RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: Fiscal Resources Committee

Agenda for Wednesday, September 20, 2023
1:30 p.m. - 3:00 p.m.
Zoom Meeting

1. Welcome

2. State/District Budget Update – Ingram
   - 2023-24 Adopted Budget
   - 9/11/2023 Board PowerPoint presentation on the 2023-24 Adopted Budget
   - LAO – The 2023-24 Budget: Overview of the Spending Plan (Preliminary Version)
   - SSC – CPI Increases Slightly in July
   - SSC – Legislature Returns from Summer Recess
   - SSC – Economic Indicators Mixed as Economy Continues to Grow
   - SSC – It's Time to Calculate Your Gann Limit
   - SSC – Top Legislative Issues-August 25, 2023
   - SSC – Appropriations Committees Take Up Suspense File
   - SSC – Top Legislative Issues-September 8, 2023
   - SSC – Higher Education Clean-Up Bill Clears Legislature
   - SSC – Governor Signs Budget Clean-up Bill
   - DOF – Finance Bulletin-August 2023

3. Multi-year Projection

4. 2024-25 Draft Budget Calendar

5. Standing Report from District Council – Claire Coyne

6. Informational Handouts
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of September 14, 2023
   - Monthly Cash Flow Summary as of August 31, 2023
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes
   - Districtwide Enrollment Management Workgroup Minutes- *Did not meet. No materials*

7. Approval of FRC Minutes – August 16, 2023

8. Other

Next FRC Committee Meeting: Wednesday, October 18, 2023, 1:30 pm – 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 2023-24 Budget:

Overview of the Spending Plan

Preliminary Version

LAO

GABRIEL PETEK | LEGISLATIVE ANALYST

AUGUST 2023

INTRODUCTION

Each year, our office publishes the *California Spending Plan* to summarize the annual state budget. This publication provides an overview of the *2023-24 Budget Act*, gives a brief description of how the budget process unfolded, and then highlights major features of the budget approved by the Legislature and signed by the Governor. All figures in this publication reflect actions taken through the end of June 2023. In addition to this report, we have released a series of issue-specific, online posts that give more detail on the major actions in the budget package.

THE BUDGET PROBLEM

In this section, we present our estimates of the budget problem the Legislature addressed in the 2023 budget package. After two years of significant surpluses, the state faced a budget problem, or deficit, this year. In the context of budget development, a budget problem occurs when estimated resources are insufficient to cover the costs of currently authorized services. Under the State Constitution, a budget problem must be solved, for example, by increasing revenues or reducing spending.

$27 BILLION BUDGET PROBLEM

Budget Package Addressed a $27 Billion Budget Problem. We estimate the Legislature solved a $26.5 billion budget problem in the 2023-24 budget package. This budget problem is nearly the same as the one addressed by the Governor in the May Revision. (Although we cited a slightly higher number in our *Initial Comments on the Governor's May Revision* report, after further review, the budget problem we estimated at that time should have been slightly lower.) Our estimate of the budget problem is also lower than the figure cited by the administration. The reasons for this difference are generally the same as those we cited at the Governor's budget and May Revision. Namely, the administration's calculation of the budget problem included the cost of some policies that had not been adopted by the Legislature. For example, the administration's estimates included an assumption about the costs of inflation in future years that was not current law. (We explained the differences between our estimates in more detail in our report, *The 2023-24 Budget: Overview of the Governor's Budget*.)

Budget Problem Includes $4.5 Billion in New, Discretionary Proposals. Most of the reason that the state faced a budget problem in 2023-24 was that state revenues declined relative to expectations from June 2022. (We describe these dynamics in more detail later in this report.) However, about $4.5 billion of the budget problem is the result of new, discretionary spending in the budget package. (We define discretionary spending as new spending or revenue reductions that were not previously authorized under current law or legislative policy.) These discretionary spending amounts are listed in Appendix 3.

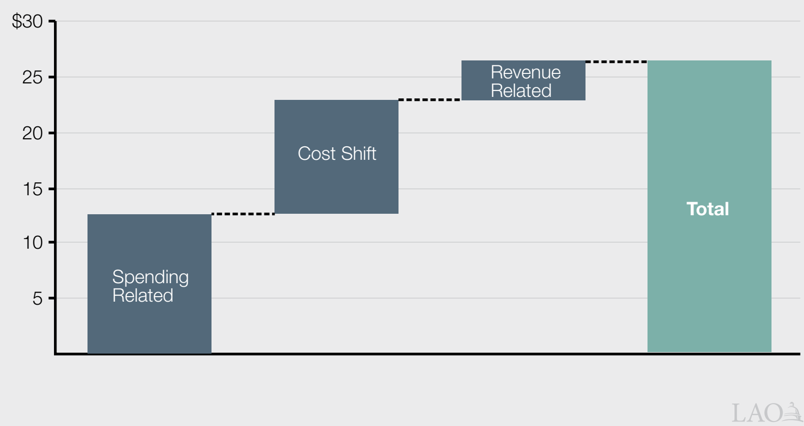
HOW THE SPENDING PLAN ADDRESSES THE BUDGET PROBLEM

The state has several types of solutions—or options—for addressing a budget problem, but the most important include: reserve withdrawals, spending reductions, revenue increases, and cost shifts (for example, between funds). **Figure 1** on the next page summarizes the budget solutions that budget package used to address the $27 billion budget problem. They include: $13 billion in spending-related solutions, $10 billion in cost shifts, and nearly $4 billion in revenue-related solutions. (As we discuss in more detail later in this report, the spending plan does not use any of the state's reserves to close the deficit.) The remainder of this section describes each of these components in more detail.

Figure 1

How the Budget Package Addresses a $27 Billion Budget Problem

(In Billions)



$13 Billion in Spending-Related Solutions

The budget package includes $13 billion in spending-related budget solutions. They can be categorized into three types: reductions, delays, and reductions subject to trigger restoration. Nearly all of these solutions would apply to one-time and temporary spending enacted in recent budgets. Appendix 1 provides a list of the spending solutions in the 2023-24 budget package. The remainder of this section describes the spending solutions by type.

$5.6 Billion in Reductions. A spending reduction occurs when the Legislature eliminates an appropriation previously approved under current law or policy. The spending plan includes $5.6 billion in reductions. The largest of these is the withdrawal of a discretionary $750 million principal payment on state's unemployment insurance loan (which otherwise is paid by employers' payroll taxes). The spending plan also makes a $549 million reduction to the energy arrearage payment program and withdraws nearly $280 million for water recycling projects.

$6.7 Billion in Delays. A spending delay is an expenditure reduction proposed for the budget window (2021-22 through 2023-24) with an associated, offsetting cost increase in a future year of the multiyear (2024-25 through 2026-27). That is, the spending would be moved to a future year. About half of the spending-related solutions in the budget package are delays. For example, in 2023-24, the spending plan delays: $1 billion for zero-emission school buses and infrastructure, $700 million for the higher education housing revolving loan program, and $550 million for broadband last-mile project grants.

$340 in Reductions Subject to Trigger Reduction. The Governor's budget and May Revision proposed making a sizeable amount of spending-related solutions subject to trigger restoration language. The final budget package, however, ultimately only included this trigger restoration language for $340 million in spending reductions. This included a $235 million reduction for multifamily seismic retrofit matching funds and $50 million reduction to the CalHome program. Under this language, these amounts will be reduced unless, in January 2024, the administration estimates there are sufficient resources available to fund these expenditures. In that case, the programs would be restored halfway through the fiscal year.

Significant Recent One-Time and Temporary Spending Remains After Spending-Related Solutions. In 2021-22 and 2022-23, in response to historically large surpluses, the Legislature allocated tens of billions of dollars on a temporary basis—that is, to purposes that would end after a few years While the spending plan makes reductions to some of these temporary allocations, most notably in 2023-24, significant temporary spending is still authorized under current law for 2023-24 and beyond. Under our estimates, these remaining amounts would total $12.5 billion in 2023-24, $9.4 billion in 2024-25, and $4.1 billion in 2025-26. To the extent budget problems persist—as we anticipate is likely—the Legislature would have to revisit these and other spending augmentations in the future. Appendix 4 provides a list of temporary, discretionary spending (above $50 million) allocated in recent years that is still in place after the reductions in the 2023-24 budget package.

$10 Billion in Cost Shifts

Under LAO estimates, the budget package includes $10.3 billion in cost shifts. Cost shifts occur when the state moves costs between entities, fund sources, or across fiscal years. For example, shifting spending from the General Fund to special funds or, as has been done in prior budgets, shifting costs from the state to local governments. Major cost shift proposals in the spending plan include: (1) $2.7 billion in loans from special funds (and other state funds) to the General Fund; (2) a shift of $1.6 billion in costs for zero-emission vehicles and other energy-related programs from the General Fund to the Greenhouse Gas Reduction Fund (GGRF); and (3) shifts in a variety of capital outlay projects from General Fund cash to bonds, for example, for climate projects, student housing, and clean energy projects. (Bonds associated with the climate projects and clean energy, however, are not yet final. The Legislature currently is considering bills that would put those bonds on the ballot for voter approval. The other bond shifts do not require further legislative action or voter approval.) Appendix 2 provides a list of the cost shifts included in the 2023-24 budget package.

$3.6 Billion in Revenue-Related Solutions

The spending plan includes $3.6 billion in revenue-related solutions, which are also listed in Appendix 2. The main solution in this area is a renewal and increase in a tax on health insurance plans known as the managed care organization (MCO) tax. Under the new policy, the tax would last from April 2023 through December 2026 and primarily be used to maintain and augment support for Medi-Cal, the state's Medicaid program. The tax also requires approval from the federal government to be used to draw down federal funding to support Medi-Cal. (We describe the reauthorized MCO tax in more detail in the "Major Features" section of this report.) The budget package assumes that, in 2023-24 specifically, the renewed MCO tax provides $3.4 billion to address the budget problem.

BUDGET CONDITION

In this section, we describe the overall condition of the General Fund budget under the spending plan. We also describe the condition of the school and community college budget. As is the case in the previous section, all of the figures here use the administration's budget estimates as of June 2023.

General Fund Budget

Figure 2 summarizes the condition of the General Fund under the revenue and spending assumptions in the June 2023 budget package, as estimated by the administration. The state would end 2023-24 with $3.8 billion in the Special Fund for Economic Uncertainties (SFEU).

Figure 2

General Fund Condition Summary

(In Millions)

	2021-22 Revised	2022-23 Revised	2023-24 Enacted
Prior-year fund balance	$40,057	$55,810	$26,352
Revenues and transfers	232,537	205,134	208,688
Expenditures	216,785	234,592	225,928
Ending fund balance	$55,810	$26,352	$9,112
Encumbrances	$5,272	$5,272	$5,272
SFEU balance	**$50,538**	**$21,080**	**$3,840**
Reserves			
BSA	$21,708	$22,252	$22,252
SFEU	50,538	21,080	3,840
Safety net	900	900	900
Total Reserves	**$73,146**	**$44,232**	**$26,992**

SFEU = Special Fund for Economic Uncertainties and BSA = Budget Stabilization Account.

(The SFEU is the state's operating reserve and essentially functions like an end-of-year balance.)

Total General Fund Reserves Reach $27 Billion Under Spending Plan. As mentioned previously, the budget package does not use any reserves to close the $27 billion deficit. As a result, under the administration's estimates and assumptions, general purpose reserves would total $27 billion by the end of 2023-24, including $22.3 billion in the Budget Stabilization Account (BSA), the state's general-purpose constitutional reserve account. In addition, the state would have $10.8 billion in the School Reserve, available only for school and community college programs. In both cases, the state has reached the constitutional maximum for the accounts, which means deposits are no longer required (but optional deposits can be made).

Revenues

Figure 3 displays the administration's revenue projections as incorporated into the June 2023 budget package. As the figure shows, revenues from the state's three major sources are expected to decline over the three years of the budget window, including by 8 percent between 2021-22 and 2022-23 and 2 percent between 2022-23 and 2023-24. The bulk of this decline is attributable to the personal income tax (PIT). Declines in the PIT are, in part, attributable to weakness in the technology sector and a decline in investment in California businesses, both of which drag down compensation to higher-income taxpayers.

Extends Film Tax Credit. The estimates in Figure 3 also include the impact of the state's revenue-related policy changes. In particular, the budget package extends the state's film tax credit program—which awards $330 million per year in tax credits to motion picture productions to offset a portion of their costs—for an additional five years. The credit was set to expire in 2025, but now is in place through 2030. The budget package also makes the film tax credit refundable, meaning production companies can receive a refund for a portion of their tax credits that exceeds their tax liability.

Spending

Figure 4 displays the administration's June 2023 estimates of total state and federal spending in the 2023-24 budget package. As the figure shows, the spending plan assumes total state spending of $307.9 billion in 2023-24. This is essentially flat compared to the 2022-23 level, but includes an 11 percent increase in special fund spending and a 4 percent decrease in General Fund spending. (The "Major Features" section of this report also describes some of the major discretionary spending choices reflected in the spending plan.) In addition, between 2022-23 and 2023-24, federal funds are expected to decline 6 percent as significant pandemic-related federal assistance to the state continues to decline.

Figure 3

General Fund Revenue Estimates

(Dollars in Millions)

	Revised		Enacted	Change From 2022-23	
	2021-22	2022-23	2023-24	Amount	Percent
Personal income tax	$137,144	$122,769	$118,161	-$4,608	-4%
Sales and use tax	33,026	33,072	33,366	293	1
Corporation tax	45,128	42,091	42,081	-11	—
Total, Major Revenue Sources	**$215,299**	**$197,932**	**$193,607**	**-$4,325**	**-2%**
Insurance tax	$3,495	$3,673	$3,881	$208	6%
Other revenues	4,709	4,694	8,789	4,095	87
Transfer to/from BSA	-7,065	-544	—	544	-100
Other transfers and loans	16,099	-621	2,411	3,032	-488
Totals, Revenues and Transfers	**$232,537**	**$205,134**	**$208,688**	**$3,554**	**2%**

Note: Reflects administration estimates of budget actions taken through July 1, 2023.

BSA = Budget Stabilization Account.

Figure 4

Total State and General Fund Expenditures

(Dollars in Millions)

	Revised		Enacted	Change From 2022-23	
	2021-22	2022-23	2023-24	Amount	Percent
General Fund	$216,785	$234,592	$225,928	-$8,664	-4%
Special funds	45,257	73,700	81,960	8,261	11
Budget Totals	**$262,042**	**$308,292**	**$307,888**	**-$403**	**—**
Bond funds	$8,653	$6,035	$2,916	-$3,119	-52%
Federal funds	171,542	153,230	143,882	-9,348	-6

Note: Reflects administration estimates of budget actions taken through July 1, 2023.

School and Community College Budget

Proposition 98 Minimum Guarantee Down Over Budget Window. The State Constitution sets a minimum annual funding requirement for schools and community colleges. The minimum guarantee is met with a combination of General Fund and local property tax revenue. After two years of extraordinary growth in the minimum guarantee, Proposition 98 funding is somewhat down from these peak levels. Compared with the estimates included in the June 2022 budget plan, the administration revises its estimates of the minimum guarantee up $317 million in 2021-22 and down $3 billion in 2022-23. For 2023-24, the administration estimates the minimum guarantee is $108.3 billion—$2 billion below the 2022-23 level enacted in June 2022. The net decrease over the period is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue.

