

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

website: [Fiscal Resources Committee](#)

**Agenda for January 24, 2018**

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

Executive Conference Room #114

1. Welcome
2. State/District Budget Update - Hardash
  - 2018-19 Proposed State Budget report link: <http://www.ebudget.ca.gov>
  - California Community College Chancellor's Office – 2018-19 Governor's Budget for CCC's
  - LAO 2018-19 Overview of Governor's Budget link: <http://www.lao.ca.gov/Budget>
  - Community College League of California – State Budget Proposal 2018-19 League Analysis
  - Community College Facility Coalition – Governor Releases 2018-19 Budget Proposal
  - CASBO – Governor Brown Releases the 2018-19 State Budget
  - School Services of California
    - Governor's Proposals for the 2018-19 State Budget and Education
    - Initial Impressions From the Governor's 2018-19 State Budget Proposal
    - Dartboard for Governor's Proposed 2018-19 State Budget
  - [Proposed Budget Presentation to Board of Trustees January 22, 2018](#)
3. BAM Language Review Subcommittee Report
4. Mid-Year Updates
  - Unrestricted General Fund Expenditure Update
  - FTES Update as of January 11, 2018 at (P1)
5. RSCCD 2016-2017 Audit Reports link: <http://www.rsccd.edu/Departments/Fiscal-Services>
6. Standing Report from District Council - Mettler
7. Informational Handouts
  - District-wide expenditure report link: <https://intranet.rsccd.edu>
  - Vacant Funded Position List as of 1-10-2018
  - Measure "Q" Project Cost Summary as of 12-31-2017
  - Monthly Cash Flow Summary as of 12-31-2017
  - [SAC Planning and Budget Committee Agendas and Minutes](#)
  - [SCC Budget Committee Agendas and Minutes](#)
8. Approval of FRC Minutes – November 15, 2017
9. Other

**Next FRC Committee Meeting:** (Executive Conference Room #114 1:30 pm – 3:00 pm)  
February 21, 2018

**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.**

## CALIFORNIA COMMUNITY COLLEGES

## CHANCELLOR'S OFFICE

1102 Q STREET, SUITE 4400

SACRAMENTO, CA 95811-6549

(916) 322-4005

<http://www.cccco.edu>

## Memorandum

January 10, 2018

TO: Chief Executive Officers  
Chief Business OfficersFR: Frances Parmelee, Assistant Vice Chancellor, College Finance and Facilities Planning  
Laura Metune, Vice Chancellor, Governmental Relations

RE: Governor's January Budget Proposal

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This morning Governor Brown released his budget proposal for the 2018-19 fiscal year<sup>1</sup>. According to the Department of Finance, the outlook for K-14 education is positive. While we will receive additional details in the coming days and weeks, below are the key highlights.

### Proposition 98

The budget proposal provides \$780 million in new Proposition 98 general fund spending for the California Community Colleges (CCCs). The state general fund is estimated to increase by approximately \$5.8 billion, or approximately 4% in 2018-19. Proposition 98 is estimated to increase by approximately \$3.1 billion, or approximately 4% in 2018-19. Traditionally the CCCs have received 10.93% of the Proposition 98 Guarantee. The 2016-17 and 2017-18 share were 10.99% and 10.93%, respectively. In 2018-19, the share is 10.93%.

### Community College Budget Proposal

The Higher Education section of the Executive Summary focuses attention on some key priorities of the Governor, specifically continuing the commitment to keep student costs low, promote new technology and innovation, and improve graduation rates so that students achieve their educational goals. As you will see below, these priorities are reflected in many of the funding proposals, and align with the *Vision for Success* goals<sup>2</sup>.

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<sup>1</sup> The Governor's January budget proposal is available in full on the Department of Finance website at <http://www.ebudget.ca.gov/>.

<sup>2</sup> A comparison of the Governor's budget proposal to the BOG-approved 2018-19 Budget and Legislative Request is attached for illustrative purposes. The 2018-19 Budget and Legislative Request is available at: [http://extranet.cccco.edu/Portals/1/ExecutiveOffice/Board/2017\\_agendas/September/2.4-System-Budget-Legislative-Request-Attachment.pdf](http://extranet.cccco.edu/Portals/1/ExecutiveOffice/Board/2017_agendas/September/2.4-System-Budget-Legislative-Request-Attachment.pdf)

### Apportionments

- \$175 million to support each districts' transition to a student-centered funding formula. The proposed formula would allocate base funds for enrollment, and provide additional funding in support for low-income students, as well as reward colleges' progress on increasing the number of certificates and degrees awarded. The proposed formula includes hold-harmless provisions.
- \$161.2 million for a 2.51% COLA to apportionments.
- \$60 million for 1% growth in access.

### Educational Services

- \$46 million to support the implementation of the California College Promise (AB 19). The Executive Summary specifically calls attention to the statutory structure of AB 19, which authorizes colleges to spend Promise funds on an array of activities in support of student access and completion goals. Additionally, the Administration establishes an expectation that CCC encourage students to take 15 units per semester or 30 units per year, including summer, to qualify for a Promise grant once guided pathways have been implemented.
- \$32.9 million to support the consolidation of the Full-Time Student Success Grant and the Completion Grant programs, shift to a per-unit grant, and augment grant amounts. The proposed unit range would be between 12 and 15 units per semester or 24 and 30 units per year. Grant levels would increase based on the number of credits taken.
- \$7.3 million for a 2.51% COLA for the EOPS, DSPS, CalWORKs and the Child Care Tax Bailout programs.

### Online and Innovation

- \$100 million (one-time) and \$20 million (ongoing) to establish a fully online community college to provide critical educational and economic opportunities to specified adult working learners.
- \$20 million for an Innovations Awards program to support innovations that close equity gaps. (one-time)

### Workforce

- \$30.6 million to fund shortfalls in related and supplemental instruction (RSI) reimbursements provided to K-12 and CCC-sponsored apprenticeship programs between 2013-14 and 2017-18. (one-time)
- \$20.5 million for a COLA to the Adult Education Block Grant (AEBG) program.
- \$17.8 million to reimburse K-12 and community college-sponsored apprenticeship programs for estimated instructional hours provided at a new RSI rate.
- \$5 million to develop a unified dataset for adult learners served through K-12 and CCC AEBG consortia participants.
- \$2 million to increase the number of certified nurse assistants being trained through the Strong Workforce program. (one-time)

### Facilities and Equipment

- \$275.2 million for the Physical Plant and Instructional Equipment programs. (one-time)

The Governor's budget proposal includes five new Proposition 51 bond funded projects and 15 continuing projects. The Governor proposed to focus on projects that address critical health and safety needs as well as improving existing instructional infrastructure. The new projects include:

- Redwood's Arts Building Replacement
- Mt. San Antonio's New Physical Education Complex
- Laney's Learning Resource Center
- Merritt's Child Development Center
- Golden West's Language Arts Complex Replacement

#### Chancellor's Office Staffing

- \$2 million of general fund to fill 15 vacant positions at the Chancellor's Office to support initiatives and investment made in the CCCs. This additional support will allow the Chancellor's Office to provide greater leadership and technical assistance to colleges.

#### **Budget and Policy Considerations**

With \$780 million in new Proposition 98 funding for the CCCs, the Governor's budget proposal represents a strong start to the budget season for our system. The Governor and his team continue to show tremendous support for the CCCs and our efforts to close equity gaps and improve student outcomes. As we begin the budget discussions with the Governor and the Legislature, here are a few thoughts to keep in mind:

- The Governor has made it clear he wants to see a more equitable and student centered funding formula than currently exists in our funding allocation model. While the Governor's budget proposal represents significant change for our CCCs, the underlying framework provides additional resources to support overarching system goals aligned with the *Vision for Success* and recognizes the need for funding stability for our colleges. We look forward to more discussion on this proposal, and we will continue to keep you informed as we learn details.
- According to the Legislative Analyst's Office's estimates, between 2014-15 and 2020-21, pension costs for the CCCs will increase by over \$670 million as the state reduces the gap between the assets and liabilities in PERS and STRS. While the Governor and the Legislature have not directed specific funding to support these shortfalls, the CCCs received \$525 million over the prior three fiscal years to increase our apportionments base with the expectation that these funds cover pension costs. The Governor's 2018-19 proposal continues this theme of flexible funding to colleges with the expectation that pension liabilities will be addressed locally.
- A significant proposal in the Governor's budget is \$100 million (one-time) and \$20 million (ongoing) to establish a fully online community college to provide skills and credentials working Californians need to improve their social and economic mobility and move our state forward. This new, competency-based online college will be unlike any other public online education platform and will focus predominately on sub-associate degree credentials of value tailored to the needs of these working learners. This is an exciting opportunity to serve the millions of Californians who currently find themselves economically and educationally "stranded." Detailed information regarding the proposal is available at [www.ccconlinecollege.org](http://www.ccconlinecollege.org).

