budget problem would increase, meaning corresponding reductions to other areas also would be required.

SAVE RESERVES FOR A RECESSION

A Recession Would Result in Much More Significant Revenue Declines. While the heightened risk of a recession weighs down our revenue outlook, our estimates do not reflect a recession. Were a recession to begin within the next several months, revenue declines would be greater than shown in our revenue outlook. Based on historical experience, should a recession occur soon, revenues could be $30 billion to $50 billion below our revenue outlook in the budget window.

General Purpose Reserves Are Adequate to Cover Budget Problem, but Not if a Recession Occurs. Consistent with lower revenue estimates, the Legislature faces a budget problem of $25 billion in 2023-24—roughly equivalent to the amount of general-purpose reserves it could have available to allocate to General Fund programs ($23 billion). Despite this, we suggest the Legislature begin planning the 2023-24 budget without using general purpose reserves. We say this for two reasons. First, the state will have more information about the budget condition in May. At that time, revenues could be higher or lower than our current estimates and the Legislature will need to enact the final budget in a very compressed time frame. If revenues are significantly lower, the Legislature will need both reserves *and* other budget solutions to address the deficit. If revenues are higher, the Legislature will not need to make as many spending reductions or revenue increases. Using the beginning months of the year to deliberate difficult budgetary choices about spending reductions or revenue increases would give the Legislature more time to weigh these decisions. Second, we would urge the Legislature to consider saving reserves for a recession when the budget problem could be twice as large as the one identified in our outlook.

In the Meantime, Recommend Legislature Identify Recent Augmentations to Pause or Delay. Recent budgets allocated significant funds to one-time and temporary purposes, with many large augmentations planned for 2022-23 and 2023-24. For example, the 2021-22 budget committed $39 billion in General Fund resources to one-time or temporary purposes and the 2022-23 budget committed $36 billion to similar types of activities. Early in 2023, we suggest the Legislature question the administration about the implementation and distribution of these augmentations. If augmentations have not yet been distributed, the Legislature has an opportunity to reevaluate those expenditures. Moreover, in light of the magnitude of the recent augmentations, programs may not be working as expected, capacity issues may have constrained implementation, or other unforeseen challenges may have emerged. To address the budget problem for the upcoming year, these cases might provide the Legislature with areas for pause, delay, or reassessment.

APPENDIX

Appendix Figure 1

General Fund Spending Through 2023-24

(In Billions)

		Outlook	
	2022-23	2023-24	Change From 2022-23
Legislative and Executive	$10.9	$9.2	-15%
Courts	3.5	3.7	5
Business, Consumer Services, and Housing	2.3	1.3	-43
Transportation	0.6	0.4	-37
Natural Resources	8.6	7.4	-15
Environmental Protection	1.5	2.0	35
Health and Human Services	66.4	68.2	3
Corrections and Rehabilitation	13.6	13.1	-4
Education	18.7	20.9	12
Labor and Workforce Development	1.5	2.0	35
Government Operations	4.9	3.6	-26
General Government			
Non-Agency Departments	1.8	3.3	78
Tax Relief/Local Government	0.7	0.6	-7
Statewide Expenditures	8.3	6.7	-20
Capital Outlay	2.8	0.5	-82
Debt Service	5.4	5.6	4
Agency Spending Total	**$151.5**	**$148.4**	**-2%**
Schools and Community Colleges[a]	**$78.6**	**$78.1**	**-1%**
Totals	**$230.1**	**$226.5**	**-2%**

[a] Reflects General Fund component of the Proposition 98 minimum guarantee.

Appendix Figure 2

General Fund Spending by Agency Through 2026-27

(In Billions)

Agency	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Average Annual Growth
Legislative and Executive	$15.5	$10.9	$9.2	$5.2	$2.8	$2.4	-35.8%
Courts	3.3	3.5	3.7	3.8	3.9	4.1	3.8
Business, Consumer Services, and Housing	2.2	2.3	1.3	0.2	0.2	0.2	-46.9
Transportation	2.4	0.6	0.4	0.2	0.2	0.2	-27.2
Natural Resources	11.4	8.6	7.4	4.4	4.6	2.9	-26.5
Environmental Protection	4.2	1.5	2.0	0.5	0.4	0.2	-56.2
Health and Human Services	52.5	66.4	68.2	73.5	77.5	81.9	6.3
Corrections and Rehabilitation	13.7	13.6	13.1	12.4	11.9	11.8	-3.3
Education	20.8	18.7	20.9	21.0	20.6	21.7	1.3
Labor and Workforce Development	1.6	1.5	2.0	1.8	1.1	1.1	-17.1
Government Operations	20.1	4.9	3.6	3.9	4.0	3.8	1.4
General Government							
Non-Agency Departments	1.8	1.8	3.3	1.0	1.0	1.0	-33.2
Tax Relief/Local Government	0.6	0.7	0.6	0.7	0.7	0.6	0.1
Statewide Expenditures	2.2	8.3	6.7	8.1	8.5	11.7	20.4
Capital Outlay	1.6	2.8	0.5	0.5	0.5	0.5	—
Debt Service	5.2	5.4	5.6	5.8	6.0	5.8	1.2
Agency Spending Total	**$159.1**	**$151.5**	**$148.4**	**$142.9**	**$143.8**	**$149.9**	**0.3%**
Schools and Community Colleges[a]	**$83.9**	**$78.6**	**$78.1**	**$81.8**	**$87.3**	**$95.4**	**6.9%**
Proposition 2 Infrastructure[b]	**—**	**—**	**—**	**$0.8**	**$0.5**	**$1.3**	**-100.0%**
Total Forecasted Spending	**$243.0**	**$230.1**	**$226.5**	**$225.5**	**$231.6**	**$246.6**	**2.9%**

[a] Reflects General Fund component of the Proposition 98 minimum guarantee.

[b] In 2022-23, amounts are distributed across agencies. In 2023-24, we assumed required infrastructure payments were suspended under Proposition 2 budget emergency provisions.

Appendix Figure 3

LAO Multiyear Revenue Outlook

(In Billions)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Personal Income Tax	$135.9	$125.2	$122.6	$127.1	$144.1	$171.9
Corporation Tax	45.5	37.0	38.6	40.6	33.8	25.1
Sales Tax	32.9	33.3	33.1	34.1	35.3	36.5
Total "Big Three" Revenue	($214.3)	($195.5)	($194.3)	($201.8)	($213.1)	($233.5)
Federal Cost Recovery	$1.3	$6.9	$7.0	$0.5	$0.3	$0.1
Other Revenues	6.0	6.2	6.8	7.1	7.1	7.2
Total Revenues	($221.5)	($208.7)	($208.1)	($209.4)	($220.6)	($240.8)
Transfers	$2.6	-$0.4	$0.2	-$1.2	-$0.8	-$1.7
Total Revenues and Transfers	**$224.1**	**$208.3**	**$208.3**	**$208.2**	**$219.7**	**$239.1**

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LAO

Redesigning California's Adult Education Funding Model

GABRIEL PETEK | LEGISLATIVE ANALYST | DECEMBER 2022

SUMMARY

State Began Restructuring Adult Education System Almost a Decade Ago. The primary purpose of adult education is to serve as a first point of entry for Californians seeking to acquire basic skills and potentially move into more advanced instruction or the workforce. School districts (through their adult schools) and community colleges are the state's main providers of adult education. Due to longstanding concerns with a lack of coordination among providers, the state began restructuring its adult education system in 2013-14. Though the new adult education delivery system based on regional consortia has benefits, we believe the way the state funds adult education is fundamentally flawed and at odds with the state's program goals.

Various Drawbacks of Current Funding Model, Recommend New Approach. The figure below identifies the main shortcomings of the existing funding model and our recommended new funding model. The new model we present is better aligned with the state's existing program objectives of enhanced regional coordination and improved student outcomes. Moreover, it could be implemented such that it costs, on net, no more or less than the existing adult education funding model. To help adult schools and community colleges adjust to the new funding model, we recommend the state phase in implementation over several years. A multiyear transition would give providers and consortia time to improve their programs and adjust their budgets. We believe now is an opportune time to undertake the transition, as providers overall currently are receiving substantial funding beyond their program costs, likely making the transition more manageable for them.

Redesigning the State's Adult Education Funding Model

Drawback of Existing Funding Model		Recommended Funding Model at Full Implementation
Adult school funding is not linked to student attendance, and adult schools have widely different per-student funding rates without justification.	→	Adult schools are funded based on student attendance, with a uniform base per-student rate that is the same as the CCC noncredit funding rate.
No CAEP or CCC noncredit funding is linked to provider performance (though federal adult education funds and CCC credit funds are linked to performance).	→	Adult schools and community colleges earn a portion of their CAEP and noncredit funding, respectively, based on their student outcomes.
Adult schools charge fees, even though most adult students are low income and community colleges serving a similar population of students either do not charge such fees or waive them.	→	Adult schools do not charge fees. (The new, uniform base funding rate would cover all expected program costs.)
No CAEP funding is allocated directly to consortia for regional coordination and successful student transitions to collegiate courses.	→	Consortia receive a minimum fixed CAEP amount, plus an amount based on size. Consortia also earn CAEP funds based on their student outcomes (specifically, how well they transition adult education students from precollegiate to collegiate courses).
Adult school funding is not adjusted annually for changes in student demand (though CCC credit and noncredit funding is adjusted accordingly). Neither adult school nor CCC noncredit funding is adjusted based on performance.	→	Adult school funding is adjusted annually for changes in student demand. Both adult school and CCC noncredit funding are adjusted annually for changes in student outcomes.

CAEP = California Adult Education Program.

INTRODUCTION

Adult Education Serves Several Purposes. Adult education is intended to provide adults with the precollegiate knowledge and skills they need to participate in civic life and the workforce. Adult education serves state residents who have educational objectives such as learning to speak English; passing the oral and written exams for U.S. citizenship; earning a high school diploma; receiving job training; and obtaining the prerequisite proficiency in reading, writing, and mathematics to enter collegiate coursework. Adult education students come from many backgrounds, though the vast majority are from lower-income households, often speaking languages other than English at home. The most typical student is female, Hispanic, low income, and between 25 and 45 years old. Adult schools (primarily through school districts) and community colleges are the main providers of adult education in California.

Brief Examines Funding Model for Adult Education. Historically, adult schools and community colleges generally had little coordination—neither coordinating their precollegiate course offerings nor their pathways for students from adult schools to collegiate courses at community colleges. In 2013-14, the state restructured its adult education system with the key objectives of fostering greater communication and coordination and producing better student outcomes. Under the new structure, providers must join a local adult education consortium as a condition of receiving state funds. As California's restructured adult education system approaches its tenth year, this brief reexamines the state funding model and assesses how effectively it promotes state objectives. This brief has three main parts. The first part provides background on adult education funding. The second part assesses the current funding model, and the third part offers recommendations to improve the state funding model.

BACKGROUND

The state has funded school districts and community colleges in notably different ways for adult education. In this section, we first describe the state funding rules for school districts' adult schools, then turn to the funding rules for community colleges. Next, we discuss how certain regional coordination activities are funded. At the end of this section, we discuss federal funding for adult education. (In our 2012 report *Restructuring Adult Education in California*, we provide more detail on the history of adult education in California and the major coordination challenges and other problems with the old system.)

Adult Schools

Prior to 2008-09, the State Funded Adult Schools on a Per-Student Basis. In 2007-08, about one-third of school districts in the state operated adult schools. Geographically, the 276 adult schools operating that year canvased most areas of the state. (Adult schools typically are located at their own sites—separate from, but sometimes adjacent to, other schools in a district.) Funding for adult schools was based on average daily attendance (ADA), with one ADA equivalent to 525 instructional hours. In 2007-08, districts received $2,645 in state funding per ADA (about $3,900 per ADA in today's dollars). Adult schools received this funding rate regardless of the specific courses they offered, with basic English and math, English as a second language (ESL), career technical education (CTE), and citizenship courses commonly offered.

During This Period, Adult Schools Had Enrollment Caps. Prior to 2008-09, school district adult education programs had funding caps on the total number of ADA they were paid for each year. Per statute (initially adopted in 1979-80), each district's ADA cap was increased by 2.5 percent annually. If a school district failed to reach its cap for two consecutive years, that district's cap would be reduced and the amount of enrollment monies that went unused would be redirected to other districts serving students in excess of their funding caps. This redistributive approach was intended to help align school district allocations with statewide demand for adult education services. Schools with enrollment over their caps generally tended to reduce their enrollment gradually down to their caps if funding was not forthcoming. Schools tended to view supporting over-cap enrollment as otherwise unsustainable over the long term.

During Great Recession, Certain State Actions Had Significant Implications for Adult School Funding. In 2007-08, the state provided a total of $754 million (Proposition 98 General Fund) to school districts (and a few county offices of education) for their adult education programs. Beginning in 2008-09, the state reduced funding for school districts due to declining revenues. That fiscal year, the state implemented a 15 percent across-the-board cut to most school district categorical programs, including adult education. This cut deepened to 20 percent in 2009-10 and remained at that reduced level in 2010-11 and 2011-12. In a corresponding action reflecting a major departure from earlier budgetary practices, the state allowed school districts to use their adult education funding for any education purpose. The amount of adult education funding that school districts redirected for K-12 purposes varied considerably—from a few districts redirecting no funds to other districts redirecting all their funds. By 2012-13, school districts collectively were spending an estimated $337 million on adult education—slightly more than half of the $635 million nominally provided in Proposition 98 adult education categorical funds that year.

State Embarked on Major Adult Education Restructuring in 2013-14. Due to a desire by the Legislature to preserve local spending on adult education but longstanding concerns with a lack of coordination among providers, the 2013-14 budget package mapped out a new state strategy for funding and operating adult education. Specifically, the budget provided one-time funds to school districts and community colleges for the purpose of forming consortia and developing regional delivery plans. In a related action, the 2013-14 budget package eliminated school districts' adult education categorical program and consolidated all associated annual funding ($635 million Proposition 98 General Fund) into a new school district Local Control Funding Formula (LCFF). The budget package, however, contained a requirement for school districts to maintain at least their 2012-13 level of state spending on adult education in 2013-14 and 2014-15. Finally, the 2013-14 budget package included intent language for the Legislature to provide funding to the regional consortia beginning in 2015-16 "to expand and improve the provision of adult education."

State Created New Dedicated Funding Stream for Adult Education in 2015-16. After giving providers two planning years, the 2015-16 budget created the Adult Education Block Grant—later renamed the California Adult Education Program (CAEP). The state initially provided $500 million (ongoing Proposition 98 General Fund) for the revamped program. This funding was on top of LCFF funding, effectively resulting in school districts being able to repurpose all their previous adult education funding for K-12 purposes. In 2015-16, 72 consortia (later 71 consortia) participated in the adult education program. Under the program, each consortium is tasked with serving adults according to its regional delivery plan. Each consortium includes at least one community college district, along with neighboring adult schools, with consortia having an average of about six members. (Only community colleges, county offices of education, school districts, and joint powers authorities—such as regional occupational centers administered by multiple school districts—may be consortia members. Some consortia, however, subcontract with partners such as libraries and community-based organizations to provide adult education services.)

New Adult Education Program Has Two-Part Funding Formula. Of the initial $500 million appropriation, $337 million was allocated directly to adult schools in the newly formed consortia based on their level of state spending on adult education in 2012-13. The remaining $163 million was distributed to consortia based on a calculation of regional need. (This *post* describes the state allocation method in more detail.) Consortia were given wide discretion both in how to use these needs-based funds and how to allocate them among their members. Consortia commonly used a portion of their needs-based funds for coordination activities, with the remainder passed through to consortia members for direct services. Under the new program, all CAEP funds must be spent on adult education and cannot be redirected for K-12 or other non-CAEP purposes.

State Has Increased CAEP Funding Over Time but Has Not Made Attendance Adjustments. Figure 1 shows that annual CAEP funding increased from $500 million in 2015-16 to almost $600 million in 2022-23. Since 2015-16, each consortia member generally has received its original CAEP amount plus certain cost-of-living adjustments (COLA). (Statute generally requires each CAEP member to receive at least the same level of funding as it did in the prior year.) Though the state has provided COLAs to the program over this period, it has not provided funding for enrollment growth or other attendance-related adjustments.

Under CAEP, Adult Schools Are No Longer Funded on Per-Student Basis. Currently, about 300 adult schools receive about $525 million in CAEP funding. (This amount equates to 88 percent of all CAEP funding, with community colleges receiving the remainder.) Adult schools use the bulk of their CAEP funding for direct instruction. Unlike in the past, however, the state has no set per-student funding rate. Each adult school determines for itself how many students to serve with its CAEP allocation and how much to spend per student. In 2021-22, adult schools served a total of about 50,000 ADA, equating to an average of about $10,000 in CAEP funding per ADA (though rates varied widely across schools). This per-student funding average is considerably higher than pre-pandemic levels. In 2018-19, adult school enrollment was much higher (about 80,000 ADA), with average CAEP funding per ADA at about $5,800.

School Districts May Charge Fees for Some Adult Education Courses. Statute permits adult schools to supplement their CAEP funding by charging fees for CTE courses. (Schools may not charge fees for any other adult education courses, such as ESL and high school diploma courses.) Generally, adult education students do not qualify for state aid when taking these CTE courses, though in some instances they may qualify for federal aid. Fees for CTE courses vary among adult schools and type of program, with fees ranging from a few hundred dollars to several thousands of dollars. For example, Hacienda La Puente Adult School (Los Angeles County) charges $2,980 for a medical assistant program (which takes about a year to complete) compared to $600 at Visalia Adult School (Tulare County). Sweetwater Adult School (San Diego County) currently assesses no charge for the program. Adults schools reported collecting about $20 million statewide in fee revenue in 2021-22.

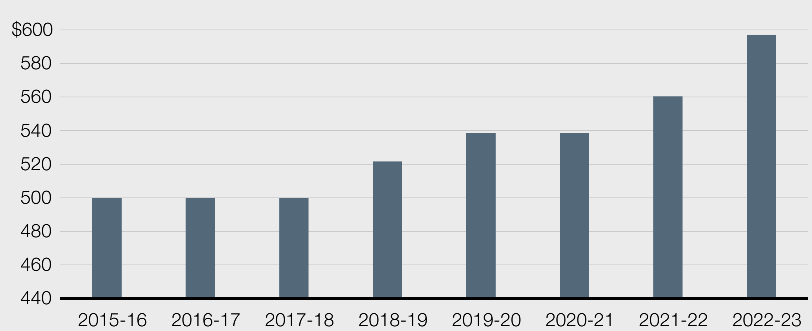
Community Colleges

Funding for Adult Education at the Community Colleges Depends on Type of Courses Offered. Besides adult schools, adults in California can access precollegiate instruction at the California Community Colleges (CCC). Historically, most community colleges have offered at least some precollegiate instruction, though some colleges have operated very large adult education programs (accounting for more than 20 percent of all their instruction). The state provides community colleges with apportionment funding (ongoing Proposition 98 funding) to support their precollegiate (and collegiate) instruction.

Figure 1

Annual CAEP Funding Has Grown Nearly $100 Million Since 2015-16

Ongoing Proposition 98 General Fund (In Millions)



Notes: The 2018-19 budget package provided a 4.31 percent COLA (consisting of 2.71 percent associated with 2018-19 and 1.6 percent associated with 2017-18). The state provided a 3.26 percent COLA in 2019-20, a 4.05 percent COLA in 2021-22, and a 6.56 percent COLA in 2022-23. The figure excludes a small amount (roughly 1 percent of total CAEP funding) that does not go directly to consortia. The excluded amount is designated for state-level agencies primarily to maintain the adult education data systems and provide technical assistance to consortia.

CAEP = California Adult Education Program and COLA = cost-of-living adjustment.

The funding method used and amount provided for adult education instruction depends on whether a community college classifies a particular precollegiate course as "noncredit" or "credit."

Community College Noncredit Instruction Is Based Solely on Student Enrollment. In 2022-23, the published funding rate for most types of noncredit courses (including basic English and math, ESL, and CTE) is about $6,800 per full-time equivalent (FTE) student. The published funding rate for the remaining noncredit courses (including citizenship courses) is about $4,100. (We discuss the difference between "published" and "effective" funding rates later in this section.) For both types of noncredit instruction, apportionment funding generally is calculated based solely on student attendance. (The nearby box provides more detail on the various ways adult education providers calculate student attendance.)

Community College Credit Instruction Is Funded Based on Three Factors. Historically, state funding for both noncredit and credit courses was based solely on student enrollment. In 2018-19, the state changed how it allocated funding for credit courses—creating the Student Centered Funding Formula (SCFF). Under SCFF, funding for most types of credit instruction, including precollegiate credit courses such as ESL, is now based only partly on student enrollment. In 2022-23, colleges receive a base rate of about $4,800 per FTE student enrolled in credit courses. On top of this base rate, colleges receive additional funding for each student enrolled who is low income and additional funding based on performance, as measured by graduation rates and various other student outcomes. The overall credit per-student rate—comprised of all three allocation components—is similar to the rate provided for most types of noncredit instruction

Calculating Adult Education Attendance

Historically, Adult Education Providers Calculated Attendance in One of Three Ways. Funding for adult schools historically has been based on average daily attendance (ADA), with one ADA equivalent to 525 instructional hours. Similarly, funding for community colleges' noncredit programs has been based on students' daily course attendance, known as "positive attendance." One full-time equivalent student count in a community college noncredit program also equates to 525 hours of course instruction. Prior to the pandemic, calculating attendance in adult schools and community college noncredit programs was straightforward because the vast majority of instruction was in person and the attendance calculations basically relied on counting the number of in-person course hours. Counting student attendance for the purpose of funding community colleges' credit programs has been different. Attendance in credit courses generally has been calculated based on the number of students enrolled at a given point in the academic term (commonly known as the census date), which is typically the third or fourth week of the term.

Recent Changes in Instructional Modality Have Led to Additional Ways to Calculate Attendance. As a result of the pandemic, many adult schools and noncredit programs shifted their classes from an in-person to online modality. Attendance in online classes that were synchronous (meaning the teacher and student communicate with each other in real time) continued to be calculated based on contact hours. In cases in which the teacher and student interact asynchronously (that is, when a student can choose when to access lessons and send communications to the teacher), adult education providers needed to use a different set of rules in place of contact hours. Adult schools and noncredit providers ended up using different approaches. Specifically, based on teachers' determinations, adult schools are assigning a fixed number of class hours for each assignment or lesson mastered by students. In contrast, community college noncredit programs are using a census approach, which is based on the average number of students enrolled in an asynchronous online class at two points during the term. (Credit instruction already was using a census approach to calculate student enrollment in both synchronous and asynchronous online courses. Over the past few years, these programs have made no changes to their attendance calculations.)

(about $6,800 in 2022-23). (In a *2017 report*, we provide more information on the noncredit funding rate, how it has compared over time to the credit funding rate, and the rationale for equalizing the two rates.)

Noncredit Courses Account for Larger Share of Precollegiate Instruction Than Credit Courses. In 2021-22, the state provided about $330 million (Proposition 98 apportionment funding) for about 50,000 noncredit FTE students served at the community colleges. (Though adult schools also served about 50,000 ADA that year, the counts are not entirely comparable, for reasons discussed in the nearby box.) By comparison, we estimate the state provided approximately $315 million (Proposition 98 apportionment funding) for about 40,000 precollegiate credit FTE students in 2021-22. (We had to derive these precollegiate credit estimates because community colleges do not classify their credit CTE courses as precollegiate or collegiate.)

Colleges' Effective Funding Rates Are Higher Than Published Rates. In 2021-22, community colleges' effective funding rates per student were notably higher than the state's published rates that year. This is because college enrollment—in both noncredit and credit programs—has dropped significantly since 2018-19, but the state has allowed colleges to use their pre-pandemic enrollment levels for funding purposes. (This funding protection currently is set to expire at the end of 2022-23.) As a result of these funding rules, we estimate colleges in 2021-22 effectively received $6,600 per noncredit student (for most noncredit courses), compared to the published noncredit rate of $5,900 that year. The difference in rates was even greater for credit courses, with colleges' effectively receiving $7,900 per credit student, compared to an average total credit rate of about $6,000 (reflecting the combined published base, supplemental, and student outcome rates).

Community Colleges Also Receive Some CAEP Funding. In addition to apportionment funding, most community colleges have received some of the needs-based CAEP funding since the program was created in 2015-16. Currently, 67 community college districts collectively receive about $70 million (12 percent) of CAEP funding. (Five community college districts have decided with fellow consortium members not to receive any CAEP funds.) Community colleges typically use their CAEP funding to provide additional support for their noncredit students and, depending on the consortium, for CAEP coordination activities. (The next section provides more detail on these coordination activities.) Additional student support commonly includes tutoring and career counseling. Some community colleges also use CAEP funds—supplemented with apportionments funds—to cover instruction-related costs of certain higher-cost noncredit classes. For example, a district may use CAEP funds to cover the costs of a supplemental ESL instructor embedded in a CTE course aimed at English learners.

Two Important Caveats When Comparing Attendance Estimates

Different Course Offerings. One reason why adult school average daily attendance (ADA) counts are not entirely comparable with community colleges' noncredit full-time equivalent (FTE) student counts is that statute has different rules for the courses each of these providers is allowed to offer. Statute allows community colleges to offer certain noncredit courses, including home economics and enrichment courses designed for older adults. In contrast, statute prohibits adult schools from offering these types of courses using their California Adult Education Program funds. As a result, the community college noncredit FTE student counts include students who are not included in the adult school ADA count. For this reason, one might view the noncredit FTE student count as somewhat overstated relative to the adult school ADA count.

Different Attendance Accounting. Another reason the counts are not entirely comparable is due to the differences in how adult schools and community college noncredit programs are calculating attendance in their asynchronous online classes. Though these methodological differences likely are having an impact on student counts, we are unaware of any research that has been done on which method is yielding higher/lower student counts.

Community Colleges Generate Little Fee Revenue From Precollegiate Courses. Unlike adult schools, statute prohibits community colleges from charging any enrollment fees for noncredit instruction. For credit instruction, statute establishes a community college enrollment fee ($46 per unit in 2022-23). The credit enrollment fee is waived for students who are financially needy or enrolled in a minimum of 12 credit units per term. Because most students enrolled in precollegiate credit courses are likely low income and receiving fee waivers, little associated fee revenue likely is generated from these courses systemwide.

Consortium-Level Activities

Some CAEP Activities Occur at the Consortium Level. Whereas adult schools and community colleges provide adult education instruction, certain CAEP activities occur at the consortium level. For example, a consortium commonly has a director to organize meetings and lead the regional planning process. A consortium might also have other staff such as data analysts and "transition specialists" who help students transition from precollegiate programs to collegiate coursework or the workforce. Other common consortium-level activities include marketing to prospective students and coordinated professional development (such as joint CCC-adult school workshops). Statute limits the amount that can be spent on administrative activities to 5 percent of a consortium's total CAEP allocation, but no spending cap is placed on programmatic activities. Within these parameters, each consortium chooses how much to spend in these areas.

Funding for Consortium-Level CAEP Activities Can Be in Various Members' Budgets. Most often, funding for these types of consortium activities is part of a community college member's CAEP budget. In a smaller number of cases, funding for consortium-level services is part of a school district's or county office of education's CAEP budget. In other cases, funding for consortium-level activities is part of each member's budget, with each member annually contributing an agreed-upon amount toward these activities.

Federal Funds

Federal Funds Supplement Many Providers' Budgets. Beyond CAEP funding, fee revenue, and apportionment funding, some adult education providers also receive federal funding. In 2021-22, California received $108 million in federal Workforce Innovation and Opportunity Act (WIOA) Title II funds. Of the $108 million, the California Department of Education (CDE) used $12 million for administration of the grant and certain statewide activities. The remainder was distributed directly to adult education providers. Pursuant to CDE policy, adult education providers must apply for WIOA Title II funds. Successful applicants are those that use data to inform their instructional practices and have qualified teachers, among other factors. Historically, CDE has approved most applications. Grant recipients tend to use WIOA Title II funds primarily to hire additional teachers to expand their adult education course offerings and additional staff to expand their student support services. About half of adult schools and one in four community college districts receive WIOA Title II funds.

State Allocates Federal Adult Education Funds to Providers Based on Performance. Although the federal government does not require it, CDE allocates WIOA Title II funds to grant recipients using a pay-for-performance approach. Under this approach, specified student outcomes earn a provider performance point. For example, adult education providers earn points each time one of their students attains a high school diploma or when one of their students improves literacy pre- and post-test scores by a set amount. Figure 2 lists the performance measures CDE uses. CDE then takes the state's annual WIOA grant and divides available funding by the total points earned across all grant recipients in

Figure 2

CDE Uses Several Performance Measures to Allocate Federal WIOA Title II Funds

- Pre/post test learning gains.
- Attainment of high school diploma (or equivalent).
- Passage of course citizenship tests.
- Gaining employment after leaving program.
- Passage of task-based English and civics education assessments.

CDE = California Department of Education and WIOA = Workforce Innovation and Opportunity Act.

a given year to determine a per-point rate. Grants are determined by multiplying the per-point rate by the number of points earned by a particular provider. This approach is meant to create a strong incentive for providers to deliver services that improve academic performance, program completion rates, and student transitions to the workforce.

ASSESSMENT

In this section, we provide our assessment of the current funding model for adult education. Overall, we think the consortium-based delivery approach has merit, but the state's approach to funding adult education is flawed.

Some Positive Aspects of Consortia. After decades of little coordination between adult schools and community colleges, the state's move to a consortium-based approach has improved communication and collaboration among many providers. In developing regional plans, for example, a number of consortia have identified unmet needs of certain groups—such as adults with disabilities—and sought to expand programs to meet that need. Consortium members also are more likely to discuss ahead of time proposals to start a new adult education program, thereby potentially reducing duplication of effort. In a few cases, providers within a consortium plan out which course sections each will offer in a given year. Consortia's transition specialists also are focused on promoting the state objectives of greater coordination and improved student success. Moreover, a number of consortia have added local workforce development boards as partners. Under these partnerships, the workforce boards (through their federally funded America's Job Centers) refer dislocated or other unemployed workers to an adult school or community college for training. Adult education providers, in turn, refer their students to the centers to find jobs. Often, strategies and relationships such as these emerged from the regional planning processes required by the state.

CAEP Funding Model Is Disconnected From Student Demand. Though the consortium-based delivery approach has positive aspects, the CAEP funding model has several significant flaws. One flaw is that the CAEP funding model is based primarily on school districts' adult education spending levels from a decade ago. Those spending levels, in turn, were based on decisions made by school districts during the Great Recession about how much adult education funding to shift to K-12 programs. As a result, funding for certain adult schools is significantly below "pre-flex" levels and does not necessary align with student demand. For example, Sacramento Unified School District received $14 million in 2007-08 but repurposed the vast majority of that funding in subsequent years when the state allowed funding flexibility. As a result, even with the additional funding it received as part of the needs-based CAEP appropriation in 2015-16, the school currently is receiving only about $1.4 million in CAEP funds. At this lower funding level, the district had to reduce the number of adult education sites it operates, refer adults seeking to enroll in a high school diploma program to a neighboring district (Elk Grove), and reduce the number of ESL classes it offers. In 2021-22, its ADA was less than 400—down substantially from the approximately 5,400 ADA it served in 2007-08. A related disadvantage of this historically based funding model is that adult schools with increased student demand—such as those in areas of the state experiencing an influx of refugees and other immigrants—do not have an opportunity to earn additional enrollment funds from the state. Instead, adult schools wanting to accommodate this increased enrollment demand must either spend less per student or ask fellow consortium members (some of which also might be facing greater enrollment demand) to relinquish some of their own funds.

Funding Model Lacks Fiscal Incentive to Provide Access. Under current CAEP rules, adult schools receive a set amount of funding regardless of how many students they serve. This funding model does not create a strong incentive for adult schools to enroll students. Though data are limited, they suggest a small share of eligible adults currently are enrolled in adult education courses. For example, more than 6 million adults in California are estimated to lack English proficiency, whereas fewer than 140,000 adults enrolled in ESL courses in 2021-22. Similarly, more than 4 million adults in California are estimated to lack a high school diploma or its equivalent, whereas fewer than 115,000 adults were enrolled in secondary education courses leading to such a diploma in 2021-22. Based on our conversations with various consortium members, although some adult schools strive to connect with potential students, others are less responsive. For example, some consortium members have commented on the lengthy amount of time some fellow consortium members take to open new classes or start new adult education programs. This lack of a strong fiscal incentive to provide access also manifests itself in some schools opening adult education programs to new student enrollment only a few times during the year or eschewing other innovative strategies to attract and accommodate students.

Funding Model Results in Uneven Program Quality. Figure 3 shows that funding per student at adult schools varies considerably, even among adult schools receiving similar levels of total CAEP funding. Funding differences among adult schools, as well as between adult schools and community colleges, can result in uneven quality of programs for adults across the state. For example, two schools with a similar level of CAEP funding can serve a notably different number of students. The school choosing to serve fewer students could have full-time teachers and many support staff (such as counselors) available to students. In contrast, the school choosing to serve more students could be relying almost exclusively on part-time teachers and have very limited student support services. We saw examples of these program quality differences on our visits to several adult schools.

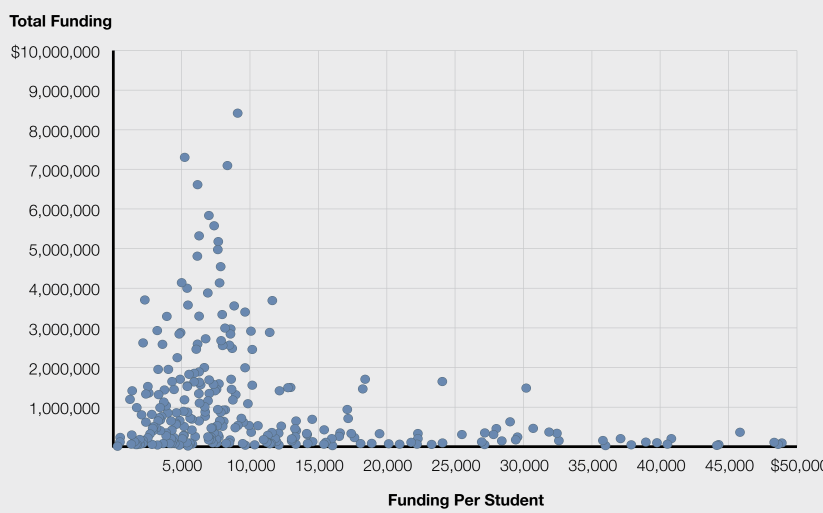
Differences in Fee Policies Make Matters Worse. The rationale for different CTE fee policies among adult schools and community colleges is not particularly compelling. The rationale for different fee policies appears to be that community colleges can claim apportionment funds to cover their costs, as well as supplement their programs with CAEP funds, whereas adult schools receive state funds only through CAEP. Moreover, some adult schools have much lower per-student CAEP funding amounts than other schools—amounts that might be insufficient to cover their associated costs. By allowing adult schools to collect fees for CTE courses, some of these schools therefore might be able to maintain courses they otherwise would have to cancel due to a lack of state funding. Fees, however, could be an impediment for some students and contribute further to both unequal access and considerable variation in program quality.

Weak Incentives Are in Place to Improve Student Outcomes. Though the restructuring of adult education that the state began in 2013-14 was intended to improve student outcomes, providers and consortia generally have been making little, if

Figure 3

Per-Student Funding Varies Significantly Among Adult Schools

CAEP Funding, 2018-19



Notes: Each dot represents one adult school. In 2018-19, 289 adult schools were operating in California. For display purposes, the chart excludes 6 schools receiving more than $10 million in total CAEP funding and 14 schools with more than $50,000 in funding per student. Among the 14 excluded schools, funding per student ranged from $55,000 to $335,000. Funding per student is measured by average daily attendance. Adult schools with the highest funding per student are concentrated in coastal areas; portions of the Bay Area; and rural areas, particularly in the far north. Adult schools with the lowest funding per student are concentrated in inland areas of the state, particularly the Inland Empire and Imperial Valley.

CAEP = California Adult Education Program.

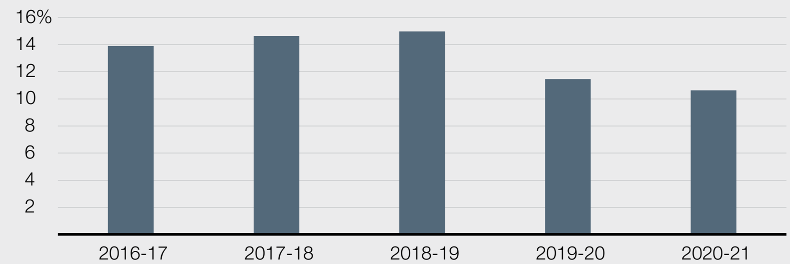
any, progress on key performance measures. This was the case even before the onset of the pandemic. As **Figure 4** shows, from 2016-17 through 2018-19, the share of adult students earning a high school diploma or its equivalent increased only 1.1 percentage point (before dropping by more than 4 percentage points over the next two years). As **Figure 5** shows, the share of adult students transitioning into college-level coursework has fared about the same. One reason why student outcomes might not have improved is that CAEP and CCC noncredit funding are not linked to performance. Without performance-based funding or some other form of state accountability for student outcomes, consortia members lack strong incentives to improve their results.

No Funding Is Provided Specifically for Consortium-Level Activities. Despite seeking to improve coordination among providers and streamline student pathways between adult schools and community colleges, the state provides no CAEP funding specifically for consortium-level activities. Instead, when needs-based funding was provided in 2015-16, consortium members had to decide how much to allocate to their own budgets for direct student services and how much to use for consortium-level activities. Though data is very limited, budgeted amounts for consortium-level activities appear to vary widely across the state, with some consortia spending notably larger shares of their CAEP budgets on these activities. Those consortia spending more on these activities generally appear to be offering their members greater programmatic benefits (such as coordinated student outreach and professional development).

Figure 4

A Small Share of Adult Education Students Earn a High School Diploma

Percent of Adult Secondary Students Earning a High School Diploma or Equivalent in Given Year

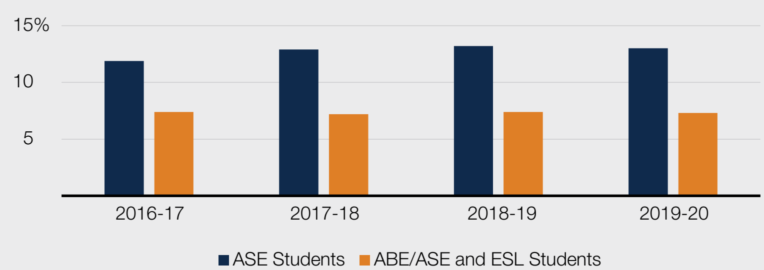


Note: The data system used to track adult education outcomes started reporting these outcomes in 2016-17.

Figure 5

A Small Share of Adult Education Students Transition to College-Level Coursework

Percent of Adult Education Students Enrolling in a College-Level Class the Subsequent Year



Note: The data system used to track adult education outcomes started reporting these outcomes in 2016-17.

ASE = adult secondary education; ABE = adult basic education; and ESL = English as a second language.

RECOMMENDATIONS

Given the notable shortcomings with the existing adult education funding model, we believe a full redesign is warranted. In this section, we recommend creating a new model consisting of several components. The new model we present is better aligned with the state's existing program objectives of enhanced regional coordination and improved student outcomes. Moreover, it could be implemented such that it costs no more or less than the existing adult education funding model.

Given the multiple components of the new model and the associated redistributive implications, the state could phase it in over several years. Figure 6 summarizes our recommendations and Figure 7 on the next page shows how funding would be allocated under the new model. We describe the components of the new model throughout the remainder of this section, ending with an illustrative phase-in plan.

Begin by Setting Uniform Base Per-Student Rate for Adult Education Providers. We think the most important first step is to set a uniform funding rate per student. We recommend the state provide the same base per-student funding rate for adult schools and community college noncredit courses. The state might start with the existing CCC noncredit rate of $6,788 per student. This rate is about the same as the overall CCC credit rate and about the same as the average per-student rate that adult schools received in 2018-19 after adjusting for inflation since that time. Providing a uniform base per-student funding rate and funding providers based on attendance would better connect funding with student demand, incentivize and reward providing student access, and create more consistent program services across California. A uniform base rate also would send clearer signals about the basic quality of programs that the state expects providers to offer. This, in turn, could help in establishing a consistent corresponding fee policy (discussed later in this section), treating providers and students more similarly across the state.

Build Performance Component for Providers Into New Funding Model. A potential downside to a funding model that relies solely on a uniform per-student rate is that it could create an incentive for providers to "hold on" to their students (such as ESL students) longer than necessary to continue generating funding—even if that is not best for students. To create a stronger financial incentive for adult education providers to serve students well and collaborate in ways that accelerate student success, we recommend adding a performance-based component to both CAEP and CCC noncredit apportionment funding. This performance-based funding would be in addition to the base uniform funding per student that providers would receive. To keep the model cost neutral, the state could reduce base funding gradually over the phase-in period, building up performance funding in tandem. The performance component we envision is somewhat akin to the performance-based components that already exist for CCC credit apportionment funding and federal WIOA Title II funding. Whereas the CCC credit apportionment formula allocates 10 percent of funds based upon performance and WIOA Title II funds are allocated entirely based upon performance, we recommend 30 percent of the CAEP and CCC noncredit funding be linked to performance.

Figure 6

New Adult Education Funding Model

Summary of Recommendations

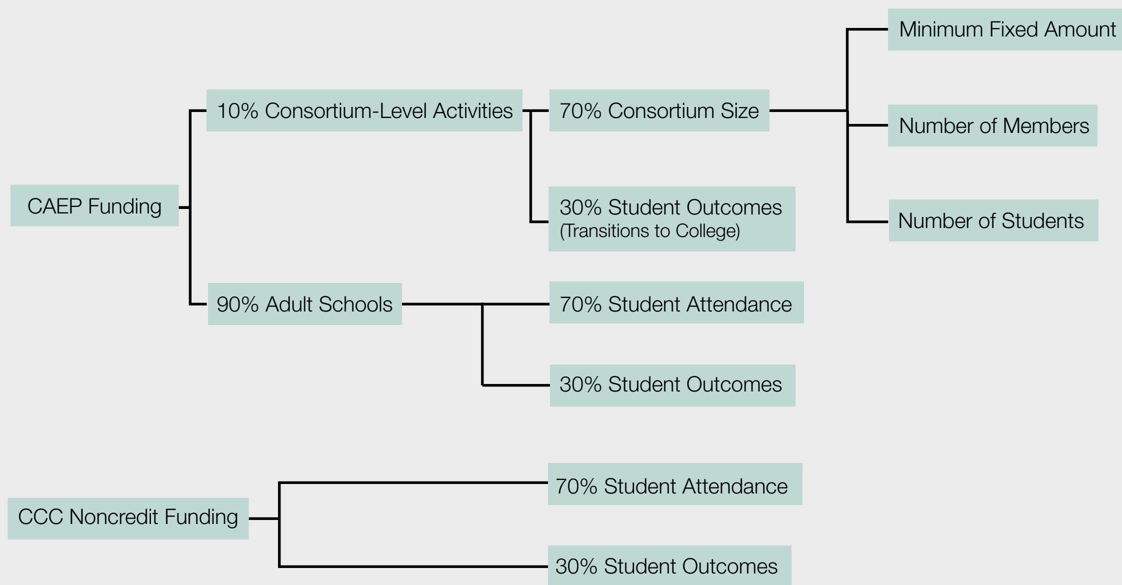
- **Establish Uniform Base Per-Student Adult Education Funding Rate**
  - Apply uniform base rate to both adult school and CCC noncredit instruction.
  - Provide funding according to number of students served (attendance).
- **Add Performance Component to Funding for Adult Schools and CCC Noncredit Programs**
  - By end of implementation period, allocate approximately 30 percent of funding to adult education providers based on performance points.
  - Use WIOA Title II performance measures but add one measure for providers (number of CTE certificates earned).
- **Eliminate Fees for Adult School Courses**
- **Allocate Some CAEP Funding Directly for Consortium-Level Activities**
  - By end of implementation period, designate about 10 percent of all CAEP funding for consortium-level activities.
  - Provide each consortium a base amount, an amount linked to the number of its members and students, and an amount linked to its performance (specifically, student transitions to collegiate instruction).
  - By end of implementation period, allocate approximately 30 percent of funding to consortia based on performance points.
- **Adjust Funding Allocations Annually to Account for Key Cost Drivers**
  - Adjust CAEP funding annually based on demographic and economic factors that influence enrollment demand for adult education courses.
  - Adjust CAEP and CCC noncredit funding annually in response to changes in performance points earned at provider and consortium level.
- **Phase In New Funding Model Over Several Years**

WIOA = Workforce Innovation and Opportunity Act; CTE = career technical education; and CAEP = California Adult Education Program

Figure 7

Funding Allocations Would Be Linked to Need and Performance

Percentages at Full Implementation



CAEP = California Adult Education Program.

Though a different amount could be justified, we think 30 percent is high enough to promote improvement in student outcomes (which have not shown much improvement) but not so high that providers' funding levels fluctuate over time too notably or unpredictably.

Tailor Performance Component to Key Adult Education Outcomes. As a starting point in creating this new performance-based funding component, we recommend using the performance measures that CDE already uses to allocate federal WIOA Title II funds to providers. All adult schools—even those that do not participate in the WIOA Title II program—are required to collect data on these performance measures. In addition, a majority of community colleges currently collect these data either because they are required to as WIOA Title II recipients or volunteer to do so as part of CAEP. (These data from adult schools and community colleges are publicly reported in LaunchBoard, a state-funded adult education data system.) To the WIOA Title II measures, we recommend adding one performance measure for providers—the number of CTE certificates earned by adult education students. To allocate performance funding, the state could set a dollar value to each performance point and adjust by COLA each year. This is similar to how the state adjusts student success funding under SCFF, but varies from how CDE administers WIOA, in which the point value can fluctuate year to year depending on the number of points earned and the total size of the WIOA grant. The approach we recommend would give providers more funding stability from year to year.

Eliminate Fees at Adult Schools. Given the vast majority of adult education students are low income, we recommend the Legislature make fee policies for adult schools consistent with the zero-fee policy for CCC noncredit instruction. We recognize that requiring students to pay a fee can be associated with positive behavioral tendencies, such as making students more deliberate in their selection of courses. Given that students do incur costs to attend school—including transportation, child care, and the opportunity cost of not being able to work while they attend classes—we believe adult learners already have sufficient "skin in the game." Though some adult schools would lose fee revenue under this recommendation, the new uniform base rate per student described above would be designed to fully cover providers' expected program costs. Moreover, the state would not necessarily face higher overall program costs. This is because current state funding rates per student are elevated due to recent enrollment drops not being accompanied by state funding reductions. (In response, some providers have revisited their fee policies—suspending or lowering them in some cases.)

Allocate Some CAEP Funding Directly for Consortium-Level Activities. In addition to an allocation to providers based on student attendance and certain performance outcomes, we recommend the new funding model allocate a portion of total CAEP funding (such as 10 percent) directly to consortia. Consortia would have flexibility in how they spent these funds for administrative and programmatic purposes, with possible activities including regional planning, conducting student outreach, building partnerships with workforce organizations, and providing student transition services. Under our recommendation, consortium members could choose to augment funding using their own CAEP allotments if they desired to undertake more of these types of activities.

Link Funding for Consortium-Level Activities to Three Main Components. Specifically, we recommend the state provide each CAEP consortium with a fixed amount to cover a minimum level of staff for planning and coordination purposes. On top of this fixed allotment, we recommend the state provide additional funding to consortia based on the number of members and students served. Consortia with larger memberships and programs would receive larger allotments, in recognition that coordination and joint programmatic activities (such as marketing and professional development) tend to require more time and be costlier the larger the consortium. Lastly, we recommend allocating some amount of consortium-level funding (such as 30 percent) based on outcomes. Specifically, we recommend consortia be evaluated based upon how successful they are at transitioning students into college-level instruction. Providing some performance-based funding at the consortium level would create a stronger incentive for adult schools and community colleges to work together to identify strategies that improve pathways for students. To implement this recommendation in a cost-neutral manner, the state could consider re-designating CAEP funding from community colleges. A large share of these funds is already being used for similar purposes.

Annually Adjust CAEP Funding Based on Key Cost Drivers. We recommend a new CAEP funding model include the opportunity for adult schools and consortia to earn growth funding if they are facing heightened enrollment demand. Specifically, we recommend the state budget for overall CAEP enrollment growth based on underlying demographic and economic changes, such as changes in the adult population and unemployment rate. Currently, the state considers similar factors when providing enrollment growth funding for CCC apportionments, including CCC noncredit instruction. The state also could adjust adult education funding annually based upon the change in the number of performance points that providers and consortia have earned in recent years (such as by using a lagged three-year rolling average).

Phase In New Funding Model Over Several Years. Figure 8 on the next page provides an illustration of how the state might phase-in the components of the new model. To help adult schools and community colleges adjust to the new funding model, we recommend the state phase in implementation of the new model over a multiyear period, for example, five years. A multiyear phase in would give providers and consortia time to adopt new strategies designed to increase funding (such as to improve student outcomes and recover enrollment lost during the pandemic) and adjust their budgets. The state could begin with small changes the first year, giving providers time to re-size their programs. The state gradually could align funding with enrollment over the five-year period. About halfway through the phase-in, the state could begin implementing the new performance components of the model, both at the provider and consortium level.

Impact on Providers Would Vary. Like nearly all funding model redesigns, the new adult education funding model would impact some adult education providers and consortia more than others. For adult schools, the specific impact on any particular

Figure 8

State Could Phase In a Redesigned Adult Education Funding Model

Illustrative Phase-In Plan

Component of New Model	Phase In of New Model				
	Year 1	Year 2	Year 3	Year 4	Year 5
Uniform base rates for providers	Have providers begin internally adjusting their budgets and programs in anticipation of rate changes.	Gradually adjust provider rates such that by year 5 all adult schools are funded at the same base per-student rate as the noncredit funding rate, with their funding tied to actual enrollment.			
Provider performance funding	Adopt new performance measures and calculate associated funding rates.	Give providers an opportunity to improve their performance in these areas.	Gradually lower program funding that is linked to base per-student rate while raising amount linked to performance (for example, having performance linked to 10 percent of program funds in year 3, 20 percent in year 4, and 30 percent in year 5).		
Adult school fees	Have providers begin internally adjusting their budgets and programs in anticipation of new fee policy.		Prohibit adult schools from charging enrollment fees.		
Funding formula for consortia	Adopt new three-part consortium-level funding formula (base amount as well as supplemental rates linked to consortium size and performance).	Give consortia an opportunity to improve their regional coordination and student transitions.	Gradually replace CAEP funds going to community colleges with funding based on new formula. Gradually increase share linked to performance (for example, 10 percent in year 3, 20 percent in year 4, and 30 percent in year 5).		
Annual funding adjustments					Moving forward, adjust funding for providers and consortia based on changes in students served and performance points earned.

CAEP = California Adult Education Program.

provider would depend upon how much it currently was spending per student, the extent to which it could increase enrollment over the transition period, and its performance over time in serving students. The specific impact on community colleges would depend mostly on their performance in serving students (at both the college and consortium level).

Now Is Opportune Time to Implement New Model. Given enrollment levels across adult education providers are depressed and per-student funding rates are substantially elevated given pandemic-related funding protections, providers overall currently are receiving substantial funding beyond their program costs. This is evident by the amount of CAEP funding adult schools have been carrying over. Unspent CAEP program funds grew from $83 million at the end of 2018-19 to $162 million at the end of 2021-22. Given these factors, we believe now is an opportune time to implement the new model, as the impact likely will be less disruptive than it would be during a period in which enrollment levels were high and program reserves were small.

LAO PUBLICATIONS

This report was prepared by Paul Steenhausen, and reviewed by Jennifer Pacella and Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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The 2023-24 Budget:

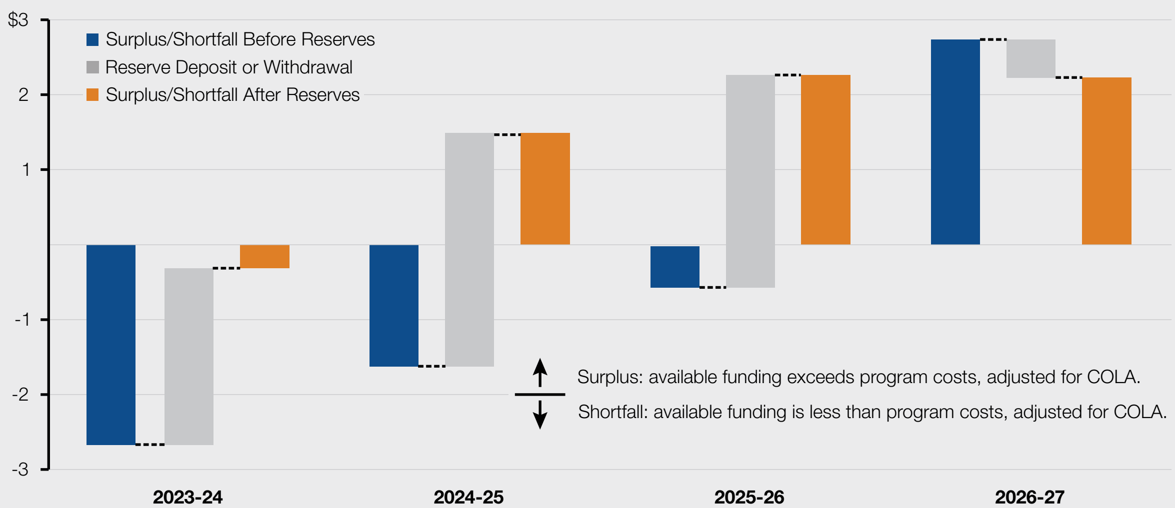
Fiscal Outlook for Schools and Community Colleges

GABRIEL PETEK | LEGISLATIVE ANALYST | NOVEMBER 2022

SUMMARY

State Could Fund Increases for Existing Programs Despite Decline in Proposition 98 Guarantee. Each year, the state calculates a "minimum guarantee" for school and community college funding based upon a set of formulas established by Proposition 98 (1988). Based upon recent signs of weakness in the economy, we estimate the guarantee in 2023-24 is $2.2 billion (2 percent) below the 2022-23 enacted budget level. Despite this drop, $7.6 billion would be available to provide increases for school and community college programs. This funding is available due to three key adjustments—backing out one-time costs, reducing expenditures to reflect student attendance changes, and making a required withdrawal from the Proposition 98 Reserve. In 2023-24, the available funding could cover a cost-of-living adjustment (COLA) of up to 8.38 percent, which is slightly below our estimate of the statutory rate (8.73 percent). Over the next several years, growth in the guarantee and required reserve withdrawals would be just enough to cover the statutory COLA (see the figure below). Given this relatively precarious balance, we outline a few ways the Legislature could create a larger cushion to protect against revenue declines in the future.

Proposition 98 Reserve Compensates for Small Shortfalls Over the Next Few Years
(In Billions)



COLA = cost-of-living adjustment.

INTRODUCTION

Report Provides Our Fiscal Outlook for Schools and Community Colleges. State budgeting for schools and the California Community Colleges is governed largely by Proposition 98. The measure establishes a minimum funding requirement for K-14 education commonly known as the minimum guarantee. This report provides our estimate of the minimum guarantee for the upcoming budget cycle. The report has four parts. First, we explain the formulas that determine the guarantee. Next, we explain how our estimates of the guarantee in 2021-22 and 2022-23 differ from the June 2022 estimates. Third, we estimate the guarantee over the 2023-24 through 2026-27 period under our economic forecast. Finally, we compare the funding available under the guarantee with the cost of existing educational programs and identify some issues for the Legislature to consider in the upcoming budget cycle. (*The 2023-24 Budget: California's Fiscal Outlook* contains an abbreviated version of this report, along with the outlook for other major programs in the state budget.)

BACKGROUND

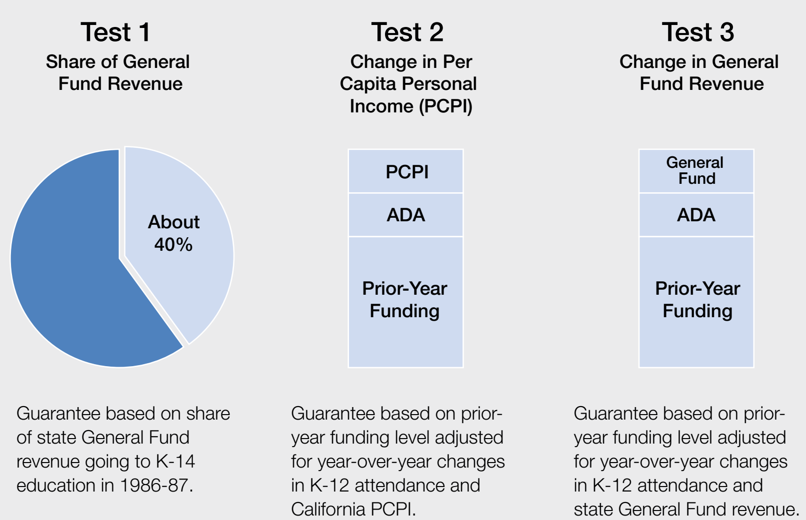
Minimum Guarantee Depends Upon Various Inputs and Formulas. The California Constitution sets forth three main tests for calculating the Proposition 98 minimum guarantee. Each test takes into account certain inputs, including General Fund revenue, per capita personal income, and student attendance (**Figure 1**). Whereas Test 2 and Test 3 build upon the amount of funding provided the previous year, Test 1 links school funding to a minimum share of General Fund revenue. The Constitution sets forth rules for comparing the tests, with one of the tests becoming operative and used for calculating the minimum guarantee that year. Although the state can provide more funding than required, it usually funds at or near the guarantee. With a two-thirds vote of each house of the Legislature, the state can suspend the guarantee and provide less funding than the formulas require that year. The guarantee consists of state General Fund and local property tax revenue.

Legislature Decides How to Allocate Proposition 98 Funding. Whereas Proposition 98 establishes a minimum funding level, the Legislature decides how to allocate this funding among school and community college programs. Since 2013-14, the Legislature has allocated most funding for schools through the Local Control Funding Formula (LCFF). A school district's allotment depends on its size (as measured by student attendance) and the share of its students who are low income or English learners. The Legislature allocates most community college funding through the Student Centered Funding Formula (SCFF). A college district's allotment depends on its enrollment, share of low-income students, and performance on certain outcome measures.

At Key Points, State Recalculates Minimum Guarantee and Certain Proposition 98 Costs. The guarantee typically changes from the level initially assumed in the enacted budget as the state updates the relevant Proposition 98 inputs.

Figure 1

Three Proposition 98 Tests



ADA = average daily attendance.

The state updates these inputs until May of the following fiscal year. The state also revises its estimates of certain school and community college costs. When student attendance changes, for example, the cost of LCFF tends to change in tandem. If the revised guarantee is above the revised cost of programs, the state makes a one-time payment to "settle up" for the difference. If program costs exceed the guarantee, the state can reduce spending if it chooses. After updating the guarantee and making any final spending adjustments, the state finalizes its Proposition 98 calculations through an annual process called "certification." Certification involves the publication of the underlying Proposition 98 inputs and a period of public review. The most recently certified year is 2020-21.

School and Community College Programs Typically Receive COLA. The state calculates a statutory cost-of-living adjustment (COLA) each year using a price index published by the federal government. This index reflects changes in the cost of goods and services purchased by state and local governments across the country. Costs for employee wages and benefits are the largest factor affecting the index. Other factors include costs for fuel, utilities, supplies, equipment, and facilities. The state finalizes the statutory COLA rate based upon the data available in May prior to the start of the fiscal year. State law automatically increases LCFF by the COLA unless the guarantee—as estimated in the enacted budget—is insufficient to cover the associated costs. In these cases, the state reduces the COLA for LCFF (and other K-12 programs) to fit within the guarantee. Though statute is silent on community college programs, the state typically aligns the COLA rate for these programs with the K-12 rate.

Proposition 98 Reserve Deposits and Withdrawals Required Under Certain Conditions. Proposition 2 (2014) created a state reserve specifically for schools and community colleges—the Public School System Stabilization Account (Proposition 98 Reserve). The Constitution requires the state to deposit Proposition 98 funding into this reserve when the state receives high levels of capital gains revenue and the minimum guarantee is growing relatively quickly (see the box on the next page). In tighter fiscal times, the Constitution requires the state to withdraw funding from the reserve. Unlike other state reserve accounts, the Proposition 98 Reserve is available only to supplement the funding schools and community colleges receive under Proposition 98.

Proposition 98 Reserve Linked With Cap on School Districts' Local Reserves. A state law enacted in 2014 and modified in 2017 caps school district reserves after the Proposition 98 Reserve reaches a certain threshold. Specifically, the cap applies if the funds in the Proposition 98 Reserve in the previous year exceeded 3 percent of the Proposition 98 funding allocated to schools that year. When the cap is operative, medium and large districts (those with more than 2,500 students) must limit their reserves to 10 percent of their annual expenditures. Smaller districts are exempt. The law also exempts reserves that are legally restricted to specific activities and reserves designated for specific purposes by a district's governing board. In addition, a district can receive an exemption from its county office of education for up to two consecutive years. The cap became operative for the first time in 2022-23.

2021-22 AND 2022-23 UPDATES

Weakening Economy Affecting State Revenue Estimates. Over the past year, high levels of inflation have led the Federal Reserve to raise interest rates significantly. Recent rate hikes already have led to weakness in certain parts of the economy, particularly housing and financial markets. Many economists expect this weakness to continue over the next year and have downgraded their outlook for the economy. State tax collections in recent months also have been weaker than the state estimated in June. Estimated income tax payments for 2022 so far have been notably weaker than 2021, likely due in part to falling stock prices. Consistent with this economic environment, our estimates of the General Fund revenues that affect the Proposition 98 guarantee are $15.1 billion below the June 2022 estimates across 2021-22 and 2022-23.

Overview of Proposition 98 Reserve

Deposits Predicated on Two Basic Conditions. To determine whether a deposit is required, the state estimates the amount of revenue it will receive from taxes on capital gains (a relatively volatile source of General Fund revenue). Deposits are required only when the state projects capital gains revenue will exceed 8 percent of total General Fund revenue. The state also identifies which of the three tests will determine the minimum guarantee. Deposits are required only when Test 1 is operative. (Test 1 years often are associated with relatively strong growth in the guarantee.)

Required Deposit Amount Depends on Formulas. After the state determines it meets the basic conditions, it performs additional calculations to determine the size of the deposit. Generally, the size of the deposit tends to increase when revenue from capital gains is relatively high and the guarantee is growing quickly relative to inflation. More specifically, the deposit equals the lowest of the following four amounts:

- ***Portion of the Guarantee Attributable to Above-Average Capital Gains.*** The state calculates what the Proposition 98 guarantee would have been if the state had not received any revenue from "excess" capital gains (the portion exceeding 8 percent of General Fund revenue). Deposits are capped at the difference between the actual guarantee and the hypothetical guarantee without the excess capital gains.
- ***Growth Relative to Prior-Year Base Level.*** The state calculates how much funding schools and community colleges would receive if it adjusted the previous year's funding level for changes in student attendance and inflation. For this calculation, the inflation factor is the higher of the statutory cost-of-living adjustment (COLA) or growth in per capita personal income. Deposits are capped at the difference between the Test 1 funding level and the prior-year adjusted level.
- ***Difference Between the Test 1 and Test 2 Levels***. Deposits are capped at the difference between the higher Test 1 and lower Test 2 funding levels. (The inflation factor for Test 2 is based upon per capita personal income, so in practice, this calculation tends to be less restrictive than the previous calculation.)
- ***Room Available Under a 10 Percent Cap.*** The Proposition 98 Reserve has a cap on required deposits equal to 10 percent of the funding allocated to schools and community colleges. Deposits are required only when the balance is below this level.

Withdrawals Required Under Certain Conditions. The Constitution requires the state to withdraw funds from the reserve if the guarantee is below the previous year's funding level, as adjusted for student attendance and inflation. The amount withdrawn equals the difference between the prior-year adjusted level and the actual guarantee, up to the full balance in the reserve. The Legislature can allocate withdrawals for any school or community college purpose. (The withdrawal may be more or less than the amount required to cover the COLA for school and community college programs because the calculation depends upon changes in the guarantee rather than changes in costs for those programs.)

Additional Withdrawals Possible if State Experiences a Budget Emergency. If the Governor declares a budget emergency (based upon a natural disaster or downturn in revenue growth), the Legislature may withdraw additional amounts from the reserve or suspend required deposits.

Proposition 98 Guarantee Revised Down in 2021-22 and 2022-23. Compared with the estimates made in June 2022, we estimate the guarantee is down $204 million in 2021-22 and $5.4 billion in 2022-23 (**Figure 2**). These declines are due to our lower General Fund revenue estimates. Test 1 remains operative in both years, with the decrease in the General Fund portion of the guarantee equating to nearly 40 percent of the revenue drop. Our estimates of local property tax revenue, by contrast, are up slightly in both years. (When Test 1 is operative, changes in local property tax revenue directly affect the Proposition 98 guarantee. They do not offset General Fund spending.)

Program Cost Estimates Down Over the Two Years. For 2021-22, the latest available data show that costs for LCFF are down $566 million compared with the June 2022 estimates (**Figure 3**). For 2022-23, we estimate LCFF costs are down $1.4 billion. Two factors account for most of this reduction: (1) the lower costs in 2021-22 carry forward, and (2) we make an additional downward adjustment of about 1 percent to account for the phaseout of a policy funding school districts according to the attendance they reported prior to the COVID-19 pandemic. We also assume somewhat fewer newly eligible students enroll in transitional kindergarten (based upon enrollment trends over the past few years) and reduce our cost estimates accordingly. For all other K-14 programs, our cost estimates are similar to the June estimates.

Figure 2

Updating Prior- and Current-Year Estimates of the Minimum Guarantee

(In Millions)

	2021-22			2022-23		
	June Budget Plan	November LAO Estimates	Change	June Budget Plan	November LAO Estimates	Change
Minimum Guarantee						
General Fund	$83,677	$83,306	-$371	$82,312	$76,811	-$5,501
Local property tax	26,560	26,727	167	28,042	28,112	70
Totals	**$110,237**	**$110,033**	**-$204**	**$110,354**	**$104,923**	**-$5,431**
General Fund tax revenue	$220,109	$219,134	-$975	$214,887	$200,767	-$14,120

Figure 3

Revised Spending Is Above the Guarantee in Prior and Current Year

(In Millions)

	2021-22			2022-23		
	June Budget Plan	November LAO Estimates	Change	June Budget Plan	November LAO Estimates	Change
Minimum Guarantee	**$110,237**	**$110,033**	**-$204**	**$110,354**	**$104,923**	**-$5,431**
Funding Allocations						
Local Control Funding Formula[a]	$68,249	$67,682	-$566	$77,476	$76,055	-$1,422
Other K-14 programs	38,000	37,995	-5	30,654	30,656	2
Proposition 98 Reserve deposit	3,988	4,976	988	2,224	14	-2,210
Totals	**$110,237**	**$110,653**	**$416**	**$110,354**	**$106,724**	**-$3,630**
Spending Above Guarantee	**—**	**$620**	**$620**	**—**	**$1,801**	**$1,801**

[a] Includes school districts, charter schools, and county offices of education.

Proposition 98 Reserve Deposit up in 2021-22 but Down in 2022-23. The June budget plan anticipated the state would make large reserve deposits in 2021-22 and 2022-23 due to strong revenue from capital gains. For 2021-22, we estimate the required deposit has increased from $4 billion to $5 billion. This increase reflects our estimate that capital gains revenue was higher than the June estimate even though overall state revenue is down slightly for the year. For 2022-23, we estimate that capital gains revenue will be significantly weaker and barely exceed the 8 percent threshold. Due to this lower estimate, the required deposit drops from $2.2 billion to $14 million. These two deposits—combined with deposits in previous years—would bring the total balance in the reserve to $8.3 billion. This reserve level represents 7.9 percent of our revised estimate of the guarantee in 2022-23.

School Spending Would Exceed the Guarantee in Both Years. After accounting for decreases in the minimum guarantee, lower program costs, and modified reserve deposits, school spending would be $620 million above the guarantee in 2021-22 and $1.8 billion above in 2022-23. If the Legislature chooses to reduce spending, it could do so in ways that would not disrupt ongoing programs. For example, it could reduce certain one-time grants the state has not yet allocated to schools or community colleges. The 2022-23 budget also funded several grants that will be allocated in installments over the next several years. The Legislature could reduce funding for future installments and cover those costs from future budgets instead.

MULTIYEAR OUTLOOK

In this section, we estimate the minimum guarantee for 2023-24 and the following three years under our economic forecast. We also examine how the Proposition 98 Reserve would change and the factors affecting costs for school and community college programs.

Economic Assumptions

Weak Economic Picture Weighs Down Revenue Estimates Over the Next Two Years. Current economic conditions point to an elevated risk of a recession starting next year. This risk weighs down our economic outlook and accounts for our estimate of flat General Fund revenues in 2023-24 and sluggish growth in 2024-25. Notably, however, our outlook does not specifically assume a recession occurs, which would result in more significant revenue declines. Our forecast also anticipates improvement in subsequent years, with revenue estimates reflecting normal levels of growth in 2025-26 and 2026-27.

