

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: [Fiscal Resources Committee](#)

Agenda for February 21, 2024

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

Zoom Meeting

1. State/District Budget Update
 - LAO – The 2024-25 Budget: Higher Education Overview
 - LAO – report link: <https://lao.ca.gov/The 2023-24 Budget: State Appropriations Limit Estimates>
 - SSC – Two Tear Bills Meet Critical Deadline
 - SSC – CCC Nursing Proposals-Budget and Legislative
 - SSC – State Revenues Underperform: Implications for Proposition 98
 - State Chancellor’s Office Apportionment reports link: <https://www.cccco.edu/Apportionment-Reports>
2. 2024/2025 RSCCD Tentative Budget Assumptions - ACTION
3. Standing Report from District Council – Claire Coyne
4. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rsccd.edu>
 - Vacant Funded Position List as of February 12, 2024
 - Monthly Cash Flow Summary as of January 31, 2024
 - [SAC Planning and Budget Committee Agendas and Minutes](#)
 - [SCC Budget Committee Agendas and Minutes](#)
5. Approval of FRC Minutes – January 24, 2024
6. Other

Next FRC Committee Meeting: March 20, 2024, 1:30-3:00 pm

The Rancho Santiago Community College District aspires to provide equitable, exemplary educational programs and services in safe, inclusive, and supportive learning environments that empower our diverse students and communities to achieve their personal, professional, and academic goals.

The 2024-25 Budget: Higher Education Overview

GABRIEL PETEK | LEGISLATIVE ANALYST | JANUARY 2024

SUMMARY

Governor's Higher Education Budget Plan Relies on Reserves, Deferrals, and Reductions.

The Governor's budget includes \$21.7 billion in General Fund support for higher education in 2024-25—an increase of \$226 million (1.1 percent) from 2023-24. Nearly all of the new discretionary spending is for the California Community Colleges (CCC). The Governor proposes a 0.76 percent cost-of-living adjustment for CCC apportionments and certain categorical programs, along with 0.5 percent systemwide CCC enrollment growth. To cover these costs, together with some baseline CCC costs, the Governor proposes making discretionary withdrawals from the Proposition 98 Reserve (\$236 million in 2023-24 and \$486 million in 2024-25). The Governor proposes no programmatic expansions to student financial aid programs. He also proposes no base increases or enrollment growth for the University of California (UC) or California State University (CSU). The Governor instead proposes to “defer” 5 percent base increases by one year, then double up base increases in 2025-26, along with providing one-time back payments. The Governor also proposes a total of \$2.4 billion in one-time spending reductions to recent higher education initiatives.

Proposed Reductions Are a Practical Start, but Other Proposals Are Poor Fiscal Practice.

Given the state's large projected budget deficit in 2024-25 (potentially upwards of \$58 billion), at least \$2.4 billion in higher education savings seems a practical starting point. The Governor's proposed reductions also generally would be among the least disruptive savings options. Though offering budget solution in 2024-25, all the proposed reductions are one time, such that they do not help the state address the multiyear deficits it faces. The Governor's higher education plan worsens the state's projected budget deficit in 2025-26 substantially, with the proposed deferrals contributing \$1.5 billion to that deficit. The Governor's proposed deferrals for UC and CSU are even worse than the deferrals the state has done to date. Whereas the state typically has used deferrals to protect existing programs from deeper cuts, the Governor is proposing that UC and CSU expand their programs. Rather than increasing university costs, the state historically has contained those costs during such times. The Governor's plan also would increase CCC costs even though available Proposition 98 funding is not sufficient to cover even existing CCC costs.

Recommend the Legislature Build a More Prudent Budget. We recommend the Legislature pull back additional unspent one-time funding from prior budgets. We estimate that hundreds of millions of dollars from recent one-time higher education initiatives remains unencumbered. Pulling back these funds now would allow the Legislature to maintain more of its reserves, which in turn could help protect ongoing programs from cuts over the next couple of years. We also recommend holding UC, CSU, and CCC funding flat in 2024-25 and revisiting those funding levels in 2025-26. Asking UC and CSU to operate their programs at a level the state currently cannot afford puts not only the state and the segments at risk but also other state programs that might be cut next year to make room for the added higher education spending. Similarly, relying on reserves to increase CCC spending in 2024-25 makes managing the CCC budget in 2025-26 even more difficult, with higher spending, lower reserves, and more disruptive choices remaining.

INTRODUCTION

Brief Focuses on the Governor’s Proposed Higher Education Budget Plan. In this brief, we first provide an overview of the Governor’s recently proposed 2024-25 budget plan for higher education. We then assess that plan. We conclude by offering a few budget recommendations for the Legislature to consider. In the brief, we focus on the Governor’s major budget proposals for CCC, CUS,

UC, and the California Student Aid Commission (CSAC). Over the coming weeks, our office plans to release additional budget briefs that delve more deeply into the Governor’s proposals for each of these segments. Beyond these budget briefs, our [EdBudget](#) website contains many budget tables showing the Governor’s education proposals.

OVERVIEW

Below, we summarize (1) General Fund and total core funding proposed for higher education, (2) the Governor’s major higher education spending proposals, and (3) the Governor’s proposed higher education budget solutions (including those related to student housing) that are designed to help the state solve a projected budget deficit in 2024-25.

Funding by Source

Governor Proposes a Small Increase in General Fund Support for Higher Education.

As **Figure 1** shows, the Governor’s budget for 2024-25 includes a total of \$21.7 billion in ongoing

General Fund support for the three segments and CSAC. The proposed 2024-25 funding level is \$226 million (1.1 percent) higher than the 2023-24 level. CSAC receives the largest relative augmentation, growing by 6.2 percent. CCC grows by 1.3 percent, and the university systems experience little or no growth. Nearly all of the funding increase shown in the top portion of the figure is non-Proposition 98 General Fund (which funds many government programs, excluding K-14 education).

Figure 1

Total General Fund Support for Higher Education Grows Under Governor’s Budget

Ongoing General Fund (Dollars in Millions)

	2022-23 Revised	2023-24 Revised	2024-25 Proposed	Change From 2023-24	
				Amount	Percent
CCC ^a	\$8,234	\$8,744	\$8,854	\$110	1.3%
CSU ^b	5,041	5,409	5,344	-65	-1.2
UC ^b	4,377	4,712	4,729	17	0.4
CSAC	2,416	2,655	2,819	164	6.2
Totals	\$20,068	\$21,520	\$21,746	\$226	1.1%
Non-Proposition 98	\$12,434	\$13,331	\$13,553	\$222	1.7%
Proposition 98 ^c	7,634	8,189	8,193	4	0.1
Proposition 98 Reserve ^d	—	236	486	250	106.1

^a Consists of Proposition 98 funds for CCC programs as well as non-Proposition 98 funds for CCC state operations, certain pension costs, and debt service.

^b Consists of non-Proposition 98 funds for all ongoing purposes, including pensions, retiree health benefits, and debt service.

^c Reflects General Fund that counts toward the minimum guarantee. The state sometimes designates some of this General Fund for one-time purposes.

^d The administration proposes to withdraw the shown amounts from the Proposition 98 Reserve to support CCC ongoing apportionment costs. These amounts are excluded from the earlier portions of the table. In 2022-23, the proposed withdrawal is \$11,000.

CSAC - California Student Aid Commission.

Governor Proposes to Withdraw Funds From the Proposition 98 Reserve. In addition to the funds shown in the top portion of Figure 1, the Governor proposes to withdraw funds from the Proposition 98 Reserve in 2023-24 and 2024-25 to support ongoing community college programs. (The Governor also proposes Proposition 98 Reserve withdrawals to support school districts.) Accounting for the Governor’s proposed reserve withdrawals, community college Proposition 98 General Fund support increases 4 percent in 2024-25. The nearby box provides more information about Proposition 98 and the Proposition 98 Reserve.

Community Colleges Benefit From Increases in Local Property Tax Revenue. Whereas CSAC receives most of its funding from the state, the three segments receive substantial core funding from sources other than the state. For CCC, the largest nonstate fund source is local property tax revenue. As **Figure 2** on the next page shows, CCC local property tax revenue is projected to increase \$175 million (4.3 percent) in 2024-25, reflecting growth that is somewhat lower than the historical growth rate over the past 20 years (5.5 percent). After accounting for the increase in local property

tax revenue, along with changes in other core fund sources and the proposed Proposition 98 Reserve withdrawals, CCC funding increases by 3.9 percent.

