

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**  
website: [Fiscal Resources Committee](#)

**Agenda for January 23, 2019**

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

Executive Conference Room #114

1. Welcome
2. State/District Budget Update - Hardash
  - 2019-20 Proposed State Budget report link: <http://www.ebudget.ca.gov>
  - California Community College Chancellor's Office– 2019-20 Governor's Budget for CCC's
  - LAO 2019-20 Overview of Governor's Budget link: <http://www.lao.ca.gov/Budget>
  - School Services of California
    - Initial Impressions From Governor Newsom's 2019-20 State Budget Proposal
    - Governor's Proposals for the 2019-20 State Budget and Education
    - Dartboard for Governor's Proposed 2019-20 State Budget
    - LAO Releases Its Overview of the Governor's 2019-20 Budget Proposal
  - [Proposed Budget Presentation to Board of Trustees January 14, 2019](#)
3. [Presentation to Board Fiscal Audit Committee November 20, 2018](#)
4. Retiree Health Benefits Other Post-Employment Benefits (OPEB) – Establishment of Irrevocable Trust
5. Board Recommendation for Increase to Board Policy Contingency
6. Mid-Year Updates
  - Unrestricted General Fund Expenditure Update
  - FTES Update as of January 15, 2019 at (P1)
7. RSCCD 2017-18 Audit Reports link: <http://www.rsccd.edu/Departments/Fiscal-Services>
8. Continued discussion of [SCFF](#) and review of BAM - Cambridge West Partnership Consultants
  - FCMAT Website – [SCFF Calculator](#)
9. Standing Report from District Council - Zarske
10. Informational Handouts
  - District-wide expenditure report link: <https://intranet.rsccd.edu>
  - Vacant Funded Position List as of January 17, 2019
  - Measure "Q" Project Cost Summary as of December 31, 2018
  - Monthly Cash Flow Summary as of December 31, 2018
  - [SAC Planning and Budget Committee Agendas and Minutes](#)
  - [SCC Budget Committee Agendas and Minutes](#)
11. Approval of FRC Minutes – November 14, 2018
12. Other

**Next FRC Committee Meeting:** (Executive Conference Room #114 1:30 pm – 3:00 pm)  
February 20, 2019

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

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**Subject:** FW: Governor Newsom Releases 2019-20 State Budget

**From:** ceo-all <ceo-all@listserv.cccco.edu> **On Behalf Of** Oakley, Eloy

**Sent:** Thursday, January 10, 2019 3:02 PM

**To:** ceo-all <ceo-all@listserv.cccco.edu>

**Subject:** Governor Newsom Releases 2019-20 State Budget

Dear Colleagues:

This morning, Governor Newsom released his first budget as California's governor. The budget implements many of the commitments the Governor made during the campaign—in health care, housing, and programs from “cradle to career,” with a clear interest in making sure state programs work better for Californians. In this proposal, he continues the state's recent focus on making the budget more resilient given the potential for economic downturns and emergencies, with expenditures to reduce pension liabilities, pay off budgetary debts, and increase the Rainy Day Fund. Without question, in his budget, the Governor has demonstrated a strong commitment to the California Community Colleges. It is fitting that his “California For All” state budget focuses attention on the higher education segment that serves the “top 100 percent” of students.

The budget furthers a key priority included in the Board of Governors' budget request: addressing affordability to give more Californians the opportunity to attend the community colleges to gain the skills and credentials needed to succeed in today's economy. The proposed expansion of the California College Promise—which builds on the framework created under Assembly Bill 19 of 2017—complements California's historic commitment to free tuition for low-income students by supporting colleges in providing free tuition to full-time, first-time students for the amount of time needed to complete a college credential. I am especially heartened by the Governor's proposals to significantly expand financial aid through the Cal Grant program for the students who rely on the community colleges the most, including students raising children and adults returning to school. These proposals recognize that too many community college students lack the resources needed to support the non-tuition costs of college.

Moving forward, we must be mindful of the constraints created by more limited growth in the Proposition 98 minimum guarantee than we have experienced in recent years. The Governor's Budget continues implementation of the Student Centered Funding Formula, a key component of the state's strategy to achieve the *Vision for Success*, while making adjustments to use the 2018-19 funding rates again for 2019-20 (with full implementation, as scheduled, in 2020-21). Last month, I shared with the chief executive officers my concerns about the swings we saw in the data submitted for the student success allocation of the formula. The Governor has asked for further review of this data, and I have asked Vice Chancellor Christian Osmeña to work with the Advisory Group on Fiscal Affairs to conduct this review.

Although our perspectives on the policies included in the state budget may sometimes differ, we should all be able to rely on the same set of facts about how the budget will affect the California Community Colleges and the students we serve. With that goal in mind, the Chancellor's Office has partnered with the Association of California Community College Administrators, the Association of Chief Business Officials, and the Community College League of California to produce a joint analysis of the state budget. You can find that document here: <http://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/2019-20/UpdateGovBudget-011019-Final.pdf>. I appreciate the work of our partners, and I look forward to continuing to work with them throughout this budget process to provide clear information about the impacts of the state budget on the colleges.

To continue to build awareness of the budget's impact on the community colleges and to provide additional details on budget provisions, the Chancellor's Office will host a webinar on **Friday, January 18, from 10:00 am to 11:00 am**. You may sign up to participate here: [https://cccconfer.zoom.us/webinar/register/WN\\_U3kFlw-JTKCo\\_bB8aSKuzQ](https://cccconfer.zoom.us/webinar/register/WN_U3kFlw-JTKCo_bB8aSKuzQ).

As I have committed previously, I will do everything I can to make sure our system receives the support it needs in the 2019-20 budget. I hope you will join me in that work!

Eloy

**Eloy Ortiz Oakley**

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# Joint Analysis of the State Budget: Immediate Update on Governor's Budget

## BACKGROUND

This analysis was developed jointly by:

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

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

## INTRODUCTION

This morning, Governor Newsom released his budget proposal for the 2019-20 fiscal year. Under the proposal, the overall state budget would increase 4.5% from the enacted 2018-19 budget, to \$209.1 billion. General Fund spending would increase 4.0%, to \$144.2 billion. Although we will receive additional details in the coming days and weeks, below are selected highlights.

In his first budget, the Governor has included funding for several education priorities, including some proposals he emphasized during the gubernatorial campaign. Major proposals would:

- Expand kindergarten and pre-kindergarten availability, support workforce development and capacity-building for subsidized childcare, and expand health screening for infants, toddlers, and expectant parents.
- Increase funding by the amount needed to extend the California College Promise to a second year of tuition-free college for first-time, full-time California Community Colleges (CCC) students.
- Expand the Cal Grant program to include a new grant for student parents and increase the number of competitive Cal Grants.
- Make a \$3 billion, one-time state contribution to the State Teachers' Retirement System (STRS), thereby lowering employer contribution rates in 2019-20 and 2020-21.
- Start development of a statewide longitudinal student data system.

## OVERVIEW OF CALIFORNIA COMMUNITY COLLEGES BUDGET

### Proposition 98 Estimates

**Minimum Guarantee.** Each year, the state calculates a "minimum guarantee" for school and community college funding based on a set of formulas established by Proposition 98, which was approved by voters in 1988. The state very rarely provides funding above the estimated minimum guarantee for a budget year. As a result, the minimum guarantee determines the total amount of funding for schools and community colleges. Though total funding is determined by these formulas, the distribution of funding is not prescribed. The Governor and legislature have significant discretion in allocating funding to various programs and services.



**Estimates of the Guarantee.** The Legislative Analyst's Office (LAO) estimates the minimum guarantee each November, and the Department of Finance (DOF) provides its estimates as part of the Governor's budget proposal. The table below compares the LAO and DOF estimates for the minimum guarantee in the prior, current, and budget years. The DOF estimates have been used to build the final state budget in recent history. These estimates are adjusted periodically; the minimum guarantee for a given fiscal year is not finalized until about 18 months after the end of that fiscal year.

**Table 1: Estimates of the Proposition 98 Minimum Guarantee** (Dollars in Millions)

	PRIOR YEAR (2017-18)			CURRENT YEAR (2018-19)			BUDGET YEAR (2019-20)		
	LAO	DOF	DIFFERENCE	LAO	DOF	DIFFERENCE	LAO	DOF	DIFFERENCE
<b>Minimum Guarantee</b>	<b>\$75,391</b>	<b>\$75,453</b>	<b>\$62</b>	<b>\$77,932</b>	<b>\$77,867</b>	<b>(\$65)</b>	<b>\$80,765</b>	<b>\$80,680</b>	<b>(\$85)</b>
<b>Funding</b>									
General Fund	52,911	52,887	(24)	54,230	54,028	(202)	55,447	55,295	(152)
Local property tax	22,556	22,610	54	24,096	23,839	(257)	25,318	25,384	66
<b>Total Funding</b>	<b>\$75,467</b>	<b>\$75,497</b>	<b>\$30</b>	<b>\$78,326</b>	<b>\$77,867</b>	<b>(\$459)</b>	<b>\$80,765</b>	<b>\$80,680</b>	<b>(\$85)</b>
Funding Above Guarantee	76	44	(32)	394	0	(394)	0	0	0

**Lower Guarantee for Current and Prior Years.** Both LAO and DOF estimate that the minimum guarantee declined compared to the projections when the 2018-19 budget was enacted in June of last year. Such a decline can occur if school enrollment, economic growth, or state revenues turn out to be lower than expected. The funding above the guarantee indicated in Table 1 reflects this decline for 2017-18 and 2018-19. Because estimates were higher in the enacted budget, the amount of funding provided for 2017-18 exceeds the current estimates of the minimum guarantee in that year. (The administration adjusted funding for 2018-19 to match the revised guarantee in that year.) Under a new process implemented as part of the 2018-19 budget, funding above the guarantee is credited to future obligations (thereby lowering new spending in those years).

## CCC Funding Levels

Table 2 shows the Governor's proposed Proposition 98 funding levels for CCC in the prior, current, and budget years, based on DOF's estimates of the minimum guarantee in each year. For each of these years, CCC's share of total Proposition 98 funding is 10.93% (the traditional share).

**Table 2: California Community Colleges Proposition 98 Funding by Source** (Dollars in Millions)

CCC PROPOSITION 98 FUNDING	2017-18	2018-19	2019-20	CHANGE FROM 2018-19	
	REVISED	REVISED	PROPOSED	AMOUNT	PERCENT
General Fund	\$5,257	\$5,364	\$5,408	\$44	1%
Local Property Tax	2,963	3,119	3,321	202	6%
<b>Totals</b>	<b>\$8,220</b>	<b>\$8,484</b>	<b>\$8,729</b>	<b>\$246</b>	<b>7%</b>

Note: Prior to calculating the CCC share of Proposition 98 funding, funding for the Adult Education, Adults in Correctional Facilities, and K-12 Strong Workforce programs (\$515 million, \$706 million, and \$724 million in the prior, current, and budget years, respectively) is excluded from the total.

## GOVERNOR'S PROPOSED CCC ADJUSTMENTS

The Governor's proposal provides \$246 million in new spending for CCC in 2019-20 compared to the revised 2018-19 level. Table 3 lists the Governor's proposed funding changes for CCC. These include a cost-of-living adjustment (COLA) of 3.46%.



## Changes in Funding

**Table 3: 2019-20 Changes in California Community Colleges Proposition 98 Funding** (Dollars in Millions)

2018-19 REVISED BUDGET	\$8,484
<b>Technical Adjustments</b>	
Remove one-time spending	(\$109.7)
Student Centered Funding Formula base adjustments	111.6
Use settle-up and reappropriation funds for CCC Strong Workforce program	(76.6)
Workload adjustment to Student Success Completion Grant	10.9
Other technical adjustments	(28.3)
<b>Subtotal</b>	<b>(\$92.1)</b>
<b>Policy Adjustments</b>	
Provide 3.46% COLA for apportionments	\$248.3
Expand California College Promise Program	40.0
Fund 0.55% enrollment growth	26.0
Provide 3.46% COLA for certain categorical programs <sup>a</sup>	\$13.5
Make legal services to undocumented immigrants ongoing	10.0
<b>Subtotal</b>	<b>\$337.8</b>
<b>Total Changes</b>	<b>\$245.7</b>
<b>2019-20 Proposed Budget</b>	<b>\$8,729</b>

<sup>a</sup> Applies to CalWORKs, Campus Childcare, DSPS, EOPS, and Mandates Block Grant programs.

Below, we highlight two of the Governor’s CCC proposals—expanding the California College Promise and continuing implementation of the Student Centered Funding Formula. We also detail local support by program area, capital outlay, and state operations funding in the proposed budget.

### Expansion of College Promise

**Additional Funding.** The Governor proposes \$40 million in new funding to expand the California College Promise (Assembly Bill 19 of 2017). The additional funds are estimated to be the amount needed to cover students’ second year of attendance.

**Use of Funds.** Although this initiative is associated with “free college,” the structure of the initiative allows districts to decide how best to use the dollars. Under current law, districts can use funds to waive or buy out enrollment fees for any first-time, full-time California students for up to one year. Districts also can decide to use the funds for other purposes, such as providing grants to students to pay non-fee expenses, working with local education agencies to promote college preparedness and attendance, or providing other services to foster better outcomes for students. Under the Governor’s proposal, districts would be authorized to waive fees for up to two years.

**District Eligibility.** The requirements for districts to participate in the California College Promise remain unchanged from the original AB 19 implementation. Colleges must partner with local education agencies to establish an Early Commitment to College program, improve college readiness, reduce the need for remediation, use “multiple measures” for assessment and placement, participate in the Guided Pathways program, ensure that students complete the federal or state financial aid application, and participate in the federal student loan program.



## Implementation of Student Centered Funding Formula

**Planned Implementation.** The Student Centered Funding Formula, which was implemented beginning in 2018-19, apportions funding to districts using a base allocation linked to enrollment, a supplemental allocation designed primarily to benefit low-income students, and a student success allocation based on each district's student outcomes. Under the planned three-year phase-in of new formula factors, the base allocation would decline from about 70% of total funding to 65% in 2019-20 and 60% in 2020-21. The student success allocation, conversely, would increase from about 10% to 15% and 20% in the three years, respectively. The supplemental allocation would constitute about 20% of total funding in each year of the phase-in. This implementation would occur through changes in the funding rates for the base allocation and student success allocation.

**Adjusts Implementation to Use 2018-19 Rates, Adjusted for COLA, in 2019-20.** The Governor's budget proposal continues the Student Centered Funding Formula but adjusts the implementation provisions, pending further data analysis. Specifically, funding rates for 2019-20 would instead reflect the 2018-19 rates plus a COLA. (The funding rates for 2020-21 and beyond would remain unchanged from current law.) As under current law, in 2019-20, a district would receive the highest of the following calculations: (1) the amount calculated pursuant to the Student Centered Funding Formula for 2019-20, (2) the amount calculated pursuant to the Student Centered Funding Formula for 2018-19, or (3) the amount the district received in 2017-18, adjusted by the COLAs in 2018-19 and 2019-20.