The Minimum Guarantee

Guarantee Grows Slowly in 2023-24 but Remains Below Previously Enacted Budget Level. The minimum guarantee under our forecast is $108.2 billion in 2023-24 (**Figure 4**). Compared with our revised estimate of Proposition 98 funding in 2022-23, the guarantee is up $1.5 billion (1.4 percent). This increase is attributable to growth in local property tax revenue and partially offset by lower General Fund spending. Despite this increase, the guarantee in 2023-24 remains $2.2 billion below the enacted budget level for 2022-23 (**Figure 5**).

Growth in the Guarantee Accelerates After 2023-24. Increases in the guarantee become larger after 2023-24, with year-over-year growth of 4.9 percent in 2024-25, 5.6 percent in 2025-26, and 7.9 percent in 2026-27. By 2026-27, the guarantee would be $129.3 billion, an increase of $22.6 billion (21.1 percent) compared with the revised 2022-23 level. Of this increase, more than $16.7 billion is attributable to the General Fund portion of the guarantee and more than $5.8 billion is attributable to the local property tax portion. Test 1 is operative throughout the period, with the General Fund portion of the guarantee increasing about 40 cents for each dollar of additional revenue. Our estimates also account for two other adjustments. First, we assume the state continues to adjust the guarantee for the expansion of transitional kindergarten.

Figure 4

Proposition 98 Outlook

(Dollars in Millions)

	2022-23	2023-24	2024-25	2025-26	2026-27
Proposition 98 Funding					
General Fund[a]	$78,613[b]	$78,098	$81,829	$87,258	$95,354
Local property tax	28,112	30,077	31,627	32,573	33,927
Totals	**$106,724**	**$108,175**	**$113,456**	**$119,831**	**$129,281**
Change From Prior Year					
General Fund	-$5,313	-$515	$3,732	$5,429	$8,096
Percent change	-6.3%	-0.7%	4.8%	6.6%	9.3%
Local property tax	$1,385	$1,965	$1,550	$946	$1,354
Percent change	5.2%	7.0%	5.2%	3.0%	4.2%
Total funding	-$3,929	$1,451	$5,281	$6,375	$9,450
Percent change	-3.6%	1.4%	4.9%	5.6%	7.9%
General Fund Tax Revenue[c]	$200,767	$200,080	$207,884	$219,187	$239,523
Growth Rates					
K-12 average daily attendance[d]	3.1%	1.2%	1.4%	1.8%	0.7%
Per capita personal income (Test 2)	7.6	2.0	1.2	1.8	3.4
Per capita General Fund (Test 3)[e]	-8.7	1.4	2.8	3.2	7.4
Proposition 98 Reserve					
Deposit (+) or withdrawal (-)	$14	-$2,351	-$3,110	-$2,830	$510
Cumulative balance	8,292	5,941	2,830	—	510

[a] Beginning in 2023-24, General Fund estimates include an increase for Proposition 28.
[b] Includes $1.8 billion in funding above the minimum guarantee.
[c] Excludes non-tax revenues and transfers, which do not affect the calculation of the minimum guarantee.
[d] Estimates account for the expansion of transitional kindergarten eligibility.
[e] As set forth in the State Constitution, reflects change in per capita General Fund plus 0.5 percent.

Notes: Test 1 is operative throughout the period. No maintenance factor is created or paid.

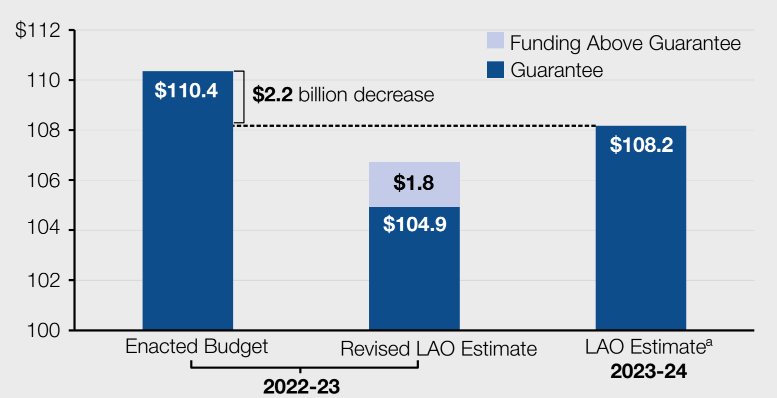
This adjustment increases required General Fund spending by approximately $2.6 billion by the end of the period. Second, we account for preliminary election results indicating the voters have approved Proposition 28. This proposition increases required General Fund spending by approximately $1 billion per year beginning in 2023-24 (as discussed later in the report).

Local Property Tax Estimates Reflect Trends in the Housing Market. Growth in property tax revenue is linked with growth in the housing market, but this growth typically lags the market by a few years. (This lag exists for three main reasons: (1) properties are not reassessed until sold, (2) new construction projects started

Figure 5

Proposition 98 Guarantee in 2023-24 Remains Below Previously Enacted Budget Level

(In Billions)



[a] Includes adjustment for Proposition 28 (2022).

in response to rising prices take time to complete, and (3) property tax bills are based on the assessed value of a property during the previous year.) Our forecast anticipates relatively large increases in property tax revenue of 7 percent in 2023-24 and 5.2 percent in 2024-25. These increases reflect the housing boom that began in the summer of 2020 and continued until early 2022. Our forecast anticipates weaker growth of 3 percent in 2025-26 and 4.2 percent in 2026-27. These slower increases account for cooling trends in the housing market that began in the spring of 2022.

Guarantee Is Moderately Sensitive to Changes in General Fund Revenue. General Fund revenue tends to be the most volatile input in the calculation of the Proposition 98 guarantee. For any given year, the relationship between the guarantee and General Fund revenue generally depends on which Proposition 98 test is operative and whether another test could become operative with higher or lower revenue. Under our forecast, Test 1 remains operative throughout the period, meaning the guarantee would change about 40 cents for each dollar of higher or lower General Fund revenue. In 2022-23 and 2023-24, Test 1 is likely to remain operative even if General Fund revenue or other inputs vary significantly from our forecast.

Estimates of the Guarantee Become More Uncertain Over Time. Our forecast builds upon the revenue estimates we think are most likely, but these estimates in all likelihood will be wrong to some extent. For example, our forecast assumes a relatively smooth transition to faster revenue growth over the next four years. In practice, however, revenue tends to be volatile from year to year even if it follows a general upward trajectory over time. Figure 6 shows how far the minimum guarantee could differ from our forecast based upon swings in General Fund revenue. For this analysis, we examined the historical relationship between previous revenue estimates and actual revenue collections, and then calculated the minimum guarantee under the different revenue scenarios. (Technically, the bottom of the shaded area corresponds to the 10th percentile of potential scenarios and the top corresponds to the 90th percentile.) The uncertainty in our estimates increases significantly over the outlook period. For example, the range for the guarantee in 2026-27 is about twice as large as the range in 2023-24.

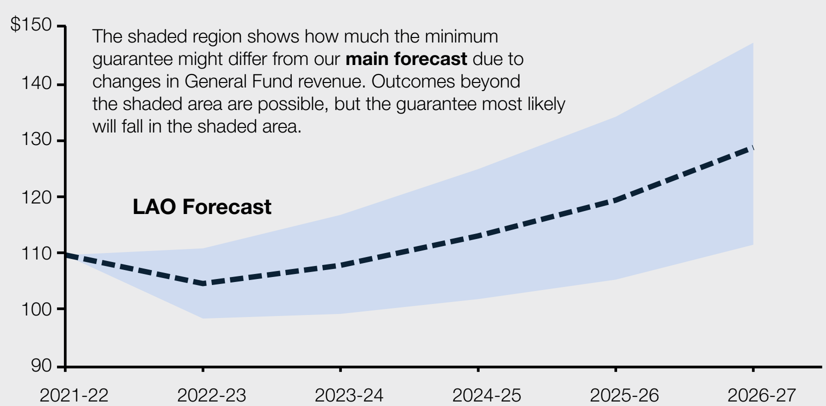
State and School Reserves

Proposition 98 Reserve Withdrawals Begin in 2023-24. Under our outlook, growth in the guarantee is somewhat slower than increases in student attendance and inflation for the next several years. This slower growth triggers reserve withdrawals of $2.4 billion in 2023-24, $3.1 billion in 2024-25, and $2.8 billion in 2025-26. The state would begin building back the reserve balance once the guarantee begins to grow more quickly. Under our outlook assumptions, the state makes a small deposit in 2026-27. Reserve deposits and withdrawals, however, are relatively sensitive to assumptions about revenue and inflation.

Figure 6

Estimates of the Proposition 98 Guarantee Become More Uncertain Over Time

(In Billions)



Proposition 98 Reserve Mitigates Some Volatility in the Guarantee. The reserve provides a modest cushion for school and community programs when the minimum guarantee changes. On the downside, a lower guarantee likely would lead to larger withdrawals. These withdrawals would reduce the likelihood of reductions to existing programs. This cushioning effect is relatively limited, however, because the reserve would be exhausted in 2025-26. If the guarantee were below our estimates in 2024-25, for example, the increase in withdrawals that year would come at the expense of withdrawals the following year. On the upside, if the guarantee were to exceed our forecast because of higher General Fund revenues, the required withdrawals likely would decrease.

Local Reserve Cap Remains Operative. Under our outlook, the school district reserve cap would remain in effect through 2024-25. In that year, the balance in the Proposition 98 reserve would drop below 3 percent of the Proposition 98 funding allocated to schools. The cap, in turn, would become inoperative in 2025-26. Although statewide data are not yet available, our understanding is that school district reserves currently are at relatively high levels despite the cap. County offices of education and other local experts indicate that most districts with reserves above the cap took board action to designate their reserves for specific future purposes (as the law allows), rather than spending them down immediately.

Program Costs

Very Large Statutory COLA Estimated for 2023-24. For 2023-24, we estimate the statutory COLA is 8.73 percent. This COLA rate—the highest since 1979-80—reflects the significant price inflation recorded in most parts of the economy over the past year. Costs for energy and other "nondurable goods" are the fastest growing component of the index. Available data show that in the third quarter of 2022, this component increased by 25 percent compared with the same quarter in 2021. By comparison, the other components of the price index grew by an average of 6.9 percent over that period. In making our estimate of the statutory COLA, we relied upon published federal data for six of the eight quarters that determine the COLA, and our own projections for the final two quarters. The federal government will publish data for these final two quarters at the end of January and the end of April, respectively.

Statutory COLA Would Remain High Over the Next Several Years. Although most economic forecasters expect price inflation to moderate by the end of 2022-23, evidence suggests there is a risk inflation could remain above the historical average for an extended period. Our corresponding COLA estimates are 5.3 percent in 2024-25, 4.5 percent in 2025-26, and 4.2 percent in 2026-27. By comparison, the average statutory COLA over the past 20 years has been 2.8 percent.

Partial Recovery in K-12 Attendance Assumed. Under our outlook, K-12 student attendance grows by an average of 1.6 percent per year from 2022-23 through 2026-27. This growth, however, follows a steep attendance decline in 2021-22. Data from the California Department of Education show that statewide average daily attendance totaled 5.35 million students in 2021-22—a drop of about 550,000 students (9.3 percent) compared with the levels reported in 2019-20 prior to the start of the COVID-19 pandemic. (The state did not collect attendance data in 2020-21.) Approximately three-quarters of this drop seems attributable to a surge in absenteeism. Whereas school attendance rates averaged about 95 percent of enrollment prior to the pandemic, they dropped to around 90 percent in 2021-22. We think much of this drop reflects the emergence of the Omicron variant of COVID-19 in the middle of the 2021-22 school year. Our outlook assumes districts recover about half this drop in 2022-23, with incremental improvements in subsequent years. The remaining quarter of the attendance drop appears attributable to students who left public schools entirely, including students who left the state, enrolled in private school or homeschool, or dropped out. Our outlook does not assume any of these students return to California public schools.

Transitional Kindergarten Expansion Also Affects Statewide Attendance Over the Next Few Years. Another factor affecting statewide attendance is the expansion of transitional kindergarten. State law began expanding eligibility for this program in 2022-23. All four-year olds will be eligible by 2025-26. Under our outlook, students newly eligible for this program account for slightly less than half of our estimated attendance growth over the period.

LCFF Costs Decrease as Pre-Pandemic Attendance Funding Phases Out. For the purpose of allocating LCFF funding in 2021-22, the state credited school districts and most charter schools with at least as much attendance as they reported in 2019-20. This policy insulated most schools from the fiscal effects of attendance declines. Beginning in 2022-23, the state will fund school districts according to their actual attendance in the current year, prior year, or average of the three prior years (whichever is highest). In practice, this new policy means districts' higher pre-pandemic attendance levels will phase-out over the 2022-23 through 2024-25 period. Our outlook accounts for these changes with a $1.6 billion (2.2 percent) downward adjustment to LCFF costs in 2023-24. This adjustment builds upon our lower revised estimate of LCFF costs in 2022-23. (For charter schools, the state is allocating funding according to current-year attendance only, beginning in 2022-23.)

Outlook Assumes New Funding for Arts Education. Preliminary results from the November 8 election indicate that the voters have approved Proposition 28. This proposition creates a new ongoing program to fund arts education beginning in 2023-24 (described in the nearby box). The measure also increases the minimum guarantee to cover the additional costs. Throughout this

Proposition 28 (2022)

Establishes New Program to Fund Arts Education. Proposition 28 establishes a program to provide additional funding for arts instruction and related activities in schools, beginning in 2023-24. The annual amount for the program equals 1 percent of the Proposition 98 funding allocated to schools in the previous year. For 2023-24, we estimate the program will receive an allocation of $941 million. Under our estimates of growth in K-12 funding, this amount would grow by approximately 4 percent per year over the next several years.

Provides Rules for Allocating and Using Funds. The measure allocates 70 percent of its funding to school districts, charter schools, and county offices of education through a formula based on prior-year enrollment of students in preschool, transitional kindergarten, kindergarten, and grade 1 through grade 12. The measure allocates the remaining 30 percent based upon the share of low-income students enrolled in those entities in the prior year. School principals are responsible for developing expenditure plans describing how they will use their share of the funds, subject to two requirements. First, the measure requires schools with at least 500 students to use their funds primarily to hire new arts staff. Second, schools must use their funds to supplement any existing funding they already provide for their arts education programs.

Adjusts the Proposition 98 Guarantee Upward. In addition to creating a new program funded within Proposition 98, the measure adjusts the minimum guarantee upward. This adjustment occurs in two steps. In 2023-24, the state adds the cost of the program to the minimum guarantee otherwise calculated for the year. The state then converts this amount to a percentage of General Fund revenue. Beginning in 2024-25, the state adds this percentage to the minimum percentage of General Fund revenue allocated to schools under Test 1. Under our outlook, the $941 million cost of the program in 2023-24 would result in an ongoing increase to the guarantee of 0.47 percent of General Fund revenue.

Legislature Can Reduce Funding if it Suspends the Guarantee. The measure allows the Legislature to reduce funding for arts education if it suspends the minimum guarantee. In this case, the percentage reduction for arts education cannot exceed the percentage reduction in overall funding for school and community college programs.

report, we account for Proposition 28 in our estimates of school spending and our estimates of the minimum guarantee.

KEY CONSIDERATIONS

In this part of the report, we highlight a few issues for the Legislature to consider as it prepares for the upcoming budget cycle. Specifically, we (1) compare the funding available under the minimum guarantee with the cost of existing school and community college programs, (2) provide context for the budget decisions the state will make in 2023-24, and (3) identify a few issues the Legislature may want to think about when planning for the upcoming budget cycle.

The Budget Picture in 2023-24 and Beyond

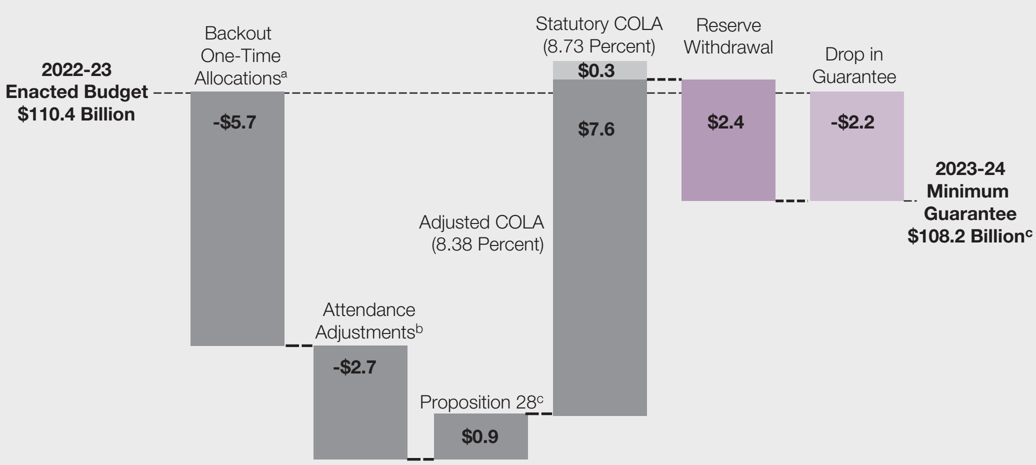
State Could Cover Existing Programs and Most of the Statutory COLA in 2023-24. Figure 7 shows our estimate of the changes in funding and costs relative to the 2022-23 enacted budget level. Although the minimum guarantee drops $2.2 billion, a few key adjustments free-up significant amounts of funding. Most notably, the 2022-23 budget allocated a significant amount of ongoing Proposition 98 funding for one-time activities. These activities expire in 2023-24, freeing-up the underlying funds. We also score savings from attendance-related changes to LCFF and account for the required reserve withdrawal. After making these adjustments, $7.6 billion in funding is available. Regarding cost increases, we estimate that covering the 8.73 percent statutory COLA would cost $7.9 billion. Consistent with current law, we assume the state reduces the COLA rate to 8.38 percent—lowering the cost by approximately $300 million—to fit within the $7.6 billion available.

Reserve Withdrawals Cover Gap Between Guarantee and Program Costs for the Next Few Years. Figure 8 on the next page shows how the funding available for school and community college programs changes over the period under our forecast. The blue bars represent the amount

Figure 7

State Could Cover Most of the Statutory COLA in 2023-24

Changes From 2022-23 Enacted Budget (In Billions)



[a] Consists primarily of the reserve deposit amount estimated in June and the portions of the K-12 Learning Recovery Emergency Block Grant, K-12 community schools grant, and community college maintenance and equipment funds attributed to 2022-23.

[b] Consists primarily of lower costs for the Local Control Funding Formula resulting from the phaseout of pre-pandemic attendance funding. Also reflects several smaller adjustments for other programs.

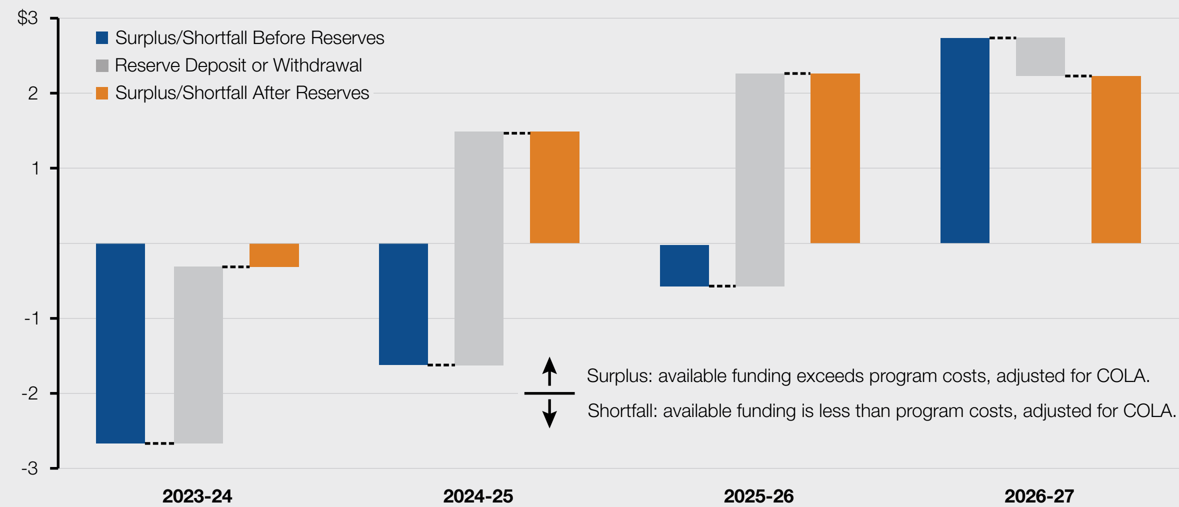
[c] Proposition 28 (2022) establishes a program funding arts education in schools. As required by the measure, the estimate of the guarantee in 2023-24 includes a $941 million increase to offset the cost of the program.

COLA = cost-of-living adjustment.

Figure 8

Proposition 98 Reserve Compensates for Small Shortfalls Over the Next Few Years

(In Billions)



COLA = cost-of-living adjustment.

by which the Proposition 98 guarantee is above or below the cost of covering existing programs as adjusted by the statutory COLA. Negative bars indicate a "shortfall" (the guarantee is insufficient to cover these costs) and positive bars indicate a "surplus" (the guarantee is more than sufficient). The gray bars account for required withdrawals and deposits from the Proposition 98 Reserve. The orange bars represent the surplus or shortfall after accounting for the reserve. As the figure shows, a small shortfall exists each year through 2025-26, but reserve withdrawals provide additional funding that reduces the shortfall in 2023-24 and more than offset the shortfalls in 2024-25 and 2025-26.

Budget Picture Stabilizes by the End of the Period, Assuming No New Ongoing Commitments. Under our forecast, the gap between the minimum guarantee and program costs shrinks over the period. In 2026-27, the guarantee is above the cost of existing programs and the state begins making reserve deposits rather than withdrawals. The picture could improve sooner if the economy grows more quickly than our forecast or the statutory COLA rate is smaller. Alternatively, it might improve after 2026-27 if the state experiences a recession during the forecast period. In making these estimates, we also assume the state makes no new ongoing commitments.

The Education Budget in Context

Tighter Outlook Follows Two Years of Extraordinary Growth. Although our outlook estimates a drop in the guarantee in 2022-23 and slow growth in 2023-24, these changes build upon two previous years of historic growth. Between 2019-20 and 2021-22, the minimum guarantee grew $31.3 billion (39.5 percent)—the fastest increase over any two-year period since the passage of Proposition 98 in 1988. The drop in 2022-23 erodes only a small portion of this gain. By historical standards, the school funding picture remains strong. Figure 9 illustrates this point by comparing our estimate of K-12 funding per student under our outlook with funding levels over the previous 25 years. After accounting for the effects of inflation and changes in student attendance, school funding would dip in 2022-23 and 2023-24 but remain relatively high over the remainder of the period.

Multiyear Block Grants Provide Further Support to Districts. The June 2022 budget plan funded two large block grants to address the effects of the COVID-19 pandemic on schools and community colleges. These grants are intended to support district activities over the next several years. For schools, the state provided $7.9 billion for the Learning Recovery Emergency Block Grant (averaging about $1,500 per student). Schools can use their funds broadly to support academic learning recovery, staff and student social and emotional well-being, and other costs attributable to the pandemic. For community colleges, the state provided $650 million (about $730 per student) to fund student support, reengagement strategies, professional development, technology, equipment, and other specified activities. Although both block grants are provided on a one-time basis, they represent an additional source of funding districts can use to supplement other funding over the next several years.

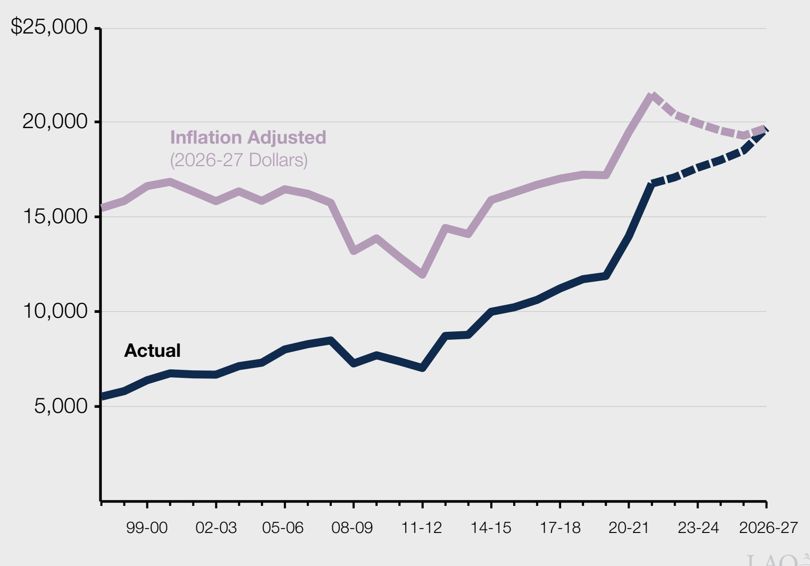
Previous Budget Actions Significantly Improve the Budget Picture in 2023-24. Our estimate of the funding available in 2023-24 highlights the importance of preparing for economic downturns during stronger fiscal times. The budget adopted by the Legislature in June contained two major components that improved budget resiliency. Specifically, the budget (1) set aside some ongoing funds for one-time activities and (2) made the Proposition 98 Reserve deposits required by Proposition 2. If the state had not set aside any ongoing funds and lacked the Proposition 98 Reserve, the budget picture in 2023-24 would look much different. Under that alternative scenario, we estimate that the available Proposition 98 funding would have been at least $8.3 billion—rather than about $300 million—below the level necessary to cover existing programs and the statutory COLA. Facing such a scenario, the state might have needed to eliminate the 2023-24 COLA or fund a much smaller COLA and take other actions to reduce spending.

Rest of the State Budget Faces Large Problem. The rest of the state budget—consisting of the programs not funded through Proposition 98—is in a difficult position under our outlook. Specifically, the rest of the budget faces a $25 billion problem in 2023-24. This shortfall represents the difference between available resources and the cost of currently authorized programs and services. The problem is due primarily to reductions in General Fund revenue, partially offset by (1) lower required spending to meet the Proposition 98 guarantee and (2) lower required deposits into the state's general-purpose reserve. Moreover, the rest of the budget faces an ongoing deficit over the next several years. Even with relatively strong revenue growth in 2025-26 and 2026-27, the resources available in those years are less than the estimated cost of current programs and services. Given these issues, the state would have difficulty funding school and community college programs beyond the amounts required to meet the guarantee.

Figure 9

K-12 Funding Dips When Adjusted for Inflation but Remains Relatively High

Funding Per Student



State Appropriations Limit Is Not a Significant Issue This Year... Proposition 4 (1979) places constraints on how the state can spend tax revenues that exceed a certain limit. Specifically, if the state collects revenue in excess of the limit, the Constitution allows the Legislature to respond by lowering tax revenues, increasing spending on activities excluded from the limit, or splitting the excess revenues equally between taxpayer refunds and one-time payments to schools and community colleges. Due primarily to our lower General Fund revenues, we estimate the state is below the limit in 2022-23 and 2023-24.

...But Would Affect State Budgeting in the Future. Assuming General Fund revenues follow the trajectory in our forecast, the state appropriations limit would begin to affect state budgeting in 2025-26. The main reason is that our estimates of General Fund revenue grow faster than the limit itself over the next several years. Our Proposition 98 outlook does not make any explicit adjustment for the appropriations limit, in part because the state must fund the minimum guarantee even if the limit requires reductions to other programs in the state budget. The state, however, could respond to future excess revenues in ways that would affect school funding. For example, it could reduce General Fund tax revenue, which also would lower the guarantee. Alternatively, it could split excess revenues between refunds and one-time payments, which would provide schools and community colleges with additional funding on top of the minimum guarantee. Estimates of the state appropriations limit also are subject to significant uncertainty beyond the budget year.

Planning for the Upcoming Year

Economic Uncertainty Abounds as Legislature Prepares for Upcoming Budget Cycle. The current economic environment poses a substantial risk to state revenues. In the past, economic conditions similar to the conditions we have observed over the past several months have typically resulted in subsequent revenue declines. On the other hand, we do not think a recession next year is inevitable. Even if a recession does occur, its exact timing and severity are uncertain. Our outlook takes a middle approach—assuming economic weakness but not a recession. For 2023-24, this uncertainty means the Proposition 98 guarantee could be billions of dollars above or below our current estimates. Although the state will have a better sense of revenues and the guarantee by June when it adopts the budget, the economic picture beyond 2023-24 remains murky.

Building a Larger Budget Cushion Would Mitigate Future Downside Risk. Our outlook makes spending estimates for school and community college programs based upon current laws and policies. Two important assumptions are embedded in this forecasting approach: (1) the state maintains existing programs at their current levels except for formula-driven adjustments, and (2) the state applies all available Proposition 98 funding (including reserve withdrawals) toward covering the statutory COLA. Using this approach to set ongoing spending levels in 2023-24, however, would leave the Proposition 98 budget precariously balanced over the coming years. For example, our estimate of the guarantee in 2024-25 is just large enough to cover existing programs and the statutory COLA after accounting for a reserve withdrawal. In approximately half of all the potential economic scenarios that could unfold that year, the guarantee ends up below our estimate. Although the Proposition 98 Reserve might cushion a minor decrease, a larger drop would pose risks to ongoing programs. To build up somewhat more protection against such downside risks, the Legislature could consider some adjustments next year to create a larger budget cushion. Specifically, it could reduce certain ongoing expenditures and increase one-time spending. Below, we outline a few options for reducing ongoing expenditures.

Consider Reductions to Expanded Learning Opportunities Program (ELOP). The state created ELOP in the 2021-22 budget to fund academic and enrichment activities for K-12 students outside of normal school hours. As part of the 2022-23 budget, the state increased ongoing funding for the program from $1 billion to $4 billion. The program allocates funding to districts based on their attendance in the elementary grades and share of low-income students and English learners. Although statewide data are not available, initial feedback from districts suggests not all low-income students and English learners are interested in the program. We think the state could improve the program and reduce costs by allocating funding based on actual participation instead of districtwide attendance. The state also could reduce ELOP allocations by accounting for other state and federal funds districts receive for before and after school programs. To achieve additional savings on a one-time basis, the state could further require districts to spend all their ELOP funding from 2021-22 and 2022-23 before they receive funding in 2023-24. Any of these actions could achieve savings without requiring districts to serve fewer students.

Consider Reductions to Community College Programs That Are Under Capacity or Lower Priority. Over the past few years, the state has provided some funding that may not be earned by colleges or may be a lower legislative priority. The 2021-22 budget, for example, provided a $24 million base augmentation to SCFF for enrollment growth. Based on preliminary data, only about $1 million of this funding will be earned by districts. The Legislature could revert any unearned funds—and reduce systemwide base funding by a like amount—once final data is reported by the Chancellor's Office in spring 2023. Similarly, this spring the Legislature could identify other community college programs that may be under capacity, such as the California Apprenticeship Initiative or other grant programs the Legislature has authorized in recent years. The Legislature also may want to target for reductions certain programs that may be a lower priority given the students served. For example, the 2022-23 budget provided $25 million ongoing Proposition 98 General Fund to expand eligibility for the California College Promise. This program allows colleges to waive enrollment fees for returning students enrolled full time who do not have financial need given their higher income level.

Consider Funding Smaller COLA. Another option would involve reducing the COLA rate below the 8.38 percent increase we estimate the state could fund in 2023-24. One reason the state might consider this option is that the surge in energy prices appears to be responsible for a notable portion (likely at least 2 percentage points) of the high COLA rate. Although district energy costs are likely up too, these costs typically account for a small share of district budgets. The Legislature could consider funding a COLA that is below the statutory rate but still large enough to allow schools and community colleges to address their cost pressures and local priorities. We estimate that each 1 percent reduction in the COLA rate equates to approximately $910 million in lower ongoing spending.

Legislature Could Advance Its Priorities Next Year Through Oversight. Over the past two years, the Legislature has allocated Proposition 98 funding to more than 50 new school and community college activities. Some of the largest allocations have involved learning loss recovery, community schools, the teaching workforce, infrastructure, and community college financial aid and student support services. The Legislature could use the upcoming budget cycle to conduct oversight of these activities. In particular, the Legislature might want to examine: (1) whether these activities are having their intended effects on students and programs, (2) how these activities fit with broader goals (such as reducing historical funding disparities among districts, improving student achievement, and closing achievement gaps), and (3) any challenges districts face implementing these activities. By conducting oversight and exploring changes in these areas, the Legislature could continue to advance its priorities despite the tighter budget picture we anticipate next year.

LAO PUBLICATIONS

This report was prepared by Kenneth Kapphahn, and reviewed by Edgar Cabral and Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

To request publications call (916) 445-4656. This report and others, as well as an e-mail subscription service, are available on the LAO's website at www.lao.ca.gov. The LAO is located at 925 L Street, Suite 1000, Sacramento, California 95814.

Joint Analysis

Governor's January Budget

January 10, 2023

California Community Colleges

ACBO.ORG
ASSOCIATION OF CHIEF BUSINESS OFFICIALS

ASSOCIATION OF CALIFORNIA COMMUNITY COLLEGE ADMINISTRATORS

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

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Purpose of Report

This analysis was prepared by the California Community Colleges Chancellor's Office (Chancellor's Office) with review and support from the:

- Association of California Community College Administrators (ACCCA),
- Association of Chief Business Officials (ACBO), and
- Community College League of California (League).

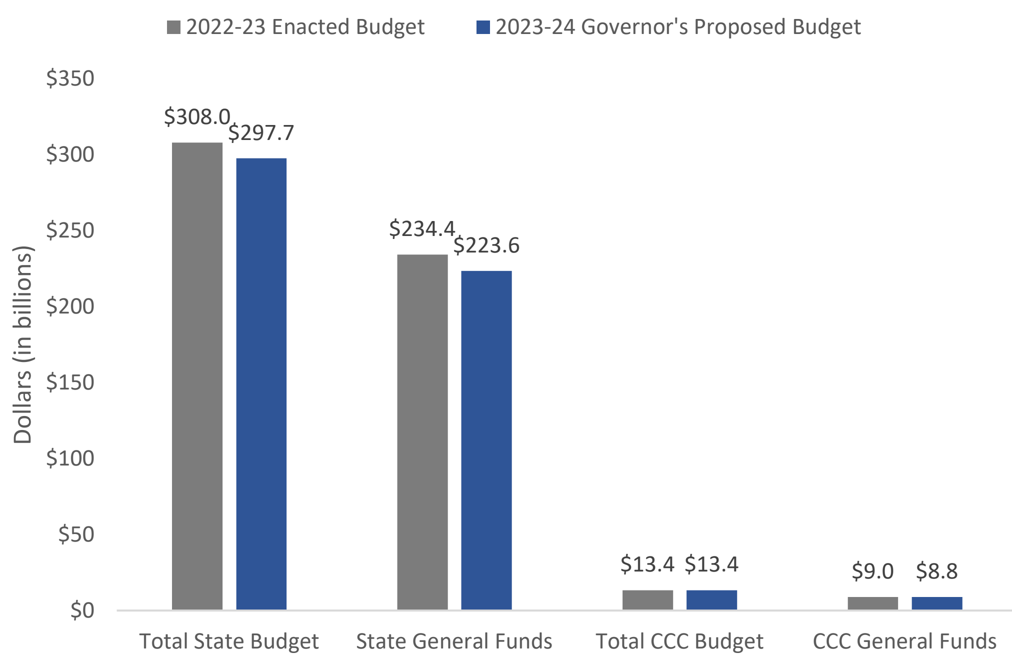
Its purpose is to provide information about the Governor's January budget proposal as a common resource for each organization's further analyses and advocacy efforts. Over the next several months, updated analyses will describe the proposed trailer bills, the Governor's May Revision, and the enacted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

Summary of Key Budget Changes

Today, Governor Newsom released his budget proposal for the 2023-24 fiscal year. Following are some key changes in the proposal compared to the enacted budget for 2022-23.

- Under the proposal, the overall state budget would be lower than in 2022-23, decreasing by about 3% to $297.7 billion, affected by a substantial decline in the share of personal income tax revenues from capital gains. General Fund spending would decrease by over $10 billion (4.6%) to $223.6 billion.

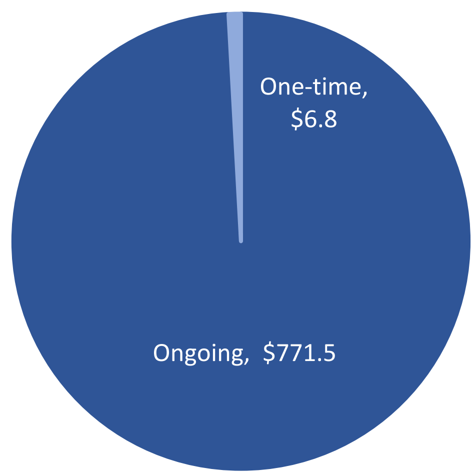
Figure 1: Proposed 2023-24 budget reflects projected deficit of $22.5 billion (dollars in billions).



- The budget proposal for the California Community Colleges continues to be shaped by the Roadmap for the Future, introduced in 2022-23 and intended to advance equity, student success and the system's ability to prepare students for California's future. The Roadmap is part of the Administration's agenda to help the state reach a goal of having 70% of working-age Californians possess a degree or credential by 2030. Budget investments across higher education aim to support students to improve educational outcomes, close equity gaps, address basic needs, and increase affordability.

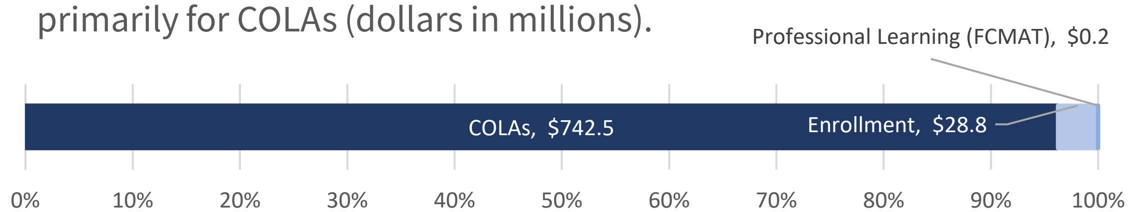
- The proposed budget for 2023-24 provides about $778 million in Proposition 98 augmentations over the prior year, nearly all of it as ongoing spending.

Figure 2: Most new Proposition 98 funding for 2023-24 represents ongoing funds for COLAs (dollars in millions).



- The proposal for additional ongoing spending includes $652.6 million for an 8.13% cost-of-living adjustment (COLA) for community college apportionments, about $90 million for COLAs and adjustments to certain categorical programs, and $28.8 million for systemwide enrollment growth of 0.5%.

Figure 3: Proposed new ongoing spending in 2023-24 is primarily for COLAs (dollars in millions).



- One-time funding in the proposal is largely dedicated to student retention and enrollment efforts in the context of enrollment that has dropped by over 16% since the beginning of the pandemic. The $200 million proposed for that purpose is offset by a proposal to reduce that approximate amount of one-time funding for deferred maintenance included in the 2022-23 budget.

- The Governor's proposal includes a total $143.8 million in capital outlay funds to support the construction phase for 10 continuing projects. Four of the projects would be funded with $53.6 million from Proposition 55 and the other six projects with $90.1 million from Proposition 51.

State Budget Overview

The Governor's Budget proposes additional ongoing resources of approximately $770 million to California Community Colleges appropriations and categorical programs, as compared to the 2022 Budget Act.

BUDGET REFLECTS CONCERNS ABOUT ECONOMY AND REVENUES

The 2022 Budget Act was enacted in the context of strong revenues combined with concerns about a downturn in the stock market, increased interest rates, and the possibility of a recession. The state's investments for the current year focused on supporting pandemic recovery, providing middle class tax rebates, and one-time spending on the environment, education, transportation, and housing.

Priorities in the Governor's proposed budget for 2023-24 focus on key investments made in recent budgets. The proposal includes:

- Funding for key education priorities of implementing universal transitional kindergarten, increasing subsidized child care availability, implementing universal school meals, and maintaining higher education compacts with the University of California (UC) and California State University (CSU) and the multi-year roadmap with the California Community Colleges;
- Maintenance of most funding allocated in the two prior budgets for advancing the Administration's climate agenda, with plans to pursue additional federal funds;
- Continuing investment in the expansion of health care access, including reproductive health care and behavioral health services; and
- Maintenance of recent budgets' investments to address homelessness and most of the planned allocations for housing production incentives.

Economic Conditions Create a Budget Deficit

The budget outlook has declined since the 2022 Budget Act, with revenues falling behind budget act projections across 2021-22, 2022-23 and 2023-24 by over $40 billion according to the Legislative Analyst's Office (LAO). The 2022 Budget Act assumed that the state would end 2023-24 with a deficit of nearly $3 billion, a problem that is compounded by revenue shortfalls related to a downturn in the stock market. The revenue losses are partially offset by reductions to required formula-driven spending (such as Proposition 98 spending and deposits to the Budget Stabilization Account), but the LAO's analysis may understate the overall state budget problem as it did not consider the impact of persistent high inflation. According to the LAO, required withdrawals from the Proposition 98 reserve in response to the shortfall in revenues should cover the costs of existing K-14 programs adjusted by COLA through 2025-26, but it leaves no money for additional spending beyond current programs.

The Governor's Budget largely aligns with the LAO's analysis, although it projects a slightly lower deficit of $22.5 billion for 2023-24 (compared to LAO's projection of $25 billion). The budget reflects $35.6 billion in reserves, including $22.4 billion in the state's Rainy Day Fund. The state's efforts to build reserves over the last couple of years will somewhat mitigate the impact of the expected budget deficit for 2023-24. The plan uses several mechanisms to close the projected shortfall, including some funding delays and reductions from the 2021-22 and 2022-23 budgets, fund shifts, and limited borrowing. Some reductions are included in a trigger that would restore the funds in January 2024 if sufficient General Fund revenues are available.

District Revenue Protections

The 2021 Budget Act extended the Student Centered Funding Formula's (SCFF) hold harmless provision through 2024-25, under which districts will earn at least their 2017-18 total computational revenue (adjusted by COLA each year). The 2022 Budget Act extended the revenue protections in a modified form beginning in 2025-26, with a district's 2024-25 funding representing its new "floor." Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their "floor" (2024-25 funding amount), whichever is higher. This revised hold harmless provision will no longer include adjustments to reflect cumulative COLAs over time, as is the case with the provision in effect through 2024-25, so a district's hold harmless amount would not grow.

PROPOSITION 98 ESTIMATE INCREASES

Minimum Guarantee for Community Colleges Increases by about 2%

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 within the segments. 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 community college share of Proposition 98 funding is at the traditional share of 10.93% in each of these years. Included in this share is some K-12 funding, including a portion of Adult Education funding, a small amount of pass-through funding for school district-based apprenticeship programs and funding for K-12 Strong Workforce programs.

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

Source	2021-22 Revised	2022-23 Revised	2023-24 Proposed	Change From 2022-23 Amount	Change From 2022-23 Percent
ALL PROPOSITION 98 PROGRAMS					
General Fund	$83,630	$79,103	$79,613	$510	1%
Local property tax	26,785	27,889	29,204	1,315	5%
Totals	$110,415	$106,991	$108,816	$1,825	2%
COMMUNITY COLLEGES ONLY [a]					
General Fund	$8,790	$8,713	$8,758	$45	1%
Local property tax	3,512	3,648	3,811	164	4%
Totals	**$12,301**	**$12,360**	**$12,569**	**$209**	2%

[a] *CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, and K-12 Strong Workforce programs.*

Estimate for Current Year Has Decreased

The estimate of the Proposition 98 minimum guarantee for 2021-22 increased very slightly but the estimate for 2022-23 decreased as compared to projections when the 2022-23 budget was enacted in June of last year. Changes to the estimates can occur if school enrollment, economic growth, or state revenues turn out to be different than expected. Specifically, the revised estimate for 2022-23 is lower than was projected in June because of weaker than expected revenues.

Revised Deposits 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 if several conditions are satisfied. Specifically, 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 exceed 8% of total revenues. In tight fiscal times, the state must withdraw funding from the reserve to supplement the funding schools and community colleges receive under Proposition 98. The Governor's budget reflects revised 2021-22 and 2022-23 payments, and a 2023-24 payment of $3.7 billion, $1.1 billion, and $365 million, respectively, for a total revised account balance of more than $8.5 billion at the end of 2022-23 (compared to the projected $9.5 billion in the 2022 Budget Act).

Though these transfers change *when* the state spends money on schools and community colleges, they do 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.

California Community Colleges Funding

The Governor's Budget includes $771 million in ongoing policy adjustments for the community college system, compared to 2022-23 expenditure levels, as reflected in Table 2. Considering technical adjustments along with changes to funding, the system would receive approximately $461 million in additional funding.

Table 2: Proposed 2023-24 Changes in Proposition 98 Funding for the System (In Millions)

POLICY ADJUSTMENTS	
Ongoing (Proposition 98)	
Provide 8.13% COLA for SCFF	$652.6
Provide 8.13% COLA for Adult Education Program	$48.5
Provide 0.5% for SCFF growth	$28.8
Provide 8.13% COLA for Extended Opportunity Programs and Services (EOPS)	$13.8
Provide 8.13% COLA for Disabled Students Programs and Services (DSPS)	$13.0
Provide COLA and a technical adjustment for Apprenticeship (community college districts)	$4.7
Provide 8.13% COLA for CalWORKs student services	$4.1
Provide 8.13% COLA and an enrollment-based adjustment for Mandates Block Grant and reimbursements	$3.0
Provide 8.13% COLA for Cooperative Agencies Resources for Education (CARE)	$2.5
Provide 8.13% COLA for Childcare tax bailout	$0.3
Increase FCMAT funding for Professional Learning Opportunities	$0.2
Subtotal Ongoing (Proposition 98) Policy Adjustments	**$771.5**
One-Time (Proposition 98)	
Support retention and enrollment strategies	$200.0
Workforce Training Grants	$14.0
Prior year SCFF funding	$5.7
FCMAT Professional Learning Opportunities	$0.1
Reduce prior year deferred maintenance funding	-$213.0
Subtotal One-Time Policy Adjustments	**$6.8**
TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth)	-$314.4
Subtotal Technical Adjustments	**-$314.4**
TOTAL CHANGES	**$463.9**

The estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by $367 million from $8.7 billion to $9.1billion. This reflects a proposed COLA of 8.13% ($652.6 million) and FTES growth of 0.5% ($28.8 million) and modified estimates for hold harmless and other underlying estimation factors. Further, the following adjustments are reflected in associated offsetting revenues (all comparisons are from the 2022-23 Budget Act to the 2023-24 Governor's Budget proposal):

- Property tax revenues are estimated to increase by $158.6 million from $3.653 billion to $3.811 billion.
- Enrollment Fee revenues are estimated to increase by $3 million from $399.5 million to $402.5 million.
- Education Protection Account funding is estimated to increase by $186.7 million from $1.43 billion to $1.62 billion.

Table 3 reflects the 2022-23 Advance rates, along with the projected rates for 2023-24, as modified by COLA.

Table 3: Proposed 2023-24 Student Centered Funding Formula Rates (rounded)

Allocations	2022-23 Advance Rates	Estimated Proposed 2023-24 Rates**	Estimated Change from 2022-23 Advance	Estimated Change from 2022-23 (Percent)
Base Credit*	$ 4,840	$ 5,234	$ 394	8.13%
Incarcerated Credit*	6,788	7,340	552	8.13%
Special Admit Credit*	6,788	7,340	552	8.13%
CDCP	6,788	7,340	552	8.13%
Noncredit	4,082	4,414	332	8.13%
Supplemental Point Value	1,145	1,238	93	8.13%
Student Success Main Point Value	675	730	55	8.13%
Student Success Equity Point Value	170	184	14	8.13%
Single College District				
Small College	5,950,421	6,434,191	483,769	8.13%
Medium College	7,933,899	8,578,925	645,026	8.13%
Large College	9,917,373	10,723,656	806,282	8.13%
Multi College District				
Small College	5,950,421	6,434,191	483,769	8.13%
Medium College	6,942,161	7,506,559	564,398	8.13%
Large College	7,933,899	8,578,925	645,026	8.13%
Designated Rural College	1,892,601	2,046,469	153,868	8.13%
State Approved Centers	1,983,474	2,144,731	161,256	8.13%

Grandparented Centers				
Small Center	247,936	268,093	20,157	8.13%
Small Medium Center	495,869	536,183	40,314	8.13%
Medium Center	991,736	1,072,365	80,628	8.13%
Medium Large Center	1,487,605	1,608,548	120,942	8.13%
Large Center	1,983,474	2,144,731	161,256	8.13%

**Ten districts receive higher credit FTES rates, as specified in statute.*

***Estimated 2023-24 rates will change based on updated 2022-23 data and revenues.*

Appendix B compares the Governor's proposed funding adjustments for the system in 2023-24 to the Board of Governors' budget request. Below we highlight a few of the Administration's policy decisions and related information. Later in this analysis, we detail local funding by program, capital outlay funding, and state operations.

MAJOR POLICY DECISIONS CONTINUE STATE'S FOCUS ON ROADMAP

The multi-year Roadmap introduced in the 2022-23 budget continues to shape the Administration's proposed budget. The roadmap builds on existing efforts toward achieving the *Vision for Success* goals, with some additional expectations for the system over the next several years. The proposed budget provides funding for a COLA and enrollment growth, targets more one-time funds for enrollment and retention efforts, and allows districts more flexibility in the use of funds in pursuit of the roadmap's goals.

Apportionments Receive 8.13% COLA and 0.5% Growth

The proposal includes an increase of $28.8 million **ongoing** to fund 0.5% enrollment growth and $652.6 million **ongoing** to support a COLA of 8.13% for apportionments, the same COLA proposed for K-12. Another $92.5 million **ongoing** would support a COLA of 8.13% for selected categorical programs and the Adult Education program.

District Flexibility Increases

To support the roadmap and provide districts with an opportunity to maximize use of their funds, the Administration intends to introduce a mechanism as part of the May Revision to provide additional flexibility in the spending of certain categorical dollars to community college districts that are making progress toward the roadmap goals. Under the proposal, districts would have the option to submit a streamlined report for the specified programs and to spend funds flexibly across them.

Retention and Enrollment Receives Additional Support

The proposed budget reflects continuing concern about the significant loss of enrollment across the community colleges, which has declined by more than 16% since the beginning of the pandemic. Building on prior investments of $120 million in 2021-22 and $150 million in 2022-23, the proposal includes $200 million **one-time** to continue supporting community college efforts and focused strategies to increase student retention rates and overall enrollment. Districts have used the prior funding for a variety of efforts to recruit, retain, and re-enroll students, including to:

- Increase outreach and marketing efforts via mail, email, text, phone and social media, and through participation in virtual and in-person community events;
- Expand financial supports for students through emergency grants, book and transportation vouchers, and support for technology, food, housing, childcare and other needs;
- Remove financial holds, relax payment policies, and streamline burdensome administrative procedures;
- Offer alternative course schedules and modalities;
- Implement online student services and expand hours of service for virtual and in-person services;
- Increase training and resources for faculty and staff; and
- Expand and deepen collaboration both on campus and with external partners to provide enhanced student services and improved educational options.

Deferred Maintenance Funds are Redirected

The 2022 Budget Act included approximately $840 million in **one-time** funds for 2022-23 to address deferred maintenance and energy efficiency projects across the system. The Governor's Budget proposes to decrease that amount by $213 million, providing a source of funding to support the additional investment for retention and enrollment efforts in the budget year.

Currently, all $840 million in one-time deferred maintenance funds allocated in FY 2022-23 are scheduled to be distributed to districts via the Apportionment process by June 2023, prior to the expected enactment of the 2023-24 budget. As of January 2023, $504 million has been distributed.

Since the approval of the 2022 Budget Act, 71 districts have certified how they will spend their allocated funds. The 71 districts that have a certified plan have allocated $829 million to address the following needs on their campuses:

- $199 million for instructional equipment and library materials;
- $534.4 million for deferred maintenance projects;
- $34.6 million for water conservation projects; and
- $61 million for energy efficiency projects.

Increasing Fiscal Accountability is a Priority

The Governor's proposed budget includes $275,000 ($75,000 **one-time** and $200,000 **ongoing**) to develop and maintain a community college district leadership and fiscal accountability program, through the Fiscal Crisis and Management Assistance Team (FCMAT). FCMAT provides services to help local TK-14 educational agencies identify, prevent, and resolve financial, operational and data management challenges through management assistance and professional learning opportunities, and the proposed funding would be intended to provide services targeted to the needs of community college districts.

Fire Protection is a Focus

The Governor's proposed budget includes $14 million **one-time** Proposition 98 funds for workforce training grants focused on meeting workforce needs to fight wildfires, to be administered in collaboration with the California Department of Forestry and Fire Protection.

Dual Enrollment and Service Learning are Encouraged

The Governor's budget proposal includes language requesting that community colleges establish dual enrollment agreements with all applicable local educational agencies (LEAs) within their community college districts' service area. It also requests that colleges develop and offer a one-unit service-learning course that all high school students can access through dual enrollment.

Affordable Student Housing Funding Extended by One Year

As part of the Budget Act of 2021, the state created the Higher Education Student Housing Grant Program to support the construction of affordable student housing across the three public higher education segments. The program was to receive funding over three years for three rounds of grants, with an investment of $750 million one-time expected in FY 2023-24. The Governor's budget proposes to reduce that investment to $500 million **one-time** and extend the remaining $250 million to FY 2024-25, which will provide an opportunity for a fourth round of awards.

Cal Grant Reforms Targeted for 2024-25

The Fiscal Year 2022-23 State Budget enacted the Cal Grant Reform Act, a longstanding priority of the California Community Colleges system and our student-led organizations, overhauling and modernizing the state Cal Grant program for community college students. When it goes into effect in the 2024-25 academic year, the Cal Grant Reform Act would entitle *all* community college students with financial need to a revised "Cal Grant 2" financial aid award that would increase with inflation over time and continue to support students' total cost of attendance beyond tuition. The Cal Grant Reform Act depends on the Department of Finance determining, in the spring of 2024, that there will be sufficient revenues in the 2024-25 fiscal year to support this expansion of financial aid.

LOCAL SUPPORT FUNDING IS LARGELY STABLE FOR ONGOING PROGRAMS

Table 4 shows proposed ongoing 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 related to revised estimates of underlying factors.

Table 4: California Community Colleges Ongoing Funding by Program[a] (In Millions)

Program	2022-23 Revised	2023-24 Proposed	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	$8,734.0	$9,101.0	$367.0	4.2%	COLA, growth, and other base adjustments (estimated based on available info)
Adult Education Program – Main[b]	603.1	651.7	48.5	8.0%	COLA
Student Equity and Achievement Program	524.0	524.0	0.0	0.0%	
Student Success Completion Grant	412.6	412.6	0.0	0.0%	
Strong Workforce Program	290.4	290.4	0.0	0.0%	
Part-time faculty health insurance	200.5	200.5	0.0	0.0%	
Extended Opportunity Programs and Services (EOPS)	169.2	182.9	13.8	8.13%	COLA
Disabled Students Programs and Services (DSPS)	159.7	172.7	13.0	8.13%	COLA
Full-time faculty hiring	150.0	150.0	0.0	0.0%	
California College Promise (AB 19)	91.2	91.2	0.0	0.0%	
Integrated technology	89.5	89.5	0.0	0.0%	
Financial aid administration	81.6	81.6	0.0	0.0%	
Apprenticeship (community college districts)	69.2	73.9	4.7	6.7%	COLA and technical adjustment
CalWORKs student services	50.9	55.0	4.1	8.13%	COLA
NextUp (foster youth program)	50.0	50.0	0.0	0.0%	
Basic needs centers	40.0	40.0	0.0	0.0%	
Mathematics, Engineering, Science Achievement (MESA)	36.4	36.4	0.0	0.0%	

Mandates Block Grant and reimbursements	36.1	39.1	3.0	8.39%	COLA and enrollment-based adjustment
Cooperative Agencies Resources for Education (CARE)	30.9	33.5	2.5	8.13%	COLA
Student mental health services	30.0	30.0	0.0	0.0%	
Institutional effectiveness initiative	27.5	27.5	0.0	0.0%	
Part-time faculty compensation	26.5	26.5	0.0	0.0%	
Rising Scholars Network	25.0	25.0	0.0	0.0%	
Part-time faculty office hours	23.6	23.6	0.0	0.0%	
Economic and Workforce Development	22.9	22.9	0.0	0.0%	
California Virtual Campus	20.0	20.0	0.0	0.0%	
Homeless and Housing Insecurity Program ("Rapid Rehousing")	19.0	19.0	0.0	0.0%	
California Online Community College (Calbright College)	15.0	15.0	0.0	0.0%	
Nursing grants	13.4	13.4	0.0	0.0%	
Lease revenue bond payments	12.8	12.8	0.0	0.0%	
Equal Employment Opportunity Program	12.8	12.8	0.0	0.0%	
Puente Project	12.3	12.3	0.0	0.0%	
Dreamer Resource Liaisons	11.6	11.6	0.0	0.0%	
Immigrant legal services through CDSS	10.0	10.0	0.0	0.0%	
Veterans Resource Centers	10.0	10.0	0.0	0.0%	
Classified Employee Summer	10.0	10.0	0.0	0.0%	

Assistance Program					
Umoja	8.5	8.5	0.0	0.0%	
Asian American and Native Hawaiian and Pacific Islander (AANHPI) Student Achievement Program	8.0	8	0.0	0.0%	
Foster Parent Education Program	6.2	6.2	0.0	0.0%	
Childcare tax bailout	4.0	4.3	0.3	8.13%	COLA
Digital Course Content for Inmates	3.0	3.0	0.0	0.0%	
Middle College High School Program	1.8	1.8	0.0	0.0%	
Academic Senate	1.8	1.8	0.0	0.0%	
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.4	1.4	0.0	0.0%	
African American Male Education Network and Development (A2MEND)	1.1	1.1	0.0	0.0%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.7	0.7	0.0	0.0%	
FCMAT	0.6	0.8	0.2	35.1%	Increase for FCMAT Professional Learning Opportunities

[a] *Table reflects total programmatic funding for the system, including amounts from prior years available for use in the years displayed.*

[b] *The Adult Education program total includes resources that go to the K-12 system but are included in the CCC budget. The K-12 Strong Workforce program and K-12 Apprenticeship program are not listed above but are also included in the CCC budget.*

Table 5 shows proposed one-time local assistance funding by program for 2023-24. Given the expected state budget deficit, the budget proposal for community colleges includes only a few one-time investments.

Table 5: California Community Colleges One-Time Funding by Program[a] (In Millions)

Program	2022-23 Revised	2023-24 Proposed	Explanation of Change
Retention and enrollment strategies	150.0	200.0	One-time funds added
Workforce Training Grants	0.0	14.0	One-time funds added
FCMAT Professional Learning Opportunities	0.0	0.08	One-time funds added
Deferred maintenance	627.7	N/A	Reduce prior year funding by $213 million (from $840.7)

[a] *Table reflects total programmatic funding for the system, including amounts from prior years available for use in the years displayed.*

CAPITAL OUTLAY INVESTMENTS ARE LOWER

The Governor's proposal includes $143.8 million in total capital outlay funding from both Proposition 55 and Proposition 51, substantially lower than in the 2021-22 and 2022-23 budgets. Voters approved Proposition 55 in 2004 and Proposition 51 approved by voters in 2016. The funding is to support the construction phase for 10 continuing projects, as listed in Table 6.

Table 6: Governor's Proposed Capital Outlay Projects in the California Community Colleges (In Millions)

District, College	Project	2023-24 State Cost	2023-24 Total Cost	All Years State Cost	All Years Total Cost
CONTINUING PROJECTS					
Proposition 55					
Compton, Compton College	Visual and Performing Arts	$12.53	$16.68	$13.33	$17.79
Desert, College of the Desert	Science Building Renovation	$6.85	$13.71	$7.44	$14.88
Grossmont-Cuyamaca, Cuyamaca College	Instructional Building 1	$15.93	$31.51	$16.93	$33.51
Sierra Jt., Sierra College	Applied Technology Center Modernization	$18.30	$34.19	$19.68	$36.89
Proposition 51					
Chabot-Las Positas, Chabot College	Building 3000 Maintenance Operations Warehouse & Garage	$10.06	$27.63	$10.73	$28.98

Los Angeles, Los Angeles Mission College	Plant Facilities Warehouse & Shop Replacement	$7.32	$24.16	$7.83	$25.92
Riverside, Norco College	Center for Human Performance and Kinesiology	$28.56	$51.49	$30.21	$54.19
Shasta/Tehama/Trinity, Shasta College	Building 800 Renovation	$5.97	$11.03	$6.46	$12.00
Sierra Jt., Sierra College	New Science Building	$27.47	$54.97	$29.81	$58.72
West Valley-Mission, West Valley College	Theater Renovation/Expansion	$10.81	$29.02	$11.63	$30.66
Total		**$143.79**	**$294.38**	**$154.05**	**$313.54**

STATE OPERATIONS RECEIVES LEVEL FUNDING

The Chancellor's Office provides leadership and oversight to the system, administers dozens of systemwide 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, and the Student Centered Funding Formula. In addition, the Chancellor's Office provides technical assistance to districts and conducts regional and statewide professional development activities. The current-year (2022-23) budget provided an increase of $3.9 million over the prior year to support 26 new positions to better support curriculum-related reforms and technology modernization efforts across the system as well as improved operational capacity in general. The Governor's budget proposal for 2023-24 keeps funding level at about $25.7 million in non-Proposition 98 General Fund and $12.2 million in special funds and reimbursements for Chancellor's Office operations.

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

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 adjusting 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 proposals (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 California Community Colleges budget. Following release of the May Revision, the LAO publishes additional analyses evaluating new and amended proposals.

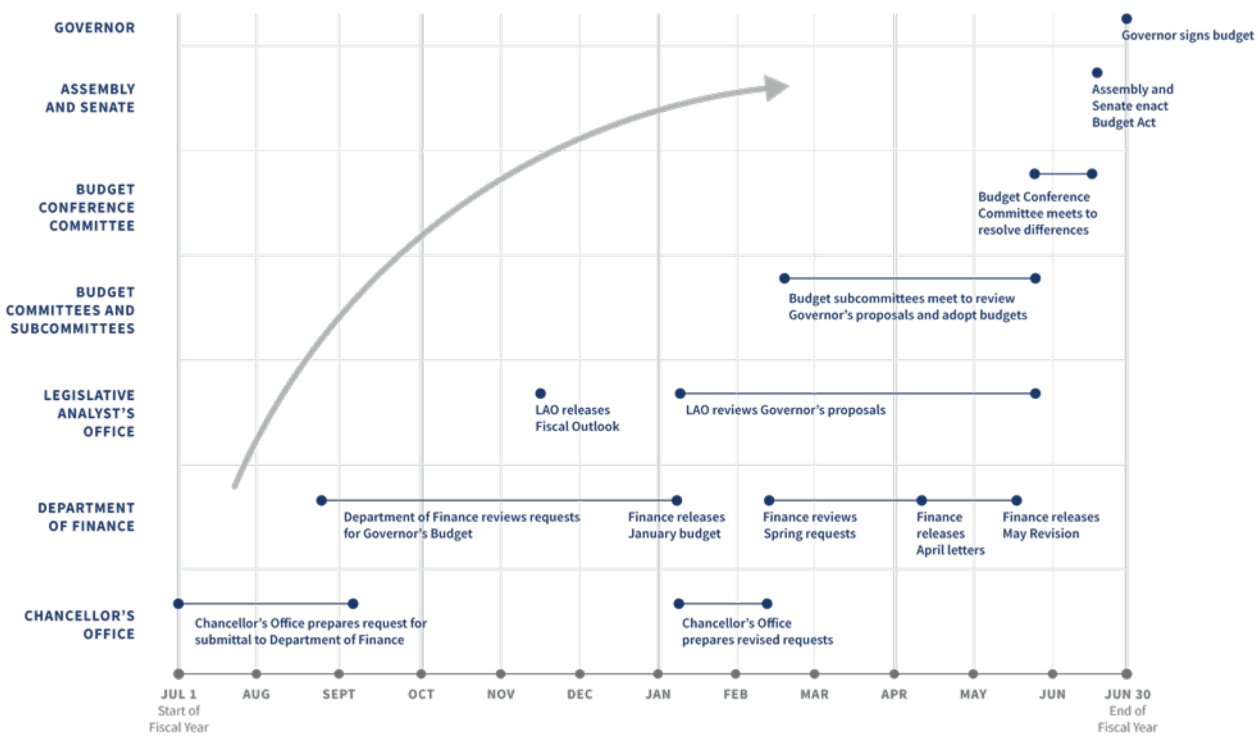
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can 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

The system budget request considered fiscal needs over multiple years to support the system in achieving the *Vision for Success* and Roadmap goals; it focused on leveraging prior year investments and furthering recent reforms.

Board of Governor's Request	Governor's Budget Proposal
Ongoing Investments	
Foundational Resources. $400 million for base funding increase.	Provides $652.6 million for a COLA of 8.13% and $28.8 million for 0.5% enrollment growth.
Diversity, Equity and Inclusion. $2 million to leverage federal match for Foster and Kinship Care Education program; $80 million for expanded campus childcare; $60 million increase to DSPS.	Not funded.
Pathways and Student Supports. $70 million for implementation of corequisite support models.	Provides $92.5 million for 8.13% COLA for selected categorical programs and the Adult Education Program.
Support for Faculty and Staff. $50 million for faculty supports across hiring, parity, curriculum development and office hours; $10 million for CCC Teacher Preparation Program	Instead, it includes $200,000 for operation of a district leadership and fiscal accountability program with FCMAT.
Technology and Data Sharing. $30 million for technology capacity to support flexible and online learning modalities; $200,000 for streamlined reporting process; $92 million for Common ERP (beginning in 2024-25).	Instead, it offers streamlined reporting and district spending flexibility for certain categorical programs to districts making progress toward Roadmap goals.
College Affordability and Supports. $10 million for structural reforms to financial aid administration; policy changes to cover Student Success Completion Grants for student Board of Governors members and to extend eligibility for AB 540 tuition exemption to students who have completed 60 units or an ADT.	Not funded.
One-Time Investments	
Pathways and Student Supports. $150 million to establish Childcare Expansion Fund for upgrading facilities and enhancing partnerships for campus childcare; $23 million to incentivize colleges to identify and implement changes to structures and processes to reduce excess units; $2.7 million for Intersegmental Transfer Success Collaborative of cross-segment disciplinary faculty; $231,000 for analysis of online learning innovations; $20 million for infrastructure for students with disabilities.	Instead, it provides $200 million to support college efforts and strategies to increase student retention rates and enrollment, and $14 million for workforce training grants related to forestry and fire protection.

Technology and Data Sharing. $2.2 million for creation of streamlined reporting tool; $300 million for Common ERP (in 2024-25)	Not mentioned.
Institutional Quality and Capacity. $150 million one-time for deferred maintenance.	Decreases 2022-23 funds for deferred maintenance by $213 million to cover the cost of additional investment in retention and enrollment strategies described above. Provides $75,000 to develop the leadership and fiscal accountability program with FCMAT (see ongoing funding above).
Non-Proposition 98 Investments	
College Affordability and Supports. $900 million one-time for construction grants for student housing	Delays $250 million of the anticipated support for housing projects to 2024-25 (so provides $500 million rather than $750 million in 2023-24).
Pension Relief. Unspecified one-time investment to allow redirection of resources toward student success goals.	Not funded.
Capacity to Support the System. $963,000 ongoing for 5 additional Chancellor's Office staff to support NOVA platform	Not funded.
Workforce Education. Policy changes to revise Economic Workforce Development program to emphasize collaboration, coordination, and expanded work-based learning.	Not mentioned.

Appendix C: Local Budgets and State Requirements

BUDGET PLANNING AND FORECASTING

Based on the information used in developing the state budget, it would be reasonable for districts to plan their budgets using information shown in Table C-1 below.

Table C-1: Planning Factors for Proposed 2023-24 Budget

Factor	2021-22	2022-23	2023-24
Cost-of-living adjustment (COLA)	5.07%	6.56%	8.13%
State Lottery funding per FTES[a]	$228	$237	TBD
Mandated Costs Block Grant funding per FTES[b]	$30.16	$32.68	$32.68
RSI reimbursement per hour[b]	$6.44	$8.82	$8.82
Financial aid administration per College Promise Grant[b]	$0.91	$0.91	$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	22.91%	25.37%	25.20%
State Teachers' Retirement System (CalSTRS) employer contribution rates	16.92%	19.10%	19.10%

[a] 2023-24 estimate not available

STATE REQUIREMENTS FOR DISTRICT BUDGET APPROVAL

Existing law requires the governing board of each district to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues by specified deadlines. Financial reporting deadlines are shown in Table C-2.

Table C-2: Standard Financial Reporting Deadlines in Place for 2023-24

Activity	Regulatory Due Date	Title 5 Section
Submit tentative budget to county officer.	July 1, 2023	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2023	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2023	58301
Complete the adopted annual financial and budget report and make public.	September 30, 2023	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2023	58305(d)
Submit an audit report to the Chancellor's Office.	December 31, 2023	59106

If the governing board of any district fails to develop a budget as described, the chancellor may withhold any apportionment of state or local money to the district for the current fiscal year until the district makes a proper budget. These penalties are not imposed on a district if the chancellor determines that unique circumstances made it impossible for the district to comply with the provisions or if there were delays in the adoption of the annual state budget.

The total amount proposed for each major classification of expenditures is the maximum amount that may be expended for that classification for the fiscal year. Through a resolution, the governing board may make budget adjustments or authorize transfers from the reserve for contingencies to any classification (with a two-thirds vote) or between classifications (with a majority vote).