Includes Additional Ongoing Spending, Reduces or Delays Previous One-Time Augmentations. Despite the drop in the guarantee, the budget package provides a total of $4.8 billion to cover an 8.22 percent statutory cost-of-living adjustment (COLA) for existing programs. Compared with the June 2022 budget plan, it also includes a net increase of $1.3 billion in constitutionally required deposits into the School Reserve, as well as a few new ongoing and one-time initiatives. To cover these increases and avoid spending more than the guarantee, the budget package includes $3 billion in reductions or delays to several previously approved one-time grants.

The State Appropriations Limit (SAL)

The SAL limits how the state can use revenues that exceed a certain limit. In recent years, the SAL has been an important constraint in the budget process and has impacted the Legislature's budget decisions. This year, the SAL was not salient to the budget process because of declines in revenues, which have meant the state has more room under the limit. Figure 5 provides an overview of the SAL estimates in the budget. As the figure shows, the state is expected to have room across all years in the budget window, including $22 billion in 2021-22, $11 billion in 2022-23, and $15 billion in 2023-24.

Figure 5

SAL Estimates in the *2023-24 Budget Act*

(In Billions)

	2021-22	2022-23	2023-24
SAL Revenues and Transfers	$256	$240	$243
Exclusions	-152	-115	-117
Appropriations Subject to the Limit	**$104**	**$124**	**$126**
Limit	$126	$136	$141
Room/Negative Room	**$22**	**$11**	**$15**
Excess Revenues?	**No**		

Note: Reflects administration estimates of budget actions taken through July 1, 2023

SAL = state appropriations limit.

EVOLUTION OF THE BUDGET

This section provides an overview of the 2023-24 budget process.

Governor's January Budget Proposal

Governor's Budget Addressed $18 Billion Budget Problem. Governor Newsom presented his proposed state budget to the Legislature on January 10, 2023. We estimate the Governor's budget addressed an $18 billion budget problem in that proposal. (This is somewhat lower than the $22 billion budget problem the administration has referenced. As described earlier, the difference between our estimates are mainly attributable to differences between what we consider baseline spending.) The Governor's budget solutions focused mainly on spending, with $13.6 billion in spending reductions, spending delays, and spending reductions subject to trigger restoration. In addition, the Governor also proposed $4.3 billion in cost shifts and $350 million in revenue-related solutions, which included, most notably, an initial proposal for the state to reauthorize the MCO tax.

Governor Did Not Propose Using State's Reserves. The Governor did not propose using any reserves. The Legislature can only access required deposits in the BSA or the Proposition 98 Reserve in response to a disaster or if the Governor calls a fiscal emergency. Although a fiscal emergency was most likely available, we understand the Governor did not call one in order to save the state's reserves in response to continued economic uncertainty and in case they are needed for future deficits. As our office has noted, fiscal conditions could worsen in the coming years. In January, the administration similarly expressed that, if revenues declined further, using reserves would be considered.

Governor's Spending Reductions Focused on Areas With Large, Recent, Temporary Spending Augmentations. In recent years, the state has focused spending on one-time and temporary purposes mainly in some key areas, including: natural resources, energy, and climate; housing and homelessness; and transportation. Although to a lesser extent, however, on an ongoing basis, recent surpluses have been dedicated to health, human services, and higher education. In general, the Governor's budget did not propose large reductions to health and human services programs. Rather, the Governor's proposed spending-related solutions were concentrated in areas that received large one-time and temporary augmentations (for example, natural resources, climate, energy, and transportation).

Governor's May Revision

Governor's May Revision Addressed a Larger Budget Problem. On May 12, 2023, Governor Newsom presented a revised state budget proposal to the Legislature, referred to as the May Revision. Relative to the January projections in the Governor's budget, we estimated at the time that the budget problem grew by about $10 billion to $28 billion, due largely to lower revenue estimates, which continued to decline relative to Governor's budget expectations. (Upon further review, the actual budget problem at the May Revision should have been somewhat less than $28 billion.) The Governor proposed addressing much of the additional budget problem with more cost shifts and revenue increases. Major cost shift proposals in the May Revision included, for example, $2 billion in loans from special funds (and other state funds) to the General Fund, and shift of $1.1 billion in costs for zero-emission vehicles from the General Fund to the GGRF. The increase in revenue-related proposals were the result of a revision to the proposed MCO tax.

May Revision Proposed Using Safety Net Reserve, but Maintained State's Constitutional Reserves. The Governor's May Revision proposed using $450 million from the $900 million balance of the Safety Net Reserve. (The 2018-19 budget created the Safety Net Reserve to set aside funds for future costs of two programs—California Work Opportunity and Responsibility to Kids and Medi-Cal—in the event of a recession.) However, the administration did not propose using any funds from the BSA or the School Reserve, nor did the Governor call a fiscal emergency.

Legislature's Budget

The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by $2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Otherwise, the Legislature adopted the administration's revenue projections, which means it also addressed a similarly sized budget problem as the May Revision did. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored $1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years.

Final Budget Package

The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023. **Figure 6** contains a list of the budget-related legislation passed on or before July 1, 2023. The next section of this report describes the major features of the final budget package.

Figure 6

Budget-Related Legislation Passed on or Before July 5, 2023

Bill Number	Chapter	Subject
Budget Bills and Amendments		
SB 101	12	*2023-24 Budget Act*
AB 100	3	Amendments to the *2021-22 Budget Act* and *2022-23 Budget Act*
AB 102	38	Amendments to the *2023-24 Budget Act*
AB 103	33	Amendments to the *2021-22 Budget Act* and *2022-23 Budget Act*
Early Action Trailer Bills (Passed Before June 1, 2023)		
AB 110	4	Early childcare and education
AB 111	5	Student loan debt
AB 112	6	Distressed hospital loan program
AB 113	7	Agricultural labor relations
Other Trailer Bills Passed Before July 1, 2023		
AB 116	41	Early childcare and education
AB 118	42	Health
AB 119	13	MCO provider tax
AB 120	43	Human services
AB 121	44	Developmental services
AB 127	45	General government
AB 128	46	Cannabis
AB 129	40	Housing
AB 130	39	Public employment
AB 134	47	Public safety
SB 114	48	Education
SB 115	49	Arts and music education
SB 117	50	Higher education
SB 122	51	Public resources
SB 123	52	Energy
SB 124	53	Energy
SB 125	54	Transportation
SB 131	55	Taxation
SB 132	56	Film tax credit
SB 133	34	Courts

Note: This figure includes budget bills and trailer bills identified in Section 39.00 in the *2023-24 Budget Act* that were passed by the Legislature on or before July 5, 2023. Ordered by bill number.

MCO = managed care organization.

MAJOR FEATURES OF THE 2023-24 SPENDING PLAN

The major General Fund and federal fund spending actions in the 2023-24 budget package are briefly described in this section. We plan to discuss these and other actions in more detail in a series of forthcoming publications to be released this fall.

K-14 Education

Funds Modest Increase in School and Community College Funding. The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2022-23, the guarantee is down $3 billion (2.7 percent) compared with the estimates made in June 2022 (**Figure 7**). The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by $953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits. In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of $7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of $1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

Provides Large COLA to School and Community College Districts. In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is $4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes $300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as $250 million one time for literacy coaches and reading specialists. For community colleges, the budget also includes $154 million ongoing for an apportionments funding protection known as "stability," which cushions local college budgets from enrollment and other declines.

Budget Has Notable K-14 Structural Gap. The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses $1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas ($1.6 billion for schools and $290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

Figure 7

Comparing June 2022 and June 2023 Proposition 98 Estimates

(In Millions)

	2022-23			2023-24		
	June 2022 Enacted	June 2023 Revised	Change	June 2023 Enacted	Change From 2022-23 Revised	Change From 2022-23 Enacted
Minimum Guarantee						
General Fund	$82,312	$78,117	-$4,195	$77,457	-$660	-$4,855
Local property tax	28,042	29,241	1,199	30,854	1,613	2,812
Totals	**$110,354**	**$107,359**	**-$2,995**	**$108,312**	**$953**	**-$2,042**
Funding by Segment						
K-12 schools	$95,524	$93,241	-$2,283	$94,953	$1,712	-$571
Community colleges	12,606	12,331	-275	12,456	125	-150
Reserve deposit	2,224	1,787	-437	903	-885	-1,322

Funds School Facilities Grants. The 2022-23 budget package provided $1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional $2.1 billion in 2023-24 and $875 million in 2024-25. The budget provides about $2 billion to the SFP in 2023-24, which is $100 million less than the previously intended augmentation, and continues to assume an additional $875 million will be provided in 2024-25. The budget also delays the intended $550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

Resources and Environment

Reductions to Multiyear Climate Change Budget Packages. To help address the budget problem, the spending plan makes a number of changes to one-time and temporary funding that was agreed to in previous budgets for climate, resources, and environmental programs. The administration estimates that these multiyear funding reductions and delays have the cumulative effect of lowering General Fund spending by $8.7 billion across the budget window of 2021-22 through 2023-24. While it includes less spending than previous budgets initially agreed upon for certain activities—such as related to extreme heat, nature-based solutions, coastal resilience, and energy—the budget maintains the majority of overall intended funding for each of the original thematic climate-related packages (maintaining about $25 billion across the three-year budget window). Moreover, the spending plan backfills some of these General Fund reductions using other sources—primarily the GGRF. For example, while the budget reduces General Fund spending for energy-related activities by $2 billion, it provides $1.1 billion in GGRF to partially offset associated programmatic impacts.

Flood Management and Response. The spending plan includes $401 million in one-time funding in 2023-24 ($374 million from the General Fund and $27 million from bond funds) for flood management and response activities, along with intent to provide an additional $35 million General Fund in 2024-25. This includes funding for (1) flood management projects in the Central Valley that are part of the State Plan of Flood Control (SPFC); (2) local flood management projects in areas outside the SPFC, including for Delta levees; and (3) support of small agricultural businesses and underserved and small farms affected by storms. The 2023-24 total also includes $135 million for contingencies related to the 2023 storms—$40 million for the communities of Planada in Merced County and Pajaro in Monterey County, which experienced severe damage and displacement from the storms, and $95 million for other response and recovery activities. Additionally, associated budget legislation streamlines the process for diverting flood flows to both reduce flood risk and recharge groundwater basins.

Transportation

Support for Local Transit Agencies. The budget package includes several measures to support transit and rail improvements and to provide relief to transit agencies that are projecting operational funding shortfalls. This includes $4 billion from the General Fund over a two-year period (including $2 billion in 2023-24) for the Transit and Intercity Rail Capital Program and $1.1 billion over a four-year period (including $410 million in 2023-24) from the GGRF and the Public Transportation Account for the new Zero-Emission Transit Capital Program. Both programs will allocate funding to transit agencies on a formula basis to use for capital improvements and/or operational support. The budget package also includes budget trailer legislation that (1) implements several accountability measures for the funding augmentations, such as requiring agencies to submit short- and long-term financial plans; (2) temporarily extends statutory relief measures provided to transit agencies during the pandemic; and (3) requires the California State Transportation Agency to establish a task force to develop and submit policy recommendations to the Legislature on how to grow ridership and improve overall transit services.

Health

Reauthorizes MCO Tax and Makes Related Program Augmentations. The budget package includes trailer bill legislation (Chapter 13 of 2023 [AB 119, Committee on Budget]) to renew a tax on health insurance plans known as the MCO tax. Chapter 13 authorizes the tax from April 2023 through December 2026. Like past versions of the MCO tax, the tax is designed to draw down additional federal Medicaid funding while imposing a relatively small cost to the health insurance industry. This arrangement requires approval from the federal government. If approved by the federal government, the tax is expected to generate revenues of $8.2 billion in 2023-24 ($32.1 billion through 2026-27). After factoring in the portion of revenues used to help cover the cost of the tax on health insurance plans, the tax is projected to yield a net fiscal benefit to the state of $4.4 billion in 2023-24 ($19.4 billion through 2026-27). Of this amount, $3.4 billion in 2023-24 ($8.3 billion through 2026-27) will be used to offset General Fund spending in the Medi-Cal program. The remaining $1 billion in 2023-24 ($11.1 billion through 2026-27) will be deposited in a special fund and used for various health-related augmentations, most of which will be decided as part of next year's budget process.

Higher Education

State Increases Base Funding for Universities' Core Operations. The 2023-24 budget includes a total of $443 million to provide 5 percent unrestricted General Fund base augmentations to the University of California (UC) and the California State University (CSU). The universities may use their base augmentations to cover any operating cost increases, including increases in employee salary and benefit costs. Provisional language requires the universities to report to the Legislature by December 31, 2024 on how they specifically used these funds. In addition to unrestricted base increases, both UC and CSU receive augmentations for their student basic needs, rapid rehousing, and student mental health programs, as well as their support programs for students with disabilities.

State Sets Resident Undergraduate Enrollment Targets for UC and CSU. The state expects both UC and CSU to enroll more resident undergraduate students in 2023-24. Specifically, UC is to increase resident undergraduate enrollment by 7,800 full-time equivalent (FTE) students (4 percent) over its 2021-22 level. CSU is to increase resident undergraduate enrollment by 4,057 (FTE) students (1.2 percent) over its 2022-23 level. (With this budgeted growth, CSU would remain below its 2020-21 peak resident undergraduate enrollment level.) Provisional budget language authorizes the administration to reduce funding for UC or CSU if it enrolls fewer students than expected. Funding would be reduced at the 2023-24 state marginal cost rates of $11,640 per UC student and $10,070 per CSU student. Provisional language also sets enrollment expectations for the universities for each of the next few years, with UC expected to grow 1.4 percent annually and CSU expected to grow 3 percent annually.

Budget Converts Many Higher Education Capital Projects From Cash to Debt Financing. The 2021-22 and 2022-23 budget agreements included significant upfront, non-Proposition 98 General Fund cash for certain higher education capital projects. In response to the state's projected budget deficit, the 2023-24 budget agreement rescinds the vast majority of the 2022-23 General Fund cash, as well as some of the 2021-22 cash. The segments instead are to issue revenue bonds. The state provides each of the segments with ongoing General Fund augmentations intended to cover the associated borrowing costs. The state shifted all affordable student housing construction projects (35 projects across the three segments), as well as nine other university capital projects, to debt financing. In total, the state rescinded $3.2 billion in one-time General Fund appropriations for these projects, replacing it with $240 million in ongoing General Fund augmentations for debt service.

Infrastructure

Legislation Intended to Expedite Infrastructure Projects. The overall budget agreement includes several policy and budget trailer bills aimed at expediting the construction of various types of infrastructure projects. This includes Chapter 60 of 2023 (SB 149, Caballero and Becker), which authorizes some types of infrastructure projects—including certain energy, semiconductor and microelectronic; transportation; and water-related projects—to receive streamlined judicial review under the California Environmental Quality Act. It also includes Chapter 58 of 2023 (SB 146, Gonzalez), which authorizes the use of two project delivery methods—progressive design-build and job order contracting—under certain circumstances.

Child Care and Preschool

Sets Aside Funds to Support Collectively Bargained Child Care Agreement. The budget package includes $2.8 billion in one-time funds from various state and federal fund sources to support two-year rate adjustments and other program changes that are collectively bargained between the state and Child Care Providers United and applied to all child care and State Preschool providers. In late June 2023, the state and union reached a tentative agreement. The Legislature is expected to vote on the agreement as a part of August clean-up.