**Additional Changes.** The proposed budget limits year-to-year growth in the total amount of funds calculated for the student success allocation to 10%. In addition, proposed trailer bill language would modify the definition of the number of students who transfer to four-year universities.

Tables 4 shows the 2018-19 and proposed 2019-20 funding rates under the Student Centered Funding Formula.

**Table 4: Student Centered Funding Formula Factors and Rates**

FACTORS	2018-19	2019-20
<b>Base Allocation (per FTES)</b>		
Credit FTES <sup>a</sup>	\$3,727	\$3,856
Credit FTES of special admits	5,457	5,646
Credit FTES of inmates in correctional facilities	5,457	5,646
Noncredit FTES	3,347	3,463
CDCP noncredit FTES	5,457	5,646
<b>Basic Allocation (by category)</b>		
Single college district, fewer than 10,000 FTES	3,917,752	4,053,306
Single college district, 10,000-19,999 FTES	5,223,670	5,404,409
Single college district, 20,000 or more FTES	6,529,588	6,755,512
Multi-college district, fewer than 10,000 FTES	3,917,752	4,053,306
Multi-college district, 10,000-19,999 FTES	4,570,712	4,728,859
Multi-college district, 20,000 or more FTES	5,223,670	5,404,409
Rural college designation	1,246,086	1,289,201
State approved centers	1,305,918	1,351,103
Grandparented centers, more than 1,000 FTES	1,305,918	1,351,103
Grandparented centers, 750-999 FTES	979,437	1,013,326
Grandparented centers, 500-749 FTES	652,958	675,550
Grandparented centers, 250-499 FTES	326,479	337,775
Grandparented centers, 100-249 FTES	163,241	168,889



FACTORS	2018-19	2019-20
<b>Supplemental Allocation (per headcount)</b>		
Pell Grant recipient	919	951
California College Promise Grant recipient	919	951
AB 540 Fee Waiver recipient	919	951
<b>Student Success Allocation (per outcome)</b>		
<b>All Students</b>		
Associate degree for transfer	1,760	1,821
Associate degree	1,320	1,366
Baccalaureate degree	1,320	1,366
Credit certificate requiring 18 or more units	880	910
Transfer-level math and English courses completed within the student's first academic year of enrollment	880	910
Transfer to a four-year university	660	683
9 or more career technical education units completed	440	455
Regional living wage obtained within one year of community college completion	440	455
<b>Additional for Pell Grant recipients</b>		
Associate degree for transfer	666	689
Associate degree	500	517
Baccalaureate degree	500	517
Credit certificate requiring 18 or more units	333	345
Transfer-level math and English courses completed within the student's first academic year of enrollment	333	345
Transfer to a four-year university	250	259
9 or more career technical education units completed	167	173
Regional living wage obtained within one year of community college completion	167	173
<b>Additional for California College Promise Grant recipients</b>		
Associate degree for transfer	444	459
Associate degree	333	345
Baccalaureate degree	333	345
Credit certificate requiring 18 or more units	222	230
Transfer-level math and English courses completed within the student's first academic year of enrollment	222	230
Transfer to a four-year university	167	173
9 or more career technical education units completed	111	115
Regional living wage obtained within one year of community college completion	111	115

<sup>a</sup> For some districts, existing law supersedes these rates with district-specific rates.



## Local Support Funding by Program

Table 5 shows proposed local assistance funding by program for the current and budget years. As the table shows, most categorical programs received level or workload funding in the Governor's proposal.

**Table 5: California Community Colleges Funding by Program<sup>a</sup> (Dollars in Millions)**

	2018-19	2019-20	CHANGE FROM 2018-19	
	REVISED	PROPOSED	AMOUNT	PERCENT
Student Centered Funding Formula	\$7,156	\$7,504	\$348	5%
Student Equity and Achievement Program	475	475	0	0%
Strong Workforce Program	255	171	-84	-33%
Student Success Completion Grant	132	143	11	8%
Adult Education Program	131	135	4	3%
Disabled Students Programs and Services (DSPS)	120	125	4	3%
Extended Opportunity Programs and Services (EOPS)	112	116	4	3%
California College Promise (AB 19)	46	80	34	74%
Financial aid administration	92	77	-15	-16%
Full-time faculty hiring	50	50	0	0%
CalWORKs student services	45	47	2	3%
Apprenticeship (CCC districts)	53	44	-9	-17%
Integrated technology	42	42	0	0%
Mandates Block Grant and reimbursements	33	34	1	3%
Institutional effectiveness initiative	29	28	-1	-5%
Part-time faculty compensation	25	25	0	0%
Online education initiative	58	23	-35	-60%
Economic and Workforce Development	23	23	0	0%
NextUp (foster youth program)	20	20	0	0%
California Online Community College	120	20	-100	-83%
Cooperative Agencies Resources for Education (CARE)	16	17	1	3%
Lease revenue bond payments	32	16	-16	-49%
Nursing grants	13	13	0	0%
Part-time faculty office hours	62	12	-50	-80%
Legal services	10	10	0	0%
Fund for Student Success	9	9	-1	-8%
Foster Parent Education Program	5	5	0	0%
Veterans Resource Centers	13	5	-8	-63%
Childcare tax bailout	4	4	0	3%
Other <sup>b</sup>	3	3	0	0%
Equal Employment Opportunity Program	5	3	-2	-43%
One-time program funding <sup>c</sup>	31	-	-31	-100%
Deferred maintenance and instructional equipment (one time)	28	-	-28	-100%
College-specific allocations	16	-	-16	-100%



	2018-19	2019-20	CHANGE FROM 2018-19	
	REVISED	PROPOSED	AMOUNT	PERCENT
K-12 passthroughs (adult ed, K-12 apprenticeship, workforce)	621	609	-12	-2%
<b>Totals</b>	<b>\$9,888</b>	<b>\$9,888</b>	<b>\$0</b>	<b>0%</b>

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

<sup>b</sup> Other programs include Academic Senate, transfer, FCMAT, and part-time faculty health insurance.

<sup>c</sup> Includes one-time allocations for hunger-free campus, mental health services and training, re-entry grant program, and open educational resources.

In developing the Governor’s budget proposal, DOF used the information shown in Table 6.

**Table 6: Planning Factors for Proposed 2019-20 Budget**

FACTOR	2017-18	2018-19	2019-20
Cost-of-living adjustment (COLA)	1.56%	2.71%	3.46%
State Lottery funding per FTE	\$205.60	\$223.23	\$222.37
Mandates Block Grant funding per FTE	\$28.44	\$29.21	\$30.22
RSI reimbursement per hour	\$5.90	\$6.26	\$6.48
Financial aid administration per College Promise Grant	\$0.91	\$0.91	\$0.91
Employer pension contribution rates			
Public Employee Retirement System (PERS)	15.53%	18.06%	20.80%
State Teachers Retirement System (STRS)	14.43%	16.28%	17.10%

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

## Capital Outlay

The Governor’s budget proposal provides \$358.7 million in capital outlay funding from Proposition 51, approved by voters in 2016. The funding is to support 15 continuing projects and 12 new projects, as listed in Table 7.

**Table 7: Governor’s Proposed CCC Capital Outlay Projects**

COLLEGE	PROJECT	PHASE	2019-20		ALL YEARS	
			STATE COST	TOTAL COST	STATE COST	TOTAL COST
<b>Continuing Projects</b>						
Santa Monica College	Math/Science Addition	C	\$37,031,000	\$72,934,000	\$39,615,000	\$78,102,000
Laney College	Learning Resource Center	C	22,812,000	70,556,000	24,417,000	75,686,000
Mt. San Antonio College	New Physical Education Complex	C	53,993,000	67,768,000	57,541,000	72,238,000
Santa Rosa Junior College	Science and Mathematics Replacement Building	C	30,882,000	61,200,000	33,076,000	65,589,000
Orange Coast College	Language Arts and Social Sciences Building	C	28,305,000	55,706,000	30,353,000	59,803,000
Allan Hancock College	Fine Arts Complex	C	22,873,000	45,012,000	24,526,000	48,318,000
Golden West College	Language Arts Complex	C	21,925,000	43,248,000	23,540,000	46,478,000
North District Center	Center Expansion	C	40,275,000	40,275,000	42,403,000	43,285,000



			2019-20		ALL YEARS	
COLLEGE	PROJECT	PHASE	STATE COST	TOTAL COST	STATE COST	TOTAL COST
Santa Ana College	Russell Hall Replacement	C	19,192,000	37,875,000	20,729,000	40,948,000
Solano College	Library Building 100 Replacement	C	17,396,000	36,987,000	20,148,000	39,739,000
Compton College	Instructional Building 2 Replacement	C	14,891,000	23,050,000	16,167,000	24,995,000
Mission College	MT Portables Replacement Building	C	10,073,000	20,019,000	10,814,000	21,500,000
Merritt College	Child Development Center	C	5,692,000	18,593,000	6,128,000	20,013,000
Imperial College	Academic Buildings Modernization	C	8,647,000	16,949,000	9,043,000	17,741,000
Long Beach City College	Construction Trades Phase 1	C	6,712,000	12,032,000	7,304,000	13,107,000
<b>New Projects</b>						
San Bernardino Valley College	Technical Building Replacement	PW	2,313,000	5,174,000	34,411,000	75,647,000
College of the Redwoods	Phys Ed Replacement	PW	5,379,000	5,379,000	60,648,000	60,648,000
American River College	Technical Building Modernization	PW	1,258,000	4,191,000	29,959,000	57,966,000
Saddleback College	Gateway Building	PW	1,719,000	3,501,000	26,080,000	52,338,000
College of Alameda	Replacement of Buildings B and E (Auto and Diesel Technologies)	PW	1,278,000	2,555,000	17,044,000	33,650,000
Los Angeles City College	Theater Arts Replacement	PW	1,112,000	2,245,000	15,140,000	30,095,000
Merced College	Agriculture Science and Industrial Technologies Complex	PW	431,000	2,153,000	12,974,000	25,629,000
Santa Monica College	Art Complex Replacement	PW	793,000	1,585,000	10,901,000	21,526,000
Rio Hondo College	Music/Wray Theater Renovation	PW	847,000	1,959,000	9,873,000	20,486,000
College of the Sequoias	Basic Skills Center	PW	1,365,000	1,365,000	15,635,000	17,350,000
Fresno City College	New Child Development Center	PW	1,036,000	1,295,000	13,520,000	16,850,000
Butte College	Technology Remodel	PW	518,000	1,034,000	8,088,000	10,722,000
<b>Totals</b>			<b>\$358,748,000</b>	<b>\$654,640,000</b>	<b>\$620,077,000</b>	<b>\$1,090,449,000</b>

Note: P = preliminary plans. W = working drawings. D = design. C = construction.

## State Operations

The proposed budget includes three substantive changes for state operations:

- \$5 million one time for outreach related to the California College Promise
- \$435,000 one time to support the work of the Student Centered Funding Formula Implementation Oversight Committee
- \$135,000 ongoing for an information security officer

The proposal would result in total budgeted resources for the Chancellor’s Office of \$34.7 million in 2019-20 (including \$23.7 million General Fund).



## BEYOND THE CCC BUDGET

In addition to the Governor’s CCC proposals, the budget includes several efforts that would affect our students and colleges.

### Cal Grant Expansion

The Governor includes \$121.6 million to provide additional financial aid for Cal Grant recipients who are enrolled in one of the public higher education segments and who have dependent children. For students receiving the Cal Grant A, the proposal creates a new access award that could provide up to \$6,000 annually. For students receiving the Cal Grant B, the maximum access award would increase to \$6,000 annually (from \$1,648). For students receiving the Cal Grant C (for students enrolled in career-technical education programs), the maximum book and supplies award would increase to \$4,000 (from \$1,094).

In addition, the Governor proposes to increase the number of competitive Cal Grant awards. These awards are for students who meet general Cal Grant eligibility requirements but do not qualify for the entitlement programs, primarily because of the amount of time they have been out of school. As a result, these awards generally serve older adults. The budget includes \$9.6 million to fund 4,250 new competitive Cal Grant awards, bringing the new total to 30,000 awards in 2019-20. The new awards are distributed evenly between those awarded following the March deadline (open to all students) and those awarded following the September deadline (for CCC students only).

### Relief on STRS Costs

The Governor’s budget includes a \$3 billion STRS payment that would reduce the unfunded liability for teacher pensions. A portion of this reduction in the liability would reduce the statutory employer contributions in 2019-20 and 2020-21. Table 8 compares the projected employer contribution rates to contribution rates under the current funding plan for these two years.

**Table 8: California Teachers’ Retirement System Employer Contribution Rates**

YEAR	CURRENT FUNDING PLAN	GOVERNOR’S BUDGET PROPOSED RATES	CHANGE
2019-20	18.13%	17.10%	-1.03%
2020-21	19.10%	18.10%	-1.00%

### New Longitudinal Student Data System

The Governor’s proposed budget includes \$10 million one time to begin planning, and support the initial costs of, a new statewide longitudinal student data system. The California Department of Education will serve as the fiscal agent for these funds, with the education segments expected to participate in the planning and implementation of the new system.

In about a week, as additional details become available, the ACBO, ACCCA, CCCCO, and the League will provide a more complete joint analysis of the Governor’s budget proposal.



# **COMMUNITY COLLEGE UPDATE**

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## **Initial Impressions From Governor Newsom's 2019-20 State Budget Proposal**

Today, January 10, 2019, Governor Gavin Newsom released his proposal for the 2019-20 State Budget. In addition to the expected early childhood education proposals, Governor Newsom addressed some of the long-term cost pressures of California State Teachers' Retirement System (CalSTRS) pension costs.

The purpose of this article is to provide a quick overview of Governor Newsom's assertions regarding the 2019-20 State Budget. We address the community college topics highlighted by Governor Newsom this morning in his press conference, press release, and high-level State Budget summary but reserve our commentary and in-depth details for inclusion in our *Community College Update*, to be released later today.

### **Economic Outlook**

As the Department of Finance has been signaling in recent monthly *Finance Bulletins*, the 2019-20 State Budget proposal reflects a revised revenue forecast that is \$5.2 billion higher from 2017-18 through 2019-20 compared to the 2018-19 State Budget Act. Over the three fiscal years, personal income tax is up \$7.5 billion, sales tax is down \$1.4 billion, and corporation tax is up \$1.3 billion.