CSU and UC Benefit From Increases in Student Tuition Revenue. For CSU and UC, the largest nonstate core fund source is student tuition revenue. Both CSU and UC now have policies that increase tuition annually for at least some students. Tuition revenue at CSU and UC also increases as their enrollment increases. Total tuition revenue is estimated to increase 5.4 percent at CSU and 4 percent at UC in 2024-25. After accounting for these increases, along with all other changes in core fund sources, total core funding is estimated to grow 1.2 percent at CSU and 2.2 percent at UC.

Governor Assumes CSU Implements Its New Tuition Policy. CSU’s new tuition policy will go into effect for the first time in 2024-25. The last time tuition increased at CSU was in 2017-18. Under CSU’s new policy, tuition is set to increase 6 percent annually for all students (both undergraduate and graduate students), beginning in 2024-25 and extending through 2028-29. In 2024-25, the annual tuition charge for a full-time student is set at \$6,084 for resident

Background on Community College Budgeting

Community College Budgeting Is Impacted Significantly by Proposition 98.

Proposition 98 (1988) established a constitutional funding formula that sets a minimum annual funding level for K-14 education, commonly known as the “minimum guarantee.” State General Fund and certain local property tax revenue count toward meeting the Proposition 98 minimum guarantee. California Community Colleges receive the bulk of their support from Proposition 98 funds. After calculating the minimum guarantee for any given year, the Legislature has discretion regarding how to allocate Proposition 98 funds among community colleges and school districts. Over the past several years, the Legislature in practice has allocated 11 percent of Proposition 98 funds to community colleges.

Proposition 98 Reserve Is Intended to Help Insulate Colleges From Revenue Fluctuations. Proposition 2 (2014) added constitutional provisions creating the Public School System Stabilization Account (Proposition 98 Reserve). The state generally is required to make deposits into this reserve when capital gains revenue is strong and make withdrawals when state revenue has weakened. The Constitution also allows the Legislature to make discretionary withdrawals if the Governor declares a budget emergency. As with Proposition 98 funds more generally, the Legislature has discretion regarding how to allocate Proposition 98 Reserve withdrawals among community colleges and school districts. To date, the state has made no withdrawals from the account for either colleges or schools. Entering 2022-23, the account held a total of \$8.1 billion in deposits.

2024 - 25 BUDGET

undergraduates, reflecting an increase of \$342 over the 2023-24 rates. CSU estimates it will generate \$148 million in additional tuition revenue in 2024-25 from the new policy. CSU plans to use \$49 million of this additional revenue for its systemwide student financial aid program. CSU's tuition level has long been lower than comparable public institutions nationally. In 2022-23, CSU's undergraduate tuition level was approximately \$2,100 (28 percent) lower than the national average of comparable public institutions.

Governor Assumes UC Continues to Implement Its Tuition Policy. UC's tuition policy pegs annual tuition increases to inflation (with certain caps). Incoming undergraduate students and all academic graduate students are subject to the tuition increases, with tuition charges for continuing undergraduate students

held flat. Under the policy, tuition, together with UC's systemwide fee, is set at \$14,436 for new resident undergraduate students, reflecting an increase of \$684 (5 percent) from the 2023-24 rate. Consistent with its policy, UC also is raising nonresident supplemental tuition in 2024-25. The rate for nonresident undergraduates is set at \$34,200, reflecting an increase of \$1,626 (5 percent) from the 2023-24 rate. UC estimates generating an additional \$191 million in revenue from its tuition increases. It plans to use \$75 million of this additional revenue for its systemwide student financial aid program. UC's tuition level has long been higher than comparable public institutions nationally. In 2022-23, UC's undergraduate tuition level was approximately \$2,200 (18 percent) higher than the national average of public institutions classified as having very high research activity.

Figure 2

Increases in Other Core Funds Help Mitigate General Fund Situation

Ongoing Core Funds (Dollars in Millions)

	2022-23 Revised	2023-24 Revised	2024-25 Proposed	Change From 2023-24	
				Amount	Percent
CCC					
General Fund ^a	\$7,634	\$8,189	\$8,193	\$4	0.1%
Local property tax ^a	3,860	4,036	4,210	175	4.3
Additional General Fund ^b	600	555	661	106	19.0
Additional local property tax ^b	451	474	496	22	4.7
Student fees	407	407	409	1	0.4
Lottery	367	316	316	— ^c	-0.1
Subtotals	(\$13,319)	(\$13,977)	(\$14,285)	(\$308)	(2.2%)
Proposition 98 Reserve	— ^c	\$236	\$486	\$250	106.1%
Totals	\$13,319	\$14,213	\$14,771	\$559	3.9%
CSU					
General Fund ^d	\$5,041	\$5,409	\$5,344	-\$65	-1.2%
Student tuition and fees	3,208	3,193	3,366	173	5.4
Lottery	83	76	76	— ^c	-0.1
Totals	\$8,332	\$8,678	\$8,785	\$107	1.2%
UC					
General Fund	\$4,377	\$4,712	\$4,729	\$17	0.4%
Student tuition and fees	5,174	5,390	5,603	213	4.0
Lottery	72	58	58	— ^c	-0.1
Other ^e	243	242	242	—	—
Totals	\$9,866	\$10,412	\$10,642	\$230	2.2%

^a Proposition 98 funds.

^b "Additional General Fund" refers to non-Proposition 98 funds for CCC state operations, certain pension costs, and debt service. "Additional local property tax" refers to "excess" revenue for basic aid districts that does not count toward the Proposition 98 minimum guarantee.

^c Less than \$500,000.

^d Includes funding for pensions and retiree health benefits.

^e Includes a portion of overhead funding on federal and state grants and a portion of patent royalty income.

Governor Proposes No Tuition Increase at CCC. The Governor proposes no increase in the community college enrollment fee—retaining the existing per unit enrollment fee of \$46. The annual enrollment fee for a student enrolled full time (30 units) would remain at \$1,380. The CCC enrollment fee was last raised in summer 2012, at which time the state increased the per-unit fee from \$36 to \$46. Community college fees in California remain the lowest of any state and significantly below the national average. In 2022-23, community college tuition averaged approximately \$5,100 nationally—more than triple the CCC tuition level.

Spending Proposals

Nearly All New Discretionary Spending Is for Community Colleges. As **Figure 3** shows, the Governor proposes \$171 million in new discretionary higher education spending (\$111 million ongoing, \$60 million one time). Nearly all of the proposed new spending is for community colleges. The Governor’s budget proposes to cover a 0.76 percent cost-of-living adjustment (COLA) for CCC apportionments and several CCC categorical programs. (This proposed rate is linked to a measure of inflation that will be updated in late April.) In addition, the Governor’s budget funds 0.5 percent systemwide enrollment growth at CCC. The Governor’s budget includes only one discretionary spending proposal for

the universities—a \$2.6 million General Fund augmentation for UC graduate medical education to backfill for a drop in Proposition 56 tobacco-tax revenues supporting a residency training program. This General Fund backfill would maintain overall program support at \$40 million. Although the Governor proposes no other funding increases for UC or CSU, he expects the two university segments to continue working toward meeting certain enrollment growth targets by 2026-27. (We discuss these enrollment expectations in our forthcoming segment-specific budget briefs.) The Governor’s budget includes no programmatic expansions for student financial aid.

Plan Covers Certain Cost Increases, Mostly in the Financial Aid Area. Beyond these proposals, the Governor’s budget contains funding to cover certain caseload and other cost increases. Specifically, the Governor’s budget covers cost increases projected for the Cal Grant program (\$83 million in 2023-24 and an additional \$148 million in 2024-25), the CCC Student Success Completion Grant program (\$50 million), CSU retiree health care (\$64 million), and debt service for a new medical education building at UC Merced (\$15 million). The projected Cal Grant cost increases include funds to cover the higher tuition costs at UC and CSU, as Cal Grants generally cover tuition costs for students with financial need. The administration typically revises the Cal Grant and Student Success Completion Grant cost estimates in the May Revision, upon receiving updated caseload data in the spring.

Budget Solutions

Governor Proposes Actions in Response to Projected State Budget Deficit. As we discuss in *The 2024-25 Budget: Overview of the Governor’s Budget*, the state has a large budget deficit. To begin aligning available funding with overall state costs, the Governor proposes budget solutions involving one-time spending reductions, reserve withdrawals, fund shifts, cost shifts, revenue

Figure 3

Despite Budget Deficit, Governor Proposes Some Higher Education Augmentations

Discretionary General Fund Changes (In Millions)

Ongoing Spending Increases	
CCC apportionments (0.76 percent COLA)	\$69
CCC enrollment growth (0.5 percent)	30
CCC categorical programs (0.76 percent COLA)	9
UC graduate medical education (backfill) ^a	3
Subtotal	(\$111)
One-Time Spending	
CCC nursing education ^b	\$60
Subtotal	(\$60)
Total	\$171

^a The Governor proposes to backfill a drop in Proposition 56 tobacco-tax revenue with General Fund.