- In 2017, Governor Brown signed AB 19 (Santiago), to create the California College Promise to increase the number of students enrolling in a community college directly from high school and completing a high-value degree or credential. For colleges that meet specified criteria, the bill authorizes colleges to provide up to one-year tuition waiver for full-time, first-time students. We are pleased that the Governor's budget proposes to fully fund this important program. More information regarding the requirements and allowances of the California College Promise can be found on the Chancellor's Office website, [here](#).
- Improving transfer continues to be a priority for the Administration. Last year, the Department of Finance suggested that the University of California (UC) Office of the President work with the Chancellor's Office to improve transfer pathways consistent with the Associate Degree for Transfer program. The Governor's budget further proposes changes to support transfer pathways for our students, and establishes expectations in the Cal Grant Program that private, non-profit institutions to make commitments to increase transfers and align with the Associate Degree for Transfer program.
- The Governor's budget proposal includes a number of transitions in K-12, including full implementation of the Local Control Funding Formula and a focus on career education in the K-12 system. The Governor's budget proposes more alignment in career education across schools and community colleges, providing a role for the established infrastructure in the Strong Workforce Program.

## **Next Steps**

The next steps in the budget process will be collecting input from system stakeholders, a review by the Legislative Analyst's Office, and an initial round of budget subcommittee hearings prior to the release of the May Revision. We will continue to provide updates along the way, but feel free to reach out to us with any questions, comments, or concerns related to the Governor's budget proposal.

## Comparison to Board of Governors Request

In September of 2017, the Board of Governors approved the 2018-19 Budget and Legislative Request, establishing funding and policy priorities necessary to advance the goals outlined in the Vision for Success. The priorities focused on base increase to provide flexible funding to support colleges, funding for Promise programs to assist students transitioning from high school to community college, financial aid that reflects the total cost of attendance to help students succeed, additional resources for faculty, expansion of online learning options and, support for a culture of data-informed decision-making. While the Governor's budget proposal does not incorporate all of the Board's requests, there are, as outlined in the chart below, many areas of alignment with Board goals and priorities.

Item	BOG Request	Governor's Proposal
<b><i>Vision for Success Goal #1</i></b>		
General Operating Expenses	\$200 million	\$175 million (Funding Formula) \$60 million (1% Growth) \$161.2 million (2.51% Apportionment COLA)
Online Community College	(FLOW) TBD	\$100 million (one time) \$20 million (ongoing)
<b><i>Vision for Success Goal #2</i></b>		
Full-Time Faculty Hiring	\$75 million	
Part-Time Faculty Support	\$25 million	
Financial Aid Expansion	TBD (Cal Grant/GF)	\$32.9 million (Prop. 98 FTSSG/Completion Redesign)
<b><i>Vision for Success Goal #3</i></b>		
Basic Skills Transformation Grants (one-time)	\$25 million	\$20 million (Innovation Awards focused on Equity; one time)
Professional Development	\$25 million	
CCCCO Staffing and Development	\$2.5 million	\$2 million
<b><i>Vision for Success Goal #4</i></b>		
Adult Education Data Sharing	\$5 million	\$5 million \$20.5 million (COLA)
Workforce Preparation		\$30.6 million (Apprenticeship Shortfall; one-time) \$17.8 million (Apprenticeship COLA) \$2 million (Certified Nursing Assistant)
<b><i>Vision for Success Goal #5</i></b>		
Integration of Student Support Services	Statutory	Expresses support for CCCC integration \$7.3 million (COLA to specified categoricals)
Equal Employment Opportunity	\$5 million	
<b><i>Vision for Success Goal #6</i></b>		
College Promise	\$25 million	\$46 million

## Nguyen, Thao

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**From:** O'Connor, Adam  
**Sent:** Thursday, January 11, 2018 8:54 AM  
**To:** Nguyen, Thao  
**Subject:** FW: Governor's 2018-19 State Budget Brings Change and Investment

Adam M. O'Connor, CPA  
Assistant Vice Chancellor, Fiscal Services  
Rancho Santiago Community College District

**From:** Larry Galizio [mailto:galizio@cclleague.org]  
**Sent:** Wednesday, January 10, 2018 3:40 PM  
**To:** O'Connor, Adam <OConnor\_Adam@rscsd.edu>  
**Subject:** Governor's 2018-19 State Budget Brings Change and Investment



10 January 2018

Dear Adam:

This morning, Governor Brown released his 2018-19 state budget proposal – a cautious approach to spending that acknowledges both federal and state economic volatility and uncertainty.

In the final state budget of his tenure, the Governor sent a clear message to colleges that he expects significant changes in both the delivery and the state's financial support of education with increased attention to student outcomes. The 2018-19 budget acknowledges the need to prepare Californians for economic instability and uncertainty through timely access to meaningful degrees and credentials.

Among other proposals, Governor Brown makes two significant and notable expenditures in the 2018-19 budget: 1) a new fully online community college targeting working Californians with no degree or credential, and 2) a new outcomes-focused funding formula.

The proposal includes a healthy cost-of-living adjustment of 2.51% to support increased operating costs and to ensure colleges can offer quality programs to all students. We applaud the application of a COLA for the Adult Education Bock Grant. Additionally, the allocation of sufficient funding of \$46 million for College Promise programs ensures local efforts can also focus on addressing students' growing non-tuition costs.

**Economic Context:** Governor Brown's budget reflects concern with appropriating one-time funds for ongoing purposes, and emphasizes that the current spending trajectory will lead to a state budget deficit. While the state is on pace to build a \$19.3 billion surplus by July 2019, the January budget proposal minimizes new spending in

anticipation of increasing costs to address natural disasters, the next recession, inadequately funded pension obligations, and uncertainty about federally-funded programs. It is important to recognize that future property tax revenues include considerable uncertainty for community colleges as the budget does not factor recent federal changes concerning the deductibility of local property taxes or mortgage interest.

**Proposition 98 and Community Colleges:** California's modest economic improvements have resulted in a Proposition 98 guarantee of \$3.1 billion, bringing the total Proposition 98 K-14 guarantee for 2018-19 to an all-time high of \$78.3 billion. For community colleges, the Governor's 2018-19 proposal provides approximately \$780 million in Proposition 98 resources – of which \$375 million are in one-time funds. The Governor honors the statutory split of 10.93%.

The Governor's budget summary is available [here](#). Below is a chart illustrating the major augmentations in the proposed budget for community colleges:

Item	2017- 18 Enacted Budget	2018-19 Governor's January Proposal	Notes
<b>Ongoing Funds</b>			
Cost of Living Adjustment (COLA)	\$97 M (1.56%)	\$161.2 M (2.51%)	
Enrollment Growth	\$57.8 M (1%)	\$60 M (1%)	Allows the system to serve around 25,000 more students.
Base Augmentation (New Funding Formula)	\$186.3 M	\$175 M	To support transition to a new equity and outcomes focused funding formula.
College Promise Programs	\$0	\$46 M	To implement AB 19 (Chpt. 735/Statutes of 2017)
Student Success (SSSP) & Equity	No Augmentation	No Augmentation	
Workforce & CTE Pathways	No Augmentation	No Augmentation	
Part-Time Faculty Office Hours	\$5 M	No Augmentation	
Basic Skills	No Augmentation	No Augmentation	
COLA: Adult Education Block Grant		\$20.5 M	COLA for AEBG plus \$5 M for data collection