Governor Newsom continues to build additional reserves beyond the \$13.5 billion currently set aside in the Rainy Day Fund. An additional \$1.8 billion transfer is proposed in this budget year and an additional \$4.1 billion over time, bringing the Rainy Day Fund to \$19.4 billion by 2022-23.

### **Level of Proposition 98 Funding**

The proposed 2019-20 State Budget includes Proposition 98 funding of \$80.7 billion for 2019-20, which Governor Newsom notes as an "all-time high." The Proposition 98 funding levels for the 2017-18 and 2018-19 fiscal years declined from 2018-19 State Budget levels by \$120.1 million and \$525.7 million, respectively. When combined with more than \$686 million in settle-up payments for prior years, the State Budget proposes an increased investment of \$2.8 billion in K-14 education over 2018-19.

While there are many representations of the actual per-student funding provided, Governor Newsom's Budget asserts that total per-pupil expenditures from all sources are projected to be \$16,857 in 2018-19 and \$17,160 in 2019-20. From Proposition 98 alone, per-pupil expenditures are \$12,003 in 2019-20, an increase of \$435 per pupil over the level provided in 2018-19.

Test 1 is projected to be operative for fiscal years 2017-18 and 2019-20 and Test 3 is projected to be operative for fiscal year 2018-19.

### **CalSTRS Payment**

To provide relief to local educational agencies (LEAs) and community colleges for the rising costs of CalSTRS pensions now and in the future, Governor Newsom is proposing a \$3 billion one-time non-Proposition 98 payment to CalSTRS to reduce long-term liabilities for employers.

Of this amount, a total of \$700 million would be provided to buy down the employer contribution rates in 2019-20 and 2020-21. Based on current assumptions, employer contributions would decrease from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.1% in 2020-21. The remaining \$2.3 billion would be paid toward the employers' long-term unfunded liability.

### **Second Year of California College Promise**

Validating rumors of expanding the California College Promise program by an additional year, Governor Newsom is proposing \$40 million to waive the second year of enrollment fees to first-time, full-time students. Based on 2017-18 data, approximately 28,000 first-time, full-time students are projected to be eligible for a second year of free tuition, assuming their community college meets the participation requirements of the program.

### **Student Funding Formula**

To better ensure that the Chancellor's Office and the Funding Formula Oversight Committee have sufficient time to consider revisions that would further the goals of the formula, Governor Newsom's proposal maintains the current rates for the Student Success Allocation Factors in 2019-20, proposes establishing limits on the year-over-year increases in resources a community college could receive through the Student Success Allocation (capping those year-over-year increases to 10%), and clarifies that the transfer outcome measure in the Student Success Allocation reflects an unduplicated count of students.

### **Growth and COLA**

Governor Newsom proposes an increase of \$26 million for enrollment growth and \$248 million to reflect a 3.46% cost-of-living adjustment.

### **Facilities**

Governor Newsom proposes \$359 million in general obligation bond funding for 12 new and 15 continuing projects, representing the next installment of the \$2 billion available for community colleges under Proposition 51.

### **Legal Services to Undocumented Immigrants**

Governor Newsom proposes an increase of \$10 million to provide legal services to undocumented and immigrant students, faculty, and staff on community college campuses.

### **Cal Grant Access Awards**

Governor Newsom proposes \$121.6 million to increase or provide access awards for students with dependent children attending any higher education segment. New or renewal Cal Grant A students will receive an access award of up to \$6,000, new or renewal Cal Grant B students will see their access award increase from \$1,648 to \$6,000, and Cal Grant C students will see their book and supply award increase from \$1,094 to \$4,000.

**Summary**

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

—*SSC Staff*

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# **COMMUNITY COLLEGE UPDATE**

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## **Governor's Proposals for the 2019-20 State Budget and Education**

Governor Gavin Newsom enjoys a much more positive financial and economic environment at the release of his first State Budget than his predecessor did. Governor Newsom inherits a state that is enjoying a strong economy and a historic budget surplus due primarily to the prudent policies of Governor Jerry Brown. During Brown's tenure as Governor, public education experienced a massive philosophical and practical shift that has involved significant infusions of revenue over a relatively short period of time, but with equally significant cost pressures. The question in everyone's mind has been: What will our new Governor do with his good fortune?

### **Fiscal Stability**

During Governor Brown's tenure we celebrated his commitment to public education that allowed for a restoration of debilitating cuts during the Great Recession. However, we also noted that during that same time, community colleges were saddled with increased cost pressures outside of their control including dramatic rate increases in the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS).

We are pleased that Governor Newsom has devoted a section to his State Budget's "A" pages to acknowledge the stress that these significant cost pressures have placed on local budgets. More importantly, we are pleased that he has proposed a major infusion of funds (non-Proposition 98) to mitigate some of those pressures for K-14 education.

### **Proposition 98 Slows**

During the past several years we have experienced robust growth in Proposition 98 due to multiple factors: robust economic growth in the earlier stages of the current economic recovery and a significant Proposition 98 maintenance factor created in the recession that must be paid off. With the maintenance factor being fully repaid and slowing economic growth in the later stages of the recovery, both the Legislative Analyst Office and the Administration project slower growth in Proposition 98 than in prior years.

Three decades ago, with voter approval of Proposition 98, expectations were high that funding for California's K-14 schools would eventually return to the levels of the top ranked states in the nation. Unfortunately, 30 years of experience has shown that California has made little, if any, progress toward this goal. If funding under Proposition 98 continues to slow and generally just keeps pace with workload and inflation how will the Administration and Legislature respond? Every year there is debate about which education programs should be increased or if new programs should be added. In the past, all of these debates have taken place within the boundaries established by Proposition 98. We are encouraged that some of Governor Newsom's investments in his proposed State Budget that benefit public education are coming from non-Proposition 98 dollars.

## Building Reserves

At this time last year, Governor Brown led off his 2018-19 State Budget press conference with a statement that he was preparing California for the future. He warned of the dire consequences of a recession, especially given the state's volatile tax system. He noted that there were 10 recessions since World War II and that we must prepare for the 11th. As a result, he once again highlighted the need to build up the state's Rainy Day Fund. Governor Brown took his fiduciary responsibility to the people of California seriously.

Governor Newsom appears to be keeping with that tradition in his first State Budget by adding money to the state's Rainy Day Fund for 2019-20 and beyond. Many of us who lived through the last "Great Recession" and the horrendous cuts sustained in public education during that time know that we are all better served with a State Budget that is balanced and has appropriate reserves for economic uncertainties.

## Overview of the Governor's Budget Proposals

On Thursday, January 10, 2019, just after 11:00 a.m., Governor Newsom released his first proposed "California for All" State Budget for the upcoming 2019-20 fiscal year. Before beginning his remarks, he warned the press corps that he would be going into great detail and likely talk longer than many might expect. "This is something I really enjoy," Governor Newsom declared. In contrast to Governor Brown who last year completed his prepared remarks in about five minutes, Newsom's presentation lasted almost an hour, plus an additional 45 minutes of Q&A.

Governor Newsom led by explaining that he is proposing a \$144 billion General Fund Budget for the upcoming fiscal year, a 3.6% increase over the current year. He emphasized that he is being fiscally prudent, noting that 86.4% of the new spending is for one-time investments compared to 71% last year.

## Economic Outlook

The Governor's Budget recognizes a revised revenue forecast that is \$5.2 billion higher from 2017-18 through 2019-20 compared to the 2018-19 State Budget Act projection. Over the three fiscal years, personal income tax is up \$7.5 billion, sales tax is down \$1.4 billion, and corporation tax is up \$1.3 billion.

Governor Newsom continues to build additional reserves beyond the \$13.5 billion currently set aside in the Rainy Day Fund. An additional \$1.8 billion transfer is proposed in the budget year and an additional \$4.1 billion over time, bringing the Rainy Day Fund to \$19.4 billion by 2022-23.

## Other Major Initiatives

**Paid Family Leave.** Governor Newsom is proposing to expand the Paid Family Leave program, with the goal of ensuring that all babies can be cared for by a parent or a close family member for the first six months. During the year, the Administration will convene a task force to evaluate options to increase participation in the program and to phase in program expansion.

**Housing.** To address California's housing crisis, the Budget includes \$1.3 billion in one-time funds to spur housing development to address the state's affordability crisis and promote economic growth. The Budget also expands state tax credits to further develop both low- and moderate-income housing, and proposes new innovative housing on excess state property.

**Expanded Tax Credit Program.** The Governor’s Budget proposes to more than doubling the state’s Earned Income Tax Credit to \$1 billion, which would provide low-income families with young children, under the age of six, a \$500 credit. The credit will also be expanded to reach full-time workers earning \$15 per hour—reaching 400,000 additional families.

**Emergency Services.** Governor Newsom also proposes \$200 million to augment CAL FIRE’s firefighting capabilities, adding 13 additional year-round engines, replacing Vietnam War-era helicopters, deploying new large air tankers, and investing in technology and data analytics that will support CAL FIRE’s incident command in developing more effective initial fire suppression strategies.

In the end, Governor Newsom displayed a detailed command of his proposed budget, fielding questions on every aspect of his new Administration’s priorities. Unlike prior governors who rely on their directors of the Department of Finance, Newsom did not give up the podium to his newly appointed director, Keely Bosler, to fill in the details. He did this himself.

## The Economy and Revenues

### Economic Outlook

Following the footsteps of his predecessor, Governor Newsom cautions that the opportunities for continued economic expansion are narrowing as both the nation and the state have reached full employment, likely have capitalized on last year’s federal tax policy changes, and face the growing risks of trade tensions between the U.S. and China and a federal government shutdown that appear to be impacting Wall Street performance. In particular, California faces unique structural risks in its aging population and housing shortage.

The State Budget assumes steady job growth alongside a strong increase in personal income. Governor Newsom notes the shift in the distribution of wages that stand to benefit the average worker, but as a result of the state’s highly progressive tax structure, will translate to slower growth in General Fund revenue. Specifically, the budget assumes that personal income growth will be 5.5% in 2018, 5.0% in 2019, and then averaging 4.3% through 2022. Growth in real wages and personal income are necessary to sustain healthy consumption and overall economic activity.

While the State Budget identifies rising economic risks related to the state’s aging population and housing shortage, the *UCLA Forecast* from December 2018 maintains that the continued trade tensions with China and an unratified tri-nation agreement among the U.S., Mexico, and Canada are significant risks to the world’s fifth largest economy so reliant on the import-export business.

### Revenues

The 2019-20 State Budget assumes higher overall revenues for fiscal years 2017-18 through 2019-20, exceeding the 2018-19 State Budget projections by more than \$5.2 billion. Over the three-year period, both the personal income tax and the corporation tax are expected to beat earlier estimates; however, the budget anticipates that the sales and use tax will fall shy of projections.

Over the long term, the forecast calls for continued increases in the state’s “Big Three” taxes.

“Big Three” Revenue Forecast

(General Fund Revenue—in billions)

	<b>FY</b> <b>2017-18</b>	<b>FY</b> <b>2018-19</b>	<b>FY</b> <b>2019-20</b>	<b>FY</b> <b>2020-21</b>	<b>FY</b> <b>2021-22</b>	<b>FY</b> <b>2022-23</b>	<b>Average</b> <b>Year Over</b> <b>Year Growth</b>
Personal Income Tax	\$94.3	\$97.7	\$100.5	\$103.1	\$106.0	\$109.4	3.0%
Sales and Use Tax	\$25.0	\$26.2	\$27.4	\$28.2	\$29.0	\$29.8	3.5%
Corporation Tax	\$12.2	\$12.3	\$13.1	\$13.6	\$14.0	\$14.5	3.5%

### **Proposition 98**

Adopted by state voters in 1988, Proposition 98 sets in the State Constitution a series of complex formulas that establish the minimum funding level for K-12 education and community colleges from one year to the next. This target level is determined by prior-year appropriations that count toward the guarantee and (1) workload changes as measured by the change in average daily attendance (ADA), and (2) inflation adjustments as measured by the change in either per capita personal income or per capita state General Fund revenues, whichever is less. The gains experienced over the last several years continue with the 2019-20 State Budget proposal.

#### **Current- and Prior-Year Minimum Guarantee**

Proposition 98 minimum guarantee has declined from the 2018 Budget Act for both 2017-18 and 2018-19 due to lower-than-anticipated ADA and a year-over-year decline in General Fund revenue growth from 2017-18 to 2018-19.

For the current year, the Governor's Budget acknowledges a decline of \$525.7 million from the 2018-19 Budget Act. Therefore, the Proposition 98 guarantee is now estimated at \$77.9 billion, down from \$78.4 billion in the enacted Budget. The 2017-18 year reflects a more modest decline of \$120.1 million, lowering the minimum guarantee from \$75.6 billion to \$75.5 billion.

However, despite the declines of the minimum guarantee, the Governor's Budget maintains level funding by continuing a \$44 million "over-appropriation" in 2017-18 and using settle-up payments to offset otherwise unfunded 2018-19 obligations.

#### **2019-20 Minimum Guarantee**

For 2019-20, the Governor's Budget proposes a Proposition 98 guarantee of \$80.7 billion, an increase of \$2.8 billion year over year. The guarantee is projected to be based on Test 1—funding based on education's proportion of the General Fund in 1986-87.

### **Student Centered Funding Formula**

The Governor proposes \$248.3 million to fund a 3.46% cost-of-living adjustment (COLA) for apportionments, which is applied to the rates within the funding formula as well as the basic allocations. Further, he proposes that the student success allocation factors in 2019-20 remain the same as for 2018-19 except augmented by the COLA, which would be a change to the existing formula for 2019-20. The purpose of this is to stabilize the funding for another year in order to allow time for further review. His proposal leave the current formulas in place for 2020-21 and beyond.

Governor Newsom also proposes a cap of 10% on the growth allowed within the Student Success Allocation part of the formula to ensure greater sustainability in the long run, and proposes a clarification that the transfer outcome measure reflect an unduplicated count of students.

### **Other General Apportionment Proposals**

In addition to the proposals for the Student Centered Funding Formula, Governor Newsom 2019-20 State Budget proposal provides \$26 million to fund student growth of 0.55%, along with a reduction of \$211.4 million for an anticipated increase in local property tax collections.

Similar to the last two years under Governor Brown, Governor Newsom does not propose any one-time discretionary funds for 2019-20—funds that have historically been counted as paying down outstanding state mandate claims. Also, consistent with the prior Governor's prior proposals, there is no proposed change to current fee levels for the California Community Colleges (CCCs).