^b Reflects the first year of a five-year initiative totaling \$300 million.

COLA = cost-of-living adjustment.

2024 - 25 BUDGET

increases, and funding delays. As **Figure 4** shows, the Governor relies on three types of solutions within the higher education area—reserve withdrawals, one-time spending reductions, and funding delays. Of the higher education budget solutions, three have Proposition 98 impacts, whereas the remainder have non-Proposition 98 impacts. The Proposition 98 actions involve the proposed discretionary withdrawals from the Proposition 98 Reserve, together with a spending reduction to CCC apportionments. The Governor expresses intent to insulate community colleges from the impact of that reduction, though details of that proposal were not available at the time of this writing. The non-Proposition 98 actions involve several funding reductions and three proposed funding delays.

Governor Proposes Several Higher Education Spending Reductions. The largest of the non-Proposition 98 proposals is removing one-time funding for a recently created higher education housing revolving loan program. This budget proposal achieves one-time General Fund savings of nearly \$1.7 billion. The Governor also proposes to remove \$300 million one-time General Fund for the Institute for Immunology and Immunotherapy, as recent developments suggest the Institute can be developed at a lower than initially expected cost. Additionally, the Governor proposes to remove \$289 million in one-time General Fund support for the Middle Class Scholarship program, with the program retaining \$636 million in ongoing funding.

Figure 4

Governor's Plan Contains Several Higher Education Budget Solutions

General Fund Adjustments (In Millions)

Segment/Program	Amount	Action	Description
Proposition 98 Solutions			
CCC apportionments	\$910	Reduction	The administration reduces funding in 2022-23 but indicates intent to introduce a proposal insulating community colleges from any associated programmatic effects.
CCC apportionments	486	Reserve	Amount shown would be withdrawn from the Proposition 98 reserve in 2024-25.
CCC apportionments	236	Reserve	Amount shown would be withdrawn from the Proposition 98 reserve in 2023-24.
Non-Proposition 98 Solutions			
University housing revolving loan program	\$1,271	Reduction	Rescinds nearly all 2023-24 funds and forgoes funds scheduled over subsequent five years.
Community college housing revolving loan program	424	Reduction	Rescinds nearly all 2023-24 funds and foregoes funds scheduled over subsequent five years.
UCLA Institute for Immunology and Immunotherapy	300	Reduction	The state provided \$200 million in prior-year, one-time funding for this institute. Proposal would remove remaining one-time funds.
Middle Class Scholarships	289	Reduction	Proposal would remove planned one-time funds for program. Program would retain \$636 million in ongoing funding.
CSU core operations	240	Delay	A 5 percent base increase would be delayed by one year, with the intent to double up base funding in 2025-26, along with providing a one-time back payment.
UC core operations	228	Delay	A 5 percent base increase would be delayed by one year, with the intent to double up base funding in 2025-26, along with providing a one-time back payment.
CCC student housing projects	61	Reduction	Rescinds funds for 2024-25 given no debt-service payments are expected to be incurred that year.
UC nonresident enrollment reduction/replacement plan	31	Delay	New funding for plan would be delayed by one year, with intent to double up funding in 2025-26, along with providing a one-time back payment.
CCC student housing projects	11	Reduction	Converts three projects from debt financing to cash. Reverts remaining unspent funds in 2023-24.

Governor Proposes Some Community College Student Housing Modifications. The 2023-24 budget agreement included \$61.5 million ongoing non-Proposition 98 General Fund to debt finance 16 CCC student housing projects. The Governor has a couple of spending reduction proposals relating to these projects. Though the administration is committed to using a state lease revenue bond to finance 13 of these projects, the associated state program has not yet been established. The Governor intends to submit a proposal designing the new program at the May Revision. Until the new lease revenue bond program is enacted and housing projects have been completed, the state would incur no associated borrowing costs. The Governor therefore proposes to remove the entire \$61.5 million in associated funding in 2024-25. In examining the standard criteria for qualifying for state lease revenue bonds, the administration also has determined that three of the CCC projects (in the Napa, Santa Rosa, and Imperial Valley areas) are not good candidates for this type of financing. The Governor proposes to fund these three projects up-front with cash. Specifically, the Governor proposes using \$50.6 million of the \$61.5 million provided in 2023-24 for debt service for these three projects, generating \$10.9 million in 2023-24 savings.

Governor Proposes to Delay, Then Double Up, Base Increases for UC and CSU. Two years ago, Governor Newsom made “compacts” with UC and CSU to provide annual 5 percent base increases beginning in 2022-23 and extending through 2026-27. (The compacts are not codified. The Legislature decides through the annual budget process which, if any, of the compact components it will enact.) The Governor’s budget does not fund the third year of the base increases. The Governor proposes to delay the associated funding (\$228 million for UC and \$240 million for

CSU) until 2025-26. The Governor expresses intent to “double up” funding in 2025-26, such that each segment would receive 10 percent base increases that year. In addition, the Governor proposes to provide each segment with a one-time back payment in 2025-26 to compensate for the forgone base increases in 2024-25. The administration describes this proposal as a “deferral” of the third-year compact payment. UC and CSU could choose how they address these funding delays. Options include drawing down their reserves or borrowing externally to support spending increases in 2024-25 until state funding is received in 2025-26. The segments tend to use base increases for general operating expenses, including cost increases for employee salaries, benefits, utilities, maintenance, and insurance.

Governor Also Proposes to Delay Funding for UC Nonresident Enrollment Reduction Plan.

The state has adopted trailer legislation and budget provisional language specifying intent that each UC campus limit nonresident enrollment to no more than 18 percent of total undergraduate enrollment. Campuses are directed to replace any nonresident students above that cap with resident students. Campuses have until 2026-27 to meet the new requirement, with progress expected each year. To support UC in implementing the plan, the state agreed to provide funding to backfill UC for the loss of nonresident supplemental tuition revenue. Similar to the proposals relating to UC and CSU base increases, the Governor proposes to delay funding for the third year of implementing the nonresident enrollment reduction plan. Specifically, the Governor delays \$31 million until 2025-26, with the intent of doubling up ongoing funding and providing a one-time back payment that year. This proposal impacts the three UC campuses (Berkeley, Los Angeles, and San Diego) that currently are above the 18 percent cap.

ASSESSMENT

Governor’s Higher Education Spending Reduction Package Is a Start. The Governor’s package of proposed higher education spending reductions achieves a total of \$2.4 billion in non-Proposition 98 General Fund savings. Given the state’s large projected budget deficit in 2024-25 (potentially upwards of \$58 billion), at least \$2.4 billion in non-Proposition 98 General Fund higher education savings seems a practical starting point. Moreover, the Governor’s basic approach to building the higher education reduction package appears reasonable, with the Governor pulling back funds from some of the largest remaining one-time higher education initiatives, including a housing revolving loan program and the Institute for Immunology and Immunotherapy. Most of the non-Proposition 98 reductions the Governor proposes also are likely to be among the least disruptive options the state has for achieving budget savings within higher education. Although the state commonly pulls back one-time funds as an initial response to budget problems, these solutions offer no ongoing savings to help the state address the budget deficit projected for 2025-26.

Proposed Funding Delays for UC and CSU Worsen State’s Projected Out-Year Budget Deficits. As discussed in *The 2024-25 Budget: Overview of the Governor’s Budget*, the state faces significant operating deficits in the coming years. The Governor’s proposed funding delays for UC and CSU contribute to those deficits. Specifically, as **Figure 5** shows, they add \$1.5 billion in costs in 2025-26—consisting of \$499 million in one-time back payments and a \$1 billion ongoing General Fund augmentation. Given the state’s projected budget deficit in 2025-26, the additional \$1.5 billion for UC and CSU would require a like amount of other budget solutions, meaning other state programs might need to be cut to make room for the additional higher education spending.

Deferring State Payments Is Poor Fiscal Practice. Our office has long advised against payment deferrals, as paying bills late is poor fiscal practice and ultimately can affect the state’s credit rating, resiliency, and overall fiscal health.