Modifies Family Fee Schedule. During the COVID-19 pandemic, the federal government allowed states to temporarily waive family fees in child care programs. The state waived family fees in both the child care and State Preschool programs, with the fees scheduled to return July 1, 2023. Chapter 4 of 2023 (AB 110, Committee on Budget and Fiscal Review) provided $39 million across state and federal fund sources to waive family fees until September 30, 2023. On October 1, 2023, the family fee schedule must be reinstated in child care programs. Prior to the COVID-19 pandemic, families making at least 40 percent of the state median income were required to pay a fee (varying from about 1 percent to 10 percent of family income) for child care and full-day State Preschool services. The budget includes $78 million ($66 million General Fund and $12 million Proposition 98 funds) to reduce family fees in child care and State Preschool to 1 percent of family income for families making at least 75 percent of the state median income, beginning October 1, 2023 (with full-year costs increasing to $100 million annually). Families making below 75 percent of the state median income would not pay a fee.

Corrections

Reduced Spending Due to Deactivation of Several Correctional Facilities. The budget reflects a reduction of $311 million primarily from the General Fund (growing to $433 million annually beginning in 2027-28) resulting from the deactivation of two prisons and six individual yards at various prisons due to the ongoing decline in the prison population. (We note that these reductions are in addition to savings resulting directly from having fewer people in prisons overall.) Despite this, prison population projections indicate the state could deactivate additional prisons in the future. To inform such potential future deactivation decisions, the budget package includes budget trailer legislation requiring the California Department of Corrections and Rehabilitation to report on various factors that impact its prison capacity needs, such as the amount of space needed to operate rehabilitation programs. The budget also reflects a $92 million reduction primarily from the General Fund in 2023-24 (generally growing to $96 million annually beginning in 2025-26) to reflect the closure of the Division of Juvenile Justice (DJJ) and resulting deactivation of three of its facilities. This closure is the result of legislation included in the 2021-22 and 2022-23 budget packages which realigned responsibility for DJJ youth from the state to the counties.

San Quentin Capital Outlay Projects to Support Development of the California Model. On May 5, 2023, Governor Newsom established an advisory council to recommend changes to San Quentin State Prison in order to help develop the California Model, which is broadly focused on promoting a more rehabilitative and health-focused environment in California prisons. To support this effort, the budget includes $360.6 million in new lease revenue bond authority to demolish an existing building and construct a new educational and vocational center as well as $20 million one-time from the General Fund for various related capital outlay projects at the prison. In addition, the budget package includes budget trailer legislation to (1) facilitate completion of these projects by 2025, such as by exempting them from historic building preservation requirements and (2) change the name of the prison to the San Quentin Rehabilitation Center.

Housing and Homelessness

Significant, Prior-Year Funding Augmentations Generally Maintained. Previously enacted budgets authorized significant, albeit primarily one-time and temporary, funding for housing and homelessness, including authorizing some spending actions for 2023-24. The *2023-24 Budget Act* largely maintains those spending actions. During the 2023-24 budget process, the Governor proposed $367.5 million in spending reductions for various primarily homeownership-related programs. The Legislature largely rejected those spending cuts and instead adopted $67.6 million in General Fund spending reductions for the Department of Housing and Community Development's (HCD's) CalHome Program ($50 million) and the Downtown Rebound Program ($17.5 million). The budget also achieves budget-year savings through the delay of $345 million previously allocated to HCD's Foreclosure Intervention Housing Preservation Program (this spending will instead be spent over several years through 2026-27). Finally, the 2023-24 budget authorizes an increase of $100 million in one-time General Fund spending for HCD's Multi-Family Housing Program and continues the recent practice of providing an additional $500 million for the state Low-Income Housing Tax Credit Program. (Because these credits would not be claimed until the housing units are complete, the General Fund impact of these tax credits will occur in a few years.) As most of the recently authorized housing and homelessness budget actions have been temporary or one time in nature, most of that funding is set to expire soon.

Budget-Related Legislation Increases Oversight and Accountability. The 2023-24 budget included budget-related legislation aimed to increase oversight and accountability of the state's housing and homelessness programs. At a high level, this legislation makes the receipt of Homeless Housing, Assistance and Prevention Program funding contingent on the creation of, and adherence to, a regionally coordinated homelessness action plan. It requires each plan to coordinate homelessness funding and services across the region, assign specific roles and responsibilities to each party to the plan, and set forth key actions that each party will take to reduce and prevent homelessness.

APPENDIX

Note: In the online version of this report, we include a series of Appendix tables that have detailed information on the discretionary choices in the 2023-24 Budget Act

LAO PUBLICATIONS

This report was prepared by Ann Hollingshead with contributions from analysts across the office, and reviewed by Carolyn Chu. 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

CPI Increases Slightly in July

BY WENDI MCCASKILL

BY MATT PHILLIPS, CPA

posted August 14, 2023

The U.S. Bureau of Labor Statistics reported on August 10, 2023, that the Consumer Price Index (CPI)—the U.S. measure of inflation—rose 0.2% in July to an adjusted annual rate of inflation of 3.2%. The increase was again largely attributable to shelter, which accounted for over 90% of the monthly all items increase. Motor vehicle insurance contributed as well. When excluding the costs for food and energy, annual inflation increased 4.7% year over year.

In July, shelter, motor vehicle insurance, education, and recreation indexes all showed an increase, while airline fares, used cars and trucks, medical care, and communication indexes decreased.

It is unclear how the Federal Reserve (Fed) will react to this slight increase in inflation. The next scheduled meeting of the Fed to set interest rates will occur in September 2023. We will continue to monitor the CPI as inflation impacts potential changes to interest rates and influences the annual cost-of-living adjustment (COLA), although COLA is specifically determined by a federal price deflator for government entities.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Legislature Returns From Summer Recess

BY SSC GOVERNMENTAL RELATIONS TEAM

 posted August 17, 2023

The Legislature returned from its summer recess on Monday, August 14, 2023. With only four weeks left in the 2023 legislative year, there are two major deadlines remaining: the September 1 deadline for bills to clear the second house Appropriations Committee and the September 14 deadline for the Legislature to send bills to Governor Gavin Newsom's desk.

While several noteworthy education policy issues were included in the 2023-24 State Budget package, there are still a number of significant bills that are active and pending legislative approval. As a preview to the end of the legislative year, we provide summaries and status updates for several of those key bills below.

Key Active Legislation

Assembly Bill (AB) 247 **(Muratsuchi, D-Torrance)—Education Finance: School Facilities: Kindergarten Through Community College Public Education Facilities Bond Act of 2024.** This bill would place a $14 billion K-14 school facilities bond before voters on either the primary or General Election ballot in 2024 (see "Statewide Facilities Bond Bills Pending in the Legislature" in the June 2023 *Community College Update* for more details).

AB 299 **(Holden, D-Pasadena)—Hazing: Educational Institutions: Civil Liability: Resources.** This bill would, beginning January 1, 2025, establish civil liability for higher education institutions if the institution has direct involvement in, knew, or, in the exercise of ordinary care, reasonably should have known of, the hazing practices of the school organization to which the student is seeking membership and the organization involved in the hazing is affiliated (recognized or sanctioned by the educational institution) with the educational institution at the time of the alleged hazing incident. The bill would specify that an educational institution that reasonably should have known of those hazing practices includes an institution that unreasonably fails to proactively prevent, discover, or stop the hazing practices. For purposes of determining whether an educational institution fails to proactively prevent, discover, or stop the hazing practices, the bill would authorize consideration of the extent to which the institution had specific antihazing measures in place at the time of the alleged hazing incident.

SSC Comment: The author has committed to taking further amendments to create elements for a cause of action and establish an affirmative defense (e.g., if institutions of higher education take specified actions to prevent and/or respond to incidents of hazing, those factors shall, rather than may, be considered when determining whether the institution is liable). However, the language for these amendments have not been made available yet.

AB 472 **(Wicks, D-Oakland)—Classified School District and Community College Employees: Compulsory Leaves of Absence: Compensation.** This bill would require K-14 districts to provide back pay to any classified employee if the district places the employee on an involuntary leave of absence during the period in which the employee is charged with a criminal offense, under investigation, or waiting due to administrative delay for necessary job-related administrative determinations and the determination is found in favor of the employee.

AB 610 **(Holden)—Youth Transit Pass Pilot Program: Free Youth Transit Passes.** This bill would, upon an appropriation, create the Youth Transit Pass Pilot Program, to be administered by the Department of Transportation, for the purpose of awarding grants to transit agencies for the creation, marketing, provision, and administration of free youth transit passes to K-12 and higher education students.

AB 634 **(Ward, D-San Diego)—Community Colleges: Career Development and College Preparation Courses.** This bill would require Career Development and College Preparation courses to be funded via a positive attendance funding count or on a census date basis, depending on when and how often the course meets either in person or online.

AB 689 **(Carrillo, D-Los Angeles)—Community Colleges: Enrollment and Registration: Incumbent Health Care Workers.** This bill would require a community college with a limited enrollment course or program to ensure that at least 15% of the admitted students, but no less than three students per incoming cohort, in the course or program are incumbent health care workers. The bill would require a community college that administers a priority enrollment system to grant priority in that system to students who are incumbent health care workers. The bill would repeal these provisions on January 1, 2034.

AB 811 **(Fong, D-Alhambra)—Seymour-Campbell Student Success Act of 2012: Repeating Credit Courses.** This bill would require each community college district (CCD) to establish policies permitting students to retake a credit course up to five times for which the student previously received a grade indicating substandard academic work and requires if the repeated course is a transfer-level mathematics or English course as specified, that the policies require a community college to provide the student with concurrent supports available to students as prescribed in current law after the first unsuccessful attempt of the transfer-level mathematics or English course. Additionally, a CCD would be required to permit a student to retake a credit course up to two times in arts, humanities, kinesiology, foreign languages, and English as a second language, for which the student previously received a satisfactory grade and which the student is retaking for enrichment or skill-building purposes.

AB 1699 (McCarty, D-Sacramento)—K-14 Classified Employees: Part-Time or Full-Time Vacancies: Public Postings. This bill would require K-14 school districts to offer any new part or full-time classified assignments to current regular non-probationary classified employees who meet the minimum job qualifications of the position, or who could meet the minimum job qualifications after ten or fewer hours of training paid by the employer unless otherwise negotiated by the employer and the applicable union.

Senate Bill (SB) 28 (Glazer, D-Orinda)—Education Finance: School Facilities: Public Preschool, K-12, and College Health and Safety Bond Act of 2024. This bill would place a $15.5 billion preschool through higher education bond before voters on the March 5, 2024, statewide primary election (see "Statewide Facilities Bond Bills Pending in the Legislature" in the June 2023 *Community College Update* for more details).

SSC Comment: The Legislature will not place two bond proposals before voters in 2024, which means that the Senate, the Assembly, and Governor Newsom still need to reach a final agreement on one proposal. If lawmakers want to place that proposal before voters on the 2024 primary election ballot, a bond bill must be sent to Governor Newsom this fall; however, if they choose to place a bond before voters at the 2024 General Election, lawmakers have until next summer to reach a final agreement.

SB 433 (Cortese, D-San Jose)—Classified School and Community College Employees: Disciplinary Hearings: Appeals: Impartial Third-Party Hearing Officers. This bill would authorize a permanent classified employee in a non-merit K-14 district to appeal disciplinary action (defined as dismissals and suspensions of staff and demotions of nonsupervisory staff) to an impartial third-party hearing officer (defined as an arbitrator selected by striking from a list of seven arbitrators to be obtained by parties from the California State Mediation and Conciliation Service), paid for by the district and jointly selected by the district and the employee union. SB 433 includes an exception if the district and union enter into an agreement providing an alternative method of appealing disciplinary action.

Next Steps

These bills are being heard by the second house's Appropriations Committee, and most—if not all—of them are likely be sent to the committee's suspense file, which is where bills that are deemed to have a fiscal impact of a certain magnitude are placed until all those measures can be dealt with at once. The suspense file hearings for both the Senate and Assembly Appropriations Committee, where we find out the fate of all of the bills on the file, will take place on either Thursday, August 31, 2023, or Friday, September 1, 2023.

As mentioned above, the Legislature has until September 14, 2023, to send legislation to Governor Newsom for the first year of the 2023-24 Legislative Session. The Governor will have until October 14, 2023, to sign or veto the legislation sent to him during those final days of session.

We will continue to update you on the status of these bills through our "Top Legislative Issues" series and subsequent *Community College Update* articles.

School Services of California

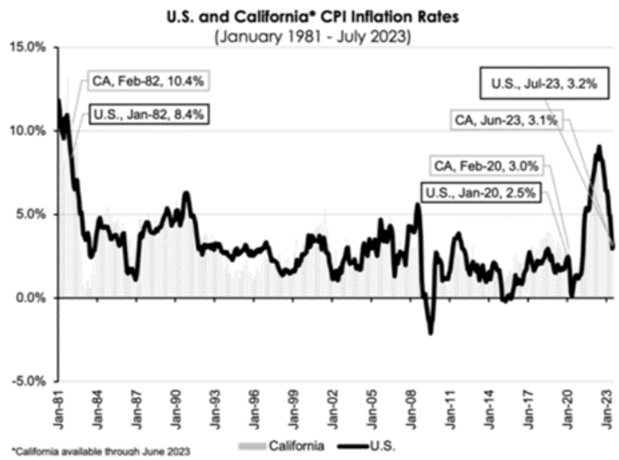
COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Economic Indicators Mixed as Economy Continues to Grow

BY ANJANETTE PELLETIER   posted August 22, 2023

The United States (U.S.) economy continues to grow, although slowly, and the variety of indicators analysts watch demonstrate the mixed trends for inflation, labor, and housing. Headline inflation rose slightly to 3.2% in July, as the Department of Finance (DOF) notes in its August 2023 Finance Bulletin, largely due to an increase in the price of gasoline. Consumer Price Index (CPI) inflation measures that exclude food and energy declined in year-over-year comparisons to 4.7%, with shelter inflation declining slightly from 7.8 to 7.7%. California's headline inflation results trail the U.S. by only 0.1%, at 3.1% in June.



Source: DOF August 2023 Finance Bulletin

The labor market continues to be stable, with major job sectors adding positions, and the U.S. unemployment rate declining by 0.1%. California's unemployment rate is stable at 4.6%, with some sectors fully recovering job losses from 2020. California saw fewer persons in the labor market and fewer employed overall in July, but experienced an increase in no nfarm jobs and a decline in unemployment claims.

With the ongoing rate hikes by the Federal Reserve, mortgage interest rates have continued to climb, impacting building permits and the price of homes, leading to continued declines in home building and sales since 2022. However, more economists are predicting a "soft landing" whereby the economy could slow, reducing inflation without falling into a recession. Freddie Mac, which operates the U.S. secondary mortgage market, projects slight improvements in the housing market through the end of 2023 but expects the labor market to gradually soften without a major adverse effect on the economy.

July is the first month of the 2023-24 fiscal year, and preliminary General Fund cash receipts were over $1.2 billion below the 2023-24 Budget Act forecast of $9.748 billion. However, the news is not all dire; the DOF reports that over $650 million in higher-than-expected sales tax receipts were shifted into August due to processing delays and national data shows that consumer confidence and spending was high in July. As we have noted previously, the DOF is still monitoring the impact of personal and corporate income tax receipts due to the delayed submission deadlines of October 16. As shown in Figure 1, cash receipts for the "Big Three" taxes of personal income, corporation, and sales and use taxes are well below forecasts. Personal income taxes, while below forecasts, are showing solid growth despite the timing issues mentioned above, and additional payments are expected through October. Corporation and sales and use taxes are dramatically lower than forecasts, but payments may shift the equation once the August cash receipt results come in.