STATE REQUIREMENTS RELATED TO EXPENDITURES

State law includes two main requirements for districts' use of apportionments. The Chancellor's Office monitors district compliance with both requirements and annually updates the Board of Governors.

Full-Time Faculty Obligation

Education Code Section 87482.6 recognizes the goal of the Board of Governors that 75% of the hours of credit instruction in the California Community Colleges should be taught by full-time faculty. Each district has a baseline reflecting the number of full-time faculty in 1988-89. Each year, if the Board of Governors determines that adequate funds exist in the budget, districts are required to increase their base number of full-time faculty over the prior year in proportion to the amount of growth in funded credit full-time equivalent students. Funded credit FTES includes emergency conditions allowance protections, such as those approved for fires and for the COVID-19 pandemic. Districts with emergency conditions allowances approved per regulation will not have their full-time faculty obligation reduced for actual reported FTES declines while the protection is in place. The target number of faculty is called the Faculty Obligation Number (FON). An additional increase to the FON is required when the budget includes funds specifically for the purposes of increasing the full-time faculty percentage. The chancellor is required to assess a penalty for a district that does not meet its FON for a given year.

Fifty Percent Law

A second requirement related to budget levels is a statutory requirement that each district spend at least half of its Current Expense of Education each fiscal year for salaries and benefits of classroom instructors. Under existing law, a district may apply for an exemption under limited circumstances.

Appendix D: Districts' Fiscal Health

The Board of Governors has established standards for sound fiscal management and a process to monitor and evaluate the financial health of community college districts. These standards are intended to be progressive, with the focus on prevention and assistance at the initial level and more direct intervention at the highest level.

Under that process, each district is required to regularly report to its governing board the status of the district's financial condition and to submit quarterly reports to the Chancellor's Office three times a year in November, February, and May. Based on these reports, the Chancellor is required to determine if intervention is needed. Specifically, intervention may be necessary if a district's report indicates a high probability that, if trends continue unabated, the district will need an emergency apportionment from the state within three years or that the district is not in compliance with principles of sound fiscal management. The Chancellor's Office's intervention could include, but is not limited to, requiring the submission of additional reports, requiring the district to respond to specific concerns, or directing the district to prepare and adopt a plan for achieving fiscal stability. The Chancellor also could assign a fiscal monitor or special trustee.

The Chancellor's Office believes that the evaluation of fiscal health should not be limited to times of crisis. Accordingly, the Fiscal Forward Portfolio has been implemented to support best practices in governance and continued accreditation, and to provide training and technical assistance to new chief executive officers and chief business officers through personalized desk sessions with Chancellor's Office staff.

The Chancellor's Office's ongoing fiscal health analysis includes review of key financial indicators, results of annual audit reports, and other factors. A primary financial health indicator is the district's unrestricted reserves balance. **The Chancellor's Office recommends that districts adopt policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of general fund operating expenditures or revenues, consistent with Budgeting Best Practices published by the Government Finance Officers Association.**

Districts are strongly encouraged to regularly assess risks to their fiscal health. The Fiscal Crisis and Management Assistance Team has developed a Fiscal Health Risk Analysis for districts as a management tool to evaluate key fiscal indicators that may help measure a district's risk of insolvency in the current and two subsequent fiscal years.

Appendix E: Glossary

Appropriation: Money set apart by legislation for a specific use, with limits in the amount and period 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.

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 that 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).

Deferrals: Late payments to districts when the state cannot meet its funding obligations. Deferrals allow districts to budget for more money than the state will provide in a given year. A district is permitted to spend as if there is no deferral. Districts typically rely on local reserves or short-term loans (e.g., TRANS) to cover spending for the fiscal year.

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.

Education Protection Account (EPA): The Education Protection Account (EPA) was created in November 2012 by Proposition 30, the Schools and Local Public Safety Protection Act of 2012, and amended by Proposition 55 in November 2016. Of the funds in the account, 89 percent is provided to K-12 education and 11 percent to community colleges. These funds are set to expire on December 31, 2030.

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 that 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.

Related and Supplemental Instruction (RSI): An organized and systematic form of instruction designed to provide apprentices with knowledge including the theoretical and technical subjects related and supplemental to the skill(s) involved.

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.

Tax and Revenue Anticipation Notes (TRANs): Short-term debt instruments issued in anticipation of taxes or other revenues to be collected at a later date.

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

California Department of Finance

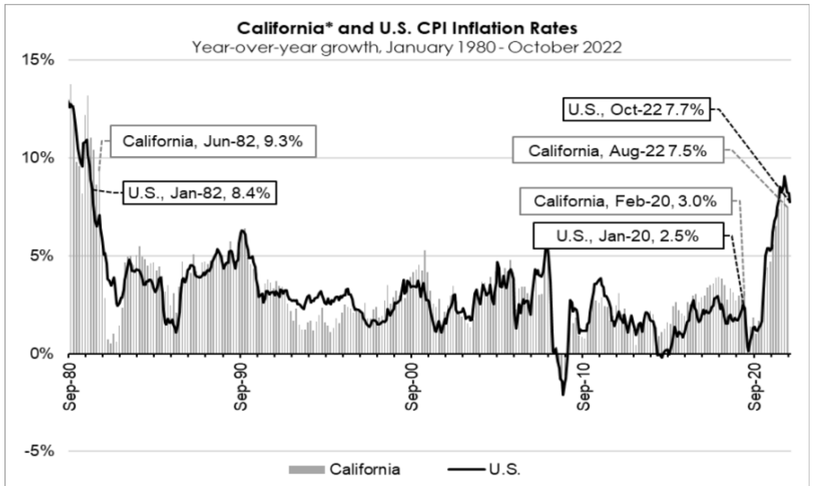
November 2022

Finance Bulletin

Joe Stephenshaw, Director

Economic Update

U.S. headline inflation decelerated for the fourth consecutive month to 7.7 percent year-over-year in October 2022, down 0.5 percent from September and the largest such decrease since July 2022. Core inflation—which excludes food and energy—decelerated to 6.3 percent year-over-year, down 0.3 percent from September. Transportation inflation, which includes gasoline, decelerated 1.4 percent to 11.2 percent while shelter inflation accelerated 0.3 percent to 6.9 percent from September.



*California available through August 2022.
Source: U.S. Bureau of Labor Statistics; California Department of Industrial Relations.

Labor Market Conditions

- The U.S. unemployment rate increased 0.2 percentage point to 3.7 percent in October 2022. U.S. civilian employment decreased by 328,000 in October, while civilian unemployment increased by 306,000. During the month, the labor force decreased by 22,000 people in October, bringing the labor force participation rate down 0.1 percentage point to 62.2 percent. The U.S. added 261,000 nonfarm jobs in October 2022, following an average monthly gain of 423,000 for the first nine months of 2022. Ten of the eleven major sectors added jobs: educational and health services (79,000), professional and business services (39,000), leisure and hospitality (35,000), manufacturing (32,000), trade, transportation, and utilities (31,000), government (28,000), other services (9,000), information (4,000), financial activities (3,000), and construction (1,000). Mining and logging did not gain or lose any new jobs. U.S. nonfarm payroll employment was 0.5 percent above its February 2020 level in October 2022.

- Similar to the nation, California's unemployment rate also rose 0.2 percentage points to 4 percent in October 2022. California civilian unemployment increased by 35,400, civilian employment decreased by 40,500, and 5,100 people dropped out of the labor force. There were 230,900 (1.2 percent) fewer employed and around 256,900 (1.3 percent) fewer persons in the labor force in October 2022 than in February 2020. California added 56,700 nonfarm jobs in October 2022, driven by gains in educational and health services (16,800), professional and business services (16,400), and leisure and hospitality (13,500), followed by manufacturing (6,400), trade, transportation, and utilities (4,600), information (4,100), financial activities (3,600), and other services (100). Both government (-8,700) and construction (-100) lost jobs and as with the nation, mining and logging saw no change. As of October 2022, California had fully recovered all of the nearly 2.8 million nonfarm jobs lost in March and April 2020 at the peak of the COVID-19 Pandemic and was 30,800 jobs (0.2 percent) above its February 2020 level.

Building Activity

- Year-to-date through September 2022, California permitted 122,000 units seasonally-adjusted annualized rate (SAAR), up 1.2 percent from August 2022 but down 2.3 percent from a year ago in September 2021. September permits consisted of 65,000 single-family units (down 1.6 percent from August, and also down 3.6 percent year over year) and 57,000 multi-family units (up 4.5 percent from August and also up 9.9 percent year over year).

- The statewide median price of existing single-family homes decreased to $821,680 in September 2022, down 2.1 percent from August but up 1.6 percent from September 2021. Sales of existing single-family homes in California decreased to 305,680 units (SAAR) in September 2022, down 2.5 percent from August and down 30.2 percent from September 2021.

Preliminary General Fund agency cash receipts for October were $7.055 billion, or 179 percent, above the 2022-23 Budget Act forecast of $3.94 billion due to lower-than-assumed personal income tax refunds related to tax year 2021 from the Pass-Through Entity (PTE) elective tax. A substantial portion of this one-time revenue gain in October is a timing issue as unused PTE elective credits can be carried forward to subsequent years. For the fifth consecutive month, cash receipts related to tax year 2022, such as from withholding, continue to indicate considerable ongoing weakness.

- Personal income tax cash receipts to the General Fund for October were $7.426 billion above the month's forecast of $1.063 billion. Because the PTE elective tax is a new tax, there was limited information and no historical data on which to base assumptions concerning taxpayer behavior. Many taxpayers file their returns on extension in October and the Budget Act forecast assumed that around half of the 2021 PTE elective tax credits, or approximately $7 billion, would be claimed and returned to taxpayers as refunds in October. However, this assumption did not materialize as refunds came in $7.583 billion lower than the $9.691-billion projection, leading to a one-time gain related to tax year 2021 that will be offset in future years when the unused PTE elective credits are used. October final payments, which also relate to tax year 2021, were $712 million above forecast. October withholding receipts were below projections for the fifth consecutive month, falling $575 million, or 7.4 percent, below forecast.

- Corporation tax cash receipts for October were $209 million, or 54.2 percent, above the forecast of $386 million, largely due to unanticipated PTE payments. October is not a significant month for the corporation tax.

- Sales and use tax cash receipts for October were $633 million, or 28 percent, below forecast. However, lower revenues were due to the shifting of some payments from October to November, which likely will result in cash receipts exceeding projections in November. October included a portion of the final payment for third quarter taxable sales.

2022-23 Comparison of Actual and Forecast Agency General Fund Revenues
(Dollars in Millions)

	OCTOBER 2022				2022-23 YEAR-TO-DATE			
Revenue Source	**Forecast**	**Actual**	**Difference**	**Percent Difference**	**Forecast**	**Actual**	**Difference**	**Percent Difference**
Personal Income	**$1,063**	**$8,489**	**$7,426**	**698.6%**	**$30,292**	**$33,012**	**$2,720**	**9.0%**
Withholding	7,758	7,183	-575	-7.4%	30,594	27,695	-2,899	-9.5%
Estimated Payments	564	428	-135	-24.0%	6,901	4,171	-2,731	-39.6%
Final Payments	1,891	2,603	712	37.7%	2,646	3,640	994	37.6%
Other Payments	598	546	-52	-8.7%	2,195	2,313	118	5.4%
Refunds	-9,691	-2,109	7,583	-78.2%	-11,353	-4,147	7,206	-63.5%
MHSF Transfer	-20	-152	-132	672.2%	-545	-591	-47	8.6%
Corporation	**$386**	**$595**	**$209**	**54.2%**	**$3,997**	**$4,299**	**$302**	**7.6%**
Estimated Payments	281	244	-37	-13.1%	2,991	2,774	-217	-7.3%
PTE Payments	0	273	273	n/a	0	989	989	0.0%
Other Payments	504	473	-31	-6.1%	1,794	1,657	-137	-7.6%
Refunds	-398	-395	3	-0.8%	-788	-1,121	-333	42.2%
Sales & Use	**$2,264**	**$1,631**	**-$633**	**-28.0%**	**$10,827**	**$9,914**	**-$913**	**-8.4%**
Insurance	**$53**	**$43**	**-$10**	**-18.6%**	**$915**	**$934**	**$18**	**2.0%**
Pooled Money Interest	**$32**	**$118**	**$86**	**266.9%**	**$126**	**$331**	**$205**	**162.7%**
Alcohol	**$37**	**$39**	**$2**	**6.2%**	**$150**	**$153**	**$3**	**2.2%**
Tobacco	**$4**	**$4**	**$0**	**10.0%**	**$17**	**$18**	**$1**	**5.2%**
Other	**$100**	**$74**	**-$26**	**-25.7%**	**$561**	**$501**	**-$60**	**-10.8%**
Total	**$3,940**	**$10,995**	**$7,055**	**179.1%**	**$46,885**	**$49,162**	**$2,276**	**4.9%**

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller. The personal income total includes Individual Shared Responsibility Penalty transfers. The forecast is from the 2022 Budget Act.

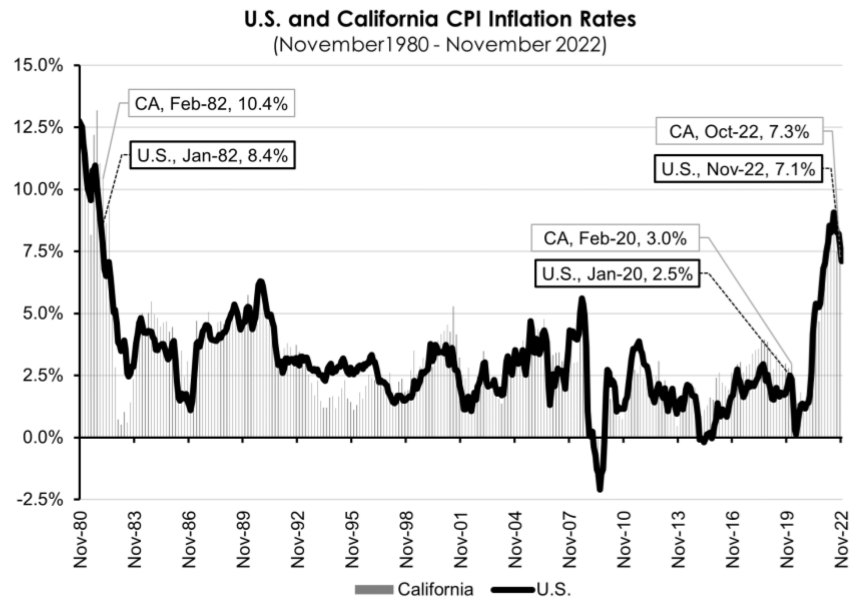
California Department of Finance

Finance Bulletin

December 2022

Joe Stephenshaw, Director

Economic Update



U.S. headline inflation slowed for the fifth consecutive month to 7.1 percent year-over-year in November 2022, down from 7.7 percent in October and from the peak of 9.1 percent in June. Core inflation, which excludes food and energy, slowed to 6.0 percent year-over-year, down 0.3 percentage point from October. Food and energy inflation remain elevated at 10.6 and 13.1 percent year-over-year respectively, despite the notable decline of food inflation from 10.9 percent and energy inflation from 17.6 percent in October. Shelter inflation, which measures rent currently paid by tenants, rose 7.1 percent as the measure does not fully reflect recent declines in asking rents and it is lagged by about six to twelve months.

LABOR MARKET CONDITIONS

- The U.S. unemployment rate remained unchanged from October 2022 at 3.7 percent in November 2022. Both U.S. civilian employment and unemployment decreased in November by 138,000 and 48,000, respectively. During the month, the labor force decreased for a third consecutive month by 186,000 people in November, bringing the labor force participation rate down 0.1 percentage point to 62.1 percent, 1.3 percentage points below the February 2020 rate. The U.S. added 263,000 nonfarm jobs in November 2022, the smallest job gain since April 2021 and slower than the average monthly gain of 405,000 for the first ten months of 2022. Ten of the eleven major sectors added jobs: leisure and hospitality (88,000), educational and health services (82,000), government (42,000), other services (24,000), construction (20,000), information (19,000), manufacturing (14,000), financial activities (14,000), professional and business services (6,000), and mining and logging (3,000). Trade, transportation, and utilities lost 49,000 jobs in November. U.S. nonfarm payroll employment was over 1million (0.7 percent) above its February 2020 level in November 2022.

- California's unemployment rate rose 0.1 percentage point to 4.1 percent in November 2022. California civilian unemployment increased by 21,800 while civilian employment decreased by 42,700, and 21,000 people dropped out of the labor force. There were 273,400 (1.5 percent) fewer employed and around 282,000 (1.4 percent) fewer persons in the labor force in November 2022 than in February 2020. California added 26,800 nonfarm jobs in November 2022, driven by gains in leisure and hospitality (13,900), educational and health services (13,400), information (6,300), professional and business services (4,700), other services (2,800), financial activities (2,500), government (2,200), manufacturing (1,100), construction (200), and mining and logging (100). Trade, transportation, and utilities lost 20,400 jobs in November. California had 60,700 jobs (0.3 percent) more jobs in November 2022 than February 2020.

BUILDING ACTIVITY

- The statewide median price of existing single-family homes decreased to $777,500 in November 2022, down 3 percent from October and down 0.6 percent from November 2021. Sales of existing single-family homes in California decreased to 237,740 units (SAAR) in November 2022, down 13.2 percent from October and down 47.7 percent from November 2021.

Preliminary General Fund agency cash receipts for the first five months of the 2022-23 fiscal year were $1.088 billion above the 2022 Budget Act forecast. However, this includes an estimated net positive impact from the timing of Pass-Through Entity (PTE) Elective Tax credit usage and payments of $5.7 billion. Excluding the impact of the PTE Elective Tax, 2022-23 year-to-date cash receipts would be an estimated $4.6 billion below forecast, largely driven by personal income tax payments related to tax year 2022. November cash receipts were $1.192 billion below the forecast of $12.669 billion due to lower personal income tax revenues.

- Personal income tax cash receipts for the first five months of the fiscal year were $35 million below the forecast of $38.733 billion. Lower PTE Elective Tax credit usage is estimated to have increased personal income tax cash receipts by $4.6 billion for the fiscal year. Personal income tax cash receipts for November were $2.755 billion below the forecast of $8.441 billion, largely due to higher refunds and lower withholding. November refunds exceeded the forecast by $1.508 billion due to higher PTE Elective Tax credit usage of an estimated $1 billion. November withholding receipts were below projections for the sixth consecutive month, falling $1.299 billion below forecast. Withholding receipts declined 9.5 percent year-over-year, which is larger than the 2.4-percent average year-over-year decline observed between June and October.

- Corporation tax cash receipts for the first five months of the fiscal year were $566 million above the forecast of $4.228 billion. Higher PTE Elective Tax payments increased corporation tax receipts by $1.1 billion for the fiscal year. Corporation tax cash receipts for November were $264 million above the month's forecast of $232 million, with $160 million due to higher Elective PTE Tax payments. November is not a significant month for the corporation tax.

- Sales and use tax cash receipts for the first five months of the fiscal year were $210 million above the forecast of $14.04 billion. Sales and use tax cash receipts for November were $1.12 billion above the forecast of $3.213 billion. Higher receipts were partially due to the shifting of some October payments to November, which led to October receipts falling short of projections. For October and November combined, sales and use tax cash receipts were $487 million above forecast. November included a portion of the final payment for third quarter taxable sales.

2022-23 Comparison of Actual and Forecast Agency General Fund Revenues
(Dollars in Millions)

	NOVEMBER 2022				2022-23 YEAR-TO-DATE			
Revenue Source	**Forecast**	**Actual**	**Difference**	**Percent Difference**	**Forecast**	**Actual**	**Difference**	**Percent Difference**
Personal Income	**$8,441**	**$5,686**	**-$2,755**	**-32.6%**	**$38,733**	**$38,698**	**-$35**	**-0.1%**
Withholding	8,419	7,120	-1,299	-15.4%	39,013	34,815	-4,198	-10.8%
Estimated Payments	391	284	-107	-27.4%	7,292	4,454	-2,838	-38.9%
Final Payments	260	309	48	18.5%	2,906	3,948	1,042	35.9%
Other Payments	475	540	65	13.6%	2,670	2,852	183	6.8%
Refunds	-917	-2,425	-1,508	164.5%	-12,270	-6,573	5,697	-46.4%
MHSF Transfer	-152	-102	50	-32.9%	-697	-693	3	-0.5%
Corporation	**$232**	**$496**	**$264**	**114.0%**	**$4,228**	**$4,795**	**$566**	**13.4%**
Estimated Payments	229	213	-17	-7.3%	3,220	2,987	-234	-7.3%
PTE Payments	0	160	160	N/A	0	1,149	1,149	N/A
Other Payments	304	377	73	24.0%	2,098	2,035	-64	-3.0%
Refunds	-302	-255	47	-15.7%	-1,090	-1,376	-286	26.2%
Sales & Use	**$3,213**	**$4,332**	**$1,120**	**34.8%**	**$14,040**	**$14,249**	**$210**	**1.5%**
Insurance	**$614**	**$608**	**-$6**	**-1.0%**	**$1,530**	**$1,542**	**$13**	**0.8%**
Pooled Money Interest	**$27**	**$131**	**$104**	**385.2%**	**$153**	**$462**	**$309**	**201.9%**
Alcohol	**$38**	**$35**	**-$3**	**-7.2%**	**$188**	**$188**	**$1**	**0.3%**
Tobacco	**$4**	**$4**	**$0**	**-3.5%**	**$21**	**$22**	**$1**	**3.5%**
Other	**$100**	**$185**	**$85**	**84.5%**	**$661**	**$685**	**$24**	**3.7%**
Total	**$12,669**	**$11,477**	**-$1,192**	**-9.4%**	**$59,554**	**$60,642**	**$1,088**	**1.8%**

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller. The personal income total includes Individual Shared Responsibility Penalty transfers. The forecast is from the 2022 Budget Act.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Inflation Persists

BY PATTI F. HERRERA, EDD

posted November 10, 2022

The Bureau of Labor Statistics (BLS) released the latest data on inflation today, November 10, 2022, showing that broad inflation remains a persistent economic concern. The consumer price index rose 0.4% in October —increasing at the same rate in September—and 7.7% on an unadjusted annual basis.

Unsurprisingly, everyday goods and services drove the increase with the costs of food, gas, and shelter going up. The less volatile core inflation, which excludes food and energy costs increases, also rose in October, by 0.3% (or by 6.3% on an unadjusted annual basis). According to the BLS, the October inflation data represent the smallest annual increases for the period ending in January 2022—a modest but promising signal that efforts to combat inflation may be working.

Last week, the Federal Reserve (Fed) once again increased the federal funds rate by 75 basis points. Fed action, following three other increases of the same magnitude earlier this year, is designed to curb consumer spending by making the cost of borrowing higher. Concerns are growing that the Fed's aggressive monetary tightening polices (not seen since the 1980s), may catapult the U.S. economy into a recession, and many investors were hoping that its November statement would signal an impending shift to soften rate increases in an effort to avoid a downturn. Instead, the Fed statement indicated that ongoing increases "in the target range" would likely be necessary to return inflation to the 2.0% goal.

While the Fed's recent action and accompanying statement initially had the U.S. stock market reeling, today's inflation news is buoying investor hopes that inflation finally may be reaching its peak. As a reminder, Wall Street performance is particularly important for the California economy (now the 4th largest economy in the world, surpassing Germany) and state General Fund revenue as capital gains yields or losses impact personal income tax collections, the state's single largest source of revenue.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Proposition 28 and Two Other Statewide Ballot Measures Approved

BY KYLE HYLAND

posted November 10, 2022

The California 2022 Midterm Election included seven statewide ballot measures for voters to consider. Of those seven propositions, five were placed on the ballot through the initiative process (requiring registered voter signatures), one was placed on the ballot by the California State Legislature, and the final one was placed on the ballot via the state's referendum process (requiring registered voter signatures) whereby voters have the power to approve or reject statutes enacted through the legislative process.

Although there are still a number of unprocessed ballots left to count, the races for all seven propositions officially have been called by the campaigns and media outlets.

Below, we provide the results for each ballot proposition, including a brief description of the measure.

Successful Propositions

Proposition 1—Approved 65% to 35%, this measure prohibits the state from interfering with or denying an individual's reproductive freedom, which is defined to include a right to an abortion and a right to contraceptives

Proposition 28—Approved 61% to 39%, this proposition provides additional funding outside of Proposition 98 each year for arts and music education in all K-12 public schools (including charter schools) beginning with the 2023-24 fiscal year (see *Community College Update* article "Proposition 28 and the Minimum Guarantee" for more information)

Proposition 31—Approved 62% to 38%, this referendum upholds Senate Bill 793 (Hill, Statutes of 2020), which prohibits the sale of flavored tobacco products or a tobacco product flavor enhancer

These three successful ballot measures will officially become state law on the fifth day after the Secretary of State certifies the 2022 election results unless a different effective date is specified by the measure.

Unsuccessful Propositions

Proposition 26—Defeated 70% to 30%, this measure would have legalized sports betting at American Indian gaming casinos and licensed racetracks in California

Proposition 27—Defeated 83% to 17%, this initiative would have legalized online and mobile sports betting for those 21 years of age or older

Proposition 29—Defeated 70% to 30%, this proposition would have required dialysis clinics to have at least one physician, nurse practitioner, or physician assistant while patients are being treated

Proposition 30—Defeated 59% to 41%, this measure would have increased the tax on personal income above $2 million by 1.75% and would have dedicated the revenue to zero-emission vehicle subsidies/infrastructure and wildfire suppression and prevention programs

Payroll and Benefit Parameters Set by the IRS for 2023

BY CAROL WOLFE, CPA

BY CHARLENE QUILAO

posted November 14, 2022

Each tax year, the Internal Revenue Service (IRS) designates changes in the various payroll and benefit parameters. The following will be in effect starting January 1, 2023:

Social Security Taxes

- Social Security tax earnings base is $160,200 (up from $147,000 in 2022)

- An additional employee-only Medicare tax of 0.9% applies to wages in excess of $200,000 for single taxpayers and $250,000 for married taxpayers filing jointly; however, an employer must withhold additional Medicare tax from wages paid to an individual in excess of $200,000 in a calendar year, without regard to the individual's filing status or wages paid by another employer (no change from 2022)

Health Savings Accounts

- Minimum deductible for high-deductible health plans is $1,500 for single coverage and $3,000 for family coverage (up from $1,400 and $2,800, respectively, in 2022)

- Maximum annual out-of-pocket limit for high-deductible health plans is $7,500 for single coverage and $15,000 for family coverage (up from $7,050 and $14,100, respectively, in 2022)

- Maximum contribution to a health savings account is $3,850 for single coverage and $7,750 for family coverage (up from $3,650 and $7,300, respectively, in 2022)

- Maximum "catch-up" contribution (age 55 or over) is $1,000 for single and family coverage (unchanged from 2022)

Flexible Spending Accounts

- Maximum pre-tax contribution to health care reimbursement flexible spending accounts is $3,050 (up from $2,850 in 2022)

Section 403(b) Tax-Sheltered Annuities

- Maximum amount of employee elective deferrals is $22,500 (up from $20,500 in 2022)

- Employees ages 50 and older—who also meet other requirements—can make up to $7,500 in additional catch-up contributions (up from $6,500 in 2022)

Section 457 Deferred Compensation Plans

- Maximum amount of employee elective deferrals is $22,500 (up from $20,500 in 2022)

- Employees ages 50 and older—who also meet other requirements—can make up to $7,500 in additional catch-up contributions (up from $6,500 in 2022)

Travel Expenses

- Per diem rates (or "high-low" standard) can all be found on the U.S. General Services Administration website

- The IRS has not yet announced the mileage reimbursement rate for 2023; we will provide that information once it becomes available

BOG Adopts 2023 FON and Elects New Leadership for 2023

BY KYLE HYLAND

posted November 16, 2022

By November 20 each year the California Community Colleges (CCC) Board of Governors (BOG) is required to determine whether there are adequate funds provided in the most recent State Budget Act to support an increase to the full-time faculty hiring obligation number (FON) for the following fall.

At the November 14, 2022, BOG meeting, the California Community Colleges Chancellor's Office (CCCCO) recommended to the board to increase the FON for fall 2023. The CCCCO analysis found that the 2022-23 State Budget Act provided the CCC system with a substantial increase in overall funding, compared to 2021-22 levels, through a combination of ongoing and one-time funds. The analysis references the significant investments in per-student funding, including deferred maintenance, student basic needs, and support for faculty. The CCCCO also highlights that the State Budget includes a 6.56% cost-of-living adjustment and a $600 million base increase for the Student Centered Funding Formula.

The BOG members agreed with the CCCCO recommendation and unanimously approved an increase to the 2023 FON for community college districts. You can find your district's 2023 FON here.

With November being the final BOG meeting of the calendar year, the board also elected a new president and vice president for 2023. At the September BOG meeting, Amy Costa was nominated to succeed Pamela Haynes as the BOG president and Hildegarde Aguinaldo was nominated to succeed Costa as vice president. With no other nominees to consider, the BOG unanimously approved Costa and Aguinaldo as the 2023 BOG president and vice president, respectfully. Their term will officially begin when the board meets on January 23, 2023.

If you would like to see the other items discussed at the November meeting, you can find the agenda and recorded video here.

LAO Issues Forecast for Economy and Education Funding

BY PATTI F. HERRERA, EDD

posted November 16, 2022

Each November, the Legislative Analyst's Office (LAO)—the California Legislature's budget and policy advisor—issues its *Fiscal Outlook* report with an updated analysis of the state's economic and budget condition, which has significant funding implications for public K-12 and community colleges agencies.

Economic Trends Drive Forecast

Unsurprisingly, overarching the LAO's *2023-24 Budget Fiscal Outlook* is the dampening state and national economies driven in large part by broad, high, and persistent inflation despite efforts to tame spending, which has driven costs of goods and services up through the COVID-19 recovery period. The LAO assumes that inflation will continue to be a drag on the state's economy, reducing General Fund revenues significantly, but falls short of forecasting an economic recession.

Given larger economic trends, the LAO projects that California faces a $25 billion budget deficit heading into the 2023-24 fiscal year with annual (but diminishing) deficits through their forecast period ending in 2026-27. They caution that their budget year forecast may underestimate the state's budget problem if inflationary costs for all programs funded by the General Fund are accounted for (the LAO's cost estimate only accounts for inflation for programs that have statutory cost adjustment mechanisms).

If the state's economy should go into a recession, the LAO notes that their forecasted budget deficit could worsen significantly.

Lower state revenues also reduce the contribution amount the state is required to make into the Budget Stabilization Account (BSA), or state reserve. The LAO's revised revenue estimates suggest that the state's BSA obligation is reduced by $5 billion across 2021-22, 2022-23, and 2023-24. This leaves California with a sizeable ($22 billion) rainy day fund. This, the LAO notes, is sufficient to cover the anticipated budget-year deficit but would be insufficient if California enters a recession. Nevertheless, the LAO recommends that, given the level of economic and revenue uncertainty for the remainder of the fiscal year, the Legislature begin budget deliberations without using reserves.

Proposition 98 Forecast and Reserve

The Proposition 98 minimum guarantee is directly related to the overall health of the California economy, and particularly the performance of state revenues. Consequently, the LAO's revised estimates for education funding are sobered by larger economic trends. In fact, revenues that affect the calculation of the minimum guarantee are now estimated to be over $15 billion *below* 2022-23 State Budget estimates for fiscal years 2021-22 and 2022-23. The downward revenue adjustments require corresponding adjustments to the minimum guarantee, although changing actual K-14 expenditures included in the 2022-23 Enacted Budget requires legislative action.

Notably, local property tax estimates are slightly higher than State Budget projections (up $237 million); however, those gains are lost as a result of lower General Fund revenues contributing to the minimum guarantee equal to approximately $5.87 billion across the current and prior fiscal year.

The *Fiscal Outlook* includes the following revisions for 2021-22 and 2022-23:

Proposition 98 Minimum Guarantee
(in millions)

	2021-22		**2022-23**	
	June Budget Act	*Fiscal Outlook*	*June Budget Act*	*Fiscal Outlook*
General Fund	$83,677	$83,306	$82,312	$76,811
Property Tax	26,560	26,727	28,042	28,112
Total	**$110,237**	**$110,033**	**$110,354**	**$104,923**

The reductions in the minimum guarantee cause prior- and current-year education spending to exceed revised estimates by $620 million in 2021-22, and by $1.8 billion in 2022-23. However, in its multiyear outlook, the LAO anticipates diminishing program costs, particularly in the Local Control Funding Formula. After revising the 2022-23 minimum guarantee to $104.9 billion and accounting for $1.8 billion in costs above the revised amount, the 2023-24 minimum guarantee is forecast to be $108.2 billion, a 1.4% increase above revised 2022-23 estimates. Importantly, beginning in 2023-24, estimates of the minimum guarantee include projected education revenues on top of Proposition 98 obligations resulting from the passage of Proposition 28 (2022) to support arts and music instruction in K-12 public schools.

Proposition 98 Minimum Guarantee Forecast
(in millions)

	2022-23	**2023-24**	**2024-25**	**2025-26**	**2026-27**
General Fund	$78,613	$78,098	$81,829	$87,258	$95,354
Property Tax	28,112	30,077	31,627	32,573	33,927

Total	**$106,724**	**$108,175**	**$113,456**	**$119,831**	**$129,281**

Over the forecast period and by 2026-27, the LAO expects the minimum guarantee to be determined by Test 1 and to increase from the revised current levels by 21%.

Reduced state revenues cause the LAO's forecast of the minimum guarantee to grow at a slower rate than increases in student attendance and inflation. Consequently, under the forecast, the LAO estimates that the state will be required to make withdrawals from the Proposition 98 reserve of $2.4 billion, $3.1 billion, and $2.8 billion in 2023-24, 2024-25, and 2025-26, respectively. These withdrawals offset reductions in the minimum guarantee; however, based on updated estimates, the Proposition 98 reserve would be depleted by 2025-26 (at which point the local K-12 district reserve cap would become inoperable) before beginning to be restored in 2026-27.

K-12 and Community College Program Costs

Within the context of diminishing revenues, program costs of K-12 and community college agencies are expected to rise, due largely to inflationary pressures felt by the larger economy. The *Fiscal Outlook* revises the LAO's estimated statutory cost-of-living adjustment (COLA) for K-12 and community college programs to 8.73% in 2023-24, up from 2022-23 State Budget predictions of 5.38% and the highest COLA since 1979-80. The estimated COLA is based on six of the eight quarters available that determine the COLA, with the final two being reported next January and April. The LAO further expects the COLA to remain high relative to historical trends through the forecast period due to persistent inflation across the economy.

Forecast K-14 COLA Estimates

2023-24	8.73%
2024-25	5.30%
2025-26	4.50%
2026-27	4.20%

In 2023-24, the LAO estimates that an 8.73% COLA would cost the minimum guarantee $7.9 billion, which is approximately $300 million more than what it estimates will be available in funding. To live with the means of the minimum guarantee, the COLA would need to be reduced to 8.38%—an authority granted to the director of the Department of Finance upon notification to the Legislature.

The estimated withdrawals from the Proposition 98 reserve help to address gaps in Proposition 98 revenues and costs in K-14 programs over the forecast period. In 2023-24, the reserve withdrawal reduces the shortfall and then fully compensates for shortfalls in the outyears across the forecast period.

LAO Recommendations for Education

The LAO makes a suite of recommendations for the Legislature to consider when planning for the upcoming budget. Across all spending, they recommend that the Legislature recoup appropriated but unspent funds, as well as consider reducing expenditures that are demonstrating little impact.

For K-14 education specifically, the LAO recommends reducing the COLA even below the 8.38% level that the minimum guarantee could afford in 2023-24, noting that every 1.00% reduction in the COLA lowers ongoing spending by approximately $910 million. The LAO also recommends that the Legislature reduce and revise funding for K-12's Expanded Learning Opportunities Program and fund some community college programs that are under capacity based on actual enrollment.

The Road Ahead

In many ways, the LAO's *Fiscal Outlook* report is unsurprising as trends in the economy change. We eagerly await the release of Governor Gavin Newsom's 2023-24 State Budget proposal on or before January 10, 2023, to elucidate his priorities for K-14 education.

2022 Local Election Results

BY PATTI F. HERRERA, EDD

posted November 17, 2022

As state election officials across the nation work to count every vote cast during the 2022 midterm elections to determine who will control the U.S. House of Representatives, lesser attention is being paid to local education finance measures that populated county ballots throughout California, which asked local voters to support funding for school and community college construction projects and education programs. We summarize preliminary results below.

Local educational agencies (LEAs) presented 100 school bond measures totaling $22.6 billion to their voters on November 8, 2022. Of those measures, 99 were Proposition 39 bonds that require support from 55% of voters to pass, and only one was a two-thirds general obligation bond, which, as of this writing, only secured 52% voter approval, far from the 66.6% vote needed to pass. The preliminary results of the Proposition 39 bonds, of which there were 99 (including School Facility Improvement District bonds), show a below-average success rate. Currently, only 64 of the Proposition 39 bonds have secured the 55% voter approval rate to pass. Importantly, however, election officials are still counting votes, which can change the results.

Among the local bonds that have not secured the minimum vote to pass at the time of this publication, 21 have "Yes" vote rates between 50-55%. If these measures were to pass once all votes are tallied, that would bring the statewide passage rate for Proposition 39 bonds (approximately 86%) closer to the historical passage rate since LEAs were authorized to pursue them in 2000.

In addition to local school and community college construction bonds, seven parcel taxes appeared on midterm ballots. Only one failed to secure the two-thirds vote to pass with a preliminary "Yes" vote rate of 48%. Four of the seven parcel tax measures received at least 75% voter support.

Once all elections are certified, we will publish the results of the bond and parcel tax measures. Counties must certify election results by December 5, 2022.

What Does Split Congress Mean for FY 2023 Budget and Debt Ceiling Negotiations?

BY KYLE HYLAND

posted November 23, 2022

While there are still four House of Representative contests that have yet to be called three weeks removed from the November 8, 2022, Midterm Election, we do know that congressional power will be split when Congress gavels in the new 2023-24 session in January. On January 3, 2023, Republicans will officially retake the House with a thin majority while the Senate will remain in Democratic control.

The 2023 split Congress makes things interesting for the current lame-duck session, which still has business to conduct before the new congressional members can be sworn in in January. There are two huge fiscal issues looming for this current Congress before the end of the calendar year, the fiscal year (FY) 2023 federal budget and the raising of the national debt ceiling.

Right now, the federal government is operating on a continuing resolution (CR) that is set to expire on December 16, 2022 (see "Biden Signs Stopgap Measure to Avert Shutdown" in the September 2022 *Community College Update*). This current session of Congress has two choices to avoid a partial government shutdown on December 17, and that is either approve a FY 2023 omnibus spending package that funds the federal government through the end of the fiscal year or pass another stopgap measure to keep the government funded at FY 2022 levels.

While President Joe Biden and congressional Democrats are pushing to get an omnibus FY 2023 package approved with both chambers still under Democratic control, there is resistance from a number of Republicans who would rather pass another CR and punt the budget discussions to January when they are in control of the House. While Senate Minority Leader Mitch McConnell has signaled that he is willing to work with Democratic leadership to get a federal spending package done before December 16, he's facing increasing pressure from the conservative wing of his party to delay those budget negotiations to the new calendar year.

The debt ceiling will also need to be raised again soon as the limit that covers the federal borrowing is expected to expire in the early part of 2023 (see "President Biden Signs Bill to Raise National Debt Limit Into 2023" in the December 2021 *Community College Update*). There is no precise date on when the actual funding will expire as it is dependent upon actual federal spending and revenue levels over the coming year. This issue is critical because if the limit is not raised, then the country could default on its financial obligations, which could lead to dire economic consequences globally. Again, while President Biden and congressional Democrats would love to raise the debt limit before the lame-duck session comes to an end, they are poised to receive strong pushback from their Republican colleagues.

If Republicans are successful in punting these two issues into 2023, there is a strong chance we will see a scenario similar to 2011 play out. After Republicans took control of the House in 2011, they negotiated a deal with the Obama Administration and the Democratic-controlled Senate to increase the debt ceiling in exchange for significant future spending cuts. If the scenario does play out, we could see federal funding implications for education as many House Republican candidates ran on the platform to reign in government spending.

While we don’t know what the next several weeks will bring, we will keep you posted with our analysis via subsequent *Community College Update* articles. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

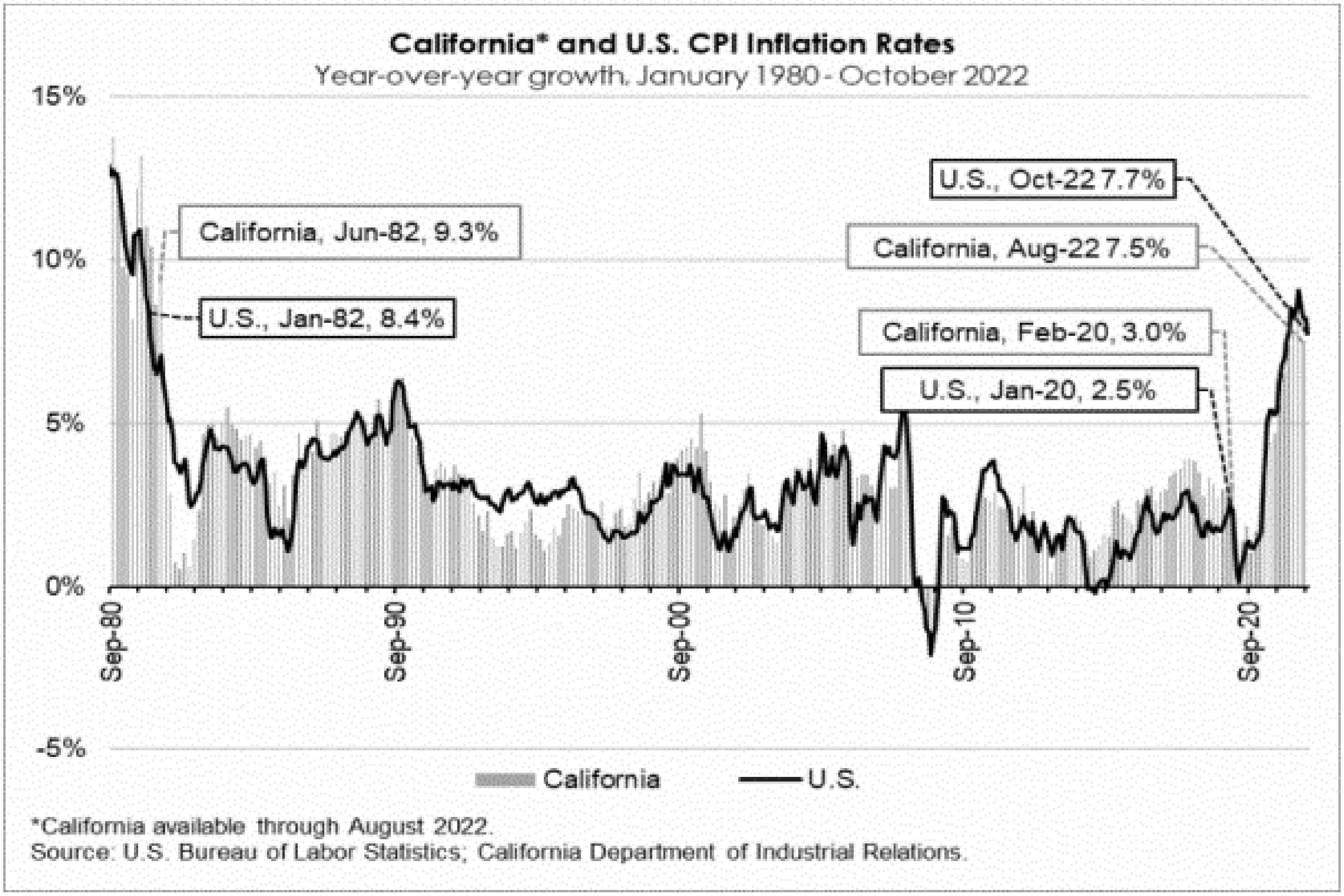
Inflation Decelerates While Downsides Continue

BY ANJANETTE PELLETIER

BY PATTI F. HERRERA, EDD

posted November 23, 2022

According to the latest Department of Finance (DOF) bulletin, the annual headline and core inflation rate in the United States continued to slow with slight declines in the general price levels, particularly in transportation costs, which include gasoline. Deceleration of inflation, or deflation, occurs when prices broadly fall in an economy, and October marks the fourth month of slowing of inflation. Deflation is influenced by supply of goods being higher than demand and can be impacted by the buying power of money. The deceleration of inflationary pressures has been the goal of the Federal Reserve (Fed), which has been raising the federal funds rate to cool the economy. Higher borrowing rates typically lead to decreased spending and can incentivize people to save, which reduces the amount of money in circulation, and should lead to lower inflation. U.S. headline inflation, which had reached a peak of 9.1% in July of 2022, decreased to 7.7%, while core inflation, which excludes costs of food and energy, declined to 6.3%. As campaigns for the elections were hitting their fever pitch, transportation inflation declined to 11.2%. The chart below, from the U.S. Bureau of Labor Statistics, shows California's inflation rate keeping pace with overall U.S. rates for the period of 1980 through October of 2022.



Among the downsides of increasing interest rates is the potential impact on unemployment, which is seeing small increases in the U.S. and in California, with rates of 3.7% and 4.0%, respectively, according to the DOF. California continues to make small gains in some sectors, including education, health, and professional services. However, the October data does not include the large number of technology layoffs that have occurred in November, which will influence upcoming unemployment numbers and the California economy. The slight increases in unemployment across the nation may influence the Fed to continue raising the federal funds rate, as the decelerations currently underway are not sufficient to meet the Fed's goal for a low and steady inflation of 2.0%.

With respect to the state's General Fund condition, following on the heels of below estimated receipts in September (see "September Revenue Collections Down" in the October 2022 *Community College Update*), California's cash receipts for the month of October were well above the forecast for a variety of reasons. Personal income tax (PIT) refunds were lower than anticipated, which is likely related to a recent law allowing qualified taxpayers to claim pass-through entity (PTE) tax credits, resulting from corporation tax payments, as part of their PIT filings. This resulted in substantial PIT revenue differences for October over the 2022 Budget Act forecast. The DOF projects that much of the large gain may be due to a timing issue, as the PTE credits can be used in future tax years.

October's "Big Three" revenue performance improves the state's General Fund condition, which, according to the DOF bulletin, is a change from the first three months of the fiscal year. This may prove temporary, however, as the DOF notes that the PTE credit may reduce PIT revenues—the state's single largest source of revenue—in the months to come.

California 2022-23 "Big Three" Taxes (Year-to-Date)
In millions

	2022 Budget Act	Actual	Difference
Personal Income Tax	$30,292	$33,012	$2,720
Sales and Use Tax	$10,827	$9,914	-$913
Corporation Tax	$3,997	$4,299	$302

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

UCLA Forecast: Too Cold or Just Right?

BY MICHELLE MCKAY UNDERWOOD

 posted December 8, 2022

Yesterday, in a departure from the norm, the UCLA Anderson School of Management presented two potential economic forecasts: a perfectly balanced set of circumstances (the *Goldilocks* scenario) and a recession next year. Readers of the economic tea leaves should take some comfort in the fact that even professional economists are uncertain of the road ahead, resulting in a split decision among UCLA's economists: 54% believe a recession will begin in mid-2023 and 46% believe it will not, but are not ruling out a recession beyond that timeline.

In presenting the U.S. economic outlook, the forecast kicked off with an esoteric deep dive into the yield curve and its strong history of recession prediction. While the yield curve has only been discussed in this forum since 2019, its history dating back to 1950 has been of an ominous spirit of recession yet to come. On this indicator alone, there is a strong chance of a recession within the next 12+ months. Even more strongly lining up against the prospect of the *Goldilocks* scenario and indicating a recession in the next six months is a slowdown in housing starts, high levels of inflation, and slowing manufacturing. Other indicators are less gloomy, especially unemployment, which (at current levels) is not strongly correlated with an impending recession. These mixed signals, plus the uncertainty of Federal Reserve policy decisions and resulting effects, lead the Anderson Forecast to present two economic scenarios.

Past forecasts have focused heavily on external factors, such as global military conflicts, COVID-19 restrictions in other countries, and oil prices. UCLA's economists noted that both scenarios assume lowering oil prices and eased "zero tolerance" restrictions in China helping to ease inflation and supply chain issues. The biggest variable driving UCLA's two economic growth projections is how aggressively the Federal Reserve tightens monetary conditions. According to these divergent scenarios, the inflection point will come after the first quarter of 2023, and whether the Federal Reserve halts rate increases or continues further.

In the *Goldilocks* scenario, the Federal Reserve pauses interest rate increases after December; inflation and supply constraints ease; there is a modest increase in unemployment, which is enough to help ease pressures on inflation, but not enough to negatively affect consumer spendings; there are no further declines in home construction; and no recession occurs.

Fortunately, even the recession scenario presented was a comparatively mild and short-lived recession. In this scenario, the Federal Reserve would continue to increase interest rates to drive down inflation (with some success); unemployment would peak at 5%, forcing a decline in consumer spending; tightening financial conditions would lead to further reductions of home construction; and consumers and businesses would both cut back on spending and investments. The economy contracts at a 2-3% annual rate in both the second and third quarters of 2023, is flat in the fourth quarter of 2023, and then begins to rebound.

California Forecast

Those who have lived through "relatively mild" U.S. recessions may be skeptical that these effects will not be amplified in California, as they were in the 1990s (aerospace); 2000s (dot.com); 2008 (housing); and 2020 (pandemic shutdowns). Similarly, the recent shedding of technology jobs could be cause for concern without further exploration. UCLA's Jerry Nickelsburg examined the buffers in place today, including:

- State's rainy day fund—which is significantly larger than the current-year revenue shortfall
- Globalization of technology jobs—even companies that are California-based, like Twitter, have a global workforce, meaning technology layoff effects are dispersed
- Property tax revenues—local governments are assured Proposition 13-permitted increases in property tax assessments since the Consumer Price Index is high
- Recovering logistics—the resolution of labor disputes affecting California ports specifically and railroad workers nationwide will bring imports back to the state
- Defense spending—with global conflict and uncertainty, defense spending in California is likely to increase in the near term

In summary, UCLA economists expect that California's experience of a recession should reflect the mild and short-lived nature of the nation's recession. On January 10, 2023, California will find out whether the Newsom Administration believes the California economy is *too cold or just right.*

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Affordable Student Housing Second Round Grant Application Now Open

BY KYLE HYLAND

posted December 8, 2022

On Tuesday, November 29, 2022, the California Community Colleges Chancellor's Office (CCCCO) released a memo detailing the process for the second round of the Affordable Student Housing Grant Program.

The 2022-23 Enacted State Budget shifts the administration of this program from the Department of Finance (DOF) to the CCCCO. This means that instead of sending an application to the DOF like last year, community college districts (CCDs) will send their proposals directly to the CCCCO.

The deadline for Round Two applications is Wednesday, January 25, 2023. The memo also states that the third round of applications for the program will be due by July 3, 2023, which coincides with the deadline for districts' 2025-29 Five-Year Capital Outlay Plans.

For Round Two grant applications, CCDs may resubmit their previous construction grant proposals that were not selected or were deemed ineligible in Round One (see "DOF Sends 2021-22 Student Housing Grant Recommendations to the Legislature" in the March 2022 *Community College Update* for more information about the ineligible Round One proposals). New applications for construction grants will also be accepted, but there will be no new planning grant applications in Round Two. The memo says that applications submitted by the January 25, 2023, deadline will receive consideration for inclusion in the 2023-24 State Budget.

For Round Three grant applications, the CCCCO will accept construction grant applications by the submission deadline of July 3, 2023. Applications submitted by the deadline will receive consideration for inclusion in the 2024-25 State Budget.

With the recent announcement of a current-year State Budget deficit, applicants may be concerned about whether funding will be available for future rounds. In a signal that should provide some reassurance, yesterday, December 7, 2022, the Assembly Budget Blueprint was released and continues to prioritize addressing housing and homelessness and highlighted the investments in student housing.

The timeline below summarizes the application submission details for the second and third rounds:

- **January 25, 2023:** Round Two construction grant applications are due

- **Summer 2023:** Round Two construction applications will be considered and may be awarded in the 2023-24 State Budget

- **July 3, 2023:** Round Three construction grant application are due

- **Summer 2024:** Round Three construction applications will be considered and may be awarded in the 2024-25 State Budget

The CCCCO is accepting Round Two applications for the grant program via email. CCDs should select their highest priority student housing project and submit only one application per district, including any intersegmental student housing project with the University of California or California State University. CCDs must complete all required documents (see the CCCCO memo for the complete list) in order to have a complete student housing application. Applications should be emailed to the Affordable Student Housing unit at studenthousing@cccco.edu.

If you are interested in applying for the second round of funding for this program, we suggest that you begin preparing your proposal and completing the required documents as soon as possible.

You can find more information about the program here.

Happy Holidays from . . . School Services of California INC. An Employee-Owned Company

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Inflation: Taming the Beast

BY PATTI F. HERRERA, EDD

posted December 13, 2022

U.S. headline inflation rose by a modest and less than expected 0.1% in November, raising hopes that monetary tightening policies are working to bring it under control. On a year-over-year basis, the Consumer Price Index increased 7.1%, as reported by the Bureau of Labor Statistics.

Today's news sent Wall Street indexes up at the opening bell, with investors believing that the Federal Reserve (Fed) will slow interest rate increases. The Fed has responded aggressively to inflationary pressures by increasing the federal funds rate by 75 basis points on four separate occasions this year. The body will meet again tomorrow, December 14, and the hope is that the Fed will raise the rate by 50 basis points and signal similar slowdowns into 2023.

Sustained Wall Street optimism over the November inflation report could bring good news for the health of California's General Fund revenues, which lagged behind expectations for the early part of the 2022-23 fiscal year. For the first time this year, October revenues outpaced projections as reported by the Department of Finance. The recent inflation report may similarly buoy state revenues as we close out the calendar year, and Governor Gavin Newsom prepares his 2023-24 State Budget proposal for release on or before January 10, 2023.

2020-21 Statewide Average Reserves

BY BRIANNA GARCÍA

posted December 20, 2022

As noted in the recent *Community College Update* article "UCLA Forecast: Too Cold or Just Right?," there is a great deal of uncertainty among economists regarding the economic outlook for 2023 and beyond. In times such as these, having adequate reserves is important to ensure continued sound fiscal operations.

The California Community College Chancellor's Office looks at a 5% reserve as a prudent level. The Governmental Finance Officers Association (GFOA) recommends a 17% minimum reserve level (two months of expenditures) for local governments.

Based on the Annual Financial and Budget Reports (CCFS-311) for 2020-21, community colleges have been prudently maintaining their reserves with a statewide average of 28.0%—above both the Chancellor's Office and GFOA recommendations. The statewide average ending fund balances as a percentage of unrestricted General Fund expenditures for 2020-21 and the prior two years are shown in the table below. The unrestricted General Fund is utilized because it is the best indicator of fiscal solvency.

While relatively stable in past years, the data shows that the statewide average reserve level increased in 2020-21, similar to K-12 local educational agencies. The increase is likely due to reduced operating expenses as a result of the COVID-19 pandemic shut down, as well as the increase in one-time dollars to help combat its effects.

**Unrestricted General Fund
Net Ending Balance as a Percentage of
Unrestricted General Fund Expenditures***

	2018-19	2019-20	2020-21
Average Statewide	20.9%	22.2%	28.0%
Lowest	5.4%	2.5%	6.9%
Highest	51.3%	55.4%	69.6%
*Excludes Calbright College			

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

FY 2023 Omnibus Bill Details Emerge

BY KYLE HYLAND

BY ANJANETTE PELLETIER

posted December 22, 2022

After several short-term continuing resolutions, months of anticipation, and just days before the 117th session of Congress comes to a close, the Congressional Appropriations Committees have released the text of the fiscal year (FY) 2023 spending plan, which includes the specific details of the bipartisan budget deal reached last week (see "Congress Agrees to FY 2023 Spending Framework" in the December 2022 *Community College Update*). This spending plan will keep the federal government funded through September 30, 2023, the end of the 2023 fiscal year.

Rather than approving two dozen appropriations bills that usually comprise the federal budget, Congress instead incorporates all the spending measures into a single omnibus spending package dubbed the "Consolidated Appropriations Act, 2023." In total, the Consolidated Appropriations Act, 2023, proposes $1.7 trillion in discretionary spending, with historic levels of non-defense funding, including a total of $79.6 billion in discretionary appropriations for education, $3.2 billion more than FY 2022 funding.

Below, we provide the details of the FY 2023 federal spending plan as it relates to higher education.

Higher Education

Higher education programs also would receive substantial funding, at $3.5 billion, an increase of $532 million over FY 2022. Within this amount, $1.02 billion will assist Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions:

- $396 million for HBCUs
- $228 million for Hispanic Serving Institutions
- $52 million for Tribally Controlled Colleges and Universities

The bill increases investments above FY 2022 levels in several higher education programs:

- $1.2 billion for Federal TRIO programs, a $54 million increase

- $388 million for GEAR UP, an increase of $10 million increase
- $70 million for Teacher Quality Partnerships, an increase of $11 million increase
- $75 million for Child Care Access Means Parents in School, a $10 million increase
- $15 million for Hawkins Centers of Excellence, a $7 million increase
- $45 million for Postsecondary Student Success Grants, an increase of $40 million
- $50 million for new Research and Development Infrastructure Grants

Career, Technical, and Adult Education

Continuing greatly needed commitments to building the post-secondary preparation and services for students, the bill provides $2.2 billion for Career, Technical, and Adult Education, an increase of $100 million above the prior fiscal year, including:

- $1.4 billion for Career Technical Education (CTE) State Grants, an increase of $50 million
- $32 million for CTE National Programs for Innovation and Modernization Grants, an increase of $25 million
- $729 million for Adult Education State Grants, an increase of $25 million

Student Financial Assistance

Federal student aid programs would receive an increase of $34 million, up to $24.6 billion, with funding for:

- $7,395 for the maximum Pell Grant per student, an increase of $500
- $910 million for the Federal Supplemental Educational Opportunity Grant program, an increase of $15 million
- $1.2 billion for Federal Work Study, an increase of $20 million

Next Steps

While House Minority Leader Kevin McCarthy (R-CA) remains vehemently opposed to the spending package, the bill is a result of bipartisan negotiations between Senate Majority Leader Chuck Schumer (D-NY), House

Speaker Nancy Pelosi (D-CA), Senate Minority Leader Mitch McConnell (R-KY), and the bipartisan leaders of the House and Senate Appropriations Committees. This means that, despite McCarthy's objections, it is expected that there are enough votes to approve the $1.7 trillion spending package and send it to President Joe Biden by Friday, December 23, 2022, which is when the current continuing resolution expires.

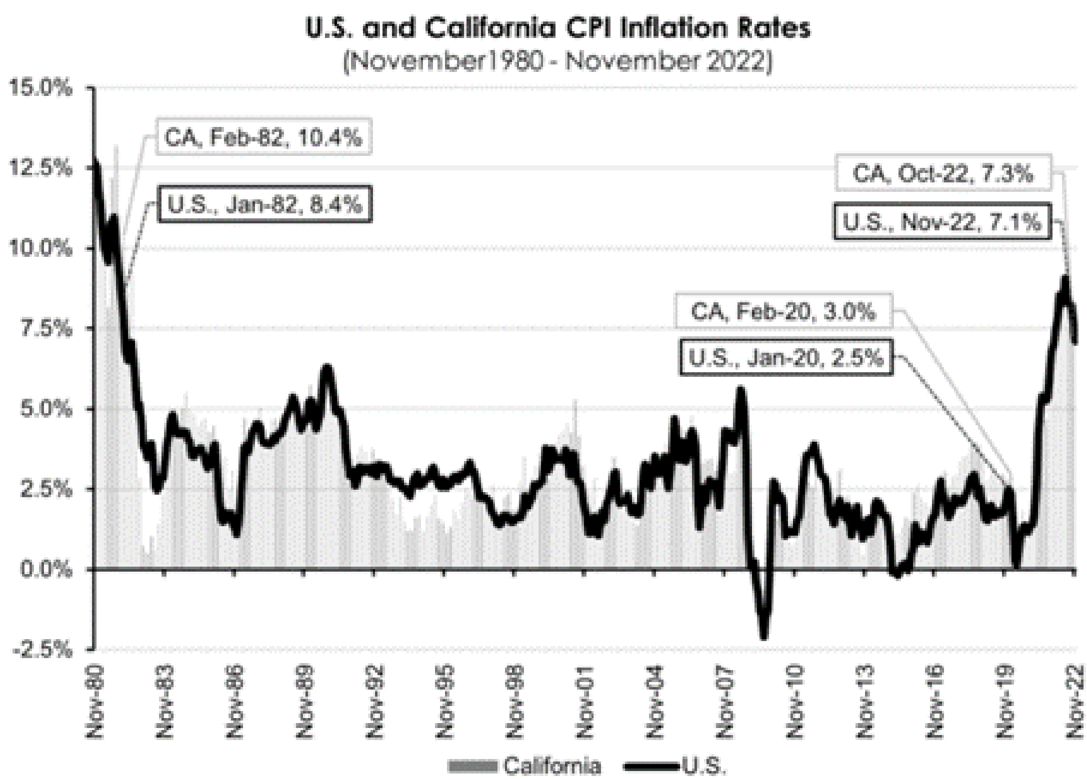
The full text of the Consolidated Appropriations Act, 2023 is available here. In addition, a list of bill highlights can be found here and a full summary of the appropriations provisions in the bill is here.

Positive Trends Continue for Inflation, Unemployment, and Cash Receipts

BY ANJANETTE PELLETIER

posted January 9, 2023

The Department of Finance released the final *Finance Bulletin* (Bulletin) of 2022 in late December, filled with positive news and caveats about the impact of reported trends. The Bulletin shows continued slowing for the headline and core inflation in the U.S. with continuing declines in overall price levels. Food and energy inflation also continued to decline from October levels, with food and energy inflation down to 10.6% and 13.1%, respectively, on a year-over-year basis. U.S. headline inflation slowed for the fifth consecutive month to 7.1% and core inflation, which excludes costs of food and energy, declined 0.3 percentage points to an annual rate of 6.0%. As the chart from the U.S. Bureau of Labor Statistics shows, California's inflation rate tightly aligns with overall U.S. rates trends.



While an anticipated impact of continued inflationary pressure is increased unemployment, the rate remained unchanged in November for the U.S. at 3.7%. Likewise, California's unemployment rate increased by only 0.1 percentage point to 4.1%. The state continues to see declines in labor force participation with 1.5% fewer people employed and 1.4% fewer people in the labor force in November 2022 compared to February 2020. Job losses in utilities, trade, and transportation were offset by small gains in other sectors, with 0.3% more jobs available in November 2022 than in February 2020.

As previously discussed (see "Inflation Decelerates While Downsides Continue" in the November 2022 *Community College Update*), the Federal Reserve is expected to implement additional interest rate increases to further cool the economy, and stable unemployment numbers may provide reinforcement that the goal of 2% inflation will likely continue to be a priority. The benchmark rates are expected to rise an additional three-quarters of a percentage point in 2023 according to the Federal Reserve projection from December, which would be a 17-year high of 5-5.25%.

Continuing a five-month trend, General Fund cash receipts for the month of November were above the 2022 Budget Act forecast, but the Bulletin notes that the timing of tax activities and credits is likely the culprit. The impact of the pass-through entity (PTE) elective tax credits is still pending, and year-to-date cash receipts, largely driven by personal income tax (PIT) payments, are still trailing forecasts. November's cash receipts from two of the three largest sources of revenue continue to improve the General Fund condition overall, with sales and use and corporation taxes surpassing forecasted amounts for a fifth consecutive month. However, the anticipated impact of the PTE credit may already be reducing PIT revenues, as the revenue received is below the forecast by $35 million, impacted by lower withholding taxes and higher refunds due to the PTE credit usage.

California 2022-23 Big Three Taxes (Year-to-Date)
In millions

	2022 Forecast	Actual	Difference
Personal Income Tax	$38,733	$38,698	-$35
Sales and Use Tax	$14,040	$14,249	$210
Corporation Tax	$4,228	$4,795	$566

Nationally, December is shaping up to be another month with many bright spots, with continued stability in jobs numbers and declining inflationary pressures. Stay tuned and we will provide updates after the Governor's Budget and December Bulletin release.

Initial Impressions From Governor Newsom's 2023-24 State Budget Proposal

BY SSC TEAM

posted January 10, 2023

Today, January 10, 2023, Governor Gavin Newsom released his proposal for the 2023-24 State Budget, his fifth 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 2023-24 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 its monthly Finance Bulletins, state revenues have been underperforming projections from the 2022 State Budget Act, which has led to the Newsom Administration predicting a $22.5 billion shortfall. As a result, before accounting for transfers to the Budget Stabilization Account, and absent budget actions designed to address the problem, General Fund revenues are projected to be $29.5 billion lower than assumed in the 2022 Budget Act over the budget window from fiscal years 2021-22 through 2023-24.

Level of Proposition 98 Funding

Governor Newsom notes that the revised estimates of General Fund revenues modestly reduce the Proposition 98 minimum guarantee. Proposition 98 is estimated to be $110.4 billion in 2021-22, $106.9 billion in 2022-23, and $108.8 billion in 2023-24, representing a three-year decrease in the minimum guarantee of $4.7 billion over the level funded in the 2022 Budget Act.

Due largely to projected increases in revenues and year-over-year declines in K-12 average daily attendance, Test 1 is projected to be operative for fiscal years 2021-22 through 2023-24.

PSSSA

The 2022 Budget Act projected a total balance of $9.5 billion into the Proposition 98 reserve account, or the Public School System Stabilization Account (PSSSA). The Governor's State Budget proposal reflects revised 2021-22 and 2022-23 payments, and a 2023-24 payment of $3.7 billion, $1.1 billion, and $365 million, respectively, into the PSSSA, for a total revised account balance of more than $8.5 billion at the end of 2022-23.

Student Centered Funding Formula Growth and COLA

Governor Newsom proposes $652.6 million ongoing to provide an 8.13% cost-of-living adjustment (COLA) for apportionments and $28.8 million ongoing for 0.50% enrollment growth for the California Community Colleges (CCC).

Student Enrollment and Retention

The State Budget summary mentions that the Administration will be monitoring district-level enrollment trends as the state moves past the COVID-19 pandemic. The summary states that it is imperative that districts begin to regain some of the enrollment lost during the COVID-19 pandemic. The Administration says it will work with stakeholders to consider options to adjust district budgets should a district not display that they are regaining enrollment lost during the COVID-19 pandemic entering the 2024-25 academic year.

Governor Newsom proposes $200 million in one-time funding to support CCC efforts to increase student retention rates and enrollment. This investment builds on the $150 million and $120 million in one-time dollars included in the 2022 and 2021 State Budget Acts, respectively.

CCC Roadmap Goals

The Governor's Budget proposal states the intent of the Administration to introduce a mechanism in his May Revision to provide community college districts that are making progress toward the CCC roadmap goals with additional categorical program spending flexibilities and the ability to consolidate reporting requirements across specified and to-be-determined categorical programs.

Dual Enrollment

The State Budget summary includes a narrative that the Administration requests community colleges establish dual enrollment agreements with all applicable local educational agencies within their community college districts' service area. Additionally, the Administration requests that all community colleges develop and offer a one-unit service-learning course that all high school students would have the ability to access through dual enrollment opportunities. There are no specifics on whether there would be financial incentives for expanding dual enrollment or providing this course.

Deferred Maintenance

Governor Newsom's proposed State Budget includes a decrease of approximately $213 million one-time for deferred maintenance needs. The State Budget summary does not make any reference to general obligation bond funding.

Higher Education Student Housing Grant Program

The 2022 Budget Act included intent language to provide $1.8 billion one-time (non-Proposition 98) over a two-year period in 2023-24 and 2024-25, to establish a student housing revolving loan program for the higher education segments. Governor Newsom is proposing to delay $900 million planned in 2023-24 to the 2025-26 fiscal year and delay $250 million from the 2024-25 fiscal year to the 2025-26 fiscal year. This delay would result in $650 million in 2024-25 and $1.15 billion in 2025-26 being available for the program.

Other Significant Investments

Rounding out the CCC-specific proposals, Governor Newsom proposes the following investments:

- $92.5 million ongoing to provide an 8.13% COLA for select categorical programs and the Adult Education Program

- $14 million one-time to support the administration of workforce training grants in collaboration with the California Department of Forestry and Fire Protection

- $275,000, of which $200,000 is ongoing, to develop a community college chief business officer professional learning program run through the Fiscal Crisis and Management Assistance Team to improve community college district leadership capacity and fiscal accountability

Summary

This very broad extract of the 2023-24 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. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

An Overview of the 2023–24 Governor's Budget Proposals

BY SSC TEAM posted January 10, 2023

Overview of the Governor's Budget Proposals

Today, California seemed to turn the page in State Budget development: from COVID-19 pandemic budgeting since May 2020 to more business as usual. And unfortunately for Governor Gavin Newsom, business as usual comes with a softening economy.

Thankfully, California is better prepared to weather the proverbial storm due to the significant rainy-day deposits and investments made during the good years that allows the state to address an estimated budget gap of $22.5 billion with relatively little disruption through funding delays, shifts, and some reductions. Perhaps foreshadowing a more gloomy May Revision on the horizon, Governor Newsom purposefully chose *not* to draw from the state's reserve accounts to close the budget gap. He is likely holding that option back in case the economic dam breaks.