### **Other Programs**

The Governor's 2019-20 State Budget proposals for other community college programs include:

- \$358.7 million in Proposition 51 bond funds for 12 new and 15 continuing facilities projects
- \$40 million to expand the California College Promise program into a second year of free CCC tuition for students, with \$5 million in one-time funds for the Chancellor's Office to expand outreach regarding the program
- \$18 million for the 3.46% COLA on the Adult Education Block Grant Program
- \$13.5 million to fund the 3.46% COLA for Disabled Student Programs and Services, Extended Opportunity Programs and Services, California Work Opportunity and Responsibility to Kids, and Child Care Tax Bailout programs
- \$10 million to provide legal services to undocumented and immigrant students, faculty, and staff in the CCC's on an ongoing basis

### **CalSTRS and CalPERS Payments**

Governor Newsom's proposed State Budget recognizes the growing burden of pension rate increases that local educational agencies face. A total of \$3 billion in one-time non-Proposition 98 funds will be used to buy down CalSTRS employer contribution rates in 2019-20 and beyond and to reduce employers' long-term unfunded liability. Based on current assumptions, a \$700 million investment would be used to decrease the statutory CalSTRS employer contributions in 2019-20 of 18.13% to 17.1% and in 2020-21 from 19.1% to 18.1%. (The current CalSTRS employer contribution rate is 16.28% for 2018-19.) The remaining \$2.3 billion would be applied toward employers' long-term unfunded liability, which is expected to translate to an estimated reduction in the employer contributions beyond 2020-21 of approximately half a percentage point.

The proposed State Budget also includes additional payments to address the state's share of the CalSTRS liability. In addition to the statutorily required \$3.3 billion state CalSTRS contribution, \$1.1 billion will go toward the state's share of the CalSTRS Defined Benefit Program. This is expected to be the first installment of an estimated \$2.9 billion to be paid to CalSTRS through 2022-23.

Finally, Governor Newsom proposes an infusion of \$3 billion into CalPERS as a supplemental pension payment in 2018-19, which follows a \$6 billion supplemental payment made to the system in 2017-18.

### **The Rest of Higher Education**

The Governor's State Budget proposal for 2019-20 anticipates a freeze on tuition at the current level for both the University of California (UC) and the California State University (CSU) systems, which comes with a proposed infusion of funds significantly greater than that provided under Governor Brown's Administration.

The UC system is proposed to receive \$240 million in ongoing funds for operating costs, increasing student success, improving student mental health services, and better addressing student hunger and homelessness; \$138 million in one-time funds for deferred maintenance; and some additional funds for special programs such as expanded degree completion, mental health services, student hunger and housing, legal services for undocumented students and their families, and student growth, success, and outreach.

Governor Newsom proposed to provide the CSU system with \$193 million in ongoing funds for operating costs, \$62 million for enrollment growth, and \$45 million for the Graduation Initiative 2025. The proposal also includes \$247 million in one-time funds for deferred maintenance, \$15 million in one-time funds for student hunger and homelessness, and \$7 million for providing legal services to undocumented students, staff, and faculty at the CSU. Further, the budget proposes \$2 million for a review of a potential CSU campus in San Joaquin County.

### **Cal Grants**

The Governor's proposal for 2019-20 includes \$121.6 million to expand Cal Grants for higher education students that have dependent children through the following mechanisms:

- A new access award of up to \$6,000 annually for students receiving the Cal Grant A
- A maximum access award for Cal Grant B recipients of up to \$6,000 annually (up from the current \$1,648)
- A maximum books and supplies award for Cal Grant C recipients enrolled in career technical education programs of up to \$4,000 annually (up from the current \$1,094)

The Proposed Budget also includes \$9.6 million to fund 4,250 additional competitive Cal Grant awards.

### **Longitudinal Data System**

Governor Newsom is proposing \$10 million one-time non-Proposition 98 funds to plan for and develop a longitudinal data system that would connect student data from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and

human services agencies. The funding would be used for initial planning purposes and the initial stages of implementation, once an implementation plan is adopted by the Administration and the Legislature. Governor Newsom has continuously expressed his support for this type of data system and the proposal is consistent with his “cradle-to-career” education strategy that looks to connect all education segments.

### **Early Childhood Education: Child Care and State Preschool**

Governor Newsom’s first State Budget includes significant new investments in children and young learners as a critical part of his “California for All” vision. Many of his proposals leverage one-time funding as a way to ensure that the state does not overcommit itself while building the essential components of the early care and education (ECE) infrastructure. Governor Newsom’s ECE budget includes the following key investments:

- **Universal Preschool:** The State Budget proposes instituting universal preschool for all low-income four-year-olds in California over a three-year period, and includes a first-year investment of \$124.9 million in non-Proposition 98 funding for new full-day preschool slots for community-based providers. The Budget also proposes to shift \$297.1 million in non-LEA part-day slots from Proposition 98 to the non-Proposition 98 portion of the Budget to enable community-based providers greater flexibility to draw down full-day, full-year funding for state preschool slots. Finally, the Budget proposes to remove a barrier for families to access full-day wraparound services under the State Preschool Program by eliminating the requirement to demonstrate that the need for care stems from employment or postsecondary enrollment.
- **Birth to Three:** Governor Newsom proposes to spend over \$200 million in state and federal funds on home visiting programs and child developmental and health screenings as a way to bridge the child readiness gap and ensure positive health and life outcomes for all children.
- **Child Care:** The Budget proposes \$490 million in one-time funding (non-Proposition 98) for child care facilities (\$245 million) and the professional development of child care workers (\$245 million—non-Proposition 98) to improve the overall quality of child care.

As part of long-term visioning, Governor Newsom proposes to invest \$10 million to develop a child care and universal preschool roadmap for California. The roadmap will address systems capacity issues, workforce development needs, and identify funding options. This work will augment California’s federal preschool development grant for which the California Department of Education is conducting state needs analysis.

### **K-12 Education Proposals**

The 3.46% statutory COLA is applied to the K-12 Local Control Funding Formula and the few categorical programs that still exist for K-12 education. In a departure from Governor Brown’s prior year proposals, Governor Newsom does not propose any one-time discretionary funds for K-12 education that are scored against outstanding state mandate claims. There are additional funds proposed for Special Education programs with specific requirements on the use of the funds, and there is \$750 million in one-time funds to augment the one-time funds provided in the current year budget to construct new or retrofit existing facilities in order to offer all-day kindergarten programs.

### **In Closing**

In closing, Governor Newsom is making his mark and distinguishing himself in his proposed 2019-20 State Budget. While respecting the education reform of Governor Brown's SCFF, he is striking out on his own path in addressing the whole child through early childhood education, parental leave, health care, and housing. He has gone out on a limb to dedicate significant non-Proposition 98 funds to help education through increased contributions to the pension systems, facilities funding, and investments to make children better prepared to learn when they reach K-12 schools and eventually our colleges.

Remember that the Governor's Budget proposal marks the beginning of the process, not the end. We expect the Legislature to push back on the Governor's priorities and propose their own. As the various proposals are considered by legislative committees, we can expect both confrontation and compromise. The key difference this year will be the unknown dynamic between a new Governor and a well-established legislative leadership with a strong Democratic majority.

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

—*SSC Staff*

posted 01/10/2019

## SSC Community College Financial Projection Dartboard 2019-20 Governor's Proposed State Budget

This version of SSC's Financial Projection Dartboard is based on the 2019-20 State Budget proposal. We have updated the cost-of-living adjustment (COLA), consumer price index (CPI), and ten-year T-bill planning factors to reflect the latest economic forecasts. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are, at best, general guidelines.

Factor		2018-19	2019-20	2020-21	2021-22	2022-23
Statutory COLA for Apportionments		2.71%	3.46%	2.86%	2.92%	2.90%
Base Apportionment Increase		\$269.7 million	\$248.3 million <sup>1</sup>	TBD	TBD	TBD
Growth Funding		1% (\$60 million)	0.55% (\$26 million)	TBD	TBD	TBD
State Categorical Programs	COLA	2.71% <sup>2</sup>	3.46% <sup>2</sup>	2.86% <sup>2</sup>	2.92% <sup>2</sup>	2.90% <sup>2</sup>
	Funding	\$361.6 million	\$50 million <sup>3</sup>	Ongoing unless otherwise stated	Ongoing unless otherwise stated	Ongoing unless otherwise stated
California CPI		3.58%	3.18%	3.05%	2.92%	3.15%
Interest: Ten-Year Treasuries		2.87%	3.19%	3.19%	3.20%	3.30%
California Lottery <sup>4</sup>	Unrestricted per ADA	\$151	\$151	\$151	\$151	\$151
	Restricted per ADA	\$53	\$53	\$53	\$53	\$53
Mandate Block Grant (per FTES)		\$29.21	\$30.22	\$31.08	\$31.99	\$32.92
CalPERS Employer Rate		18.062%	20.70%	23.40%	24.50%	25.00%
CalSTRS Employer Rate <sup>5</sup>		16.28%	17.10%	18.10%	18.10%	17.60%

<sup>1</sup> Applied to base allocations and rates within the Student Success Funding Formula.

<sup>2</sup> COLA for Adult Education Block Grant, Disabled Student Programs and Services, Extended Opportunity Programs and Services, special services for California Work Opportunity and Responsibility to Kids, Child Care Tax Bailout programs, and the Mandate Block Grant.

<sup>3</sup> The 2019-20 State Budget proposal includes additional programmatic funding sources, the most significant of which are identified below:

- \$40 million for the California Promise Grant Program (elimination of enrollment fees for the second year for students meeting certain criteria)
- \$10 million (ongoing) for legal services for undocumented persons

<sup>4</sup> The forecast for Lottery funding per full-time equivalent student (FTES) includes both base (unrestricted) funding and the amount restricted by Proposition 20 for instructional materials. Lottery funding is initially based on prior-year actual annual FTES, and is ultimately based on current-year annual FTES.

<sup>5</sup> Rates for 2019-20 and beyond are subsidized by Governor Newsom's State Budget Proposal.

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## **LAO Releases Its Overview of the Governor's 2019-20 Budget Proposal**

On January 10, 2019, Governor Gavin Newsom released his budget blueprint for 2019-20 (see "[Governor's Proposals for the 2019-20 State Budget and Education](#)," in the January 11, 2019, *Community College Update*). On January 14, 2019, the Legislative Analyst's Office (LAO), the Legislature's nonpartisan policy and fiscal advisor, released its [Overview of the Governor's Budget](#); a preview of its more detailed program-specific analyses, which are usually released in February. The LAO summarized the key features in the Governor's Budget proposal, which includes debt repayments, one-time funding to schools and community colleges, and building additional reserves.

In the report, the LAO commends Governor Newsom for making prudent choices with the approximately \$20.6 billion available in discretionary spending. Even though Governor Newsom is proposing to use a smaller share of resources for reserves than we have seen in recent budgets, the report notes that he is proposing to use almost half of the available dollars to pay down some of the state's outstanding liabilities and focuses the bulk of his spending on one-time purposes rather than ongoing initiatives.

The report highlights Governor Newsom's proposed pay down of \$5.3 billion in unfunded pension liabilities. Of this amount, \$3 billion would be a supplemental payment to the state's California Public Employees' Retirement System share and \$2.3 billion would go to the K-14 local educational agencies' share of the California State Teachers' Retirement System (CalSTRS) unfunded liability. Separate from the \$2.3 billion pay down, the LAO report notes that Governor Newsom also proposes providing \$700 million over the next two years (\$350 million per year) to provide K-14 local educational agencies with immediate budget relief by reducing the required CalSTRS employer contribution rates in 2019-20 and 2020-21.

The LAO maintains that state revenues in 2018-19 and 2019-20 are lower than the Administration's estimates by less than \$100 million, which makes the LAO and the Administration much closer in their estimates than in years past. Additionally, the LAO states that Governor Newsom's proposal of \$3 billion in ongoing spending was roughly the level of ongoing spending that the LAO predicted that the budget could support; however, the LAO notes that recent experience indicates revenues could come in somewhat lower than the estimates made by the Administration and the LAO.

The report states that Proposition 98 funding of \$80.7 billion for 2019-20, is an increase of \$2.8 billion, or 3.6%, over the 2018-19 level.

Additionally, one-time initiatives include \$245 million to fund early education facilities, \$245 million to fund the child care workforce of early education, and \$10 million to fund a comprehensive plan to improve early education access and quality. While early education has been an area of concern in the state, the LAO cautions the Legislature to consider more targeted initiatives with specific goals, considering the large dollar amounts at stake (a total of \$500 million).

The report also highlights the following ongoing major initiatives in the Governor’s budget proposal:

- \$540 million to fund universities (\$300 million for California State University [CSU] and \$240 million for University of California [UC])
- \$350 million to fund the California Work Opportunity and Responsibility to Kids grant levels
- \$125 million to fund full-day preschool slots

The report also notes that Governor Newsom is proposing two Cal Grant policy changes, that are mostly consistent with recent legislative priorities. The first is the Administration’s \$122 million proposal for greater living assistance for Cal Grant recipients who have dependent children at a California Community Colleges, CSU, or UC. The other proposal is \$9.6 million to fund an additional 4,250 Cal Grant competitive awards, which would raise the total number of new competitive awards to 30,000 annually.

In the report, the LAO cautions that school funding might be vulnerable to a recession due to a lack of deposit in the school stabilization account and a lack of one-time funds towards the Proposition 98 minimum guarantee in Governor Newsom’s proposal. From 2013-14 through 2018-19, the state has set aside \$700 million per year to mitigate the effects of a future drop in the guarantee, reducing the likelihood of cuts to ongoing programs. The LAO states that Governor Newsom’s proposal provides no “cushion” to the Proposition 98 minimum guarantee, supporting approximately \$100 million for ongoing program costs with one-time funding, leaving an ongoing shortfall in the 2020-21 budget.

The report identifies several proposals in the Governor’s budget that align with recent legislative action but are still in development, giving ample time for the Legislature and administration to collaborate and shape these policies. The LAO believes that the Legislature can adopt a final Budget plan with its own preferred mix of reserves, one-time spending, and ongoing budget commitments.