Figure 1: 2023-24 Comparison of Actual and Forecast Agency General Fund Revenues (Dollars in Million)

Revenue Source	Forecast	Actual	Difference	Percent Difference
Personal Income	$6,734	$6,268	-$466	-6.9%
Corporation	$884	$472	-$412	-46.6%
Sales and Use	$1,826	$1,372	-$453	-24.8%
Total*	$9,748	$8,479	-$1,268	-13%

*Includes other agency cash receipts

Source: Finance Bulletin, August 2023 Issue (ca.gov)

We will provide updates on the U.S. and California economic indicators as we continue to monitor the impact of 2023-24 Budget Act decisions, assumptions, and forecasts on community college districts.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

It's Time to Calculate Your Gann Limit

BY PATTI F. HERRERA, EDD

posted August 23, 2023

It's that time of the year for community college districts (CCDs) to perform their Gann Limit calculations, submit the information to their governing boards for approval via a board resolution, and, per Government Code Section (GC §) 7908(c), provide the information to the California Community College Chancellor's Office (CCCCO) and the Director of Finance. This information is reported to the CCCCO on the Annual Financial and Budget Report, CCFS-311 Gann Appropriations Limit form. CCDs are required to submit this report by October 10, 2023.

The Gann Limit is calculated by multiplying the prior-year limit by (1) the statewide factor for per capita personal income change and (2) the CCD's percentage change in full-time equivalent students from the prior year to the current year. The Department of Finance's publication of the 2023-24 change in per capita personal income (4.44%) can be found here.

Once computed, if a CCD's revenues exceed its Gann Limit, it is required to increase its spending limit by "borrowing" from the state's limit in an amount equal to its proceeds of taxes (see GC § 7902.1). Conversely, beginning in 2021-22, if a CCD's Gann Limit is higher than its proceeds of taxes, it must decrease its limit by an amount equal to its revenues.

The 2023-24 Gann Limit Worksheet can be found here.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Top Legislative Issues—August 25, 2023

BY SSC GOVERNMENTAL RELATIONS TEAM posted August 25, 2023

The Legislature officially reconvened from summer recess last week and, as of today, they have less than three weeks to wrap up the first year of the 2023-24 Legislative Session.

Both the Senate and Assembly Appropriations Committees, chaired by Senator Anthony Portantino (D-Burbank) and Assemblymember Chris Holden (D-Pasadena), respectively, have met the past two weeks to consider approximately 800 measures. Only a handful of these bills were passed by the committees, while the overwhelming majority were sent to the committees' suspense files for further scrutiny.

The Appropriations Committees will take up their suspense files next Friday, September 1, 2023, which is the deadline for fiscal bills to clear the second house Appropriations Committee. Measures that do make it out of the fiscal committees will then be considered by the full house and, in many cases, go back to the house of origin for concurrence (agreement with amendments taken in the second house).

Next Friday's Appropriations Committee deadline will set the stage for the final two weeks of the legislative session, as the bills that are passed by the fiscal committees will then be deliberated by the full legislative bodies, which have until Thursday, September 14, 2023, to pass bills to Governor Gavin Newsom for his consideration.

To jump to certain topics, click on any of the appropriate links below:

- Affordability
- Employees
- Governance and District Operations
- Student Safety
- Student Services

Affordability

Assembly Bill (AB) 607 (Kalra, D-San Jose)—Public Postsecondary Education: Course Materials. As amended on August 15, 2023, this bill would, beginning July 1, 2024, require each community college and California State University campus to prominently display, for each course, the estimated costs of all required course materials and fees directly related to those materials in an annually increasing percentage. The schedule for that annually increasing percentage is for no less than 40% of the estimated costs by January 1, 2025; 55% by January 1, 2026; 65% by January 1, 2027; and 75% by January 1, 2028, of the total number of courses on the online campus course schedule for which a faculty member or course instructor has been assigned. "Course materials," as used in this paragraph, includes digital or physical textbooks, devices such as calculators and remote attendance platforms, and software subscriptions.

AB 607 is on the Senate Appropriations Committee suspense file.

Employees

AB 575 (Papan, D-San Mateo)—Paid Family Leave. As amended on August 14, 2023, this bill would expand the Paid Family Leave (PFL) program to provide benefits to workers who take time off work to bond with a minor child within one year of assuming the responsibilities of a child in loco parentis, which is defined as a person who undertakes care and control of a child in the absence of such supervision by the natural parents and in the absence of formal legal approval. Additionally, the bill would delete (1) the restriction in existing law specifying that an individual is not eligible for PFL benefits if another family member is ready, willing, and able and available for the same period of time in a day to provide the required care, and (2) the authorization for an employer to require an employee to take two weeks of vacation leave before accessing PFL benefits that are funded by employees.

AB 575 is on the Senate Appropriations Committee suspense file.

AB 1699 (McCarty, D-Sacramento)—K-14 Classified Employees: Part-Time or Full-Time Vacancies: Public Postings. As amended on May 18, 2023, this bill would require vacancies for part-time or full-time positions of a K-14 district to be offered with priority to current non-probationary classified employees who meet the minimum job qualifications of the position or who could meet the minimum job qualifications after ten or fewer hours of paid training, unless otherwise negotiated. The bill would require K-14 districts to adhere to specified requirements, including providing all classified employees notice of, and instructions for applying for, any new classified position at least ten business days before the general public is authorized to apply for the position. AB 1699 would also require an education employer to accept a current part-time employee's number of years of service with the education employer, regardless of the capacity in which they were earned, when that part-time employee applies for an additional part-time assignment that requires a certain number of years of service. The bill would require classified employees who work part-time assignments that equal the number of hours for a full-time assignment for the same education employer to receive the same benefits as employees who work a full-time assignment.

AB 1699 is on the Senate Appropriations Committee suspense file.

Senate Bill (SB) 433 (Cortese, D-San Jose)—Classified School and Community College Employees: Disciplinary Hearings: Appeals: Impartial Third-Party Hearing Officers. As amended on June 29, 2023, this bill would authorize a permanent classified employee in a non-merit K-14 district to appeal disciplinary action (defined as dismissals and suspensions of staff and demotions of nonsupervisory staff) to an impartial third-party hearing officer (defined as an arbitrator selected by striking from a list of seven arbitrators to be obtained by parties from the California State Mediation and Conciliation Service), paid for by the district and jointly selected by the district and the employee union. SB 433 includes an exception if the district and union enter into an agreement providing an alternative method of appealing disciplinary action.

SB 433 is on the Assembly Appropriations Committee suspense file.

SB 765 (Portantino)—Teachers: Retired Teachers: Compensation Limitation. As amended on August 17, 2023, this bill would increase the postretirement compensation earnings limit under the Teachers' Retirement Law (TRL) from 50% to 70% of the median final compensation of all members who retired for service during the fiscal year ending in the previous calendar year. Additionally, the bill modifies the TRL to temporarily authorize an alternative process for educational employers to hire a retired California State Teachers' Retirement System (CalSTRS) member prior to satisfying the statutory 180-day separation from service requirement if a chief executive officer of a community college district (CCD), school district superintendent or county office superintendent an exemption to the 180-day separation from service requirements and zero dollar earnings limit and submits documents to CalSTRS with certification, under penalty of perjury, as to each of the following:

- The nature of the employment;
- That the appointment is necessary to fill a critically needed position before the 180 calendar days have passed;
- That the CalSTRS member is not ineligible for application of these provisions, as provided;
- That the termination of employment of the retired member with the employer is not the basis for the need to acquire the services of the member; and,
- That the employer did not have a reduction-in-force layoff pursuant to existing laws, as specified and provided, within the prior 18 months.

The provisions of the bill would be in effect for two years from July 1, 2024, to July 1, 2026.

SB 765 was approved 6-0 (one absence) by the Assembly Public Employment and Retirement Committee this week and will now go to the Assembly Appropriations Committee.

SSC Comment: The original version of SB 765 excluded CCDs, but the latest amendments permit CCDs to use utilize this option should it get signed into law.

Governance and District Operations

AB 811 (Fong, D-Alhambra)—Seymour-Campbell Student Success Act of 2012: Repeating Credit Courses. As amended on July 13, 2023, this bill would require each CCD to establish policies permitting students to retake a credit course up to five times for which the student previously received a grade indicating substandard academic work and requires if the repeated course is a transfer-level mathematics or English course as specified, that the policies require a community college to provide the student with concurrent supports available to students as prescribed in current law after the first unsuccessful attempt of the transfer-level mathematics or English course. Additionally, a CCD would be required to permit a student to retake a credit course up to two times in arts, humanities, kinesiology, foreign languages, and English as a second language (ESL), for which the student previously received a satisfactory grade and which the student is retaking for enrichment or skill-building purposes.

AB 811 is on the Senate Appropriations Committee suspense file.

Student Safety

AB 299 (Holden)—Hazing: Educational Institutions: Civil Liability: Resources. As amended on July 3, 2023, this bill would, beginning January 1, 2025, establish civil liability for higher education institutions if the institution has direct involvement in, knew, or, in the exercise of ordinary care, reasonably should have known of, the hazing practices of the school organization to which the student is seeking membership and the organization involved in the hazing is affiliated (recognized or sanctioned by the educational institution) with the educational institution at the time of the alleged hazing incident. The bill would specify that an educational institution that reasonably should have known of those hazing practices includes an institution that unreasonably fails to proactively prevent, discover, or stop the hazing practices. For purposes of determining whether an educational institution fails to proactively prevent, discover, or stop the hazing practices, the bill would authorize consideration of the extent to which the institution had specific antihazing measures in place at the time of the alleged hazing incident.

AB 299 on the Senate Appropriations Committee suspense file.

SSC Comment: The author has committed to taking further amendments to create elements for a cause of action and establish an affirmative defense (e.g., if institutions of higher education take specified actions to prevent and/or respond to incidents of hazing, those factors shall, rather than may, be considered when determining whether the institution is liable). However, these amendments will be taken up in the Senate Appropriations Committee and thus will not be in print until that time.

Student Services

AB 610 (Holden)—Youth Transit Pass Pilot Program: Free Youth Transit Passes. As amended on August 14, 2023, this bill would, upon an appropriation, create the Youth Transit Pass Pilot Program, to be administered by the Department of Transportation, for the purpose of awarding grants to transit agencies for the creation, marketing, provision, and administration of free youth transit passes to K-12 and higher education students.

AB 610 on the Senate Appropriations Committee suspense file.

2023 Legislative Calendar—Upcoming Holidays and Deadlines

September 1—Last day for fiscal committees to meet and report bills.

September 4—Labor Day.

September 5-14—Floor session only. No committees, other than conference or rules committees, may meet for any purpose.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Appropriations Committees Take Up Suspense File

BY SSC GOVERNMENTAL RELATIONS TEAM posted September 1, 2023

Today, Friday, September 1, 2023, the Appropriations Committees in both the Senate and the Assembly, chaired by Senator Anthony Portantino (D-Burbank) and Assemblymember Chris Holden (D-Pasadena), respectively, dispatched several hundred bills with little commentary other than to announce the vote and provide a short description of any amendments taken.

The committees met to act on the 750-plus bills that were pending consideration on the suspense files. The suspense files serve as a legislative 'purgatory' where legislation that has a fiscal impact is placed until all the measures having an impact on the state's finances can be considered together. With today's actions, the bills approved by the committees will move forward to the Senate and Assembly floors for consideration before the legislative year ends on September 14, 2023. Any bill held by the Appropriations Committee is considered dead unless the committee makes it a two-year bill, which permits the author to revive the measure in 2024.

Below is a summary of a number of noteworthy education bills that will be moving forward to the house floors, the measures designated as two-year bills, and also those significant education bills that were ultimately held by the committee. Many of the approved bills that we summarize below will be amended (and some quite significantly), but since specific language of those amendments is not yet available, we will use next week's "Top Legislative Issues" article to provide updated summaries for many of the key measures below.

Bills Approved by the Appropriations Committees

Assembly Bill (AB) 299 **(Holden)—Hazing: Educational Institutions: Civil Liability: Resources.** This bill would, beginning January 1, 2025, establish civil liability for higher education institutions if the institution has direct involvement in, knew, or, in the exercise of ordinary care, reasonably should have known of, the hazing practices of the school organization to which the student is seeking membership and the organization involved in the hazing is affiliated with the educational institution at the time of the alleged hazing incident.

AB 472 **(Wicks, D-Oakland)—Classified School District and Community College Employees: Compulsory Leaves of Absence: Compensation.** This bill would require K-14 districts to provide back pay to any classified employee if the district places the employee on an involuntary leave of absence during the period in which the employee is charged with a criminal offense, under investigation, or waiting due to administrative delay for necessary job-related administrative determinations and the determination is found in favor of the employee.

AB 610 **(Holden)—Youth Transit Pass Pilot Program: Free Youth Transit Passes.** This bill would, upon an appropriation, create the Youth Transit Pass Pilot Program, to be administered by the Department of Transportation, for the purpose of awarding grants to transit agencies for the creation, marketing, provision, and administration of free youth transit passes to K-12 and higher education students.

AB 634 **(Ward, D-San Diego)—Community Colleges: Career Development and College Preparation Courses.** This bill would require Career Development and College Preparation courses to be funded via a positive attendance funding count or on a census date basis, depending on when and how often the course meets either in person or online.

AB 811 **(Fong, D-Alhambra)—Seymour-Campbell Student Success Act of 2012: Repeating Credit Courses.** This bill would require each community college district (CCD) to establish policies permitting students to retake a credit course up to five times if the student received a substandard grade. Additionally, a CCD would be required to permit a student to retake a credit course up to two times in arts, humanities, kinesiology, foreign languages, and English as a second language, for which the student previously received a satisfactory grade.

AB 1699 **(McCarty, D-Sacramento)—K-14 Classified Employees: Part-Time or Full-Time Vacancies: Public Postings.** This bill would require K-14 school districts to offer any new part or full-time classified assignments to current regular non-probationary classified employees who meet the minimum job qualifications of the position, or who could meet the minimum job qualifications after ten or fewer hours of training paid by the employer unless otherwise negotiated by the employer and the applicable union (see "The Misaligned Proposal: An Editorial on AB 1699" in the August 2023 *Community College Update*).

Senate Bill (SB) 234 **(Portantino)—Opioid Antagonists: Schools, College Campuses, Stadiums, Concert Venues, and Amusement Parks.** This bill would require each campus of a higher education segment and K-12 school to maintain unexpired opioid antagonist doses on its premises and ensure that at least two employees are aware of the location of the opioid antagonist. The bill would also expand a community college's ability to administer naloxone to students suffering, or believed to be suffering, from an opioid overdose.

SB 433 **(Cortese, D-San Jose)—Classified School and Community College Employees: Disciplinary Hearings: Appeals: Impartial Third-Party Hearing Officers.** This bill would authorize a permanent classified employee in a non-merit K-14 district to appeal disciplinary action to an impartial third-party hearing officer, paid for by the district and jointly selected by the district and the employee union. SB 433 includes an exception if the district and union enter into an agreement providing an alternative method of appealing disciplinary action.

SB 765 **(Portantino)—Teachers: Retired Teachers: Compensation Limitation.** This bill would increase, for a retired California State Teachers' Retirement System (CalSTRS) member who earns postretirement compensation, the postretirement compensation earnings limit from 50% to 70% of the median final compensation of all members who retired from service during the fiscal year ending in the previous calendar year. The bill would also establish a new process for an educational employer to hire a retired educator who has been separated from service for fewer than 180 days and who has not satisfied the zero-dollar earnings limit (see "Retired Teachers Bill Revived" in the August 2023 *Community College Update*).