For education, Governor Newsom proposes a State Budget to preserve investments made during the boom years; the number of significant changes for 2023-24 can be counted on one hand. However, the changes proposed, as we will detail in this article, are significant for community college districts across the state and include a proposed mid-year cut to previously budgeted one-time funds. But at least for now, gone are the litany of new ongoing and one-time categorical programs that have filled the Proposition 98 guarantee during those years.

The Economy and Revenues

Governor Newsom assumes a slowing but still growing economy at the national and state level; however, identified risks to his assumptions are strewn throughout his budget proposal. In fact, the Governor began his press conference standing beside a chart showing a sharp decline in capital gains revenues as a percentage of personal income, which he referred to as the California economy's electrocardiogram, or EKG. This is because the largest source of state General Fund revenues is derived from taxes on personal income, including capital gains. One percent of the state's highest income earners generated over 26% of all gross income and they paid 49% of all personal income taxes in 2020. According to the Governor's Budget Summary, "[t]hese two related phenomena—significant reliance of the General Fund on capital gains and on taxes paid by a small portion of the population—underscore the difficulty in forecasting personal income tax revenue" and, by extension, General Fund revenues.

To underscore the state's reliance on its richest residents, capital gains revenue has made up between 8.5% and 12.6% of total annual General Fund revenues over the last decade. The Governor's Budget assumes a modest reduction in the share of revenues that come from stock market investments in 2023 to 8.3%, consistent with the assumption that the overall economy is cooling (while avoiding a recession). Importantly, the Newsom Administration assumes that Wall Street investors will remain cool-headed and that each of the major market indexes will not decline and instead will grow modestly from their November 2022 levels.

This may prove to be a risky assumption. As it is, the Governor's Budget recognizes a budget shortfall of $29.5 billion over the three-year budget window (2021-22, 2022-23, and 2023-24). Despite this somber picture, Governor Newsom manages to present a balanced budget proposal without dipping into reserves. If the economy worsens from the assumptions he uses to build his budget—such as protracted and sustained inflation, slower growth in personal income, and contracting employment—he and lawmakers may need to dip their hands into rainy day funds to avoid untenable budget reductions to programs and services, including public education, that they value.

Relative to the key General Fund drivers, the Governor's Budget makes significant reductions to the "Big Three" tax revenues relative to the 2022-23 Enacted Budget across the three-year budget window, for a total downward adjustment of $31.7 billion.

Big Three Tax Revenues
(in millions)

	2021-22		2022-23		2023-24	
	2022-23 Enacted Budget	**Governor's Budget**	**2022-23 Enacted Budget**	**Governor's Budget**	**2022-23 Enacted Budget**	**Governor's Budget**
Personal Income Tax	$136,497	$136,762	$137,506	$128,905	$143,755	$126,695
Corporation Tax	$46,395	$45,298	$38,464	$38,482	$42,013	$39,308
Sales and Use Tax	$32,750	$32,915	$33,992	$32,851	$35,145	$33,599

Again, the Governor's Budget revenue estimates do not forecast a recession—even a mild one—and contain underlying assumptions that would significantly impact state revenues, particularly personal income tax revenues.

The 2022-23 Enacted Budget's reliance on one-time spending (93% of new money was committed to one-time expenses) provides some budget resilience moving into 2023-24. Additionally, reserves will cushion further declines in state revenues. But the Governor's Budget is balanced delicately on what some may say are risky assumptions.

Proposition 98 Minimum Guarantee and Reserve

As expected, given trends in state General Fund revenues, the Proposition 98 minimum guarantee for K-12 and community college education has declined relative to the 2022-23 Enacted Budget. Specifically, the Governor estimates the minimum guarantee for fiscal year 2023-24 to be $108.8 billion, representing a $1.5 billion reduction compared to Enacted Budget estimates. Test 1 remains operative through the budget window (2021-22, 2022-23, and 2023-24), meaning that public education funding is a simple percentage of General Fund revenues (approximately 38%). The Proposition 98 minimum guarantee decreases by $4.7 billion over the three-year period.

Proposition 98 Minimum Guarantee

2021-22		2022-23	
2022-23 Enacted Budget	**Governor's Budget**	**2022-23 Enacted Budget**	**Governor's Budget**
$110.2 billion	$110.4 billion	$110.4 billion	$106.9 billion
Change	($200 million)	Change	($3.5 billion)

General Fund expenditures toward the minimum guarantee decrease in the Governor's Budget due to offsetting increases in local property taxes. For 2022-23, the General Fund portion of Proposition 98 is estimated to decrease by $153 million. Additionally, General Fund expenditures for Proposition 98 decrease by $1.3 billion in 2023-24. Together, these adjustments result in a General Fund savings of approximately $1.5 billion, which will be partially encumbered by a required adjustment to the minimum guarantee from the expanded eligibility of transitional kindergarten (TK).

The Governor's Budget maintains the commitment to expand TK, requiring a "rebench" of the Test 1 minimum guarantee percentage for the increased cost of serving more TK students. The TK rebench increases public education's share of General Fund revenues from 38.3% to 38.6%.

Proposition 98 Reserve

Deposits to and withdrawals from the Public School System Stabilization Account (Proposition 98 Reserve) are formula-driven and reliant on trends in state General Fund revenues inclusive of capital gains. The Governor's Budget revises prior-year deposits based on updated revenues, and estimates a required $365 million deposit in 2023-24. The revised and estimated deposits result in an account balance of $8.5 billion (down from $9.5 billion in the 2022-23 Enacted Budget).

2021-22		2022-23	
2022-23 Enacted Budget	**Governor's Budget**	**2022-23 Enacted Budget**	**Governor's Budget**
$4.0 billion	$3.7 billion	$2.2 billion	$1.1 billion
Change	($300 million)	Change	($1.1 billion)

Student Centered Funding Formula and Enrollment

The Governor's Budget proposes $652.6 million to fund the 8.13% cost-of-living adjustment (COLA) for apportionments, which is applied to the rates within the Student-Centered Funding Formula (SCFF).

The Governor's Budget Summary highlights the financial support that the state has given to the California Community Colleges (CCCs) over the past several years, including providing a funding floor for the SCFF's hold harmless provision beginning in fiscal year 2025-26; the Governor does not propose changing this date nor mentioned the current emergency conditions allowance. Additionally, the Administration says that it will be monitoring district-level enrollment trends as we move past the COVID-19 Pandemic and highlights the importance for districts to begin regaining some of the enrollment lost during the COVID-19 pandemic. To address the enrollment issue, the Administration plans on working with stakeholders to consider options to adjust district budgets should a district not display that they are regaining enrollment lost during the COVID-19 pandemic entering the 2024-25 academic year.

The Governor proposes to provide $28.8 million to fund student enrollment growth of 0.5%. The estimate for local property tax collections for the community colleges has increased by $164 million, which reduces state aid accordingly in 2023-24.

CCC Roadmap to California's Future

In the 2022-23 Enacted Budget, the Governor established a multiyear Roadmap with the CCCs that continues to shape the Administration's approach to its Budget proposal. In the Governor's Budget Summary, the Administration states its intent to introduce a mechanism in the May Revision to provide community college districts that are making progress toward the CCC roadmap goals with additional categorical program spending flexibilities, which would include the ability to consolidate reporting requirements across specified and to-be-determined categorical programs. There is no more information on this proposal at the moment, but the details will likely be discussed and fleshed out as we get closer to the May Revision.

Student Retention

The Governor cites that enrollment has dopped by 16% at CCCs since the beginning of the COVID-19 pandemic and thus implores community colleges to continue their outreach, recruitment, reengagement, and retention efforts. To assist with enrollment, the Governor proposes $200 million in one-time funding to support CCC efforts to increase student retention rates and enrollment. This investment builds on the $150 million and $120 million in one-time dollars included in the 2022 and 2021 State Budget Acts, respectively.

CCC Facilities and Deferred Maintenance Cut

The 2022-23 Enacted Budget included approximately $840 million in one-time funds for deferred maintenance and energy efficiency projects across the system. To address the budget deficit, Governor Newsom proposes to decrease this amount by approximately $213 million.

It is important to note that all of the $840 million allocated for deferred maintenance in the 2022-23 Enacted Budget is scheduled to be distributed to districts by June 2023, which is prior to the enactment of the 2023-24 State Budget, making the timing of the proposed $213 million decrease complicated unless the Governor proposes an early action budget package.

Other CCC Apportionments and Programs

Other community college programs that are funded outside of the SCFF that would also receive an 8.13% COLA under the Governor's Budget proposal are: Adult Education, Extended Opportunity Programs and Services, Disabled Students Programs and Services, Apprenticeship, CalWORKs Student Services, Mandates Block Grant and reimbursements, Cooperative Agencies Resources for Education, and the childcare tax bailout.

Additionally, the Governor proposes the following investments into other CCC programs:

- $14 million one-time to support the administration of workforce training grants in collaboration with the California Department of Forestry and Fire Protection

- $275,000, of which $200,000 is ongoing, to develop a community college chief business officer professional learning program run through the Fiscal Crisis and Management Assistance Team to improve community college district leadership capacity and fiscal accountability

Dual Enrollment

The Governor's Budget Summary includes a narrative that the Administration requests community colleges establish dual enrollment agreements with all applicable local educational agencies within their community college districts' service area. Additionally, the Administration requests that all community colleges develop and offer a one-unit service-learning course that all high school students would have the ability to access through dual enrollment opportunities. There are no specifics on whether there would be financial incentives for expanding dual enrollment or providing this course.

Higher Education Student Housing Grant Program

The 2021-22 Enacted Budget established the Higher Education Student Housing Grant Program to provide grants for the CCCs, California State University (CSU), and University of California (UC) to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. In addition to $2 billion one-time (non-Proposition 98) set-aside by the 2021-22 Enacted Budget ($500 million in 2021-22, $750 million in 2022-23, and $750 million in 2023-24), the 2022-23 Enacted Budget provided an additional $200 million one-time (non-Proposition 98) for this program, bringing the total allotment to $2.2 billion for student housing grants over the three-year period. The Governor's Budget proposes to reduce that investment to $500 million one-time for the 2023-24 fiscal year and extend the remaining $250 million to the 2024-25 fiscal year, which will provide an opportunity for a fourth round of awards.

Additionally, the 2022-23 Enacted Budget included intent language to provide $1.8 billion one-time (non-Proposition 98) over a two-year period in 2023-24 and 2024-25, to establish a student housing revolving loan program for the higher education segments. Governor Newsom is proposing to delay $900 million planned in 2023-24 to the 2025-26 fiscal year and delay $250 million from the 2024-25 fiscal year to the 2025-26 fiscal year. This delay would result in $650 million in 2024-25 and $1.15 billion in 2025-26 being available for the program.

Retirement Systems

Governor Newsom does not propose additional funding for the California State Teachers' Retirement System (CalSTRS) or the California Public Employees' Retirement System (CalPERS) employer contribution rate relief. Based on current assumptions, CalSTRS employer contributions stay constant at 19.10% for 2023-24, while CalPERS employer contributes rates increase from 25.37% to 27.00%.

The Rest of Higher Education

The Administration maintains its multiyear compacts between the UC and CSU reflecting substantial and sustained funding increases for the UC and CSU, in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. This includes $227.3 million ongoing to support a 5% base increase for the CSU and $215.5 million ongoing to support a 5% base increase for the UC.

The Governor's 2023-24 State Budget proposal also expands these investments in college affordability with the following investments:

- $227 million one-time to support a modified version of the Middle-Class Scholarship that will focus resources toward reducing a student's total cost of attendance
- $1.4 million one-time, $469,000 of which is ongoing, to assess the California Student Aid Commission's (CSAC) current information technology system, address cybersecurity issues, and support two positions
- $241,000 ongoing for one position at CSAC to support human resources and to distribute toolkits to high schools to help students complete their financial aid applications
- Finally, the budget summary notes that it remains "attentive" to the 2022-23 Enacted Budget provisions that would activate the Cal Grant Reform Act.

K-12 Education Proposals

The Governor's Budget proposes providing $4.2 billion ongoing for the K-12 Local Control Funding Formula (LCFF), which reflects the 8.13% statutory COLA. The Budget utilizes $613 million in one-time resources to support the ongoing cost of the LCFF in 2022-23 and approximately $1.4 billion in one-time resources to support the ongoing cost of the LCFF in 2023-24. The Governor's Budget also includes $300 million ongoing to establish an "equity multiplier" as an add-on to the LCFF for low-income students.

Analogous to the reduction in Deferred Maintenance funds, the Administration proposes to reduce the Arts, Music, and Instructional Materials Discretionary Block Grant from $3.5 billion to approximately $2.3 billion.

To help address the current budget gap, the Administration proposes to delay/reduce two K-12 facilities funds: the 2023-24 planned $550 million California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program investment would be delayed to 2024-25, and the School Facility Program planned allocation in 2023-24 would be reduced from $2.1 billion to $2.0 billion.

In Closing

The Governor's proposals are largely to be expected in a softening economy, with a focus on maintaining programs instead of creating new ones. That said, community colleges are continuing to face local challenges head on, and, with a notable exception to continue focus on student retention, the Governor proposes to utilize Proposition 98 funding in a discretionary manner to meet local needs.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

CPI Indicates Inflation Is Slowing

BY LINETTE HODSON

posted January 12, 2023

The U.S. Bureau of Labor and Statistics released the most current Consumer Price Index (CPI) today, January 12, 2023. For the month of December, the seasonally adjusted CPI decreased 0.1%, with lower gasoline prices being the most significant factor driving the decrease. The unadjusted 12-month CPI increased by 6.5%.

The CPI measures the change in prices paid for goods and services as well as the spending patterns of consumers. The CPI is based on prices of food, clothing, shelter, fuel, transportation, doctors' visits, and other goods and services that people buy on a day-to-day basis across the country. For analysis of the month-to-month trends, the data is seasonally adjusted to consider factors that normally occur at the same time each year, such as weather events and holidays. The unadjusted data is reflective of the prices actually paid by the consumer.

The lower price for gasoline was by far the largest contributor to the decrease as the cost for electricity, natural gas, and food all increased for the month of December. Over the past 12 months, gasoline costs decreased 1.5% while electricity increased 14.3%, natural gas increased 19.3%, and food increased 10.4%.

The most current data is certainly good news indicating that inflation is slowing, although consumers are still feeling the effects in their daily lives. While CPI is not the measure used to determine the cost-of-living adjustment (COLA) for K-14, trends in CPI reliably reflect trends in the implicit price deflator. The Governor's Budget includes an assumed 8.13% COLA for K-14 for the 2023-24 school year.

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

	FY 2021-2022					FY 2022-2023				
	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail
Aca Salaries (excl. 1300's)	33,594,701	31,520,572	15,773,347	15,747,225	49.96%	32,372,874	34,224,383	16,377,937	17,846,446	52.15%
1300's	18,951,500	18,946,500	9,420,807	9,525,693	50.28%	19,015,643	19,015,643	11,329,445	7,686,198	40.42%
2 Classified Salaries	15,083,571	13,297,598	6,335,156	6,962,442	52.36%	14,218,794	15,051,722	6,864,455	8,187,267	54.39%
3 Employee Benefits	27,106,879	25,293,864	12,095,373	13,198,491	52.18%	26,955,185	27,697,232	12,798,683	14,898,549	53.79%
4 Supplies & Materials	624,042	1,195,192	129,733	1,065,459	89.15%	767,588	853,601	208,565	645,036	75.57%
5 Other Operating Exp	10,990,302	8,313,382	777,092	7,536,290	90.65%	10,364,083	9,522,557	2,115,884	7,406,673	77.78%
6 Capital Outlay	28,173	524,855	10,733	514,122	97.96%	69,340	520,957	27,696	493,261	94.68%
7 Other Outgo	183,000	1,577,402	1	1,577,401	100.00%	103,307	118,307	-	118,307	100.00%
Santa Ana College	106,562,168	100,669,365	44,542,242	56,127,123	55.75%	103,866,814	107,004,402	49,722,665	57,281,737	53.53%
Aca Salaries (excl. 1300's)	17,455,414	16,063,310	7,977,509	8,085,801	50.34%	16,244,875	16,978,920	8,090,230	8,888,690	52.35%
1300's	8,380,482	8,379,515	4,200,438	4,179,077	49.87%	8,401,551	8,362,562	5,070,644	3,291,918	39.36%
2 Classified Salaries	8,356,693	7,308,549	3,529,227	3,779,322	51.71%	7,746,503	8,457,434	3,976,314	4,481,120	52.98%
3 Employee Benefits	13,962,965	12,763,548	6,130,235	6,633,313	51.97%	13,477,058	13,945,300	6,541,482	7,403,818	53.09%
4 Supplies & Materials	267,918	268,218	60,092	208,126	77.60%	218,200	229,386	91,036	138,350	60.31%
5 Other Operating Exp	6,235,966	6,233,926	302,722	5,931,204	95.14%	8,412,412	7,917,013	991,624	6,925,389	87.47%
6 Capital Outlay	19,643	19,643	105	19,538	99.47%	79,096	150,255	11,477	138,778	92.36%
7 Other Outgo	-	-	-	-	0.00%	-	-	5,416	(5,416)	0.00%
Santiago Canyon College	54,679,081	51,036,709	22,200,327	28,836,382	56.50%	54,579,695	56,040,870	24,778,223	31,262,647	55.79%
1 Academic Salaries	1,178,319	739,328	325,404	413,924	55.99%	378,526	378,526	189,263	189,264	50.00%
2 Classified Salaries	16,163,536	15,143,304	6,923,834	8,219,470	54.28%	16,989,071	17,783,540	8,232,740	9,550,800	53.71%
3 Employee Benefits	9,841,019	8,991,913	4,097,779	4,894,134	54.43%	10,126,507	10,381,746	4,567,941	5,813,805	56.00%
4 Supplies & Materials	297,662	485,832	124,725	361,107	74.33%	293,762	535,182	97,076	438,106	81.86%
5 Other Operating Exp	9,487,387	9,196,358	4,531,535	4,664,823	50.72%	9,656,949	9,612,926	5,010,207	4,602,719	47.88%
6 Capital Outlay	371,505	417,434	72,607	344,827	82.61%	362,255	487,744	391,804	95,940	19.67%
7 Other Outgo	120,000	120,000	72,191	47,809	39.84%	120,000	63,600	-	63,600	100.00%
District Services	37,459,428	35,094,169	16,148,076	18,946,093	53.99%	37,927,070	39,243,264	18,489,031	20,754,233	52.89%
TOTAL FUND 11 and FUND 13	**198,700,677**	**186,800,243**	**82,890,645**	**103,909,598**	**55.63%**	**196,373,579**	**202,288,536**	**92,989,919**	**109,298,617**	**54.03%**

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2022-23 FTES (P1) ESTIMATED ACTUALS COMPARISON TO 2021-22 FTES (RECALC) ACTUALS
WITH BORROWING

FINAL

RG reports as of January 9, 2023		2019-2020 (RECALC) as of September 24, 2020 TOTAL	SAC	SCC	2020-2021 (RECALC) Actuals as of October 20, 2021 TOTAL	SAC	SCC	2021-2022 (RECALC) with Borrowing Actuals as of October 24, 2022 TOTAL	SAC	SCC	2022-2023 (P1) Estimated Actuals as of Janauary 9, 2023 TOTAL	SAC	SCC	2022-2023 Better (Worse) 2022-23 (P1) vs. 2021-22 (RECALC) with Borrowing Actuals TOTAL	SAC	SCC
SUMMER 2022 On or After 7/1/2022																
NC		150.75	73.54	77.21	247.15	106.39	140.76	156.71	55.08	101.63	117.71	53.98	63.73	(39.00)	(1.10)	(37.90)
NC-IS/DE		-	-	-	-	-	-	71.06	48.38	22.68	235.88	164.98	70.90	164.82	116.60	48.22
CDCP		730.14	563.39	166.75	649.43	529.45	119.98	265.71	150.24	115.47	335.67	222.00	113.67	69.96	71.76	(1.80)
CDCP-IS/DE		10.40	0.00	10.40	115.19	2.15	113.04	803.28	561.13	242.15	766.38	566.42	199.96	(36.90)	5.29	(42.19)
CR		1,901.49	1,360.92	540.57	1,902.24	1,257.08	645.16	1,628.95	1,124.10	504.85	538.85	382.92	155.93	(1,090.10)	(741.18)	(348.92)
SUMMER TOTALS		2,792.78	1,997.85	794.93	2,914.01	1,895.07	1,018.94	2,925.71	1,938.93	986.78	1,994.49	1,390.30	604.19	(931.22)	(548.63)	(382.59)
FALL2022																
NC	F	303.02	294.97	8.05	375.27	190.19	185.08	282.82	124.79	158.03	327.00	193.91	133.09	44.18	69.12	(24.94)
NC-IS/DE	F	-	0.00	0.00	-	0.00	0.00	104.43	65.25	39.18	370.98	297.42	73.56	266.55	232.17	34.38
CDCP	F	1,881.55	1,376.12	505.43	1,314.63	1,050.02	264.61	830.11	469.83	360.28	992.43	750.54	241.89	162.32	280.71	(118.39)
CDCP-IS/DE	F	38.54	0.00	38.54	310.62	12.18	298.44	1,211.61	843.21	368.40	975.83	590.46	385.37	(235.78)	(252.75)	16.97
CR																
IS, DSCH	F	723.02	426.51	296.51	1,201.86	777.16	424.70	1,473.45	940.95	532.50	1,787.40	1,191.83	595.57	313.95	250.88	63.07
IS, WSCH		927.57	587.94	339.63	1,557.46	1,047.43	510.03	1,845.66	1,076.56	769.10	1,687.18	1,074.76	612.42	(158.48)	(1.80)	(156.68)
DSCH	F	259.24	200.81	58.43	101.53	73.04	28.49	148.59	115.28	33.31	358.97	304.48	54.49	210.38	189.20	21.18
Positive	F	1,396.83	1,304.52	92.31	1,162.78	1,139.31	23.47	1,365.64	1,263.56	102.08	1,399.90	1,318.37	81.53	34.26	54.81	(20.55)
WSCH		6,570.22	4,271.14	2,299.08	4,486.29	2,731.61	1,754.68	3,301.12	2,311.64	989.48	3,223.96	2,118.49	1,105.47	(77.16)	(193.15)	115.99
TOTAL CR		9,876.88	6,790.92	3,085.96	8,509.92	5,768.55	2,741.37	8,134.46	5,707.99	2,426.47	8,457.41	6,007.93	2,449.48	322.95	299.94	23.01
FALL TOTALS		12,099.99	8,462.01	3,637.98	10,510.44	7,020.94	3,489.50	10,563.43	7,211.07	3,352.36	11,123.65	7,840.26	3,283.39	560.22	629.19	(68.97)
SPRING2023																
NC	F	532.31	207.51	324.80	260.02	46.30	213.72	125.22	69.62	55.60	420.58	203.63	216.95	295.36	134.01	161.35
NC-IS/DE	F	-	0.00	0.00	278.86	214.15	64.71	535.81	276.10	259.71	482.75	362.84	119.91	(53.06)	86.74	(139.80)
CDCP	F	1,835.68	1,164.42	671.26	827.03	393.96	433.07	767.69	388.28	379.41	1,182.33	788.05	394.28	414.64	399.77	14.87
CDCP-IS/DE	F	81.65	18.04	63.61	2,092.50	1,561.34	531.16	1,702.71	1,227.93	474.78	1,348.53	720.37	628.16	(354.18)	(507.56)	153.38
CR																
Jan. intersession	F	859.53	565.79	293.74	782.21	505.93	276.28	774.19	507.74	266.45	865.24	588.42	276.82	91.05	80.68	10.37
IS, DSCH	F	820.88	524.42	296.46	1,307.24	918.29	388.95	1,548.96	1,059.77	489.19	1,810.80	1,237.24	573.56	261.84	177.47	84.37
IS, WSCH		1,127.20	758.44	368.76	1,921.74	1,027.77	893.97	1,754.24	1,096.14	658.10	1,675.18	1,099.48	575.70	(79.06)	3.34	(82.40)
DSCH	F	248.89	215.60	33.29	119.46	110.79	8.67	155.83	123.65	32.18	277.47	228.63	48.84	121.64	104.98	16.66
Positive	F	942.83	891.03	51.80	1,125.73	1,100.25	25.48	1,372.18	1,314.73	57.45	1,605.45	1,520.65	84.80	233.27	205.92	27.35
WSCH		5,616.31	3,648.03	1,968.28	3,130.33	2,153.02	977.31	2,571.06	1,706.08	864.98	2,861.99	1,800.72	1,061.27	290.93	94.64	196.29
TOTAL CR		9,615.64	6,603.31	3,012.33	8,386.71	5,816.05	2,570.66	8,176.46	5,808.11	2,368.35	9,096.13	6,475.14	2,620.99	919.67	667.03	252.64
SPRING TOTALS		12,065.28	7,993.28	4,072.00	11,845.12	8,031.80	3,813.32	11,307.89	7,770.04	3,537.85	12,530.32	8,550.03	3,980.29	1,222.43	779.99	442.44
SUMMER 2023																
NC		2.23	2.23	0.00	1.46	1.46	0.00	0.27	0.27	0.00	0.00	0.00	0.00	(0.27)	(0.27)	0.00
NC-IS/DE		40.46	39.01	1.45	0.00	0.00	0.00	3.05	0.87	2.18	0.00	0.00	0.00	(3.05)	(0.87)	(2.18)
CDCP		0.00	0.00	0.00	30.80	30.40	0.40	45.47	44.64	0.83	0.00	0.00	0.00	(45.47)	(44.64)	(0.83)
CDCP-IS/DE		0.00	0.00	0.00	1.02	0.56	0.46	9.45	3.53	5.92	0.00	0.00	0.00	(9.45)	(3.53)	(5.92)
CR		28.24	23.52	4.72	30.89	21.89	9.00	40.47	30.37	10.10	0.00	0.00	0.00	(40.47)	(30.37)	(10.10)
Borrowed		0.00	0.00	0.00	0.00	0.00	0.00	1,307.24	934.59	372.65	0.00	0.00	0.00	(1,307.24)	(934.59)	(372.65)
SUMMER TOTALS		70.93	64.76	6.17	64.17	54.31	9.86	1,405.95	1,014.27	391.68	0.00	0.00	0.00	(1,405.95)	(1,014.27)	(391.68)
COMBINED																
NC		988.31	578.25	410.06	883.90	344.34	539.56	565.02	249.76	315.26	865.29	451.52	413.77	300.27	201.76	98.51
NC-IS/DE		40.46	39.01	1.45	278.86	214.15	64.71	714.35	390.60	323.75	1,089.61	825.24	264.37	375.26	434.64	(59.38)
CDCP		4,447.37	3,103.93	1,343.44	2,821.89	2,003.83	818.06	1,908.98	1,052.99	855.99	2,510.43	1,760.59	749.84	601.45	707.60	(106.15)
CDCP-IS/DE		130.59	18.04	112.55	2,519.33	1,576.23	943.10	3,727.05	2,635.80	1,091.25	3,090.74	1,877.25	1,213.49	(636.31)	(758.55)	122.24
CREDIT		21,422.25	14,778.67	6,643.58	18,829.76	12,863.57	5,966.19	19,287.58	13,605.16	5,682.42	18,092.39	12,865.99	5,226.40	(1,195.19)	(739.17)	(456.02)
TOTAL		27,028.98	18,517.90	8,511.08	25,333.74	17,002.12	8,331.62	26,202.98	17,934.31	8,268.67	25,648.46	17,780.59	7,867.87	(554.52)	(153.72)	(400.80)

2019-2020	SAC	SCC	2020-2021	SAC	SCC	2021-2022	SAC	SCC	2022-2023	SAC	SCC
Non-Credit	58.51%	41.49%	Non-Credit	38.96%	61.04%	Non-Credit	44.20%	55.80%	Non-Credit	52.18%	47.82%
IS/DE	0.00%	0.00%	NC-IS/DE	76.79%	23.21%	NC-IS/DE	54.68%	45.32%	NC-IS/DE	75.74%	24.26%
CDCP	69.79%	30.21%	CDCP	71.01%	28.99%	CDCP	55.16%	44.84%	CDCP	70.13%	29.87%
CDCP-IS/DE	13.81%	86.19%	CDCP-IS/DE	62.57%	37.43%	CDCP-IS/DE	70.72%	29.28%	CDCP-IS/DE	60.74%	39.26%
Credit	68.99%	31.01%	Credit	68.32%	31.68%	Credit	70.54%	29.46%	Credit	71.11%	28.89%
Credit-Special Admit	69.18%	30.82%	Credit-Special Admit	65.61%	34.39%	Credit-Special Admit	76.34%	23.66%	Credit-Special Admit	73.23%	26.77%
Total	68.51%	31.49%	Total	67.11%	32.89%	Total	68.44%	31.56%	Total	69.32%	30.68%

	2019-2020 TOTAL	SAC	SCC	2020-2021 TOTAL	SAC	SCC	2021-2022 TOTAL	SAC	SCC	2022-2023 TOTAL	SAC	SCC
Special Admit	688.76	476.47	212.29	643.04	421.92	221.12	940.72	718.16	222.56	1,234.32	903.86	330.46
Non-Resident FTES	591.31	421.06	170.25	465.47	340.92	124.55	446.18	318.95	127.23	527.20	353.28	173.92
Non-Credit Inmates in Correctional Facilites	476.32	235.76	240.56	641.13	286.21	354.92	875.90	313.45	562.45	576.43	320.82	255.61

	Changes in Growth Compared to 2018-19 (RECALC)		Changes in Growth Compared to 2019-20 (RECALC)		Changes in Growth Compared to 2020-21 (RECALC)		Changes in Growth Compared to 2021-22 (RECALC)	
Growth Total District % (+/-)	4.26%		-6.27%		3.43%		-2.12%	
Growth Total % (+/-) by Campus	2.74%	7.72%	-8.19%	-2.11%	5.48%	-0.76%	-0.86%	-4.85%

NOTE: *(F) Factored on primary terms*

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT SIMULATED REVENUE

SCFF SIMULATION FY 2022-23
WITH Estimated FY 2022-23 FTES #'S @ P1 - RG540 #'s - with college's projected growth for FY 23-24-no borrowing)
USING FY 2021-22 SUPPLEMENTAL & STUDENT SUCCESS #'S as of 12-2-22

	2021-22			% Change	2022-23			% Change	2023-24			% Change
	5.07%		$ 177,796,393	3.13%	6.56%		$ 202,145,609	13.69%	8.13%		$ 217,902,371	7.79%
			174,838,125				183,702,418				195,753,297	
		COLA EST.	8,864,293			COLA EST.	12,050,879			COLA EST.	15,914,743	
			REVISED 21-22				REVISED 22-23				REVISED 23-24	

		Funding Source	FTES	Rate	Total	Δ %	FTES	Rate	Total	Δ %	FTES	Rate	Total	Δ %
Base		Basic Allocation			12,751,831	5.07%			16,859,530	32.21%			18,230,210	8.13%
		Credit FTES	19,352.13	$ 4,212.26	81,516,117	2.45%	17,797.22	$ 4,840.00	86,138,529	5.67%	17,667.73	$ 5,233.49	92,463,916	7.34%
		Non Credit FTES - (Incarcerated Non-Credit FTES)	1,279.37	$ 3,552.03	4,544,358		1,954.90	$ 4,082.00	7,979,902		1,954.90	$ 4,413.87	8,628,668	
		CDCP FTES	5,636.03	$ 5,906.97	33,291,873		5,601.17	$ 6,788.00	38,020,742		5,601.17	$ 7,339.86	41,111,828	
		Special Admit Credit FTES	940.72	$ 5,906.97	5,556,807		1,234.32	$ 6,788.00	8,378,564		1,234.32	$ 7,339.86	9,059,741	
				77.43%	$ 137,660,987	6.49%		77.85%	$ 157,377,267	14.32%		77.78%	$ 169,494,363	7.70%
Supplemental		Pell Grant Recipients	5,365	$ 996.06	5,343,881		5,815	$ 1,145.00	6,658,175		5,815	$ 1,238.09	7,199,485	
		AB540 Students	1,760	$ 996.06	1,753,072		1,699	$ 1,145.00	1,945,355		1,699	$ 1,238.09	2,103,512	
		California Promise Grant Recipients	14,454	$ 996.06	14,397,103		13,176	$ 1,145.00	15,086,520		13,176	$ 1,238.09	16,313,054	
			3 yr Average	12.09%	$ 21,494,056	-14.11%	3 yr Average	11.72%	$ 23,690,050	10.22%	3 yr Average	11.76%	$ 25,616,051	8.13%
Student Success	All Students	Associate Degrees	1,361.33	$ 1,762.02	2,398,696		1,336.33	$ 2,025.00	2,706,068		1,336.33	$ 2,189.63	2,926,072	
		Associate Degrees for Transfer	1,240.67	$ 2,349.37	2,914,787		1,221.67	$ 2,700.00	3,298,509		1,221.67	$ 2,919.51	3,566,678	
		Baccalaureate Degrees	16.67	$ 1,762.02	29,373		11.33	$ 2,025.00	22,943		11.33	$ 2,189.63	24,809	
		Credit Certificates	528.00	$ 1,174.68	620,232		519.00	$ 1,350.00	700,650		519.00	$ 1,459.76	757,613	
		Nine or More CTE Units	4,379.00	$ 587.34	2,571,968		4,458.67	$ 675.00	3,009,602		4,458.67	$ 729.88	3,254,283	
		Transfer	1,134.00	$ 881.01	999,068		862.33	$ 1,012.50	873,109		862.33	$ 1,094.82	944,093	
		Transfer Level Math and English	1,010.00	$ 1,174.68	1,186,429		997.33	$ 1,350.00	1,346,396		997.33	$ 1,459.76	1,455,857	
		Achieved Regional Living Wage	7,078.33	$ 587.34	4,157,396		7,117.67	$ 675.00	4,804,427		7,117.67	$ 729.88	5,195,027	
			16,748		$ 14,877,948	2.36%	16,524		$ 16,761,705	12.66%	16,524		$ 18,124,431	8.13%
	Pell Grants Recipients	Associate Degrees	570.33	$ 666.67	380,221		574.67	$ 765.00	439,623		574.67	$ 827.19	475,364	
		Associate Degrees for Transfer	591.00	$ 888.89	525,335		583.00	$ 1,020.00	594,660		583.00	$ 1,102.93	643,006	
		Baccalaureate Degrees	6.33	$ 666.67	4,220		4.00	$ 765.00	3,060		4.00	$ 827.19	3,309	
		Credit Certificates	177.67	$ 444.45	78,965		178.67	$ 510.00	91,122		178.67	$ 551.46	98,530	
		Nine or More CTE Units	1,300.00	$ 222.22	288,890		1,399.33	$ 255.00	356,829		1,399.33	$ 275.73	385,839	
		Transfer	487.00	$ 333.33	162,334		366.00	$ 382.50	139,995		366.00	$ 413.60	151,377	
		Transfer Level Math and English	392.00	$ 444.45	174,223		377.00	$ 510.00	192,270		377.00	$ 551.46	207,902	
		Achieved Regional Living Wage	577.00	$ 222.22	128,223		714.67	$ 255.00	182,241		714.67	$ 275.73	197,057	
			4,101		$ 1,742,411	5.52%	4,197		$ 1,999,799	14.77%	4,197		$ 2,162,383	8.13%
	California Promise Grant Recipients	Associate Degrees	974.33	$ 444.45	433,037		972.33	$ 510.00	495,888		972.33	$ 551.46	536,204	
		Associate Degrees for Transfer	895.33	$ 592.59	530,568		890.67	$ 680.00	605,656		890.67	$ 735.28	654,895	
		Baccalaureate Degrees	12.33	$ 444.45	5,480		8.00	$ 510.00	4,080		8.00	$ 551.46	4,412	
		Credit Certificates	328.67	$ 296.30	97,384		323.33	$ 340.00	109,932		323.33	$ 367.64	118,870	
		Nine or More CTE Units	2,561.67	$ 148.15	379,508		2,621.33	$ 170.00	445,626		2,621.33	$ 183.82	481,856	
		Transfer	727.33	$ 222.22	161,629		549.67	$ 255.00	140,166		549.67	$ 275.73	151,561	
		Transfer Level Math and English	634.33	$ 296.30	187,950		604.00	$ 340.00	205,360		604.00	$ 367.64	222,056	
		Achieved Regional Living Wage	1,521.67	$ 148.15	225,433		1,824.00	$ 170.00	310,080		1,824.00	$ 183.82	335,290	
			7,656		$ 2,020,990	5.47%	7,793		$ 2,316,788	14.64%	7,793		$ 2,505,143	8.13%
				10.48%	$ 18,641,350	2.98%		10.43%	$ 21,078,292	13.07%		10.46%	$ 22,791,957	8.13%
		TOTAL AS CALCULATED BY SCFF			$ 177,796,393	3.13%			$ 202,145,609	13.69%			$ 217,902,371	7.79%
		TCR adjusted by COLA			183,702,418				195,753,297				211,668,040	
		Differences of calculated SCFF and TCR adjusted by COLA			$ (5,906,025)				$ 6,392,312				$ 6,234,332	

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2023/24 Tentative Budget Assumptions
January 13, 2023

I. State Revenue

A. Budgeting will begin using the Student Centered Funding Formula (SCFF) at the hold harmless provision for the 2017/18 Total Computational Revenue plus outyear cost of living adjustments (COLA) plus estimated revenue earned above hold harmless less estimated deficit factor.

B. FTES Workload Measure Assumptions:

Year		Base	Actual	Funded		Actual Growth
2016/17		28,901.64	27,517.31	28,901.64	a	-4.79%
2017/18		28,901.64	29,378.53	29,375.93	b	1.65%
2018/19	Recal		25,925.52	28,068.86	c	-11.75%
2019/20	Recal		27,028.98	26,889.30		4.26%
2020/21	Recal		25,333.74	26,993.32		-6.27%
2021/22	Recal		26,202.98	26,848.76		3.43%
2022/23	P1		25,648.46			-2.12%

a - based on submitted P3, District went into Stabilization in FY 2016/17
b - based on submitted P3, the district shifted 1,392.91 FTES from summer 2018
c - To maintain the 2015/16 funding level and produce growth FTES in 2017/18, the district borrowed from summer 2018 which reduced FTES in 2018/19.

The governor's state budget proposal includes .5% systemwide growth funding, 8.13% COLA. The components now remain at 70/20/10 split with funded COLA added to all metrics each year. Any changes to our funding related to the SCFF will be incorporated when known.

Projected COLA of 8.13%	$15,914,743
Projected SCFF Base Increase	$0
Projected Growth/Restoration	$6,234,332
Deficit Factor (2%)	($4,358,047)

2023/24 Potential Growth at 0.5% 26,334 FTES

C. Education Protection Account (EPA) funding estimated at $38,980,355 based on 2022/23 @ Advance. These are not additional funds. The EPA is only a portion of general purpose funds that offsets what would otherwise be state aid in the apportionments. We intend to charge a portion of faculty salaries to this funding source in compliance with EPA requirements.

D. Unrestricted lottery is projected at $170 per FTES ($4,530,357). Restricted lottery at $67 per FTES ($1,785,494). (2021/22 @ Recal of resident & nonresident factored FTES, 26,649.16 x $170 = $4,530,357 unrestricted lottery; 26,649.16 x $67 = $1,785,494 restricted lottery)

E. Estimated reimbursement for part-time faculty compensation is estimated at $568,828 (2022/23 @ Advance).

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is being proposed on certain categorical programs. Without COLA, other categorical reductions would be required to remain in balance if settlements are reached with bargaining groups. The colleges will need to budget for any program match requirements using unrestricted funds.

G. College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2022/23 @ Advance of $232,423.

H. Mandates Block Grant estimated at a total budget of $825,239 ($32.68 x 25,252.10). No additional one-time allocation proposed.

II. Other Revenue

I. Non-Resident Tuition budgeted at $3,000,000. (SAC $2,000,000, SCC $1,000,000).

J. Interest earnings estimated at $900,000.

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately $404,737.

L. Apprenticeship revenue estimated at $5,227,354. (Corresponding expenses are also budgeted for apprenticeship course offerings.)

M Scheduled Maintenance/Instructional Equipment allocation. Unknown at this time.

N Full-time Faculty Hiring Allocation ($3,325,444 - $2,367,141 = $958,303)

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2023/24 Tentative Budget Assumptions
January 13, 2023

III. Appropriations and Expenditures

A. As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for ALL necessary expenditures including but not limited to all full time and part time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.

B. The state is proposing 8.38% Cost of Living Allowance (COLA). Estimated 5% for unrestricted general fund = $7,669,263
(FARSCCD approximate cost $3,859,222 CSEA approximate cost $2,090,750, Management/Other approximate cost $1,719,291)
The colleges will need to budget for bargained increased costs in Salaries and Benefits for part-time employees.
The estimated cost of a 1% salary increase is $2.05 million for all funds. The estimated cost of a 1% salary increase is $1.53 million for the unrestricted general fund.

C. Step and column movement is budgeted at an additional cost of approximately $1.77 million including benefits for FD 11 & 13
(FARSCCD approximate cost $893,243 CSEA approximate cost $483,621, Management/Other approximate cost $397,652)
For all funds, it is estimated to = $2.46 million (FARSCCD = $1,114,537, CSEA = $770,322, Management/Others = $571,510)
In addition, the colleges would need to budget for step/column increases for P/T faculty.

D. Health and Welfare benefit premium cost increase as of 1/1/2024 is estimated at 3.5% for an additional cost of approximately $601,137 for active employees and $288,637 for retirees, for a combined increase of $889,774 for unrestricted general fund. The additional cost increase for all funds is estimated to = $1,070,323.
State Unemployment Insurance (.50% to .20%)
CalSTRS employer contribution rate will stay the same in 2023/24 at 19.10% for no increase.
(Note: The cost of each 1% increase in the STRS rate is approximately $760,000.)
CalPERS employer contribution rate will increase in 2023/24 from 25.37% to 27.00% for a increase of $682,853.
(Note: The cost of each 1% increase in the PERS rate is approximately $411,000.)

E. The full-time faculty obligation (FON) for Fall 2023 is estimated to be 348. The Fall 2022 report indicated the District was 17.8 faculty under its FON. The current cost for a new position is budgeted at Class VI, Step 12 at approximately $176,174. Penalties for not meeting the obligation amount to approximately $87,151 per FTE not filled. Each faculty hired over the FON adds cost of ($176,174 - $61,190)= $114,984 if deduct hourly cost. Hiring of 26 new faculty for FY 2023/24 (SAC=18 and SCC=8).
SAC hiring 12.5 = $2,202,175 unrestricted general fund, hiring 2.5 = $440,435 in restricted general fund (categorical program), and hiring 3 non-credit non-FON = $528,522
SCC hiring 6 = $1,057,044 unrestricted general fund and hiring 2 non-credit non-FON = $352,348.
Unrestricted General Fund will be budgeted for 18.5 position, the differences of funding will need to be provided by the colleges.

F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/23 for hourly faculty is $92.69 x 18 hrs/LHE= $1,669 (FY 2023/24)
(Total cost of salary and benefits of part-time faculty to teach 30 LHE = $61,190)

G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Employer Contribution Target remains less than our current pay as you go, therefore there is no additional need to fund this liability this year.

H. Capital Outlay Fund - The District will continue to budget $1.5 million for capital outlay needs.

I. Utilities cost increases of 2.5%, estimated at $100,000.

J. Information Technology licensing contract escalation cost of 7%, estimated at $125,000.

K. Property and Liability Insurance transfer estimated at $1,970,000. Unchanged.

L. Other additional DS/Institutional Cost expenses:

	Ongoing Cost	One-time Cost
Business Services	$ 1,612,336	
P & C Recruitment	$ 50,000	

M. Seventh contribution of Santiago Canyon College ADA Settlement expenses of $2 million from available one-time funds.

Rancho Santiago Community College District
Unrestricted General Fund Summary
2023/24 Tentative Budget Assumptions
January 13, 2023

*	**New Revenues**	**Ongoing Only**	**One-Time**
A	Student Centered Funding Formula		
B	Projected COLA of 8.13%	$15,914,743	
B	Projected SCFF Base Increase	$0	
B	Projected Growth/Restoration	$6,234,332	
B	Deficit Factor (2%) - additional	($426,657)	
D	Unrestricted Lottery	$245,635	
H	Mandates Block Grant	$0	
I	Non-Resident Tuition	$500,000	
J	Interest Earnings	$0	
L	Apprenticeship - SCC	$0	
EGK	Misc Income	$0	
N	Full-time Faculty Allocation	$958,303	
	Total	**$23,426,356**	

	New Expenditures		
B	Salary Schedule Increases/Collective Bargaining **	$7,669,263	
C	Step/Column	$1,774,516	
D	Health and Welfare/Benefits Est. Increase 3.5% - Active	$601,137	
D	Health and Welfare/Benefits Est. Increase 3.5% - Retirees	$288,637	
D	CalSTRS Increase	$0	
D	CalPERS Increase	$682,853	
D	State Unemployment (.50% to .20%)	($354,680)	
E	Full Time Faculty Obligation Hires	$3,259,219	
E	Non-Credit Faculty (Non FON)	$880,870	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	$0	
G	Cost of Retiree Health Benefit (OPEB Cost)	$0	
H	Capital Outlay/Scheduled Maintenance Contribution	$0	
I	Utilities Increase	$100,000	
J	ITS Licensing/Contract Escalation Cost	$125,000	
K	Property, Liability and All Risks Insurance	$0	
II.L	Apprenticeship - SCC	$0	
L	Other Additional DS/Institutional Costs	$1,662,336	
M	SCC ADA Settlement Costs	$0	$2,000,000
	Total	**$16,689,151**	**$2,000,000**
	2023/24 Budget Year Unallocated (Deficit)	$6,737,205	
	2022/23 Structural Unallocated (Deficit)	($2,388,864)	
	Total Est. Unallocated (Deficit)	$4,348,341	

SRP Savings/Rightsizing Recap

Beginning Balance 7/1/22 SRP Savings	$14,655,522
SRP Savings FY 2022/23	$5,509,375
FON Penalty (17.8 x $87,151)	($1,551,288)
SRP Cost for FY 2023/24	($1,979,622)
SRP Cost for FY 2024/25	($1,979,622)
SRP Cost for FY 2025/26	($765,062)
Ending Balance	**$13,889,303**

* *Reference to budget assumption number*
** *5.00% for FARSCCD/CSEA/CEFA/Management set aside*

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

REORGANIZATION REQUEST FORM

Number # 1306
Assigned by Human Resources

Use this form and the reorganization process to make a permanent personnel change in your program or department. If proposing a new and/or change of position, please attach a cost of position worksheet.

Site/Department/Division: District Office/Facilities/Business Services

Manager/Supervisor: Carri M. Matsumoto/Iris I. Ingram

Position(s) affected:

CURRENT POSITION	PROPOSED POSITION
District Support Services Supervisor (SERP/Vacant Eliminated)	Lead Custodian **NEW**
	Facilities Systems Manager **NEW** **(Grade G)**

Current annual salary/benefits cost $ 183,790.80 Proposed annual salary/benefits cost $ ~~294 974.84~~ $307,831.43

Specify budget impact – include exact amounts or the best available estimate and the source of funding: (Revised 9/8/22 see attached)

GENERAL FUNDS ☑ **RESTRICTED FUNDS** ☐

Source of funding (account numbers): 11-0000-653000-54133-2130 & 11-0000-710000-54132-2110
(Attach necessary budget change forms)

Reason for reorganization:

See attached.

Will there be duties and/or responsibilities that will no longer be performed/required in this department/division?
No ☐ Yes ☑ If yes, please explain below.

See attached.

Does this change affect more than one department/division? No ☑ Yes ☐ If yes, please explain below.

Please note: You are required to attach both current and proposed organization charts *(highlighting all positions affected, both current and proposed)* with this form.

Submitted by *(District Cabinet Member)*: Iris Ingram Date: 8/10/2022

SIGNATURES AND/OR REVIEW DATES	
Human Resources *(Signature/Date)*: AW Chengyu Hou (Oct 11, 2022 12:44 PDT)	Business Operations & Fiscal Services *(Signature/Date)*: TN Adam O'Connor (Oct 12, 2022 10:28 PDT)
	Resource Development *(Signature/Date – Only for Restricted Funds)*
COLLEGE POSITIONS	**DISTRICT POSITIONS**
President's Council Approval *(Signature/Date)*:	Chancellor's Cabinet Approval *(Signature/Date)*: DG Marvin Martinez (Oct 17, 2022 12:04 PDT)
Chancellor's Cabinet Approval *(Signature/Date)*:	Chancellor's Council Approval *(Signature/Date)*:
CSEA *(Signature/Date)*:	CSEA *(Signature/Date)*:

FACILITIES PLANNING, DISTRICT CONSTRUCTION & SUPPORT SERVICES
REORGANIZATION REQUEST - September 2022 (Revised)

	Current Cost	Proposed Reorg Cost	Net Amount
District Support Services Supervisor (SERP/Vacant Eliminated)	183,790.80		
Lead Custodian		97,348.97	
Facilities Systems Manager (New Position)		210,482.46	
	183,790.80	307,831.43	(124,040.63)

RSCCD **2022-2023 Cost of Position**

COST OF NEW POSITION - CLASSIFIED CONTRACT

POSITION TITLE:	**Lead Custodian**		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Lead Custodian- (8 & 3)	$ 4,535.15	12	**$ 54,421.79**

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	25.370%	13,806.81	
SOCIAL SECURITY	6.200%	3,374.15	
MEDICARE	1.450%	789.12	
UNEMPLOYMENT	0.500%	272.11	
WORKERS COMP	1.500%	816.33	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL TAX & BENEFIT COST	**35.020%**	**$ 19,058.52**	**$ 19,058.52**
TOTAL SALARY & BENEFIT COST			**$ 73,480.31**

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		1,500.00	
SOCIAL SECURITY	6.200%	93.00	
MEDICARE	1.450%	21.75	
UNEMPLOYMENT	0.500%	7.50	
WORKERS COMP	1.500%	22.50	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL FRINGE BENEFIT COST	9.650%	$ 1,644.75	**$ 1,644.75**

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum)			
(Annual Life Insurance X $0.075/1000 X 12 Months)	$ 54,421.79	48.98	
MEDICAL INSURANCE (see below)		22,174.93	
TOTAL INSURANCE COST		22,223.91	**$ 22,223.91**

TOTAL COST OF POSITION	**$ 97,348.97**

BENEFITS =	**$ 42,927.18**	
BENEFIT COST AS A PERCENT OF CONTRACT =		**78.88%**

Admn., Superv/Mang. & Conf. (including Fringe amount)	Max	**40,345.56**	**24,826.18**
CSEA	Max	**35,228.16**	**22,174.93**

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

9/8/2022

RSCCD 2022-2023 Cost of Position

COST OF NEW POSITION - MANAGEMENT CONTRACT

POSITION TITLE	**Facilities Systems Manager (New Position)**		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Vacant (G & Step 4)	$ 11,226.40	12	**$ 134,716.83**

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	25.370%	34,177.66	
SOCIAL SECURITY	6.200%	8,352.44	
MEDICARE	1.450%	1,953.39	
UNEMPLOYMENT	0.500%	673.58	
WORKERS COMP	1.500%	2,020.75	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL TAX & BENEFIT COST	**35.020%**	**$ 47,177.82**	**$ 47,177.82**
TOTAL SALARY & BENEFIT COST			**$ 181,894.65**

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		3,320.00	
SOCIAL SECURITY	6.200%	205.84	
MEDICARE	1.450%	48.14	
UNEMPLOYMENT	0.500%	16.60	
WORKERS COMP	1.500%	49.80	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL FRINGE BENEFIT COST	9.650%	$ 3,640.38	**$ 3,640.38**

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum)			
(Annual Life Insurance X $0.075/1000 X 12 Months)	$ 134,716.83	121.25	
MEDICAL INSURANCE (see below)		24,826.18	
TOTAL INSURANCE COST		24,947.43	**$ 24,947.43**

TOTAL COST OF POSITION	**$ 210,482.46**

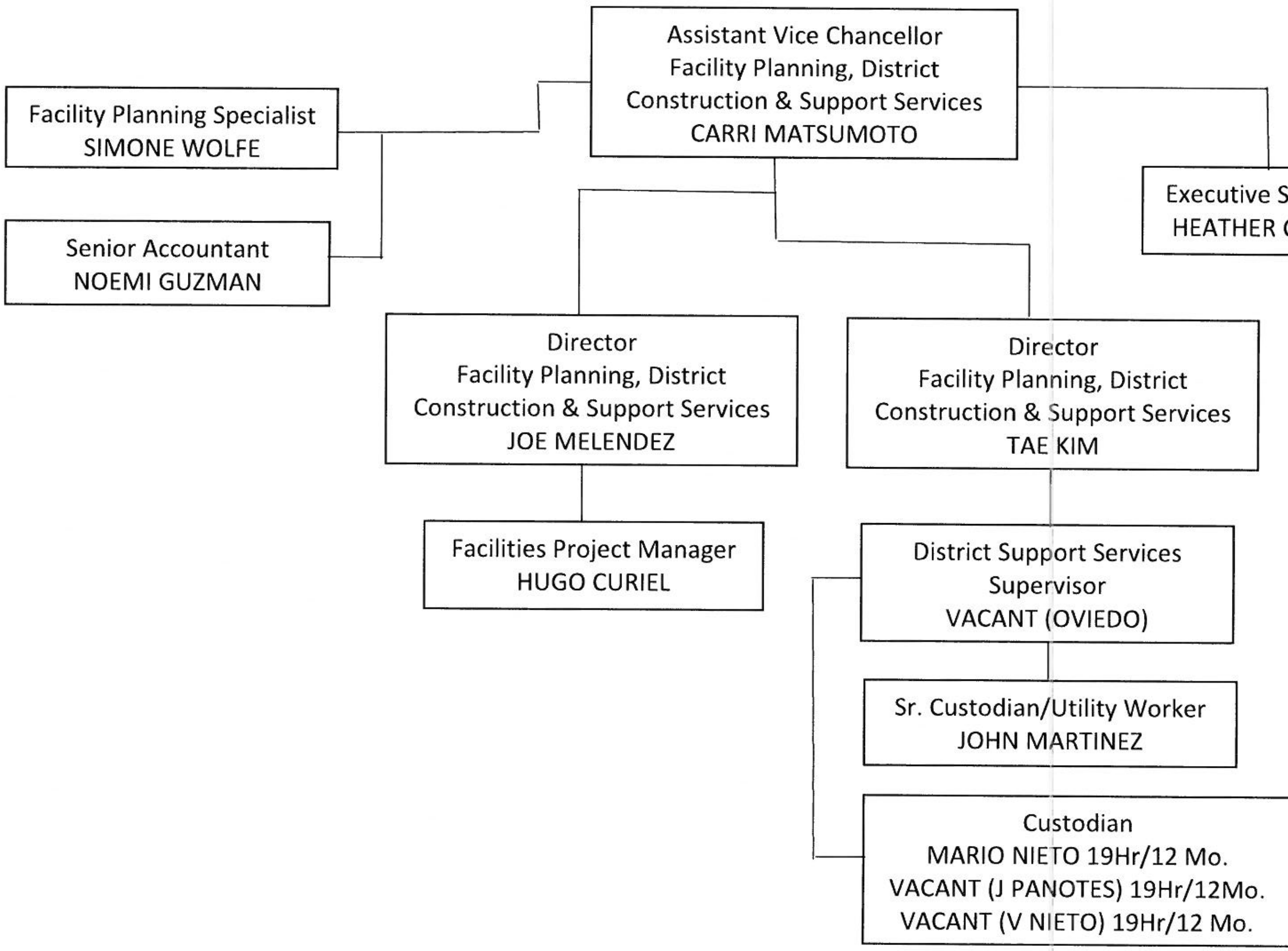
BENEFITS =	**$ 75,765.63**
BENEFIT COST AS A PERCENT OF CONTRACT =	**56.24%**

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

9/8/2022

Rancho Santiago Community College District
Business Services
Facility Planning, District Construction & Support Services

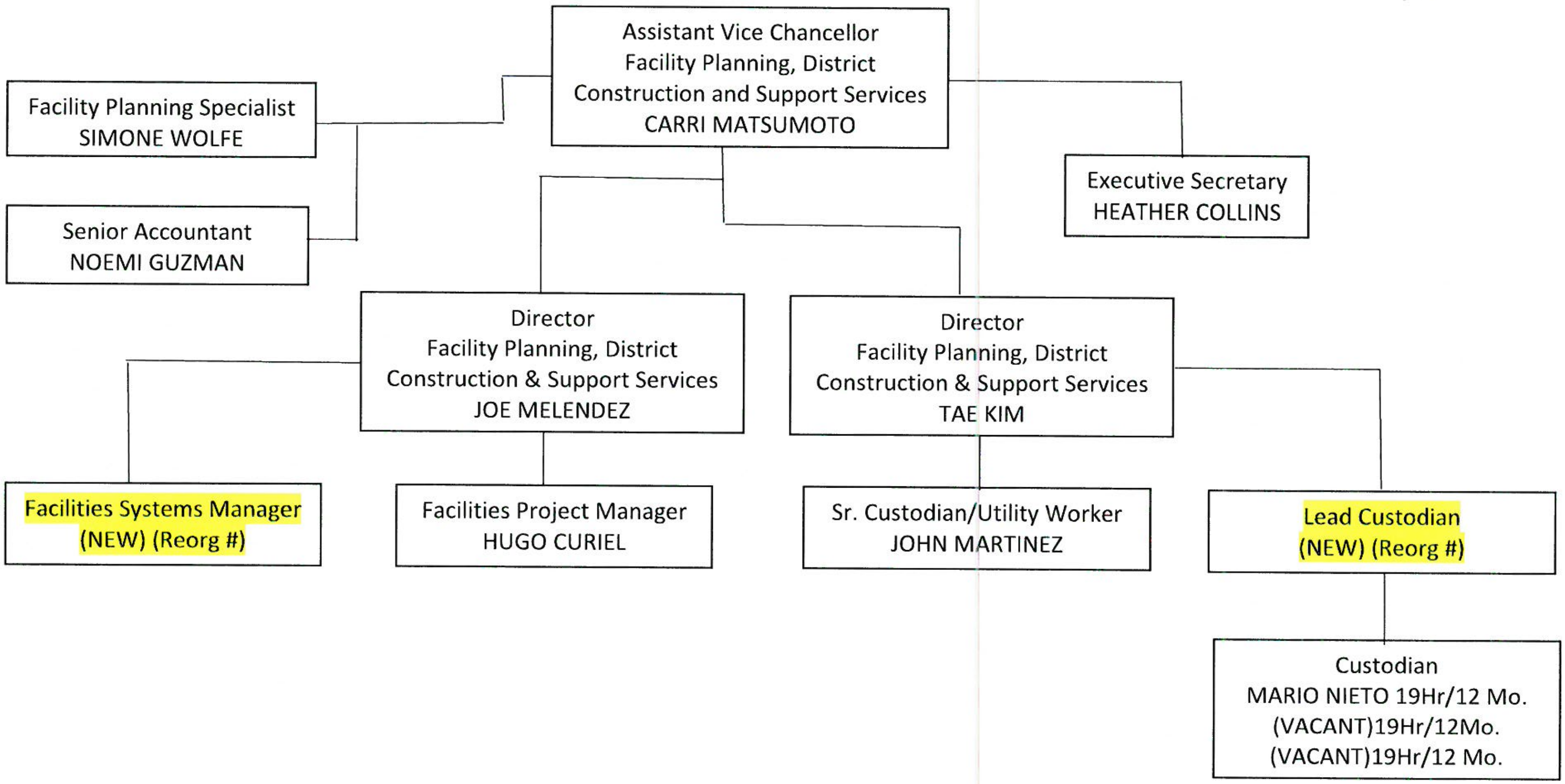
CURRENT



FY22 Facility_Planning_District_Support_Svcs 8/31/2022

Rancho Santiago Community College District
Business Services
Facility Planning, District Construction and Support Services

Proposed



Reorganization Request #

Vacant Position

RSCCD 2021-2022 Cost of Position

COST OF NEW POSITION - MANAGEMENT CONTRACT

POSITION TITLE	**District Support Service Supervisor**		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Alex Oviedo (I & 7)	$ 10,005.083	12	**$ 120,061.00**

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	22.910%	27,505.98	
SOCIAL SECURITY	6.200%	7,443.78	
MEDICARE	1.450%	1,740.88	
UNEMPLOYMENT	0.500%	600.31	
WORKERS COMP	1.500%	1,800.92	
ACTIVE RET. INS. COST	2.000%	2,401.22	
TOTAL TAX & BENEFIT COST	**34.560%**	**$ 41,493.09**	**$ 41,493.09**
TOTAL SALARY & BENEFIT COST			**$ 161,554.09**

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		3,070.00	
SOCIAL SECURITY	6.200%	190.34	
MEDICARE	1.450%	44.52	
UNEMPLOYMENT	0.500%	15.35	
WORKERS COMP	1.500%	46.05	
ACTIVE RET. INS. COST	2.000%	61.40	
TOTAL FRINGE BENEFIT COST	11.650%	$ 3,427.66	**$ 3,427.66**

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum) (Annual Life Insurance X $0.075/1000 X 12 Months)	$ 120,061.00	108.05	
MEDICAL INSURANCE (see below)		18,701.00	
TOTAL INSURANCE COST		18,809.05	**$ 18,809.05**

TOTAL COST OF POSITION	**$ 183,790.80**
BENEFITS =	**$ 63,729.80**
BENEFIT COST AS A PERCENT OF CONTRACT =	**53.08%**

Admn., Superv/Mang. & Conf. (including Fringe amount)	Max	**40,345.56**	**24,760.71**
CSEA	Max	**35,228.16**	**21,486.35**

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

5/18/2022

Proposed

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
SANTA ANA, CALIFORNIA

CLASS SPECIFICATION
May 2022

FACILITIES SYSTEMS MANAGER

CLASS SUMMARY

Under administrative direction, performs management duties in the District's Facilities Planning, District Construction and Support Services department and may report to the Assistant Vice Chancellor or Director of Facility Planning, District Construction and Support Services. The Facilities Systems Manager is responsible for managing building systems and projects as assigned which includes: planning, supervising, coordinating, overseeing duties related to the the maintenance, testing, inspection and repairs to building systems across district facilities with primary responsibility for managing the fire life safety protection systems districtwide.

SPECIFIC RESPONSIBILITIES

Coordinates, schedules, oversees, supervises and manages districtwide, the fire protection services which includes testing, inspection, maintenance and repairs of systems and equipment to ensure proper functionality and working operations.

Conducts such work in an organized, orderly, thorough, and professional manner.

Develops, plans, updates, implements, and monitors the District's Fire Management Protocol that addresses multiple fire alarm and fire life safety systems throughout various District properties. District equipment and systems include, but are not limited to: fire alarm panels, smoke detectors, heat detectors, manual pull stations, horn/strobe components, area speakers, duct smoke detectors, fire dampers, combo smoke/fire dampers, mass notification systems, fire water pumps, fire riser assemblies, dual check detector assemblies, position-indicating valves, sprinklers, kitchen fume hood systems, smoke control doors and grills, and other specialty systems such as, fire suppressant systems and smoke evacuation systems, etc..

Coordinates with local fire authorities, public agencies, and third-party vendors to ensure compliance with the District's Fire Management Protocol.

Review districtwide by site, current existing schedule of preventative maintenance, testing, and repair work scheduled for any of the related fire alarm and fire life safety systems. Determine an appropriate schedule for preventative maintenance work and testing associated with such alarms and systems.

Determine code required testing of fire protection systems and frequency of testing. Assess and determine if any deficiencies need to be taken and corrective action measures.

Consult, coordinate and communicate with Campus Safety and other departments districtwide for effective and thorough communication and collaboration. Ensure all stakeholders are properly engaged and understand their roles and responsibilities in fire management and protection of life and property and the schedule for all fire alarm and fire life safety systems testing, inspections and repairs.

Responsible for on-going continued management of third-party vendors (their inspections and repair work) and coordination with campus maintenance personnel.

Provide clear direction, information and support to various personnel and third-party vendors to make sure they understand their roles, responsibilities, scope of work and all contract requirements.

Develop, manage, coordinate and facilitate any training if needed on behalf of the department, for personnel at various District sites.

Maintain and manage a districtwide building inventory of the fire-resistance-rated construction, inspections. Oversee the assessment, any necessary inspections, development of the inventory records and ensure compliance to maintain appropriate records of the rated systems districtwide. Coordinate with college maintenance staff, other departments (i.e. Information Technology Systems) and sites to ensure this inventory is completed, updated regularly and maintained appropriately.

In coordination with Campus Safety, plan and conduct fire drills to gauge system readiness and preparedness.

Develop, manage and update fire safety emergency procedures, fire safety evacuation plans, emergency fire watch procedures, and first responder coordination procedures in coordination with Campus Safety, so that occupants know what to do and where to go in the event of an emergency. Ensure plans are adequate and well-developed for safe and timely evacuations and emergency response.

Review maintenance contracts for thoroughness and adequacy. Prepare Request for Proposals (RFP), Solicitations of Quotes (SOQ), and Public Bids for testing, inspection, repair and maintenance of fire safety systems and assist in reviewing proposals and provide recommendations to the District. Assist in bid preparation for projects. Understanding of bid document requirements, review of contractual language, notices of advertisement, specifications, and plan drawings.

Supervise staff, and consultants, projects and activities to ensure projects are delivered in an effective, timely and responsible manner. Take necessary corrective actions and propose improvements as necessary.

Ensure compliance with applicable laws, codes, rules, regulations and District policies and Administrative Regulations, and/or District standards and procedures.

Inspect, monitor, verify and review work of consultants, contractors and vendors. Ensure performance and quality of work is per contract and specified appropriately.

Undertake record keeping and project document controls to ensure files are properly provided, updated, retained and archived. Such records include but are not limited to: inspections, assessments, tests, repair work and/or replacement, work orders, certifications, etc.

Identify proper scope of work for various types of projects and outline proper course of action to complete the project from inception to completion.

Develop, monitor and oversee project schedules and budgets. Undertake calculations, develop tables, charts and spreadsheets for project and vendor accounting. Evaluate and review budgets, costs and expenditures to identify areas of discrepancy or concern not within industry standards.

Assure the timely preparation, maintenance and distribution of various reports and records as required by federal, state, local and district regulations or as required by the District.

Resolve issues timely and interface with contractors or other professional consultants to resolve disputes through effective communication, negotiation and contract conformance review.

Attend a variety of meetings and participate in district-wide meetings as required.

Ability to review systems and information to determine best practices, best products and applications as well as other technologies that may maximize the efficient use of resources.

Establish and evaluate District standards for materials, equipment, systems, and or other as deemed appropriate and necessary on an on-going basis.

Develop, follow and implement procedures and best business practices.

This position may on occasion be required to assist with other duties related to the department, in addition to primary responsibilities of building management of systems related to fire protection and fire life safety under the supervision of the Director or Assistant Vice Chancellor dependent upon workload. Such assistance may also include activities or duties related to building management, energy management and sustainability, planning activities, department maintenance and operations, construction, repair, replacement, renovation of facilities, equipment, systems and buildings to address district building system components identified by the Department. Other duties may include project management of minor maintenance and repair projects from inception, planning, design, agency approvals, bidding, construction and close-out/completion.

DESIRABLE QUALIFICATIONS GUIDE

TRAINING AND EXPERIENCE

Bachelor's degree in engineering, fire protection engineering, fire sciences, or related engineering field, architecture, construction management or other facilities related degree related to area of assignment is required; plus five years of experience within the last eight years in relevant areas noted.

KNOWLEDGE

Knowledge of building codes including, the National Fire Protection Act (NFPA), California Fire Code (CFC), mechanical and electrical codes, and Division of State Architect (DSA) regulations and bulletins.

Knowledge of building fire protection standards, system types (fire alarm, dampers, dry/wet, standpipes, deluge, fire hydrants, and fire suppression), sequence of operations, emergency procedures, evacuation plans, emergency fire watch procedures, and first responder coordination procedures.

Knowledge and experience with public works contracts, bidding process and applicable laws. Ability to conduct job walks, review bidder information and documents, and verify and make recommendations on bid awards.

Demonstrated experience in managing fire protection systems (i.e. fire alarms, sprinklers, etc.) and maintenance of such systems.

Demonstrated experience in effective management skills to accomplish work (i.e. methods and execution of project management, budgeting, scheduling, contracts, planning and construction, materials, equipment, supplies related to facilities and building maintenance).

Knowledge of safety practices, procedures and precautions. Ability to comply with various safety and hazardous materials training requirements.

Knowledge of local, state and federal laws governing construction of community college facilities and the Division of State Architect requirements.

Knowledge and experience with other low voltage systems, digital network systems, building management systems, energy management, sequence of operations, system types, building standards, and familiarity with work order systems is preferred.

Knowledge of design process, design phases, design management, school construction, coordination of sub-consultants, the steps necessary for proper project management and accountability, including, current construction costs and practices is preferred.

Experience working in a California community college facilities management position is preferred.

Familiarity with District operations, organization and policies experience is preferred.

Possesses strong interpersonal skills and ability to establish and maintain productive working relationships.

Possession of a valid California driver's license is required.