State payment deferrals also can add borrowing costs to the affected government entities—costs the state does not cover. In addition, state payment deferrals transfer risk to the affected government entities, as the state sometimes decides to increase the size of payment deferrals the next year rather than eliminate them. The Governor’s proposed funding delays for UC and CSU have even greater risk than the deferrals the state has done to date. Whereas the state typically has used deferrals to protect existing programs from deeper cuts, the Governor is proposing that UC and CSU expand their programs, despite the multiyear deficits facing the state. Under the Governor’s approach, UC and CSU would enter 2025-26 with higher ongoing spending and lower reserves. Rather than increasing university costs, the state historically has contained those costs during such times.

Growing CCC Apportionment Shortfall Also Is Poor Fiscal Practice. The *2023-24 Budget Act* relied on \$290 million in one-time Proposition 98 funds to support ongoing community college apportionment costs. Under the Governor’s budget, this shortfall grows, reaching \$486 million

Figure 5

Governor’s Plan Generates \$1.5 Billion in Higher State Costs in 2025-26

(In Millions)

One-Time Costs ^a	
CSU base increase (2024-25)	\$240
UC base increase (2024-25)	228
UC nonresident replacement plan (2024-25)	31
Subtotal	(\$499)
Ongoing Costs	
Base adjustments ^b	\$499
CSU base increase (2025-26)	254
UC base increase (2025-26)	241
UC nonresident replacement plan (2025-26)	31
Subtotal	(\$1,025)
Total	\$1,524

^a Reflects payments the Governor proposes deferring from 2024-25 to 2025-26.

^b In 2025-26, the Governor proposes not only to make one-time back payments for costs the universities already incurred in 2024-25, but he also builds up their ongoing base budgets so they can continue to accommodate those costs moving forward.

in 2024-25. Under the Governor's proposal, 5.1 percent of ongoing apportionment costs would be covered with one-time funds. Entering 2025-26, first call on any growth in Proposition 98 funding would be to backfill this \$486 million shortfall (along with any K-12 budget shortfalls). Having an ongoing funding shortfall, especially a large and growing one, positions the state poorly moving forward, making its future choices more difficult.

Proposed CCC COLA Contributes to Overall CCC Funding Shortfall. The Governor not only has UC and CSU increasing their ongoing spending in the midst of projected state deficits, he also has community colleges receiving a COLA for apportionments and several categorical programs in 2024-25. The Governor proposes providing a COLA to these programs even though the Proposition 98 minimum guarantee is not expected to be able to accommodate even the cost of last

year's CCC programs. The Governor must dedicate part of his proposed Proposition 98 Reserve withdrawal in 2024-25 for covering the added cost of the COLA. Historically, the state has not used reserves in this way. Rather, the state historically has used reserves during times of recessions to mitigate the size of base reductions. Importantly, state law does not require the Governor to propose a COLA for community college apportionments or any other community college program, especially one that cannot be accommodated with the Proposition 98 minimum guarantee. If the Governor had aligned the COLA for Proposition 98 programs with available Proposition 98 funding last year, the Proposition 98 budget in 2024-25 would be in balance without requiring reserve withdrawals. (We cover these Proposition 98 issues in more detail in a forthcoming budget brief.)

RECOMMENDATIONS

Pull Back Additional One-Time Funding From Prior Budgets. Though the Governor's package of proposed higher education spending reductions appears a reasonable starting point, we recommend the Legislature pull back additional unspent one-time funding from prior budgets. We are in the midst of working with the segments to identify the amount of one-time funding that remains unencumbered. Additional one-time savings likely could be achieved by removing funds for certain capital projects that remain in early planning phases and removing funds for certain new initiatives that remain in early implementation phases. Based upon our initial review, we estimate the Legislature could achieve at least hundreds of millions of dollars in additional higher education savings. The Legislature might want to take early action to maximize the savings it could achieve in these areas. Maximizing one-time spending reductions allows the Legislature to minimize the use of other budget tools—like reserves—that likely will be needed in future years.

Hold University Funding Flat, Revisit Available Funding Next Year. As we discuss in *The 2024-25 Budget: Overview of the Governor's Budget*, the Governor's budget runs the risk of understating the degree of fiscal pressure facing the state in the future. The state faces significant operating deficits in the coming years, including a \$37 billion deficit in 2025-26 under the administration's projections. The Legislature likely will face more difficult choices next year, with lower reserves and fewer options to reduce one-time spending. Given the difficulty entailed in cutting other ongoing state programs to make room for more higher education spending, there is no guarantee the state would be able to provide UC and CSU with the \$1.5 billion the Governor proposes in 2025-26. To mitigate these challenges, we recommend the Legislature hold university funding and associated spending expectations flat in 2024-25 rather than relying on revenue that is not currently available to support that spending. Such an approach would be consistent with the state's traditional approach of containing rather than increasing university costs when facing multiyear budget deficits.

2024 - 25 BUDGET

Hold Community College Funding Flat, Revisit Available Funding Next Year. Similarly, we recommend the Legislature hold community college funding flat in 2024-25 and not provide a COLA to CCC apportionments and certain CCC categorical programs. Under the Governor's budget proposal, one-time reserves are required to cover these

higher ongoing costs. Such an approach sets up the state for more difficult choices next year. Were the Legislature not to provide the COLA in 2024-25, it would be minimizing the ongoing shortfall for CCC programs and allowing for better choices in 2025-26.

LAO PUBLICATIONS

This report was prepared by Jennifer Pacella, with contributions from Ian Klein, Lisa Qing, and Paul Steenhausen. 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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COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Two-Year Bills Meet Critical Deadline



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posted February 7, 2024

The California State Legislature operates on a two-year legislative session cycle, which means that bills introduced during the odd year of a session (2023) that fail to meet a deadline can be revived when the Legislature returns for the even year of the session (2024).

The bills that are revived during the even year of the legislative session are referred to as two-year bills and they are required to clear the house of origin by January 31 of the even year. That January 31 cutoff for two-year bills happened last week with several noteworthy measures meeting this important deadline. Below we provide summaries of the noteworthy community college related bills that cleared the deadline and can now join the other two-year bills that made it to the second house last year.

Two-Year Bills That Cleared the January 31 Deadline

[Assembly Bill \(AB\) 359](#) (Holden, D-Pasadena)—Pupil Instruction: Dual Enrollment: College and Career Access Pathways Partnerships. This bill would amend the College and Career Access Pathways partnerships to align with best practices from other dual enrollment programs and to streamline access to dual enrollment for K-12 students throughout the state. We will provide more details on this bill in a subsequent *Community College Update* article.

[AB 810](#) (Friedman, D-Burbank)—Postsecondary Education: Hiring Practices: Academic, Athletic, and Administrative Appointments. This bill would require the California Community Colleges and the California State University to implement a policy requiring potential employees for academic, athletic, and administrative positions to disclose whether they have been the subject of a finding of sexual harassment. The bill would permit the institutions to contact past employers to inquire whether the applicant had any substantiated allegations of misconduct.

[AB 1142](#) (Fong, D-Alhambra)—Postsecondary Education: Coordinating Commission for Postsecondary Education in California. This bill would establish the establish the Coordinating Commission for Postsecondary Education as the statewide postsecondary education oversight, coordination, and planning entity.

SSC Note: This higher education coordinating commission has been tried several times with the last attempt in 2019 resulting in a veto by Governor Gavin Newsom. The reason for the veto was that the Governor launched the Council for Post-Secondary Education in August 2019. The council has since been renamed the Governor's Council for Career Education as part of a broader effort to establish a Master Plan for Career Education.

[AB 1160](#) (Pacheco, D-Downey)—Protecting Students From Creditor Colleges Act. This bill would prohibit an institution of higher education from placing an enrollment or registration hold on a current or former student's account, on the grounds that the student owes an institutional debt. The bill would require the governing boards of institutions of higher education to require each institution to report, every other year, specified information regarding the number and dollar amount of institutional debts at each institution.

[AB 1575](#) (Irwin, D-Thousand Oaks)—Public Postsecondary Education: Students Codes of Conduct: Advisers. This bill would authorize students who receive a disciplinary notification the right to have an adviser of their choosing and would require postsecondary education institutions to provide trainings for the aforementioned adviser.

Next Steps

The above bills are now in the second house, waiting to be referred to a policy committee. Since these two-year bills have officially cleared the aforementioned deadline, they will henceforth operate on the same legislative deadlines as bills introduced in 2024.

The Legislature has until February 16, 2024, to introduce bills for this legislative year. February 16 will also be the date we will release the first 2024 article for our "Top Legislative Issues" series.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

CCC Nursing Proposals—Budget and Legislative



BY KYLE HYLAND

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posted February 9, 2024

With the state facing an estimated \$38–\$58 billion budget gap, it is no surprise that there are few new categorical programs or investments being proposed by Governor Gavin Newsom and lawmakers this year.