Two-Year Bills

AB 247 **(Muratsuchi, D-Torrance)—Education Finance: School Facilities: Kindergarten Through Community College Public Education Facilities Bond Act of 2024.** This bill would place a $14 billion K-14 school facilities bond before voters on either the primary or General Election ballot in 2024 (see "Statewide Facilities Bond Bills Pending in the Legislature" in the June 2023 *Community College Update* for more details).

SB 28 **(Glazer, D-Orinda)—Education Finance: School Facilities: Public Preschool, K-12, and College Health and Safety Bond Act of 2024.** This bill would place a $15.5 billion preschool through higher education bond before voters on the March 5, 2024, statewide primary election (see "Statewide Facilities Bond Bills Pending in the Legislature" in the June 2023 *Community College Update* for more details).

SSC Comment: Both bond bills (AB 247 and SB 28) are now two-year bills, which means the Legislature has decided to place their impending statewide school facilities bond proposal on the November 5, 2024, General Election ballot.

Bills Held by the Appropriations Committees

AB 377 **(Muratsuchi)—California Career Technical Education Incentive Grant Program: Strong Workforce Program.** This bill would eliminate the K12 Strong Workforce Program and reappropriate the ongoing $150 million into the Career Technical Education Incentive Grant (CTEIG) beginning with the 2024-25 fiscal year. The bill would also allow any unallocated CTEIG funds to be carried over into the subsequent fiscal year, delete the prohibition of an applicant being awarded an amount higher than what the allocation formula determines them to be eligible, and would require the State Superintendent of Public Instruction to establish a stakeholder workgroup by June 30, 2024.

AB 689 **(Carrillo, D-Los Angeles)—Community Colleges: Enrollment and Registration: Incumbent Health Care Workers.** This bill would require a community college with a limited enrollment course or program to ensure that at least 15% of the admitted students, but no less than three students per incoming cohort, in the course or program are incumbent healthcare workers. The bill would require a community college that administers a priority enrollment system to grant priority in that system to students who are incumbent healthcare workers. The bill would repeal these provisions on January 1, 2034.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Top Legislative Issues—September 8, 2023

BY SSC GOVERNMENTAL RELATIONS TEAM posted September 8, 2023

The last dash to the end of the legislative year kicked off last Friday, September 1, 2023, with the Senate and Assembly Appropriations Committees taking up their suspense files and dispensing with more than 750 bills (see "Appropriations Committees Take Up Suspense Files" in the September 2023 *Community College Update*).

Many of the bills that cleared the Appropriations Committees were amended over the past few days to address cost concerns or any issues that would make them potentially less successful in seeking Governor Gavin Newsom's signature. This week's "Top Legislative Issues" features a number of noteworthy education bills that have been amended since last week's suspense file hearings.

All of these bills will get a full floor vote in the second house and, if they have been amended during their time there, will go back to their house of origin for a concurrence vote on amendments, and then it is off to Governor Newsom's desk. This all must be done before the end of Thursday, September 14, 2023—the deadline for bills to be sent to Governor Newsom for the first year of the 2023-24 Legislative Session.

Due to the passage of Proposition 54 in 2016, all bills must be published in print and online for at least 72 hours before each house of the Legislature can vote on them. This means that all amended bills must be in print by Monday, September 11, 2023, in order to comply with the 72-hour rule in the California Constitution.

To jump to certain topics, click on any of the appropriate links below:

- College and Career
- Employees
- Financial Aid
- Governance and District Operations
- Student Health
- Student Safety

College and Career

Assembly Bill (AB) 634 (Ward, D-San Diego)—Community Colleges: Career Development and College Preparation Courses. As amended on September 1, 2023, this bill would specify that community college Career Development and College Preparation program courses and classes, for which credit is not given, are eligible for state funding if those courses are offered in both face-to-face and distance education instructional methods.

The Senate Appropriations amended this bill to provide that the same courses and classes for which credit is not given are eligible for state funding if those courses are offered in both face-to-face and distance education instructional methods.

Employees

AB 575 (Papan, D-San Mateo)—Paid Family Leave. As amended on September 1, 2023, this bill would, commencing on February 1, 2025, expand eligibility for the Paid Family Leave (PFL) program to provide benefits to workers who take time off work to bond with a minor child within one year of assuming responsibilities of a child in loco parentis, which is defined as a person who undertakes care and control of a child in the absence of such supervision by the natural parents and in the absence of formal legal approval. Additionally, this bill would delete the restriction in existing law specifying that an individual is not eligible for PFL benefits if another family member is ready, willing, and able and available for the same period of time in a day to provide the required care. This bill would also delete the authorization for an employer to require an employee to take two weeks of vacation leave before accessing PFL benefits that are funded by employees.

The bill was amended in the Senate Appropriations Committee to delay implementation to February 1, 2025.

AB 1699 (McCarty, D-Sacramento)—K-14 Classified Employees: Part-Time or Full-Time Vacancies: Public Postings. As amended on September 1, 2023, this bill would require classified job vacancies to be filled with internal candidates that apply and meet minimum qualifications or could meet minimum qualifications after ten hours of training. After ten days, if no internal candidate applies, only then may external candidates be considered.

This bill was amended in the Senate Appropriations Committee to clarify that the right of first refusal would not apply to an employee who is in the process of completing a written performance improvement plan, who was previously involuntarily demoted from the same position as the vacancy, who has been suspended, or who is the subject of a pending disciplinary action for suspension or dismissal.

Senate Bill (SB) 433 (Cortese, D-San Jose)—Classified School and Community College Employees: Disciplinary Hearings: Appeals: Impartial Third-Party Hearing Officers. As amended on September 6, 2023, this bill would authorize a permanent classified employee in a non-merit K-14 district to appeal disciplinary action (defined as dismissals and suspensions of staff and demotions of nonsupervisory staff) to an impartial third-party hearing officer (defined as an arbitrator selected by striking from a list of seven arbitrators to be obtained by parties from the California State Mediation and Conciliation Service), paid for by the district and jointly selected by the district and the employee union. SB 433 includes an exception if the district and union enter into an agreement providing an alternative method of appealing disciplinary action.

The bill was amended on the Assembly floor this week to increase the timeframe in which a hearing relating to disciplinary charges may be requested by an employee from not less than five days to 30 days, after service of the notice to the employee.

Financial Aid

AB 1400 (Bryan, D-Los Angeles)—Student Financial Aid: College Access Tax Credit Fund: Community College Student Transfers: Historically Black Colleges and Universities. As amended on July 5, 2023, this bill would repurpose the College Access Tax Credit Fund, which was established to supplement Cal Grant awards for students enrolled at California-based colleges, to instead be used to cover college costs for California Community College students seeking to transfer to any historically black colleges and universities (HBCU) located outside of California. The bill would require a participating student to file a statement of intent form stating that the student will enroll at a partnered HBCU and return to California after graduation from a partnered HBCU.

Governance and District Operations

AB 811 (Fong, D-Alhambra)—Seymour-Campbell Student Success Act of 2012: Repeating Credit Courses. As amended on September 1, 2023, this bill would require each community college district (CCD) to establish policies permitting students to take retake up to two times a course in arts, humanities, kinesiology, foreign languages, and English as a second language, for which the student previously received a satisfactory grade and which the student is retaking for enrichment or skill-building purposes.

This bill was amended in the Senate Appropriations Committee to remove the requirement for CCDs to establish policies permitting students to retake a credit course up to five times if the student received a substandard grade. Additionally, language was added to require a community college to inform a student who repeats a credit course whether the decision to repeat the credit course will impact the student’s federal financial qualifications and to provide priority registration for credit courses to students who require the course for their intended major and to students who have not taken the course.

Student Health

SB 234 (Portantino, D-Burbank)—Opioid Antagonists: Schools, College Campuses, Stadiums, Concert Venues, and Amusement Parks. When this bill was approved by the Assembly Appropriations on September 1, 2023, it would have required each campus of a higher education segment and K-12 school to maintain unexpired opioid antagonist doses on its premises and ensure that at least two employees are aware of the location of the opioid antagonist.

However, the bill was amended on the Assembly floor on September 6, 2023, to remove all education provisions from the measure. The current version of the bill does not place any requirements on the higher education and K-12 systems and now only applies to stadiums, concert venues, and amusement parks.

Student Safety

AB 299 (Holden, D-Pasadena)—Hazing: Educational Institutions: Civil Liability: Resources. As amended on September 1, 2023, this bill would, beginning January 1, 2025, establish civil liability for higher education institutions if the institution has direct involvement in the hazing practices of the organization, or knew or, in the exercise of ordinary care, reasonably should have known of the hazing practices of the organization to which the student is seeking membership and unreasonably failed to prevent, discover, or stop the hazing practices, and the organization involved in the hazing is affiliated with the educational institution at the time of the alleged hazing incident. For purposes of determining whether an educational institution unreasonably failed to prevent, discover, or stop the hazing practices, the bill would require consideration of the extent to which the institution had specific antihazing measures in place at the time of the alleged hazing incident.

The bill was amended in the Senate Appropriations Committee to require, instead of authorize, that consideration be required to the extend that the institutions had specific antihazing measure sin place at the time of the alleged hazing incident.

2023 Legislative Calendar—Upcoming Holidays and Deadlines

September 5-14—Floor session only. No committees, other than conference or rules committees, may meet for any purpose.

September 8—Last day to amend on the floor.

September 14—Last day for each house to pass bills. Interim recess begins upon adjournment.

October 14—Last day for the Governor to sign or veto bills passed by the Legislature before September 14 and in the Governor's possession on or after September 14.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Higher Education Clean-Up Bill Clears Legislature

BY KYLE HYLAND

posted September 12, 2023

Yesterday, September 11, 2023, the Legislature approved Senate Bill (SB) 142 (Committee on Budget and Fiscal Review), the higher education budget clean-up trailer bill.

SB 142 makes amendments to the higher education provisions in SB 117 (Committee on Budget and Fiscal Review, Statutes of 2023), the higher education budget trailer bill for the 2023-24 State Budget. SB 117 made significant changes to the Higher Education Student Housing Grant Program, which was met with concern from the field. SB 142 looks to address those concerns. We provide details of the two bills below.

What Did SB 117 Do?

SB 117 shifted the funding sources for all Higher Education Student Housing Grant Program projects from the state General Fund to local lease revenue bonds issued by colleges. This change applied to the twelve prior community college projects originally funded by $547 million in the 2022 State Budget Act, the seven new community college housing projects authorized by SB 117, and any future housing projects. The $18 million in planning grants provided to community colleges remained unchanged by the legislation.

This significant change happened behind the scenes in budget negotiations between the Newsom Administration and the Legislature, meaning the shift from General Fund revenues to local lease revenue bonds for community colleges was never discussed in a public budget hearing. The purpose of the shift was to lessen the fiscal burden of the projects as the state faced a $26 billion budget problem.

After the legislation was unveiled, many California Community Colleges (CCC) interest holders highlighted a number of potential issues with shifting the program from using General Fund dollars to local lease revenue bonds, including:

- No guarantee that the state will fund debt service over a full payback period
- Shifts all risk to community colleges

- Projects no longer "pencil out" with affordable rents as revenues do not cover debt service payments and annual operating cost

- Increased costs

- Overly complex, especially for projects already underway

What Will SB 142 Do?

In order to address these issues, SB 142 includes legislative intent language for "a statewide lease revenue bond or other statewide financing or fiscal approach be developed and included to support California community college affordable student housing projects."

These discussions would take place over the fall between the Administration and CCC interest holders. The goal is for the statewide financing proposal to be unveiled in January 2024, when Governor Gavin Newsom releases his proposed 2024-25 State Budget package.

During the two budget committee hearings that took place on this bill, the Department of Finance assured concerned legislators that no community college district (CCD) that has already received funding from the Higher Student Housing Grant Program will need to return those dollars to the state. They confirmed that they are operating in good faith to ensure that the financing mechanism created over the fall will not result in dollars being returned to the state. In other words, if you are a CCD that has already received funding from this program, you do not need to worry about returning that funding to the state at this time.

In addition to the legislative intent language, SB 142 will also do the following:

- Shifts the support of three CCC and University of California (UC) intersegmental projects from the CCC to the UC. This shift facilitates UC issuance of revenue bonds for the CCC portions of three intersegmental UC-CCC affordable housing projects selected in the Higher Education Student Housing Grant Program

- States that the three CCC and UC intersegmental projects to be covered through the UC issuance of revenue bonds will retain a split in the number of beds for low-income students between the participating campuses that is consistent with the Higher Education Student Housing Grant Program application approved by the state and further defined in the subsequent operating agreements between each UC campus and the CCC district partnership

- Clarifies that the CCC campuses that received General Fund support for grants in the Budget Act of 2022 shall revert those General Fund resources by June 29, 2024, or upon the enactment of the 2024 Budget Act, whichever is later

- Allows districts that contract with the California Public Employees' Retirement System (CalPERS) to provide CalPERS health benefits to all faculty that have two courses or 40% of the cumulative equivalent of a minimum full-time teaching assignment

Next Steps

Since SB 142 was negotiated between the Legislature and the Newsom Administration, we fully expect that Governor Newsom to sign the bill into law without any concerns. As a budget bill, the measure will go into effect immediately upon his signature. We will let you know when the Governor officially signs the bill.

We will continue to monitor the student housing finance issue as it is negotiated in the fall and presented in January 2024. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Governor Signs Budget Clean-Up Bill

BY KYLE HYLAND posted September 14, 2023

Yesterday, September 13, 2023, Governor Gavin Newsom signed the higher education budget clean-up trailer bill, Senate Bill (SB) 142 (Committee on Budget and Fiscal Review, Statutes of 2023), into law. As a budget bill, the measure went into effect immediately upon Newsom's signature.

SB 142 makes statutory changes to the higher education provisions in the 2023-24 Enacted Budget. The most significant changes center around community college student housing. We recently wrote a *Community College Update* article that summarizes the main provisions of SB 142, which can be found here.

In addition to SB 142, Governor Newsom has also signed two bills this past week that will affect community college districts:

- Assembly Bill (AB) 928 (Rendon, Statutes of 2023) requires the California Department of Social Services to update the existing CalFresh Data Dashboard with certain information related to CalFresh utilization by college students on an annual basis rather than over time.

- SB 886 (Committee on Education, Statutes of 2023) is the annual higher education omnibus clean-up bill that makes noncontroversial, technical, and conforming changes to various provisions of the Education Code, including replacing references to the California Community Colleges Online Education Initiative Consortium with "California Virtual Campus."

As nonurgency bills, both AB 928 and SB 886 go into effect on January 1, 2024.