ABILITIES

Communicate effectively orally and in-writing with diverse constituencies within and outside of the district; read, interpret and evaluate construction plans and specifications, including, laws, policies, regulations and contracts; ability to review, update and apply district standards in practice; manage multiple tasks and schedules concurrently; evaluate the quality of work performed by contractors, consultants and vendors; review and manage contracts; ability to develop Request for Qualifications, Solicitations for Quotes and bid documents; ability to keep records in compliance with department's electronic filing system; ability to utilize and operate CADD system or other plan/drawing software systems and work order systems; interact with others with patience and courtesy; drive a vehicle to conduct work and visit multiple building locations; available to work off-hours, late shifts, weekends and holidays to supervise and manage required work activities. Ability to climb a ladder and look above-ceiling tiles, inspect various equipment, and access roof-top equipment.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
SANTA ANA, CALIFORNIA

CLASS SPECIFICATION
Revised October 2001

LEAD CUSTODIAN

CLASS SUMMARY

Under direction – leads custodial staff, assists in the evaluation and scheduling of the custodial staff, performs custodial duties, performs related duties and responsibilities as required.

REPRESENTATIVE DUTIES

Leads, inspects, and assists a crew of custodial personnel and students engaged in the cleaning of campus facilities; instructs subordinate employees in the proper and safe use of materials and equipment; moves and arranges furniture, equipment and supplies; inspects buildings to determine if proper custodial methods are being followed and standards maintained; confers with manager regarding employees; evaluates cleaning products; maintains daily time records; checks and implements schedules for employees; keeps simple records.

ORGANIZATIONAL RELATIONSHIPS

This class reports to the Custodial Supervisor and leads a staff of custodians and students workers assigned to the night or day shifts.

DESIRABLE QUALIFICATIONS GUIDE

Training and Experience

Three years of increasingly responsible experience in custodial work.

Knowledge and Abilities

Knowledge of: the methods, materials, supplies, and equipment used in custodial work; the methods and principles of leadership and training; the sources of information for custodial methods, equipment, and materials.

Ability to: train and lead personnel; ability to follow oral and written directions; ability to work cooperatively with administrative and supervisory personnel, custodial staff, instructors, students, and others; ability to keep simple records.

Physical Requirements: performs regular custodial duties which require climbing, stamina and some heavy lifting.

License: a valid California Motor Vehicle Operator's License.

FACILITIES PLANNING, DISTRICT CONSTRUCTION & SUPPORT SERVICES

Fire Protection Services Projected Budget (July 2022 - June 2023)

Fund 11

Fire Protection Services									
Contract/Service	**2022/2023 Rate**	**SAC**	**SCC**	**CEC**	**OCSRTA**	**DMC**	**DO**	**Remote Monitoring Svcs (All Campuses)**	**Total Estimated Cost**
Cosco (existing contract)	187,200	$ 111,050.00	$ 35,530.00	$ 7,290.00	$ 8,810.00	$ 5,590.00	$ 5,820.00	$ 13,110.00	$ 187,200
Allowance Repairs (existing in Cosco contract)	273,488								$ 273,488
New Facilities Systems Manager (reorg request)	226,607								$ 226,607
Yearly Total									**$ 687,295**

Staffing - Districtwide			
Contract/Service	**2022/2023 Rate Districtwide**	**Total Cost**	
P2S (existing contract)	260,000.00	$ 260,000	Fire protection services consultant
DSA Inspector (Joe Dimaggio, existing contract)	100,000.00	$ 100,000	Fire rated building inspection/code to be enforced effective Jan.2023
Yearly Total		**$ 360,000**	

Combined Yearly Total Needed **1,047,294.71**

Note: This total excludes any major repairs required after we complete an inventory of all the fire rated building locations and discover any deficiencies.

Building the future through quality education

RANCHO SANTIAGO
Community College District

2323 North Broadway • Santa Ana, CA 92706-1640 • (714) 480-7300 • www.rsccd.edu

Santa Ana College • Santiago Canyon College

INTER-OFFICE MEMORANDUM

DATE: May 19, 2022

TO: Iris I. Ingram, Vice Chancellor

FROM: Carri Matsumoto, Assistant Vice Chancellor of Facilities Planning, District Construction & Support Services

RE: **Department Reorganization Request**

The Facilities Department is requesting a reorganization based on changes in assignment of work and lack of custodial assistance at the District office. I have three departments under my supervision: Facility Planning, District Construction & District Office Support Services. In June of 2021, our Department had an unexpected retirement of Alex Oviedo, the late shift District Support Services Supervisor, which resulted in an unsupervised late shift of 3 permanent part time custodians. By eliminating this position from my Department, this has resulted in an annual savings of **$183,790.80.**

However, this has come with consequences. Joe Melendez and myself have had to cover extra shifts in supervising the last shift custodial staff, and we have had to absorb the daily responsibilities of all maintenance and operations for the building which has resulted in longer daily hours and impacted our supervision of the capital facilities and construction departments. This is no longer sustainable.

Additionally, on July 1, 2022, District Campus Safety is transferring responsibilities for oversight and management related to fire life protection services, which used to be at the colleges until its recent transition to District Campus Safety in 2020. Furthermore, the code will be enforced effective January 2023 wherein the District must have proof of an inventory blue print of all fire rated walls in every building tagged and accounted for in the event an inspector arrives on campus and for any work to proceed in buildings. The Colleges must produce these records. Our research of records indicate that this inventory has not been completed in totality for the District and these records must be completed and updated on a regular basis. Therefore, with such a transition of responsibility, this now makes my department responsible for maintenance tasks related to fire life protection services which includes: testing, inspection, repairs and other modifications as needed.

Background Custodial Operations:
The Facilities Department includes 3 departments: a) Facilities Planning, b) District Construction and c) Support Services (Maintenance and Operations for the District Office building only). As a result of the loss of this supervisor position, we have been short late shift custodial supervision which occurs from 12:00 pm-9:00 pm and 11:00 am to 7:30 pm depending on day of the week, including maintenance oversight of the building. The part time custodians are scheduled to work 19 hours each per week in the evening. These shifts are not easily changed as one of the part time custodians has a full-time job during

the day. Additionally, we are short one part-time custodian as this individual is currently filling in as a full-time substitute temporarily at the DMC until the end of June 30, 2022. Therefore, we have been managing with part-time substitutes for the one position, but still run short on filling all custodial duties during the day. It has been a challenge to get substitute custodians on our list and we are managing as best we can as many of these individuals also have full time jobs during the day.

The 4-story building was originally constructed in 1969, renovated in 1998 and gross square footage is 54,784. The daily cleaning demand square footage in the building is **47,268 and recommended custodial staffing is for 17.7 hours per day** based on the use and operations in the building. The District Operations building is a high maintenance facility due to its hours of use, number of occupants, 4 levels/floors, and age of the building.

Our actual custodial staffing on Mondays, Tuesdays and Wednesdays totals 11.25 hours, or **63%** of the recommended custodial staff needed. On Thursdays and Fridays, the custodial service drops to **39.5%** of the recommended level. When an employee is absent on a Thursday or Friday, the labor drops as low as **19.8%** of the recommended staffing. Based on the "levels of cleanliness" criteria developed by the Association of Physical Plant Administrators, we provide a Level 2 (out of 5 levels) cleaning service, in spite of our daily custodial staffing deficit. Level 1 is the highest level. This opinion is based on a third-party independent consultant assessment for our building operations and conditions. Also, our level of service is due mostly as a result of the training provided by our previous supervisor, constant supervision, and team cleaning procedure we instituted with our dedicated custodians.

The reorganization request is to hire a lead custodian full time who can oversee and direct the work of the late-shift part-time custodians. This position can also undertake custodial duties. The cost of this position is **$93,158.99 (see attached cost worksheet)**. I am requesting half of the supervisor's budget be restored to the department to cover custodial operational needs (this request does not address the maintenance supervision we need in the building). The new lead custodian position would also cover a gap in time between the transition from shifts which occurs from 3:00 pm to 5:00 pm. Also, when the day shift custodian calls out sick we are often unable to retain timely and adequate substitutes, and any restroom cleaning or other immediate requests cannot be fulfilled until the night shift starts.

Background Fire Protection Systems Maintenance Services:
For years, the colleges have not been able to undertake a comprehensive testing, inspection and repair program as it relates to fire life safety protection systems. In March of 2020, AR 6520 was revised and the primary responsibility of fire protection services was transition to Campus Safety with collaboration from the colleges. My office assisted in this transition of responsibilities to Campus Safety by developing the entire comprehensive fire protection systems maintenance program (scope of work for testing, inspection, maintenance and repairs) required for all District owned buildings districtwide. We assisted in the development of the Request for Proposals to hire the contractor/vendors that Campus Safety is working with.

On January 19, 2022, it was decided in a meeting between the Vice Chancellors of Business Services and Educational Services, along with Campus Safety and myself, that this responsibility would now transition to my department in the next fiscal year as we continue to work collaboratively with the departments, colleges, revise AR 6520 and work on a transition of responsibilities.

As a result of the new responsibilities and code enforcement for fire rated building inventory work, I am requesting an addition of a new Facilities Systems Manager. This changes the roles and responsibilities of my department and adds maintenance of fire protection services to our duties of oversight. Currently, my department is only responsible for maintenance of the District Office building equipment its components and systems.

This new position would oversee the fire, life safety protection systems districtwide, and work in coordination with the college maintenance and Administrative Services staff, including any related projects assigned by the Director (**see attached NEW job description**). The proposed salary range for this position is a Range G **$201,815.05 (see attached cost worksheet)** and would be an increase to the Department's Maintenance budget for Districtwide services.

Additionally, new maintenance budgets are required to be established for each site and districtwide for the maintenance program for fire life protection services for testing, inspection and repairs (**see attached Fund 11 Fire Protection Maintenance Services Budget Summary)** and we anticipate an increase to our Fund 11 Maintenance Department budget estimated at **$1,047,294.71 annually. This is based off of current contract commitments, scope of work and anticipated maintenance and repairs for the next year.**

Impact:
The impact of not having a supervisor is that our custodians are unsupervised at nights as Joe Melendez and I can no longer continue to sustain continuous physical oversight given our workload. This liability with no physical supervisor present at the District Office during the late shift will remain, as I acknowledge this position was eliminated due to the SERP. Our managers remain on-call during the course of the night custodial crew's shift.

However, having a lead custodian will assist us partially with directing the work of the other custodians at night and fill a gap in coverage during the afternoon transition from shifts. The lead custodian will report to a Director.

Having a Facilities Systems Manager to manage all of the testing, inspection and repair work associated with fire life protection services is needed as much of this testing occurs during the off hours, weekends, holidays, year-round, etc. My managers cannot absorb this workload with our given capital construction responsibilities as we have over 100 projects to manage and a significant increase in Scheduled Maintenance projects for the next 5 years.

Annual Fiscal Impact:
New lead custodian is $93,158.99.
New Facilities Systems Manager is $201,815.05
Fund 11 Budget Increase: $1,047,294.71

Total Annual: $1,342,268.75

Erik Ingram 8/10/2022

If you should have any questions or need further information, please feel free to contact me. Thank you for the consideration.

REPLACE COST SHEE 9/8/22

FACILITIES PLANNING, DISTRICT CONSTRUCTION & SUPPORT SERVICES
REORGANIZATION REQUEST - May 2022

	Current Cost	Proposed Reorg Cost	Net Amount
District Support Services Supervisor (SERP/Vacant Eliminated)	183,790.80		
Lead Custodian		93,158.99	
Facilities Systems Manager (New Position)		201,815.05	
	183,790.80	294,974.04	(111,183.24)

New Position

REPLACED COST SHEET 9/8/22

RSCCD 2022-2023 Cost of Position

COST OF NEW POSITION - CLASSIFIED CONTRACT

POSITION TITLE:	Lead Custodian		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Lead Custodian- (8 & 3)	$ 4,319.190	12	**$ 51,830.28**

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	25.370%	13,149.34	
SOCIAL SECURITY	6.200%	3,213.48	
MEDICARE	1.450%	751.54	
UNEMPLOYMENT	0.500%	259.15	
WORKERS COMP	1.500%	777.45	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL TAX & BENEFIT COST	**35.020%**	**$ 18,150.96**	**$ 18,150.96**
TOTAL SALARY & BENEFIT COST			**$ 69,981.24**

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		1,500.00	
SOCIAL SECURITY	6.200%	93.00	
MEDICARE	1.450%	21.75	
UNEMPLOYMENT	0.500%	7.50	
WORKERS COMP	1.500%	22.50	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL FRINGE BENEFIT COST	9.650%	$ 1,644.75	**$ 1,644.75**

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum)			
(Annual Life Insurance X $0.075/1000 X 12 Months)	$ 51,830.28	46.65	
MEDICAL INSURANCE (see below)		21,486.35	
TOTAL INSURANCE COST		21,533.00	**$ 21,533.00**

TOTAL COST OF POSITION	**$ 93,158.99**

BENEFITS =	**$ 41,328.71**
BENEFIT COST AS A PERCENT OF CONTRACT =	**79.74%**

Admn., Superv/Mang. & Conf. (including Fringe amount)	Max	**40,345.56**	**24,760.71**
CSEA	Max	**35,228.16**	**21,486.35**

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

REPLACE COST SHEET 9/8/22

New Position

RSCCD 2022-2023 Cost of Position

COST OF NEW POSITION - MANAGEMENT CONTRACT

POSITION TITLE	Facilities Systems Manager (New Position)		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Vacant (G & Step 4)	$ 10,691.81	12	$ 128,301.74

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	25.370%	32,550.15	
SOCIAL SECURITY	6.200%	7,954.71	
MEDICARE	1.450%	1,860.38	
UNEMPLOYMENT	0.500%	641.51	
WORKERS COMP	1.500%	1,924.53	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL TAX & BENEFIT COST	**35.020%**	**$ 44,931.28**	**$ 44,931.28**
TOTAL SALARY & BENEFIT COST			**$ 173,233.02**

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		3,320.00	
SOCIAL SECURITY	6.200%	205.84	
MEDICARE	1.450%	48.14	
UNEMPLOYMENT	0.500%	16.60	
WORKERS COMP	1.500%	49.80	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL FRINGE BENEFIT COST	9.650%	$ 3,640.38	**$ 3,640.38**

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum)			
(Annual Life Insurance X $0.075/1000 X 12 Months)	$ 128,301.74	115.47	
MEDICAL INSURANCE (see below)		24,826.18	
TOTAL INSURANCE COST		24,941.65	**$ 24,941.65**

TOTAL COST OF POSITION	**$ 201,815.05**

BENEFITS =	**$ 73,513.31**	
BENEFIT COST AS A PERCENT OF CONTRACT =		**57.30%**

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

Signature: Alistair Winter
Alistair Winter (Oct 10, 2022 07:05 PDT)

Email: winter_alistair@rsccd.edu

Signature: Thao Nguyen
Thao Nguyen (Oct 12, 2022 10:03 PDT)

Email: Nguyen_Thao@rsccd.edu

Signature: Debra Gerard

Email: gerard_debra@rsccd.edu

Signature:

Email: gerard_debra@rsccd.edu

Signature:

Email: winter_alistair@rsccd.edu

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

REORGANIZATION REQUEST FORM

Number # 1307
Assigned by Human Resources

Use this form and the reorganization process to make a permanent personnel change in your program or department. If proposing a new and/or change of position, please attach a cost of position worksheet.

Site/Department/Division: District Office - Purchasing Services

Manager/Supervisor: Linda Melendez

Position(s) affected:

CURRENT POSITION	PROPOSED POSITION
Warehouse Storekeeper	Warehouse Specialist
	(recommended title change)
	Senior Buyer (New) (Grade 16)

Current annual salary/benefits cost $ 0 Proposed annual salary/benefits cost $ 230,533.89

Specify budget impact – include exact amounts or the best available estimate and the source of funding:

GENERAL FUNDS ☑ RESTRICTED FUNDS ☐

Source of funding (account numbers): 11_0000_677000_54153_2130 (Warehouse); 11_0000_677000_54151_2130 (Purchasing Services)
(Attach necessary budget change forms)

Reason for reorganization:

See attached.

Will there be duties and/or responsibilities that will no longer be performed/required in this department/division?
No ☑ Yes ☐ If yes, please explain below.

Does this change affect more than one department/division? No ☑ Yes ☐ If yes, please explain below.

Please note: You are required to attach both current and proposed organization charts *(highlighting all positions affected, both current and proposed)* with this form.

Submitted by *(District Cabinet Member)*: Iris Ingram Date: 8/10/2022

SIGNATURES AND/OR REVIEW DATES	
Human Resources *(Signature/Date)*: AW Chengyu Hou (Oct 28, 2022 16:29 PDT)	Business Operations & Fiscal Services *(Signature/Date)*: TN Adam O'Connor (Oct 31, 2022 14:35 PDT)
	Resource Development *(Signature/Date – Only for Restricted Funds)*
COLLEGE POSITIONS	**DISTRICT POSITIONS**
President's Council Approval *(Signature/Date)*:	Chancellor's Cabinet Approval *(Signature/Date)*: DG Marvin Martinez (Nov 7, 2022 11:41 PST)
Chancellor's Cabinet Approval *(Signature/Date)*:	Chancellor's Council Approval *(Signature/Date)*:
CSEA *(Signature/Date)*:	CSEA *(Signature/Date)*:

Reason for reorganization:

Senior Buyer: This position will perform varied and complex specialized and technical Purchasing responsibilities for the procurement of a variety of materials, supplies and services. The District lacks a position that assists with the development, issuance and evaluation of Bids and Requests for Proposals (RFP). The position is necessary as there has been a substantial increase in requests due to new special projects, one-time funds, and bond projects. The Senior Buyer position will verify compliance with pertinent laws, regulations, codes, policies, and procedural standards. Also serves as a lead Buyer and aids Purchasing staff, district-wide staff, and vendors.

Warehouse Specialist: In June 2021 a new Warehouse opened at the SAC Johnson Student Center. This Warehouse receives all deliveries for the Santa Ana College campus, Continuing Education Center, Remington Education Center, OC Sheriff's Regional Training Academy, and the Lincoln Education Center in Garden Grove. No additional staffing was added to cover the new location when the facility opened.

The Warehouse operation currently consists of two Warehouse Storekeepers, one at SAC, one at SCC. The current staffing is not sufficient to handle the volume of received goods, deliveries to all sites and continuous coverage at each location. To provide sufficient coverage and to avoid a Warehouse having to close its' doors during delivery periods and absences, an additional Warehouse Specialist is needed. Closing a Warehouse temporarily also results in increased cost to the District for redelivery fees.

The request to update the title from Warehouse Storekeeper (current) to Warehouse Specialist (proposed) is to eliminate the antiquated title and renaming the position, similar to other CA Community College Districts.

RSCCD 2022-2023 Cost of Position

COST OF NEW POSITION - CLASSIFIED CONTRACT

POSITION TITLE	Warehouse Specialist		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Grade 8/ Step 3	$ 4,535.149	12	$ 54,421.79

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	25.370%	13,806.81	
SOCIAL SECURITY	6.200%	3,374.15	
MEDICARE	1.450%	789.12	
UNEMPLOYMENT	0.500%	272.11	
WORKERS COMP	1.500%	816.33	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL TAX & BENEFIT COST	35.020%	$ 19,058.52	$ 19,058.52
TOTAL SALARY & BENEFIT COST			$ 73,480.31

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		1,500.00	
SOCIAL SECURITY	6.200%	93.00	
MEDICARE	1.450%	21.75	
UNEMPLOYMENT	0.500%	7.50	
WORKERS COMP	1.500%	22.50	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL FRINGE BENEFIT COST	9.650%	$ 1,644.75	$ 1,644.75

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum)			
(Annual Life Insurance X $0.075/1000 X 12 Months)	$ 54,421.79	48.98	
MEDICAL INSURANCE (see below)		22,174.93	
TOTAL INSURANCE COST		22,223.91	$ 22,223.91

TOTAL COST OF POSITION	$ 97,348.97
BENEFITS = $ 42,927.18	
BENEFIT COST AS A PERCENT OF CONTRACT =	78.88%

Admn., Superv/Mang. & Conf. (including Fringe amount)	Max	40,345.56	24,826.18	AVERAGE
CSEA	Max	35,228.16	22,174.93	AVERAGE

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

RSCCD 2022-2023 Cost of Position

COST OF NEW POSITION - CLASSIFIED CONTRACT

POSITION TITLE	Senior Buyer		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Grade 16/ Step 3	$ 6,745.444	12	$ 80,945.33

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	25.370%	20,535.83	
SOCIAL SECURITY	6.200%	5,018.61	
MEDICARE	1.450%	1,173.71	
UNEMPLOYMENT	0.500%	404.73	
WORKERS COMP	1.500%	1,214.18	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL TAX & BENEFIT COST	35.020%	$ 28,347.06	$ 28,347.06
TOTAL SALARY & BENEFIT COST			$ 109,292.39

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		1,500.00	
SOCIAL SECURITY	6.200%	93.00	
MEDICARE	1.450%	21.75	
UNEMPLOYMENT	0.500%	7.50	
WORKERS COMP	1.500%	22.50	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL FRINGE BENEFIT COST	9.650%	$ 1,644.75	$ 1,644.75

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum)			
(Annual Life Insurance X $0.075/1000 X 12 Months)	$ 80,945.33	72.85	
MEDICAL INSURANCE (see below)		22,174.93	
TOTAL INSURANCE COST		22,247.78	$ 22,247.78

TOTAL COST OF POSITION	$ 133,184.92

BENEFITS =	$ 52,239.59
BENEFIT COST AS A PERCENT OF CONTRACT =	64.54%

Admn., Superv/Mang. & Conf. (including Fringe amount)	Max	40,345.56	24,826.18	AVERAGE
CSEA	Max	35,228.16	22,174.93	AVERAGE

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

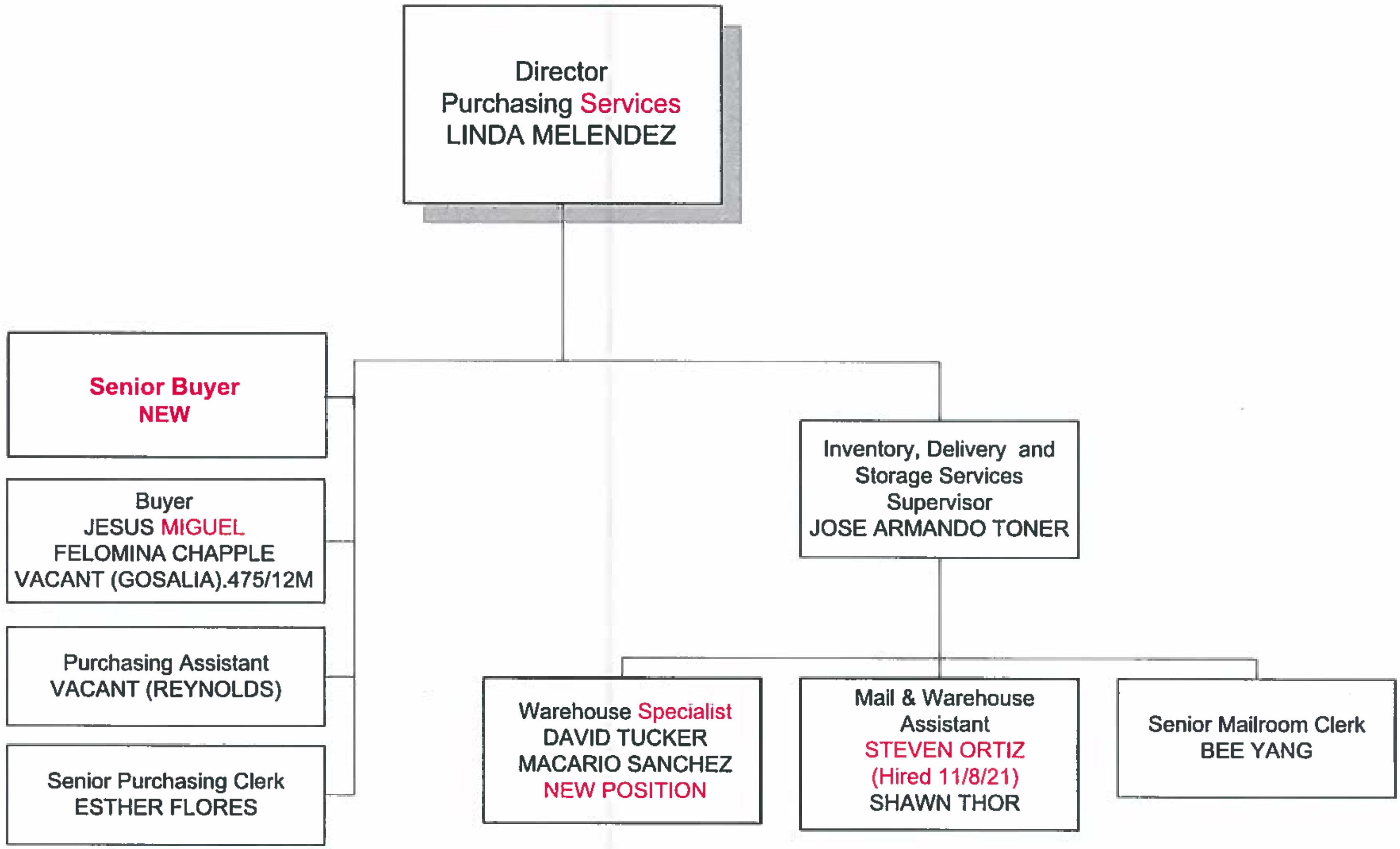
Rancho Santiago Community College District
BUSINESS OPERATIONS AND FISCAL SERVICES
PURCHASING

CURRENT

- Director
  Purchasing
  LINDA MELENDEZ
  - Buyer
    JESUS MMIGUEL
    FELOMINA CHAPPLE
    VACANT (GOSALIA).475/12M
  - Purchasing Assistant
    VACANT (REYNOLDS)
  - Senior Purchasing Clerk
    ESTHER FLORES
  - Inventory, Delivery and Storage Services Supervisor
    JOSE ARMANDO TONER
    - Warehouse Storekeeper
      DAVID TUCKER
      MACARIO SANCHEZ
    - Mail & Warehouse Assistant
      VACANT(GARCIA/SRP)
      SHAWN THOR
    - Senior Mailroom Clerk
      BEE YANG

Rancho Santiago Community College District
BUSINESS SERVICES
PURCHASING SERVICES

PROPOSED



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
SANTA ANA, CALIFORNIA

CLASS SPECIFICATION
Revised August

WAREHOUSE SPECIALIST

CLASS SUMMARY

Under general supervision physically receives, checks, issues and delivers supplies and equipment; maintains and secures inventory; operates trucks, forklifts, and delivery vehicles; and performs related duties as assigned or required. Uses computer system to electronically process and research receiving and inventory control transactions and prepare related reports as necessary. May pick up and deliver mail from and to post office, campuses and other locations when necessary and process information for mail service reports.

REPRESENTATIVE DUTIES

Participates in the operations of a central receiving facility and receives, checks and delivers all materials, supplies, furniture and equipment purchased for various District and college offices and locations; receives copies of purchase orders and follows-up on late deliveries; operates forklift in loading and unloading supplies and equipment; operates vehicles in making on campus deliveries; operates truck in making off-campus deliveries or pickups; documents receipt of shipments to warehouse by both manually and electronic means, and routes paperwork to accounting office; electronically maintains inventory records on equipment; maintains accurate files and records; maintains warehousing facilities in neat and clean order; and prepares computer reports related to receiving, deliveries, and/or inventory as necessary.

ORGANIZATIONAL RELATIONSHIPS

This position reports to the Inventory, Delivery & Storage Services Supervisor or designated supervisor.

DESIRABLE QUALIFICATION GUIDE

Training and Experience

~~Work experience in the receiving, storing, issuance and delivery of stock. Experience with online computer systems.~~ Any combination of training and/or experience equivalent to graduation from high school, and two years of varied experience in receiving, storing, issuance and delivery of goods, interpretation of regulations and good judgment.

Knowledge and Abilities

Knowledge of: modern warehouse procedures related to automated and inventory control, receiving, checking, issuance, storage and delivery of supplies, furniture, equipment and general goods. Knowledge of laws, policies and procedures related to warehousing best practices.

WAREHOUSE SPECIALIST cont'd

Ability to: receive, check, issue and deliver all types of material, stores rapidly, accurately and in an accommodating manner; process transactions via an online computer system; maintain files, tickler files and records systematically; make arithmetic calculations; maintain cooperative working relationships with college and office personnel; supervise helpers; perform heavy manual tasks efficiently and safely; drive trucks and operate forklifts and other similar equipment.

License: valid California Motor Vehicle Operator's License with a driving record that meets minimum standards established by the District's insurance carrier.

Physical Requirements: regularly performs light and heavy manual work, involving lifting and climbing; may be require to lift up to 70 pounds.

SENIOR BUYER

GENERAL RESPONSIBILITIES

Under direction, performs specialized and complex purchasing and procurement work, including purchasing a variety of services, materials, supplies, products, and equipment according to applicable laws, District procurement policies and procedures, and requisition specifications; procurement related to construction, renovations, and maintenance requests; and performs related duties as assigned.

REPRESENTATIVE DUTIES

This position is a leader in the Purchasing team and requires consistently exercising independent and sound problem solving and judgement skills.

- Responsible for coordinating and issuing high value, construction, strategic or complex solicitations, projects and contracts, requiring an in-depth procurement experience;
- This position performs at the expert, professional level requiring individual work in research, solicitation, guidance and completion of procurement requests;
- Works with District departments to organize, prepare, issue and coordinate various complex strategic solicitation methods as appropriate and required, including guiding end users in writing scope of work, finalizing specifications and facilitating the evaluation of the solicitation process;
- Conducts bid openings; receives bids, quotes, and proposals and conducts vendor pre-qualification and selection processes; and organizes and leads evaluation committee processes by evaluating and analyzing data, interviewing vendors, conducting reference checks, and recommending award based on price and conformance to specifications while ensuring a fair and equitable process in compliance with legal requirements and established policies and procedures;
- Assists in the development of informal, and formal bids, requests for proposals or quotes and prepares analysis of bid results including drafting recommendations for a course of action to District administration and Board of Trustees;
- Performs data and financial analysis for purchasing activities;
- Trains and educates District staff on purchasing practices, procedures and processes;
- Develops resources to assist District staff and vendors with procurement requirements;
- Provides District-wide guidance on procurement, contract requirements, vendor information and insurance related matters;
- Work collaboratively with the colleges and centers to streamline processes, develop consistent purchasing practices, and facilitate purchasing activities;
- Stays abreast of new trends and innovations in the areas of procurement, purchasing, and contracts; monitors changes in laws, and regulations, and technology that may affect the District's operations;
- Performs a variety of other duties and special projects as requested.

ORGANIZATIONAL RELATIONSHIPS

This position reports to the Director, Purchasing Services and may lead the work of Buyers, Purchasing Assistant, Senior Purchasing Clerk and Student Assistants.

DESIRABLE QUALIFICATIONS GUIDE

Knowledge and Abilities

Knowledge of:

- Advanced principles, practices, and methods of public and governmental purchasing and procurement programs and processes and their application to District operations.
- Principles and practices of complex contract preparation, negotiation, and protest resolution.
- Complex specification writing, commodity markets and practices, pricing methods, and sales as applied to purchasing transactions.
- Applicable federal, state, and local laws, rules, regulations, ordinances, and District policies and procedures relevant to assigned area of responsibility.
- Principles and techniques of critical thinking, conducting analytical studies, evaluating alternatives, making sound recommendations, and preparing and presenting effective and technical reports.
- Basic principles and practices of providing technical and functional direction to staff.
- Principles and practices of data collection and analysis and report preparation.
- Record keeping principles and procedures.
- Basic business arithmetic and statistics.
- Business letter writing and the standard format for reports and correspondence.
- Methods of preparing and processing various records, reports, forms, and other documents specific to assigned program, department, or division.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Modern office practices, procedures, technology, and computer equipment and applications, including word processing, database, and spreadsheet applications.
- Techniques for providing a high level of customer service by effectively dealing with the public, students, and District staff, including individuals of diverse academic, socio-economic, ethnic, religious, and cultural backgrounds, disability, and sexual orientation.

Ability to:

- Demonstrate understanding of, sensitivity to, and respect for the diverse academic, socio-economic, ethnic, religious, and cultural backgrounds, disability, and sexual orientation of community college students, faculty and staff.
- Interpret, apply, and explain applicable federal, state, and local laws, rules, regulations, ordinances, and District policies and procedures relevant to assigned area of responsibility.
- Understand the organization and operation of the District and of outside agencies as necessary to assume assigned responsibilities.

- Lead and/or prepare assigned procurement, purchasing, and contracting activities in an independent and cooperative manner, evaluate alternatives, make sound recommendations, and prepare reports.
- Lead and manage complex solicitation and RFQ/RFP/RFB evaluation process including developing evaluation worksheets and leading cross-functional evaluation and selection teams, ensuring conformance to specifications, analyzing and calculating costs, preparing staff reports and agenda items for the Board, and issuing notice of award recommendations.
- Administer complex contracts to satisfactory execution, consistent with the District's standard terms and conditions, including scope of work, compensation payment milestones etc.
- Lead and oversee programmatic accountability and regulatory reporting activities.
- Plan, organize, and carry out assignments from management staff with minimal direction.
- Analyze, interpret, summarize, and present information and data in an effective manner.
- Evaluate and develop improvements in operations, procedures, policies, or methods.
- Research, analyze, and evaluate new service delivery methods, procedures, and techniques.
- Prepare clear and concise reports, correspondence, policies, procedures, and other written materials.
- Plan, organize, schedule, assign, train, and review the work of assigned staff.
- Organize work, set priorities, meet critical deadlines, and follow-up on assignments.
- Effectively use computer systems, software, and modern business equipment to perform a variety of work tasks.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Use tact, initiative, prudence, and independent judgment within general policy, procedural, and legal guidelines.
- Establish, maintain, and foster positive and effective working relationships with those contacted in the course of work.

MINIMUM QUALIFICATIONS

Any combination of training and experience which would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be equivalent to graduation from an accredited four-year college or university with major coursework in finance, accounting, business administration, or a related field and five (5) years of increasingly responsible and varied procurement or purchasing experience.

Signature: Alistair Winter (Oct 25, 2022 13:11 PDT)
Email: winter_alistair@rsccd.edu

Signature: Thao Nguyen
Thao Nguyen (Oct 31, 2022 08:05 PDT)
Email: Nguyen_Thao@rsccd.edu

Signature: Debra Gerard
Email: gerard_debra@rsccd.edu

Signature:
Email: gerard_debra@rsccd.edu

Signature:
Email: winter_alistair@rsccd.edu

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

REORGANIZATION REQUEST FORM

Number # 1308
Assigned by Human Resources

Use this form and the reorganization process to make a permanent personnel change in your program or department. If proposing a new and/or change of position, please attach a cost of position worksheet.

Site/Department/Division: DO/Business Services

Manager/Supervisor: Iris I. Ingram, Vice Chancellor, Business Services

Position(s) affected:

CURRENT POSITION	PROPOSED POSITION
None	Director, Contract Management Services New (Grade G)

Current annual salary/benefits cost $ Ø   Proposed annual salary/benefits cost $ 210,482.46

Specify budget impact – include exact amounts or the best available estimate and the source of funding:

GENERAL FUNDS ☑   RESTRICTED FUNDS ☐

Source of funding (account numbers): ____
(Attach necessary budget change forms)

Reason for reorganization:

See attached.

Will there be duties and/or responsibilities that will no longer be performed/required in this department/division?
No ☐ Yes ☐ If yes, please explain below.

Does this change affect more than one department/division? No ☐ Yes ☐ If yes, please explain below.

Please note: You are required to attach both current and proposed organization charts *(highlighting all positions affected, both current and proposed)* with this form.

Submitted by *(District Cabinet Member)*: Iris Ingram   Date: 8/19/2022

SIGNATURES AND/OR REVIEW DATES	
Human Resources *(Signature/Date)*: AW Chengyu Hou (Oct 26, 2022 14:25 PDT)	Business Operations & Fiscal Services *(Signature/Date)*: TN Adam O'Connor (Oct 26, 2022 16:56 PDT)
	Resource Development *(Signature/Date – Only for Restricted Funds)*
COLLEGE POSITIONS	**DISTRICT POSITIONS**
President's Council Approval *(Signature/Date)*:	Chancellor's Cabinet Approval *(Signature/Date)*: DG Marvin Martinez (Oct 31, 2022 12:14 PDT)
Chancellor's Cabinet Approval *(Signature/Date)*:	Chancellor's Council Approval *(Signature/Date)*:
CSEA *(Signature/Date)*:	CSEA *(Signature/Date)*:

Reason for Reorganization:

Contracts Manager: In 2002, the District added a Contracts Specialist position under Business Operations/Fiscal Services to plan organize, coordinate, assist, and provide support in the development and control of District contracts. During the period 2002 through 2006, the position was filled by three new hires, each vacating the position for other employment. In October 2006, Mark Liang vacated the Contracts Specialist position for the Interim Financial Aid Director position at SAC. The position remained vacant for three years. Chancellor's Cabinet delegated the responsibility of development, issuance, management, and negotiation of contracts to administrative staff at each campus/center in lieu of the filling the position during a difficult financial cycle.

In 2009, RSCCD went through the layoff process. The Contracts Specialist position was defunded at that time as a cost savings measure instead of potentially laying off an individual in a position.

There is a need to reinstate this position, particularly to reduce the risk of liability on the District as some agreements have not been thoroughly reviewed. Under the general direction of the Vice Chancellor, Business Services, the Contracts Manager develops documents for contractual agreements between the District/Colleges and various vendors including but not limited to maintenance contracts, service contracts, performance contracts, construction contracts, lease agreements and professional services agreements. Implements and maintains a contracts management system to manage all aspects of every contract's lifecycle including housing the contract information, serves as a central repository, manages pricing, and incorporates all compliance requirements.

RSCCD 2022-2023 Cost of Position

COST OF NEW POSITION -MANAGEMENT CONFIDENTIAL CONTRACT

POSITION TITLE	Director, Contract Management Services		
GRADE & STEP	MONTHLY RATE	NO OF MONTHS	ANNUAL COST
Grade G/Step 4	$ 11,226.403	12	$ 134,716.83

SALARY RELATED TAX/BENEFITS	BENEFIT RATE	BENEFIT COST	
PERS	25.370%	34,177.66	
SOCIAL SECURITY	6.200%	8,352.44	
MEDICARE	1.450%	1,953.39	
UNEMPLOYMENT	0.500%	673.58	
WORKERS COMP	1.500%	2,020.75	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL TAX & BENEFIT COST	35.020%	$ 47,177.82	$ 47,177.82
TOTAL SALARY & BENEFIT COST			$ 181,894.65

FRINGE BENEFITS COST	BENEFIT RATE	BENEFIT COST	
FRINGE BENEFITS (CSEA only)		3,320.00	
SOCIAL SECURITY	6.200%	205.84	
MEDICARE	1.450%	48.14	
UNEMPLOYMENT	0.500%	16.60	
WORKERS COMP	1.500%	49.80	
ACTIVE RET. INS. COST	0.000%	-	
TOTAL FRINGE BENEFIT COST	9.650%	$ 3,640.38	$ 3,640.38

INSURANCE BENEFITS			
LIFE INSURANCE (ANNUAL OR $50,000 minimum) (Annual Life Insurance X $0.075/1000 X 12 Months)	$ 134,716.83	121.25	
MEDICAL INSURANCE (see below)		24,826.18	
TOTAL INSURANCE COST		24,947.43	$ 24,947.43

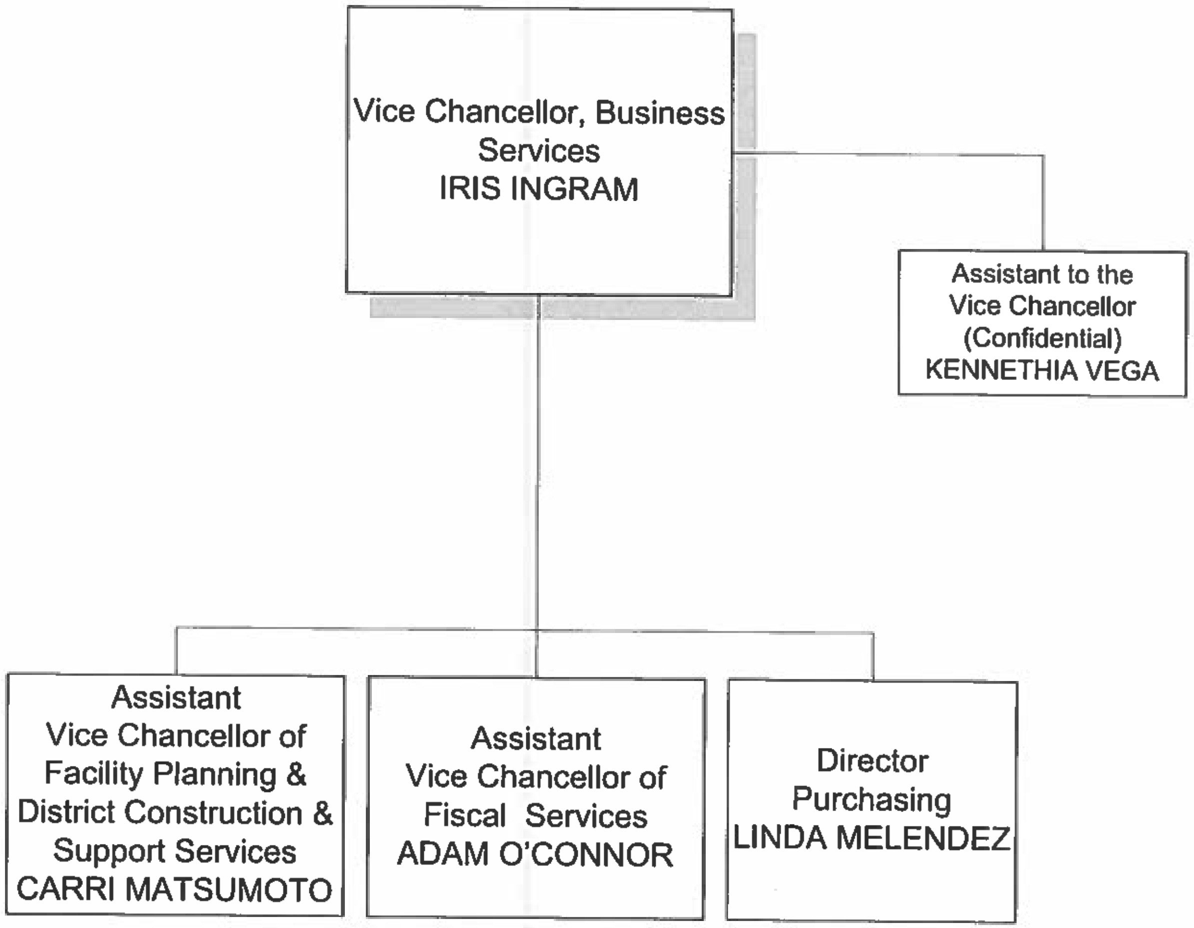
TOTAL COST OF POSITION	$ 210,482.46
BENEFITS = $ 75,765.63	
BENEFIT COST AS A PERCENT OF CONTRACT =	56.24%

Admn., Superv/Mang. & Conf. (including Fringe amount)	Max	40,345.56	24,826.18	AVERAGE
CSEA	Max	35,228.16	22,174.93	AVERAGE

NOTE: WHEN CALCULATING A VACANT POSITION PLEASE USE AVERAGE $$ FOR H&W

CURRENT

Rancho Santiago Community College District
BUSINESS OPERATIONS AND FISCAL SERVICES



PROPOSED

Rancho Santiago Community College District
BUSINESS ~~OPERATIONS AND FISCAL~~ SERVICES

Vice Chancellor,
Business Services

IRIS INGRAM

Assistant to the
Vice Chancellor
(Confidential)
KENNETHIA VEGA

Assistant
Vice Chancellor of
Facility Planning &
District Construction &
Support Services
CARRI MATSUMOTO

Assistant
Vice Chancellor of
Fiscal Services
ADAM O'CONNOR

Director
Purchasing
Services
LINDA MELENDEZ

Contracts Manager
PROPOSED

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
SANTA ANA, CALIFORNIA

CLASS SPECIFICATION
August 2022

~~CONTRACTS MANAGER~~ Director, Contract Management Services

CLASS SUMMARY

Under general direction of the Vice Chancellor, Business Services, plans, organizes, coordinates, evaluates, reviews and processes all District contracts i.e., professional services agreements, instructional services and clinical agreements, formal bids, requests for qualification and requests for proposal; establishes policies and procedures for all contracts ~~and formal bids, RFQ and RFP processes~~; ensures contract ~~formal bid, RFQ and RFP activities~~ ~~comply~~ compliance with federal, state codes and laws, and District Board Policies and Administrative Regulations; and is responsible for the overall management of all District contracts; maintains a centralized contracts repository system, and performs related duties as assigned.

REPRESENTATIVE DUTIES

Director, Contract Management Services is responsible for providing technical assistance to ~~all levels of~~ management in regard to contract form and ~~contract~~ process including the negotiation, preparation, and execution of a variety of contracts for the District including but not limited to construction contracts, real estate leases, leases, material and supply contracts, professional services agreements, education agreements and specially funded project agreements. Administers and ensures contracts compliance, determines and selects appropriate type of contract requirements and procurement methodology consistent with Board Policies, Administrative Regulations and related codes. Coordinates work with ~~the Risk Manager~~ college and district administrators to ensure timely and complete handling of contractual matters. ~~initiates regular and closed session items for the Board of Trustees meeting agenda regarding leases, agreements, contracts, affiliations, memoranda of understanding, and amendments; confirms the availability of funds to support requested contractual matters;~~ Maintains the central repository of contracts for all district and college operations; develops and distributes manuals relating to the policy and procedures used for contracting throughout the district; conducts training sessions for college and district employees in regard to contract policy and procedures; interprets and explains rules, regulations, policies and procures pertaining to District contractual agreements to District staff, representatives of other agencies and prospective bidders; reviews Board Policies and Administrative Regulations and maintains district-wide policies and procedures for contract development ~~and formal bidding processes~~. ~~Supervises and~~ Participates in the development and preparation of bid specifications, requests for qualifications, requests for proposals, and contracts for the purchase or rental of goods and contracting for services and other third party contracts; determines and selects appropriate contract requirements, such as deliverables, payment schedules, penalties, insurance requirements and dispute resolution procedures; ensures bid and contracting processes comply with advertising and bidding requirements. Tracks all lease agreements and maintains inventory schedule in accordance with GASB and prepares preliminary GASB 87 analysis for review by Fiscal Services. ~~Prepares and maintains District-wide policies and procedures for contract development and formal bidding processes; conducts training workshops to provide information of contract development and formal bidding processes and procedures. Provides technical expertise and guidance on contract, formal bid, RFQ and RFP issues; interprets and explains applicable laws, regulations, codes and policies to District management and staff; confers with legal counsel as needed on contracting issues.~~

ORGANIZATIONAL RELATIONSHIPS

This position reports to the Vice Chancellor, Business Services and works closely with Purchasing, Facility Planning, Vice Presidents at the colleges, program or project administrators, Risk Management and with the Executive Assistant to the Board of Trustees.

DESIRABLE QUALIFICATION GUIDE

Training and Experience

Any combination of training, education and experience, Juris Doctorate Degree preferred ~~equivalent to~~ or a Bachelor's degree with 5-7 years of recent experience in contract negotiation, writing, terms and conditions. ~~with college-level coursework consistent with the assigned responsibilities, or two years of college and an additional two years of work experience. At least four years of progressively responsible work experience related to the assignment; contracts, paralegal and/or risk management experience is preferred; or any combination of education and experience that would provide the required qualifications~~.

Knowledge and Abilities

Knowledge of: Principles, practices and methods used in public agency competitive bidding, contracting and contract administration; advanced technical and administrative principles, practices, and procedures of the assigned administrative function; local, state and federal laws and regulations pertaining to the areas of contracts, insurance and risk management; research methods and statistical data analysis techniques; modern office and data processing systems and procedures as they apply to the requirement of this position; administrative survey and reporting techniques; principles of composition, report and proposal writing; English usage, spelling, grammar, and punctuation; research and data collection methods.

Ability to: Define issues, analyze problems, evaluate alternatives and develop sound, independent conclusions and recommendations in accordance with laws, regulations, rules and policies; analyze and evaluate bid proposals, specifications and other contract documents including applying financial analysis to contracts to determine financial impact; review and revise contracts, leases and other legal documents to conform to district standards; recommend and draft policies, regulations, rules, contracts, directives, and other technical materials; communicate effectively both orally and in written form and carry out oral and written instructions; prepare procedure manual and effective letters, memoranda, and reports; maintain appropriate case files and records; handle sensitive and confidential information related to contracts and other departmental issues; perform paraprofessional work of advanced difficulty in the specialized administrative area; use a high degree of independent judgment and discernment in dealing with outside legal counsel, vendors, grantors, and employees; establish and maintain effective relationships with those contacted in the course of work; communicate effectively with employees and management, especially in those matters relating to contracts and the contract process.

Signature: Alistair Winter
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Signature: Thao Nguyen
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Vacant Funded Positions for FY2022-23- Projected Annual Salary and Benefits Savings
As of January 13, 2023

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Position ID	Title	Site	Effective Date	Annual Salary	Notes	Vacant Account	2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Asst. Vice Chancellor, People & Culture/Chief Diversity & Social Impact Officer	REORG#1276		Asst. Vice Chancellor, People & Culture/Chief Diversity & Social Impact Officer	District	7/1/2021	-	Hired Mikaila Brown#2659235 eff:10/3/22 CL22-00047 Reorg#1276 Changed position from Chief Advisor for Academic & Diversity Programs to Asst. Vice Chancellor, People & Culture/Chief Diversity & Social Impact Officer.End Interim Assignment Nrages Rabii-Rakin#1027587 Eff:7/8/22	11-0005-660000-53110-2110	-	
11	Chan, Derrick	2652974	5YAS-UF-DIR2	Director of Academic and End User Support Services/SCC	District	12/16/2022	52,774		11-0000-678000-54143-2110	101,193	
11	Clark, Letitia C.	2633790	5PAG-UF-DIR1	Chief Communication Officer	District	4/20/2022	72,870	Interim Assignment Nhadira Johnson#2567956 Eff:6/28/22, CL22-00343. Hired Letitia Clark#2633790 CL21-00109 Reorg#1230 Eliminated Director, Public Affairs/Publications position and changed to Chief Communication Officer.	11-0000-671000-52200-2110	116,212	
30%-fd 11 70%-fd 12	Director of Grants	REORG#1228		Director of Grants	District	6/22/2026	40,880	CL22-00371 Reorg#1228 Elinimated Executive Director Resource Development and added Director of Grants	11-0000-679000-53345-2110-30% 12-????-70%	63,047	949,911
11	Estevez, Jean	2439960	5HR-LF-ADMR	Revised Title to Asst.Vice Chancellor PC/HR, Learning, Innovation, Wellness & Equity from Director Admin, Institutional Equity, Compliance & Title IX	District	5/11/2021	207,721	Jennifer De La Rosa Interim Assignment 7/1/22-9/30/22. Revised Title to Asst.Vice Chancellor PC/HR, Learning, Innovation, Wellness & Equity from Director Admin, Institutional Equity, Compliance & Title IX on Board docket March 14, 2022	11-0000-673000-53110-2110	309,111	
11	Garcia, Elvia	1029353	5HR-OF-ASVC	Assistant to Vice Chancellor People & Culture	District	12/19/2022	72,097		11-0000-660000-53110-2120	117,763	
11	Hoang, Michael	2456217	5SAS-UF-DIR2	Director of Academic and End User Support Services/SAC	District	12/3/2021	-	Hired Ronald Gonzalves#2651410 Eff:6/29/22	11-0000-678000-54142-2110	-	
11	Noland, Tyler	1524517	5HR-OF-ANYS3	Senior P&C Business Partner	District	9/22/2022	77,282	Hired Elvia Garcia#1029353 Eff:12/19/22 CL22-00356	11-0000-673000-53110-2120	117,307	
11	Wert, Raymond	1056289	5SSO-UF-SRG	Sergeant, District Safety & Security	District	8/2/2022	87,729		11-0000-677000-54164-2110-50% 11-0000-695000-54164-2110-50%	125,278	
11	Wilkerson, Penny	1027052	5HR-OF-ANYS2	P & C Business Partn	District	10/17/2022	0	Hired Veronica Duenas#1028722 CL22-00455 Eff:12/19/22	11-0000-673000-53110-2120	0	
11	Briones, Michael	1061005	1MUS-FF-IN	Instructor, Music	SAC	8/1/2022	94,939		11-0000-100400-15535-1110	142,549	
11	Dominguez, Gary M.	1029208	1FIAC-AF-DIR	Director, Fire Instruction	SAC	8/23/2019	-	Hired Timothy Butler#1489928 Eff:8/3/2022 AC21-00132 Fred Ramsey Interim Assignment 7/1/22-8/2/2022	11-0000-601000-15715-1210	-	
11	Dower, Kellori	2435759	1FPA-AF-DN	Dean, Fine and Permorning Arts	SAC	7/1/2022	-	Hired Kristi Blackburn#2681060 Eff:12/2/22 AC22-00331	11-0000-601000-15505-1210	-	
11	Funaoka, Marygrace	1058592	1CDEV-FF-IN1	Instructor, General Ed	SAC	6/30/2021	-	Hired Trudy Naman#1067854 Eff:8/15/22 AC21-00244	11-0000-080100-15717-1110-20% 11-0000-080100-15717-1190-80%	-	
11	Ettinger, Becky	1026620	1NURS-FF-IN	Instructor, Nursing	SAC	3/9/2022	147,061			212,782	
11	Kruizenga, Alicia	2296718	1SCP-AF-DN	Dean, Student Affairs	SAC	7/1/2022	82,213	Hired Gregory Toya#2685012 Eff:1/17/2023 AC22-00365	11-0000-649000-19620-1210-50% 11-2410-649000-19620-1210-50%	123,701	
11	Kushida, Cherylee	1028185	1DSED-NF-CORD	Coordinator, Distance Education	SAC	6/3/2023	-		11-0000-601000-15054-1250	-	
11	Gilmour, Dennis	1028933	1CNSL-NF-CN8	Counselor	SAC	1/1/2023	78,734		11-2410-493010-15320-1110-53.30% 11-2410-631000-15310-1230-46.70%	112,175	
11	Gilreath, Genice	1026037	1ENGL-FF-IN/1READ-FF-IN	English & Read Instructor	SAC	7/24/2022	136,690		11-0000-150100-15620-1110-20% 11-0000-152000-15675-1110-80%	184,157	
11	Hardy, Michelle	1029393	1CDEV-FF-IN	Instructor, Human Development	SAC	6/10/2022	133,969		11-0000-130500-15717-1110	196,725	
11	Horenstein, Daniel	2314022	1ASTR-FF-IN	Instructor, Planetarium	SAC	6/4/2022	85,539		11-0000-191100-16431-1110-80% 11-0000-619000-16431-1280-20%	118,467	
11	Jones, Stephanie	2418945	10AD-AF-DN2	Dean, Instructional & Student Services	CEC	1/3/2023	83,769		11-2490-601000-18100-1210	111,323	
11	Lamourelle, Chantal	1053437	1CDEV-FF-IN	Instructor, Human Development	SAC	8/22/2022	119,805	Chantal Lamourelle replaced Maria Aguilar Beltran as the new Equity Faculty Coordinator	11-0000-130500-15717-1110	173,430	
11	Manning, R Douglass	2308931	1KNHA-AF-DN	Dean Kinesiology,	SAC	6/30/2022	-	Hired Interim Dean Courtney Doussett#2665165 Eff:8-29-22 AC22-00303	11-0000-601000-15410-1210	-	2,613,586
11	Mandir, Joshua	1961420	1CHEM-FF-IN	Instructor, Chemistry	SAC	6/9/2021	130,969		11-0000-190500-16420-1110-80% 11-0000-601000-16420-1280-20%	191,857	
11	McMillan, Jeffrey	1028829	1CHEM-FF-IN	Instructor, Chemistry	SAC	6/4/2022	147,061		11-0000-190500-16420-1110	196,869	
12	Ortiz, Fernando	1026742	1ACAD-AF-DN	Dean, Academic Affairs	SAC	1/31/2023	89,318	Employee resigned Dean position, returned to F/T Psychology Instructor effe 2/1/23	11-0000-601000-15055-1210	122,366	
11	Sotelo, Sergio R.	1028661	10AD-AF-DN3	Dean, Instr & Std Svcs	CEC	6/30/2020	185,174	Interim Assignment Lorena Chaverz#2346958 (7/1/22-9/30/22)	11-0000-601000-18100-1210-50% 11-2490-601000-18100-1210-50%	255,361	
11	Steckler, Mary	1029650	1NURS-FF-IN	Instructor, Nursing	SAC	6/30/2021	-	New Hire Tami Cleary Martin#2451764 AC21-00237	11-0000-123010-16640-1110	-	
11	Stowers, Deon	2483416	1CUST-UF-SUPR	Custodial Supervisor	SAC	8/13/2020	-	[illegible] CL22-00271 Interim Assignment Mario Vela Saavedra#1099453 9/20/22-12/31/22 Interim Assignment Sophanareth Tuon#1028354 7/1/22-9/16/22	11-0000-653000-17200-2110	-	
11	Tran, Melissa	1027087	1ENGL-FF-IN	English Instructor	SAC	6/30/2023	-	Employee om Bank Leave Fall2022 and Spring2023	11-0000-150100-15620-1110	-	
11	Virgoe, Brad	1055072	1CJA-AF-DIR	Director of Criminal Justice	SAC	6/30/2021	127,058	Interim Assignment Ernestp Gomez #1277463 Eff:7/1/22-6/30/23	11-0000-601000-15712-1210	184,080	
11	Wall, Brenda L.	2460354	1PAG-UF-OFCR	Public Information Officer	SAC	5/18/2020	-	Hired Dalilah Davaloz #1026125 Eff:12/19/22 CL22-00258. Dalilah Davaloz #1026125 Interim Assignment and HR approved FT MGMT benefits (7/1/22-6/30/23), (7/1/21-6/30/22) CL22-00258 (CL20-00039 OLD#)	Changed acct to 11-0000-671000-11501-2110. 11-0000-671000-11500-2110	-	
11	Ward, Robert	2409846	1MAIN-UF-SUPR	Maintenance Supervisor	SAC	11/15/2021	89,951		11-0000-651000-17400-2110	149,998	
11	Waterman, Patricia J.	1027281	1ART-FF-IN	Instructor, Art	SAC	6/9/2019	110,923		11-0000-100200-15510-1110	137,747	
11	Arteaga, Elizabeth	1027713	2CAR-AF-DNAC	Associate Dean, Business and Career Technical Education	SCC	2/24/2020	167,765		11-0000-601000-25205-1210-86% 11-3230-601000-25205-1210-14%	255,128	
11	Bailey, Denise	1668755	2CHEM-FF-IN	Instructor, Chemistry	SCC	8/24/2022	135,513		11-0000-190500-25163-1110	192,309	
11	Carrera, Cheryl	1027004	2MATH-FF-IN	Instructor, Math	SCC	12/15/2019	110,923		11-0000-170100-25150-1110	161,767	
11	Coto, Jennifer	1029536	2ESS-AF-DN	Dean, Enrollment & Support Services	SCC	10/13/2020	194,433		11-0000-620000-29100-1210	266,706	
11	Flores, Marilyn	2041264	2ACA-AF-VP	VP, Academic Affairs-SCC	SCC	7/1/2022	218,107	Interim Assignment Jose Vargas#1026660 7/1/22-9/14/22 Interim Assignment Aaron Voelcker 10/5/22-6/30/23	11-0000-601000-25051-1210-100%	312,388	
11	Geissler, Joseph	1027221	2LIB-NF-LIB	Librarian	SCC	3/9/2019	-	Hired AC21-00073 Erin Fletcher-Singley #2513535 eff:8/15/22	11-0000-612000-25430-1220	-	1,518,313

Vacant Funded Positions for FY2022-23- Projected Annual Salary and Benefits Savings
As of January 13, 2023

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Position ID	Title	Site	Effective Date	Annual Salary	Notes	Vacant Account	2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Medina, Guillermo	2444288	2KNHE-FF-IN	Instructor, Health Education	SCC	6/2/2022	116,992		11-0000-083700-25133-1110-4% 11-0000-083500-25133-1110-36% 11-0000-083550-25132-1110-60%	168,249	
11	Nguyen, Steven	2318451	2CHEM-FF-IN	Chemistry Instructor	SCC	8/19/2019	110,923		11-0000-190500-25163-1110	161,767	
11	Ralston, Pamela	2585106	2PRES-AF-PRES	Presisent, SCC	SCC	6/17/2022	(0)	Hired Jeanine Kim#2687273 Eff:1/18/23 BOT docket 1/17/23. Interim Assignment Enrique Perez#1026815 8/1/22-12/31/22. Interim Assignment Arleen Satele#2134632 7/1/22-7/31/22	11-0000-660000-21100-1210-95% 11-0000-684000-21100-1210-5%	(0)	
11	Vakil, David	1891924	2HSS-AF-DN	Dean, Arts,Humanities and Social Sciences	SCC	6/30/2020	-	Hired Michelle Samura#2629581 Eff:7/1/22. Jonanne Armstrong Interim Assignment extended 7/1/21-6/3/22.	11-0000-601000-25305-1210	-	
							3,509,182			5,081,810	

Fund	Classified	EMPLOYEE ID#	Position ID	Title	Site	Effective Date	Annual Salary	Notes		2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
60%-fd 11 40%-fd 12	Aguilar, Gina	2159056	5YSP-CF-DSOS4	Senior District Safety Officer	District	7/29/2022	-	Hired Robert Witteman#1280163 Eff:11/22/22 CL22-00378	11-0000-677000-54167-2130-60% 12-3610-695000-54167-2130-40%	-	
11	Andrade Cortes, Jorge L.	2444290	5ACCT-CF-ANYS	Senior Accounting Analyst	District	9/27/2019	-	Reorg#1275 Eliminated Position, Added (2) Senior Accountant-Accounting and Accounts Payable	11-0000-672000-54212-2130	-	
11	Ayala, Jose A.	1030842	5YSP-CM-DSO6	P/T District Safety Officer	District	8/30/2020	19,587		11-0000-677000-54167-2310-60% 11-0000-695000-54167-2310-40%	20,517	
11	Beiza, Rene	2261815	5HR-CF-TECH8	P&C Business Partner	District	7/2/2022	32,156	Hired Emelyne Camacho #2572113 Eff: 10-24-22	11-0000-673000-53110-2130	75,269	
11	Benjamin, Robert	1335325	5SSP-CF-DSOS5	Sr. District Safety Officer	District	9/23/2021	68,541	CL22-00328	11-0000-677000-54166-2130-60% 11-0000-695000-54166-2130-40%	116,423	
11	Duenas, Veronica	1028722	5HR-CF-TECH2	P&C Business Partner	District	12/18/2022	44,810		11-0000-673000-53110-2130	76,329	
60%-fd 11 40%-fd 12	Fouste, James	1027195	5YSP-CF-DSOS6	Sr. District Safety Officer	District	12/2/2022	19,728		11-0000-677000-54167-2130-60% 12-3610-695000-54167-2130-40%	31,077	
11	Elhadidy, Anas	2473844		Application Specialist III	District	2/24/2022	112,418		11-0000-678000-54144-2130	175,690	
11	Gil, Darlene	1987076	5HR-CF-SPC	Title IX Specialist	District	12/18/2022	49,029		11-0000-673000-53110-2130	84,709	
11	Lee, Patrick	1416553	5SSP-CM-DSO8	P/T District Safety Officer	District	1/24/2021	19,586		11-0000-695000-54166-2310	20,516	
11	Lott, Glenn	2264736	5ITS-CF-SPT1A	Technical Specialist	District	1/31/2023	33,094		11-0000-678000-54141-2130	58,463	1,098,152
11	Medrano, Miranda M.	1933132	5GCOM-CF-GRPH2	Graphic Designer	District	3/24/2020	68,835		11-0000-677000-52600-2130	116,823	
11	Nieto, Vicente	1988380	5MOPS-CM-CUS3	P/T Custodian	District	8/21/2022	-	Hired Elbert McCray#2678918 Eff:11/30/22 CL22-00387	11-0000-653000-54133-2310	-	
11	Nguyen, James V.	2420063	5DMC-CF-CUSR	Senior Custodian/Utility Worker	District	8/6/2019	-	Hired Vicente Nieto#1988380 Eff:8-22-22 Cl21-00068	11-0000-653000-53330-2130	-	
11	Palomares, Vanessa	1851190	5WED-CF-CORD	Business Services Coordinator	District	10/19/2022	51,999		11-0000-701000-53350-2130	77,086	
11	Panotes, Joel	2093161	5MOPS-CM-CUS	Custodian	District	6/6/2022	-	Hired Jason Santillan #1834093 Eff:11-14-22	11-0000-653000-54133-2310	-	
11	Perez, Celia	1222694	5ACCT-CF-ACLS2	Senior Account Clerk	District	2/11/2022	-	Reorg#1275 Eliminated Position, Added (2) Senior Accountant-Accounting and Accounts Payable	11-0000-672000-54212-2130	-	
11	Pita, Lazaro R.	1298807	5YSP-CM-DSO5	P/T District Safety Officer	District	11/23/2019	19,587		11-0000-677000-54167-2310-60% 11-0000-695000-54167-2310-40%	26,446	
11	Reynolds, Danielle	2286360	5PUR-CF-ASPU	Purchasing Assistant	District	1/19/2022	61,877	Esther Flores Interim Assignment 7/1/22-10/31/22	11-0000-677000-54151-2130	107,421	
11	Smith, Nancy	1794928	5GCOM-CF-TECH1	Desktop Publishing Technician	District	11/4/2022	50,319		11-0000-677000-52600-2130	87,019	
11	Shipma, Phil L	1209698	5PARK-CM-DSO16	P/T District Safety Officer	District	2/11/2021	23,258		11-0000-695000-54163-2310	24,363	
11	Amaton, Jose	1030626	1CUST-CM-CUS4	P/T Custodian	SAC	1/29/2021	-	Jose Garcia#1026942 moved from Child Dev to SAC eff 7/1/22	11-0000-653000-17200-2310	-	
36%-fd 11 64%-fd 12	Ball, Grace	1259571	1ASMT-CF-TECH5	Instructional Center tech	SAC	6/3/2022	-	Hired Claudia Ruesga#1030364 Eff:7/5/22 CL22-00338	11-0000-632000-19510-2130-5% 11-2410-632000-19510-2130-31% 12-2412-632000-19510-2130-64%	-	
11	Benavides, Ricardo	1029648	1CUST-CF-CUS4	Custodian	SAC	1/15/2020	-	Hired Amelia Chavez-Barajas CL21-00059 Eff:5/2/22	11-0000-653000-17200-2130	-	
65%-fd 11 35%-fd 12	Berber, Christian	1580466	1OSS-CF-SPOR1	High School & Community Outreach Specialist	SAC	12/2/2022	48,632				
11	Burke, Tamy	1460227	1MAIN-CM-CLAD	P/T Administrative Clerk	SAC	2/22/2022	24,319		11-0000-651000-17400-2310	32,836	
11	Castillo, Norma	1026405	1FIRE-CF-SECA	Administrative Secretary	SAC	7/10/2022	85,527	Interim assignment Toinette Boster#1029574 eff 7/11/22-10/11/22	11-0000-601000-15716-2130	137,643	
11	Dahl, Kayla	2338789	1KNHA-CF-SECA	Administrative Secretary	SAC	1/4/2023	38,608		11-0000-601000-15410-2130	62,778	
11	Ellsworth, Kristin	2175738	1ADV-CF-SECA	Administrative Secretary	SAC	12/5/2022	38,030		11-0000-709000-11300-2130	53,763	
25%-fd 11 75%-fd 12	Fernandez Gonzalez, Irma	1030855	1EOPS-CF-ASCN1	Counseling Assistant	SAC	2/14/2020	12,138		11-2250-643000-19300-2130-25% 12-2250-643000-19300-2130-64% 12-2090-643000-19300-2130-11%	22,355	
11	Flores, Rodrigo	1107246	1CUST-CF-CUS9	Custodian	SAC	1/4/2021	-	Hired Joel Panotes Eff:6/6/22	11-0000-653000-17200-2130	-	
11	Gutierrez (Diaz), Claudia R.	1029121	1OAD-CF-CLAD4	Administrative Clerk	CEC	4/5/2020	-	Hired Araceli Gonzalez CL22-00267 Eff:5/23/22	11-0000-601000-18100-2130	-	
50%-fd 11 50%-fd 12	Hamman, Jessica	2319759	1ADV-CF-CORD	Development Coordinator	SAC	7/7/2022	-	Hired Kristin Ellsworth#2175738 Eff:12/5/22 CL22-00360	11-0000-709000-11300-2130-50% 12-2549-649000-11300-2130-50%	-	
11	Hayes, Charles F.	1026480	1CUST-CF-CUS11	Custodian	SAC	6/1/2020	50,521	CL20-00021	11-0000-653000-17200-2130	92,078	
11	Hernandez, Eric	1027374	1CUST-CM-CUS3	P/T Custodian	SAC	5/1/2022	20,245		11-0000-653000-17200-2310	27,335	
86%-fd 11 14%-fd 12	Instructional Center Technician Reorg#1162	REORG#1162	REORG#1162	F/T Instructional Center Technician	SAC	7/1/2020	-	Hired Jazmin Quijada Eff: 5/9/2022. F/T Instructional Center Technician Reorg#1162. CL21-00110	11-0000-619000-15110-2130-86% 12-3482-632000-15110-2130-14%	-	
11	Jusay, Modesto	1026710	1CUST-CF-CUS14	Custodian	SAC	6/30/2022	63,946		11-0000-653000-17200-2130	110,214	
11	Lopez, Felipe	1027162	1GRDS-CF-WKR4	Gardener/Utility Worker	SAC	12/31/2021	54,422		11-0000-655000-17300-2130	97,347	
11	Luque, Ivan	2216538	1LIB-CF-TECH1	Library Technician	SAC	3/9/2022	-	Hired Ivette Fisher#1888390 CL22-00280 Eff:11/7/22	11-0000-612000-15915-2130	-	1,384,747
35%-fd 11 65%-fd 31	Miranda Zamora, Cristina	1339369	1AUX-CF-SPAS3	Auxiliary Services Specialist	SAC	11/19/2019	20,751		11-0000-699000-14121-2130-35% 31-0000-691000-14121-2130-65%	36,374	
11	Molina Valdez, Jorge A.	1030404	1CUST-CF-CUS1	Custodian	SAC	1/4/2021	-	Hired Eric Hernandez Eff: 5/2/2022	11-0000-653000-17200-2130	-	
11	Munoz, Edward J.	1027311	1ADMS-CM-ACT	P/T Accountant	SAC	7/14/2020	28,128		11-0000-679000-17100-2310	37,978	
11	Naguib-Estefanous, Nancy A	2018465	1FAO-CF-CLSR	Senior Clerk	SAC	10/2/2022	47,681		11-0000-646000-19405-2130	86,710	
75%-fd 11 25%-fd 13	Puri Bawdon, Nandini	2383601	1SCLR-CF-CORD	Scholarship Coordinator	SAC	6/16/2022	-	Hired Nancy Naguib-Estefanous#2018465 Eff:10/3/2022 BCF#BC0F37UW28 $5,366 to #2320	11-0000-709000-19550-2130-75% 13-3411-709000-19550-2130-25%	-	
11	Rabot, Irene	1914065	1LIB-CF-TEC2B	Library Technician II	SAC	6/4/2021	-	Hired John Luna#2667458 Eff:9/12/22 CL21-00111	11-0000-612000-15915-2130	-	
11	Ramirez, Leonardo	1379054	1MAIN-CF-WKR3	Skilled Maintenance Worker	SAC	1/3/2022	61,877		11-0000-651000-17400-2130	107,421	
82%-fd 11 18%-fd 13	Reimer, Lillian	1025907	1OAR-CF-SPC1	Admissions/Records Specialist I	SAC	8/16/2022	34,749		11-2490-620000-18100-2130-82% 12-1102-620000-18100-2130-18%	54,535	
11	Rodriguez, Hector	2611615	1GRDS-CF-WKR3	Gardener/Utility Worker	SAC	5/3/2022	60,066		11-0000-655000-17300-2130	97,506	
11	Roman, Alfonso W	1025210	1GRDS-CF-WKR6	Gardener/Utility Worker	SAC	4/19/2021	63,075		11-0000-655000-17300-2130	111,024	
75%-fd 11 25%-fd 12	Serratos, Raquel	1779867	1PDEV-CF-CLSR	Senior Clerk	SAC	8/31/2022	45,050		11-0000-649000-19105-2130-75% 12-2549-649000-19105-2130-25%	68,497	
11	Shirley, Jacqueline K.	1029199	1CNSL-CF-CLIN	Intermediate Clerk	SAC	2/27/2020	-	CL21-00174 Hired Ashley Serna Effec: 5/31/22 (CL20-1396/old req#)	11-2410-631000-15310-2130	-	
11	Stapleton, Amber	1029657	1ADM-CF-SPC1C	Admissions/Records Specialist I	SAC	5/22/2022	42,829		11-0000-620000-19205-2130-70% 11-2410-620000-19205-2130-30%	80,451	
40%-fd 11 60%-fd 12	Student Services Specialist	REORG#1190	REORG#1190	Student Services Specialist	SAC	12/29/2019	22,588	Reorg#1190 (Nguyen, Cang)	11-2410-632000-19510-2130-20% 11-0000-632000-19510-2130-20% 12-2416-632000-19510-2130-60%	40,048	
11	Taylor, Katherine A.	1028961	1ADM-CM-SPC1D	P/T Admissions/Records Specialist I	SAC	10/1/2020	20,630		11-0000-620000-19205-2310-30% 11-2410-620000-19205-2310-70%	27,855	
11	Velazquez, Kimberly S.	1627996	1CNSL-CM-ASCN6	P/T Counseling Assistant	SAC	7/6/2020	-	Hired Michelle Vu#2344157 Eff:9/6/22 CL21-00218	11-2410-631000-15310-2310	-	
11	Banderas, Justin	1026869	2INFO-CF-TECH	Library Technician	SCC	11/11/2021	-	Hired Ruth Najera#2669392 Eff:9/26/22 Req#CL22-00228	11-0000-612000-25430-2130	-	
11	Bennett, Lauren A.	1337295	2ADM-CF-SPC1A	Admission Records Specialist I	SCC	10/23/2020	50,314		11-0000-620000-29100-2130	91,799	
14%-fd 11 86%-fd 12	Berganza, Leyvi C	1030913	2OSS-CF-SPOR1	High School & Community Outreach Specialist	OEC	3/19/2017	9,836		11-0000-649000-28100-2130-14% 12-2490-649000-28100-2130-86%	16,624	
11	Dorling, Jane	1433784	2INFO-CF-TEC2A	Library Technician II	SCC	8/11/2022	50,818		11-0000-612000-25430-2130	78,217	
11	Flores, Jazmine N	1870770	2ADM-CF-SPC2	Admission Records Specialist II	SCC	1/8/2021	-	Hired Catalina Maldonado#2216388 Eff:9/6/22 CL22-00278 REORG#1240 Admission & Records Specialist III	11-0000-620000-29100-2130	-	
11	Gitonga, Kanana	1030388	2INTL-CF-CORD	International Student Coordinator	SCC	1/31/2019	80,945		11-0000-649000-29110-2130	133,182	
65%-fd 13 35%-fd 12	Heim, Tracy	1463834	2COL-CM-CLIN	P/T Intermediate Clerk	SCC	8/27/2021	19,916	Hired Delia Raquel Rodriguez#2185728 CL22-00312 Eff:11/7/22	13-3410-709000-29200-2310-65% 12-2572-709000-29200-2310-35%	26,891	
11	Hermen, Lisa	1027710	2KNAO-CF-CLSR	Senior Clerk	SCC	3/31/2022	33,614		11-0000-601000-25131-2130	46,208	707,352
11	Martin, Sheryl A.	1028421	2OAD-CF-SECX	Executive Secretary	SCC	8/9/2021	72,277		11-0000-601000-28100-2130	121,470	
11	Meade, Paul	1670778	2GROS-CM-WKR	P/T Gardener/Utility Worker	SCC	2/4/2022	-	Hired Antonio Simones#2666411 CL22-00282 Eff:10/3/22	11-0000-655000-27300-2310	-	
11	Montana, Tracy	2287174	2MS-CF-SECA5	Administrative Secretary	SCC	4/24/2022	-	Hired Melissa Arvelo#1251855 Eff: 11/1/2022 CL22-00309	11-0000-601000-25105-2130	-	
11	Samodumov, Stephan	2221631	2CUS-CM-CUS5	P/T Custodian	SCC	7/17/2021	-	Hired Margarito Ramirez#2443392 Eff:8/22/22 CL22-00215	11-0000-653000-27200-2310	-	
11	Simoes, Antonio	266411	2GROS-CM-WKR	P/T Gardener/Utility Worker	SCC	11/16/2022	21,490		11-0000-655000-27300-2310	22,511	