However, the exception to this for the California Community Colleges (CCC) is two proposals to expand nursing degrees within the CCC system: the Governor’s proposed investment of \$60 million (one-time, Proposition 98) to expand nursing programs and Senator Richard Roth’s (D-Riverside) proposal to create a nursing pilot program at the CCC.

We highlight both of those proposals below.

\$60 Million Nursing State Budget Proposal

Last week, the Department of Finance (DOF) released the trailer bill language (TBL) for the 2024–25 Governor’s Budget proposal including the aforementioned \$60 million nursing proposal. The language says that the \$60 million will be appropriated to the Board of Governors (BOG) to “expand nursing programs and bachelor of science in nursing partnerships to grow, educate, and maintain the next generation of registered nurses through the community college system.”

The DOF has confirmed that the intent is to work with the Legislature on the TBL to further flesh out the language. This means that the current TBL is meant as a baseline from what was established in the 2023–24 State Budget Act upon which the Legislature can build upon.

SB 895—Nursing Pilot Program

This week, the Community Colleges League of California announced that they are co-sponsoring Senate Bill (SB) 895 (Roth). SB 895 would require the Chancellor’s Office to develop a Baccalaureate Degree in Nursing Pilot Program that authorizes select community college districts (CCDs) to offer a Bachelor of Science in Nursing degree.

The pilot program would be limited to 15 CCDs statewide and would require the Chancellor’s Office to identify eligible CCDs using the following criteria:

- There is equitable access between the northern, central, and southern parts of the state to the pilot program
- Priority is given to CCDs in underserved nursing areas
- The total number of participants at a participating CCD shall be limited to 25% of the CCD's associate degree in nursing class size

If signed into law the bill would take effect on January 1, 2025, and would sunset on January 1, 2031.

Next Steps

The Governor's \$60 million proposal will be vetted and debated by the Assembly and Senate Budget Subcommittees on Education throughout the spring. Based on feedback from legislators and CCC interest holders we will see how the Newsom Administration changes the proposal in the May Revision. We will then see how it fares through budget negotiations between the Governor and the Legislature in June, when the State Budget package is finalized.

As a policy bill, SB 895 has a longer timeline. The bill needs to clear the Legislature by August 31 and needs to be signed by Governor Newsom by September 30. However, it is possible that SB 895 would no longer be necessary if its concepts are rolled into the 2024-25 State Budget.

We will keep you apprised of both of these nursing proposals in subsequent *Community College Update* articles.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

State Revenues Underperform: Implications for Proposition 98

 **BY PATTI F. HERRERA, EDD**

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posted February 13, 2024

A Conversation With Ken Kappahn

Fiscal year-to-date state revenues through January came in \$6.7 billion below the Governor's Budget estimates, which portends rough waters for Governor Gavin Newsom's upcoming May Revision. It's at that time he will issue an updated budget proposal for 2024-25 that will reflect the latest General Fund revenue figures.

To help local leaders understand what this could mean for the K-12 and community college budgets, we are joined by Ken Kappahn, a Principal Fiscal and Policy Analyst at the Legislative Analyst's Office (LAO), who shares his office's revised state revenue estimates and the impact on Proposition 98. Finally, we discuss what tools the state would have to protect the education community against further funding reductions.



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2024/25 Tentative Budget Assumptions
February 14, 2024

I. State Revenue

A. The District's earned revenue was greater than hold harmless in 2022/23. Budgeting for 2023/24 will begin using the Student Centered Funding Formula (SCFF) at the full calculated revenue 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	27,208.25	3.43%
2022/23	Recal	27,294.07	26,783.85	4.16%
2023/24	P1	29,195.39		6.97%

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 and 0.76% COLA. The components 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 0.76%	\$1,711,660
Projected SCFF Base Increase	\$0
Projected Growth/Restoration/SAC Large College	\$1,073,259
Deficit Factor (2%)	(\$4,422,955)

2024/25 Potential Growth at 0.5%

29,341 FTES

C. Education Protection Account (EPA) funding estimated at \$47,040,103 based on 2023/24 @ 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 \$177 per FTES (\$5,274,395). Restricted lottery at \$72 per FTES (\$2,145,516). (2023/24 @ P1 of resident & nonresident factored FTES, 29,798.84 x \$177 = \$5,274,395 unrestricted lottery; 29,798.84 x \$72 = \$2,145,516 restricted lottery)

E. Estimated reimbursement for part-time faculty compensation is estimated at \$597,489 (2023/24 @ 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 2023/24 @ Advance of \$245,695.

H. Mandates Block Grant estimated at a total budget of \$905,577 (\$35.37 x 25,602.96 FTES @ P2). COLA of 0.76%. No additional one-time allocation proposed.

II. Other Revenue

I. Non-Resident Tuition budgeted at \$3,900,000. (SAC \$2,500,000, SCC \$1,400,000). Increase of \$900,000.

J. Interest earnings estimated at \$3,000,000. Increase of \$2,100,000.

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 - no new allocation is proposed at this time.

N. Full-time Faculty Hiring Allocation - no new allocation is proposed at this time.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2024/25 Tentative Budget Assumptions
February 14, 2024

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. Salary Schedule Adjustments - estimated at 4% for unrestricted general fund = \$6,700,862
 (FARSCCD approximate cost \$3,265,977, CSEA approximate cost \$1,817,535, Management/Other approximate cost \$1,617,350)
 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 \$2.27 million for all funds. The estimated cost of a 1% salary increase is \$1.67 million for the unrestricted general fund.

- C. Step and column movement is budgeted at an additional cost of approximately \$2.26 million including benefits for FD 11
 (FARSCCD approximate cost \$1,103,900 CSEA approximate cost \$614,327, Management/Other approximate cost \$546,372)
 For all funds, it is estimated to = \$3.07 million (FARSCCD = \$1,333,640, CSEA = \$1,002,446, Management/Others = \$733,435)
 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 3.0% for an additional cost of approximately \$606,621 for active employees. For retirees estimated to be \$178,906.
 State Unemployment Insurance (.05%)
 CalSTRS employer contribution rate will stay the same in 2024/25 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 2024/25 from 26.68% to 27.80% for a increase of \$478,583.
 (Note: The cost of each 1% increase in the PERS rate is approximately \$427,000.)

- E. The full-time faculty obligation (FON) for Fall 2024 is estimated to be 354. The Fall 2023 report indicated the District was 52.6 faculty over its FON and will meet its Fall 2024 obligation without the need to hire additional faculty. The current cost for a new position is budgeted at Class VI, Step 12 at approximately \$182,677. Penalties for not meeting the obligation amount to approximately \$92,511 per FTE not filled. Each faculty hired over the FON adds cost of (\$182,677- \$63,944) = \$118,733 if deduct hourly cost.

- F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/24 for hourly faculty is \$96.39 x 18 hrs/LHE= \$1,735 (FY 2024/25)
 (Total cost of salary and benefits of part-time faculty to teach 30 LHE = \$63,944)

- G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Employer Contribution Target is estimated to be less than our current pay as you go therefore the district will decrease the employer payroll contribution from .75% to 0% of total salaries. This provides savings of \$994,709 for the unrestricted general fund.

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

- I. Utilities cost increases of 15%, estimated at \$100,000.

- J. Information Technology licensing contract escalation cost of 7%, estimated at \$160,000.

- K. Property and Liability Insurance transfer estimated at \$2,500,000 (no change).