*—Kyle Hyland and Jamie Metcalf*

posted 01/17/2019

# RSCCD Joint Benefits Committee

## Other Post Employment Benefits (OPEB) Health Insurance Unfunded Liability

January 7, 2019

# Agenda

- Background Material
- Information Regarding Irrevocable Trust
- Recommendation

# OPEB Retiree Health Benefits

- RSCCD provides full time employees with two forms of Retiree Health Benefits at retirement
  - Lifetime Health Benefits – F/T employees hired prior to 1986/87 after 15 years of service
  - Up to age 70 Health Benefits – F/T employees hired after 1986/87 after 15 years of service
- RSCCD pays annual retiree health premiums out of general fund
  - Approximately \$8 million per year for 2018/19
- Contractual Obligation to pay per CBA's
- Increasing annual cost of premiums for retiree health benefits
- Creates a huge unfunded liability to district's year to year budget as limited funding is set aside for this future obligation
  - None currently in an Irrevocable Trust
- Annual health premiums increase an average of 5% per year
- Future annual premium costs?
  - Larger and larger financial burden on General Fund

# OPEB Retiree Health Benefits

- New GASB 75 valuation presented by Actuary to Board of Trustees on July 16th
  - GASB 43/45 prior pronouncements
- OPEB Liability now ~\$167.3 Million
  - Was \$82.1 million in 2014 and \$129.6 million in 2016
- Growing Unfunded Liability estimates are now more volatile under GASB 75
- RSCCD has contributed full Annual Required Contribution (ARC) since 2012
  - Prior Budget Assumptions ARC contribution policy was 1% of total salaries plus \$500,000
    - Not sufficient to keep up with rising ARC calculations and annual premium increases
    - At times used one time funds to increase contributions to ARC
- 2016 ARC - \$12 million
  - \$8 million goes to pay annual health care premiums for retirees (pay-as-you-go)
  - \$4 million contribution to Retiree Health Benefits Fund
- Contributions left over after annual premiums paid deposited into Retiree Health Benefits Fund
  - Current cash fund balance approximately \$60 million
- A major influencer of unfunded liability calculation is interest earnings on deposited funds
  - "Discount Factor"
- Had been earning approximately 1% interest in the County Treasury
  - Actuary using 3.5% since current funds are not considered Irrevocable Trust Plan Assets
  - If idle funds earned higher interest earnings, would lower ARC obligation

# Irrevocable Trust

- In order to manage increasing liability one mechanism to assist on the interest earnings calculations is to use an Irrevocable Trust
  - Higher interest earnings due to expanded ability for investments for a legal trust
  - Not constrained by Government Code 53600 et al
- Plan Assets (irrevocable trust) vs Health Benefits Fund (revocable by Board action)
- Legally establish an independent Irrevocable Trust Plan
- Interestingly, GASB doesn't require districts to fund the calculated unfunded liability – just requires acknowledgement of liability on financials and a plan to fund
- However:
  1. Prudent to plan and fund identified obligations of district
  2. Accreditation Standard III D-12 requirements
  3. Bond Financing/credit ratings requirements
  4. Increasing cost pressure on district's annual budget

# Irrevocable Trust

## Benefits of an Irrevocable Trust

- Increase earnings if have Irrevocable Trust (up to 7%)
- Counts as Plan Assets and reduces the OPEB liability
- **Employees can feel comfortable and secure that funds are “locked away” for their future retiree health benefits**
- **Reduce costs and strain to General Fund**
- Potential credit rating increase
- Accreditation Standard and fiscal health assessment affirmation

## Drawbacks of an Irrevocable Trust

- Less Board flexibility as it cannot be tapped for other needs
- Once deposited to trust it cannot be removed
- Need to set careful rules for investment options as we don't want to bet on stock market volatility (investment risk assessment)

# OPEB Retiree Health Benefits

- Available Resources:
  - Retiree Health Benefits Fund #63      Approximately \$60,000,000
  
- Other Needs to Consider:
  - Ability/flexibility to borrow from these funds for projects?
  - Ability to borrow from these funds for cash flow?
  - Ability to use funds for financial crisis?

# Board Fiscal/Audit Committee Recommendation

- Irrevocable Trust – invest \$40 million
- Retiree Health Benefits Fund – maintain balance in separate fund
  
- Future ARC contributions options:
  - Remaining balance of ARC after premiums paid deposited to Irrevocable?
  - Remaining balance of ARC after premiums paid split between Irrevocable trust and Retiree Health Benefits Fund?
  - Remaining balance of ARC after premiums paid deposited to Retiree Health Benefits Fund

# OPEB Retiree Health Benefits Establishment of an Irrevocable Trust

- Timeline:
  - Discussion with Joint Benefits Committee January 7, 2019
  - Board of Trustees Presentation January 14, 2019
  - Discussion with FRC January 23, 2019
  - Discussion with Orange County Treasurer January, 2019
  - RFP Process for an OPEB Trust Provider Jan – April, 2019
  - Legal Review/Board Approval May, 2019
  - Establish Irrevocable Trust and Transfer Funds June, 2019

# Discussion and Questions



# RSCCD Board Policy Committee

## Contingency (Minimum Required) Reserves – Board Policy/Budget Assumptions

January 18, 2019

# Agenda

- Background Information
- Rationale for Increasing Reserve Level
- Recommendation

# Board Policy Contingency Reserves

- Current Board Policy Contingency is at “no less than 5%” (BP 6250)
  - ~\$9.3 million
  - State recommended “prudent reserves”
  - Chancellor’s Office encouraging districts to review their reserve policies because of new funding formula
- RSCCD monthly expenses average ~\$20 million
- Payroll and benefits costs alone averages over \$15 million a month, meaning the current reserve level could not even cover a single month of payroll in an emergency
- Salaries and benefits as a percent of total expenditures increasing
  - 18/19 est. 88.25%, 17/18 88.33%, 16/17 87.85%, 15/16 86.78%, 14/15 87.04%
- We are now in the tenth year of recovery since the Great Recession
- When will the next downturn hit and will we be best positioned to weather the storm?

# Board Policy Contingency

- Other Factors to Consider:
  - New Student Centered Funding Formula with added Supplemental and Student Success performance based data elements adds significant funding variability and uncertainty
  - Multi-year projections of revenue will be much more difficult to model and predict
  - Our FTES has remained relatively flat in last several years (flat funding with increasing costs)
  - Although the new Funding Formula allocates funds on more than just the numbers of students, we still need to grow our student population over time
  - Increasing automatic annual costs such as PERS and STRS, step/column movements, health benefits increases and inflation add to budget uncertainty
  - Anticipated that all districts will quickly improve their data accuracy and increase student success, thereby creating large apportionment deficits statewide due to limitations in funding from Proposition 98 minimum funding guarantee
  - ACCJC Accreditation – working on strengthening financial stability standards
  - Bond Credit Ratings – Credit agencies look for liquidity and financial security

# Board Policy Contingency

- Government Finance Officers Association (GFOA)
  - National organization for support of governmental agencies and advisories on Generally Accepted Accounting Principles (GAAP)
  - Recommended Best Practice for General Fund Reserves (balances)
- “GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.”
  - RSCCD – two months = \$40 million
  - Current RSCCD Policy – 5% = \$9 million

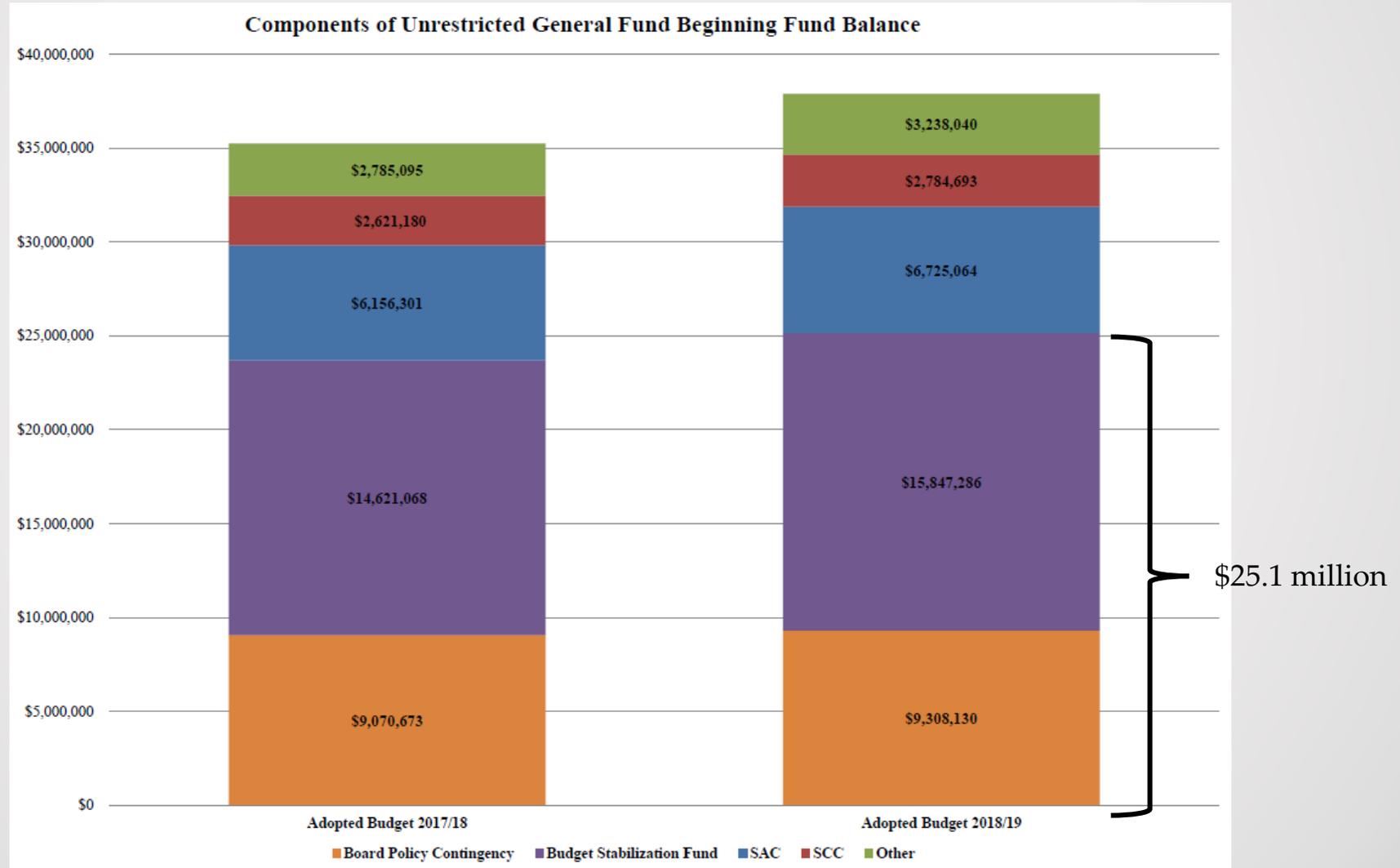
# Board Policy Contingency

- Several other neighboring community college districts have recognized the need to increase reserves through Board Policy changes:
  - Coast, South Orange, Chaffey, Mt. SAC, Compton, Mira Costa, Hartnell, Copper Mtn all have increased reserves between 7% - 20%
- Schools Services Update on July 13, 2018 discusses these same issues and the need to be thoughtful of cash balances and reserve levels in the wake of the new Student Centered Funding Formula
- Schools Services Update on November 16, 2018 now recommends Community College Districts keep a minimum reserve of 10% due to the new SCFF
- GFOA January 2015 “Best Practices” report recommends no less than a 10% reserve
- Fiscal Self-Assessment Checklist/Chancellor’s Office Watch List is returning and will strongly encourage higher reserves for districts due to funding vulnerability of SCFF
- Fiscal Crisis & Management Assistance Team (FCMAT) assisting the Chancellor’s Office to create fiscal standards checklist

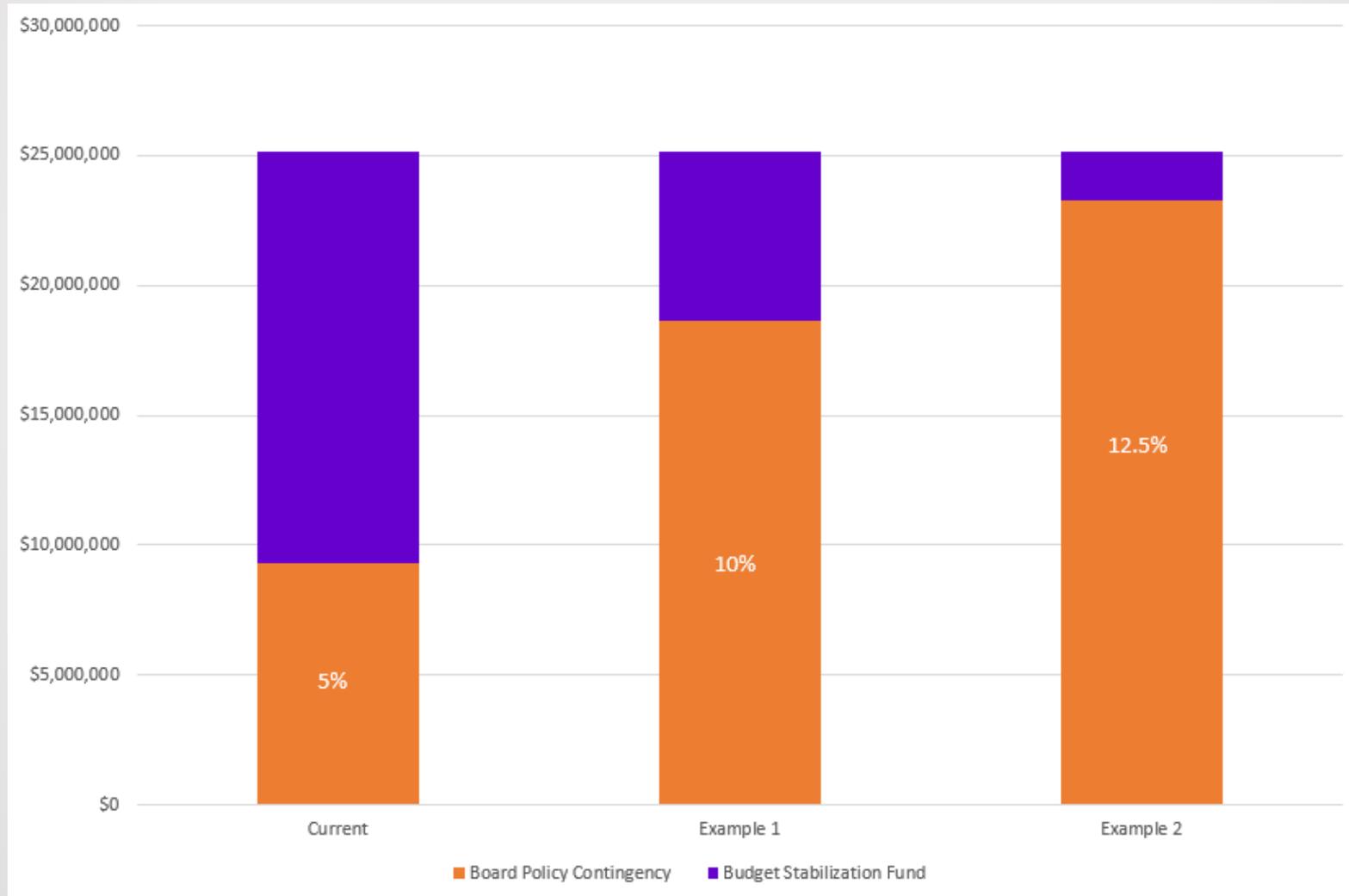
# Board Policy Contingency

- No new cost to currently increase policy on reserves from 5% to 10%+
  - Additional reserves currently in Budget Stabilization Fund
- Now is the time with the new SCFF and before next economic downturn
- Budget Stabilization Fund established in 2012/13 and maintained at current balances
- Board approved annual Budget Assumptions include a balanced budget
  - Not deficit spending with utilization of BSF reserves
- Before spend down of Budget Stabilization Fund
  - Now is the time to convert BSF reserves to Board Policy reserves to fund from 5% to 10%+
- Will still maintain Budget Stabilization funds and Campus reserves in excess of Board Policy Reserve