Full-Time Student Success Grants	\$25 M	\$32.9 M	Consolidates the two categorical programs. Grant based on units taken by qualifying student.
Completion Incentive Grants	\$25 M		
Chancellor's Office Operations	\$618,000	\$2 M	Non-98 for 15 vacant positions
Online Education	\$5 M	\$20 M	\$100 M one-time and \$20 M ongoing
<b>One-Time Funds</b>			
Online Education		\$100 M	One-time for the establishment of a new online colleges targeting 25-34 year olds with no degree.
Deferred Maintenance & Instructional Equipment	\$76.8 M	\$274.3 M	
Prop 39 Clean Energy Job Creation Fund	\$46.5 M		
Innovation Awards	\$20 M	\$20 M	Focused on enhancing equity
<b>Other</b>			
Adjusted Growth		(-) \$73.7 M	
<b>Capital Facilities</b>			
Prop 51 Bond Projects	15 Projects	5 Projects	29 projects requested in the 2018-19 Capital Outlay Program. Funds only: <ul style="list-style-type: none"> <li>• Redwood's Arts Building Replacement</li> <li>• Mt. San Antonio's New Physical Education Complex</li> <li>• Laney's Learning Resource Center</li> <li>• Merritt's Child Development Center</li> <li>• Golden West's Language Arts Complex Replacement</li> </ul>

***Nuances in the 2018-19 Budget:***

**Conditional General Operating Resources** – The 2018-19 budget proposes \$175 million to fund general operating expenses conditioned on adoption of a new community college funding formula. While these are not categorized as general operating funds, the dollars recognize this significant transition will require resources to enhance and deepen the quality of existing student programs and services. It also recognizes the importance of offering some measure of stability to colleges throughout California. General operating resources remain critical for maintaining faculty and staff talent, converting part-time professors to full-time faculty, providing adequate healthcare, tackling the anticipated \$670 million increase in pension costs, and covering additional operating costs to serve our most vulnerable student populations.

**Funding Formula** – The Governor’s Budget acknowledges that an enrollment-only formula fails to capture the comprehensive mission of CCCs and the counter-cyclical nature of college enrollment. The Governor proposes \$175 million for the transition to a new funding formula built on four primary parameters a new focus on equity:

- **Base Grants (50% of formula)** — District base grants based on FTES enrollment.
- **Supplemental Grant (25% of formula)** — Supplemental grants based on the number of low-income students that the district enrolls reflecting two factors: (1) enrollment of students who receive a College Promise Grant fee waiver (formerly known as the BOF Waiver) and (2) enrollment of students that receive a Pell Grant.
- **Student Success Incentive Grant (25% of formula)** — Additional funding for: 1) the number of degrees and certificates granted and 2) the number of students who complete a degree or certificate in 3 years or less, 3) funds for each Associate Degree for Transfer granted by the college.
- **Hold Harmless Provision**—During the first year of implementation, districts would be held harmless to 2017-18 levels.

The League appreciates the Governor’s desire to phase-out a formula based on enrollment only. The League supports parameters that support increased predictability and stability for colleges so that students can be assured that the quality of their education will not change from year to year. Creation and identification of an effective, equity-focused formula for the state’s exceptionally diverse districts and colleges requires considerable analysis and review by system leaders including and especially by the sector’s chancellors, presidents, and locally-elected boards of trustees.

**Online Education** – Quality public online education options are essential for Californians. As the fully online college proposal moves forward, we urge significant consideration of the research concerning the consequences resulting from the lack of face-to-face support for students. We trust the capacity, expertise, and experience of our existing online offerings will be fully utilized. And we trust there will be continued support for California’s 114 regionally accessible colleges to continue building their online education infrastructure to serve California’s 2.1 million students.

**Areas of Concern:** The League has identified areas of concern within the 2018-19 budget proposal: the absence of nine shovel-ready capital projects and a Cal Grant program that continues to underserve community college students.

**Bond and Capital Outlay** – In 2016, California voters approved a facilities bond providing a \$2 billion infrastructure investment in California’s community colleges. The proposed budget only funds five of 29 ready-to-go capital projects; dismissing voter support for Prop 51 and an extensive facilities need of \$42 billion over the next 10 years, including \$29.9 billion in unmet capital facility needs identified in the current Five-Year Capital Outlay Plan.

**Cal Grants and Financial Aid** – While we appreciate that the 2018-19 budget sets an expectation for private, non-profit institutions to make commitments to increase transfers by leveraging Cal Grants, the budget still continues to distribute less than 10% of Cal Grant resources to California community college students despite the fact that our students comprise two-thirds of the higher education population. Further, the budget continues the trend of using Proposition 98, rather than Cal Grants, for community college student financial aid while providing no resources for a more effective delivery of financial aid counseling and supports.

We look forward to working with Governor Brown, Members and staff of the Legislature, and representatives from the Department of Finance in the weeks ahead to discuss further the opportunities presented by the 2018-19 budget proposal.

In the next week the League will forward an email analysis from Lizette Navarette with more details on specific proposals. You can also follow budget updates on the [League’s Advocacy Center](#) or attend the budget discussion at the [2018 Legislative Conference, January 28-29 in Sacramento](#).

Sincerely,



**Larry Galizio, Ph.D**  
President/CEO  
Community College League of California



**Lizette Navarette**  
Vice President  
Community College League of California

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA  
*Quality Public Community Colleges for All Californians*  
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## Nguyen, Thao

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**From:** O'Connor, Adam  
**Sent:** Thursday, January 11, 2018 8:55 AM  
**To:** Nguyen, Thao  
**Subject:** FW: CCFC Budget Update: Governor Releases 2018-19 Budget Proposal - CCC Capital Outlay Program

Adam M. O'Connor, CPA  
Assistant Vice Chancellor, Fiscal Services  
Rancho Santiago Community College District

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**From:** Community College Facility Coalition [mailto:jcontreras@m-w-h.com]  
**Sent:** Wednesday, January 10, 2018 12:37 PM  
**To:** O'Connor, Adam <OConnor\_Adam@rscsd.edu>  
**Subject:** CCFC Budget Update: Governor Releases 2018-19 Budget Proposal - CCC Capital Outlay Program



### Governor Releases 2018-19 Budget Proposal

January 10, 2018

Today, Governor Brown released [the 2018-19 budget proposal](#), his last as Governor of California. The budget includes \$131.7 billion in General Fund spending, a \$5.2 billion increase over 2017-18 expenditures. In furtherance of the Governor's ongoing commitment to fiscal restraint and preparing for the next recession, the budget would fully fund the Rainy Day Fund reserve to \$13.5 billion.

#### *Capital Outlay and School Bond*

The Governor proposes to fund five new capital outlay projects in 2018-19, and to fund 15 continuing projects that received funding for preliminary plans in 2017-18. Total proposed community college capital outlay funding for 2018-19 is \$44.9 million in general obligation bond dollars, and funds are targeted to address fire and life safety issues. The Governor states that, prior to obtaining a construction appropriation for their projects, San Francisco and Pasadena Community College districts are "expected to produce local matching funds."

New starts include:

- Redwoods Community College District - College of the Redwoods: Arts Building Replacement
- Coast Community College District, Golden West College: Language Arts Complex
- Mt. San Antonio Community College District, Mt. San Antonio College: New Physical Education Complex
- Peralta Community College District, Laney College: Learning Resource Center
- Peralta Community College District, Merritt College: Child Development Center

The Board of Governors had approved 18 new projects for funding in 2018-19, in contrast to the five projects the Governor is proposing to fund.

#### *Deferred Maintenance and Instructional Equipment*

The budget proposes a one-time increase of \$264.3 million Proposition 98 General Fund and \$10.9 million Proposition 98 settle-up for deferred maintenance, instructional equipment, and specified water conservation projects.

#### *Student Funding Formula*

The budget proposes a new community college funding formula for general purpose apportionments that encourages access for underrepresented students and provides additional funding to support low-income students and reward colleges for progress on improving student success metrics. The proposal states that no district will receive less funding in the first year of implementation than is currently allocated. The formula will include a base grant (approximately 50% of funding), a supplemental grant based on the number of low-income students that the district enrolls (25%), and a student success incentive grant based on the number of degrees and certificates granted (25%).

#### *Online College and Online Education Initiative*

The budget proposes \$120 million Proposition 98 General Fund (\$20 million in ongoing funds) for the creation of a fully online California community college, in order to provide underserved working students with scheduling flexibility and more accessible learning options. The budget indicates that Californians with a high school diploma but no college degree are at great risk during economic downturns and from the impact of automation in the workforce. The budget states that the online college will not impact enrollment at traditional community colleges because the online college enrollment base is working adults who are not currently accessing higher education.