August 2023

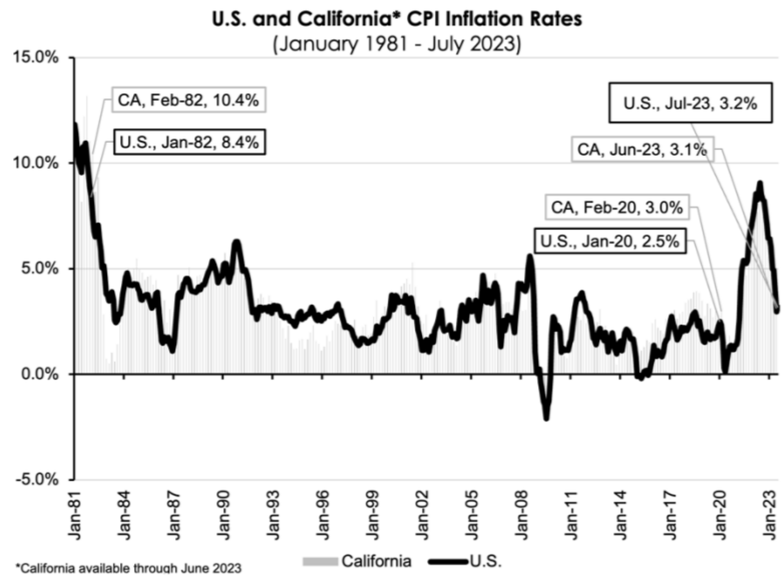
California Department of Finance

Finance Bulletin

Joe Stephenshaw, Director

Economic Update

U.S. year-over-year headline inflation rose from 3 percent in June to 3.2 percent in July, the first increase in over a year. The uptick in the year-over-year headline rate was driven largely by gasoline: gas prices rose modestly in July. Core inflation, which excludes food and energy, slowed slightly from 4.8 percent year-over-year in June to 4.7 percent in July. Shelter inflation, which measures rent currently paid by tenants, fell slightly from 7.8 percent to 7.7 percent. This measure typically changes more slowly than other components, and the current slowing reflects declines in asking rents in late 2022. California headline inflation was 3.1 percent year-over-year as of June 2023, the latest month available.



LABOR MARKET CONDITIONS

- The U.S. unemployment rate fell 0.1 percentage point in July 2023 to 3.5 percent. U.S. civilian unemployment decreased by 116,000 in July and civilian employment increased by 268,000. The labor force increased by a net 152,000 participants in July, and the labor force participation rate remained unchanged at 62.6 percent. The U.S. added 187,000 nonfarm jobs in July 2023, following an average monthly gain of 270,000 in the first six months of 2023. Eight major sectors added jobs: private educational and health services (100,000), other services (20,000), construction (19,000), financial activities (19,000), trade, transportation, and utilities (18,000), leisure and hospitality (17,000), government (15,000), and mining and logging (1,000). The largest job loss was in information (-12,000), followed by professional and business services (-8,000), and manufacturing (-2,000).
- California's unemployment rate remained unchanged at 4.6 percent in July 2023. California civilian unemployment decreased by 4,700 in July. Civilian employment decreased by 17,000, and 21,700 people left the labor force, following an average monthly gain of 12,000 and 29,000, respectively in the first half of 2023. California added 27,900 nonfarm jobs in July 2023, driven by gains in government (15,000), followed by private education and health services (10,800), leisure and hospitality (10,300), trade, transportation, and utilities (4,500), other services (2,200), manufacturing (1,900), and construction (500). As of July 2023, the leisure and hospitality sector recovered all of the 995,600 jobs lost in March and April 2020. Professional and business services (-11,400), information (-3,800), financial activities (-2,000), and mining and logging (-100) lost jobs in July 2023.

ACTIVITY & REAL ESTATE

- Year-to-date through June 2023, California permitted 109,000 units on a seasonally adjusted annualized (SAAR) basis, up 9.2 percent from May, but down 13.3 percent from June 2022. June 2023 permits consisted of 54,000 single-family units (up 6.9 percent from May, but down 23.3 percent year-over-year) and 55,000 multi-family units (up 11.4 percent from May, but down 0.8 percent year-over-year).
- The statewide median price of existing single-family homes decreased to $832,340 in July 2023, down 0.7 percent from June, but up 0.2 percent from July 2022. Sales of existing single-family homes in California fell to 269,180 units (SAAR) in July 2023, down 3 percent from June, and down 9 percent from July 2022.

Preliminary General Fund agency cash receipts for July, the first month of the 2023-24 fiscal year, were $1.268 billion below the 2023-24 Budget Act forecast of $9.748 billion. July sales tax receipts exclude over $650 million in higher-than-expected receipts that shifted from July to August due to larger-than-anticipated processing delays of end-of-the-month transactions, which more than offset the $453-milion shortfall reflected in the preliminary data. Personal income withholding contributed $404 million to the overall July shortfall, however this was also due to timing as the July deficit offset strong year-over-year withholding growth of 12.4 percent in June. The remainder of the shortfall is due to lower corporate tax receipts. The Budget Act monthly cashflow reflects the expected impact of delayed payment and filing deadlines for Californians in most counties to October 16. The delay affects personal and corporate income tax categories other than withholding, however the extent to which variance relative to the forecast is caused by taxpayers' behavior differing from assumptions is unknown. Preliminary General Fund agency cash receipts for the entire 2022-23 fiscal year were $980 million above the 2023-24 Budget Act forecast of $167.627 billion.

- Personal income tax cash receipts were $466 million below the forecast of $6.734 billion in July. July withholding was $404 million below forecast, offsetting nearly half of the $929 million that withholding was above forecast in fiscal year 2022-23. In May through July, withholding grew 4 percent year-over-year, indicating solid growth despite July's results which were negatively impacted by timing issues. Personal income tax refunds were $103 million above forecast in July. Estimated payments, final payments, and other payments were cumulatively $31 million above forecast in July.
- Corporation tax cash receipts were $412 million below the forecast of $884 million in July. July refunds were $232 million higher than projected. July Pass-Through Entity Elective Tax (PTE) payments were $104 million above forecast. Excluding PTE payments, net corporation tax revenues were down $516 million in July.
- Sales and use tax cash receipts were $453 million below the forecast of $1.826 billion in July. This shortfall is related to the timing of collections as higher-than-expected cash receipts shifted from July to August.

2023-24 Comparison of Actual and Forecast Agency General Fund Revenues
(Dollars in Millions)

	JULY 2023				2023-24 YEAR-TO-DATE			
Revenue Source	**Forecast**	**Actual**	**Difference**	**Percent Difference**	**Forecast**	**Actual**	**Difference**	**Percent Difference**
Personal Income	**$6,734**	**$6,268**	**-$466**	**-6.9%**	**$6,734**	**$6,268**	**-$466**	**-6.9%**
Withholding	6,641	6,237	-404	-6.1%	6,641	6,237	-404	-6.1%
Estimated Payments	280	220	-60	-21.4%	280	220	-60	-21.4%
Final Payments	191	239	48	25.3%	191	239	48	25.3%
Other Payments	313	355	42	13.5%	313	355	42	13.5%
Refunds	-548	-652	-103	18.8%	-548	-652	-103	18.8%
MHSF Transfer	-120	-112	8	-6.7%	-120	-112	8	-6.7%
Corporation	**$884**	**$472**	**-$412**	**-46.6%**	**$884**	**$472**	**-$412**	**-46.6%**
Estimated Payments	484	333	-151	-31.3%	484	333	-151	-31.3%
PTE Payments	61	165	104	172.3%	61	165	104	172.3%
Other Payments	415	282	-133	-32.1%	415	282	-133	-32.1%
Refunds	-76	-307	-232	306.4%	-76	-307	-232	306.4%
Sales & Use	**$1,826**	**$1,372**	**-$453**	**-24.8%**	**$1,826**	**$1,372**	**-$453**	**-24.8%**
Insurance	**$48**	**$44**	**-$4**	**-8.7%**	**$48**	**$44**	**-$4**	**-8.7%**
Pooled Money Interest	**$128**	**$187**	**$59**	**46.5%**	**$128**	**$187**	**$59**	**46.5%**
Alcohol	**$44**	**$46**	**$2**	**4.6%**	**$44**	**$46**	**$2**	**4.6%**
Tobacco	**$4**	**$5**	**$1**	**32.7%**	**$4**	**$5**	**$1**	**32.7%**
Other	**$81**	**$85**	**$4**	**4.5%**	**$81**	**$85**	**$4**	**4.5%**
Total	**$9,748**	**$8,479**	**-$1,268**	**-13.0%**	**$9,748**	**$8,479**	**-$1,268**	**-13.0%**

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 2023 Budget Act.

Rancho Santiago Community College District
Unrestricted General Fund 5 Year MYP
Based on College's Projected Growth in Enrollment and Other Metrics (with 2% Deficit)

ASSUMPTIONS	Est Actual 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projection Assumptions
Revenue						
Apportionment COLA %	6.56%	8.22%	3.94%	3.29%	3.19%	Based on SSC's Recommended Planning COLA
Credit FTES	18,168.28	19,094.65	19,945.39	18,386.50	19,945.39	Based on college's projected growth
Non-credit FTES	1,505.83	1,589.17	1,665.24	1,665.24	1,665.24	Based on college's projected growth
CDCP FTES	6,218.74	6,565.15	6,882.98	6,882.98	6,882.98	Based on college's projected growth
Special Admit - FTES	1,332.23	1,406.78	1,475.42	1,475.42	1,475.42	Based on college's projected growth
SAC projected growth	6.33%	5.67%	4.99%	0.00%	0.00%	
SCC projected growth	-1.37%	5.35%	4.51%	0.00%	0.00%	
Total Reported FTES	27,225.08	28,655.76	29,969.02	28,410.13	29,969.02	
Change in Funded FTES	3.90%	5.25%	4.58%	-5.20%	5.49%	No borrowing in FY 25-26
3 Year Credit Average Used in SCFF	18,233.95	18,536.60	19,069.44	19,142.18	19,425.76	3 Year Average Credit FTES
Lottery Revenue - Unrestricted	$ 204	$ 177	$ 177	$ 177	$ 177	Based on SSC's Dartboard 23-24 - 7/25/23
Deficit Factor - 2%	$ (4,066,904)	$ (4,388,722)	$ (4,767,097)	$ (4,932,116)	$ (5,122,364)	
Expenditure						
Expenditure COLA %	5.00%	5.00%	4.00%	3.29%	3.19%	
Step/Column	1.20%	1.20%	1.20%	1.20%	1.20%	
STRS	19.10%	19.10%	19.10%	19.10%	19.10%	STRS based on SSC's Dartboard 23-24 - 7/25/23
PERS	25.37%	26.68%	27.70%	28.30%	28.70%	PERS based on SSC's Dartboard 23-24 - 7/25/23
SUI	0.50%	0.05%	0.05%	0.05%	0.05%	SUI based on SSC's Dartboard 23-24 - 7/25/23
H/W Premium Increase (District Cost)	3.50%	3.50%	7.20%	3.50%	3.50%	
Utilities Cost Increase	2.50%	2.50%	2.50%	2.50%	2.50%	
ITS Licensing/Contract Escalation Cost	$ 125,000	$ 150,000	$ 155,000	$ 160,000	$ 165,000	

MULTI YEAR PROJECTION	Est Actual 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Basic Allocation	*17,851,268*	*19,318,642*	*20,079,797*	*20,740,422*	*21,402,042*
- Less large college factor	*(991,738)*				
FTES allocation					
Credit	*88,261,269*	*97,101,712*	*$ 103,828,724*	*$ 107,653,767*	*$ 112,733,610*
Special Admit	*9,043,124*	*9,786,469*	*$ 10,172,056*	*$ 10,506,716*	*$ 10,841,880*
CDCP	*42,212,558*	*45,682,431*	*$ 47,482,318*	*$ 49,044,487*	*$ 50,609,006*
Non-Credit	*6,146,482*	*6,651,723*	*$ 6,913,801*	*$ 7,141,265*	*$ 7,369,071*
Supplemental	*23,682,188*	*25,628,864*	*$ 26,638,641*	*$ 27,515,052*	*$ 28,392,782*
Student Success	*20,660,291*	*22,358,567*	*$ 23,239,495*	*$ 24,004,074*	*$ 24,769,804*
Calculated Amount	*206,865,442*	*226,528,407*	*238,354,831*	*246,605,782*	*256,118,195*
HOLD HARMLESS	*195,753,297*	*211,844,217*	*220,190,880*	*238,354,831*	*238,354,831*
Est Apportionment (FD 11)	202,798,538	222,139,685	233,587,734	241,673,666	250,995,831
Est Other Income (FD 11)	19,592,386	19,977,677	19,977,677	19,977,677	19,977,677
Est Ongoing Expense (FD 11)	200,662,399	235,025,056	242,568,562	255,206,237	264,184,019
Est One Time Net Expense (FD 13)	11,075,570				
Permanently Reduce SRP/Rightsizing Savings	(6,745,467)	-	-	-	-
One-Time Faculty Allocation	959,203				
Est Unrestricted FD change	10,652,955	7,092,306	10,996,849	6,445,107	6,789,489
Est Running Balance SRP Savings	22,360,192	-	-	-	-

H:\Department Directories\Fiscal Services\MYP\2023-2024\SCFF simulation FY 2023-24 MYP as of 8-28-23 - 5%-5%-4% & Annual FTES with borrowing FY 22-23 & college's projected growth-fully funded - 8/28/2023 - 2:01 PM

Rancho Santiago Community College District
Unrestricted General Fund 5 Year MYP
Based on Funding Limited to .5% Growth in Enrollment and Other Metrics (with 2% Deficit)

ASSUMPTIONS	Est Actual 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projection Assumptions
Revenue						
Apportionment COLA %	6.56%	8.22%	3.94%	3.29%	3.19%	Based on SSC's Recommended Planning COLA
Credit FTES	18,168.28	19,094.65	17,623.44	19,270.45	19,359.01	
Non-credit FTES	1,505.83	1,589.17	1,597.11	1,605.10	1,613.12	
CDCP FTES	6,218.74	6,565.15	6,597.98	6,630.97	6,664.12	
Special Admit - FTES	1,332.23	1,406.78	1,413.82	1,420.88	1,427.99	
SAC projected growth	6.33%	5.67%				
SCC projected growth	-1.37%	5.35%				
State funding limited to .5% growth			0.50%	0.50%	0.50%	
Total Reported FTES	27,225.08	28,655.76	27,232.35	28,927.40	29,064.24	
Change in Funded FTES	3.90%	5.25%	-4.97%	6.22%	0.47%	No borrowing in FY 24-25
3 Year Credit Average Used in SCFF	18,233.95	18,536.60	18,295.46	18,662.85	18,750.97	3 Year Average Credit FTES
Lottery Revenue - Unrestricted	$ 204	$ 177	$ 177	$ 177	$ 177	Based on SSC's Dartboard 23-24 - 7/25/23
Deficit Factor - 2%	$ (4,066,904)	$ (4,388,722)	$ (4,682,814)	$ (4,878,201)	$ (5,044,044)	
Expenditure						
Expenditure COLA %	5.00%	5.00%	4.00%	3.29%	3.19%	
Step/Column	1.20%	1.20%	1.20%	1.20%	1.20%	
STRS	19.10%	19.10%	19.10%	19.10%	19.10%	STRS based on SSC's Dartboard 23-24 - 7/25/23
PERS	25.37%	26.68%	27.70%	28.30%	28.70%	PERS based on SSC's Dartboard 23-24 - 7/25/23
SUI	0.50%	0.05%	0.05%	0.05%	0.05%	SUI based on SSC's Dartboard 23-24 - 7/25/23
H/W Premium Increase (District Cost)	3.50%	3.50%	7.20%	3.50%	3.50%	
Utilities Cost Increase	2.50%	2.50%	2.50%	2.50%	2.50%	
ITS Licensing/Contract Escalation Cost	$ 125,000	$ 150,000	$ 155,000	$ 160,000	$ 165,000	