- L. Other additional DS/Institutional Cost expenses:

	Ongoing Cost	One-time Cost
Business Services (Reorg 1369 - Sr. Payroll Specialist)	\$ 132,632	
Human Resources (Reorg 1370 - 2 Senior Business Partners and 1 Business Partner)	\$ 508,334	
ITS Positions (Reorg 1387 - FT Enterprise Applications Manager and Reorg 1388 - PT Media Systems Electronic Technician)	\$ 276,756	

- M. Eighth 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
2024/25 Tentative Budget Assumptions
February 14, 2024

*	<u>New Revenues</u>	Ongoing Only	One-Time
A	Student Centered Funding Formula		
B	Projected COLA of 0.76%	\$1,711,660	
B	Projected SCFF Base Increase	\$0	
B	Projected Growth/Restoration/SAC Large College	\$1,073,259	
B	Deficit Factor (2%) - additional	(\$34,233)	
D	Unrestricted Lottery	\$364,024	
H	Mandates Block Grant	\$6,882	
I	Non-Resident Tuition	\$900,000	
J	Interest Earnings	\$2,100,000	
L	Apprenticeship - SCC	\$0	
EGK	Misc Income	\$41,933	
N	Full-time Faculty Allocation	\$0	
	Total	\$6,163,525	
	 <u>New Expenditures</u>		
B	Salary Schedule Increases/Collective Bargaining	\$6,700,862	
C	Step/Column	\$2,264,599	
D	Health and Welfare/Benefits Est. Increase 3.0% - Active	\$606,621	
D	Health and Welfare/Benefits - Retirees	\$178,906	
D	Health and Welfare - Part-time Faculty (placeholder)	\$0	
D	CalSTRS Increase	\$0	
D	CalPERS Increase	\$478,583	
D	State Unemployment	\$0	
E	Full Time Faculty Obligation Hires	\$0	
E	Non-Credit Faculty (Non FON)	\$0	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	\$0	
G	Cost of Retiree Health Benefit (OPEB Cost)	(\$994,709)	
H	Capital Outlay/Scheduled Maintenance Contribution	\$0	
I	Utilities Increase	\$100,000	
J	ITS Licensing/Contract Escalation Cost	\$160,000	
K	Property, Liability and All Risks Insurance	\$0	
II.L	Apprenticeship - SCC	\$0	
L	Other Additional DS/Institutional Costs	\$917,722	
M	SCC ADA Settlement Costs	\$0	\$2,000,000
	Total	\$10,412,584	\$2,000,000
	2024/25 Budget Year Unallocated (Deficit)	(\$4,249,059)	
	2023/24 Structural Unallocated (Deficit)	\$11,631,362	
	Additional College added ongoing cost during FY 23/24	(9,150,961)	as of 2/14/24
	Total Est. Unallocated (Deficit)	(\$1,768,658)	
	Vacancies & Other Adjustments & Reorgs	\$0	
	Total Amount to be Allocated through BAM	(\$1,768,658)	

* Reference to budget assumption number

Note	SAC	\$ 7,257,601
	BC done in FY 23/24	(6,874,269)
	balance as of 2/14/24	\$ 383,332
	SCC	\$ 4,373,761
	BC done in FY 23/24	(2,276,692)
	balance as of 2/14/24	\$ 2,097,069

Vacant Funded Positions for FY2023-24- Projected Annual Salary and Benefits Savings
As of February 12, 2024