#### *Additional Items with Possible Facilities Implications*

- Chancellor's Office State Operations - An increase of \$2 million General Fund to fill 15 vacant positions to support initiatives and investments made in the community colleges.
- CCC Apportionments - An increase of \$322.5 million Proposition 98 General Fund:
  - \$175 million increase to support the transition to a student-focused funding formula.
  - \$161.2 million increase for a 2.51 percent cost-of-living adjustment.

- \$60 million increase for enrollment growth.
- \$73.7 million decrease to reflect unused growth provided in 2016-17.
- Strong Workforce Program - An increase of \$212 million in grants to K-12 local education agencies to expand and align their career technical education programs with the workforce training programs offered by higher education institutions.
- California College Promise - An increase of \$46 million Proposition 98 General Fund to support implementation of the California College Promise. Colleges could use this funding to waive some or all of the \$46 per unit fee for all first-time resident students enrolled in 12 units or more per semester during their first year.

Additionally, we are waiting for information on the Proposition 39 energy efficiency program, as 2017-18 was the final year of guaranteed funding. The Chancellor's Office has indicated that it will sweep unallocated funds this spring for an additional funding round under the current program.

### Next Steps

The Legislature will now begin reviewing the Governor's proposal in-depth at hearings over the course of the next few months, as they work to meet a constitutional deadline of adopting the budget by June 15. CCFC will engage directly in this process and advocate for funding all of the projects on the 2018-19 Spending Plan approved by the Board of Governors in 2017, including the 18 new starts.

Rebekah Cearley  
CCFC Legislative Advocate

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## Professional Opportunities Listings

Check out the CCFC Professional Opportunities Listings under the Resources page on our website to view and submit jobs!

Professional Opportunities

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## CCFC Board of Directors

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Hartnell CCD

**Pablo Manzo, Vice Chair**  
Los Rios CCD

**Praful Kulkarni, Secretary/Treasurer**  
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**Mansour Aliabadi**  
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**C.M. Brahmhatt**  
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**Chris Carlson**  
Riverside CCD

**Fred Diamond**

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**Rebekah Cearley**

**Legislative Advocate**

Murdoch, Walrath & Holmes

Visit the CCFC Website

Community College Facility Coalition, 1303 J Street, Suite 520, Sacramento, CA 95814

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## Nguyen, Thao

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**From:** O'Connor, Adam  
**Sent:** Thursday, January 11, 2018 8:54 AM  
**To:** Nguyen, Thao  
**Subject:** FW: Governor Brown Releases the 2018-19 State Budget

Adam M. O'Connor, CPA  
Assistant Vice Chancellor, Fiscal Services  
Rancho Santiago Community College District

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**From:** Governmental Relations [mailto:donotreply@casbo.org]  
**Sent:** Wednesday, January 10, 2018 4:37 PM  
**To:** O'Connor, Adam <OConnor\_Adam@rscsd.edu>  
**Subject:** Governor Brown Releases the 2018-19 State Budget



*news***break**

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2018-02*

**Governor Brown Releases the 2018-19 State Budget**  
*By Sara C. Bachez and Elizabeth Munguia, Governmental Relations*



Today, Governor Brown released his final state budget proposal, reminding observers that California has a volatile economic structure, and that balanced budgets have been followed by huge deficits. In anticipation of the next fiscal calamity, Governor Brown maintains his commitment to building a healthy rainy-day fund. Governor Brown said, “We had ten recessions since World War II, we have to get ready for the eleventh one. Fortunately, we have not hit that recession yet, but we will.”

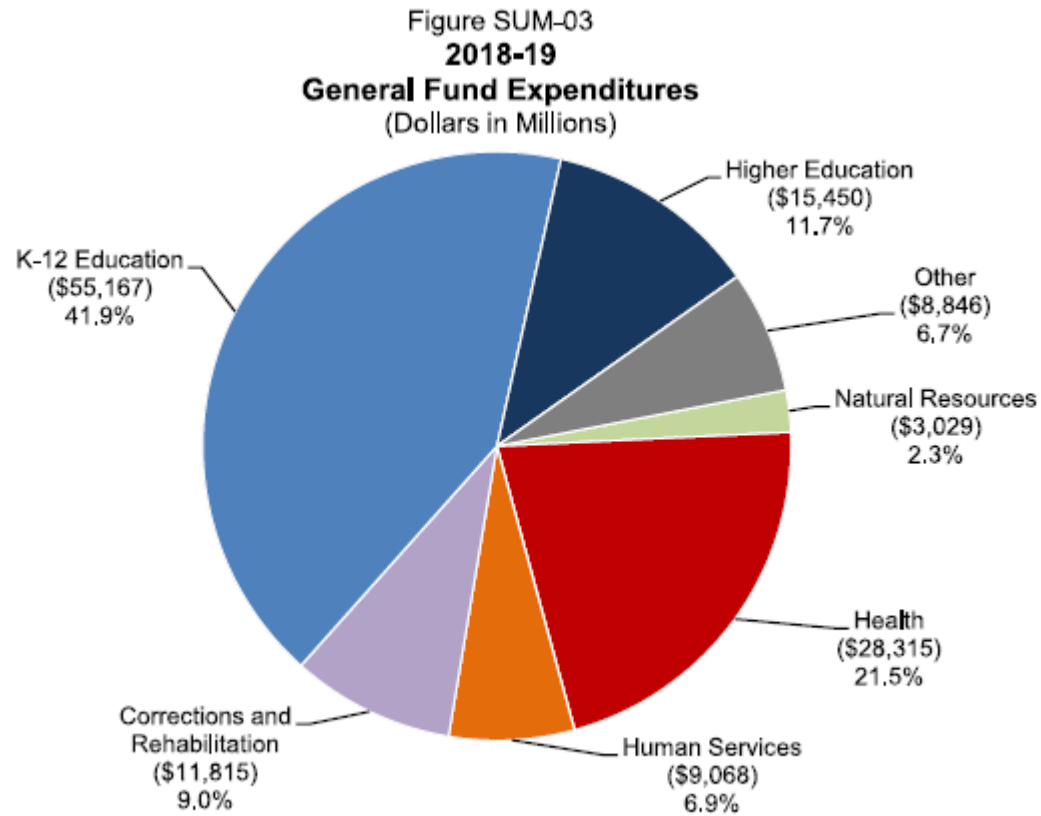
The Budget assumes a positive economic outlook for the year, but reinstates that economic expansions do not last forever. The Budget proposes a \$3.5 billion deposit into the state’s Rainy Day Fund, increasing the total balance from \$8.4 billion in 2017-18 to \$ 13.5 billion in 2018-19. In addition, Governor Brown identifies the need to focus on paying down outstanding debts by allocating \$1.5 billion in General Fund to continue to address the state’s massive \$275 billion long-term costs and liabilities.

California’s unemployment rate fell to 4.7 percent in May and June of 2017, an all-time low since November 2000. Overall personal income growth should rise to above 5 percent in 2018 before subsiding to around 4 percent. Over the three fiscal years, personal income tax is up \$2.9 billion, sales tax is up \$1.5 billion, and corporate tax is down \$358 million. The healthy revenue outlook for personal income tax is driven by strong wage withholdings and capital gains. Capital gains are expected to be lower in 2017 than estimated in the Budget Act, but significantly higher in 2018.

**2018-19 Governor's Budget**  
**General Fund Summary**  
*(Dollars in Millions)*

	<b>2017-18</b>	<b>2018-19</b>
<b>Prior year Balance</b>	\$4,611	\$5,351
Revenues & Transfers	\$127,252	\$129,792
<b>Total Resources Available</b>	<b>\$131,863</b>	<b>\$135,143</b>
<b>Non-Proposition 98 Expenditures</b>	\$73,771	\$77,126
<b>Proposition 98 Expenditures</b>	\$52,741	\$54,564
<b>Total Expenditures</b>	<b>\$126,512</b>	<b>\$131,690</b>
<b>Fund Balance</b>	<b>\$5,351</b>	<b>\$3,453</b>
Reserve for Liquidation of Encumbrances	\$1,165	\$1,165
Special Fund for Economic Uncertainties	\$4,186	\$2,288
<b>Budget Stabilization Account/ Rainy Day Fund</b>	<b>\$8,411</b>	<b>\$13,461</b>

The total 2018-19 General Fund revenues, excluding transfers, is projected at \$135 billion. Personal income tax contributes 69.3 percent of the total. The Department of Finance chart below details the Budget's proposed expenditures for the major areas, with K-12 Education receiving \$55.9 billion in Proposition 98 support.