MULTI YEAR PROJECTION	Est Actual 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27
Basic Allocation	*17,851,268*	*19,318,642*	*20,079,797*	*20,740,422*	*21,402,042*
- Less large college factor	*(991,738)*				
FTES allocation					
Credit	*88,261,269*	*97,101,712*	*$ 99,614,573*	*$ 104,958,059*	*$ 108,817,596*
Special Admit	*9,043,124*	*9,786,469*	*$ 10,172,056*	*$ 10,506,716*	*$ 10,841,880*
CDCP	*42,212,558*	*45,682,431*	*$ 47,482,318*	*$ 49,044,487*	*$ 50,609,006*
Non-Credit	*6,146,482*	*6,651,723*	*$ 6,913,801*	*$ 7,141,265*	*$ 7,369,071*
Supplemental	*23,682,188*	*25,628,864*	*$ 26,638,641*	*$ 27,515,052*	*$ 28,392,782*
Student Success	*20,660,291*	*22,358,567*	*$ 23,239,495*	*$ 24,004,074*	*$ 24,769,804*
Calculated Amount	*206,865,442*	*226,528,407*	*234,140,680*	*243,910,074*	*252,202,181*
HOLD HARMLESS	*195,753,297*	*211,844,217*	*220,190,880*	*234,140,680*	*234,140,680*
Est Apportionment (FD 11)	202,798,538	222,139,685	229,457,866	239,031,873	247,158,137
Est Other Income (FD 11)	19,592,386	19,977,677	19,977,677	19,977,677	19,977,677
Est Ongoing Expense (FD 11)	200,662,399	235,025,056	242,568,562	255,206,237	264,184,019
Est One Time Net Expense (FD 13)	11,075,570				
Permanently Reduce SRP/Rightsizing Savings	(6,745,467)	-	-	-	-
One-Time Faculty Allocation	959,203				
Est Unrestricted FD change	10,652,955	7,092,306	6,866,981	3,803,313	2,951,796
Est Running Balance SRP Savings	22,360,192	-	-	-	-

RSCCD Tentative Budget Calendar

Fiscal Year 2024 – 2025
September 5, 2023

January 10, 2024	Governor's 2024-2025 Proposed Budget Released
February 21, 2024	Fiscal Resource Committee (FRC) Develops Budget Assumptions And Recommends to District Council
March 4, 2024	District Council Reviews and Recommends Budget Assumptions to Chancellor
March 5, 2024	Sites begin work on budget development worksheets for Tentative Budget: SAC/CEC; SCC/OEC; District Services
March 25, 2024	Board Approves Budget Assumptions
April 26, 2024	Budget Deadline for Budget Centers to submit Budget Change Forms to Business Operation & Fiscal Services
May 15, 2024	Governor's May Revise
May 15, 2024	FRC Recommends Tentative Budget to District Council
June 3, 2024	District Council Reviews and Recommends Budget to Chancellor
June 5,6,7, 2024	Budget on Display for Public Review
June 10, 2024	Board of Trustees Approves Tentative Budget

RSCCD Adopted Budget Calendar

Fiscal Year 2024 – 2025
September 5, 2023

July 1, 2024	Governor Signs State Budget
July 3, 2024	Fiscal Resource Committee (FRC) Develops Budget Assumptions and Recommends to District Council
July 8, 2024	District Council Reviews and Recommends Budget Assumptions to Chancellor
July 9, 2024	Sites begin work on budget development worksheets for Budget
	SAC/CEC
	SCC/OEC
	District Services
August 7, 2024	Budget Deadline for Budget Centers to Submit Budget Change Forms to Business Operation & Fiscal Services
July 15, 2024	Board Approves Updated Budget Assumptions
August 12, 2024	Board Approval of Public Hearing Inspection Notice
August 21, 2024	Proposed Budget to FRC for Recommendation to District Council
August 26, 2024	District Council Reviews and Recommends Budget to Chancellor
September 4,5,6, 2024	Budget on Display for Public Review
September 9, 2024	Board of Trustees Adopts the Budget
September 10, 2024– June 30, 2025	Board of Trustees Approves Ongoing Budget Changes for 2024-2025 Budget

Other Budget Transfers following State Revisions to Apportionment

- P-1: February
- Prior Year Recalculation: Dec/Jan
- P-2: June

Vacant Funded Positions for FY2023-24- Projected Annual Salary and Benefits Savings
As of September 14, 2023

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	Chan, Derrick	2652974	Director of Academic and End User Support Services/SCC	District	12/16/2022	(18,056)	Hired Kimberly Perna#2724270 Eff:7/5/23	11-0000-678000-54143-2110	(21,058)	
11	Clark, Letitia C.	2633790	Chief Communication Officer	District	4/20/2022	-	Hired Chi-Chung Keung#2712975 Eff: 6/1/23.	11-0000-671000-52200-2110	-	
30%-fd 11 70%-fd 12	Director of Grants	REORG#1228	Director of Grants	District	6/22/2026	-	AVC Sarah Santoyo on 8/9/23 revised acct to 12-2180-679000-53345-2110-30%. CL22-00371 General funds are no longer available. Reorg#1228 Elinimated Executive Director Resource Development and added Director of Grants	12-2180-679000-5345-2110-30% 11-0000-679000-53345-2110-0% 12-3401-679000-53345-2110-70%	-	
11	Estevez, Jean	2439960	Revised Title to Asst.Vice Chancellor PC/HR, Learning, Innovation, Wellness & Equity from Director Admin, Institutional Equity, Compliance & Title IX	District	5/11/2021	218,107	Interim Assignmnet Sil Han Jin#2616593 Eff:7/1/23-9/30/23. 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	325,833	988,608
11	Garcia, Elvia	1029353	Assistant to Vice Chancellor People & Culture	District	12/19/2022	(10,557)	Hired CL23-00543 Irene Glomba Eff:7/1/23. Interim Assignment Irena Glomba#1028144 Eff:11/28/22-6/30/23	11-0000-660000-53110-2120	529	
11	Huotari, Monte	1088579	Sergeant District Safety & Security	District	3/23/2023	-	CL23-00613 Hired Robert Witteman#1280163 Eff 9-1-2023	11-0000-695000-54164-2110-50% 11-0000-677000-54164-2110-50%	-	
11	Patikamanant, Tommy	2664667	Manager P&C Strategy Analytics and Equity	District	2/20/2023	104,322	Interim Carol Perez#1029987 7/1/23-9/30/23	11-0000-673000-53110-2110	163,746	
11	Randlph, Shelly	2336099	Internal Audit Manager	District	6/2/2023	155,952		11-0000-672000-54113-2110	255,502	
11	Webb, Ralph	2555265	Chief Dist Safety & Security	District	7/31/2023	169,739	Interim David Waters#2579077 Eff:8/1/23-12/31/23	11-0000-677000-54161-2110-50% 11-0000-695000-54161-2110-50%	264,055	
11	Dombroske, Leona	1027923	Instructor Pharmacy Technology	SAC	8/21/2023	139,382		11-0000-122100-15719-1110	191,260	
11	Hassel, Elissa	1026808	Instructor, Esl Writing	SAC	12/12/2023	75,350		11-0000-150100-15620-1110-96% 11-0000-601000-15625-1280-4%	100,880	
11	Jones, Stephanie	2418945	Dean, Instructional & Student Services	CEC	1/3/2023	187,254	Interim Assignment Steven Holman#2689249 Eff2/1/23-7/28/23 AC22-00521.	11-2490-601000-18100-1210	253,586	
11	Kushida, Cherylee	1028185	Coordinator, Distance Education	SAC	6/23/2023	-	Per SCF, Judith King#2244007 assigned 60% (9LHE) through June2025	11-0000-601000-15054-1250	-	
11	Mercado-Cota-Teresa	1027921	Assistant Dean, Student Services	SAC	12/31/2022	-	Reorg#1339 Assistant Dean, Student Services Position Eliminated and added Director, Administrative Services	11-0000-649000-19100-1210	-	908,159
11	Director, Administrative Services	REORG#1339	Director, Administrative Services	SAC		150,235	Reorg#1339 Assistant Dean, Student Services Position Eliminated and added Director, Administrative Services	11-0000-679000-17100-2110	232,901	
11	Ross, John	1069465		SAC	6/10/2024	-		11-0000-122100-15719-1110	-	
11	Virgoe, Brad	1055072	Director of Criminal Justice	SAC	6/30/2021	(6,671)	Hired AC23-00562 Ernesto Gomez#1277463 Eff:7/1/23Interim Assignment Ernestp Gomez #1277463 Eff:7/1/22-6/30/23	11-0000-601000-15712-1210	(25,644)	
11	Ward, Robert	2409846	Maintenance Supervisor	SAC	11/15/2021	93,484	WOC Miguel Rubio-Lopez#1546867 6/1/23-8/31/23	11-0000-651000-17400-2110	155,174	
11	New Assistant Director, Athletics & Sports Information	REORG#1303	New Assistant Director, Athletics & Sports Information	SCC		-	Hired Nicho Dellavalle#2729354 Eff: 7/25/23REORG#1303 Eliminated Associate Dean, Business and Career Technical Education and created new Assistant Director, Athletics & Sports Information CL22-00474	11-0000-601000-25132-2110	17,280	
11	Castro, Melba	1034219	VP, Student Service	SCC	5/19/2023	12,025	AC23-00620 Hired Christopher Sweeten #2732802 Eff:8/15/23	11-0000-649000-29050-1210-95% 11-0000-684000-29050-1250-5%	21,519	
11	Ceja, Daniel	1100167	Custodian	SCC	10/31/2022	-	REORG#1277 ELIMINATED Custodian position and created Lead Custodian position	11-0000-653000-27200-2130	-	
11	Coto, Jennifer	1029536	Dean, Enrollment & Support Services	SCC	10/13/2020	-	Site used funds from Dean, Enrollment & Support Services vacancy to fund Dean of Student Development&Deputy Tile IX Coordinator REORG# 1318	11-0000-620000-29100-1210	-	178,598
11	Flores, Marilyn	2041264	VP, Academic Affairs-SCC	SCC	7/1/2022	-	Hired AC23-00298 Jason Park#2730022 Eff: 8/1/23 Interim Assignment Jose Vargas#1026660 7/1/22-9/14/22 Interim Assignment Aaron Voelcker#1985186 10/5/22-6/30/23	11-0000-601000-25051-1210-100%	-	
11	Odegard, Esther	1026531	Assistant to President	SCC	7/31/2023	94,627	WOC Ann Kelly#1030363 Eff:7/24/23-8/15/23&8/16/23-11/30/23	11-0000-660000-21100-2120	154,629	
11	Tragarz, Roberta	1026947	Instructor, English	SCC	6/10/2024	-		11-0000-150100-25315-1110	-	
11	Rodriguez, Lilia	2642773	Public Information Officer	SCC	2/14/2023	6,619	Hired CL23-00590 Eugene Fields#1062647 Eff:7/1/23	11-0000-671000-21100-2110	(14,830)	
						1,371,811			**2,075,365**	
Fund	**Classified**	**EMPLOYEE ID#**	**Title**	**Site**	**Effective Date**	**Annual Salary**	**Notes**		**2023-24 Estimated Annual Budgeted Sal/Ben**	**Total Unr. General Fund by Site**
11	Ayala, Jose A.	1030842	P/T District Safety Officer	District	8/30/2020	-	Reorg#1345 moved funds to new F/T Locksmith Position	11-0000-677000-54167-2310-60% 11-0000-695000-54167-2310-40%	-	
11	Elhadidy, Anas	2473844	Application Specialist III	District	2/24/2022	(6,278)	Hired CL22-00283 Carlos Guzman#2728651 Eff:8/7/23	11-0000-678000-54144-2130	(4,727)	
11	Ericson, Dana	1505154	Senior Account Clerk	District	9/24/2023	54,027		11-0000-672000-54213-2130	93,497	
11	Gil, Darlene	1987076	Title IX Specialist	District	12/18/2022	64,972		11-0000-673000-53110-2130	112,670	
11	Lee, Patrick	1416553	P/T District Safety Officer	District	1/24/2021	-	Reorg#1345 moved funds to new F/T Locksmith Position	11-0000-695000-54166-2310	-	
11	Locksmith	Reorg#1345	Locksmith	District	6/1/2023	64,971	Reorg#1345 new F/T Locksmith Position	11-0000-677000-54161-2130	112,668	
11	Lott, Glenn	2264736	Technical Specialist	District	1/31/2023	71,968		11-0000-678000-54141-2130	122,235	
11	Negron, Victor	1069018	Senior Payroll Specialist	District	6/30/2023	33,496	CL23-0663 Hired Dana Ericson#1505154 Eff:9/24/23	11-0000-672000-54215-2130	58,597	
11	Nieto Mireles, Mario	2090959	Custodian	District	3/1/2023	-	CL23-00625 Hired Rosa Fierros#2620447 Eff:9/5/23	11-0000-653000-54133-2310	-	
50%-fd 11 50%-fd 12	Nguyen, Tyler	2262222	Research Analyst	District	3/3/2023	53,676		11-2410-679000-53340-2130-50% 12-3401-679000-53340-2130-50%	78,745	1,030,503
11	Ortiz, Steven	2611580	Mail/Warehouse Assistant	District	6/15/2023	57,143		11-0000-677000-54152-2130	97,863	
11	Palomares, Vanessa	1851190	Business Services Coordinator	District	10/19/2022	73,767		11-0000-701000-53350-2130	124,695	
11	Pita, Lazaro R.	1298807	P/T District Safety Officer	District	11/23/2019	-	Reorg#1345 moved funds to new F/T Locksmith Position	11-0000-677000-54167-2310-60% 11-0000-695000-54167-2310-40%	-	
11	Reynolds, Danielle	2286360	Purchasing Assistant	District	1/19/2022	(6,404)	Interim Assignment Esther Flores#2312462 7/1/23-9/30/23	11-0000-677000-54151-2130	15,128	
11	Santillan, Jason	1834093	Custodian	District	4/10/2023	21,265		11-0000-653000-54133-2310	29,054	
11	Smith, Nancy	1794928	Desktop Publishing Technician	District	11/4/2022	68,453		11-0000-677000-52600-2130	117,430	
11	Shipma, Phil L	1209698	P/T District Safety Officer	District	2/11/2021	-	Reorg#1345 moved funds to new F/T Locksmith Position	11-0000-695000-54163-2310	-	
86.20%-fd 11 13.80%-fd 12	Tingirides, Tiffany	2345107	Senior District Safety Officer	District	12/2/2022	-	Hired Oscar Medina#2689500 Eff:7/1/2023	11-0000-677000-54167-2130-86.20% 12-3610-695000-54167-2130-13.80%	-	
11	Tucker, David	1026632	Warehouse Storekeeper	District	4/2/2023	-	Hired Steven Ortiz#2611580 CL23-00610 Eff:6/16/23	11-0000-677000-54153-2130	-	
60%-fd 11 40%-fd 12	Witteman, 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	

Vacant Funded Positions for FY2023-24- Projected Annual Salary and Benefits Savings
As of September 14, 2023