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Title	Site	Effective Date	Annual Salary	Notes	Vacant Account	2023-24 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
	11	Pita, Lazaro R.	1298807	P/T District Safety Officer	District	11/23/2019	Reorg#1345 moved funds to new E/T Locksmith Position CL23-00608 Hired Michelle Delzer #2756963 Eff:11/20/23. Interim Assignment Esther Flores#2312462 7/1/23-11/17/23	11-0000-677000-54167-2310-60% 11-0000-695000-54167-2310-40%	-	
	11	Reynolds, Danielle	2286360	Purchasing Assistant	District	1/19/2022		11-0000-677000-54151-2130	-	
	11	Santillan, Jason	1834093	Custodian	District	4/10/2023		11-0000-653000-54133-2310	-	
	11	Smith, Nancy	1794928	Desktop Publishing Technician	District	11/4/2022	68,453	11-0000-677000-52600-2130	-	117,430
86.20%-fd 11		Shipma, Phil L.	1209698	P/T District Safety Officer	District	2/11/2021		11-0000-695000-54163-2310	-	
13.80%-fd 12		Tingirides, Tiffany	2345107	Senior District Safety Officer	District	12/2/2022		11-0000-677000-54167-2130-86.20% 12-3610-695000-54167-2130-13.80%	-	
	11	Tran, John	1030000	Media Systems Electronic Technician, Lead	District	12/29/2023	52,184	11-0000-678000-54142-2130	-	87,775
	11	Tucker, David	1026632	Warehouse Storekeeper	District	4/2/2023		11-0000-677000-54153-2130	-	
60%-fd 11		Wittman, Robert	1280163	Senior District Safety Officer	District	8/31/2023	41,698	11-0000-677000-54166-2130-60% 12-3610-695000-54166-2130-40%	-	72,647
65%-fd 11		Berber, Christian	1580466	High School & Community Outreach Specialist	SAC	12/2/2022		11-2490-649000-18100-2130-65% 12-1102-649000-18100-2130-35% 11-0000-601000-15716-2130-50%	-	
	11	Boster Toinette	1029574	Administrative Clerk	SAC	1/3/2023		11-0000-601000-15712-2130-50%	-	
	11	Burke, Tamy	1460227	P/T Administrative Clerk	SAC	2/22/2022	26,809	11-0000-651000-17400-2310 11-0000-632000-19510-2130-5% 11-2410-632000-19510-2130-31% 12-2412-632000-19510-2130-64%	-	36,629
36%-fd 11		Cervantes, Mariana	2730594	Instructional Center Technician	SAC	1/26/2024	9,996	12-2412-632000-19510-2130-64%	-	22,203
64%-fd 12		Chavez, Antonio	1759169	Custodian	SAC	11/24/2023	34,729	11-0000-653000-17200-2130	-	65,877
	11	Dahl, Kayla	2338789	Administrative Secretary	SAC	1/4/2023		Hired CL23-00571 Keely Hamilton#272622 Eff:8/7/23 Zero Available funds. Site did not fund SRP replacement Robert Delgado	-	
	11	Delgado, Roberto	1374929	Custodian	SAC	11/3/2023		11-0000-653000-17200-2130	-	
40%-fd 11		Dinh, Amber	1069111	Instructional Center technician	SAC	1/3/2023		11-0000-499900-19510-2210-20% 11-2410-499900-19510-2210-20% 12-2412-499900-19510-2210-60%	-	
60%-fd 12		Ellsworth, Kristin	2175738	Administrative Secretary	SAC	12/5/2022		11-0000-709000-11300-2130	-	
20%-fd 11		Garcia Carmona, Javier	2047939	High School & Community Outreach Specialist	SAC	3/26/2023		11-0000-649000-19615-2130-20% 12-2549-649000-19615-2130-10% 12-2412-649000-19615-2130-70%	-	
80%-fd 12		Glomba, Irena	1028144	Executive Secretary	CEC	6/30/2023		11-0000-601000-18100-2130	-	
	11	Hayes, Charles F.	1026480	Custodian	SAC	6/1/2020	53,013	11-0000-653000-17200-2130	-	96,320
	11	Heller, Shelly	2375248	Science Lab Coordinator	SAC	1/27/2023		11-0000-190500-16420-2210-50% 11-0000-190100-16430-2210-50%	-	
	11	Hernandez, Eric	1027374	P/T Custodian	SAC	5/1/2022	21,265	11-0000-653000-17200-2310	-	29,054
	11	Jusay, Modesto	1026710	Custodian	SAC	6/30/2022	53,013	11-0000-653000-17200-2130	-	96,320
	11	Kawa, Kevin	2339619	Research Analyst	SAC	10/14/2023	78,264	11-0000-679000-11600-2130	-	119,358
	11	Cottrell-Koehler, Tammy	1035107	Distance Education Services Specialist	SAC	12/30/2023	48,705	11-0000-619000-15054-2130	-	77,433
	11	Lopez, Felipe	1027162	Gardener/Utility Worker	SAC	12/31/2021	57,143	11-0000-655000-17800-2130	-	101,967
50%-fd 11		Maestas, Yvonne	1029309	Admission Record Specialist II	SAC	5/1/2023		11-0000-620000-19205-2130-40% 12-2410-620000-19205-2130-10% 12-2412-620000-19205-2130-50%	-	
50%-fd 12		Marquez, Daniel	1062361	Student Services Coordinator	SAC	7/10/2023		11-0000-649000-19615-2130-20% 12-2549-649000-19615-2130-10% 12-2412-649000-19615-2130-70%	-	
20%-fd 11		Marquez, Daniel	1062361	Student Services Coordinator	SAC	7/10/2023		11-0000-649000-19615-2130-20% 12-2549-649000-19615-2130-10% 12-2412-649000-19615-2130-70%	-	
80%-fd 12		Marquez, Daniel	1062361	Student Services Coordinator	SAC	7/10/2023		11-0000-649000-19615-2130-20% 12-2549-649000-19615-2130-10% 12-2412-649000-19615-2130-70%	-	
35%-fd 11		Miranda Zamora, Cristina	1339369	Auxiliary Services Specialist	SAC	11/19/2019	21,790	11-0000-699000-14121-2130-35% 31-0000-691000-14121-2130-65%	-	38,136
65%-fd 31		Munoz, Edward J.	1027311	P/T Accountant	SAC	7/14/2020	31,014	11-0000-679000-17100-2310	-	42,374
75%-fd 11		Naguib-Estefanos, Nancy A	2018465	Senior Clerk	SAC	10/2/2022	57,143	11-0000-646000-19405-2130	-	101,967
25%-fd 13		Naguib-Estefanos, Nancy A	2018465	Scholarship Coordinator	SAC	7/23/2023		11-0000-709000-19550-2130-75% 13-3411-709000-19550-2130-25%	-	
	11	Nguyen, Thuy	1026315	Library Technician II	SAC	12/30/2023	44,580	11-0000-612000-15915-2130 11-0000-632000-19510-2130-20% 11-2410-632000-19510-2130-20% 12-2412-632000-19510-2130-60%	-	66,688
40%-fd 11		Marin, Perla	1056640	Administrative Clerk	SAC	9/8/2023	19,610	11-0000-632000-19510-2130-20%	-	36,563
60%-fd 12		Packard, Roxanne	1887160	Auxiliary Services Specialist	SAC	1/14/2024	36,919	11-0000-699000-14121-2130	-	61,730
	11	Pleitex, Roxana	2027159	Division Administrative Assistant	SAC	6/25/2023	14,066	11-0000-601000-15605-2130	-	24,426
	11	Ramirez, Leonardo	1379054	Skilled Maintenance Worker	SAC	1/3/2022	64,972	11-0000-651000-17400-2130	-	112,670
82%-fd 11		Reimer, Lillian	1025907	Admissions/Records Specialist I	SAC	8/16/2022	43,321	11-2490-620000-18100-2130-82% 12-1102-620000-18100-2130-18%	-	78,778
18%-fd 13		Rodriguez, Hector	2611615	Gardener/Utility Worker	SAC	5/3/2022	57,143	11-0000-655000-17800-2130	-	101,967
	11	Rodriguez, Natalie	1593301	Counseling Assistant	SAC	1/8/2023		11-2410-631000-15310-2310 11-0000-632000-19510-2130-5% 11-2410-632000-19510-2130-31% 12-2412-632000-19510-2130-64%	-	
36%-fd 11		Ruesga, Claudia	1030364	Instructional Center Technician	SAC	1/3/2023		11-0000-632000-19510-2130-5%	-	
64%-fd 12		Sandoval, Christopher	1904454	Senior Clerk	SAC	12/31/2023	32,725	11-0000-660000-11100-2130	-	50,390
	11	Stapleton, Amber	1029657	Admissions/Records Specialist I	SAC	5/22/2022	52,830	11-0000-620000-19205-2130-70% 11-2410-620000-19205-2130-30% 11-2410-632000-19510-2130-20% 11-0000-632000-19510-2130-20% 12-2412-632000-19510-2130-60%	-	96,072
40%-fd 11		Student Services Specialist	REORG#1190	Student Services Specialist	SAC	12/29/2019	24,902	11-0000-632000-19510-2130-20% 12-2412-632000-19510-2130-60%	-	43,585
60%-fd 12		Suzuki, Miya	2306123	Division Administrative Assistant	SAC	7/13/2023		11-0000-601000-16100-2130	-	
10%-fd 11		Tapia, Linda	2265577	Division Administrative Assistant	SAC	11/19/2023		11-0000-620000-19205-2310-30% 11-2410-620000-19205-2310-70%	-	31,074
90%-fd 12		Tapia, Linda	2265577	Division Administrative Assistant	SAC	11/19/2023		11-0000-620000-19205-2310-30% 11-2410-620000-19205-2310-70%	-	
50%-fd 11		Taylor, Katherine A.	1028961	P/T Admissions/Records Specialist I	SAC	10/1/2020	22,743	11-2410-620000-19205-2310-30% 11-0000-620000-19205-2310-70%	-	31,074
50%-fd 12		Vu, Amy	2235583	Admissions/Records Specialist II	SAC	9/30/2023	29,138	11-2410-620000-19205-2130-10% 12-2412-620000-19205-2130-90%	-	50,723
	11	Vu, Michelle	2344157	Counseling Assistant	SAC	1/31/2023		Hired CL23-00572 Maria Constantino Rodriguez#1217090 Eff:7/10/23	-	
	11	Yoder, Brian	1028171	Instructional Media Producer	SAC	9/1/2023	78,275	11-2410-631000-15310-2310 11-0000-679000-11501-2130	-	131,265
82%-fd 11		Zambrano, Wendy	1338982	Adm/Rec Spec Senior	CEC	8/10/2023	49,225	11-2490-620000-18100-2130-82% 12-1102-620000-18100-2130-18%	-	78,500
18%-fd 12		Zambrano, Wendy	1338982	Adm/Rec Spec Senior	CEC	8/10/2023	49,225	11-2490-620000-18100-2130-82% 12-1102-620000-18100-2130-18%	-	78,500
	11	Bains, Kelsey	1030596	Athl Trainer/Therapist	SCC	7/19/2023		Hired CL23-00675 Francisco Partida#1820892 Eff:11/20/23	-	
	11	Connaker, William	1027611	Learning Assistant	SCC	6/2/2023	29,319	11-0000-611000-29325-2410	-	40,059
	11	Davis, Wendy	1027078	Auxiliary Services Specialist	SCC	4/27/2023	77,439	11-0000-699000-24129-2130-91% 0000-696000-24129-2130-9%	-	116,937
	11	Delgado, Roberto	1374929	Gardener/Utility Worker	SCC	9/17/2023	20,317	11-0000-655000-27300-2310	-	27,760
	11	De La Rosa, Joel	2685159	Skilled Maintenance Worker	SCC	9/11/2023	47,145	11-0000-651000-17400-2130	-	85,179
	11	Gilbert, Jessica	1905429	PT Administrative Clerk	SCC	12/31/2023	14,825	11-0000-601000-29051-2310	-	20,255
	11	Gitonga, Kanana	1030388	International Student Coordinator	SCC	1/31/2019	84,993	11-0000-649000-29110-2130	-	140,443
	11	Hermen, Lisa	1027710	Senior Clerk	SCC	3/31/2022	28,572	11-0000-601000-25131-2130	-	62,099
	11	Hernandez, Guadalupe	1492326	Custodian	SCC	4/4/2023	58,572	11-0000-653000-27200-2130	-	96,468
	11	Kawafuchi, Emily	1239034	Transfer Center Specialist	SCC	4/16/2023	75,580	11-0000-631000-29305-2130	-	114,050
	11	Martin, Sheryl A.	1028421	Executive Secretary	SCC	8/9/2021	75,891	S.Martin returned to OEC on 10/4/22. Vacancy is now in Student Services Off.	-	127,598
	11	Nguyen, Jay	1062155	P/T Admission & Records Specialist I	SCC	10/31/2023	5,480	BCF moving \$11,832 to hry acct	-	7,488
	11	Reza, Juna	1029204	Custodian	SCC	8/29/2023	43,022	11-0000-620000-29110-2310 11-0000-653000-28100-2130	-	75,532
	11	Simoes, Antonio	2666411	P/T Gardener/Utility Worker	SCC	11/16/2022		Hired CL23-00564 Roberto Delgado#1374929 Eff: 7/31/23 Hired Guadalupe Hernandez#1492326 effective April 4, 2023 CL22-00386.	-	
	11	Smilde, Mark	2635727	Senior Custodian/Utility Worker	SCC	8/11/2022		11-0000-655000-27300-2310	-	
	11	Tran, Kieu-Loan T.	1030029	Admission Records Specialist III	SCC	3/1/2020	62,255	11-0000-653000-27200-2130	-	108,956
						2,107,754				3,531,800
TOTAL						3,407,807				5,536,573

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2023-24, 2022-23, 2021-22
YTD Actuals- January 31, 2024