# Board Policy Contingency



# Board Policy Contingency



# Recommendation

- Staff recommendation to Board Fiscal/Audit Committee on November 20<sup>th</sup> - Increase the Board Policy Contingency from 5% to 10%
- Board Fiscal/Audit Committee recommendation to increase from 5% to 12.5%
- Recommend Board Policy change to BP 6250 and AR 6305
- Annual Budget Assumptions will follow new Board Policy

# Discussion and Questions

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

	FY 2017-2018					FY 2018-2019				
	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail
Aca Salaries (excl. 1300's)	28,564,954	28,544,756	13,808,270	14,736,486	51.63%	28,541,088	28,717,384	14,905,839	13,811,545	48.09%
1300's	18,484,069	18,475,312	8,875,187	9,600,126	51.96%	18,453,796	18,453,796	10,452,105	8,001,691	43.36%
2 Classified Salaries	13,188,573	13,198,979	6,196,696	7,002,283	53.05%	12,717,796	12,893,678	6,316,873	6,576,805	51.01%
3 Employee Benefits	23,665,225	23,661,369	10,594,852	13,066,517	55.22%	24,102,008	24,241,379	11,876,359	12,365,020	51.01%
4 Supplies & Materials	590,610	637,704	288,658	349,046	54.73%	564,867	704,436	197,702	506,734	71.93%
5 Other Operating Exp	8,151,321	8,683,730	2,274,896	6,408,834	73.80%	8,546,609	9,376,024	1,462,009	7,914,015	84.41%
6 Capital Outlay	1,117,683	1,417,829	223,056	1,194,773	84.27%	606,164	1,548,738	20,856	1,527,882	98.65%
7 Other Outgo	2,588,465	1,848,331	-	1,848,331	100.00%	4,895,302	5,971,195	-	5,971,195	100.00%
<b>Santa Ana College</b>	<b>96,350,900</b>	<b>96,468,010</b>	<b>42,261,615</b>	<b>54,206,395</b>	<b>56.19%</b>	<b>98,427,630</b>	<b>101,906,630</b>	<b>45,231,743</b>	<b>56,674,887</b>	<b>55.61%</b>
Aca Salaries (excl. 1300's)	14,472,327	14,510,254	7,059,590	7,450,664	51.35%	14,789,246	14,788,422	7,829,077	6,959,345	47.06%
1300's	6,216,200	6,216,200	3,623,545	2,592,655	41.71%	6,975,572	8,036,534	4,211,639	3,824,895	47.59%
2 Classified Salaries	6,387,972	6,385,611	3,082,211	3,303,400	51.73%	6,685,915	6,711,654	3,351,979	3,359,675	50.06%
3 Employee Benefits	10,891,065	10,922,681	5,252,122	5,670,559	51.92%	11,798,511	12,057,578	5,963,353	6,094,225	50.54%
4 Supplies & Materials	190,332	237,337	83,130	154,207	64.97%	192,697	324,626	82,628	241,998	74.55%
5 Other Operating Exp	4,688,010	4,907,298	1,588,302	3,318,996	67.63%	4,322,104	4,926,818	1,140,619	3,786,199	76.85%
6 Capital Outlay	50,174	102,835	29,414	73,421	71.40%	10,174	100,339	71,286	29,053	28.95%
7 Other Outgo	4,090,806	3,750,870	-	3,750,870	100.00%	2,690,531	2,039,779	138,518	1,901,261	93.21%
<b>Santiago Canyon College</b>	<b>46,986,886</b>	<b>47,033,086</b>	<b>20,718,316</b>	<b>26,314,770</b>	<b>55.95%</b>	<b>47,464,750</b>	<b>48,985,750</b>	<b>22,789,100</b>	<b>26,196,650</b>	<b>53.48%</b>
1 Academic Salaries	704,509	744,065	368,182	375,883	50.52%	684,466	684,466	357,695	326,771	47.74%
2 Classified Salaries	13,138,753	13,141,791	6,221,902	6,919,889	52.66%	13,438,033	13,343,442	6,230,624	7,112,818	53.31%
3 Employee Benefits	7,431,910	7,431,834	3,399,554	4,032,280	54.26%	7,981,072	7,954,475	3,641,250	4,313,225	54.22%
4 Supplies & Materials	291,189	289,366	99,004	190,362	65.79%	534,546	547,243	232,523	314,720	57.51%
5 Other Operating Exp	6,664,238	6,558,463	2,718,037	3,840,426	58.56%	6,706,425	6,894,166	3,341,758	3,552,409	51.53%
6 Capital Outlay	1,314,750	1,223,830	148,867	1,074,963	87.84%	998,900	919,650	32,814	886,836	96.43%
7 Other Outgo	458,616	458,616	-	458,616	100.00%	1,279,371	1,279,371	-	1,279,371	100.00%
<b>District Services</b>	<b>30,003,965</b>	<b>29,847,965</b>	<b>12,955,546</b>	<b>16,892,419</b>	<b>56.59%</b>	<b>31,622,813</b>	<b>31,622,813</b>	<b>13,836,663</b>	<b>17,786,150</b>	<b>56.24%</b>
<b>TOTAL FUND 11 and FUND 13</b>	<b>173,341,751</b>	<b>173,349,061</b>	<b>75,935,477</b>	<b>97,413,584</b>	<b>56.20%</b>	<b>177,515,193</b>	<b>182,515,193</b>	<b>81,857,506</b>	<b>100,657,687</b>	<b>55.15%</b>

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
2015-16, 2016-17, 2017-18 ACTUAL FTES COMPARISON TO P1 ESTIMATED ACTUALS

(P1) FINAL

As of January 8, 2019

SUMMER 2018 On or After 7/1/2018

	2015-2016			2016-2017			2017-2018			2017-2018			2018-2019			2018-2019		
	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	(P3) Actuals with borrow as of July 16, 2018	TOTAL	SAC	SCC	(P1) Estimated Actuals as of January 8, 2019	TOTAL	SAC	SCC	
NC	56.06	32.50	23.55	46.46	18.57	27.89	104.79	60.04	44.75	104.79	60.04	44.75	74.77	28.24	46.53	(30.02)	(31.80)	1.78
CDCP	545.93	422.18	123.75	411.66	306.58	105.08	354.89	263.54	91.35	354.89	263.54	91.35	359.95	267.22	92.73	5.06	3.68	1.38
CR	1,716.50	1,220.82	495.68	1,686.29	1,223.17	463.12	1,739.30	1,240.71	498.59	1,739.30	1,240.71	498.59	346.94	273.84	73.10	(1,392.36)	(986.87)	(425.49)
<b>SUMMER TOTALS</b>	<b>2,318.48</b>	<b>1,675.50</b>	<b>642.98</b>	<b>2,144.41</b>	<b>1,548.32</b>	<b>596.09</b>	<b>2,198.98</b>	<b>1,564.29</b>	<b>634.69</b>	<b>2,198.98</b>	<b>1,564.29</b>	<b>634.69</b>	<b>781.66</b>	<b>569.30</b>	<b>212.36</b>	<b>(1,417.32)</b>	<b>(994.99)</b>	<b>(422.33)</b>

FALL 2018

	2015-2016			2016-2017			2017-2018			2017-2018			2018-2019			2018-2019		
	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	(P3) Actuals with borrow as of July 16, 2018	TOTAL	SAC	SCC	(P1) Estimated Actuals as of January 8, 2019	TOTAL	SAC	SCC	
NC	271.35	202.06	69.29	297.64	183.83	113.81	318.43	302.62	15.81	318.43	302.62	15.81	285.74	276.33	9.41	(32.69)	(26.29)	(6.40)
CDCP	2,010.82	1,513.73	497.09	1,831.52	1,363.75	467.77	1,774.90	1,374.44	400.46	1,774.90	1,374.44	400.46	1,846.58	1,448.35	398.23	71.68	73.91	(2.23)
CR																		
IS_DSCH	289.39	156.99	132.40	322.85	186.49	136.36	432.18	274.64	157.54	432.18	274.64	157.54	490.78	319.31	171.47	58.60	44.67	13.93
IS_WSCH	486.32	305.88	180.44	534.85	357.99	176.86	609.25	390.47	218.78	609.25	390.47	218.78	832.72	507.14	325.58	223.47	116.67	106.80
DSCH	459.97	301.50	158.47	381.14	248.62	132.52	312.86	217.06	95.80	312.86	217.06	95.80	257.26	216.31	40.95	(55.60)	(0.75)	(54.85)
Positive	1,572.32	1,513.65	58.67	1,135.35	1,068.42	66.92	1,474.16	1,366.75	107.41	1,474.16	1,366.75	107.41	1,355.82	1,270.16	85.66	(118.34)	(96.59)	(21.75)
WSCH	7,278.08	4,691.78	2,586.30	7,072.66	4,552.12	2,520.54	7,060.85	4,599.31	2,461.54	7,060.85	4,599.31	2,461.54	6,829.30	4,444.51	2,384.79	(231.55)	(154.80)	(76.75)
<b>TOTAL CR</b>	<b>10,086.08</b>	<b>6,969.80</b>	<b>3,116.28</b>	<b>9,446.85</b>	<b>6,413.64</b>	<b>3,033.20</b>	<b>9,889.30</b>	<b>6,848.23</b>	<b>3,041.07</b>	<b>9,889.30</b>	<b>6,848.23</b>	<b>3,041.07</b>	<b>9,765.88</b>	<b>6,757.43</b>	<b>3,008.45</b>	<b>(123.42)</b>	<b>(90.80)</b>	<b>(32.62)</b>
<b>FALL TOTALS</b>	<b>12,368.25</b>	<b>8,685.59</b>	<b>3,682.66</b>	<b>11,576.01</b>	<b>7,961.22</b>	<b>3,614.79</b>	<b>11,982.63</b>	<b>8,525.29</b>	<b>3,457.34</b>	<b>11,982.63</b>	<b>8,525.29</b>	<b>3,457.34</b>	<b>11,898.20</b>	<b>8,482.11</b>	<b>3,416.09</b>	<b>(84.43)</b>	<b>(43.18)</b>	<b>(41.25)</b>

SPRING 2019

	2015-2016			2016-2017			2017-2018			2017-2018			2018-2019			2018-2019		
	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	(P3) Actuals with borrow as of July 16, 2018	TOTAL	SAC	SCC	(P1) Estimated Actuals as of January 8, 2019	TOTAL	SAC	SCC	
NC	358.79	233.28	125.51	509.85	300.87	208.98	663.03	299.30	363.73	663.03	299.30	363.73	386.43	359.24	27.19	(276.60)	59.94	(336.54)
CDCP	3,154.95	2,178.04	976.91	2,783.89	1,860.89	923.00	2,837.65	1,899.61	938.04	2,837.65	1,899.61	938.04	3,033.99	1,882.85	1,151.14	196.34	(16.76)	213.10
CR																		
Jan. intersession	793.53	556.22	237.31	836.45	585.28	251.17	789.91	520.10	269.81	789.91	520.10	269.81	800.06	497.84	302.22	10.15	(22.26)	32.41
IS_DSCH	315.91	191.47	124.44	371.04	200.39	170.65	456.55	266.68	189.87	456.55	266.68	189.87	429.60	267.74	161.86	(26.95)	1.06	(28.01)
IS_WSCH	459.68	311.98	147.70	555.08	378.00	177.08	696.63	453.46	243.17	696.63	453.46	243.17	831.45	588.28	243.17	134.82	134.82	0.00
DSCH	405.97	309.85	96.12	348.21	271.92	76.29	291.73	258.80	32.93	291.73	258.80	32.93	342.83	310.54	32.29	51.10	51.74	(0.64)
Positive	1,641.91	1,579.67	62.24	1,565.30	1,500.13	65.16	1,641.82	1,546.20	95.62	1,641.82	1,546.20	95.62	1,570.74	1,468.82	101.92	(71.08)	(77.28)	6.30
WSCH	6,796.56	4,331.81	2,464.75	6,651.88	4,327.28	2,324.60	6,362.84	4,129.31	2,233.53	6,362.84	4,129.31	2,233.53	6,233.65	4,000.06	2,233.59	(129.19)	(129.25)	0.06
<b>TOTAL CR</b>	<b>10,413.56</b>	<b>7,281.00</b>	<b>3,132.56</b>	<b>10,327.96</b>	<b>7,263.00</b>	<b>3,064.95</b>	<b>10,239.48</b>	<b>7,174.55</b>	<b>3,064.93</b>	<b>10,239.48</b>	<b>7,174.55</b>	<b>3,064.93</b>	<b>10,208.33</b>	<b>7,133.28</b>	<b>3,075.05</b>	<b>(31.15)</b>	<b>(41.27)</b>	<b>10.12</b>
<b>SPRING TOTALS</b>	<b>13,927.30</b>	<b>9,692.32</b>	<b>4,234.98</b>	<b>13,621.69</b>	<b>9,424.76</b>	<b>4,196.94</b>	<b>13,740.16</b>	<b>9,373.46</b>	<b>4,366.70</b>	<b>13,740.16</b>	<b>9,373.46</b>	<b>4,366.70</b>	<b>13,628.75</b>	<b>9,375.37</b>	<b>4,253.38</b>	<b>(111.41)</b>	<b>1.91</b>	<b>(113.32)</b>