Vacant Funded Positions for FY2022-23- Projected Annual Salary and Benefits Savings
As of January 13, 2023

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Position ID	Title	Site	Effective Date	Annual Salary	Notes	Vacant Account	2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Smilde, Mark	2635727	2CUS-CF-CUSR1	Senior Custodian/Utility Worker	SCC	8/11/2022	39,120	WOC Guadalupe Hernandez#1492326 10/31/22-4/17/23	11-0000-653000-27200-2130	66,527	
11	Stevenson, Christopher	2455096	2GROS-CF-WKR2	Gardener/Utility Worker	SCC	10/15/2021	-	Hired Misael Mendoza#2387469 Eff:9-8-22 CL22-00216	11-0000-655000-27300-2130	-	
11	Tran, Kieu-Loan T.	1030029	2ADM-CF-SPC3	Admission Records Specialist III	SCC	3/1/2020	59,290		11-0000-620000-29100-2130	103,924	
12	Aburto, Guadalupe	2125388	10AR-CM-SPC1	P/T Admissions/Records Specialist I	SAC	10/20/2022			12-1102-620000-18100-2310		
							1,996,254			3,190,251	
TOTAL							5,505,436			8,272,061	

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2022-23, 2021-22, 2020-21
YTD Actuals- December 31, 2022

FY 2022/2023

	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	$59,415,833	$61,780,933	$52,661,536	$47,092,844	$44,095,114	$37,918,752	$59,603,605	$59,603,605	$59,603,605	$59,603,605	$59,603,605	$59,603,605
Total Revenues	13,207,623	6,163,437	12,205,794	14,492,940	14,987,785	39,069,114	0	0	0	0	0	0
Total Expenditures	10,842,523	15,282,834	17,774,487	17,490,670	21,164,147	17,384,262	0	0	0	0	0	0
Change in Fund Balance	2,365,101	(9,119,397)	(5,568,692)	(2,997,730)	(6,176,362)	21,684,852	0	0	0	0	0	0
Ending Fund Balance	61,780,933	52,661,536	47,092,844	44,095,114	37,918,752	59,603,605	59,603,605	59,603,605	59,603,605	59,603,605	59,603,605	59,603,605

FY 2021/2022

	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	$46,370,067	$48,091,696	$35,602,855	$41,281,989	$26,324,996	$24,068,300	$50,130,982	$43,899,530	$33,460,128	$34,790,561	$42,595,206	$33,912,083
Total Revenues	11,437,098	2,884,275	21,977,395	701,517	16,658,801	40,835,472	9,174,999	7,173,633	16,255,779	23,385,633	9,250,271	52,842,778
Total Expenditures	9,715,469	15,373,117	16,298,261	15,658,510	18,915,497	14,772,790	15,406,451	17,613,035	14,925,346	15,580,988	17,933,393	27,339,028
Change in Fund Balance	1,721,630	(12,488,842)	5,679,134	(14,956,992)	(2,256,696)	26,062,682	(6,231,452)	(10,439,402)	1,330,433	7,804,645	(8,683,122)	25,503,749
Ending Fund Balance	48,091,696	35,602,855	41,281,989	26,324,996	24,068,300	50,130,982	43,899,530	33,460,128	34,790,561	42,595,206	33,912,083	59,415,833

FY 2020/2021

	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	$38,043,629	$37,890,520	$21,377,062	$29,621,168	$20,972,596	$18,331,844	$40,829,056	$35,611,009	$21,137,122	$19,535,152	$23,813,198	$15,243,357
Total Revenues	9,803,314	(1,484,159)	24,214,797	7,145,358	15,876,235	37,159,108	7,568,219	1,329,565	13,748,589	19,224,264	5,986,870	58,955,542
Total Expenditures	9,956,422	15,029,299	15,970,692	15,793,930	18,516,988	14,661,896	12,786,266	15,803,453	15,350,560	14,946,217	14,556,711	27,828,832
Change in Fund Balance	(153,109)	(16,513,458)	8,244,105	(8,648,571)	(2,640,753)	22,497,212	(5,218,047)	(14,473,888)	(1,601,970)	4,278,047	(8,569,841)	31,126,710
Ending Fund Balance	37,890,520	21,377,062	29,621,168	20,972,596	18,331,844	40,829,056	35,611,009	21,137,122	19,535,152	23,813,198	15,243,357	46,370,067

RANCHO SANTIAGO
Community College District

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Santa Ana College • Santiago Canyon College

DISTRICTWIDE ENROLLMENT MANAGEMENT WORKGROUP (DEMW) MEETING

AGENDA

November 17, 2022 12:00pm – 1:30pm
https://us06web.zoom.us/j/93768488856 or dial 1-669-900-6833, 93768488856#

I. Welcome

II. *Action Items – October 20, 2022 – Informational *(*attached)*

III. Update from College Enrollment Management Workgroups — Dr. Jeff Lamb / Aaron Voelcker
   a. SAC
   b. SCC

IV. Student Services Report on Strategies/Initiatives — Dr. Castro
   a. SCC

V. Marketing Efforts — Nhadira Brathwaite / Dalilah Davaloz / Lilia Rodriguez
   a. DO
   b. SAC
   c. SCC

VI. Data and Research Tools — Jesse Gonzalez
   a. Apprenticeship Headcount - RG0542 Report

VII. Other
   - Next meeting – Postpone December17, 2022 due to overlapping events

   Next meeting: January 19, 2023

Purpose of workgroup: to discuss strategic enrollment management related topics and issues from a districtwide perspective and learn how to better leverage resources districtwide to help our enrollment.

Workgroup Members:
Nhadira Brathwaite, Dr. Melba Castro, Dalilah Davaloz, Dr. Adriene (Alex) Davis, Darlene Diaz,
Jesse Gonzalez, Adam Howard, Dr. Vaniethia Hubbard, James Isbell, Dr. James Kennedy, Dr. Jeff Lamb,
Dr. Daniel Martinez, Thao Nguyen, William Nguyen, Nga Pham, Lilia Rodriguez, Craig Rutan,
Sarah Santoyo, John Steffens, Jose F. Vargas and Aaron Voelcker

DISTRICTWIDE ENROLLMENT MANAGEMENT WORKGROUP (DEMW) MEETING
Action Items
October 20, 2022 12:00pm – 1:30pm virtual by zoom

Present: Nhadira Brathwaite, Dr. Melba Castro, Dalilah Davaloz, Darlene Diaz, Jesse Gonzalez, Adam Howard, Dr. Vaniethia Hubbard, James Isbell, Dr. Daniel Martinez, Annebelle Nery, William Nguyen, Tyler Nguyen, Lilia Rodriguez, Craig Rutan, Sarah Santoyo, John Steffens, and Aaron Voelcker
Patricia Duenez present as record keeper.

Ms. Santoyo called the meeting to order at 12:02pm.

I. Welcome
Ms. Santoyo provided welcome remarks.

II. *Action Items – August 25, 2022 – Informational *(*attached)*
Provided as informational.

III. Update from College Enrollment Management Workgroups
a. SAC - Dr. Nery reported on summer 2022 largest FTES in 100yr history, largest fall in SAC history, Cont. Ed bringing in under 1,400 FTEs, potential large college status this year with double digit growth, spoke to Bottleneck study, all late starts filled, 6,500 student estimated for fall. Enrollment for arts late start classes now full. Rancho Academy 40-50 graduates are being interviewed. Sharing best practices with SCC. Chancellor presenting growth at ACCT, Research Center, Seminar in Santa Barbara with Interim President Perez and Chancellor Martinez.

b. SCC - Mr. Voelcker reported on Enrollment Management Cmte.-now Strategic Enrollment Management Cmte., working with AACRO on coaching to develop next Strategic Enrollment Plan. Working on executive, sending out to cmte. for votes in time to have at next Academic Senate meeting—part of grant plan for board approval by February 2023, scheduled on agenda at January 2023 board meeting.

IV. Student Services Report on Strategies/Initiatives
a. SAC - Dr. Nery reported on focus is keeping currently enrollment students, on Student Fair event, and Guided Pathways summit.

b. SCC - Dr. Castro reported on strategies and initiates, current students not enrolled for spring using InReach center to connect with them; anyone who has active status using same strategies as current students. Contacting students who started CCCApply. Across state, of those that apply, 50% will enroll—this is due to various reasons.

V. Marketing Efforts

a. DO - Ms. Brathwaite reported on promoting teaching colleges, updating websites with different initiatives, November 8 Board of Governors Learning Tour to promote enrollment strategies, hiring of graphic designers to assist with marketing efforts, and ongoing marketing campaigns.

b. SAC - Ms. Davaloz reported on spring campaign; tailored message for faith based advertising and campaigns, working on 2x30 sec ads on streaming devices, up and running for intersession advertising.

c. SCC - Ms. Rodriguez reported on social media late start spring, newspaper, spectrum, radio, outreach to faith based advertising.

VI. Data and Research Tools

a. Update on ITS Repository Report RG0542
Mr. Howard shared screen of 10/20/22 RG0542 report - showed how negative numbers appear, apprenticeship snapshot date after October 3 will not show headcount.
Dr. Nery shared screen of 321 Apprenticeship Report.

Mr. Gonzalez provided context to request to add Apprenticeship column, this was request from Chancellor as similar report was done at ELAC. Reported on Legacy System is due for update and Pilot this year.

Dr. Nery reported on noncredit co-curricular enrollment using Baltimore model.

Mr. Howard and Mr. Voelcker to have sidebar discussions.

Mr. Howard shared screen of RG0542 report, enrollment divided by section data at bottom supposed to be percentage. Request from Chancellor on Dashboard with RG0542 data: working on how to build trend data on multiple terms.
Dr. Nery will send Mr. Gonzalez, Mr. Howard, and Mr. Tyler Nguyen reports she pulls from.

b. Demonstration of data dashboard from SAC Research
Dr. Martinez reported on Dashboards based on Report Repository, shared screen of FTES 2017-2022 by Academic Year-Source RD.
Shared screen of Course Success & Retention 2017-2022 by Academic Term, Credit Enrollment by Demographics 2017-22 by Academic Year, Disproportionate Impact for Success 2017-22 by Academic Year.
Dr. Martinez shared screen of Courses in SEP's for future semesters, source of Dashboard are MIS referential files. SEP tools are easy to put together, MIS more involved.

VII. Other
None.

Next meeting: Thursday, November 17, 2022

Ms. Santoyo adjourned the meeting at 1:01pm.

Purpose of workgroup: to discuss strategic enrollment management related topics and issues from a districtwide perspective and learn how to better leverage resources districtwide to help our enrollment.

DISTRICTWIDE ENROLLMENT MANAGEMENT WORKGROUP (DEMW) MEETING

Action Items

November 17, 2022 12:00pm – 1:30pm Virtual by Zoom

Present: Dr. Melba Castro, Dalilah Davaloz, Dr. Adriene (Alex) Davis, Darlene Diaz, Jesse Gonzalez, Adam Howard, James Isbell, Dr. Jeff Lamb, Thao Nguyen, William Nguyen, Nga Pham, Lilia Rodriguez, Craig Rutan, Sarah Santoyo, Jose F. Vargas and Aaron Voelcker

Guest: Tyler Nguyen

Patricia Duenez present as record keeper.

Dr. Davis called the meeting to order at 12:01pm.

I. Welcome

Dr. Davis provided welcome remarks.

II. *Action Items – October 20, 2022 – Informational *(*attached)*

Provided as informational.

III. Update from College Enrollment Management Workgroups

a. SAC – Dr. Lamb reported on group meeting last week and work being done with Enrollment Management Plan and operational calendars that impact Enrollment Management. CWP helped to interline calendars. Spoke to Targeting Workgroup, timeline and data points. Working on data to build schedules effectively. Spoke to trend data related to Pell Grants and quantifying factors. Also spoke to intersession enrollment looking positive.

Tyler Nguyen in chat: During the last round of SCFF reconciliation, we have students who enrolled in 2019-20 but didn't get awarded until 2020-21; thus, we don't get credit for them. Do you we have a process to prioritize those students?

b. SCC – Mr. Voelcker reported on name change to Strategic Enrollment Management Committee. SEM Plan on agenda to next college council meeting for approval.

IV. Student Services Report on Strategies/Initiatives

a. SCC: Dr. Castro spoke to intersession activities, Family Night on Nov. 16th, Save the Date for High School Partners Conference on Dec. 1; Instagram Challenge for spring, In Reach Center activities and personalized outreach, targeted emails and text messages, active students that have not yet enrolled for spring.

Mr. Rutan joined at this time.

Dr. Davis spoke to the presentation she, Dr. Loretta Jordan and Dr. Vaniethia Hubbard made at CABSE conference; she will also present at next CABSE conference in July 2023. At CABSE Dr. Hubbard also presented on 'Cash for Credit'.

Dr. Davis will forward CABSE presentation with workgroup.

Questions were raised and answered re: Cash or Credit, funding and additional sources of revenue.

Mr. Gonzalez spoke to CVC: both SAC & SCC now teaching colleges. This allows more student cross enrollment & revenue with apportionment.

V. Marketing Efforts

a. SAC – Ms. Davaloz spoke to transitioning from accelerated classes to intersession; shared screen of intersession mailer, shared screen of 2 streaming ads: 1. General enrollment ad; 2. Online Pathway ad. Ads will start airing latter part of December 2022/early January 2023. Video #3 in process in Vietnamese language.

Dr. Kennedy joined at this time.

b. SCC – Ms. Rodriguez spoke to winter session and spring semester mailers and other items going into production.
Dr. Davis inquired on Strong Workforce investments; will look into Toolkit that was to be available and will share with PIO's.
Dr. Davis spoke to colleges receiving $150-200k regional allocations for 2023 marketing efforts.
Dr. Lamb spoke to hiring's in process related to Tyler Nguyen's question.
Dr. Castro spoke to A&R process of awarding degrees and additional conversation needed related to internal process.
Tyler Nguyen will send next round of SCFF data.
Tyler Nguyen shared in chat: it's limited to 1 degree PER year.
Dr. Lamb will forward Ms. Duenez links re: Funding Formula from Chancellor's Office to share with workgroup.
Mr. Rutan spoke to caution needed in auto awarding degrees and what students' intent is as this affects their financial aid eligibility.
Mr. Voelcker confirmed we auto award certificates.
Tyler Nguyen in chat: it would be helpful if we can identify which degree/cert comes from auto-award.
Ms. Pham will look into Auto Awarding and report back to VP's.

VI. Data and Research Tools

a. Apprenticeship Headcount - RG0542 Report
Mr. Gonzalez shared screen of today's RG0542CC report of same day comparisons of this and last year.
Dr. Davis shared that Mr. Gonzalez will be providing update on report at next Chancellor's Cabinet.
Mr. Gonzalez shared screen of data for Apprenticeship Academy registration batch samples file.
Mr. Vargas provided clarification to 2020 dates.
Dr. Davis will connect with Enrique Perez and Dr. Nery on inviting Dr. Lamb and Mr. Voelcker to Chancellor's Cabinet on Monday, Nov. 21st for Mr. Gonzalez's update under Educational Services.
Dr. Davis will catalog resources DEMW is leveraging districtwide to have intentional outcomes.

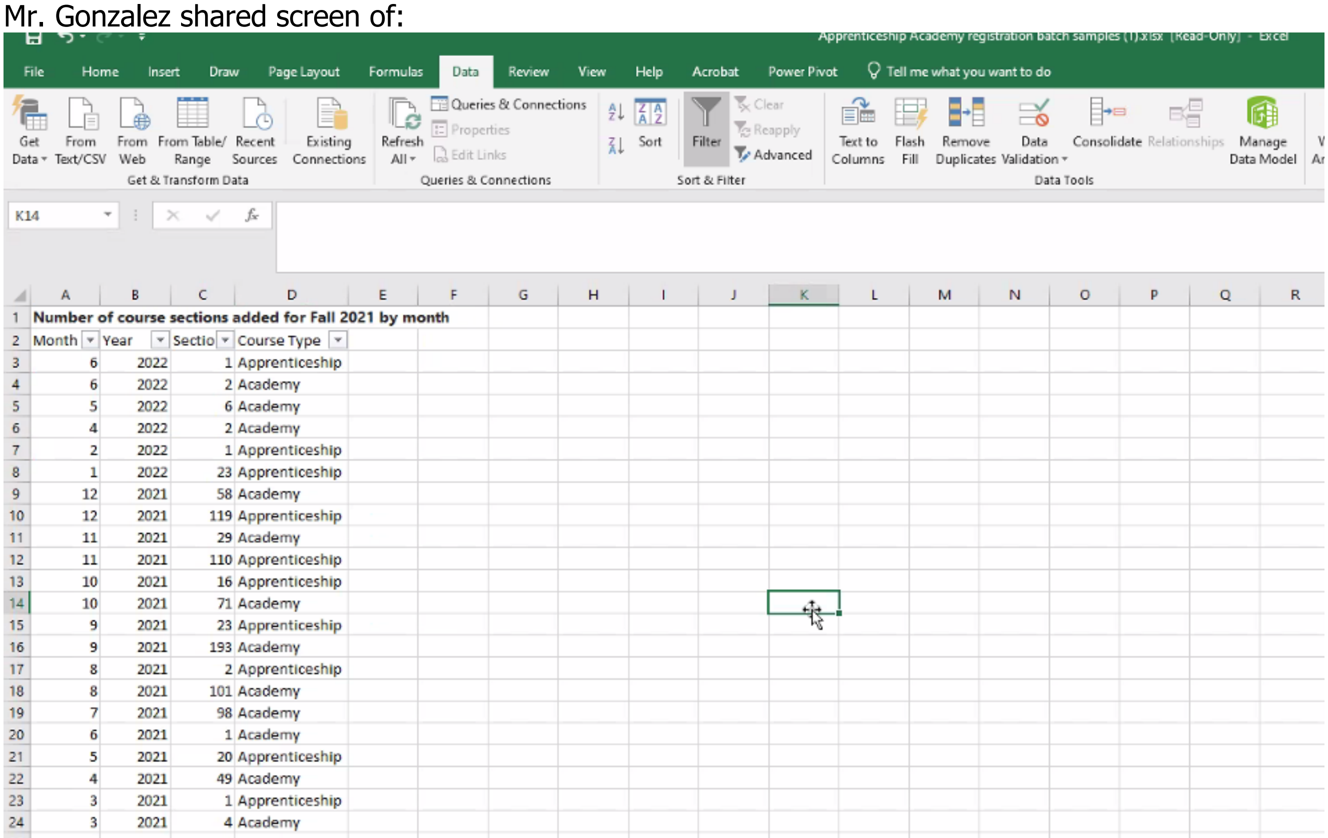
VII. Other

- It was agreed to postpone the December15, 2022 meeting due to the Chancellor's event for district office staff. Workgroup will reconvene at following meeting on January 19, 2023.

Dr. Davis adjourned the meeting at 1:29pm.

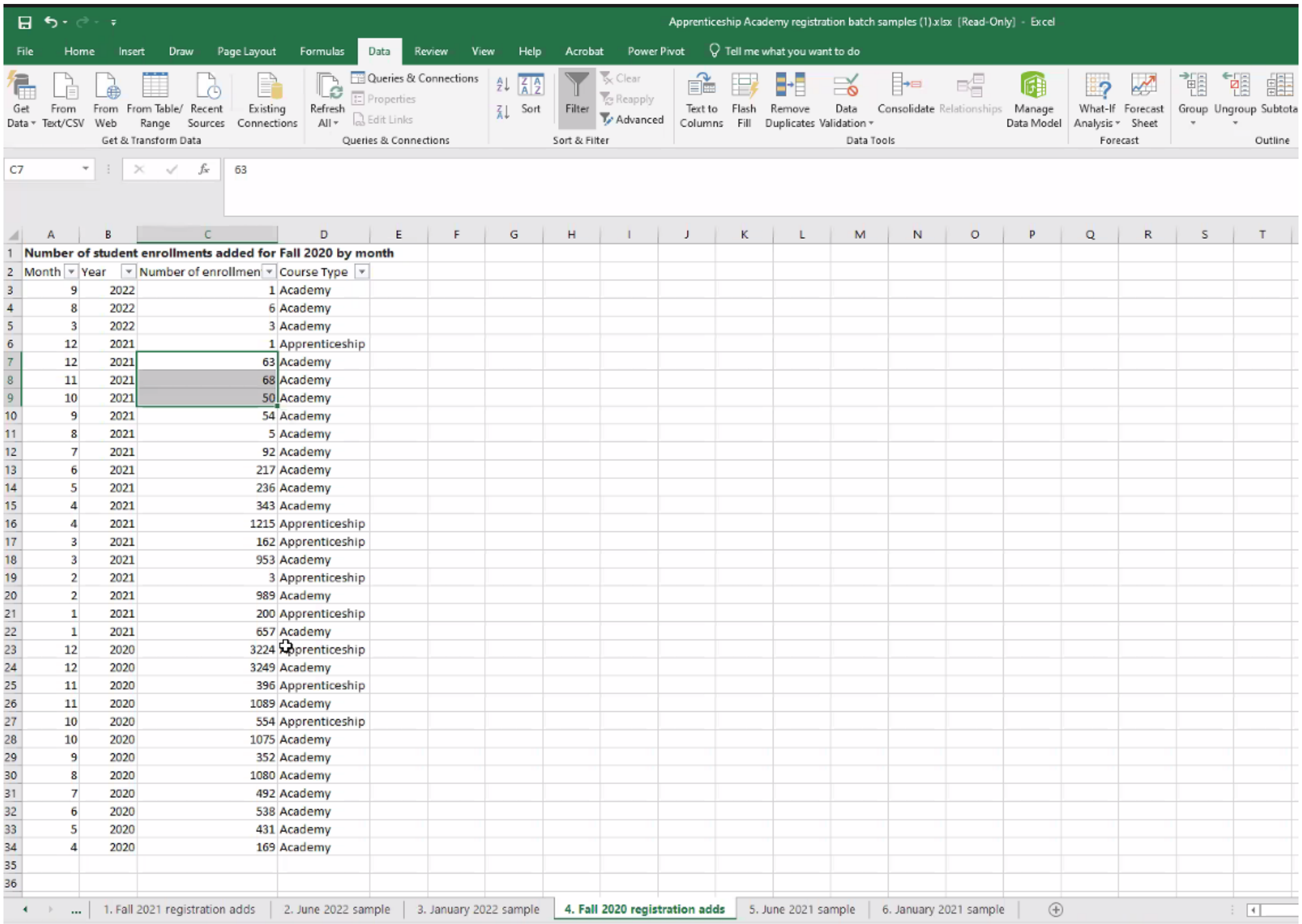
V. a. SAC: Ms. Davaloz shared screen:

VI. a.
Mr. Gonzalez shared screen of:



Number of course sections added for Fall 2021 by month

Month	Year	Sectio	Course Type
6	2022	1	Apprenticeship
6	2022	2	Academy
5	2022	6	Academy
4	2022	2	Academy
2	2022	1	Apprenticeship
1	2022	23	Apprenticeship
12	2021	58	Academy
12	2021	119	Apprenticeship
11	2021	29	Academy
11	2021	110	Apprenticeship
10	2021	16	Apprenticeship
10	2021	71	Academy
9	2021	23	Apprenticeship
9	2021	193	Academy
8	2021	2	Apprenticeship
8	2021	101	Academy
7	2021	98	Academy
6	2021	1	Academy
5	2021	20	Apprenticeship
4	2021	49	Academy
3	2021	1	Apprenticeship
3	2021	4	Academy



Number of student enrollments added for Fall 2020 by month

Month	Year	Number of enrollmen	Course Type
9	2022	1	Academy
8	2022	6	Academy
3	2022	3	Academy
12	2021	1	Apprenticeship
12	2021	63	Academy
11	2021	68	Academy
10	2021	50	Academy
9	2021	54	Academy
8	2021	5	Academy
7	2021	92	Academy
6	2021	217	Academy
5	2021	236	Academy
4	2021	343	Academy
4	2021	1215	Apprenticeship
3	2021	162	Apprenticeship
3	2021	953	Academy
2	2021	3	Apprenticeship
2	2021	989	Academy
1	2021	200	Apprenticeship
1	2021	657	Academy
12	2020	3224	Apprenticeship
12	2020	3249	Academy
11	2020	396	Apprenticeship
11	2020	1089	Academy
10	2020	554	Apprenticeship
10	2020	1075	Academy
9	2020	352	Academy
8	2020	1080	Academy
7	2020	492	Academy
6	2020	538	Academy
5	2020	431	Academy
4	2020	169	Academy

System Learning Tour Update

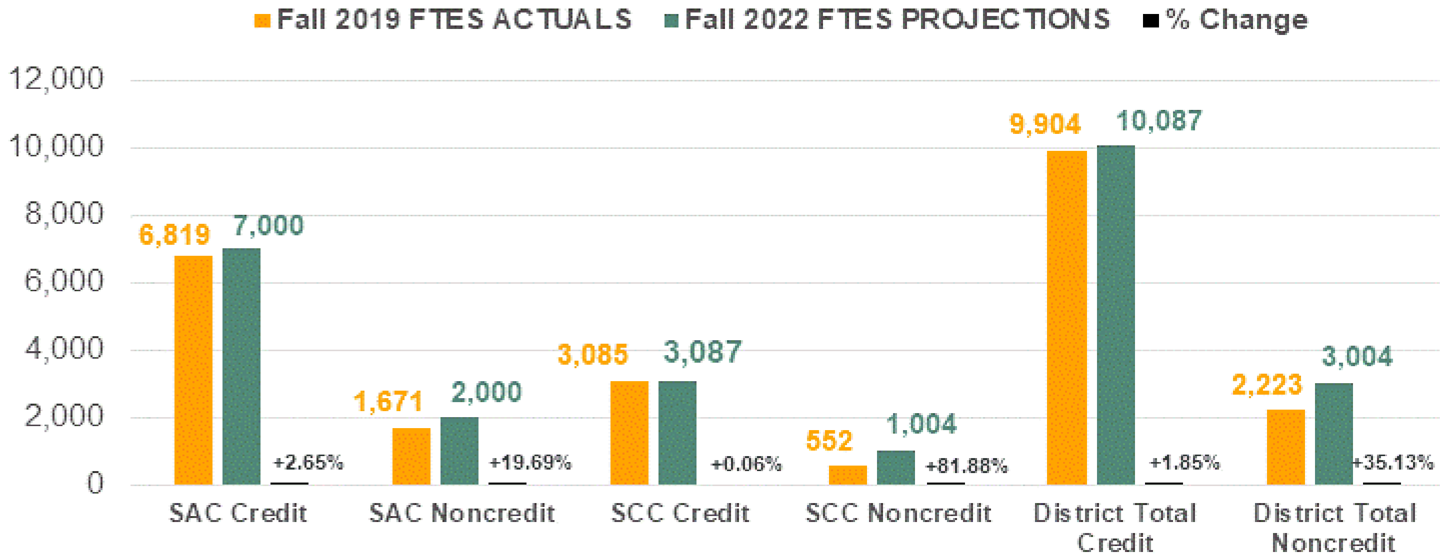
Presented By:
Chancellor Marvin Martinez
Board Institutional Effectiveness Committee
November 17, 2022

Rancho Santiago Community College District
Reimagining Education
COVID-19 Timeline

Thursday	Friday	Wednesday	Fall Semester
March 12, 2020	March 13, 2020	March 18, 2020	2021
Governor Locks Down California	Campus' Leadership Meeting	Opened Campuses to Remote	Campuses Open to Full Face-to-Face

Source: District Research 546 Report

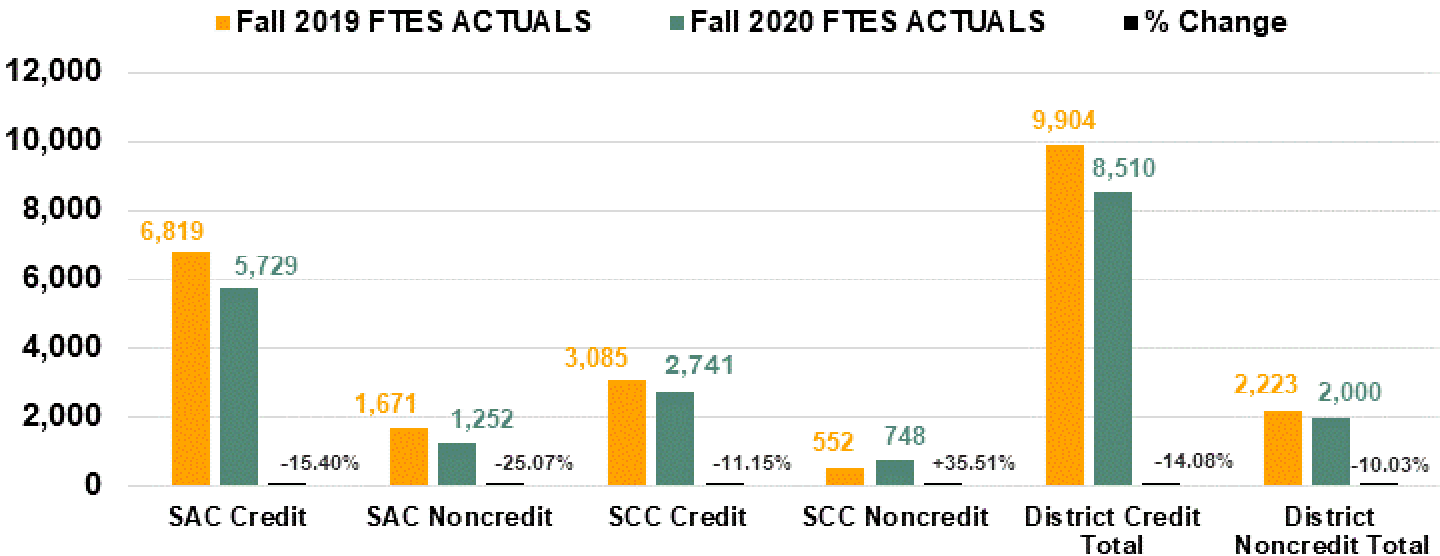
Fall 2019 vs Fall 2022 College/District Credit and Noncredit FTES



Credit/Noncredit	Fall '19 FTES Actuals	Fall '22 FTES Projections	Total Change	Percent Change
SAC Credit	6,819	7,000	+181	+2.65%
SCC Credit	3,085	3,087	+2	+0.06%
District Total Credit	**9,904**	**10,087**	**+183**	**+1.85%**
SAC Noncredit	1,671	2,000	+329	+19.69%
SCC Noncredit	552	1,004	+ 452	+ 81.88%
District Total Noncredit	**2,223**	**3,004**	**+ 781**	**+ 35.13%**

Source: District Research 546 Report

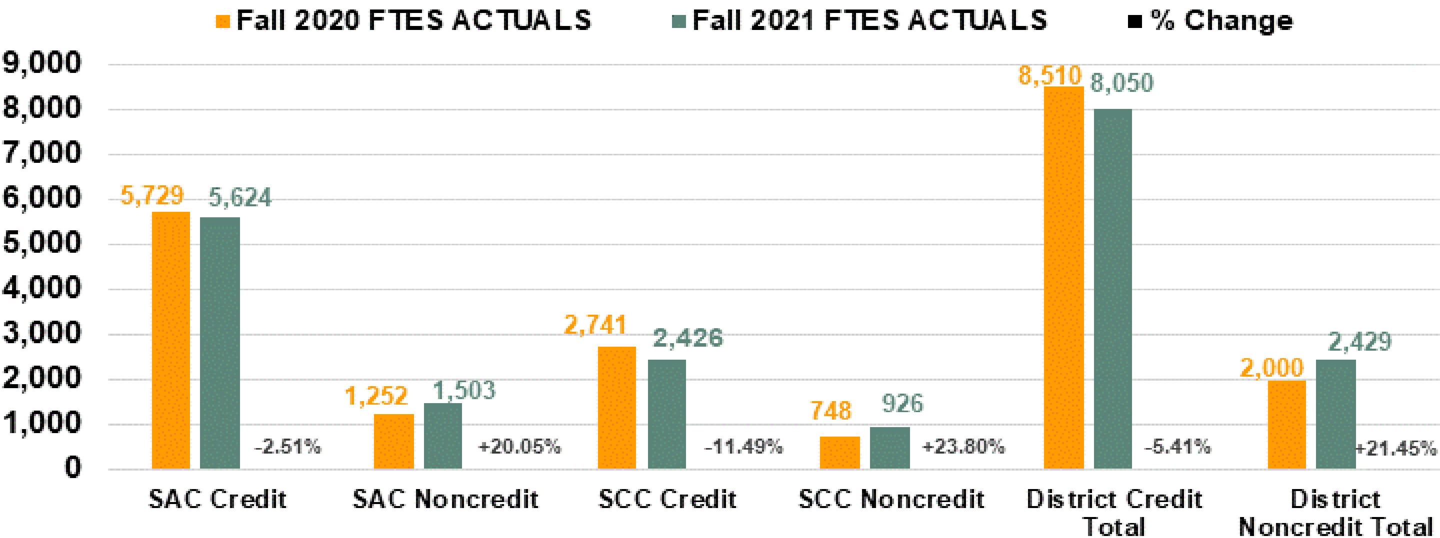
Fall 2019 vs Fall 2020 College/District Credit and Noncredit FTES



Credit/Noncredit	Fall '19 FTES Actuals	Fall '20 FTES Actuals	Total Change	Percent Change
SAC Credit	6,819	5,769	-1,050	-15.40%
SCC Credit	3,085	2,741	-344	-11.15%
District Total Credit	**9,904**	**8,510**	**-1,394**	**-14.08%**
SAC Noncredit	1,671	1,252	-419	-25.07%
SCC Noncredit	552	748	+196	+35.51%
District Total Noncredit	**2,223**	**2,000**	**- 223**	**-10.03%**

Source: District Research 546 Report

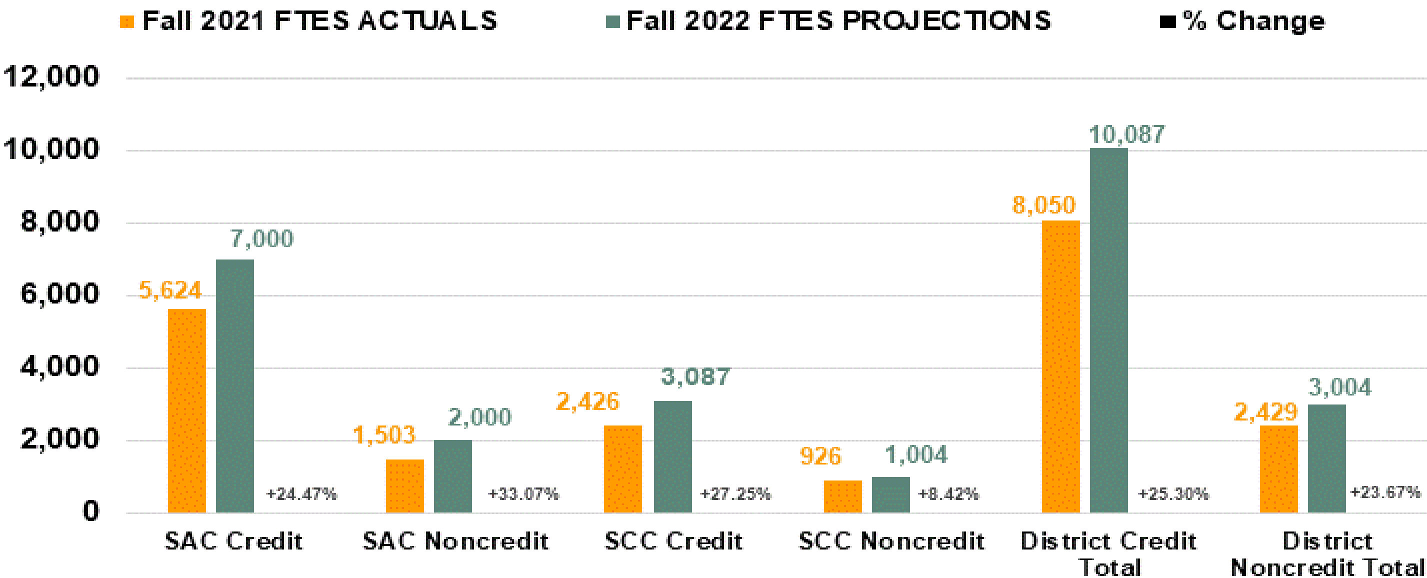
Fall 2020 vs Fall 2021 College/District Credit and Noncredit FTES



Credit/Noncredit	Fall '20 FTES Actuals	Fall '21 FTES Actuals	Total Change	Percent Change
SAC Credit	5,769	5,624	-145	-2.51%
SCC Credit	2,741	2,426	-315	-11.49%
District Total Credit	**8,510**	**8,050**	**-460**	**-5.41%**
SAC Noncredit	1,252	1,503	+251	+20.05%
SCC Noncredit	748	926	+178	+23.80%
District Total Noncredit	**2,000**	**2,429**	**+429**	**+ 21.45%**

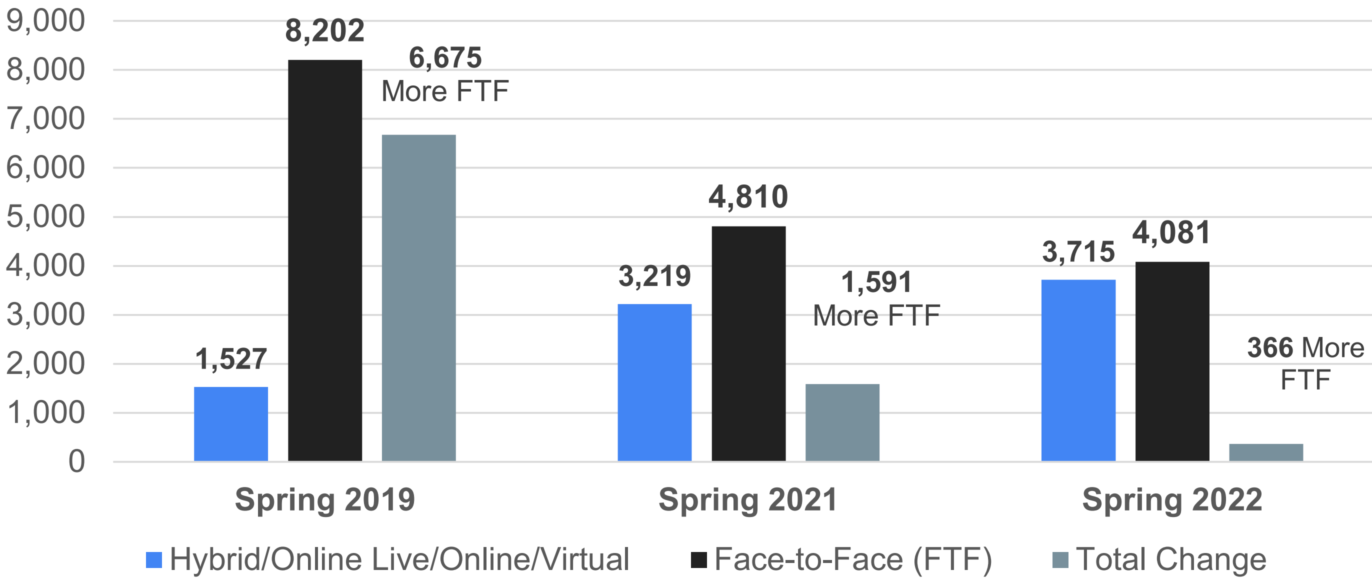
Source: District Research 546 Report

Fall 2021 vs Fall 2022 College/District Credit and Noncredit FTES



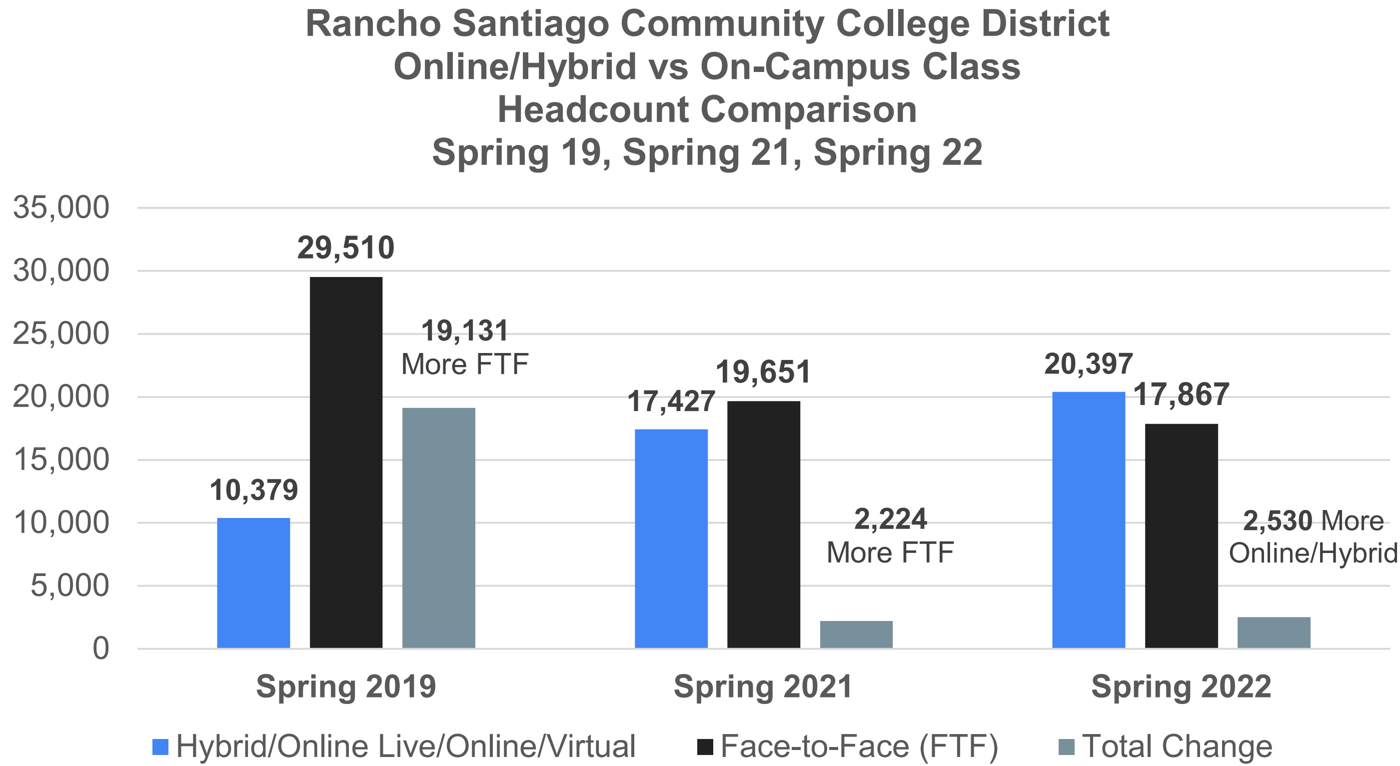
Credit/Noncredit	Fall '21 FTES Actuals	Fall '22 FTES Projections	Total Change	Percent Change
SAC Credit	5,624	7,000	+1,376	+24.47%
SCC Credit	2,426	3,087	+661	+27.25%
District Total Credit	**8,050**	**10,087**	**+2,037**	**+25.30%**
SAC Noncredit	1,503	2,000	+497	+33,07%
SCC Noncredit	926	1,004	+78	+8.42%
District Total Noncredit	**2,429**	**3,004**	**+575**	**+23.67%**

Rancho Santiago Community College District
Online/Hybrid vs On-Campus Class
FTES Comparison - Residents
Spring 19, Spring 21, Spring 22



Semester	Hybrid/Online Live/Online/Virtual	Face-to-Face (FTF)	Total Change
Spring 2019	1,527	8,202	6,675
Spring 2021	3,219	4,810	1,591
Spring 2022	3,715	4,081	366

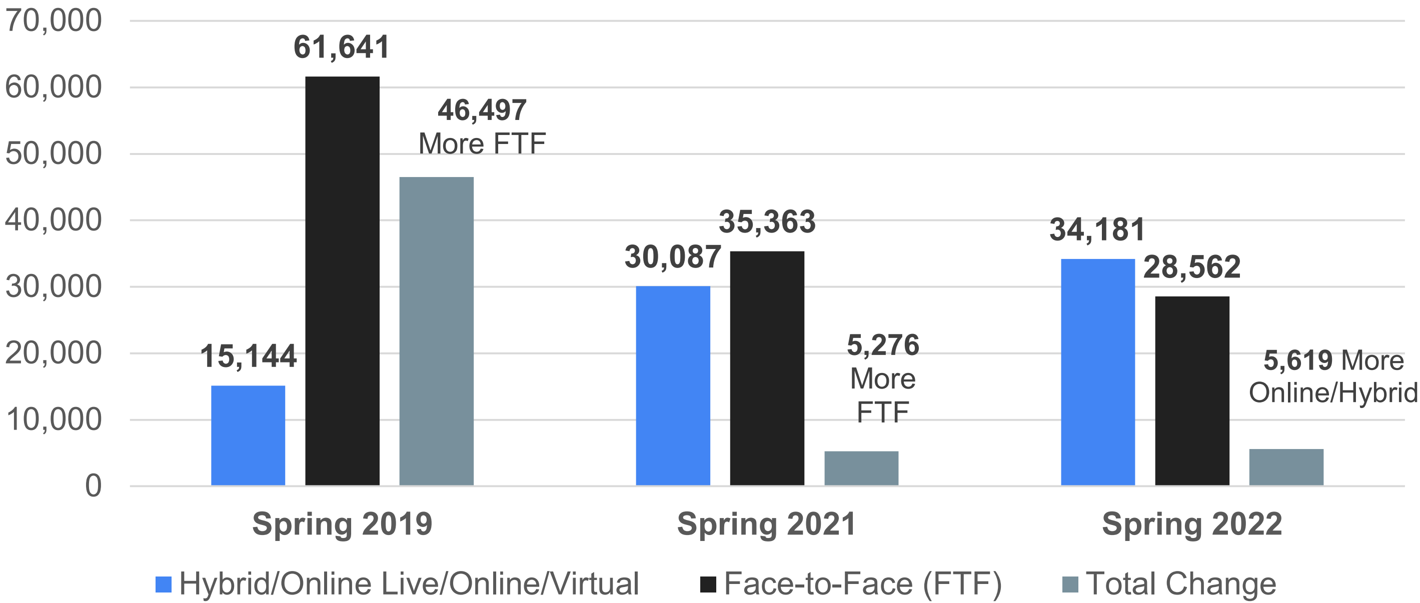
Source: District Research



Semester	Hybrid/Online Live/Online/Virtual	Face-to-Face (FTF)	Total Change
Spring 2019	10,379	29,510	19,131
Spring 2021	17,427	19,651	2,224
Spring 2022	20,397	17,867	2,530

Source: District Research

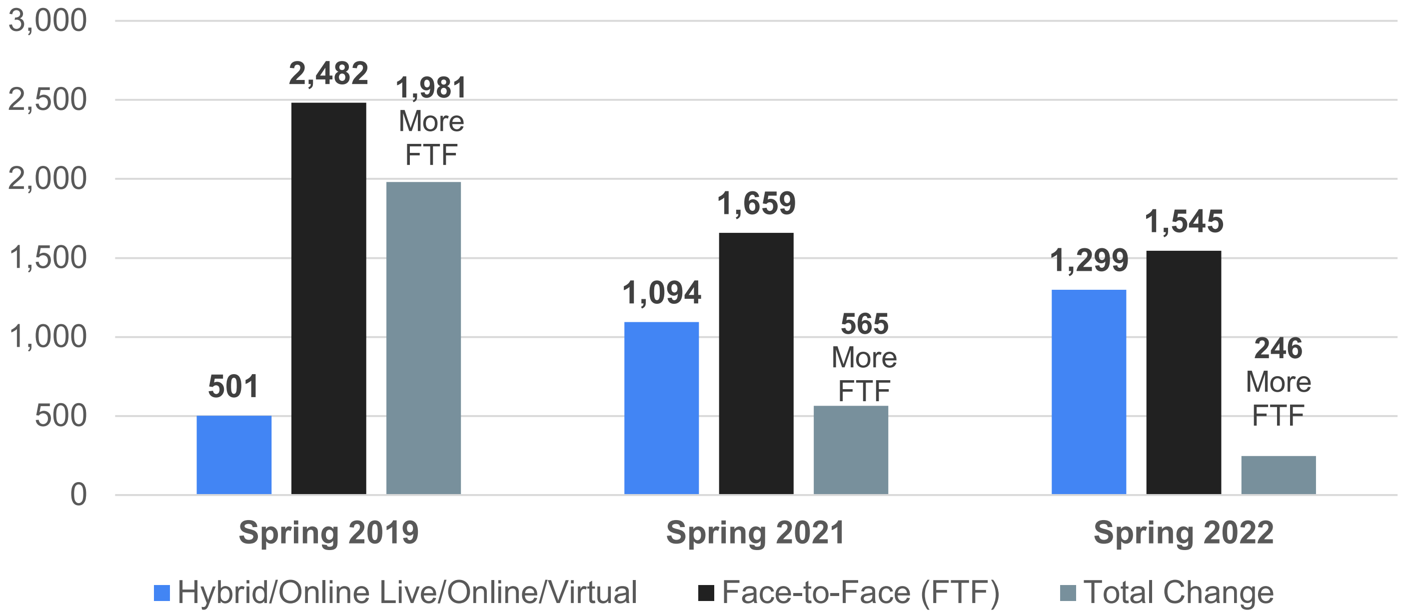
Rancho Santiago Community College District
Online/Hybrid vs On-Campus Class Enrollment Comparison
Spring 19, Spring 21, Spring 22



Semester	Hybrid/Online Live/Online/Virtual	Face-to-Face (FTF)	Total Change
Spring 2019	15,144	61,641	46,497
Spring 2021	30,087	35,363	5,276
Spring 2022	34,181	28,562	5,619

Source: District Research

Rancho Santiago Community College District Online/Hybrid vs On-Campus Class Section Comparison Spring 19, Spring 21, Spring 22



Semester	Hybrid/Online Live/Online/Virtual	Face-to-Face (FTF)	Total Change
Spring 2019	501	2,482	1,981
Spring 2021	1,094	1,659	565
Spring 2022	1,299	1,545	246

Source: District Research

RSCCD Enhanced Enrollment Strategies Continued

Rancho Academy, Enhanced Recruitment & Outreach Strategies, and Investments in Marketing Strategies are also critical drivers of enrollment strategies at Rancho Santiago Community College District.

Rancho Academy

LAUNCHED RANCHO ACADEMY

- Internal Program to Recruit Faculty
- Additional Faculty Required to Sustain New Student Growth
- An inclusive educational community that is reflective of those with whom we teach, engage and collaborate
- Supported by the Board of Trustees efforts to recruit and prepare faculty who seek a career in the California community college system

Enhanced Outreach & Recruitment

ENHANCED CUSTOMER SERVICES

- Cross-Trained Staff in Various Depts.
- Created New Laptop Loan Program
- Created New Book Vouchers for Dual Enrollment Students
- Launched In-Person & Virtual Student Welcome and In-Reach Centers
- Launched Seamless Online Continuing Education Registration System
- Launched 24-hour Student Tech Support Center (in English & Spanish)

Marketing Campaigns

INVESTED IN MARKETING STRATEGIES

- Enhanced proactive communication via telephone, text, and email for all students and targeted groups of students
- Launched Phone & Texting Campaign
- New targeted marketing, including direct mail to all residents in service area, and enhanced social media presence
- Radio Ads and Bus Wraps
- Social Media Marketing

Source: District and Campus Student Services

RSCCD Enhanced Enrollment Strategies

Dual Enrollment, Continuing Education, and Cash 4 Credit are critical drivers of enrollment strategies at Rancho Santiago Community College District.

Dual Enrollment

Dual Enrollment
Fall 2021 vs Fall 2022
Section Comparison

Supported by Strong Workforce Program Regional & Local, TRIO, and Student Equity and Achievement Program Funds

Fall 2021	Fall 2022	% Change
77	133	+72.7%

A Total of 56 Additional Sections
Five New Charter Schools - One New Private School

Continuing Education

Noncredit Career Education Online and New Face-to-Face Classes

Supporting by WIOA, Carl D. Perkins, SB1, and Strong Workforce Program Funding

	Fall 2021	Fall 2022	% Change
Online	92	137	+48.9%
Face-to-Face	120	116	-3.3%

Online increased by 45 classes
Face-to-Face decreased by 4 classes

Cash 4 Credit

Cash 4 Credit (C4C) Students Compared to Non-C4C Students

Supported by Higher Education Emergency Relief Funds

	Students	Units Earned	Avg Units per Student
C4C	6,703	71,741.2	10.7
Non-C4C	12,367	42,796.6	3.5

Source: College Research and Student Services

SANTA ANA COLLEGE
Enrollment Management Committee
Tuesday, November 15, 2022
3:30pm – 5:00pm, Zoom

<u>Agenda</u>

- Welcome
- Review Combined Calendar of Practices, Roles, and Key Questions/Data
  - Instruction Office – *Dr. Jeffrey Lamb*
  - Budget Office – *Mark Reynoso*
  - Student Services – *Mark Liang*
  - Marketing – *Dalilah Davaloz*
- Updates
  - Workgroup – Target Setting
  - Class Maximums
  - System Learning Tour
  - Current Enrollment
    - Fall
    - Intersession/Spring
- Information
  - Demystifying SCFF – *Dr. Jeffrey Lamb*

- Future Meetings:
  - December 20, 2022 3:30-5pm
  - January 17, 2022 3:30-5pm

What is the SCFF?