FY 2023/2024													
	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	\$69,995,934	\$71,193,444	\$61,138,563	\$63,075,972	\$59,744,585	\$59,470,758	\$70,604,254	\$60,636,847	\$60,636,847	\$60,636,847	\$60,636,847	\$60,636,847	Total
Total Revenues	14,999,379	7,247,510	21,581,168	16,416,147	22,719,457	32,139,652	9,678,088	0	0	0	0	0	124,781,400
Total Expenditures	13,801,868	17,302,391	19,643,759	19,747,534	22,993,284	21,006,155	19,645,495	0	0	0	0	0	134,140,487
Change in Fund Balance	1,197,511	(10,054,881)	1,937,409	(3,331,387)	(273,827)	11,133,496	(9,967,407)	0	0	0	0	0	(9,359,087)
Ending Fund Balance	71,193,444	61,138,563	63,075,972	59,744,585	59,470,758	70,604,254	60,636,847	60,636,847	60,636,847	60,636,847	60,636,847	60,636,847	
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	\$61,784,640	\$52,663,482	\$47,112,071	\$44,117,698	\$38,009,050	\$59,834,822	\$52,186,865	\$55,286,293	\$56,436,784	\$64,728,465	\$58,986,931	Total
Total Revenues	13,207,623	6,163,437	12,205,656	14,492,940	14,987,785	39,069,575	9,590,300	22,970,783	18,833,781	25,599,139	12,376,790	40,473,184	229,970,994
Total Expenditures	10,838,816	15,284,595	17,757,067	17,487,313	21,096,433	17,243,803	17,238,257	19,871,355	17,683,289	17,307,458	18,118,324	29,464,181	219,390,893
Change in Fund Balance	2,368,807	(9,121,158)	(5,551,411)	(2,994,373)	(6,108,648)	21,825,772	(7,647,956)	3,099,427	1,150,491	8,291,681	(5,741,534)	11,009,003	10,580,101
Ending Fund Balance	61,784,640	52,663,482	47,112,071	44,117,698	38,009,050	59,834,822	52,186,865	55,286,293	56,436,784	64,728,465	58,986,931	69,995,934	
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
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	212,577,651
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	199,531,885
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	13,045,766
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	

Fiscal Resources Committee

Via Zoom Video Conference Call

1:32 p.m. – 1:53 p.m.

Meeting Minutes for January 24, 2024

FRC Members Present: Adam O’Connor, Susana Cardenas, Claire Coyne, Steven Deeley, Madeline Grant, Noemi Guzman, Bart Hoffman, Veronica Munoz, Enrique Perez, Craig Rutan and Arleen Satele

FRC Members Absent: Morrie Barembaum, Iris Ingram, Ethan Harlan, and Kevin Ortiz

Alternates/Guests Present: Erika Almaraz, Jason Bui (arrived at 1:34 pm), Gina Huegli, Jeannie Kim (arrived at 1:41 pm), Tara Kubicka-Miller, Annabelle Nery (arrived at 1:34 pm), Thao Nguyen, Kennethia Vega, and Barbie Yniguez

1. Welcome: Assistant Vice Chancellor O’Connor called the meeting to order at 1:32 p.m. via zoom upon achieving quorum and in the absence of Vice Chancellor Ingram who was unable to attend today’s meeting.
2. State/District Budget Update
 - 2024-25 Proposed State Budget report link: <http://www.ebudget.ca.gov>
 - LAO 2024-25 Overview of Governor's Budget link: <https://lao.ca.gov/Budget>
 - Joint Analysis-Governor’s January Budget 2024-2025
 - SSC – COLA is What?
 - SSC – BOG Adopt 2024 FON and Reelects Leadership for 2024
 - SSC – Statewide Facilities Bond 2024 Prospects
 - SSC – The COLA in Context
 - SSC – 2022 Tax Receipts Down \$26 Billion
 - SSC – CalPERS Employer Contribution Rate Estimates
 - SSC – LAO Issues Fiscal Outlook
 - SSC – UCLA Economists Continue to Predict Slow Growth Economy
 - SSC – Inflation Continues to Cool
 - SSC – 2023 Legislative Year Wrap-Up
 - SSC – PPIC Survey Finds Economic Anxiety Among Californians
 - SSC – DOF Reports on Projected Revenue Shortfall
 - SSC – New Laws for 2024
 - SSC – Legislature Gavels in the 2024 Legislative Year
 - SSC – Initial Impressions from Governor Newsom’s 2024-25 State Budget Proposal
 - SSC – An Overview of the 2024-25 Governor’s Budget Proposal
 - DOF – Finance Bulletin-December 2023
 - [Budget Presentation to Board of Trustees January 16, 2024](#)

O’Connor referenced resources above and stated the governor proposed his 2024/25 budget on January 10th. He is projecting a \$38 billion deficit as opposed to the \$68 billion deficit previously announced by the LAO. About half of the difference is expenditure related and the other half revenue related. LAO seems to buy into the expenditure differences but thinks the revenue projections are optimistic. The governor is also using withdrawals from both the state reserves and from the school-specific reserves to help bridge the gap as well as cost shifts between fiscal years. Those are one-time solutions. So far (and

remember the January proposal is just the starting point of the creation of the budget) schools and Community College Districts are not facing any budget reductions (no mid-year cuts this year or reductions next year) where other parts of the budget are. The proposal includes a meager 0.76% COLA for apportionments and some categorical programs and 0.5% funding for growth. Resources were referenced for further review. The LAO is now beginning to release its analysis of the proposal. Between now and April the governor will fine tune the budget with the legislature and submit final revenue estimates by May 14. The May Revise will look quite different than the January proposal. The LAO has already recommended that they plan for lower revenues, maximize reductions in one-time spending and develop a plan for reducing school and Community College Districts funding. The expectation is the State will face significant structural shortfalls over the next few years – around \$30 billion each year – through 2027/28. This means that the State will face more tough decisions in future years if they use up a lot of one-time gimmicks this year.

3. 2024-25 – Budget Calendar Revision

O'Connor screenshared pages 62-63, referencing the Budget Calendar that includes a revision for submitting Updated Budget Assumptions to the Board for approval. The date has changed to August 12, 2024, because the July Board Meeting is too early in the month. This is information only and no action is necessary. There were no questions.

4. Mid-Year Updates

- Unrestricted General Fund Expenditure Update

O'Connor screenshared page 64 and reviewed the mid-year expenditures for fund 11 & 13 with comparisons for same to 2022-23 and current FY 2023-24 for each site. The data is positive, consistent with last year and near the 54% availability, which demonstrates we are not overspending the budget midway through the year. There were no questions.

- Final FTES Update for (P1)

O'Connor screenshared page 65 noting submission of P1. This is 2023-24 and includes SAC reporting 20,132 FTES and SCC 9,063 FTES with a borrow of 1400 (800 for SAC and 600 for SCC). This is comparable to 2022-23 summer shift of 1691 with 1200 from SAC and 488 from SCC. Additionally, OEC has implemented a different schedule that moves certain courses to end prior to June 30 in order to capture additional non-credit FTES in 2023-24. It is a technical shift rather than the estimated shift that will add 200 FTES on top. Vargas further clarified that OEC will implement two summer sessions with one ending on June 30 and the other beginning on July 1. That will help increase the FTES in 2023-24.

P1 is information known at this time with estimations for spring and summer. This could change with P2 and Recal. The district overall is looking at almost 7% growth over 2022-23 with 5% at SAC and over 10% at SCC. There were no questions.

- SCFF Simulation FY 2023-24

O'Connor screenshared page 66 and discussed using the P1 estimations to simulate earning projections of calculated revenue to be more than TCR adjusted by COLA and even hold harmless levels. Once P1 is released there will be a better picture of these earnings. In addition to the FTES, SAC is going to be reporting over 20,000 FTES bringing them back to a large college status, while SCC will increase FTES to be within 1000 of a medium college status within the year or so. This is all positive news. Questions were asked and clarification provided. Though it is unknown if budget reductions or potential deferrals would be used, the preference is deferrals. It is early and the LAO is pressing the Governor saying this is not going to happen and he needs to look at potential deferrals to education. LAO predicts fiscal challenges through 2027-28 as it may take years to work through this deficit.

5. Annual External Audit

O'Connor referenced the Annual External Audit that was accepted by the Board of Trustees in December with no financial findings and clean audit. The link information was provided as well as announcing the availability of the external audit on the fiscal services website. The only finding was related to SCFF not properly reporting some FTES that was a system error and is being fixed. This occurred to many districts using the same system. RSCCD did pay back \$135,000, but there were no other financial or compliance findings and a clean audit otherwise. There were no questions.

6. Standing Report from District Council – Claire Coyne

Coyne reported the District Council meeting in December was cancelled and the next meeting is scheduled for January 29, 2024.

7. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of January 16, 2024
- Monthly Cash Flow Summary as of December 31, 2023
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

Informational handouts above were referenced for further review. Discussion ensued regarding SCC budget committee links and lack of access to documents or empty folders. SCC Budget Committee Co-Chair Deeley, will review and remedy the webpage issues.

8. Approval of FRC Minutes – November 15, 2023

A motion by Hoffman was seconded by Guzman to approve the minutes of the November 15, 2023, meeting as presented. The motion passed unanimously.

9. Other

There were no further comments, questions, or discussion.

Next FRC Committee Meeting:

The next FRC meeting is February 21, 2024, at 1:30-3:00 p.m. This meeting adjourned at 1:53 p.m.