SUMMER 2019 On or Before 6/30/2019

	2015-2016			2016-2017			2017-2018			2017-2018			2018-2019			2018-2019		
	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	(P3) Actuals with borrow as of July 16, 2018	TOTAL	SAC	SCC	(P1) Estimated Actuals as of January 8, 2019	TOTAL	SAC	SCC	
NC	15.95	15.95	0.00	0.72	0.72	0.00	6.03	4.37	1.66	6.03	4.37	1.66	4.37	4.37	0.00	(1.66)	0.00	(1.66)
CDCP	213.71	213.71	0.00	136.43	136.43	0.00	14.27	0.03	14.24	14.27	0.03	14.24	0.03	0.03	0.00	(14.24)	0.00	(14.24)
CR	54.46	43.77	10.69	38.05	35.74	2.31	43.55	32.69	10.86	43.55	32.69	10.86	35.50	32.69	2.81	(8.05)	0.00	(8.05)
Borrowed	3.48	3.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,392.91	942.34	450.57	0.00	0.00	0.00	(1,392.91)	(942.34)	(450.57)
<b>SUMMER TOTALS</b>	<b>287.60</b>	<b>276.91</b>	<b>10.69</b>	<b>175.20</b>	<b>172.89</b>	<b>2.31</b>	<b>63.85</b>	<b>37.09</b>	<b>26.76</b>	<b>1,456.76</b>	<b>979.43</b>	<b>477.33</b>	<b>39.90</b>	<b>37.09</b>	<b>2.81</b>	<b>(1,416.86)</b>	<b>(942.34)</b>	<b>(474.52)</b>

COMBINED

	2015-2016			2016-2017			2017-2018			2017-2018			2018-2019			2018-2019		
	TOTAL	SAC	SCC	TOTAL	SAC	SCC	TOTAL	SAC	SCC	(P3) Actuals with borrow as of July 16, 2018	TOTAL	SAC	SCC	(P1) Estimated Actuals as of January 8, 2019	TOTAL	SAC	SCC	
NC	702.14	483.79	218.35	854.66	503.98	350.68	1,092.28	666.33	425.95	1,092.28	666.33	425.95	751.31	668.18	83.13	(340.97)	1.85	(342.82)
CDCP	5,925.41	4,327.66	1,597.75	5,163.50	3,667.65	1,495.86	4,981.71	3,537.62	1,444.09	4,981.71	3,537.62	1,444.09	5,240.55	3,598.45	1,642.10	258.84	60.83	198.01
CREDIT	22,274.08	15,518.87	6,755.21	21,499.15	14,935.56	6,563.59	21,911.63	15,296.18	6,615.45	23,304.54	16,238.52	7,066.02	20,356.65	14,197.24	6,159.41	(2,947.89)	(2,041.28)	(906.61)
<b>TOTAL</b>	<b>28,901.63</b>	<b>20,330.32</b>	<b>8,571.31</b>	<b>27,517.31</b>	<b>19,107.19</b>	<b>8,410.13</b>	<b>27,985.62</b>	<b>19,500.13</b>	<b>8,485.49</b>	<b>29,378.53</b>	<b>20,442.47</b>	<b>8,936.06</b>	<b>26,348.51</b>	<b>18,463.87</b>	<b>7,884.64</b>	<b>(3,030.02)</b>	<b>(1,978.60)</b>	<b>(1,051.42)</b>
Non-Credit	68.90%	31.10%	31.10%	58.97%	41.03%	41.03%	61.00%	39.00%	39.00%	61.00%	39.00%	39.00%	61.00%	39.00%	39.00%	88.94%	88.94%	11.06%
CDCP	73.04%	26.96%	26.96%	71.03%	28.97%	28.97%	71.01%	28.99%	28.99%	71.01%	28.99%	28.99%	71.01%	28.99%	28.99%	68.67%	68.67%	31.33%
Credit	69.67%	30.33%	30.33%	69.47%	30.53%	30.53%	69.81%	30.19%	30.19%	69.88%	30.32%	30.32%	69.88%	30.32%	30.32%	69.74%	69.74%	30.26%
Total	70.34%	29.66%	29.66%	69.44%	30.56%	30.56%	69.68%	30.32%	30.32%	69.58%	30.42%	30.42%	69.58%	30.42%	30.42%	70.08%	70.08%	29.92%

NOTE:

Actuals  
Est. actuals  
Updated projections

Growth Total District	-4.79%
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Growth Total District	1.70%
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Growth Total District	6.76%
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Growth Total District	-10.31%
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Growth Total by Campus	-6.02%	-1.88%
------------------------	--------	--------

Growth Total by Campus	2.06%	0.90%
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Growth Total by Campus	6.99%	6.25%
------------------------	-------	-------

Growth Total by Campus	-9.68%	-11.77%
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# SCFF Regional Workshops



- The new formula calculates apportionments generally using three allocations:
  - *Base Allocation*—Current factors (primarily credit FTES).
  - *Supplemental Allocation*—Counts of low-income students.
  - *Student Success Allocation*—Counts of outcomes related to the *Vision for Success*, with “premiums” for outcomes of low-income students.

# Base Allocation

Basic Allocation funding for Colleges and Centers remains unchanged



# Base Allocation

FTES Workload Measures	Amount
Credit	\$ 3,727
Non-Credit	\$ 3,347
CDCP	\$ 5,457
Special Admit Students	\$ 5,457
Inmates in Correctional Facilities -Credit	\$ 5,457
Inmates in Correctional Facilities – Non- Credit	\$ 3,347

# Base Allocation

FTES Workload Measures	Source/Calculation
Credit	CCFS-320
Non-Credit	CCFS-320
CDCP	CCFS-320
Special Admit Students	CCFS-320
Inmates Correctional Facilities –Credit*	CCFS-320
Inmates Correctional Facilities – Non- Credit*	CCFS-320

\*Moving to the CCFS 320 report effective January 2019.

# Supplemental Allocation

Category	Amount
Pell Grant Recipient	\$ 919
Promise Grant Recipient	\$ 919
AB-540	\$ 919

# Supplemental Allocations: Deeper Look

Category	Source/Calculation
Pell Grant Recipient	SF21 = GP*
Promise Grant Recipient	SF21 in (BA, B1, B2, B3, BB, BC, BD)*
AB-540	CCFS-320

\* SF21 = Student Aid Award Type from COMIS

# The Student Success Allocations Dollars

Student Success Allocation - Measures	All Students	Pell Premium	Promise Premium
Associate Degrees for Transfer (ADTs) granted	\$ 1,760	\$ 666	\$ 444
Associate degrees granted (excluding ADTs)	\$ 1,320	\$ 500	\$ 333
Baccalaureate degrees granted	\$ 1,320	\$ 500	\$ 333
Credit certificates (16 units or more) granted	\$ 880	\$ 333	\$ 222
Completion of transfer-level mathematics and English courses within first academic year of enrollment	\$ 880	\$ 333	\$ 222
Successful transfer to four-year university	\$ 660	\$ 250	\$ 167
Completion of nine or more CTE units	\$ 440	\$ 167	\$ 111
Attainment of regional living wage	\$ 440	\$ 167	\$ 111



# Data Flow



# Student Centered Funding Formula - Timing

- 30 Days after Term Ends: College enrollment data to MIS
- Mid-September (for 2018 ONLY): CO makes SCFF data available to the colleges on Data On Demand
- October 30: Districts submit awards data to the CO
- November 1: District submit Financial Aid data to CO

# Student Centered Funding Formula - Timing

- **Mid-November:** CO makes SCFF data available to the colleges on Data On-Demand (supplemental and success data)
- **November 30<sup>th</sup>:** Deadline for Districts to submit all final corrections to the CO (supplemental and success data)
- **Before December 31:** CO makes all SCFF data available on Data On-Demand (supplemental and success data)
- **February 20<sup>th</sup>:** SCFF Apportionment is released for current year

# Slides on Calculating 3 Year Credit FTES

	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1													Growth		
2	<b>Growth Scenarios</b>			2015-16	2016-17	2017-18	2018-19	2019-20	2020-21		3-year Calc	available for growth	Target %	Achieved	Paid
3															
4	A	report on 320		10,200	9,500	10,000	10,500	11,000	11,500				2.00%		
5	B	highest applied in previous 3 years		10,200	10,200	10,200	10,200	10,398	10,603						
6	C	lower of A or B		10,200	9,500	10,000	10,200	10,398	10,603						
7															
8		2018-19			9,500	10,000	10,200				9,900.00	300.00	198.00	198.00	10,098.00
9		2019-20				10,000	10,398	10,398			10,265.33	602.00	205.31	205.31	10,470.64
10		2020-21					10,398	10,603	10,603		10,534.87	896.69	210.70	210.70	10,745.57

# Slides on Calculating 3 Year Credit FTES

	C	D	E	F	G	H	I	J	K	L	M	R	S	T	U
17															
18		<b>Decline Scenarios</b>		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21		3-year Calc		Restoration	Restoration Balance	Unfunded
19															
20	A	report on 320 highest applied in previous 3 years		10,200	9,500	10,000	9,500	9,000	8,700				July 1, 2018 balance	200.00	
21	B	previous 3 years		10,200	10,200	10,200	10,200	10,000	10,000						
22	C	lower of A or B		10,200	9,500	10,000	9,500	9,000	8,700						
23															
24		2018-19			9,500	10,000	9,500				9,666.67		-	500.00	-
25		2019-20				10,000	9,500	9,000			9,500.00		-	1,000.00	-
26		2020-21					9,500	9,000	8,700		9,066.67		-	800.00	-

Line	2018-19	2019-20	2020-21	2021-22 and Outyears
1	SCFF Calculation	SCFF Calculation	SCFF Calculation	SCFF Calculation
2	2017-18 Total Computational Revenue (TCR) (No COLA)	2017-18 TCR (No COLA)	N/A	N/A
3	N/A	N/A	2017-18 Credit, Noncredit, and CDCP Noncredit Rates, with Basic Allocation, Applied to 2020-21 Workload (No COLA)	2017-18 Credit, Noncredit, and CDCP Noncredit Rates, with Basic Allocation, Applied to 2021-22 (or Current) Workload (No COLA)
4	N/A	Greater of Line 1 or Line 2 in 2018-19	Greater of Line 1 or Line 2 in 2019-20	Greater of Line 1 or Line 3 in 2020-21 (or Prior Year)
5	2017-18 TCR—Adjusted by 2018-19 COLA	2017-18 TCR—Adjusted by 2018-19 and 2019-20 COLAs	2017-18 TCR—Adjusted by 2018-19, 2019-20, and 2020-21 COLAs	N/A

# Regional Data/Regional Comparison

## Region 8 - Comparing Districts Across Region and to State on Equity and Success Metrics

	State		Region 7		Cerritos		Citrus		Coast		Long Beach		Mt. San Antonio	
Unduplicated Headcount*	2,379,158		468,064		31,118		20,176		63,390		34,986		61,962	
<b>Success Metrics</b>														
<b>All Students</b>														
Associate's Degrees	101,546	4.27%	11,797	2.52%	1,090	3.50%	2,170	10.76%	4,211	6.64%	749	2.14%	1,685	2.72%
ADTs	38,659	1.62%	5,606	1.20%	645	2.07%	803	3.98%	1,573	2.48%	782	2.24%	524	0.85%
Certificates	60,251	2.53%	8,944	1.91%	1,504	4.83%	1,462	7.25%	4,358	6.87%	213	0.61%	582	0.94%
9+ CTE Units	192,108	8.07%	24,706	5.28%	3,846	12.36%	1,919	9.51%	5,849	9.23%	3,020	8.63%	5,150	8.31%
Transfer	150,303	6.32%	18,559	3.97%	1,612	5.18%	1,517	7.52%	6,355	10.03%	1,965	5.62%	2,783	4.49%
Xfer Math & English	21,295	0.90%	2,622	0.56%	156	0.50%	224	1.11%	886	1.40%	307	0.88%	368	0.59%
Living Wage	175,611	7.38%	14,427	3.08%	2,282	7.33%	922	4.57%	3,822	6.03%	1,882	5.38%	2,353	3.80%
<b>Pell Students Bonus</b>														
Associate's Degrees	56,224	2.36%	6,191	1.32%	743	2.39%	1,267	6.28%	1,663	2.62%	490	1.40%	1,012	1.63%
ADTs	21,387	0.90%	3,270	0.70%	474	1.52%	464	2.30%	822	1.30%	513	1.47%	313	0.51%
Certificates	30,460	1.28%	4,545	0.97%	845	2.72%	837	4.15%	1,996	3.15%	141	0.40%	338	0.55%
9+ CTE Units	88,887	3.74%	11,985	2.56%	2,095	6.73%	946	4.69%	2,287	3.61%	1,866	5.33%	2,665	4.30%
Transfer	59,722	2.51%	8,285	1.77%	1,000	3.21%	658	3.26%	2,403	3.79%	1,066	3.05%	1,414	2.28%
Xfer Math & English	7,087	0.30%	955	0.20%	70	0.22%	70	0.35%	329	0.52%	140	0.40%	111	0.18%
Living Wage	39,667	1.67%	3,548	0.76%	698	2.24%	315	1.56%	581	0.92%	738	2.11%	746	1.20%
<b>Promise Students Bonus</b>														
Associate's Degrees	76,098	3.20%	8,297	1.77%	931	2.99%	1,653	8.19%	2,269	3.58%	620	1.77%	1,370	2.16%
ADTs	28,703	1.21%	4,323	0.92%	575	1.85%	616	3.05%	1,107	1.75%	626	1.79%	418	0.66%
Certificates	42,311	1.78%	6,296	1.35%	1,097	3.53%	1,096	5.43%	2,825	4.46%	184	0.53%	451	0.71%
9+ CTE Units	129,478	5.44%	17,411	3.72%	2,804	9.01%	1,374	6.81%	3,476	5.48%	2,425	6.93%	3,854	6.08%
Transfer	92,636	3.89%	12,250	2.62%	1,271	4.08%	990	4.91%	3,656	5.77%	1,418	4.05%	2,049	3.23%
Xfer Math & English	10,699	0.45%	1,445	0.31%	102	0.33%	121	0.60%	467	0.74%	185	0.53%	198	0.31%
Living Wage	78,429	3.30%	6,856	1.46%	1,112	3.57%	536	2.66%	1,595	2.52%	1,124	3.21%	1,300	2.05%

\* Note: Unduplicated Headcounts include populations of students who will not be heavily represented in Equity and/or Success Outcomes, e.g. non-credit students or ISA students.