### Impact of Federal Changes

The Budget's economic and revenue forecasts were prepared prior to the enactment of the recent federal tax reform, and do not reflect any federal impacts at this time. The May Revision will reflect projections of the changes to the economy and revenues, although the effect from changes made by corporations and wealthy tax payers will become known after 2018 taxes are filed.

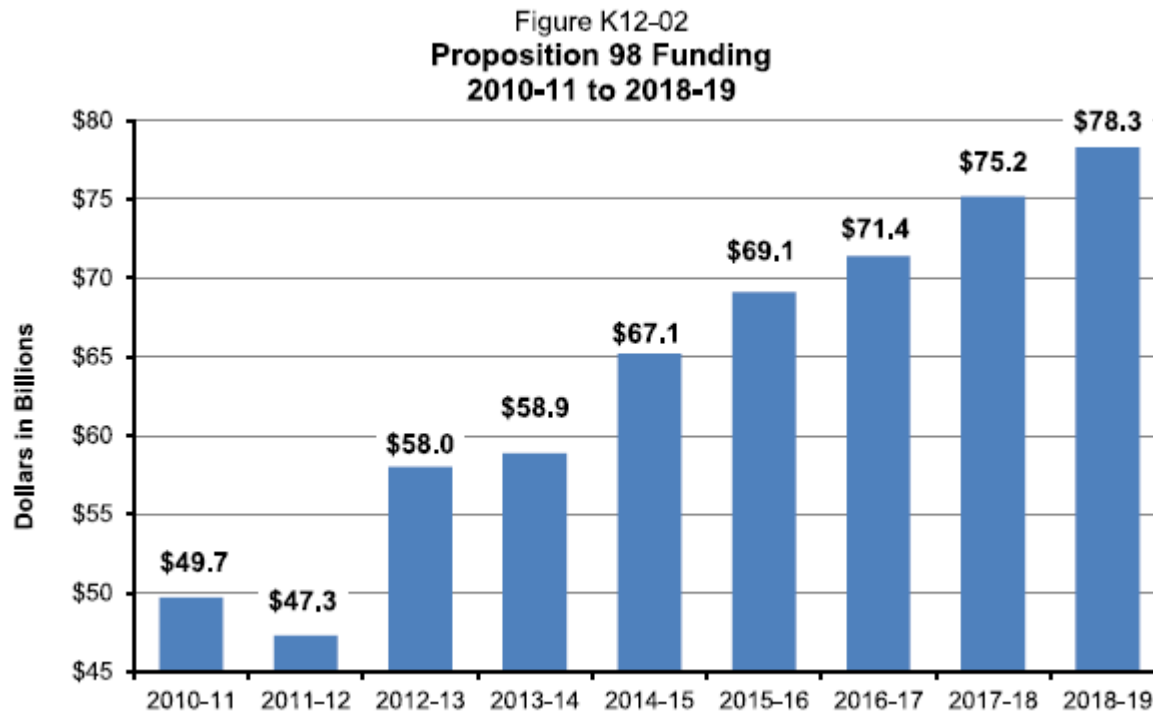
***Reauthorization of the Children's Health Insurance Program (CHIP).*** In December 2017, Congress extended the federal cost sharing ratio for CHIP at an 88 percent federal match for several more months. The Budget assumed that the federal government would extend the CHIP cost sharing rate at a 65 percent level through 2018-19. While the extension will lower state costs in the current year, should Congress fail to reauthorize the program beyond March 2018, this action will increase state costs by hundreds of millions of dollars in 2018-19.

**Federal Cost Shifts.** It is still unknown if Congress will succeed at repealing the Affordable Care Act and impact health coverage for millions of Californians. Should such an action succeed, Medi-Cal costs would increase by tens of billions of dollars annually.

## K-12 Education

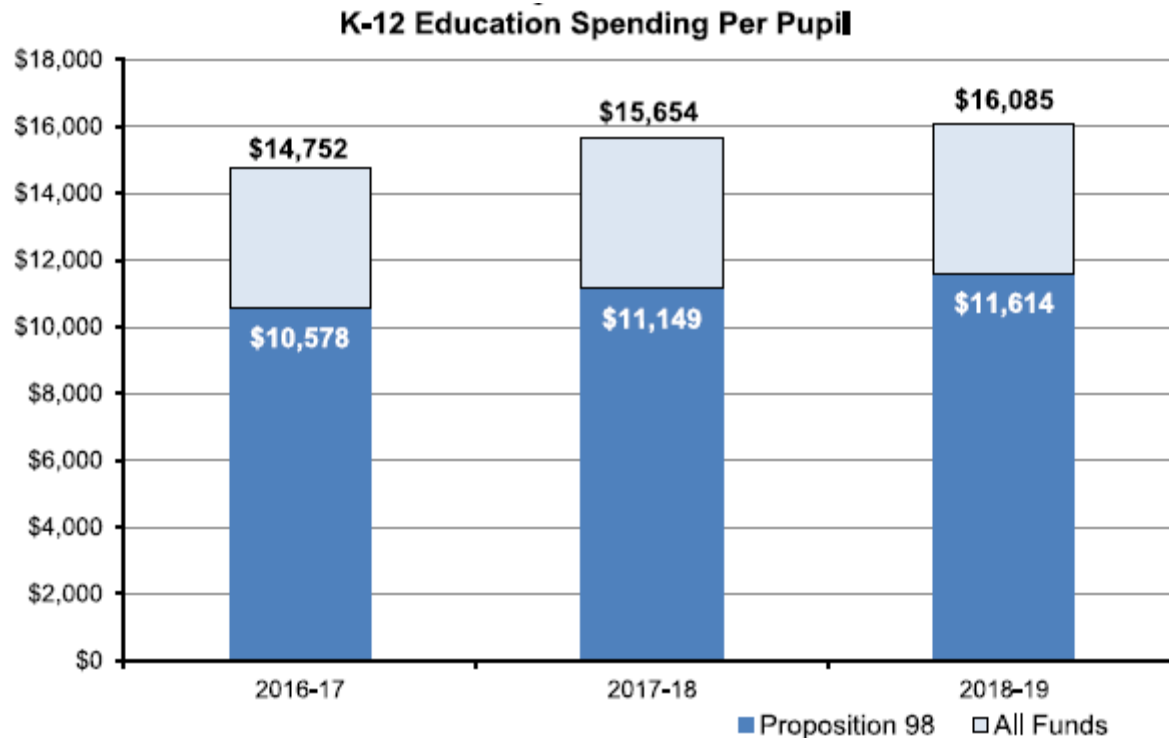
As a result of increases in General Fund revenues and local property taxes, the Proposition 98 Guarantee for 2018-19 is \$78.3 billion. The Budget proposes advancing the Administration's core priorities to fully fund the Local Control Funding Formula, pay down debts owed to schools, and support local educational agencies in their efforts to improve outcomes for low-achieving students.

Proposition 98 Test 3 is projected to be operative for fiscal years 2016-17 and 2018-19, and Test 2 is projected to be operative for fiscal year 2017-18.



Specifically, the Budget:

- Proposes a roughly \$3 billion investment to fully implement the LCFF two years earlier than originally projected.
- Proposes almost \$1.8 billion in discretionary one-time Proposition 98 funding for school districts, charter schools, and county offices of education, along with more than \$70 million in ongoing Proposition 98 funding to expand the state system of technical support for local educational agencies.
- Total per-pupil expenditures from all sources are projected to be \$15,654 in 2017-18 and \$16,085 in 2018-19.



**Fully Funding the Local Control Funding Formula**

Since the start of the Local Control Funding Formula, the state has allocated over \$17 billion in additional ongoing resources. The Budget proposes an additional investment of nearly \$3 billion to fully implement the formula in 2018-19.