- https://www.cccco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/SCFF/Jan-2022/nontechfaq-december-2021-a11y.pdf?la=en&hash=75E6060BBF2B1852825C4F3BE2834E2A899AA209

- https://www.cccco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Student-Centered-Funding-Formula/2022/scffmetricdefinitionsupdatedjanuary112022a11y.pdf?la=en&hash=50BC2D4E1AF75DAEA586FC7B5E77B74DCD5E8113

- https://www.cccco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Student-Centered-Funding-Formula/2022/supplementalsuccessdata202021asofmarch152022a11y.xlsx?la=en&hash=32A77A103DC78ADA74BD7B5C98EDEBE75CABBFCB

- https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/scff-dashboard/phase-2

SANTA ANA COLLEGE

Enrollment Strategy Overview

Dr. Annebelle Nery
President

Agenda

- Completion Agenda
- Target Audience & Marketing Plan
- The SAC Story
  - SAC's Foundation
  - Coordination of Student Services
  - Collaboration with Administrative Services & School of Continuing Education
  - Strong Noncredit
- What's New in 2022
- Where SAC is Today

SANTA ANA COLLEGE

Completion Agenda: Aligned Resources and Programs to Put Students First

The Why	The What	The How	The Tools
Our Students & Communities	Vision for Success	Guided Pathways	System-Level Support

Goals

- Increase certificates & degrees
- Increase transfer to CSU & UC
- Decrease units to complete
- Increase employment in field of study
- Close equity gaps
- Close regional achievement gaps

Pillars

- Clarify the path
- Enter the path
- Stay on the path
- Ensure students are learning

Program Alignment & Support

- Developmental Ed. Reform (AB 705)
- California Promise (AB 19)
- Associate Degrees for Transfer
- Regulatory Reform

Fiscal Reform

- Student Centered Funding Formula
- Guided Pathways allocations
- Student Equity & Achievement Program

Policy Connections

- Student Success Metrics
- Vision Resource Center
- Investment in staff & faculty
- Regional support strategy
- Local Board goals (AB 1809)

2021-2024 Educational Master Plan Goals

SANTA ANA
COLLEGE

- Vision Goal #1 — Completion
- Vision Goal #2 — Transfer
- Vision Goal #3 — Unit Accumulation
- Vision Goal #4 — Workforce
- Vision Goal #5 — Equity

Target Audience

Play Videos

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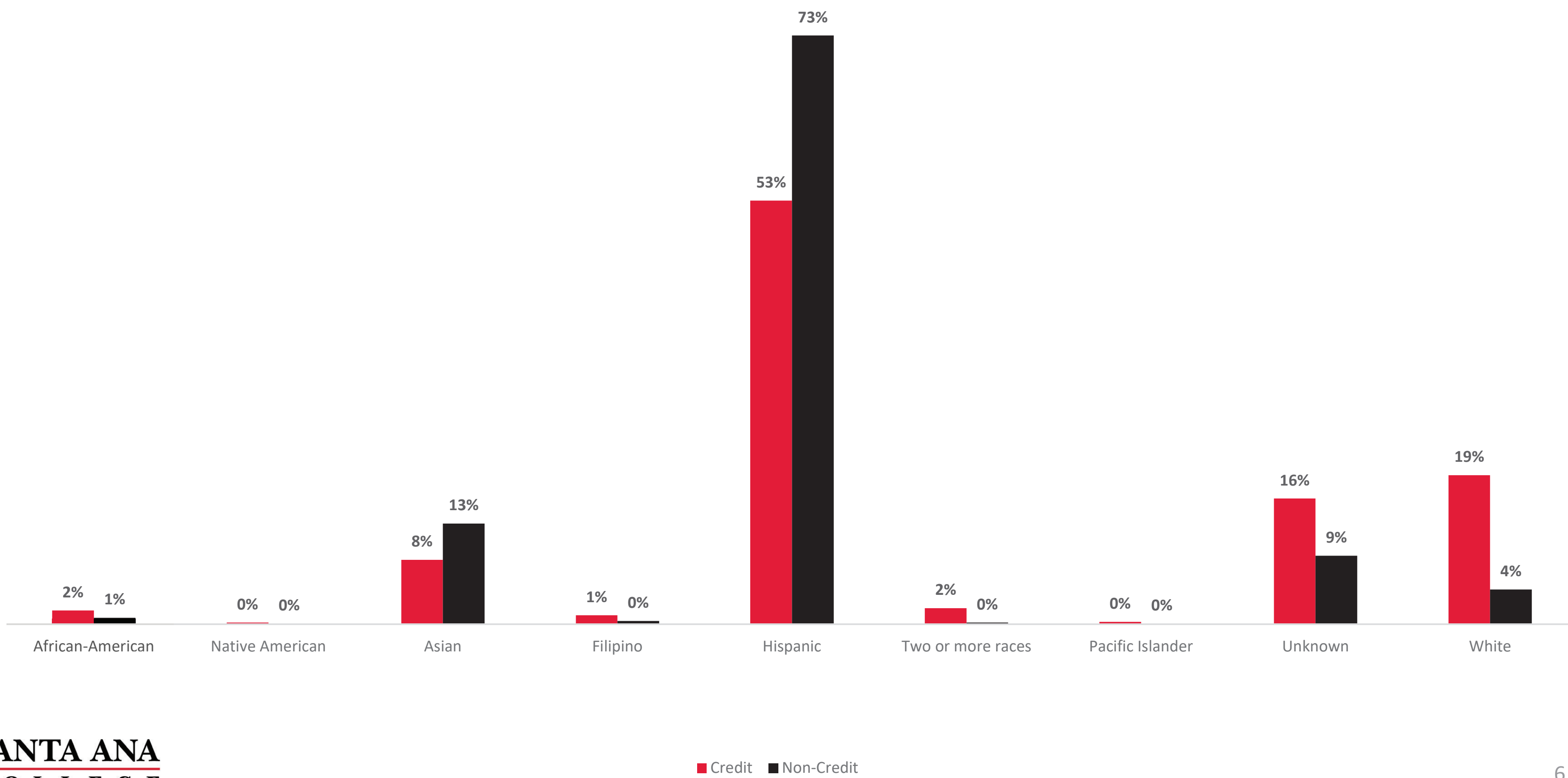
COLLEGE

Target Audience Ethnicity



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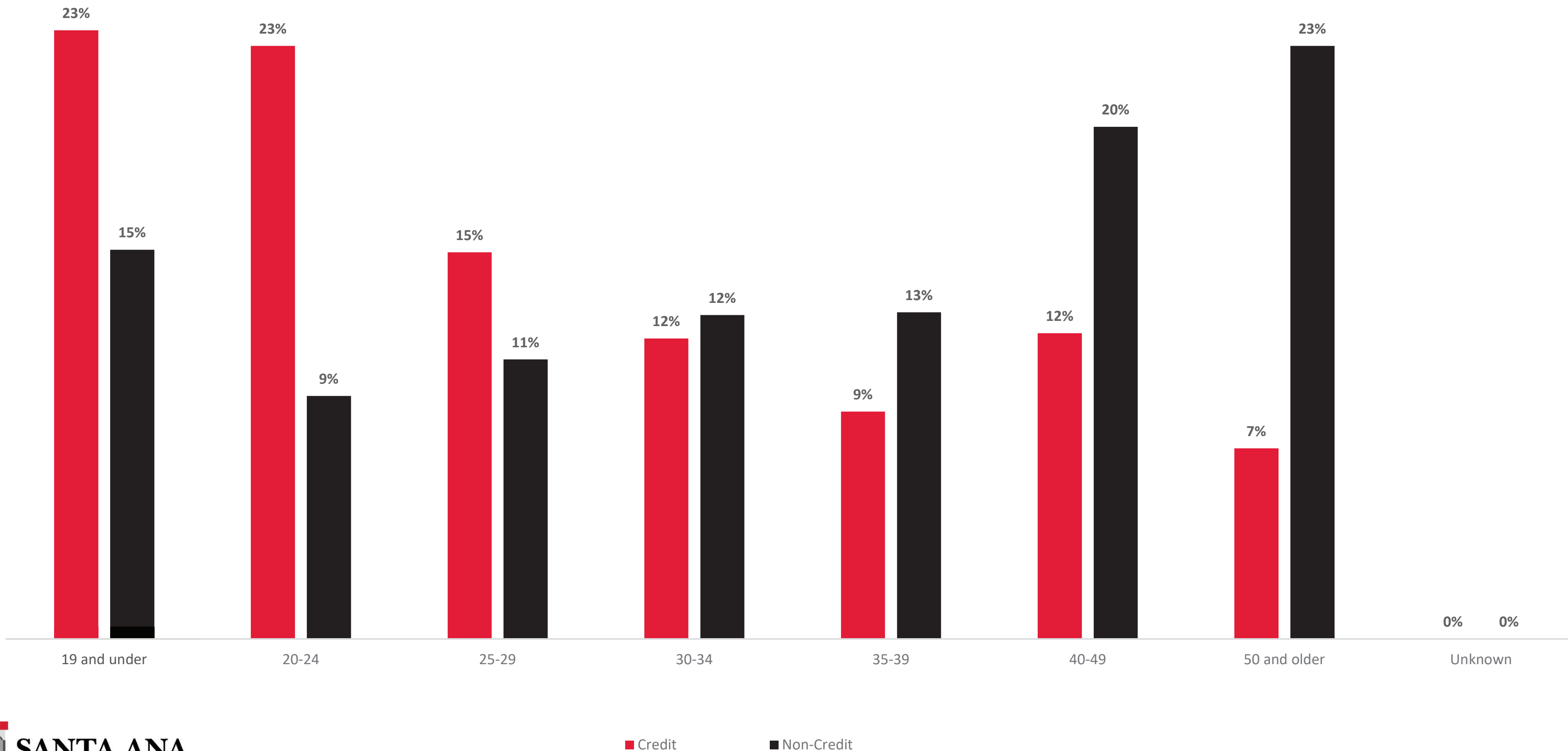
Target Audience Age Group



SANTA ANA COLLEGE

Marketing Strategy Overview

APPROACH

- Developed and executed aggressive **Annual Marketing Plan**

STRATEGY

- Implemented **Year-Round Advertising**
  - Advertising Flights Every 8-Weeks
- **Target Messaging to Audience**
  - Bilingual (Spanish & Vietnamese)
  - Diversified Portfolio

Goals

Public Information Office, in partnership with SAC's marketing task force, has established goals of **boosting brand awareness of Santa Ana College** while **increasing enrollment and retention** of **for-credit students**. This is accomplished through three primary areas of focus:

Increased Enrollment

Improve Perception

Prioritize Retention & Communications

Timeline

Spring 2020

- Chancellor & Board of Trustee's vision during COVID
- SAC stays open during the pandemic

Fall 2020

- Coordination with Student Services & instruction
- Matriculation down to 40-45 minutes
- Breadth and depth for credit and noncredit
- Drive thru food distribution
- Phone call campaign

Spring 2021

- Virtual Early Decision (high school seniors)
- Virtual Kindercaminata

Summer 2021

- Grand opening of Johnson Student Center
- Implemented strategic aggressive annual marketing plan

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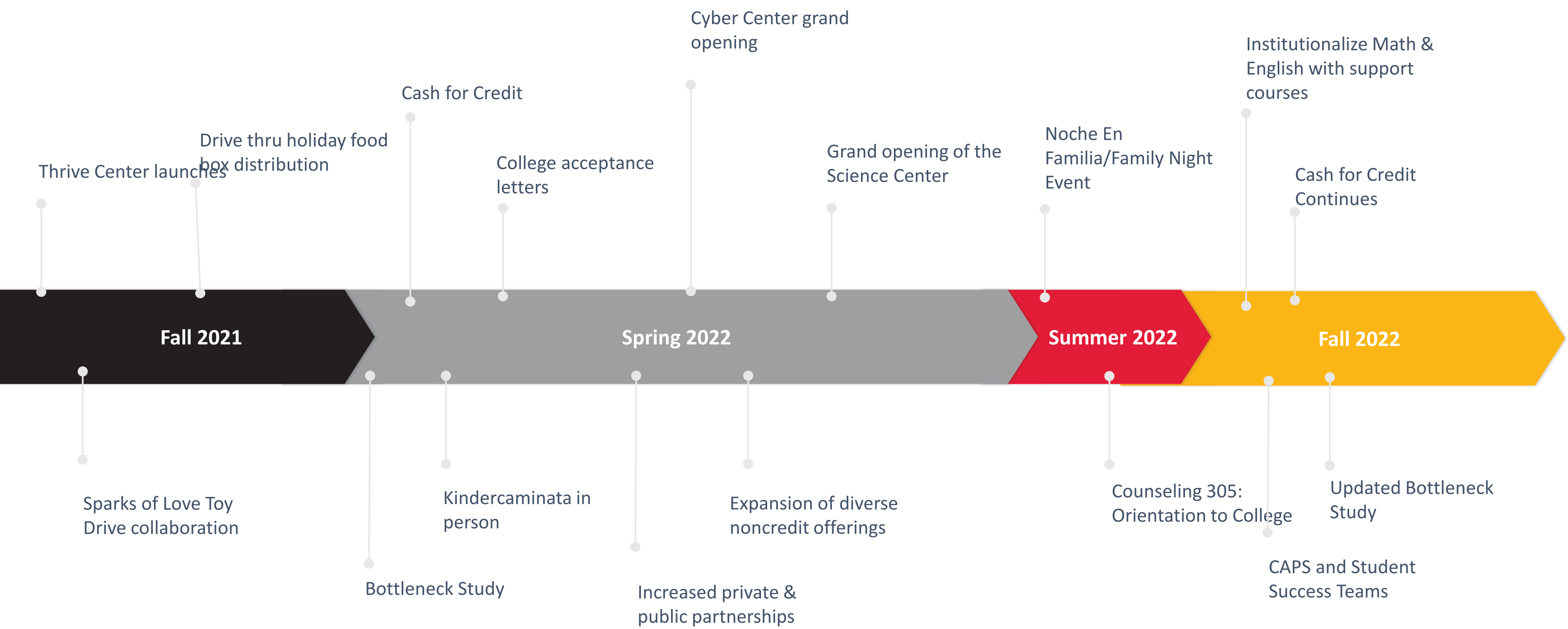
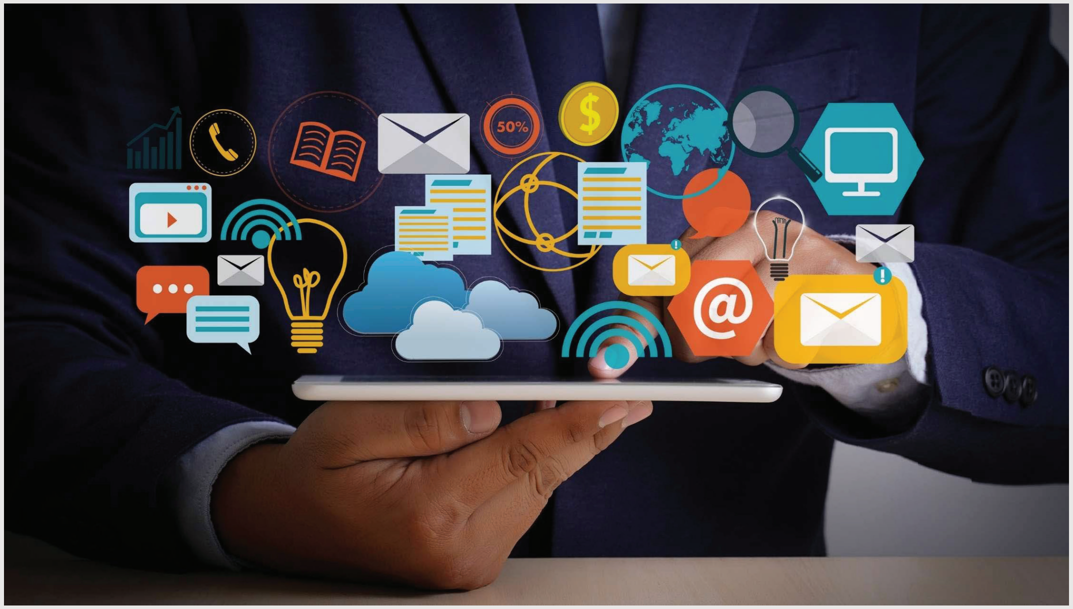
Timeline Continued



Spring 2020 Vision During COVID

- Chancellor and Board of Trustees' Vision during Covid:
  - Stayed Open
  - Academies, Clinicals, Labs & Sciences
  - Limited Support Services
  - Academic Support Services

Virtual Services



How SAC Stayed Open

Air Filtration

Personal Protective Equipment

Signage

SAC Vaccination Super POD

- February 15 through May 31, 2021
- One of three PODs serving the County of Orange
- Vaccinated over **120,000** Orange County residents

Fall 2020-Fall 2021

- Coordination between Student Services, Instruction, Administrative Services and Continuing Education
- Noncredit (School of Continuing Education)
  - Robust Offerings
  - Legislation for distance education noncredit (two census dates)
  - Full Online Pathways

Comprehensive Breadth of College Offerings

- General Education
- University Transfer Courses
- Associate Degrees
- Bachelor’s Degree in Occupational Studies
- Career Technical Education
- Dual Enrollment
- Police & Fire Academies
- School of Continuing Education (Noncredit)
- ***COMPLETE*** Online Degree Pathway
- Online Degree Pathways Were Already Established

SANTA ANA COLLEGE

Online Degree Pathway

- Structured Planned Approach for students to complete their degree online
- Accelerated 8-week course program with student cohorts
- **Six** Degree Pathways
    - Business Administration AS-T*
    - Communication Studies AA-T*
    - Political Science AA-T*
    - Psychology AA-T*
    - Sociology AA-T*
    - Liberal Arts AA
- Special transfer to CSU Fullerton online Business, Sociology and Humanities, and Social Sciences Online Bachelor’s Programs

***Featured** **[CVC ADT Degree Offering a Fully Online Pathway]**

Online Certificates

15

CERTIFICATES
(MOSTLY CTE)

- Accounting*
- Bookkeeping*
- General Accounting*
- Professional Accounting
- Digital Publishing*
- Microsoft Office Professional
- Support for Students with Special Needs (CERT Untranscripted)
- Digital Media Arts – Production Artist*
- Digital Media Arts - UX Design
- Fashion Assistant
- Legal Office Interpreting – Spanish*
- Legal Office Technician*
- Pathway to Law School*
- Library Technology*
- American Sign Language

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*Featured CVC COA Offering a Fully Online Pathway

FTES Restoration

- Flexible Scheduling – Schedule type, Modality, Late Start
- Responsive Schedule Monitoring – Cut and Re-Build, Follow Students, Hyperlinks
- “First Responder” In-Person Classes
- Strong DE Office - Easier Transition
- Already Data-Informed For Scheduling
- Academic Computing Center – Open Lab (pandemic)
- AB 705 – Math & English
- Enrollment Management Committee – Cross Functional Approach

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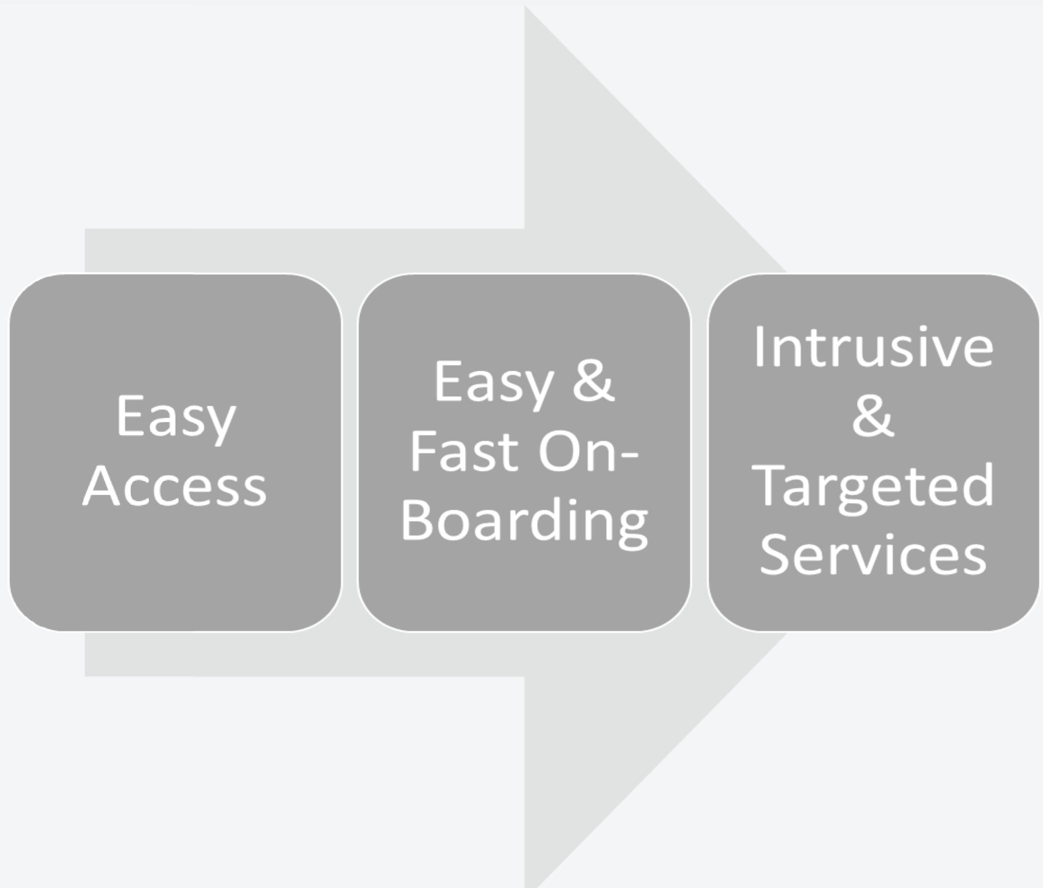
Student Service Commitments

SANTA ANA COLLEGE

Vision Goal #1	**Completion:** Remove barriers to ensure timely completion
Vision Goal #2	**Transfer:** Cultivate partnerships with 4-yr institutions
Vision Goal #3	**Unit Accumulation:** Provide early alert, retention, and persistence strategies
Vision Goal #4	**Workforce:** Offer comprehensive career education and assessment services
Vision Goal #5	**Equity:** Increase student engagement and ensure inclusive environment

Enrollment Strategies



Grand Opening and Recruitment - Matriculation from Weeks to a Few Hours

Student Service Resource Fair
Instructional Programs & Course Openings
Facility Tour

Admission Assistance
Financial Aid Information
Counseling Ed Plan Support

Raffle and Prizes
SAC Gear
Free Lunch

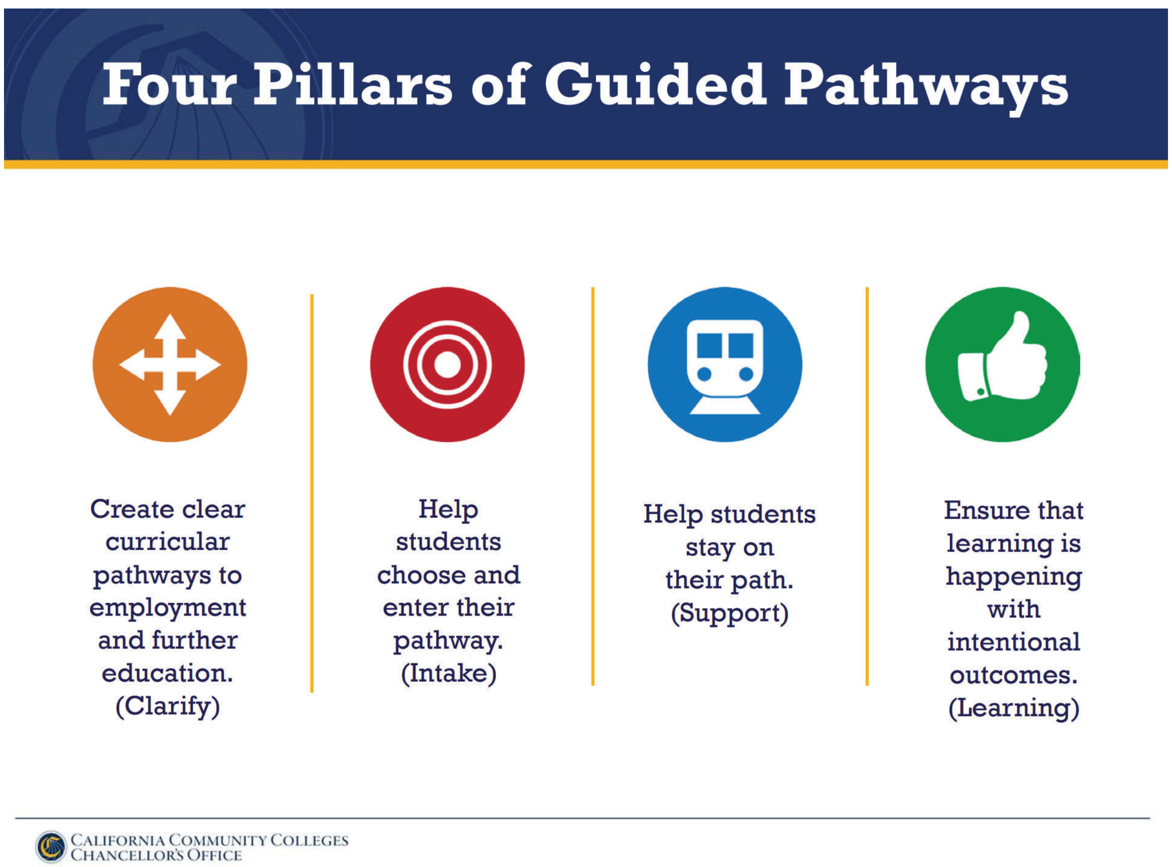
Student Engagement and Community Connections

THE FAINBARG CHASE
THRIVE
CENTER
Santa Ana College

Basic Needs - on campus support and resources via the food pantry, CalFresh, Clothing Closet and housing assistance. Student parents receive monthly delivery of diapers or pullups.

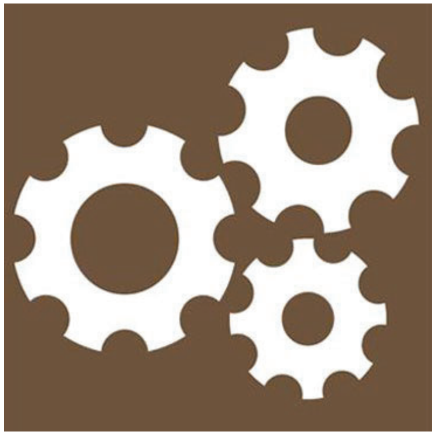
CalFresh Outreach Week - a week-long Series of events focused on CalFresh awareness and application assistance, **reducing a 4-week process to 45 minutes.**

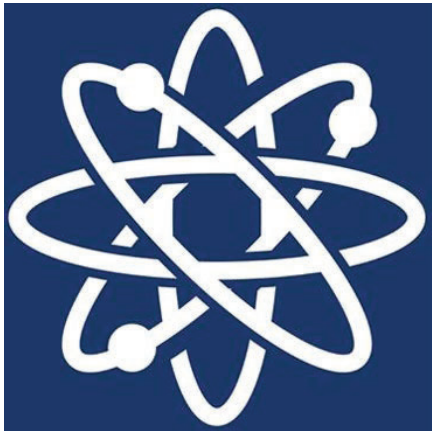
Starfish Early Alert

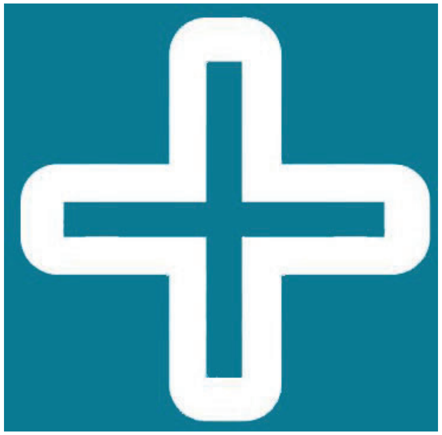


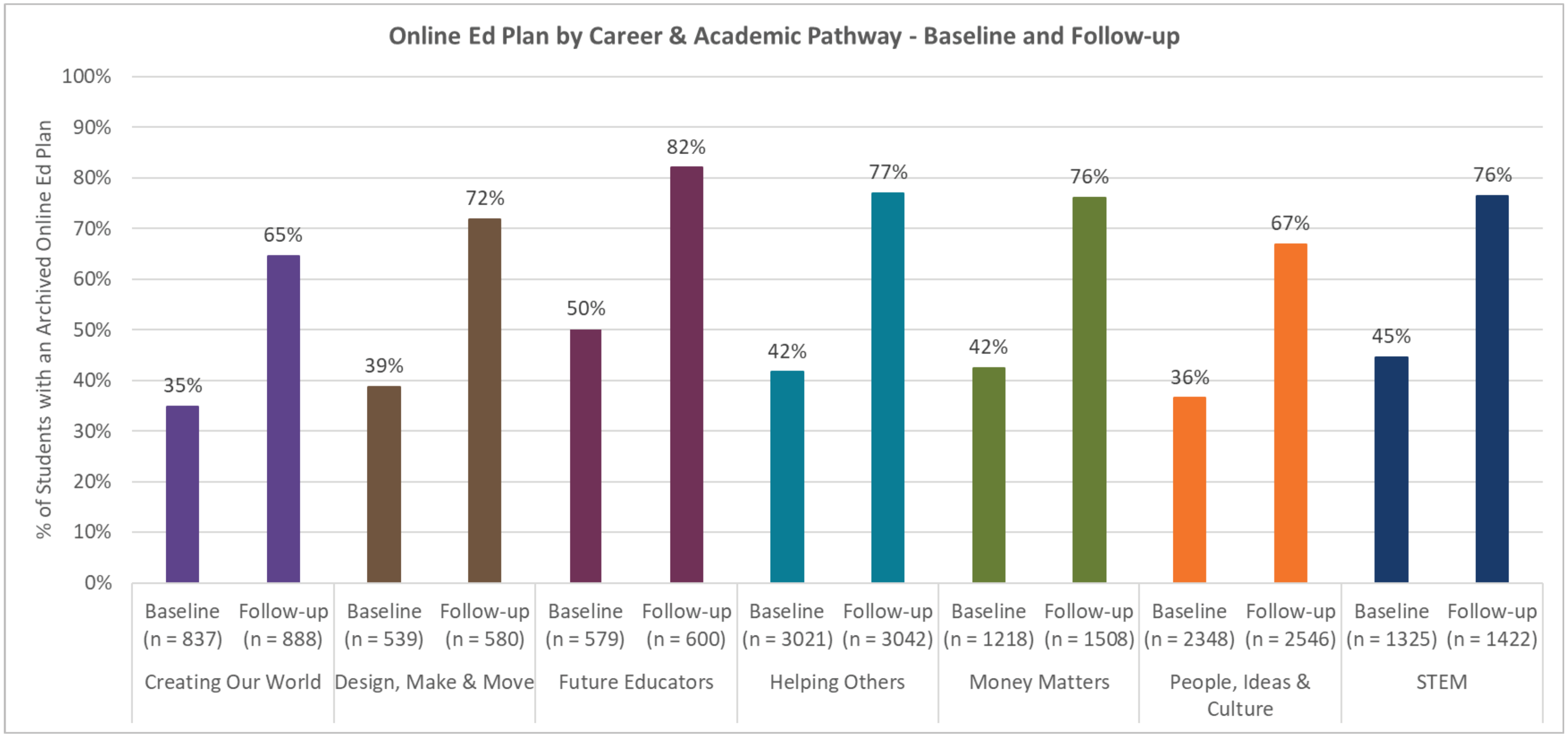
KUDOS	**16938**
Keep Up the Good Work	16040
Outstanding Academic Performance	415
Participation	35
Showing Improvement	332
Thank You!	116
FLAGS	**6232**
Academic Concern (Credit)	3725
Academic Concern - Failing (Credit)	885
Academic Concern - Failing (Noncredit)	20
Academic Concern (Noncredit)	37
Attendance Concern	1187
Enrollment Added – Veterans*	10
Enrollment Dropped – Veterans*	12
Non-Academic Concern	356
REFERRALS	**864**
Counseling Referral	80
DSPS Referral	8
Health & Wellness Referral	46
Tutoring Referral	730

Career & Academic Pathways





Notes for the charts on this slide and next two slides:
Baseline = One day before Fall 2021 first census (09/04/2021).
Follow-up = Fall 2021 end of term.
Source: Starfish Early Alert & Connect data joined with RSCCD Research Data Warehouse daily batch data from 09/04/2021 to match the data download date from Starfish. Excludes "Exclusively Academy" students.





Continuing Education @ Santa Ana College

SANTA ANA COLLEGE
School of Continuing Education

Continuing Education – 2021/2022 Review

FTES	Unduplicated Headcount	Total Sections Offered	Course Completions	Zip Codes Served	High School Graduates	Counseling Sessions	Transition to College Credit
4,342	18,655	1,484	22,881	542	204	7,148	712

- **4.9% increase** in FTES
- **42.8% increase** in course completions
- **58% increase** in zip codes served
- **82.1% increase** in number of high school graduates
- **14% increase** in number of counseling sessions
- **27% increase** in number of students transitioning to college

SANTA ANA COLLEGE
School of Continuing Education

Continuing Education – 2021/2022 Review

Launched in-person student welcome center in August 2021. In the past year we have had over **50,000 webpage visits** and **1,500 students visiting the center in-person**.
First-ever Holiday Toy Distribution with over **1,000 families served**
Student Success Conference with over **300 attendees**
First-ever Family Night in collaboration held on July 27 with about **2,500 attendees**
Food distribution event in partnership with Second Harvest Food Bank serving over **100 community members**

COVID-19 Community Support @ Centennial Education Center:

- **6** COVID-19 Vaccination Clinics with over **550** residents receiving vaccinations
- **7** COVID-19 Mobile testing sites held at Centennial Education Center January through March 2022

SANTA ANA COLLEGE
School of Continuing Education

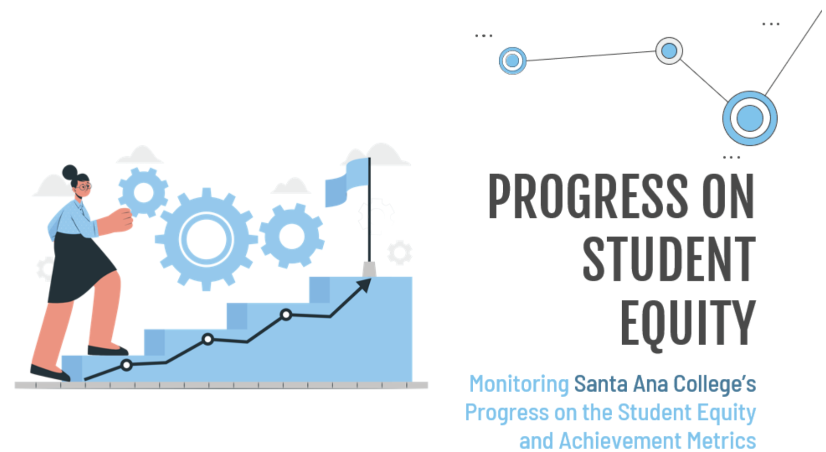
Spring 2022—Infuse Current Foundation with New Studies and Innovation to Scale Enrollments and Retention Efforts

- Bottleneck Study
- Disproportionate Impact Study
- Significant Increases in Dual Enrollment
- Significant Increases in Continuing Education/Noncredit
- Cash For Credit
- College Acceptance Letter
- Increase in Public/Public and Public/Private partnerships

Recap of Spring 2022

At College Council and other shared governance committees, two key studies were presented by the Research Department:

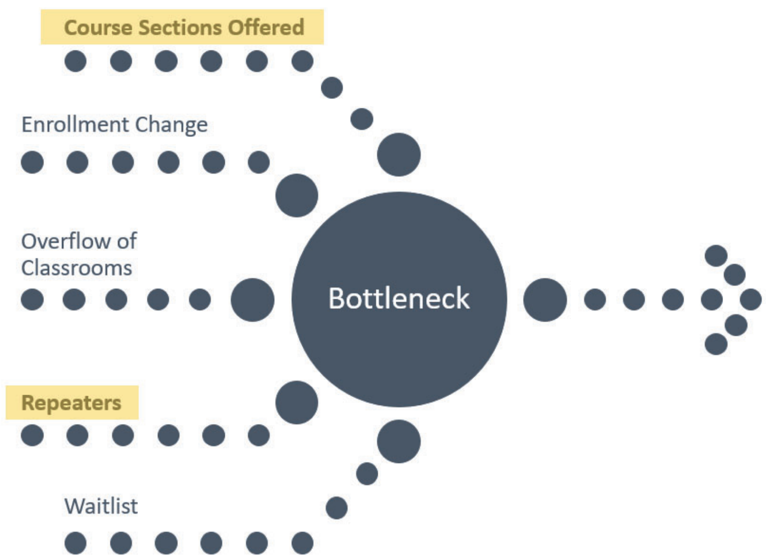
- **Bottleneck Study**
- **Disproportionate Impact Study**



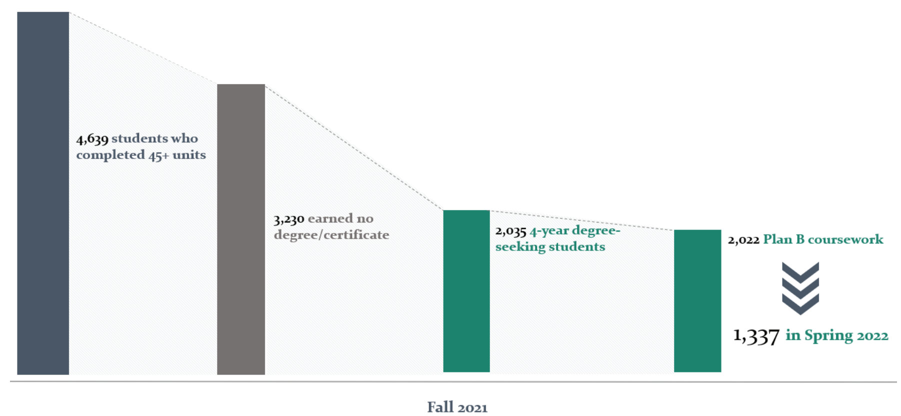
SANTA ANA COLLEGE

Bottleneck Study: Two Take Aways

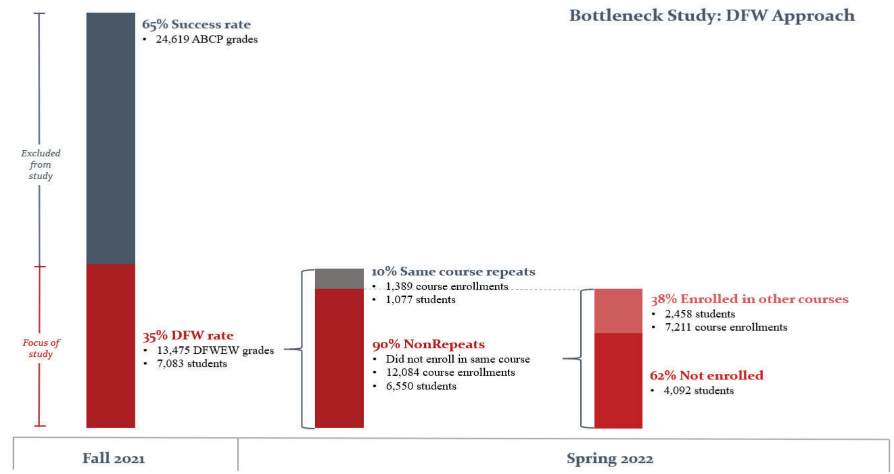
What causes bottleneck courses?



Bottleneck Study: Degree Audit



Bottleneck Study: DFW Approach



SANTA ANA COLLEGE

Students Who Earned 45 or More Units But Did Not Complete

Course Availability & Shortage

Top Success Course	Course Availability	Course Shortage	Fill Rate
Golden Four			
CMST-145 (**87%**)	41	152	59%
ENGL-101 (**44%**)	223	-29	85%
CNSL-144 (**78%**)_	78	19	68%
Arts and Humanities			
MUS-102 (**90%**)	21	134	30%
PHIL-108 (**82%**)	37	136	76%
U.S. History & Constitution			
POLT-101(**70%**)	255	161	63%
HIST-118 (**70%**)	53	370	56%
Lifelong Learning and Self-Development			
FDM-103 (**74%**)	not offered	43	-

Source: RG541

- two F2F (50% & 13% fill rates)
- one online late starting class already full

- one F2F class

An additional 353 seats are needed in the C1 or C2 area*.

all online classes are full with the exception of one late starting class F2F (7.5% fill rate, only 3 students enrolled)

SANTA ANA COLLEGE

SAC Student Services & Activities

Student Services contacted students through various methods to notify students:

1. **Close to completion,**
2. **Enroll in more units with late start courses, and**
3. **Can earn *Cash for Credit***

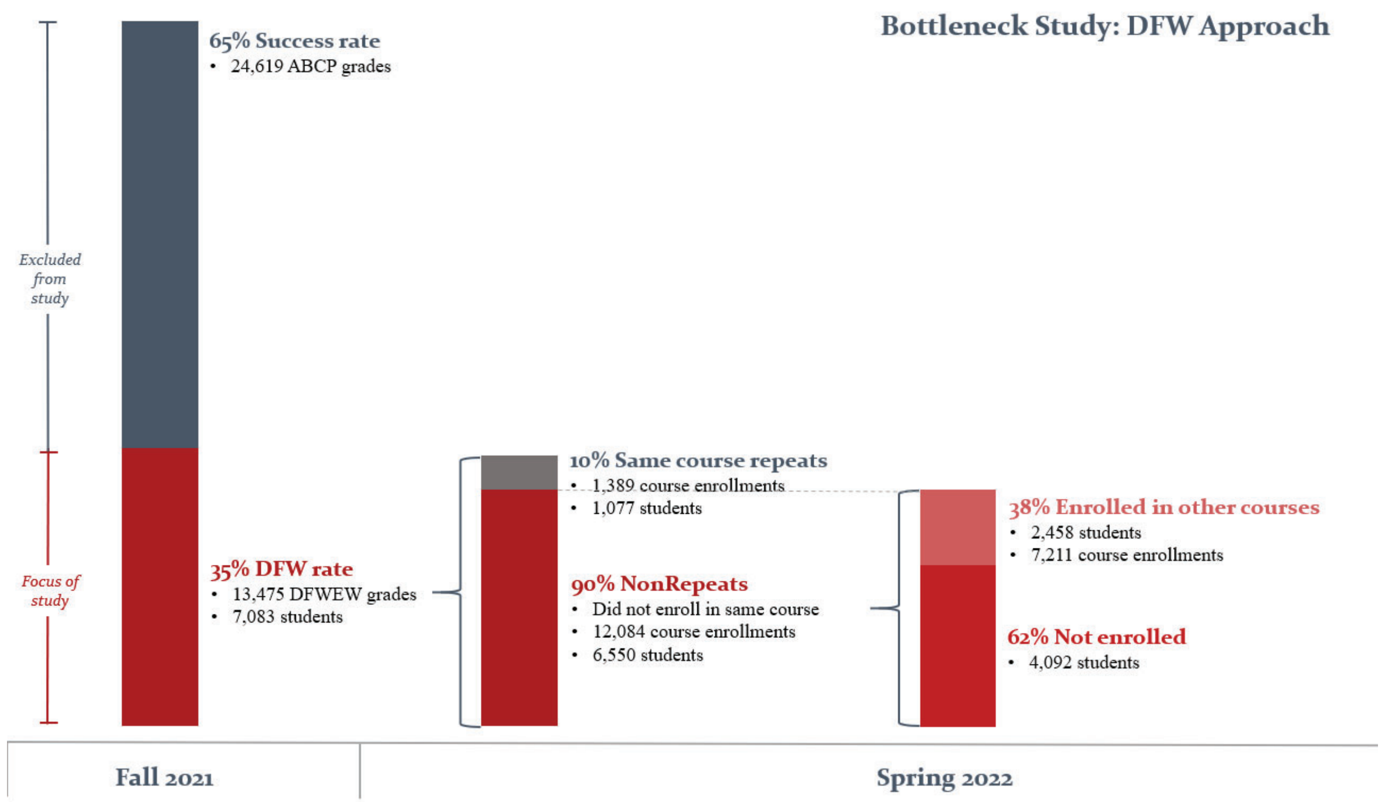
SANTA ANA COLLEGE

Academic Programs

Built courses to ensure the **1,337** students could complete.

SANTA ANA COLLEGE

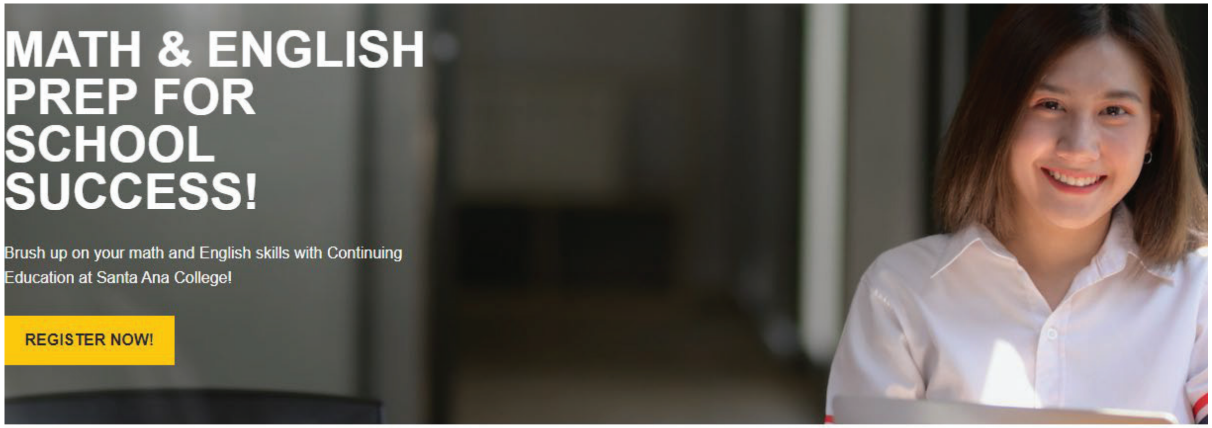
Students Who Did Not Pass a Class in Fall 2021 and Needed to Repeat a Class in Spring 2022



SANTA ANA COLLEGE

Top Two Courses Students Did Not Pass: College Level English & Math Without Support

Introduction:
Spring 2022 Pilot



Are you a Santa Ana College student that needs support in Math and/or English?

Students that take the classes below will get a free text book and free tuition to retake the credit class in Math or English in the Summer!

These classes are100% FREE. Plus, registration is fast & easy.

Math Prep

Learn what you need to be successful in college level math classes.

Classes available online and in-person.

Click on the 'Apply Now' button for class details and steps to register.

APPLY NOW

English Prep

Build the writing skills needed to pass English 101.

Learn how to write well-organized essays needed for class assignments.

Click on the 'Apply Now' button to see current course offerings.

APPLY NOW

SANTA ANA COLLEGE

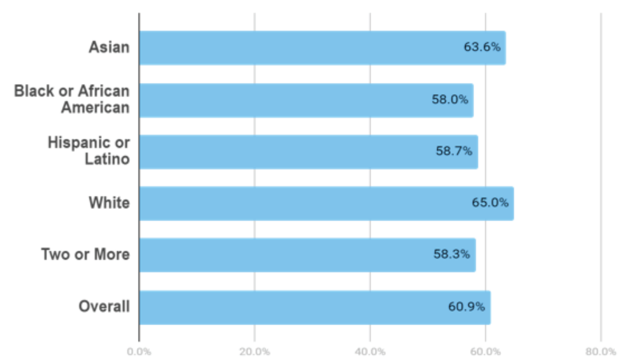
What's in a Disproportionate Impact Study?

Table of Contents

Some Critical Findings

Example PPG: Retained from Fall to Spring

2017-2018



The percentage of all enrolled students who retained

65.0%

Highest Performing Group: White

58.7%

Hispanic or Latino

Which Groups* Experienced the Largest Equity Gaps (Baseline Year 2017-2018)**?

	Group	Equity Gap
Enrolled in Same Community College	Black or African American	-14.3% PPG
	Filipino	-15.8% PPG
Transferred to a Four-Year Institution (2016-2017 baseline)	Hispanic or Latino	0.85 PI
Retained from Fall to Spring at Same College	Black or African American	-6.6% PPG
Completed Transfer-Level Math & English	Asian	-1.7% PPG
Attained the Vision Goal Completion	Black or African American	0.63 PI

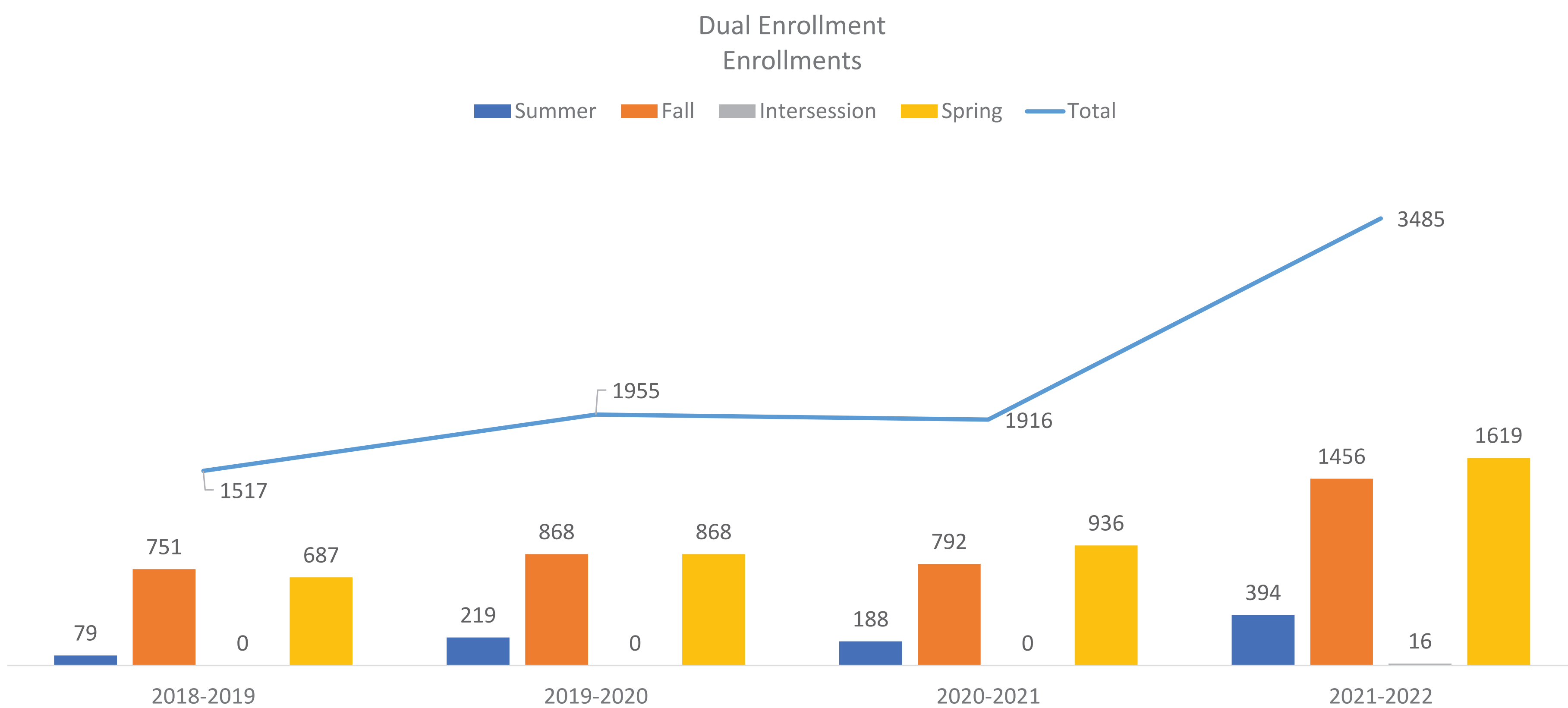
*Racially minoritized group; **N>100

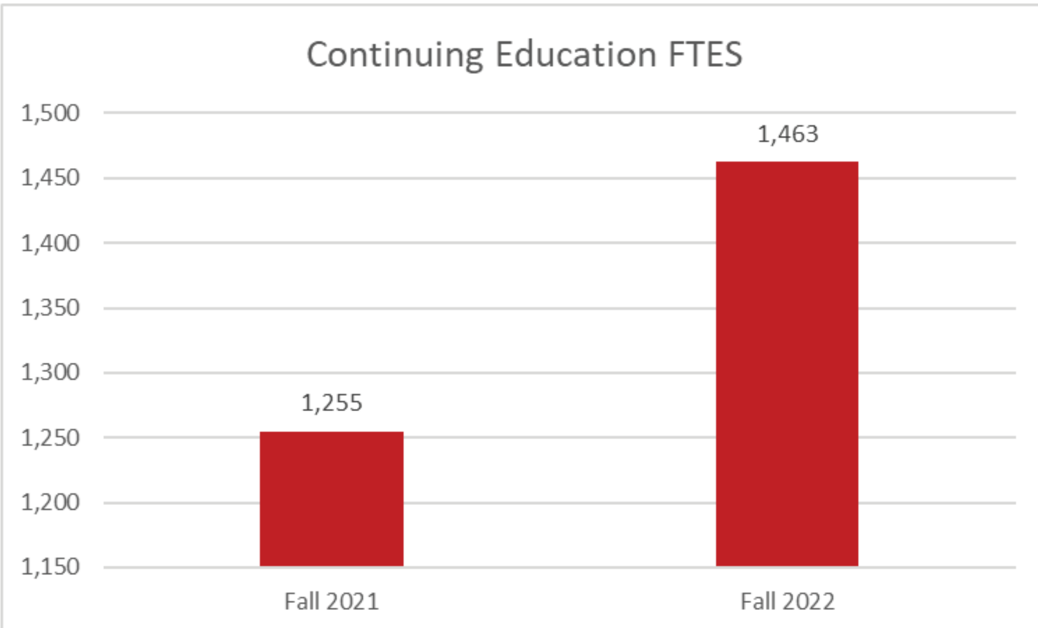
SANTA ANA COLLEGE

Significant Increases in Dual Enrollment

- Created a college dual enrollment workgroup
- Reorganized and elevated to the president's office
- Total of **56** additional sections (**72.7% increase**) in Spring 2022
- **Six** new charter schools
- One new private school
- Noncredit as an option for dual enrollment
- Middle schools added to the program

Dual Enrollment





Significant Increases in Continuing Education

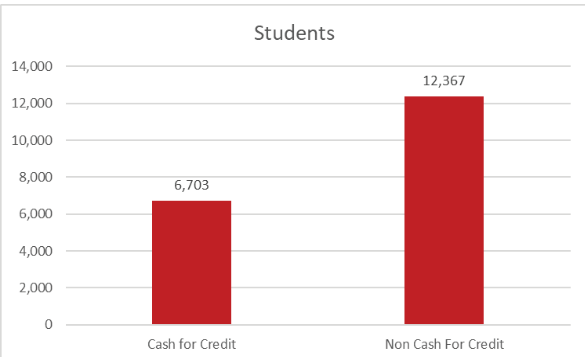
- Diversified course offerings
    - Workforce training
- Increased partnerships with business and non-profits and the city of Santa Ana regarding workforce trainings
- Introduced and increased noncredit into high schools, middle schools, and charter schools

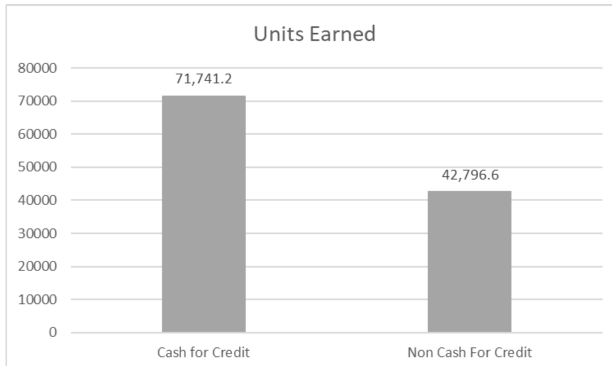
Cash for Credit

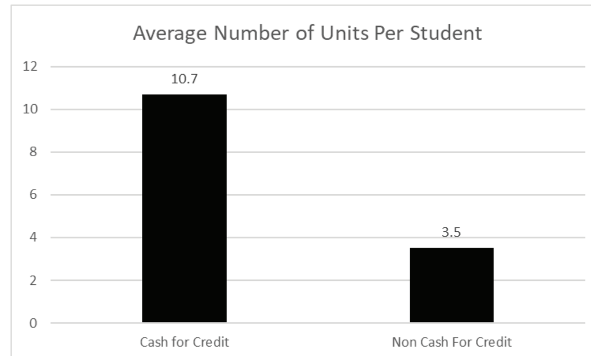
Students who received Cash for Credit award.

- Spring 2022 **– 6,703**
- Fall 2022 - **9,725**

Play Audio







Cash for Credit Students vs. Non-Cash for Credit Students Spring 2022 Outcomes

Cash for Credit students had a GPA of 2.75 compared to non-cash for credit students who earned a GPA of 2.81

Santa Ana College Acceptance Letter

Targeted direct mail campaign to high school seniors

Retention and Engagement Strategies

Free tuition for the first year.

Increase in Public & Private Partnerships

Public

- Chamber of Commerce
- Unified School Districts
- City of Santa Ana
- Neighborhood Associations

Private

- Northgate Markets
- Discovery Cube
- Genesis Bank
- Fainbarg Chase Family
- Girls Inc.

Summer 2022

- Fully Online Adult Basic Education/High School Diploma program
- Widening enrollment strategy to all members of the family (Noche en Familia/Family Night)
    - Enrolled entire families
- Responding to the Summer Lag/Feedback from high schools (pilot: Orientation to College as noncredit/free course)

Fully Online Adult Basic Education/High School Diploma

- **204** graduates in the 2021/2022 school year, an **80% increase** from the previous year
- Experienced tremendous growth in our online program resulting in:
  - **10% increase** in FTES from 2020/2021
  - **90% increase** from 2019/2020
  - **138% increase** from 2018/2019
- In addition to our fully online program, we continue to serve students in-person at Santa Ana College and Centennial Education Center

Family Night/Noche En Familia

- Enrolled the entire family
  - Child Development Centers, Dual Enrollment, Noncredit, Free Workforce Training, Credit, and Older Adult Program
- Over **3,000 members** of the community showed up
- Over **800 people** signed up for the matriculation classes

English

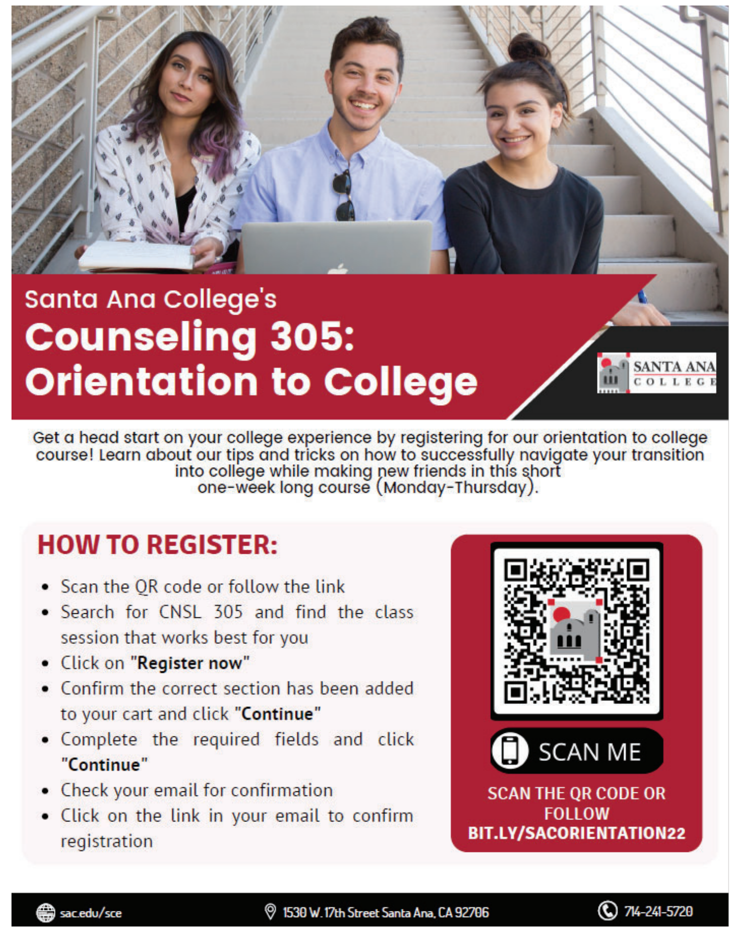
Spanish

Onboarding New Students

Counseling and Continuing Education Collaboration:

August 2022
All 6 sections were
FULL

218 new students



Fall 2022

Institutionalize Math & English Support Courses

Career & Academic Pathways

Completion & Transfer Agenda

Transfer Agenda & Closing Equity Gaps

Institutionalize College Level Math and English with support courses by identifying resources to fund the initiative permanently.

Continuing the support for completion of college level English and Math for those students who did not pass by having them enroll in the Continuing Education college prep Math and English courses.

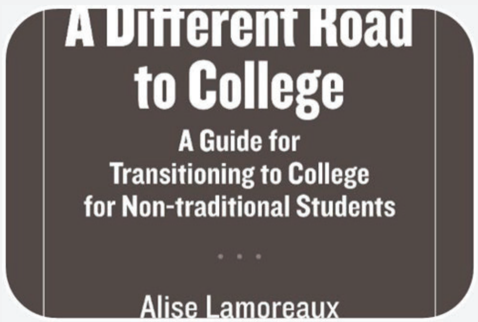
Once they enroll and complete the Continuing Education course, the **college will pay** for both their college Math and English courses along with the corresponding textbook.

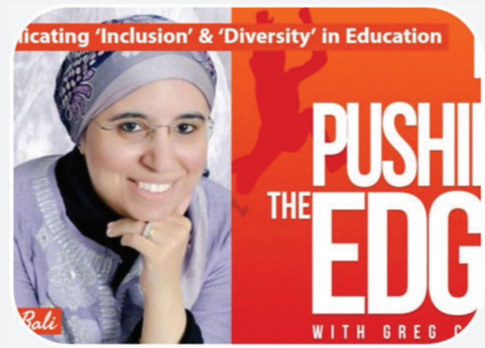
Completion Agenda

Institutionalize permanent support and structure for CAPS and their Student Success Teams.

Future Work: Case Management Model and Peer Mentorship (2^{nd}/3^{rd} year students mentor 1^{st} year students) to increase persistence and completion.

Completion & Transfer Agenda





Front End Transcript Evaluation
will help us with the VSS goal of lowering the Average Units of Completion and informing the courses completed by the student for the student educational plan (SEP).

For 22-23, we will be focusing efforts and resources to the most DI students first (BIPOC—Black, Indigenous, People of Color) who have transcripts and they will be evaluated and entered to inform the SEP.

Transfer Agenda

Expand efforts to **students who have completed 45 or more units** and have not earned a degree/certificate or have not transferred.

Closing Equity Gaps

For 22-23, we will be focusing efforts and resources to the most DI students first (BIPOC – Black, Indigenous, People of Color) who have earned 45+ units without a degree.

Continuing Education and CTE, Dual Enrollment, Low Income, and Currently Incarcerated Students

Continue to expand Continuing Education and Dual Enrollment, along with expanded support for underrepresented groups, including but not limited to Pell, Promise Grant, AB540, currently incarcerated, and/or other DI groups.

This will have a direct impact on students and increased funding for SCFF. Dual Enrollment, CDCP Noncredit, and DI groups (AB540, Pell, Promise, Currently Incarcerated) have the highest FTE funding under the new formula, which can be reinvested back into our students and the college.

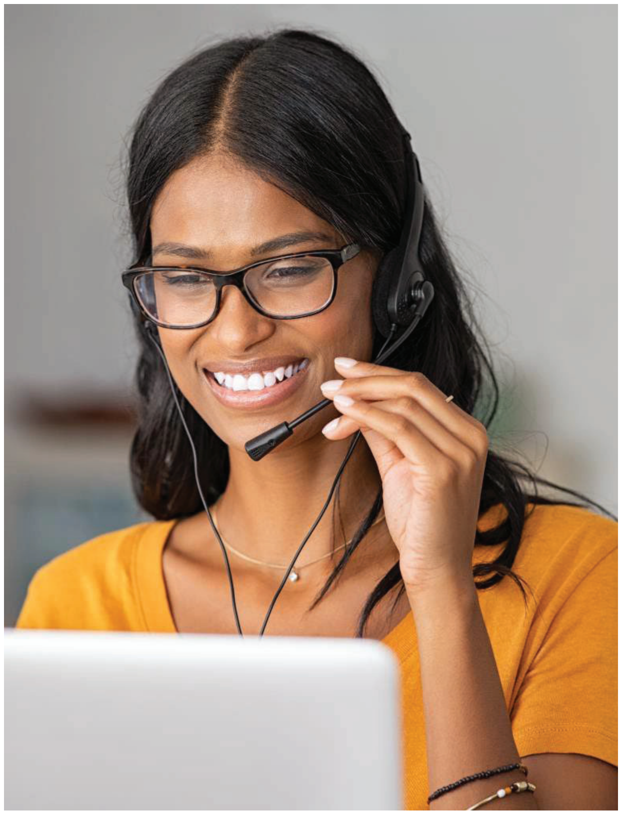
Spring 2022 Financial Aid Outreach: Targeted outreach to currently enrolled students who started the FAFSA and/or Dream Act application but did not complete. Scale and replicate this effort for 2022-2023.

The "New Normal": Post Covid

SANTA ANA COLLEGE

Online Learning Modalities at RSCCD

The ability to complete college coursework outside of the on-campus classroom



ONLINE

(Fully Online Instruction, Asynchronous) Time-flexible Online lecture and materials with no scheduled meeting times.

FULLY ONLINE LIVE (OL)

(Synchronous) Classes meet in scheduled live streaming Zoom meetings during published course times.

VIRTUAL HYBRID

(Synchronous/Asynchronous) Classes combine scheduled live streaming Zoom meetings with online instruction.

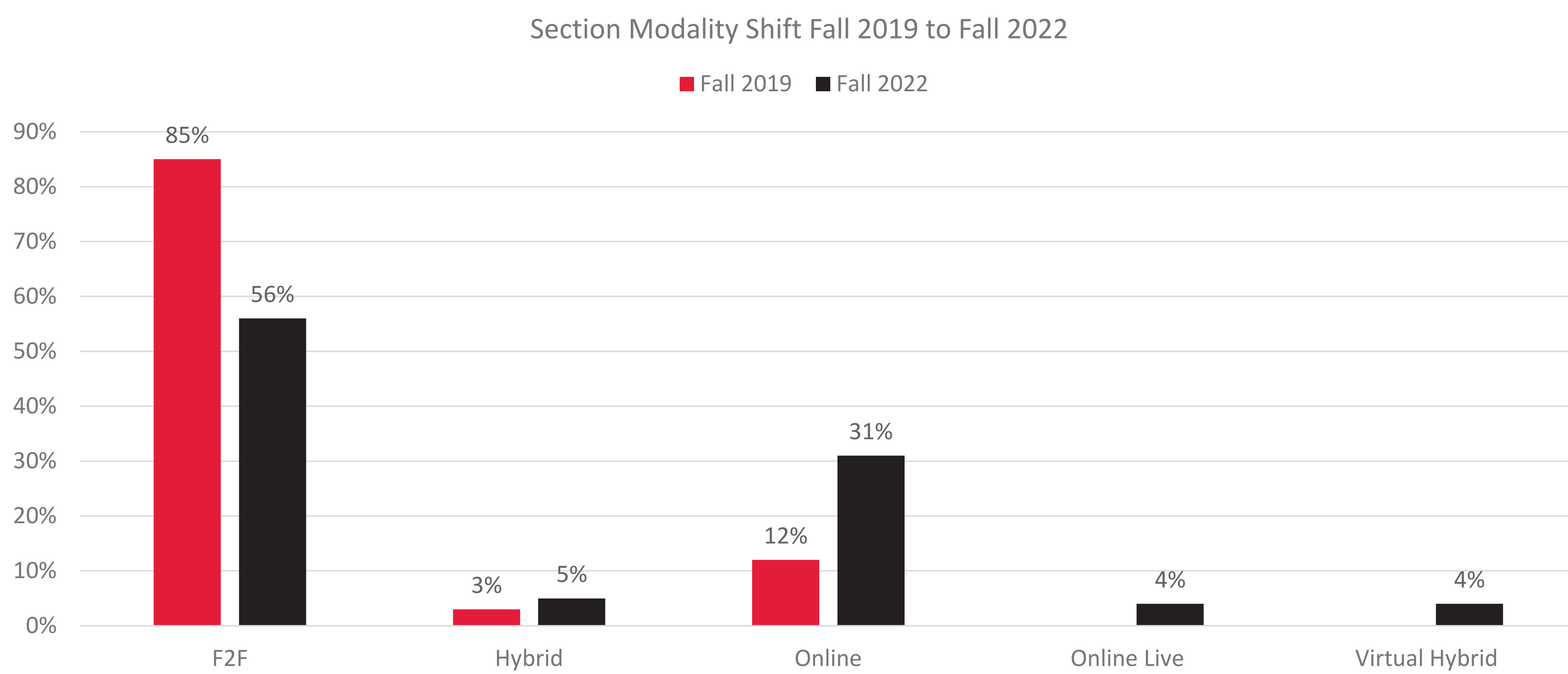
HYBRID

(Synchronous/Asynchronous) Classes combine scheduled on-campus meetings with online instruction.

ON-CAMPUS W/VIRTUAL

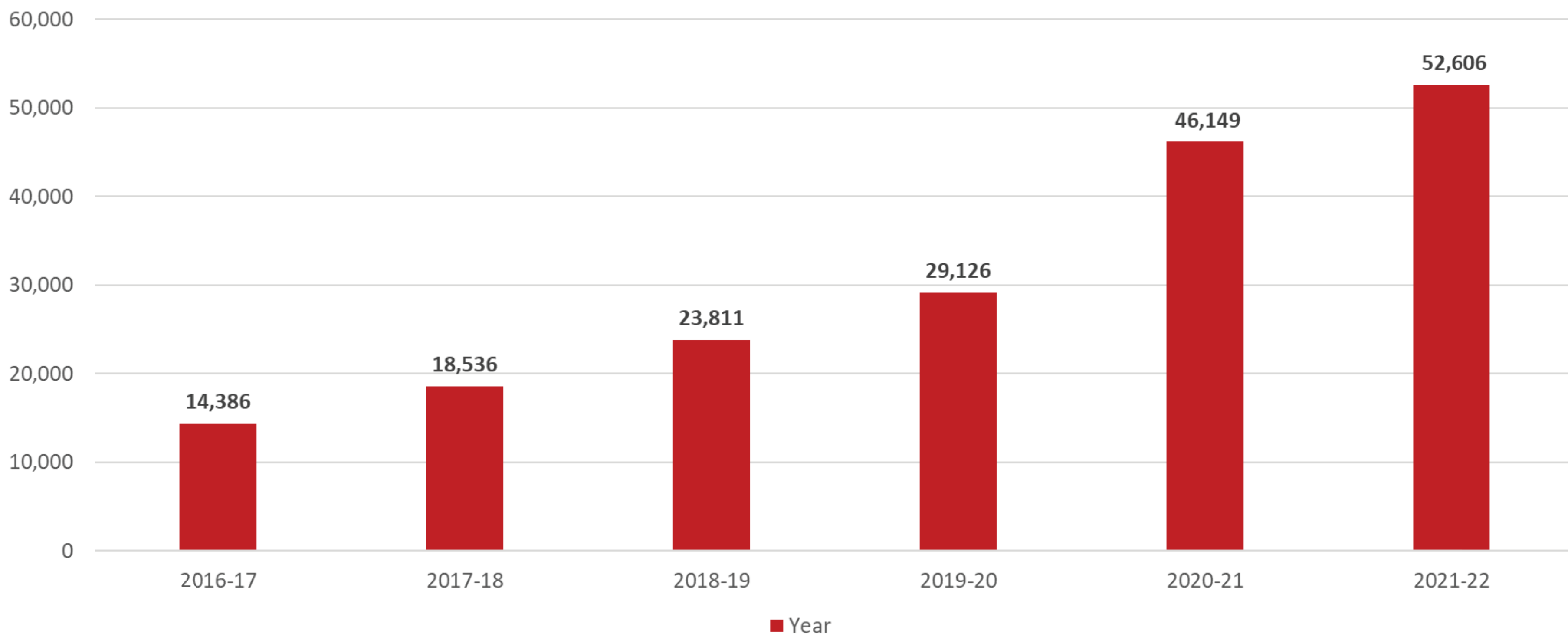
(Synchronous) Classes combine scheduled on-campus and scheduled live streaming Zoom meetings during published course times.