# Regional Data/Regional Comparison

## Region 8 - Comparing Districts Across Region and to State on Equity and Success Metrics

	State		Region 7		North Orange County		Rancho Santiago		Rio Hondo		South Orange County	
<b>Unduplicated Headcount*</b>	2,379,158		468,064		77,667		88,276		28,797		61,692	
<b>Success Metrics</b>												
<b>All Students</b>												
Associate's Degrees	101,546	4.27%	11,797	2.52%	1,892	2.44%	2,989	3.39%	956	3.32%	2,009	3.26%
ADTs	38,659	1.62%	5,606	1.20%	1,279	1.65%	1,062	1.20%	552	1.92%	1,082	1.75%
Certificates	60,251	2.53%	8,944	1.91%	825	1.06%	2,614	2.96%	166	0.58%	3,538	5.73%
9+ CTE Units	192,108	8.07%	24,706	5.28%	4,922	6.34%	3,761	4.26%	2,025	7.03%	4,491	7.28%
Transfer	150,303	6.32%	18,559	3.97%	4,327	5.57%	3,482	3.94%	1,334	4.63%	4,744	7.69%
Xfer Math & English	21,295	0.90%	2,622	0.56%	681	0.88%	629	0.71%	100	0.35%	738	1.20%
Living Wage	175,611	7.38%	14,427	3.08%	3,166	4.08%	7,532	8.53%	3,124	10.85%	2,981	4.83%
<b>Pell Students Bonus</b>												
Associate's Degrees	56,224	2.36%	6,191	1.32%	1,016	1.31%	1,348	1.53%	614	2.13%	738	1.20%
ADTs	21,387	0.90%	3,270	0.70%	684	0.88%	496	0.56%	369	1.28%	371	0.60%
Certificates	30,460	1.28%	4,545	0.97%	388	0.50%	1,123	1.27%	90	0.31%	1,184	1.92%
9+ CTE Units	88,887	3.74%	11,985	2.56%	2,126	2.74%	1,085	1.23%	1,069	3.71%	1,188	1.93%
Transfer	59,722	2.51%	8,285	1.77%	1,744	2.25%	1,128	1.28%	612	2.13%	1,217	1.97%
Xfer Math & English	7,087	0.30%	955	0.20%	235	0.30%	255	0.29%	54	0.19%	157	0.25%
Living Wage	39,667	1.67%	3,548	0.76%	470	0.61%	361	0.41%	515	1.79%	294	0.48%
<b>Promise Students Bonus</b>												
Associate's Degrees	76,098	3.20%	8,297	1.77%	1,454	1.87%	2,199	2.49%	798	2.77%	1,121	1.82%
ADTs	28,703	1.21%	4,323	0.92%	981	1.26%	762	0.86%	475	1.65%	589	0.95%
Certificates	42,311	1.78%	6,296	1.35%	643	0.83%	1,838	2.08%	130	0.45%	1,864	3.02%
9+ CTE Units	129,478	5.44%	17,411	3.72%	3,478	4.48%	2,267	2.57%	1,516	5.26%	2,254	3.65%
Transfer	92,636	3.89%	12,250	2.62%	2,866	3.69%	2,063	2.34%	883	3.07%	2,167	3.51%
Xfer Math & English	10,699	0.45%	1,445	0.31%	372	0.48%	390	0.44%	75	0.26%	259	0.42%
Living Wage	78,429	3.30%	6,856	1.46%	1,189	1.53%	1,208	1.37%	861	2.99%	841	1.36%

# More Information

- The Chancellor's Office will post updates, including responses to frequently asked questions, at <http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx>.
- To receive responses to questions or to provide comments on implementation, please email [SCFF@cccco.edu](mailto:SCFF@cccco.edu).



## RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

## MEASURE Q

Projects Cost Summary  
12/31/18 on 01/07/19

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2018-2019		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
<b>ACTIVE PROJECTS</b>								
<b>SANTA ANA COLLEGE</b>								
3035/ 3056	Johnson Student Center	55,104,204	2,894,922	706,402	51,013,025	54,614,349	489,855	99%
	Agency Cost		375,487	4,301	3,701	383,489		
	Professional Services		2,517,260	288,129	3,745,061	6,550,450		
	Construction Services		2,175	413,973	47,264,263	47,680,411		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	57,805,077	57,052,336	163,457	460,009	57,675,802	129,275	100%
	Agency Cost		416,740	-	-	416,740		
	Professional Services		9,381,093	161,166	460,009	10,002,269		
	Construction Services		47,216,357	-	-	47,216,357		
	Furniture and Equipment		38,146	2,291	-	40,437		
3049	Science Center & Building J Demolition	73,380,861	12,903,939	7,233,323	37,514,486	57,651,748	15,729,113	79%
	Agency Cost		423,648	3,615	1,696	428,959		
	Professional Services		4,962,728	620,252	3,332,872	8,915,852		
	Construction Services		7,517,563	6,609,456	34,179,917	48,306,937		
	Furniture and Equipment		-	-	-	-		
<b>TOTAL ACTIVE PROJECTS</b>		<b>186,290,142</b>	<b>72,851,197</b>	<b>8,103,181</b>	<b>88,987,521</b>	<b>169,941,899</b>	<b>16,348,243</b>	<b>91%</b>
<b>CLOSED PROJECTS</b>								
3032	Dunlap Hall Renovation	12,620,659	12,620,659	-	-	12,620,659	0	100%
	Agency Cost		559	-	-	559		
	Professional Services		1,139,116	-	-	1,139,116		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3043	17th & Bristol Street Parking Lot	198,141	198,141	-	-	198,141	0	100%
	Agency Cost		16,151	-	-	16,151		
	Professional Services		128,994	-	-	128,994		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
<b>TOTAL CLOSED PROJECTS</b>		<b>12,818,800</b>	<b>12,818,799</b>	<b>0</b>	<b>0</b>	<b>12,818,799</b>	<b>0</b>	<b>100%</b>
<b>GRAND TOTAL ALL PROJECTS</b>		<b>199,108,942</b>	<b>85,669,997</b>	<b>8,103,181</b>	<b>88,987,521</b>	<b>182,760,698</b>	<b>16,348,243</b>	<b>92%</b>
<b>SOURCE OF FUNDS</b>								
	ORIGINAL Bond Proceeds	198,000,000						
	Interest Earned	1,108,942						
	<b>Totals</b>	<b>199,108,942</b>						

**Rancho Santiago Community College**  
**FD 11/13 Combined – Unrestricted General Fund Cash Flow Summary**  
**FY 2018-19, 2017-18, 2016-17**  
**YTD Actuals- December 31, 2018**

FY 2018/2019															
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	2018-2019		
<b>Beginning Fund Balance</b>	\$37,903,213	\$41,278,430	\$35,159,998	\$35,436,966	\$27,563,751	\$25,839,564	\$39,369,215	\$39,369,215	\$39,369,215	\$39,369,215	\$39,369,215	\$39,369,215	Total	Adopted Budget	Variance
<b>Total Revenues</b>	12,626,143	6,732,548	14,600,385	7,442,505	17,105,605	29,951,256	0	0	0	0	0	0	88,458,441	223,542,347	135,083,906
<b>Total Expenditures</b>	9,250,925	12,850,980	14,323,417	15,315,721	18,829,792	16,421,604	0	0	0	0	0	0	86,992,439	186,162,593	99,170,154
<b>Change in Fund Balance</b>	3,375,218	(6,118,432)	276,968	(7,873,215)	(1,724,187)	13,529,651	0	0	0	0	0	0	1,466,002	37,379,754	35,913,752
<b>Ending Fund Balance</b>	41,278,430	35,159,998	35,436,966	27,563,751	25,839,564	39,369,215	39,369,215	39,369,215	39,369,215	39,369,215	39,369,215	39,369,215			

FY 2017/2018															
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	2017-2018		
<b>Beginning Fund Balance</b>	\$35,254,317	\$40,165,384	\$34,555,513	\$34,261,380	\$26,080,179	\$27,224,885	\$42,521,590	\$43,680,834	\$33,946,676	\$32,674,972	\$35,963,224	\$26,790,583	Total	Adopted Budget	Variance
<b>Total Revenues</b>	13,230,747	6,401,471	13,730,226	7,947,537	17,388,889	29,510,148	14,345,552	4,546,656	15,319,442	17,749,412	6,431,657	38,131,074	184,732,811	212,618,530	27,885,719
<b>Total Expenditures</b>	8,319,680	12,011,343	14,024,358	16,128,738	16,244,183	14,213,443	13,186,308	14,280,814	16,591,146	14,461,160	15,604,298	27,018,444	182,083,915	181,413,468	(670,447)
<b>Change in Fund Balance</b>	4,911,068	(5,609,872)	(294,132)	(8,181,201)	1,144,706	15,296,705	1,159,244	(9,734,158)	(1,271,704)	3,288,252	(9,172,641)	11,112,630	2,648,896	31,205,062	28,556,166
<b>Ending Fund Balance</b>	40,165,384	34,555,513	34,261,380	26,080,179	27,224,885	42,521,590	43,680,834	33,946,676	32,674,972	35,963,224	26,790,583	37,903,213			

FY 2016/2017															
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	2016-2017		
<b>Beginning Fund Balance</b>	\$36,934,285	\$43,339,545	\$38,688,887	\$42,888,559	\$35,251,863	\$37,089,867	\$44,994,813	\$45,583,312	\$29,932,160	\$29,972,359	\$31,677,983	\$19,898,488	Total	Adopted Budget	Variance
<b>Total Revenues</b>	13,317,549	7,899,458	17,481,417	7,032,694	17,260,075	21,386,237	13,039,249	1,848,175	14,033,540	21,401,470	6,295,496	35,646,442	176,641,802	223,542,347	46,900,545
<b>Total Expenditures</b>	6,912,289	12,550,116	13,281,745	14,669,390	15,422,071	13,481,291	12,450,751	17,499,326	13,993,341	19,695,846	18,074,991	20,290,613	178,321,770	186,162,593	7,840,823
<b>Change in Fund Balance</b>	6,405,260	(4,650,658)	4,199,672	(7,636,696)	1,838,004	7,904,946	588,498	(15,651,151)	40,199	1,705,624	(11,779,495)	15,355,829	(1,679,968)	37,379,754	39,059,722
<b>Ending Fund Balance</b>	43,339,545	38,688,887	42,888,559	35,251,863	37,089,867	44,994,813	45,583,312	29,932,160	29,972,359	31,677,983	19,898,488	35,254,317			

**Fiscal Resources Committee**  
Executive Conference Room – District Office  
1:30 p.m. – 3:00 p.m.

**Meeting Minutes for November 14, 2018**

**FRC Members Present:** Morrie Barembaum, Steven Deeley, Pilar Gutierrez-Lucero, Peter Hardash, Bart Hoffman, Thao Nguyen, Adam O'Connor, Arleen Satele, Michael Taylor

**Alternates/Guests Present:** Esmeralda Abejar, Michael DeCarbo, James Kennedy, Enrique Perez, Roy Shabazian

1. Welcome: Mr. Hardash called the meeting to order at 1:31 p.m. Brief introductions were made.
2. State/District Budget Update  
Mr. Hardash pointed out the handouts and links provided. He noted the following:
  - Raised concern regarding changes to the 50% law
  - LAO Fiscal Outlook released today
    - Update to FY 18/19
    - Projections for FY 19/20 and Multi Year
  - Concern regarding Community Colleges to keep their share of Prop 98
    - Separate LAO report on Prop 98
  - Importance of cleaning data to earn under SCFF while we are able to
  - Predicting we will be in a Test 1 situation
3. SAC and SCC Distributions of \$5 Million Allocation  
Mr. Hardash presented the breakdown of the campus' allocations for their additional funding.
4. Status update regarding the IEPI consultant and timeline to begin review of BAM for changes relative to the new state funding model  
Mr. Hardash introduced George Walters of Cambridge West Partnership, who gave a presentation reviewing the basics of the SCFF, White Paper, and where to go from here. He noted the following:
  - SCFF has three elements
    - Base – tied to enrollments
    - Supplemental – unduplicated head counts of low income
    - Student Success – degrees, certificates, etc.
      - Most complex to find out
      - Bonuses for students counted in Supplemental portion
  - Base Allocations
    - Credit
      - Based on 3 year average, makes growing complex
      - Instructional Service Agreements may be tied to programs of study, standalone courses, ESL, or other training
      - ISAs generally do not have success metrics as there are not certificate programs
      - Want to consider what our student population is and what is the goal
    - Non Credit
      - Pulled out of SCFF and fully funded

- Includes CDCP, Special Admit and Incarcerated
    - Large CDCP program at RSCCD
    - Incarcerated is #1 target for growth at many districts
  - Hold Harmless doesn't apply to RSCCD because we are benefitting from SCFF
  - Growth will still be constrained as before
- Supplemental
  - Additional \$919 for each Pell Grant, Promise Grant, or AB40 student
  - Only need to be enrolled in 1 credit unit
  - Students only count once per district, not per college
  - The college that confers the grant award gets the headcount
- Student Success
  - Rate is per student per outcome
  - Includes bonuses for Pell and Promise students
  - If student earns two certificates/degrees, the district earns for both
  - Certificate should be approved by financial aid
  - 16 unit certificates may be changed to 18 units due to federal regulations
  - CTE units will be at a district level, not per college
  - Transfers to CSUs and UCs through clearinghouse reports
  - Math and English completed in first year as an adult student
    - Special admit students completing courses will count as soon as they become an adult student
  - Living wage award given if student is earning a living wage one year after enrollment, regardless of wage prior to/during enrollment
  - First Generation students anticipated to be added in FY 21/22
- Future Obligations
  - Establish goals to meet statewide Vision for Success by May
    - College and District level goals
  - Before setting goals:
    - Clean up data
    - Understanding your student populations
    - Review data from current and prior years
    - Looking for trends in enrollment
- Considerations going forward
  - Many unknowns in model makes it volatile
  - Numbers of Pell/BOG likely to go up
  - Base money is not guaranteed
  - RSCCD depends more on base due to CDCP/Non-Credit
  - Will there be enough success above Prop 98?
  - How will workload reduction (negative growth) or the next recession effect the model?
- Moving forward
  - Understanding how the SCFF works
    - Districtwide impacts
  - Discuss Vision for Success
    - How is it tied to SCFF?
    - Simplified metrics
  - Develop internal Budget Allocation Model
    - Collect college level data
    - Evaluating data collected
      - What are students achieving?
      - Who are the students?
  - Strategies to capture more outcomes at college level
  - Compare RSCCD to other similar districts
  - Develop several models

Mr. O'Connor will provide the campuses with a spreadsheet to collect campus data. Data will be due to CWP in December and reviewed at the next FRC meeting.

5. Standing Report from District Council

There was no report. The next meeting will be on November 19, 2018.

6. Informational Handouts

The following handouts were distributed:

- District-Wide Expenditure Report
- Vacant Funded Position List as of November 6, 2018
- Measure "Q" Project Cost Summary October 31, 2018
- Monthly Cash Flow Summary as of October 31, 2018
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

7. Approval of FRC Minutes – October 17, 2018

Mr. Hardash called for a motion to approve the minutes from the October 17, 2018 meeting. A motion was made by Mr. Deeley, seconded by Ms. Satele and approved unanimously.

8. Other

No other items were discussed.

Next meeting reminder: Wednesday, January 23, 2018, 1:30 – 3:00 in the Executive Conference Room #114, District Office

The meeting was adjourned at 3:05 p.m.