To improve fiscal transparency, the Budget proposes requiring local educational agencies to show how their

budget expenditures align with the strategies detailed in their Local Control and Accountability Plans for serving students generating supplemental grants. The Budget also proposes calculating and reporting on a single website the total amount of supplemental and concentration funding provided to each local educational agency under the Local Control Funding Formula.

### **California's New Accountability System**

In 2013, California adopted a new accountability system driven by a more comprehensive set of student performance measures. The Budget provides an investment of more than \$70 million in ongoing Proposition 98 General Fund to further implement the state system of support, including:

- \$55.2 million Proposition 98 General Fund to help county offices of education facilitate the improvement of school districts identified as necessitating differentiated assistance.
- \$4 million Proposition 98 General Fund for a competitive grant process to identify eight lead county offices of education, which will provide training, resources, and support for other county offices of education.
- \$11.3 million Proposition 98 General Fund (\$6.5 million is added to \$4.8 million in existing funds for 2018-19) for the California Collaborative for Educational Excellence, to work with county offices of education and their school districts.

### **Special Education**

In the spring of 2017, the Department of Finance held four special education stakeholder discussions. Takeaways from these discussions included more local transparency and accountability; additional financial support for special education; shifting away from a compliance driven system toward a system improving outcomes for students with disabilities, and integrating special education and general education into one cohesive system.

Based on the stakeholder input, the Budget proposes:

- Requiring Special Education Local Plan Areas (SELPA) to complete a SELPA local plan template that aligns the services and resources noted in their local plans with the goals identified in their member district's LCAPs.
- Requiring the SELPA to summarize how a SELPA's planned expenditures and services align with the improved student outcome strategies noted in their SELPA plan.

- Providing \$10 million ongoing Proposition 98 General Funds for SELPAs to work with county offices of education to provide technical assistance to local educational agencies to improve student outcomes as part of the statewide system of support.
- Providing \$100 million to increase and retain special education teachers.
- Providing \$167 million to increase the availability of inclusive early education and care for children aged 0 to 5 years old, especially in low-income areas and in areas with relatively low access to care.

### **Career Technical Education and Workforce Development**

The 2016 Budget Act allocated \$200 million Proposition 98 funding annually to create the Strong Workforce Program. In 2017-18, this amount was increased to \$248 million.

The Budget proposes:

- An ongoing increase of \$200 million Proposition 98 General Fund to establish a K-12 specific component of the Strong Workforce Program.
- An ongoing increase of \$12 million Proposition 98 General Fund to fund local industry experts who will provide technical support to local educational agencies operating, or proposing to operate, CTE programs.

### **Teacher Workforce**

Two-thirds of school districts have been identified as having poor special education performance, therefore the Budget proposes an additional \$100 million investment to increase and retain special education teachers, as follows:

- \$50 million one-time Proposition 98 General Fund for a Teacher Residency Grant Program to support locally sponsored, one-year intensive, mentored, clinical teacher preparation programs aimed at preparing and retaining special education teachers.
- \$50 million one-time Proposition 98 General Fund for a Local Solutions Grant Program to provide one-time competitive grants to local educational agencies to develop and implement new, or expand existing, locally identified solutions that address a local need for special education teachers.

The California Commission on Teacher Credentialing has implemented a variety of initiatives to improve the teacher workforce that include:

- Extending the validity period for teacher licensing exams.
- Updating teacher and administrator standards to reflect adoption of the California State Standards and California's Next Generation Science Standards.
- Creating an online dashboard on teacher supply and demand, and educator preparation.
- Establishing the Teaching Permit for Statutory Leave to authorize long-term substitutes for teachers on extended leave.
- Revising the accreditation system for teacher preparation programs to focus on program outcomes such as program completion factors, teacher placements, and employer satisfaction.

### **Mandates**

The Budget provides an additional \$1.8 billion for school districts, charter schools and county offices of education to further support local priorities. The proposed funding reduces the amount owed to local educational agencies from a recent high of \$6 billion to less than \$1 billion.

### **K-12 Facilities**

The Budget proposes about \$640 million in bond authority for 2018-19 to fund new construction, modernization, career technical education, and charter facility projects based upon the Office of Public School Construction's processing of project applications and the State Allocation Board's approval of these projects.

The Budget proposes an ongoing increase of approximately \$28.3 million Proposition 98 General Fund to the Charter School Facility Grant Program to align available funding with estimated programmatic participation.

### **Major K-12 Budget Adjustments**

This section highlights the budget's significant adjustments to various educational programs outside of the Local Control Funding Formula.



### *Fully Fund Local Control Funding Formula*

- \$3 billion in Proposition 98 General Fund to fully implement LCFF.

### *One-Time Discretionary Funding*

- \$1.8 billion in one-time Proposition 98 General Fund to offset any applicable mandate reimbursement claims.

### *K-12 Component of the Strong Workforce Program*

- \$212 million Proposition 98 General Fund for the administered through the community college Strong Workforce Program. *Cost-of-Living Adjustments*
- \$133.5 million Proposition 98 General Fund for to support a 2.51-percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, Foster Youth, American Indian Education Centers, and the American Indian Early Childhood Education Program.

### *Special Education*

- \$125 million Proposition 98 General Fund and \$42.2 million federal Temporary Assistance for Needy Families (TANF) funds on a one-time basis for competitive grants to expand inclusive care and education settings for 0 to 5 years old and improve academic outcomes for low-income children and children with exceptional needs.
- \$10 million Proposition 98 General Fund for special education local plan areas to support county offices of education in providing technical assistance to local educational agencies.
- \$10.2 million Proposition 98 General Fund to reflect a projected decrease in special education average daily attendance.

### *State System of Support*

- \$59.2 million Proposition 98 General Fund for county offices of education and lead county offices of education to provide technical assistance to local educational agencies and improve student outcomes.

### *California School Dashboard*

- \$300,000 Proposition 98 General Fund to improve the user interface of the California School Dashboard.

### *California Collaborative for Educational Excellence*

- \$6.5 million Proposition 98 General Fund for the California Collaborative for Educational Excellence to help build capacity within county offices of education to provide technical assistance and improve student outcomes.

### *County Offices of Education*

- \$6.2 million Proposition 98 General Fund for county offices of education to reflect a 2.51-percent cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

### *Instructional Quality Commission*

- \$938,000 General Fund on a one-time basis for the Instructional Quality Commission to continue its work on the development of state content standards and frameworks, as well as model curriculum.

### *Local Property Tax Adjustments*

- Decline of \$514 million Proposition 98 General Fund for school districts and county offices of education in 2017-18 as a result of higher offsetting property tax revenues, and a decrease of \$1.1 billion Proposition 98 General Fund for school districts and county offices of education in 2018-19 as a result of increased offsetting property taxes.

### *School District Average Daily Attendance*

- Decline of \$183.1 million in 2017-18 for school districts as a result of a decrease in projected average daily attendance from the 2017 Budget Act, and a decrease of \$135.5 million in 2018-19 for school districts as a result of further projected decline in average daily attendance for 2018-19.

### **Child Care & State Preschool**

The Budget creates the Inclusive Early Education Expansion Program, providing \$125 million in one-time

Proposition 98 General Fund and \$42.2 million one-time federal TANF through a competitive grant program to increase services for children aged 0 to 5 years old.

- **Provider Reimbursement Rate.** Provides an increase of \$31.6 million Proposition 98 General Fund and \$16.1 million non-Proposition 98 General Fund to increase the Standard Reimbursement Rate by about 2.8 percent.
- **Regional Market Reimbursement Rate & Preschool Slots.** Increases by \$32.3 million non-Proposition 98 General Fund and \$28.4 million Proposition 98 General Fund to reflect full-year costs of new policies implemented in 2017-18 fiscal year, associated with updating the Regional Market Reimbursement Rate to the 75th percentile of the 2016 regional market rate survey and increase of 2,959 slots for full-day Preschool.
- **CalWORKS Stage 2 and 3 Child Care.** Increases by \$5.2 million non-Proposition 98 General Fund in reflect increases in the number of child care cases and a decrease in cost of care. The total support for CalWORKS Stage 2 and 3 are \$517.6 and \$335.4 million, respectively.
- **Federal Funds.** Decreases federal TANF funds from \$120.1 million in 2017-18 to \$70.6 million in 2018-19. Total TANF and federal Child Care and Development Fund is \$707 million.