Enrollment By Modality



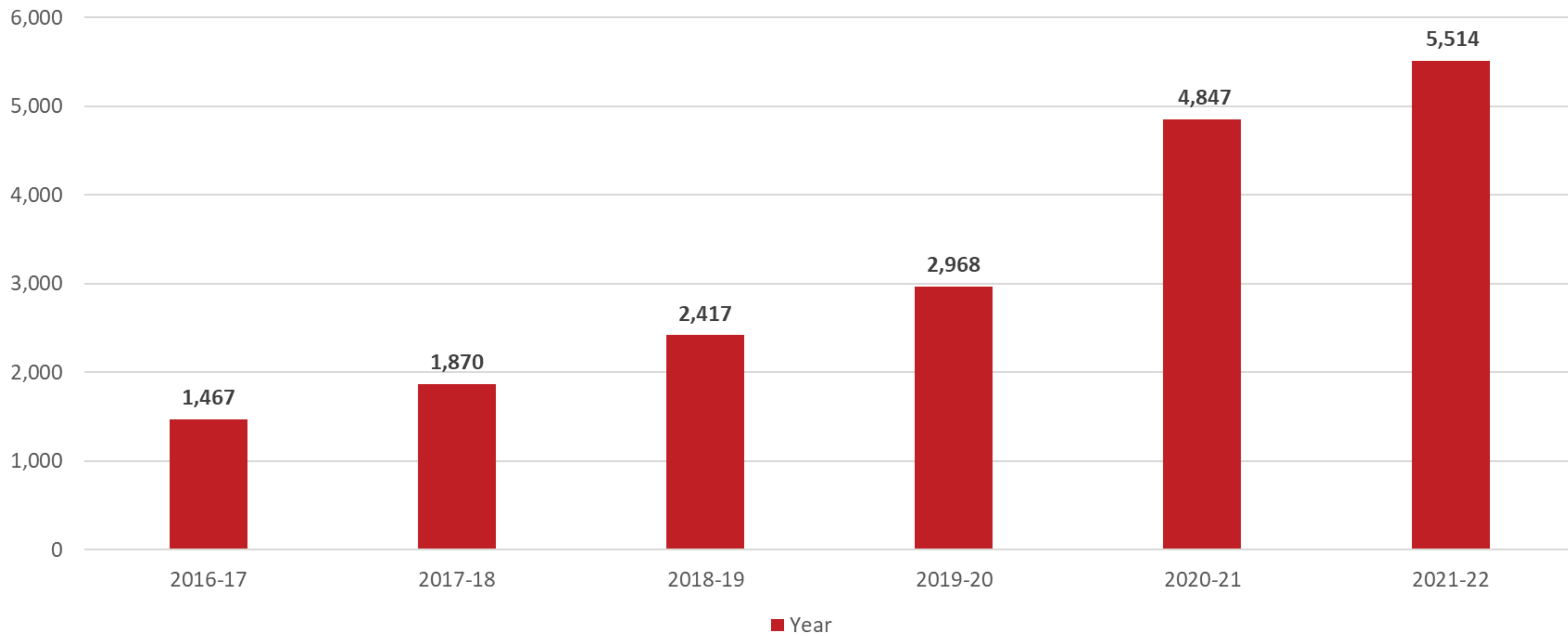
Term	F2F	Hybrid	Online	Online Live	Virtual Hybrid
Fall 2019	2,047	75	285		
Fall 2022	1,161	108	654	82	82

Online Courses Enrollment

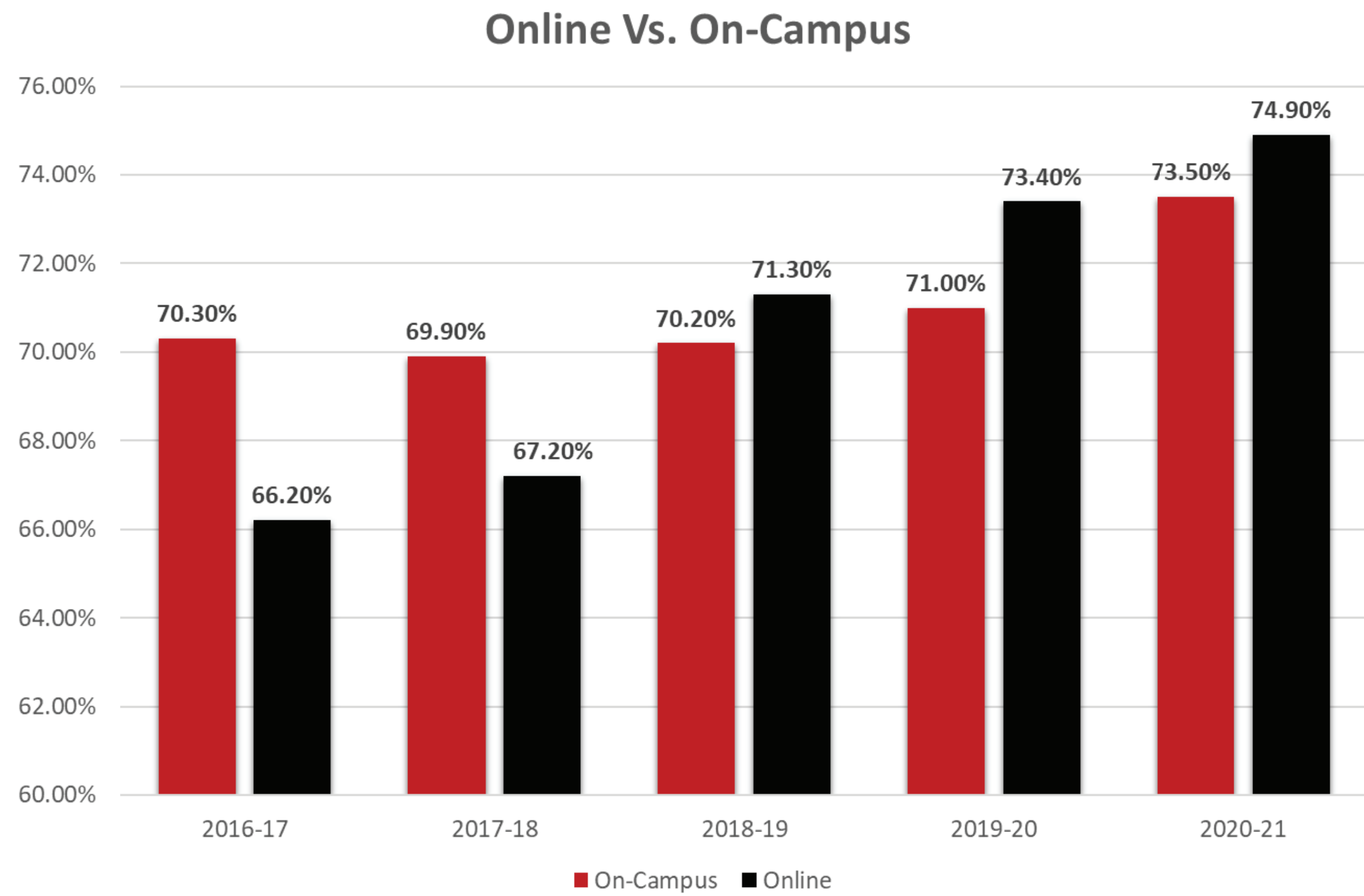


SANTA ANA COLLEGE

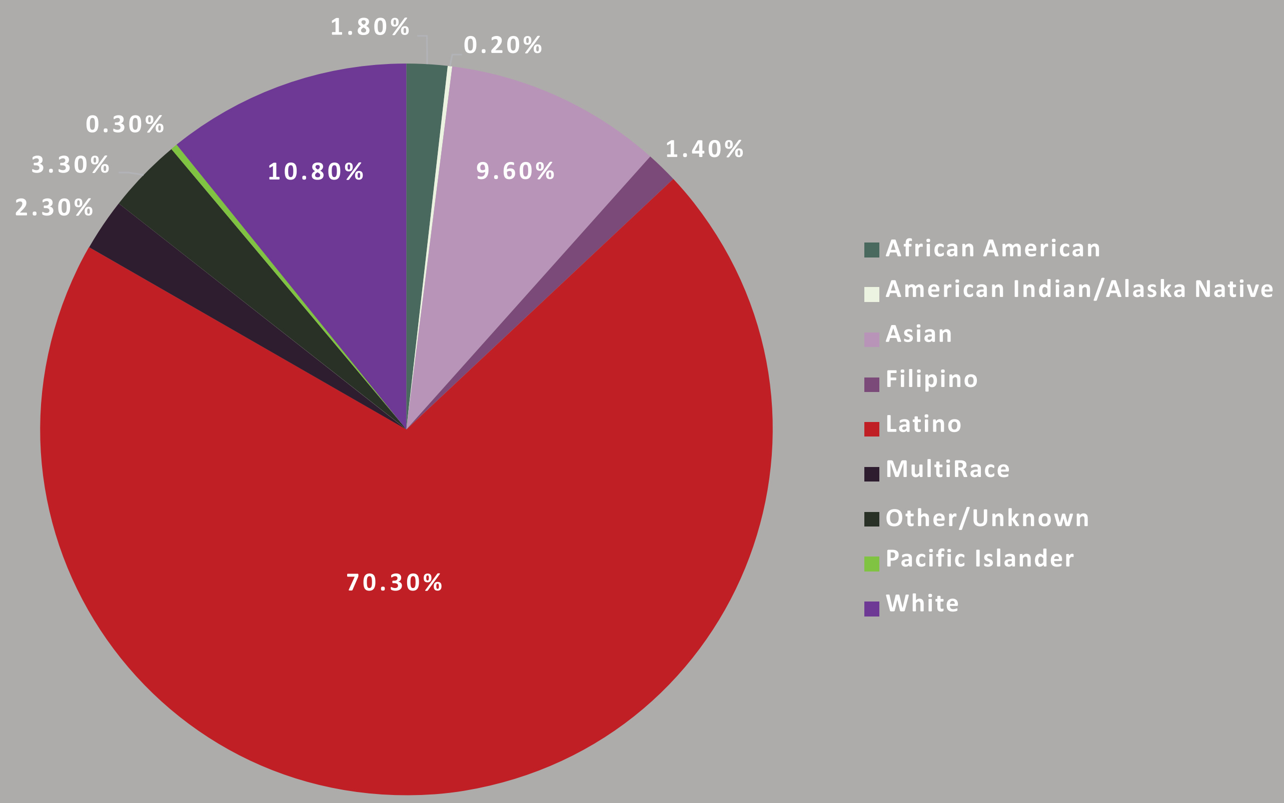
Online FTES Earned



Course Success: Higher Success Rates for Online Courses



Who Attends Online Classes



*Spring 2022 students

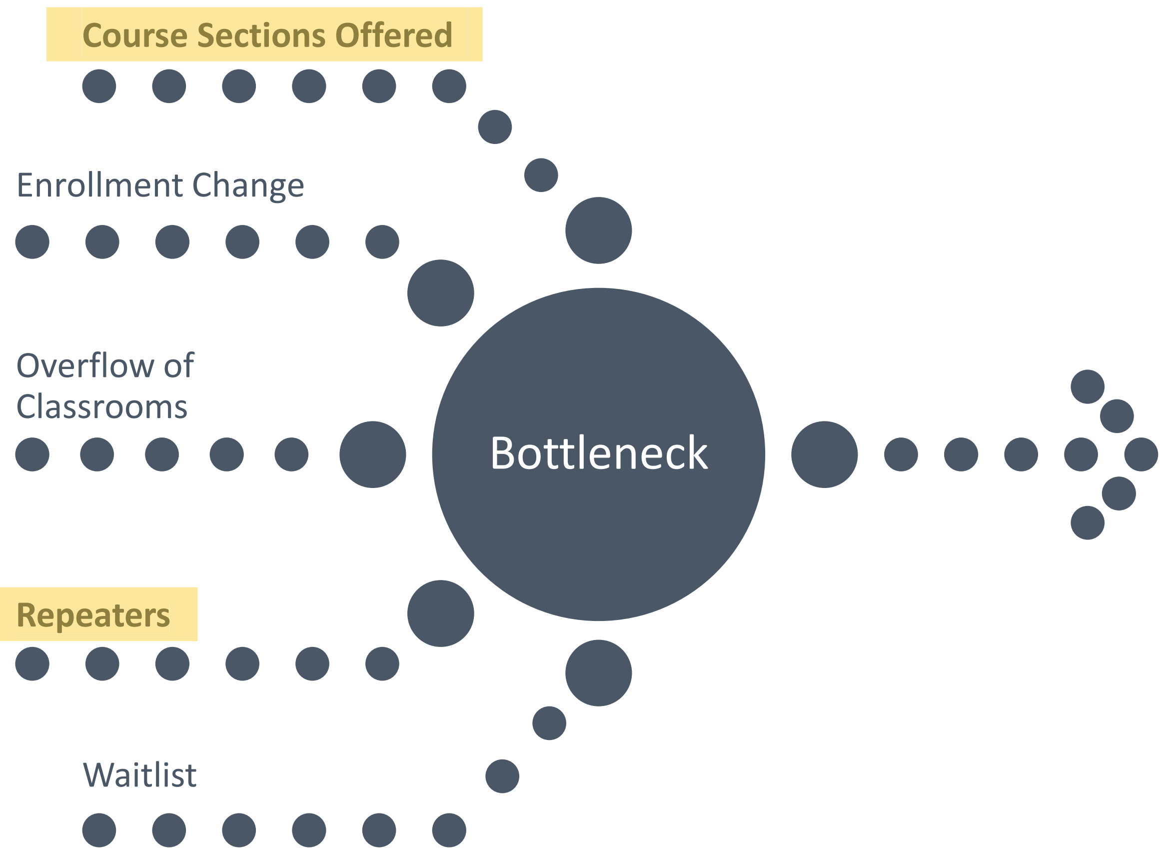
What Was Added to Fall 2022

Scaled best practices including planning for updated Bottleneck Study

Incorporated information from Student Educational Plans: SEP Tools

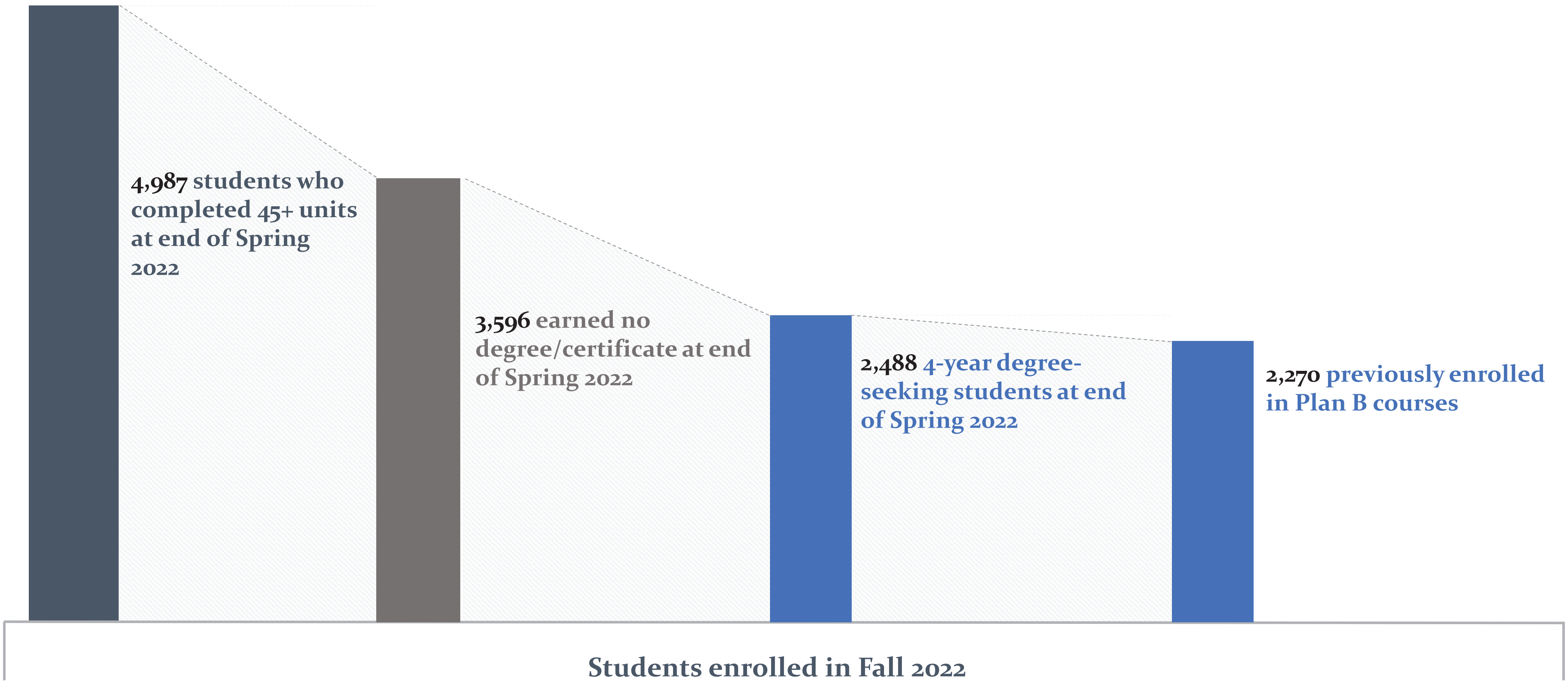
Added additional and easy to use data dashboards to target students for services and support with the goal of retention and completion

What causes bottleneck courses?



SANTA ANA COLLEGE

Bottleneck Study: Degree Audit



Fall 2022: Plan B – Course Enrollment Demand

Students' coursework mapped to Plan B: CSU General Education Breadth

N=2,270

Category	Course Requirement Met Prior to Fall 2022	Fall 2022 Enrollment	Course Demand	Top Success Course in Spring 2022
Golden Four				
A1 Oral Communication	375	106	1,789	CMST 145 (95.5%)
A2 Written Communication	733	63	1,474	ENGL 101 (42.8%)
A3 Critical Thinking	539	239	1,492	CNSL 144 (78.8%)
Arts and Humanities				
C1 Arts	821	219	1,230	ART 108 (100%)
C2 Humanities	906	427	937	VIET 102 (100%)
U.S. History & Constitution				
P Political Science	433	207	1,630	POLT 101 (74.8%)
H U.S. History	405	126	1,739	HIST 120 (77.6%)
Lifelong Learning and Self-Development				
E1 Lifelong Learning and Self-Development	685	189	1,396	CNSL 128 (88.3%)

**Students must complete one class from both Areas C1 and C2 and a third course from either Area (for a total of 3 classes)*

Course Success and Fill Rates

A: English Language Communication and Critical Thinking

A1: Oral Communication	Spring 2022 Success Rate	Fall 2022 Fill Rate
CMST 145	96%	88%
CMST 101	67%	88%
CMST 102	71%	99%
CMST 103	80%	101%
CMST 140	64%	95%
CMST 150	NA	NA

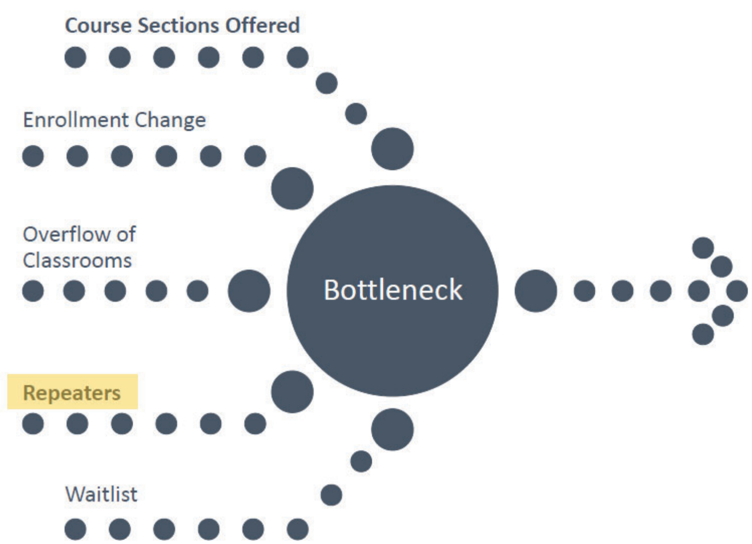
A2: Written Communication	Spring 2022 Success Rate	Fall 2022 Fill Rate
ENGL 101	43%	108%
ENGL 101H	75%	97%

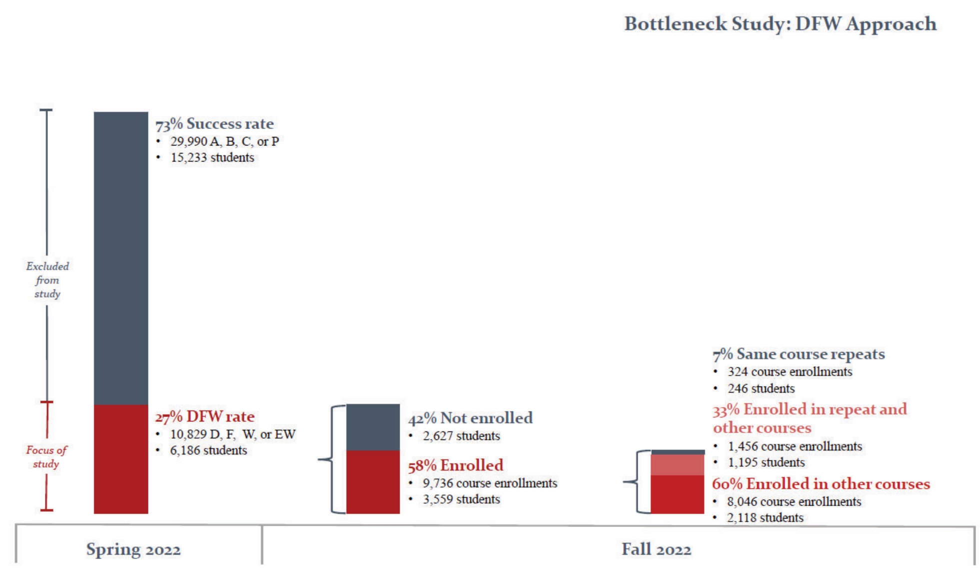
A3: Critical Thinking	Spring 2022 Success Rate	Fall 2022 Fill Rate
CNSL 144	79%	88%
CMST 140	64%	95%
ENGL 102	47%	114%
ENGL 102H	50%	40%
ENGL 103	63%	95%
ENGL 103H	76%	53%
PHIL 110	67%	73%
PHIL 110H	100%	NA
PHIL 111	68%	88%
READ 150	27%	43%

Source: RG541

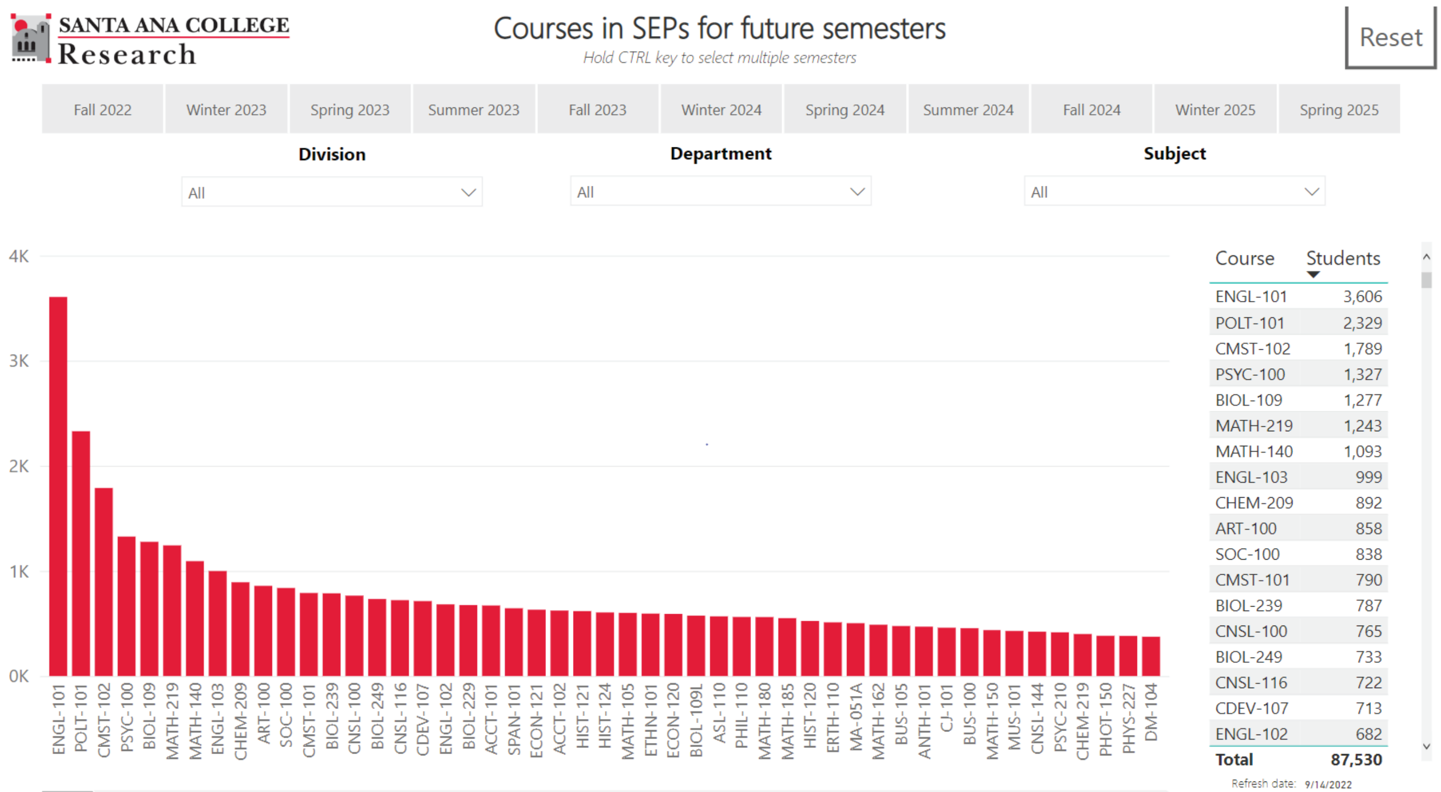
Updated Bottleneck Study

What causes bottleneck courses?





SEP Tools



SEP Tool

SANTA ANA COLLEGE Research

Disproportionate Impact: Success 2017-18 to 2021-22

Reset

Division
- Business
- Counseling
- Fine & Performing Arts
- Human Services & Technology
- Humanities & Social Sciences
- Kinesiology, Health & Athletic
- Science, Math, & Health Science
- Unknown

Department: All

Subject: All

Course: All

Year: All

Term: All

Ethnicity	Enrollment	Success	Success Rate	Gap
American Indian or Alaskan Native	1,355	1,084	80.0%	
Asian	64,965	55,678	85.7%	
Balance	66,448	59,840	90.1%	
Black or African American	11,116	7,796	70.1%	782
Hispanic/Latino	393,848	279,761	71.0%	59,441
Native Hawaiian or Other Pacific Islander	1,687	1,236	73.3%	64
Two or More Races	12,148	9,537	78.5%	
White	103,633	89,919	86.8%	
Total	**655,200**	**504,851**	**77.1%**	

Gender	Enrollment	Success	Success Rate	Gap
Female	302,724	225,982	74.6%	13,525
Male	348,983	276,019	79.1%	
Non-Binary/Balance	3,493	2,850	81.6%	
Total	**655,200**	**504,851**	**77.1%**	

Age	Enrollment	Success	Success Rate	Gap
19 or younger	165,622	113,382	68.5%	19,050
20 to 24	191,853	138,610	72.2%	13,035
25 to 29	99,299	78,467	79.0%	
30 to 34	60,688	51,484	84.8%	
35 to 39	42,817	37,494	87.6%	
40 to 49	59,523	54,055	90.8%	
50 or older	35,398	31,359	88.6%	
Total	**655,200**	**504,851**	**77.1%**	

Age
- 19 or younger
- 20 to 24
- 25 to 29
- 30 to 34
- 35 to 39
- 40 to 49
- 50 or older

Ethnicity
- American Indian or Alas...
- Asian
- Balance
- Black or African American
- Hispanic/Latino
- Native Hawaiian or Othe...
- Two or More Races
- White

Gender
- Female
- Male
- Non-Binary/Balance

- Disproportionate Impact Overall
- Intersectionality: Ethnicity and Gender
- Intersectionality: Age and Gender

Additional Data Dashboards

SANTA ANA COLLEGE

Where SAC is Today

- Record number full time equivalent students (FTES) for Summer 2022
- Potential record number FTES for Fall 2022
- Fall 2022 late start term was full
- Credit expected to **grow by double digits**
- Noncredit **growth at 25%**
- Dual enrollment up by **32%**
- SAC grew with less sections
- SAC Fall 2022 is offering less sections than last Fall 2021
- SAC has increased efficiencies

Thank You!

Metric	Definition	SCFF (as of 12/2/21)	Submission	Internal	Source & Methodology	Comment
AB540 Students	Headcount of students by district who were granted an exemption from nonresident tuition pursuant to ECS 68130.5 in the district in the reporting year	1760	1760	1773	**Source for Submission:** Online AB540 report (pulled on 10/27/21) **Source for Internal:** AB540 report (provided by Bay) with the reporting term = 2020SU, 2020FA, 2021SI, and 2021SP. This is based on census date, regardless of position & enrollment date.	Issue: the online repository report only reflects live data even though students might not be AB540 for the reporting term or students switch status during the reporting year. Recommendation: store daily snapshots of AB540 from the first day of the reporting summer semester to the last day of the reporting spring semester. An annual unduplicated headcounts of those daily snapshots combined would provide a more accurate and higher count for the reporting year.
PELL Recipients	Headcount of students by district who received a Federal Pell Grant in the district in the reporting year	5365	5175	6841	**Source for Submission:** FA210 (Unique records with Award Type = GP) **Source for Internal:** RDW (Fiscal year = 2020, Award Code = CF100 & SF100, Award Amount > 0)	Issue: the award amounts might not get updated in RDW when financial aid offices recalculate the disbursements; hence, RDW shows a higher count. Question: do the colleges have the same disbursement process (partial/full/refund)? at what point do FA offices cut off awarding for the academic year? Recommendation: if the award amounts get updated accordingly then we can validate this metric accurately. To get funding, SCFF counts any students awarded more than $0 regardless of enrollment.
CCPG (Promise) Recipients	Headcount of students by district who received a California College Promise Grant fee waiver pursuant to ECS 76300 in the district in the reporting year	14454	14454	21368	**Source for Submission:** FA210 (Award Code = BA, B1, B2, B3, BB, BC, BD) **Source for Internal:** RDW (Fiscal year = 2020, Award Code = CW/SW, Award Amount > 0)	B1, B2, B3 are combined under BA and no BD for the reporting year Issue: the award amounts might not get updated in RDW when financial aid offices recalculate the disbursements; hence, RDW shows a higher count. Question: do the colleges have the same disbursement process (partial/full/refund)? at what point do FA offices cut off awarding for the academic year? Recommendation: if the award amounts get updated accordingly then we can validate this metric accurately. To get funding, SCFF counts any students awarded more than $0 regardless of enrollment.
Associate Degree for Transfer (ADT)	Headcount of students by district who were reported as receiving a Chancellor's Office approved associate degree for transfer (ADT) at the district in the reporting year and were reported with an enrollment at the district in the reporting year	1220	1264 (w/o enrollment parameter) 1220 (w enrollment parameter)	1265	**Source for Submission:** U87210SP & COCI & SX **Source for Internal:** RDW	Issue: without enrollment parameter, both submission and internal shows a higher number than what is being reported Recommendation: Colleges need to review their degree awarding process to ensure that students are enrolled in order for us to get funded. Each degree record would need a field to check if the student is enrolled during the awarding year for validation purpose.
Associate Degree	Headcount of students by district who were reported as receiving a Chancellor's Office approved associate degree at the district in the reporting year and were reported with an enrollment at the district in the reporting year and did not received ADT	1255	1343 (w/o enrollment parameter) 1255 (w enrollment parameter)	1344	**Source for Submission:** U87210SP & COCI & SX **Source for Internal:** RDW (excluding students with AAT/AST)	Issue: without enrollment parameter, both submission and internal shows a higher number than what is being reported Recommendation: Colleges need to review their degree awarding process to ensure that students are enrolled in order for us to get funded. Each degree record would need a field to check if the student is enrolled during the awarding year for validation purpose.

Metric	Definition	SCFF (as of 12/2/21)	Submission	Internal	Source & Methodology	Comment
Credit Certificate (CA)	Headcount of students by district who were reported as receiving a Chancellor's Office approved credit certificate requiring the equivalent of 16 or more semester units at the district in the reporting year and were reported with an enrollment at the district in the reporting year and did not meet the criteria for the SCFF Associate Degree for Transfer (ADT) metric, SCFF Associate Degree metric, or SCFF Baccalaureate Degree metric	583	815 (w/o enrollment parameter) 588 (w enrollment parameter)	955	**Source for Submission:** U87210SP & SX (exluding A & S) **Source for Internal:** RDW (excluding students with AAT/AST/AA/AS)	Issue: SCFF raw data only shows 579 records eventhough the report shows 583. Without enrollment parameter, both submission and internal shows a higher number than what is being reported Recommendation: Colleges need to review their degree awarding process to ensure that students are enrolled in order for us to get funded. Each degree record would need a field to check if the student is enrolled during the awarding year & the student degree needs to have a credit award type field for validation purpose.
BA/BS	Headcount of students by district who were reported as receiving a Chancellor'sOffice approved baccalaureate degree at the district in the reporting year and were reported with an enrollment at the district in the reporting year and did not meet the criteria for the SCFF Associate Degree forTransfer (ADT) metric or SCFF Associate Degree metric	16	18	18	**Source for Submission:** U87210SP **Source for Internal:** RDW	Two students were not included since they were already counted in AA metric. Both metrics are equally weighted in the dollar amount; thus, no loss. Question: once students get accepted into BS program, can the college review transcript for AA/AS qualification? so that we can get "credit" for two different degree in two different reporting year so more funding.

Rancho Santiago Community College District

"The College and Community" Presentation

Presented By:

Dr. Adriene "Alex" Davis
Acting Vice Chancellor, Educational Services
Rancho Santiago Community College District

Dr. Vaniethia Hubbard
Vice President, Student Services
Santa Ana College

Dr. Loretta M. Jordan
Assistant Vice President, Student Services
Santiago Canyon College

RANCHO SANTIAGO
Community College District

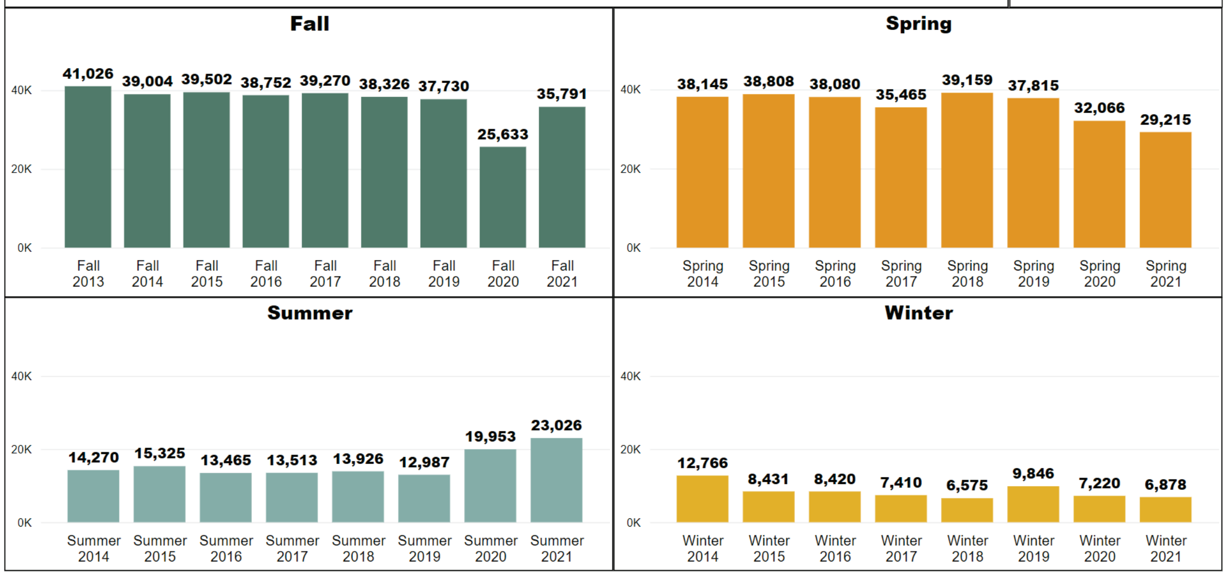
The District

- In the Heart of Orange County
- One of the Largest Districts out of 73
- Population Served – More than 571,000
- Encompasses 24 Percent of OC Total Area (193 Square Miles)
- Santa Ana College (63 Acres)
- Santiago Canyon College (82 Acres)
- Portfolio of Offerings in Nine Locations
- Occupational Studies B.A.

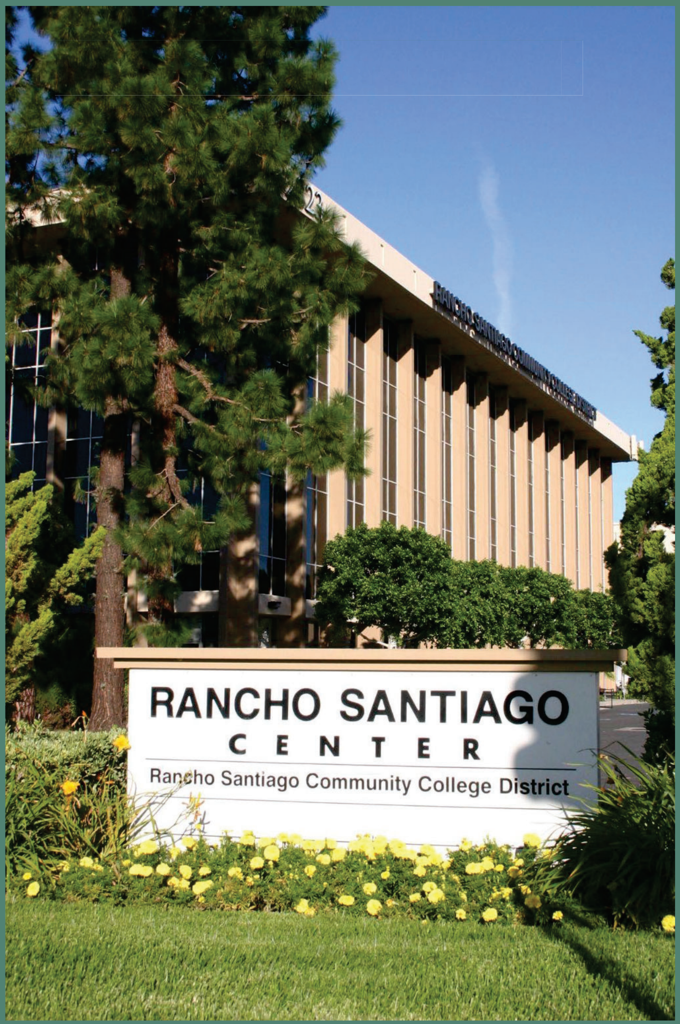
Student Demographics

Credit Program Student Headcount

College
All



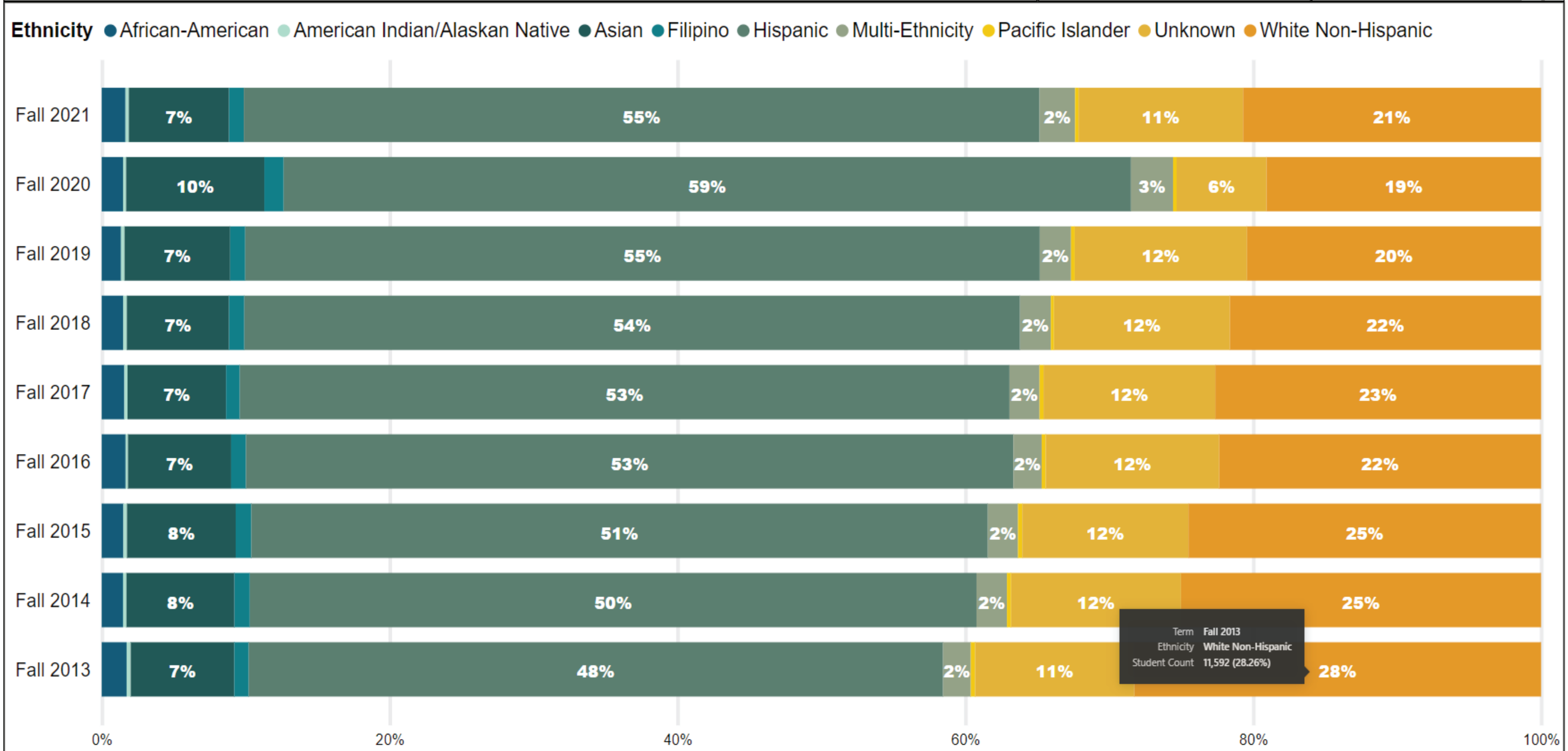
Source: CCCCO Data Mart - Unit Load Status Summary Report
Updated: February 2022



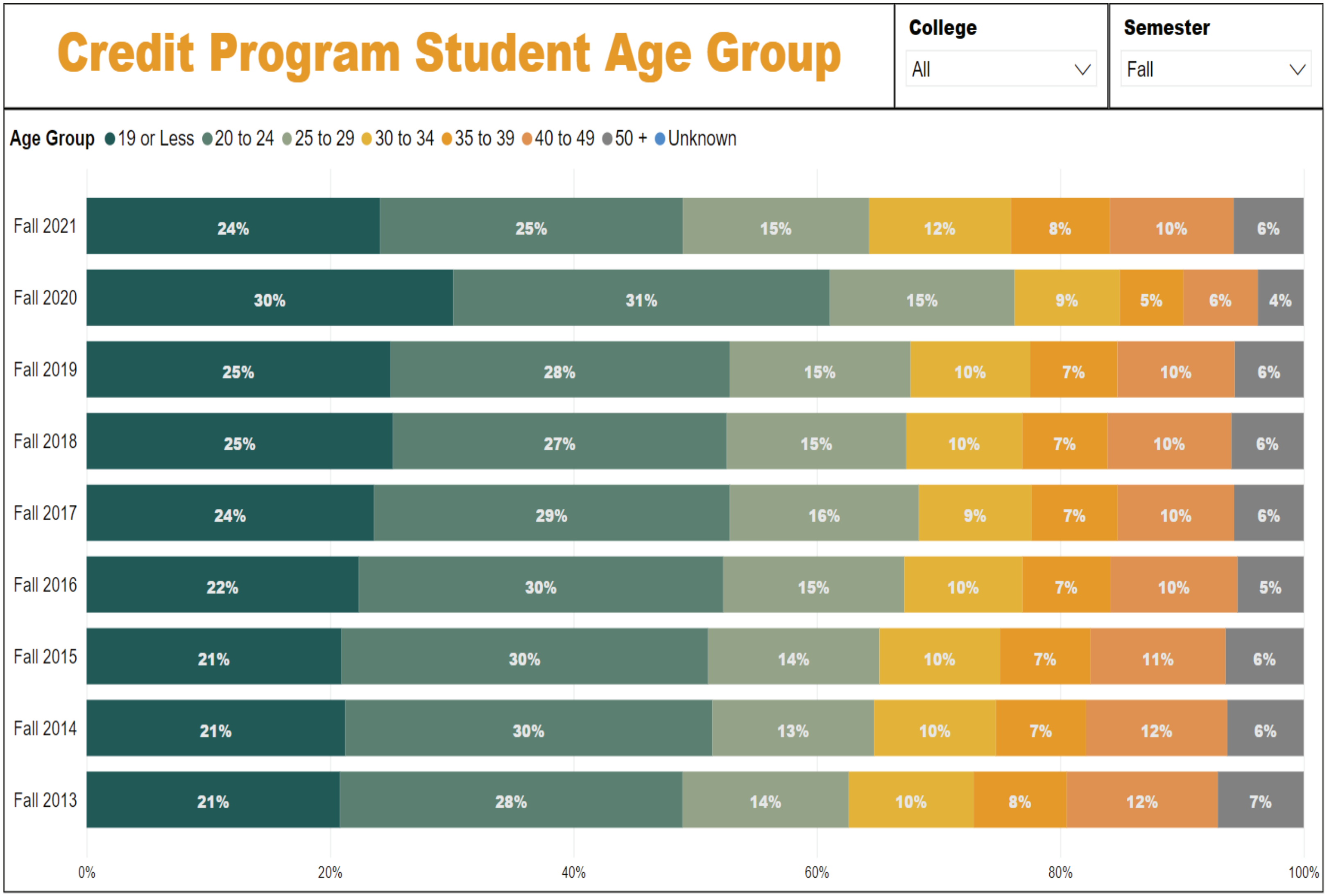
Credit Program Student Ethnicity

College
All

Semester
Fall



Credit Program Student Age Group



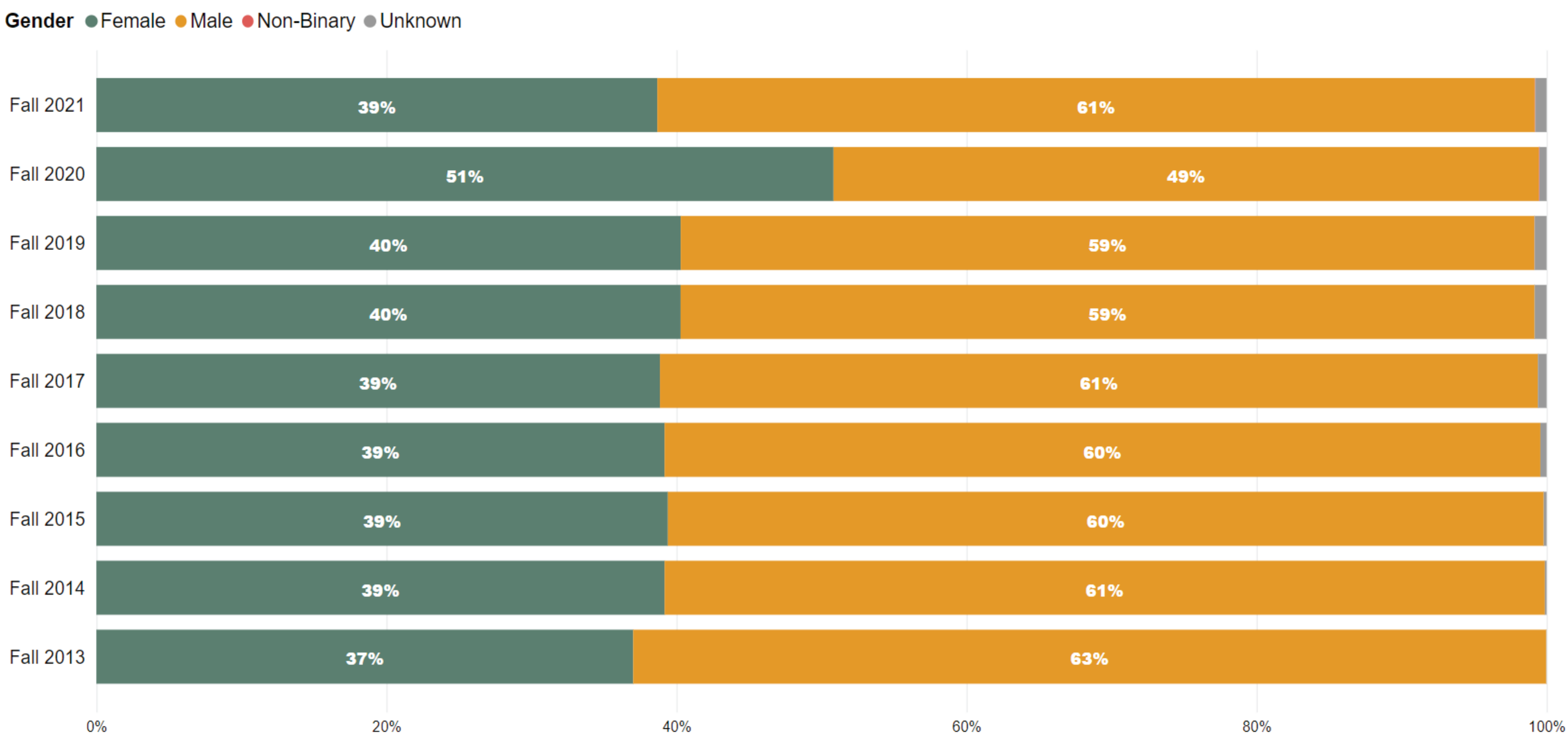
Credit Program Student Gender

College

All

Semester

Fall



Enrollment and Academic Performance
By Academic Year

Location
- [x] Santa Ana College
- [x] Santiago Canyon College

Grade Scheme
- Select all
- 1.Success
- 2.Non-Success
- 3.Withdrawal/Incomplete
- 4.Others

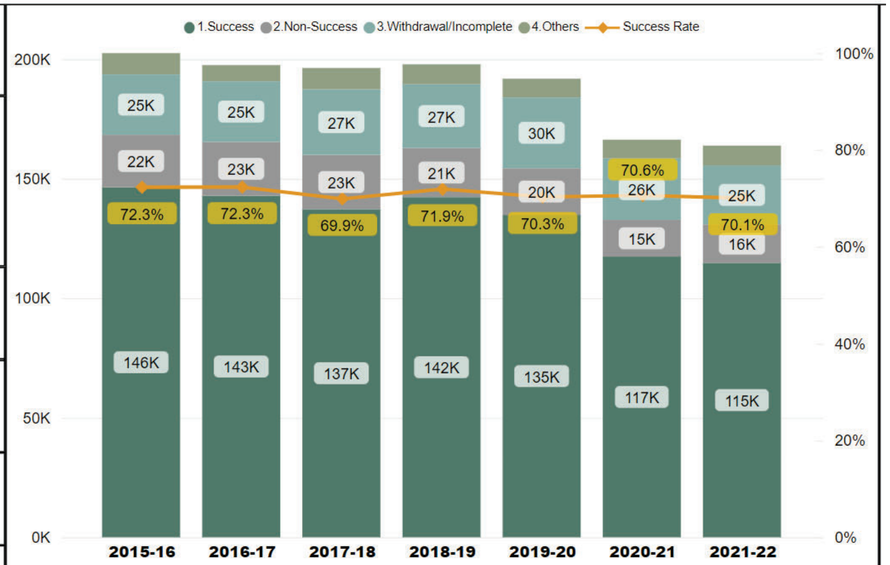
Grade
All

Subject
All

Course
All

Section
All

Source: Research Data Warehouse. For any questions or further information, please contact Nguyen_Tyler@rsccd.edu.



1.Success contains grade A, B, C, or P
2.Non-Success contains grade D, F, or NP
3.Withdrawal/Incomplete contains any grade with W or I
4.Others are ungraded or no grade (mainly due to Academy/Apprenticeship programs)
Success Rate = % of A, B, C, or P out of the total cohort
Withdrawal Rate = % of any grade with W or I out of the total cohort

Research Department

Rancho Santiago Community College District
Enrollment & Academic Performance by Semester

Location
- [x] Santa Ana College
- [x] Santiago Canyon College

Semester
Fall

Grade Scheme
All

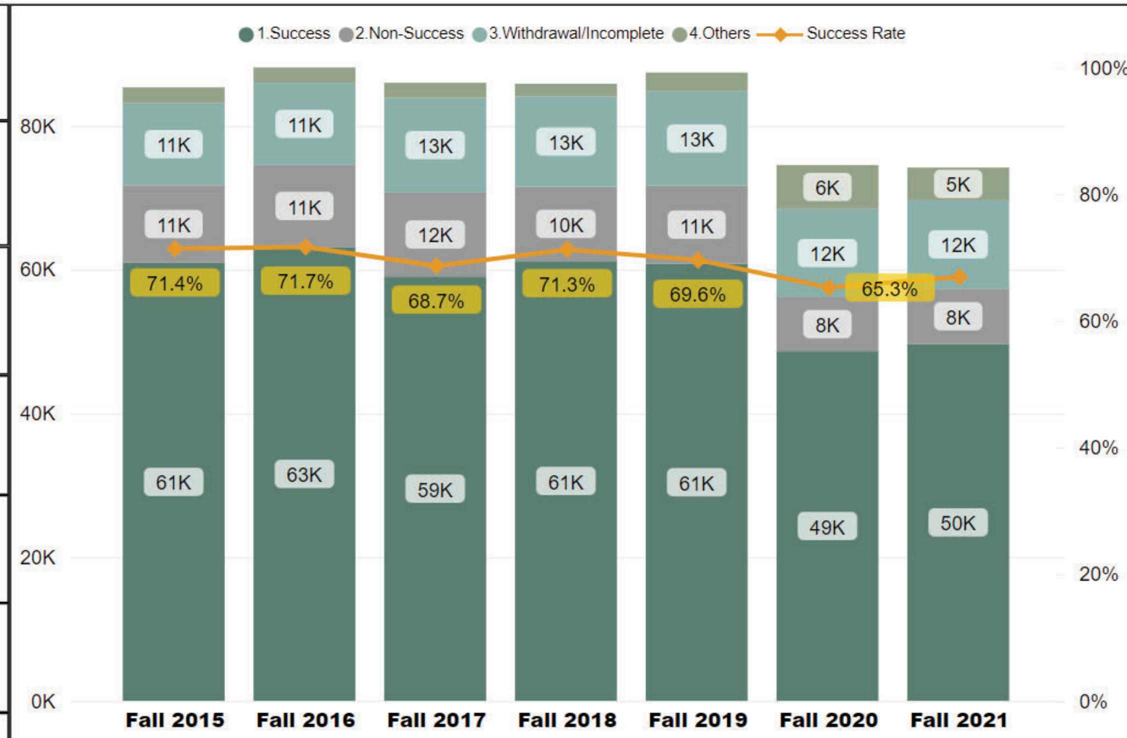
Grade
All

Subject
All

Course
All

Section
All

Source: Research Data Warehouse. For any questions or further information, please contact Nguyen_Tyler@rsccd.edu.



1.Success contains grade A, B, C, or P
2.Non-Success contains grade D, F, or NP
3.Withdrawal/Incomplete contains any grade with W or I
4.Others are ungraded or no grade (mainly due to Academy/Apprenticeship programs)
Success Rate = % of A, B, C, or P out of the total cohort
Withdrawal Rate = % of any grade with W or I out of the total cohort

Research Department

Rancho Santiago Community College District
Headcount & Academic Performance by Semester & Ethnicity

Location
- ☑ Santa Ana College
- ☑ Santiago Canyon College

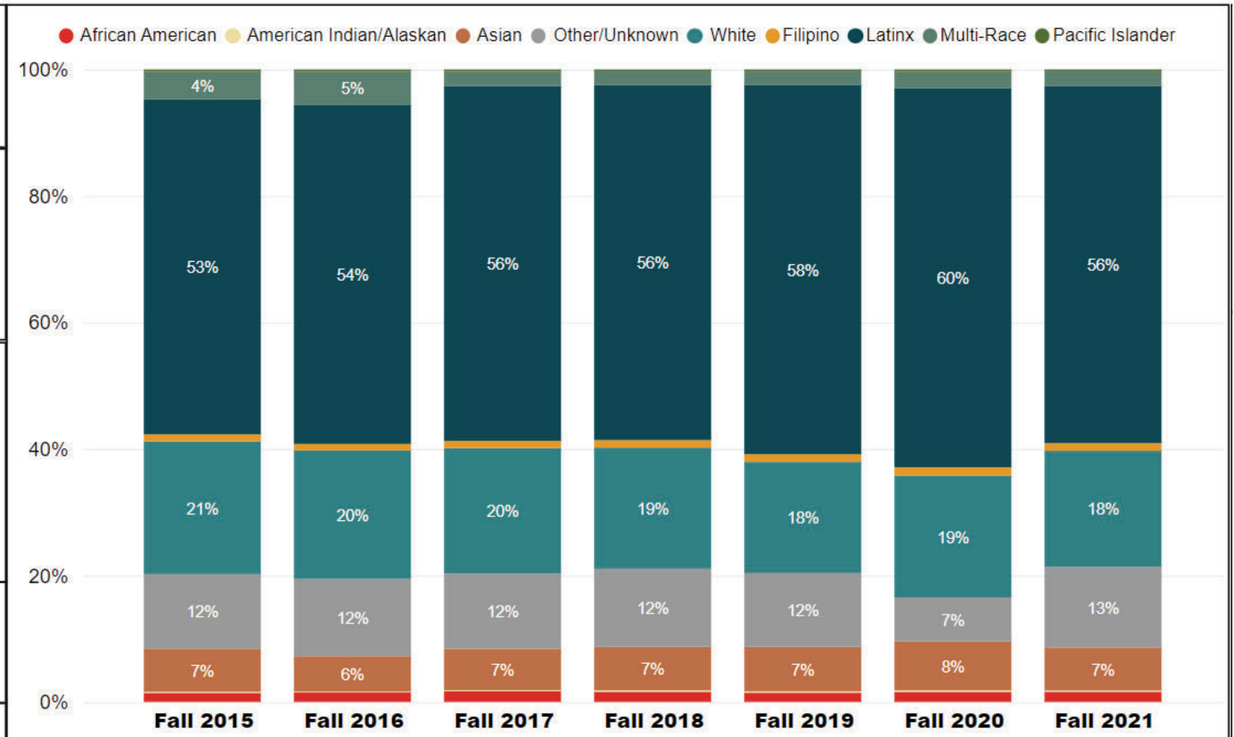
Semester
- ◉ Fall
- ○ Intersession
- ○ Spring
- ○ Summer

Grade Scheme
- ■ Select all
- ■ 1.Success
- ■ 2.Non-Success
- ■ 3.Withdrawal/Incomplete
- ■ 4.Others

Subject
All

Course
All

Source: Research Data Warehouse. For any questions or further information, please contact Nguyen_Tyler@rsccd.edu



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Success Rate = % of A, B, C, or P out of the total cohort
Withdrawal Rate = % of any grade with W or I out of the total cohort

Santa Ana College

- Completion
- Transfer
- Unit Accumulation
- Workforce
- Equity

Fostering Equity and Meeting Academic Needs of Underserved Students

- Increase the percentage of students who complete an English or Mathematics transfer-level course within the first year of college.
- Increase percentage of students who make an informed decision to declare a major by the third semester or by attainment of 15-degree applicable units.
- Decrease the average amount of time it takes students to complete degrees or certificates.
- Increase the percentage of students who become transfer ready, attain transfer degrees or transfer.
- Cultivate pathways for K12 and noncredit students to transition to credit.

Santiago Canyon College

- Community Driven
- Transfer Focused
- Diverse Support Services
- Intentional Engagement with Racial and Social Justice Matters

Customizing Matriculation for Equal Access and Transfer

- Recruiting for Dual Enrollment to increase enrollment in diverse demographics, socioeconomically disadvantaged
- Building partnerships with community to cultivate connections that benefit students
- Aggressively pursue grants that support special populations and groups: inmate ed, foster youth, migrant farmworkers
- Transfer Agreement Guarantees
- Specialized curriculum: only community college in California offering Gemology degree and certificate

- Bullets here

Strategies for Guidance

- Umoja Community
- U2 Scholar Executive Board
- Unity and Community
- Equity-minded Inquiry
- Student Survey
- Disaggregated Racial Data

Strategies for Academic Support

- Academic Counseling
- Personal & professional workshops & seminars
- Field trips CSU's, UC's, private schools, and HBCU's
- Cultural events & activities
- Mentorship & community support
- Financial assistance

Strategies for Behavioral Health

- Student Focus Group
- Building Community
- Ethic of Love, Care, Compassion
- CARE Team
- Holistic support
- Mentors
- Mental Wellness

Cornerstones Guiding our Student Needs

- Culture specific climate survey
- Faculty Recommendations from Learning Communities
- BLACK Department Advisory Group

Encouraging Leadership and Competence

- Black Excellence programming: Blackground Voices
- Leadership Certificate
- Umoja Community
- Mentorship Program with Black-Owned businesses
- Black Student Council
- First Year Support Center

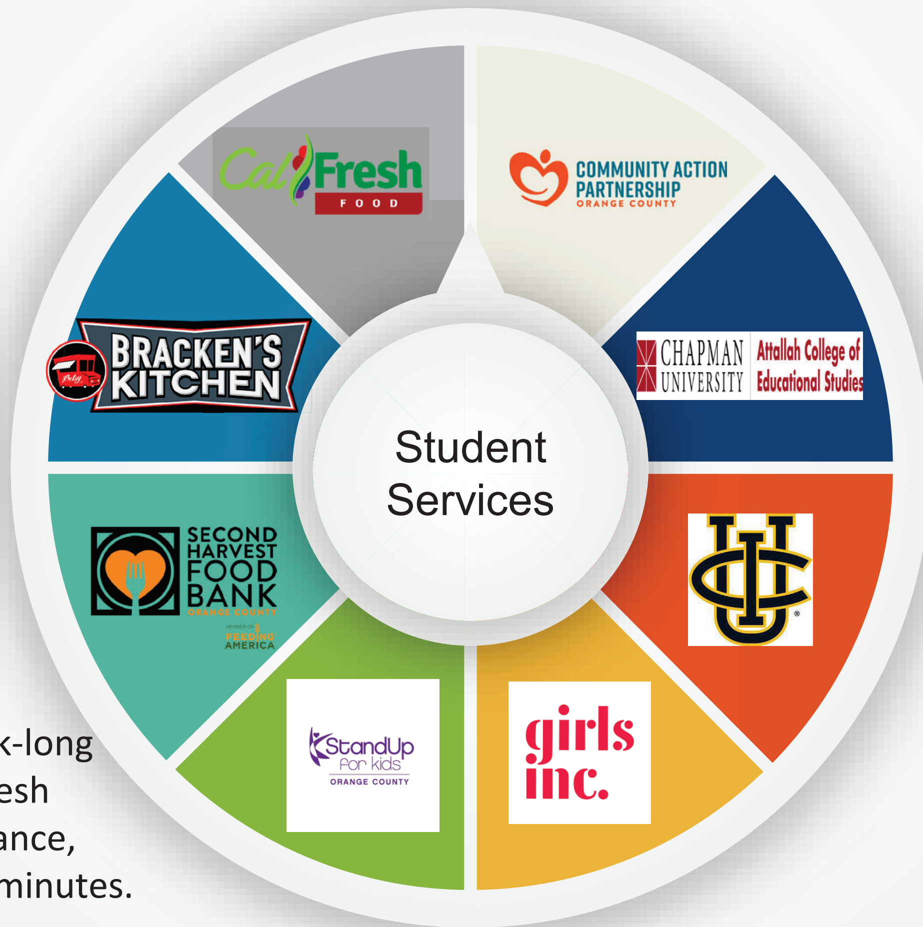
Mental Health & Wellness

- Mental Health Mondays
- Student Government Mental Health Club
- CARE Team
- Guardian Scholars
- Meditation Room

RANCHO SANTIAGO Community College District

Student Engagement and Community Connections

THE FAINBARG CHASE THRIVE CENTER Santa Ana College

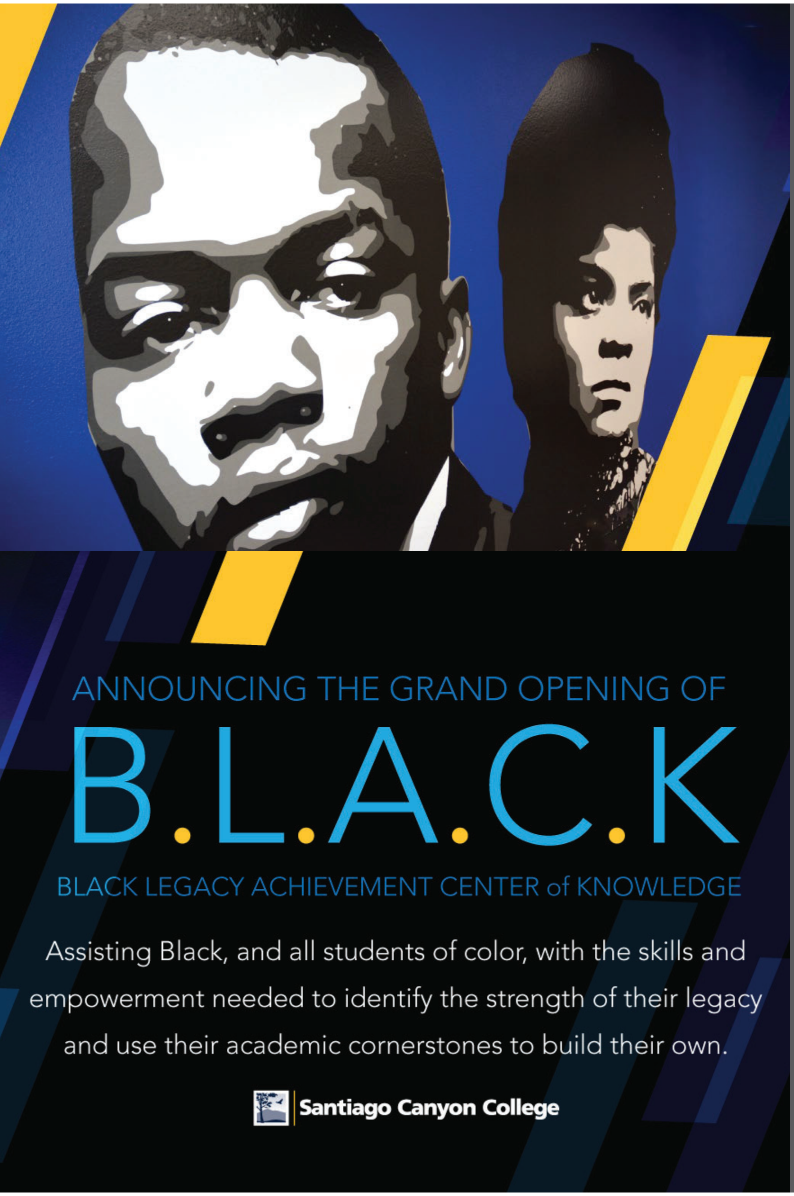


Basic Needs - on campus support and resources via the food pantry, CalFresh, Clothing Closet and housing assistance. Student parents receive monthly delivery of diapers or pullups.

CalFresh Outreach Week - a week-long Series of events focused on CalFresh awareness and application assistance, reducing a 4-week process to 40 minutes.

Family Night – SAC welcomes the community to campus:

- Campus tours
- Orientation to SAC programs
- Resource Fair
- Credit & Noncredit
- Financial aid information
- Admission assistance
- Family activities
- Free Food
- Entertainment
- COVID vaccinations



PURPOSE

The Santiago Canyon College B.L.A.C.K. program is devised to intentionally assist Black, and all students of color, with the skills and empowerment needed to identify the strength of their legacy and use their academic cornerstones to build their own.

DESCRIPTION

The Black Legacy Achievement Center of Knowledge provides students with a myriad of support systems that buttress what they have and contribute where support in their lives may be scarce. Through academic counseling, social interaction with other students and SCC professionals, students will recognize the value of their experiences and the legacy gifted to them by their ancestors.

Questions?

Thank you!

RANCHO SANTIAGO
Community College District
Santa Ana College • Santiago Canyon College

Fiscal Resources Committee

Via Zoom Video Conference Call
1:32 p.m. – 1:50 p.m.

Meeting Minutes for November 16, 2022

FRC Members Present: Iris Ingram, Morrie Barembaum, Susana Cardenas, Steven Deeley, Kajleb Demaniow, Bart Hoffman (arrived at 1:36 p.m.), Jim Isbell, Jorge Lopez, Thao Nguyen (alternate for O'Connor), Craig Rutan, and Arleen Satele

FRC Members Absent: Adriene "Alex" Davis, Noemi Guzman, Safa Hamid, Veronica Munoz, and Adam O'Connor

Alternates/Guests Present: Jason Bui, Gina Huegli, Cristina Morones (arrived at 1:48 p.m.), Jose Vargas, and Kennethia Vega

1. Welcome: Ingram called the meeting to order at 1:32 p.m. via zoom stating she was not feeling well and will keep camera off. Assistant Vice Chancellor O'Connor is on vacation and Nguyen will provide report on fiscal recalculation recap.

2. State/District Budget Update
   - California revenues decline amid economic worries
   - Department of Finance – Finance Bulletin – October 2022
   - SSC - Proposition 98 Prospects: Implications for Local Practice
   - SSC - September Revenue Collections Down
   - SSC - Proposition 28 and the Minimum Guarantee
   - SSC - Third Quarter GDP Up!
   - SSC - PPIC Releases October 2022 Statewide Survey
   - SSC – 2022 Legislative Year Wrap-Up
   - LAO Fiscal Outlook

   Ingram referenced the above documents as information and resources for additional review. She noted articles that discussed declines in revenue which is worrisome; latest projections from LAO; and other School Services of California (SSC) resources that provide context for budget processes at the state level and the impact to us locally.

3. 2021/22 320 Recalculation Recap
   Ingram stated the 2021/22 320 Recalculation report is submitted to the state annually to give accounting for FTES. The recalculation process allows for correcting mistakes and an opportunity to capture additional FTES through positive attendance or other issues. The report was submitted just in time.

   Nguyen screen shared page16 of the meeting materials and extensively reviewed the data reported on November 1. The actual FTES earned for fiscal year 2021/22 (SAC 16,999.72 and SCC 7,896.02) for a total Districtwide FTES is 24,895.74. Summer of 2022 was shifted/borrowed (SAC 934.59 and SCC 372.65) for a total shift/borrow of 1,307.24. Therefore, the actual 2021/22 recalculation (SAC 17,934.31 and SCC 8,268.67) brings the total FTES to 26,202.98. When reviewing the growth without the shift/borrow, SAC increased by .33% and SCC increased by 1.09% for a total districtwide growth of .57% as compared to the 2021/22 annual report. By including the shift, SAC increased by 5.85% and SCC increased by 5.86% for a total districtwide increase of 5.85%. When compared to 2021/22 actual FTES reported last year, SAC had a decrease of .01% and SCC a decrease of 5.23% for a total districtwide decrease of 1.73%. By including the shift/borrow of Summer 2022, SAC shows a 5.84% increase, but SCC shows a .76% decrease and therefore districtwide a 3.43% increase overall.

Vargas inquired of discussion regarding shift/borrow as it creates a less starting point for 2023/24 year. Ingram noted discussion occurred in Chancellor's Cabinet related to the report and that the colleges would have to continue to capture as much FTES as possible and grow. And as a policy, they would continue to shift/borrow to get FTES up as much as possible to claim the restoration dollars at the end of fiscal year. She was not aware of the discussions that took place at the campuses. Vargas will follow-up with SCC Cabinet.

Nguyen continued review of FTES Restoration Authority for 2021/22 at P2 which includes a total dollar amount of $16.1 million. Therefore, when compared to P3 at 24,754 and the recal at 26,202.98 RSCCD was able to capture 1,4448.98 FTES. That includes a rough estimate of $5.8 million however, the shift is approximately $5.3 million. Ingram clarified that the actual funds earned through real growth equates to approximately $.5 million. The rest is due to shift/borrow of prior year. Nguyen concluded by explaining the remaining restoration to capture is $10.4 million over the next two years which is approximately 2,593 FTES. There were no further questions or comments.

4. FRC Committee 2022/23 Goals - ACTION
Ingram referenced the survey data, committee accomplishments, and proposed committee goals on pages 17-23 of the meeting materials. Nguyen screen shared the proposed goals.

A motion by Hoffman, was seconded by Satele to accept the proposed committee goals for 2022-2023 as presented. There was no further discussion, opposition or concerns expressed. The motion passed unanimously.

5. Standing Report from District Council – Craig Rutan (reported on behalf of Isbell)
Rutan shared a brief report on the actions of District Council to include the approval of reorganization for creating two new positions in Business Services (Lead Custodian and Facilities Systems Manager), other Business Services reorganizations were directed to POE (meeting later today). Additionally, district council approved the management fellow job description. Parking for faculty and staff was discussed and noted that employees should have purchased permits effective Fall while students will purchase permits beginning with intersession. District council reviewed roles, accomplishment and responsibilities but will consider goals at the December meeting.

6. Informational Handouts
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of November 9, 2022
   - Monthly Cash Flow Summary as of October 31, 2022
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes
   - Districtwide Enrollment Management Workgroup Minutes

   Informational handouts above were referenced for further review.

7. Approval of FRC Minutes – October 19, 2022
A motion by Rutan was seconded by Isbell to approve the minutes of the October 19, 2022, meeting as presented. There were no questions, comments or corrections and the motion passed with one abstention by Hoffman.

8. Other - None
A motion by Hoffman was seconded by Isbell to adjourn the meeting. The motion passed unanimously.

Next FRC Committee Meeting:
The next FRC meeting is scheduled for Wednesday, January 25, 2023, 1:30-3:00 p.m. This meeting adjourned at 1:50 p.m.