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
65%-fd 11 35%-fd 12	Berber, Christian	1580466	High School & Community Outreach Specialist	SAC	12/2/2022	47,949		11-2490-649000-18100-2130-65% 12-1102-649000-18100-2130-35%	81,630	
11	Boster Toinette	1029574	Administrative Clerk	SAC	1/3/2023	-	Hired Anay Palafox#2299314 Eff:6/21/23 CL23-00560	11-0000-601000-15716-2130-50% 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	36,629	
11	Dahl, Kayla	2338789	Administrative Secretary	SAC	1/4/2023	-	Hired CL23-00571 Keely Hamilton#2732622 Eff:8/7/23	11-0000-601000-15410-2130	-	
40%-fd 11 60%-fd 12	Dinh, Amber	1069111	Instructional Center technician	SAC	1/3/2023	-	Hired CL23-00568 Jasmin Do#2415712 eff:7/17/23	11-0000-499900-19510-2210-20% 11-2410-499900-19510-2210-20% 12-2412-499900-19510-2210-60%	-	
11	Ellsworth, Kristin	2175738	Administrative Secretary	SAC	12/5/2022	-	Hired Sara Garcia#1212917 Eff: 6/5/23 CL23-00520	11-0000-709000-11300-2130	-	
20%-fd 11 80%-fd 12	Garcia Carmona, Javier	2047939	High School & Community Outreach Specialist	SAC	3/26/2023	-	Hired CL23-00607 Christian Berber#1580466 Eff:7/5/23 @100% FD12. Site Submitted SCF for new hire changing % split	11-0000-649000-19615-2130-20% 12-2549-649000-19615-2130-10% 12-2412-649000-19615-2130-70%	-	
11	Glomba, Irena	1028144	Executive Secretary	CEC	6/30/2023	96,507		11-0000-601000-18100-2130	143,006	
11	Hayes, Charles F.	1026480	Custodian	SAC	6/1/2020	53,013	CL20-00021	11-0000-653000-17200-2130	96,320	
11	Heller, Shelly	2375248	Science Lab Coordinator	SAC	1/27/2023	-	Hired Robert Campbell Eff:6/5/23 CL23-00579. WOC Robert Campbell#2672582 2/13/23-6/4/23	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	Lopez, Felipe	1027162	Gardener/Utility Worker	SAC	12/31/2021	57,143		11-0000-655000-17300-2130	101,967	
50%-fd 11 50%-fd 12	Maestas, Yvonne	1029309	Admission Record Specilaist II	SAC	5/1/2023	37,177		11-0000-620000-19205-2130-40% 11-2410-620000-19205-2130-10% 12-2412-620000-19205-2130-50%	55,982	
20%-fd 11 80%-fd 12	Marquez, Daniel	1062361	Student Services Coordinator	SAC	7/10/2023	-	Interim Assignment Basti Lopez De la Luz#1482197 Eff:7/24/23	11-0000-649000-19615-2130-20% 12-2549-649000-19615-2130-10% 12-2412-649000-19615-2130-70%	-	
35%-fd 11 65%-fd 31	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	**1,787,321**
11	Munoz, Edward J.	1027311	P/T Accountant	SAC	7/14/2020	31,014		11-0000-679000-17100-2310	42,374	
11	Naguib-Estefanous, Nancy A	2018465	Senior Clerk	SAC	10/2/2022	57,143		11-0000-646000-19405-2130	101,967	
75%-fd 11 25%-fd 13	Naguib-Estefanous, Nancy A	2018465	Scholarship Coordinator	SAC	7/23/2023	70,025		11-0000-709000-19550-2130-75% 13-3411-709000-19550-2130-25%	123,029	
40%-fd 11 60%-fd 12	Marin, Perla	1056640	Administrative Clerk	SAC	9/8/2023	19,610		11-0000-632000-19510-2130-20% 11-2410-632000-19510-2130-20% 12-2412-632000-19510-2130-60%	36,563	
11	Pleitez, Roxana	2027159	Division Administrative Assistant	SAC	6/25/2023	14,066	Roxana Pleitez#2027159 returned to position Eff:9/4/23	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 18%-fd 13	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	
11	Rodriguez, Hector	2611615	Gardener/Utility Worker	SAC	5/3/2022	57,143	CL22-00425	11-0000-655000-17300-2130	101,967	
11	Rodriguez, Natalie	1593301	Counseling Assistant	SAC	1/8/2023	-	Hired CL23-00572 Jose Rios Pineda#1456179 Eff:7/10/23	11-2410-631000-15310-2310	-	
36%-fd 11 64%-fd 12	Ruesga, Claudia	1030364	Instructional Center Technician	SAC	1/3/2023	-	Hired CL23-00568 Mariana Cervantes#2730594 Eff:7/27/23	11-0000-632000-19510-2130-5% 11-2410-632000-19510-2130-31% 12-2412-632000-19510-2130-64%	-	
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%	96,072	
40%-fd 11 60%-fd 12	Student Services Specialist	REORG#1190	Student Services Specialist	SAC	12/29/2019	24,902	Reorg#1190 (Nguyen, Cang#1030027)	11-2410-632000-19510-2130-20% 11-0000-632000-19510-2130-20% 12-2416-632000-19510-2130-60%	43,585	
11	Suzuki, Miya	2306123	Divison Administrative Assistant	SAC	7/13/2023	70,349		11-0000-601000-16100-2130	106,008	
11	Taylor, Katherine A.	1028961	P/T Admissions/Records Specialist I	SAC	10/1/2020	22,743		11-0000-620000-19205-2310-30% 11-2410-620000-19205-2310-70%	31,074	
11	Vu, Michelle	2344157	Counseling Assistant	SAC	1/31/2023	-	Hired CL23-00572 Maria Constantino Rodriguez#1217090 Eff:7/10/23	11-2410-631000-15310-2310	-	
11	Yoder, Brian	1028171	Instructional Media Producer	SAC	9/1/2023	78,275		11-0000-679000-11501-2130	131,265	
82%-fd 11 18%-fd 12	Zambrano, Wendy	1338982	Adm/Rec Spec Senior	CEC	8/10/2023	49,225	Reclassed from Admissions/Records Specialist III to Adm/Rec Spec Senior Eff:7/1/23. Resignation Eff: 8/10/23	11-2410-620000-18100-2130-82% 12-1102-620000-18100-2130-18%	78,500	
11	Bains, Kelsey	1030596	Athl Trainer/Therapist	SCC	7/19/2023	78,546		11-0000-620000-29100-2130	122,421	
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% 11-0000-696000-24129-2130-9%	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	2683159	Skilled Maintenance Worker	SCC	9/11/2023	47,145		11-0000-651000-27400-2130	85,179	
11	Gitonga, Kanana	1030388	International Student Coordinator	SCC	1/31/2019	84,993		11-0000-649000-29110-2130	140,043	
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	**1,128,500**
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.	11-0000-649000-29050-2130	127,598	
11	Reza, Juna	1029204	Custodian	SCC	8/29/2023	51,429		11-0000-653000-28100-2130	86,930	
11	Simoes, Antonio	266411	P/T Gardener/Utility Worker	SCC	11/16/2022	-	Hired CL23-00564 Roberto Delgado#1374929 Eff 7/31/23	11-0000-655000-27300-2310	-	
11	Smilde, Mark	2635727	Senior Custodian/Utility Worker	SCC	8/11/2022	-	Hired Guadalupe Hernandez#1492326 effective April 4, 2023 CL22-00386.	11-0000-653000-27200-2130	-	
11	Tran, Kieu-Loan T.	1030029	Admission Records Specialist III	SCC	3/1/2020	62,255		11-0000-620000-29100-2130	108,956	
						2,353,097			3,946,324	
TOTAL						**3,724,907**			**6,021,689**	

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

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	$70,068,788	$71,243,871	$53,538,894	$53,538,894	$53,538,894	$53,538,894	$53,538,894	$53,538,894	$53,538,894	$53,538,894	$53,538,894	$53,538,894
Total Revenues	14,999,379	(458,476)	0	0	0	0	0	0	0	0	0	0
Total Expenditures	13,824,296	17,246,501	0	0	0	0	0	0	0	0	0	0
Change in Fund Balance	1,175,083	(17,704,977)	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance	71,243,871	53,538,894	53,538,894	53,538,894	53,538,894	53,538,894	53,538,894	53,538,894	53,538,894	53,538,894	53,538,894	53,538,894

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 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	40,466,038
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	29,384,181
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)	11,081,857
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	70,068,788

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

DRAFT

Fiscal Resources Committee

Via Zoom Video Conference Call
1:33 p.m. – 2:05 p.m.

Meeting Minutes for August 16, 2023

FRC Members Present: Iris Ingram, Susana Cardenas, Claire Coyne, Steven Deeley, Noemi Guzman, Bart Hoffman (arrived at 1:34 p.m.), Jorge Lopez (arrive at 1:36 p.m.), Adam O'Connor, Craig Rutan and Arleen Satele

FRC Members Absent: Morrie Barembaum, Karly Dinh, Ethan Harlan, Veronica Munoz, and Enrique Perez

Alternates/Guests Present: Jason Bui, Vaniethia Hubbard (arrived at 1:36 p.m.), Gina Huegli, Annebelle Nery (arrived at 2:03 p.m.), Kennethia Vega, and Barbie Yniguez

1. Welcome: Vice Chancellor Ingram called the meeting to order at 1:33 p.m. via zoom upon achieving quorum. Co-Chair Claire Coyne, Academic Senate President from Santa Ana College, was introduced and provided a brief welcome.

2. State/District Budget Update – Ingram
   - 2023/24 Advance Apportionment:
     - Memo
     - Exhibit R – FY 2023/24 Advance Apportionment (July 2023)
     - Exhibit A – Payments by Program (July 2023)
   - SSC – Governor Newsom Signs 2023-24 State Budget Package
   - SSC – Top Legislative Issues-July 14, 2023
   - SSC – Governor Newson Signs Two Community College bills
   - SSC – CalPERS Reports Investment Gains Below Target
   - SSC – GOP Proposes Drastic Cuts to Federal Education Funding
   - SSC – Dartboard for 2023-24 Now Available
   - SSC – State Revenues Tracking with Revised Estimates
   - SSC – Fed Raises Rate Once Again
   - SSC – Governor Newsom Signs CCC Bills
   - SSC – CalSTRS 2022-23 Investment Returns Below Target
   - DOF – Finance Bulletin-July 2023

   Ingram referenced the above resources as information stating the State Budget was passed and signed by the Governor. The latest 320 report was submitted which resulted in Exhibit R (advanced apportionment for the current fiscal year) and Exhibit A (official record of revenue throughout the next fiscal year) that are attached to the meetings materials, while exhibit C can be accessed through the State Chancellor's Office website. All other updates were acknowledged from School Services of California which includes various advisories for education. There were no questions.

3. Proposed Adopted General Fund Budget - Action
   Ingram shared that the updated budget assumptions were presented for approval to the Board of Trustees at their meeting on Monday, August 14, 2023, which is then used to build the final adopted budget to be approved in September.

   A motion by Hoffman to approve the 2023-2024 proposed adopted general fund budget was seconded by Rutan.

Rutan inquired about the amounts of revenue in account 5900 as compared to expenditures last year. O'Connor explained that 5900 is a holding account for unallocated funds which will be redistributed to the colleges once the budget is adopted.

O'Connor provided a brief overview and answered questions. He screened shared and referenced pages 30-67 of the meeting materials that support budget information for fund 11, 12, and 13 along with other details. Budget assumptions begin on page 68-70 and O'Connor reviewed changes since the last review that are in red text. At closeout it was confirmed that RSCCD earned revenue above hold harmless and began the budget process with fully calculated revenue. FTES assumptions were updated based on P3 that included a shift of FTES to earn additional growth/restoration dollars. Lottery projection is higher, and Mandated Block Grant is slightly higher. Under other revenue Item II.N. the Scheduled Maintenance/Instructional Equipment allocation that does not affect the general fund budget but experienced a significant reduction that dropped by $11.2 million (including prior year) and was reallocated $128,753 for this year.

Expenditure assumptions include a netted savings of $2.9 million due to health and welfare benefits due to the requirement for retirees to move to Medicare. However, negotiations are pending with CEFA and FARSCCD for part-time faculty benefits. Two additional faculty have been added to SCC, which brings the total to 28 new faculty: 18 at SAC and 10 at SCC. O'Connor continued to review and discuss Retiree Health Benefit Fund II.G which requires a charge of .75% of payroll for a cost to the unrestricted general fund of $944.709 and the need to also increase Property and Liability Insurance transfer by $530,000. While there is $1.5 million in costs, overall, there is $2.9 million in savings that is a positive for the budget. An inquiry was made about the one-time contribution to the ADA Settlement, and O'Connor explained the contribution is the 7th of 10 one-time annual contributions.

Revenue increased with savings and additional costs, but the bottom line is that $5.7 million unallocated is up $700,000 since the last review and netted a positive of unallocated balance, plus by ending ongoing SRP accumulated saving another $6 million is added in ongoing which is about $11.6 million which addresses the question as to the increase in the 5900 account. Lastly, what is accumulated through SRP is $22.3 million and has been added to the Board Policy Contingency. Discussion ensued related to the Board Policy Contingency fund.

O'Connor continued review of various components of general fund balance, board policy contingency, budget stabilization, SAC/SCC carryovers, and SRP savings and pointing out the net beginning balance of $59 million as compared to actual revenue of $69 million that is almost $10.6 million increase to the budget. He also reviewed recap of actuals at $229 million and expenditures at $219 million for a total $10.5 million difference.

O'Connor continued review of 1300s and 1400s by college for funds 11 and 13 stating overall expenditures in total of $6.8 million overspent at SAC and $3.3 million overspent at SCC.

With no further questions, the motion passed unanimously.

4. Closeout of 2022/2023 Budget
   O'Connor screen shared and reviewed the following:
   - Recap of 2022/23 SCFF Metrics
     These metrics have been updated with the supplemental and student success allocations, includes the annual reported P3 (with the shift), and increased the overall FTES. The end of the year split puts SAC at 68.32% and SCC at 31.68%.

   - Final Budget Allocation Model Distribution of Carryover
     O'Connor also reviewed the close-out of funds that continues through the model with updates based on actuals beginning on page 79 of meeting materials. The one-time general fund 13 is then added and the bottom line is just over $7 million for SAC and $3.5 million for SCC. SAC

budgeted $6 million, and SCC budgeted $3.4 million so this is a reconciliation to what has been added to the adopted budget. Though there may be one additional small adjustment to make, this is the final latest version.

- 50% Law Compliance Update
  O'Connor continued review of the 50% law accomplishments for 2022-23 with SAC spending 64.28%, with SCC just shy of 64%, and overall district-wide at 53.41%, which is a little short in comparison to last year at 54.1%. With the hiring of new full-time faculty, RSCCD is moving in a positive direction. Ingram explained further the 50% law for which at least 50% of funds must be spent on instruction and the classroom. Not all expenditures count for the 50%, it is a rather specific calculation and a real exercise for accounting to ensure the threshold is met. If compliance is not met, then penalties are issued.

5. Poll Committee for Future Discussion Topics – Claire Coyne
   Coyne shared interest of sending a poll to the FRC committee to dive into specific topics as a committee for further understanding of processes, policies, etc. She will initiate a poll to the committee seeking feedback, topics, and ideas for future meetings.

6. Standing Report from District Council – Claire Coyne
   Coyne briefly commented on the actions of District Council which met in July to approve 2023-24 adopted budget assumptions. The next meeting is Monday, August 28.

7. Informational Handouts
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of July 31, 2023
   - Monthly Cash Flow Summary as of July 31, 2023
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes
   - Districtwide Enrollment Management Workgroup Minutes – *No Materials*

   Informational handouts above were referenced for further review.

8. Approval of FRC Minutes – July 5, 2023
   A motion by Hoffman was seconded by Satele to approve the minutes of the July 5, 2023, meeting as presented. The motion passed with abstentions by Coyne and Lopez.

9. Other
   There were no other items discussed.

   A motion by Coyne was seconded by O'Connor to adjourn the meeting. The motion passed unanimously.

   Next FRC Committee Meeting:
   The next FRC meeting is September 20, 2023, at 1:30-3:00 p.m. This meeting adjourned at 2:05 p.m.