### Other State Budget Priorities

**Higher Education.** The Budget provides the University of California and the California State University with an annual 3 percent increase and the community colleges with a Proposition 98 increase of \$570 million. In addition, the Budget proposes to create a California Online College, a new college that will offer working students a path outside of traditional courses with an allocation of \$120 million.

**Climate Change.** Governor Brown will announce at his annual State of the State Address his plan to appropriate \$1.25 billion in Cap and Trade dollars to combat climate change.

**Infrastructure.** The Budget reflects the first full year of funding under the Road Repair and Accountability Act of 2017 (SB 1), which provides funding for state and local transportation infrastructure priorities.

### What to Expect Next

We will report in more detail regarding some of these proposals when the trailer bill language is available, and continue to share information on the Governor's budget as events and further analysis warrant. The release of the budget is only the first leg of a six-month marathon, and we will endeavor to keep CASBO members informed along each stage of the journey. To read the full Governor's 2018-19 Budget Report, click [here](#).

*CASBO NewsBreaks are posted on our [website](#). We've updated our advocacy website with new and interactive content. Now you can easily follow the legislative and budget process, and get involved with our legislative efforts in school business! **Check out the new [CASBO Advocacy website](#).** For other advocacy-related questions, contact [Sara Bachez](#), Assistant Executive Director, Governmental Relations or [Elizabeth Munguia](#), Legislative Advocate and Policy Strategist, Government Relations.*

*Remember that the most effective and convenient way to become involved is by joining CASBO [Advocacy Network](#).*

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# **SSC COMMUNITY COLLEGE UPDATE**

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## **Governor's Proposals for the 2018-19 State Budget and Education**

### **Preface**

What if life gave each of us a “mulligan” which in golf allows us to replay a shot to see if we can do better? How would we use that “mulligan” to our best advantage?

Well, Governor Jerry Brown got that “mulligan” and used it fully. The opportunity to be Governor at a young age, leaving office in 1974, then holding a variety of elected positions over nearly three decades, then becoming Governor again in 2010 gave Governor Brown the replay he wanted. Equipped with the experience and knowledge gained over a long political life, Governor Brown was clearly ready to put his mark on the state a second time as Governor. However, this was going to be the toughest course he had ever played!

### **The Challenge**

Most of us remember what California looked like when Governor Brown was elected in the middle of the Great Recession: Unemployment rates of 14%, among the highest in the nation; significant cuts to education funding; the worst credit rating of any state in the U.S.; companies moving out of California for greener pastures elsewhere; state revenues that consistently came in lower than projected and left the state so cash-poor that it could not even pay annual apportionments to schools and community colleges without substantial deferrals; reductions in school and community college staffing, in addition to layoffs, furlough days, increased class sizes, and significant cuts to categorical programs.

And the dysfunction extended far beyond public education. The rancorous environment and partisan bickering in the Legislature led to State Budgets that were consistently months late and filled with gimmicks to try to survive another year. The state General Fund carried a negative reserve that was getting worse, not better. Federal judges were ordering the state to release prisoners to reduce overcrowding. The housing market had collapsed to the extent that the median price of homes was half what it had been four years before. Anyone longing for the bad old days?

### **The Path to Recovery**

Crisis leadership is about defining the key controllable elements of a critical situation and massing resources at those points to bring about positive change. To accomplish that in a situation like Governor Brown inherited, he used his extensive experience in governance, built legislative support often by supermajority, and put his own personal charisma and reputation on the line.

Later on, when the national economic recovery started, the Governor's plan received a needed and expected boost, but for the first three years of his term we remained mired in the Great Recession and there was no external help to be had. California needed to create jobs, opportunities for employers,

and a stronger more sustainable tax base, all while supporting the needs of former tax payers who had suddenly become tax receivers. Aided by temporary taxes, spending reductions and difficult policy choices, Governor Brown tackled the problems facing the state.

We are advocates for public education and do not like the fact that during the Great Recession the bulk of the State Budget cuts were taken by education. We felt the same about the classified, certificated, and management staff members in school and community college districts shouldering the sacrifice of lower budgets and fewer jobs. But we also recognize that in order to save the ship you may have to offload the heaviest cargo, so sometimes the gold (in this case, our education programs) must be jettisoned. Moving the needle on California's recovery required bold, immediate actions; and Governor Brown took those actions. There was no guarantee that the Governor's plan would save our state, but the absence of action would guarantee defeat.

### **The Recovery**

Aided by improving national and state economic conditions, California's recovery allowed the Governor to reshape major state institutions. No more property tax diversions to Redevelopment Agencies, a long-term solvency plan for the state's defunct pension plans, greater reliance on the top one-percent of taxpayers, and of course, restructuring of the entire educational delivery model.

Beginning in 2013, and continuing today, we have enjoyed revenues that are higher than those projected by the state in every year. Conservative budgeting has allowed the Administration to avoid the temptation to restore spending too quickly and risk falling back into the downward spiral. The constitutionally required "true-up mechanism" for Proposition 98 is intended to ensure that education will eventually receive at least the minimum guarantee. By paying significant amounts in arrears, each year the Administration created a safety net in case future revenues did not come in as planned.

### **Overview of the Governor's Budget Proposals**

On Wednesday, January 10, 2018, shortly after 10:00 a.m., Governor Jerry Brown unveiled his final proposed State Budget for the upcoming 2018-19 fiscal year. He completed his "prepared" remarks on his State Budget proposal in about five minutes and then turned to questions from the press.

The Governor led off with a statement that he was presenting a solid State Budget that prepares California for the future. Repeating the theme that has remained consistent throughout his second stint as Governor, Brown warned of the dire consequences of a recession, especially given the state's volatile tax system. He noted that there have been ten recessions since World War II and that we must prepare for the eleventh. As a result, he is again highlighting the need to build up the state's Rainy Day Fund and referenced last year's Department of Finance (DOF) analysis of the devastating impacts of even a normal recession—a loss of \$20 billion in revenues a year for three years.

During the Q&A period, the Governor was asked by former Sacramento Bee columnist Dan Walters about his proposal to aggressively fund the Rainy Day Fund. The Governor responded with, "I thought you retired," which got a big laugh. He then went on to say, "This is about steady as you go or exuberance followed by regret and pain," noting the effects of the dot-com bubble under the Davis Administration and the fiscal aftermath inherited by former Governor Arnold Schwarzenegger.

In addition to significant proposals in Proposition 98, some of the major initiatives of the Governor's State Budget include:

**Full Funding of the Rainy Day Fund:** Proposition 2, approved by California voters in 2014, established a constitutional goal of reserving 10% of tax revenues in a Rainy Day Fund. The Governor's Budget proposes a \$3.5 billion supplemental payment in addition to the constitutionally required transfer to the Rainy Day Fund for 2018-19. The two payments would bring the total Rainy Day Fund to \$13.5 billion, which hits the 10% goal.

**Health Care Expansion:** Amidst growing uncertainty at the federal level, the Governor's Budget provides funding to increase health care coverage to low-income Californians under the federal Affordable Care Act (ACA).

**Transportation Infrastructure:** The Budget reflects the first full year of funding under the Road Repair and Accountability Act of 2017 (Senate Bill 1), which provides stable, long-term funding for both state and local transportation infrastructure. This act provides \$55 billion in new funding over the next decade, split evenly between state and local projects. For 2018-19, the Budget includes \$4.6 billion in new transportation funding.

In closing his press conference, the Governor responded to a question about the changes he has seen in California since first becoming Governor in 1974. He noted the influence of Proposition 13, which inserted Sacramento decision making into the affairs of local government. He also said that there was more bipartisanship in the Legislature four decades ago, noting that both Republicans and Democrats elected the leadership of their houses. With regard to the State Budget, the Governor pointed out that prisons now account for 9% of the Budget compared to 3% during his first term as Governor in the late 1970s. He did acknowledge, however, that a Governor has a greater impact now than 40 years ago.

## The Economy and Revenues

### Economic Outlook

While acknowledging the continued strength of both the state and national economies, and the subsequent increased revenues they produce, the Governor still has his eyes on ensuring California is prepared for the next inevitable downturn. In both his State Budget proposal and press conference, the Governor calls our attention to the fact that by the end of 2018-19 this recovery will match the longest recovery in post-war history. The previous periods of balanced State Budgets were all followed by large State Budget shortfalls, and the effects on California of the passage of the new federal tax bill, among other federal policies, are still largely unknown.

In light of these realities, Governor Brown proposes another State Budget based on the implementation of prudent fiscal practices that provide a balanced State Budget while continuing to plan and save for the future. While the economy continues to expand, even a moderate recession could significantly impact state revenues for several years to come. To ensure the state is ready for a potential slow down, the Governor's State Budget proposes fully funding the Rainy Day Fund and allocating the majority of the revenue surplus to one-time expenses. The State Budget is clear that fully funding the Rainy Day Fund may not eliminate the need for spending reductions should a recession or federal policy changes come to pass, but it should allow for the softening of potential cuts and/or shortening of the length of time any potential cuts would be effective.

At the national level, the stock market has reached an all-time high with no signs of slowing down. All three major indices reached new levels the first week in January, with the Dow Jones surpassing 25,000 for the first time. In spite of the Federal Reserve's continued interest rate hikes, housing

prices continue to rise and mortgage rates remain historically low. Wages are increasing and the unemployment rate for both the nation and California dropped to 4.6% and 4.1%, respectively, further narrowing the gap between the two. In addition, the country added 228,000 jobs in November 2017 and, as previously noted, the Governor's State Budget anticipates modest growth for the California economy.

### **State Revenues**

The Governor's State Budget presents a rosy picture, with revenues higher than projections. Total state revenues are higher year over year, and the economy continues to grow, though modestly. The higher revenues, as expected, are due largely to an increase in personal income tax collections with sales and use tax also seeing an increase over those estimated by the DOF in the adopted 2017-18 Budget Act.

The Legislative Analyst's Office (LAO) forecast released in November 2017 also estimated a significant increase in General Fund revenues. The LAO continued to provide two long-term estimates—one based on an economic growth scenario and another based on a mild recession scenario. Under the economic growth scenario, the State Budget will retain a surplus, with increases in revenues from the personal income tax driving the majority of the growth, while the recession scenario reflects a roughly \$80 billion revenue loss, compared to the growth scenario, over the three fiscal years between 2019-20 and 2021-22.

### **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. Over the last several years, Proposition 98 has provided significant gains to schools and community colleges as funding cuts endured through the Great Recession have been restored.

#### **Current-Year Minimum Guarantee**

For the current year, the Governor's State Budget acknowledges that revenues are higher than projected in the adopted 2017-18 Budget Act, resulting in the increase of the current-year minimum guarantee. For the current year, the Proposition 98 guarantee is now estimated at \$75.2 billion, up approximately \$700 million from the enacted level.

Proposition 98 also requires the state to account for state funding that falls below the long-term target established by Test 2 (i.e., adjustments required by annual changes in per capita personal income). This cumulative shortfall is termed Maintenance Factor. The Governor's State Budget notes that as of the end of 2017-18, the Maintenance Factor will be down to \$228 million, as the Budget proposes a payment of \$1.12 billion in the current year.

#### **2017-18 Minimum Guarantee**

For 2018-19, the Governor's State Budget proposes a Proposition 98 guarantee of \$78.3 billion, an increase of \$3.1 billion year over year. The guarantee is based on Test 3, the change in per capita



General Fund revenues, plus 0.5%, and the change in K-12 ADA, which is expected to decline in the budget year. The Governor's State Budget notes that an additional \$92 million in Maintenance Factor will be created—due to it being a Test 3 year—totaling just over \$320 million at the end of 2018-19.

### **Community College Proposals**

The most significant proposals to the 2018-19 Governor's Budget are new initiatives that have been the subject of some recent discussions: a new funding formula for general apportionments and an online California community college.

#### **New Funding Formula**

The Governor proposes \$175 million to fund the transition of community colleges to a new Student-Focused Funding Formula for general apportionments, which has some similarities to the K-12 Local Control Funding Formula (LCFF) that was implemented beginning in 2013-14. The proposed formula is composed of:

- Base Grant (50% of funding)—based on enrollment using a per-full-time equivalent student (FTES) funding rate, similar to the current general apportionment calculation
- Supplemental Grant (25% of funding)—based on the number of low-income students; those who receive a College Promise Grant (formerly Board of Governors) fee waiver or Pell Grant
- Student Success Incentive Grant (25% of funding)—based on the number of degrees and certificates granted and the number of students completing them in three years or less, with additional funds for each Associate Degree for Transfer granted

Along with this new formula the Governor is proposing requirements that community colleges incorporate the goals of the Vision for Success (see, "[Board of Governors Adopts 'Vision for Success' Document](#)," in the July 28, 2017, *Community College Update*) within each college's educational master plan and align each college's budget with that plan (similar to the Local Control and Accountability Plan and budget requirements for K-12 education under the LCFF).

The proposed Student-Focused Funding Formula includes a hold harmless provision that ensures that no district receives less funding in 2018-19 than is allocated through the general apportionment in 2017-18. Thereafter, the hold harmless provision is determined based upon the 2017-18 per-FTES general apportionment funding multiplied by the FTES for the year for which funding is being calculated.

Also, the Chancellor's Office is urged to consult with stakeholders to develop a proposal for consolidating categorical programs in time to be considered for the May Revision. When the LCFF was implemented for K-12 education, over 40 categorical programs were eliminated and the funding was rolled into the LCFF. However, the Administration has stated that this is not the intent for community colleges—rather, the Administration is interested in consolidating the programs while keeping them restricted.

#### **California College Online**

The Governor proposes \$120 million (\$20 million ongoing) to create a fully online community college that would focus on vocational training, career advancement opportunities, and credentialing for careers in child development, the service sector, advanced manufacturing, healthcare, in-home

supportive services, and other areas. The enrollment focus would be on working adults that are not currently accessing higher education.

Apportionment funding for the fully online college would take into account student enrollment and the number of underrepresented students enrolled in the college, and would encourage the online college to focus on student success. Reflecting some of the concerns shared while this concept was discussed over the fall, the college will not impact traditional community colleges' enrollment because its enrollment base will be working adults that are not currently accessing higher education.

### **Other General Apportionment Proposals**

In addition to the \$175 million proposed for transitioning to the new funding formula, the Governor's 2018-19 State Budget proposal provides the following for general apportionments:

- \$161.2 million increase to fund the estimated 2.51% statutory cost-of-living adjustment (COLA)
- \$60 million increase to fund 1% growth
- \$73.7 million decrease to reflect unused 2016-17 growth
- \$5.4 million increase for offsetting enrollment fee revenues
- \$230.2 million decrease to offset local property tax revenues

Similar to last year, the Governor does not propose any one-time discretionary funds for 2018-19—funds that have historically been counted as paying down outstanding state mandate claims. Also, consistent with the Governor's prior proposals, there is no proposed change to current fee levels for the California Community Colleges (CCCs).

### **Workforce Programs**

The Governor proposes \$212 million for K-12 education to expand Career Technical Education programs aligned with the goals of the Strong Workforce Program. The Governor also proposes:

- \$20.5 million for a COLA for the Adult Education Block Grant program, along with \$5 million for a shared data collection and accountability system
- \$17.8 million in ongoing funds for K-12 and community college apprenticeship programs, along with \$30.6 million in one-time funds to backfill shortfalls in the reimbursements provided from 2013-14 through 2017-18
- \$2 million to fund certified nursing assistant programs

### **Other Programs**

The Governor's 2018-19 State Budget proposals for other community college programs include:

- \$275.2 million in one-time funds for deferred maintenance, instructional equipment, and specified water conservation projects, with no matching funds requirement
- \$46 million to support the implementation of the California College Promise program, which rescinds the \$46 per unit fee for all first-time resident students enrolled in 12 units or more per semester during their first year
- \$44.9 million in Proposition 51 bond funds for 5 new and 15 continuing facilities projects

- \$32.9 million to consolidate the Full-Time Student Success Grant and the Completion Grant programs, increasing the grant amounts and shifting to a per-unit per-semester/per-year grant; the proposed unit range is between 12 and 15 units per semester or 24 and 30 units per year
- \$20 million in one-time funds for the Innovation Awards program for grants focused on enhancing equity
- \$7.3 million to fund the 2.51% COLA for Disabled Student Programs and Services, Extended Opportunity Programs and Services, California Work Opportunity and Responsibility to Kids (CalWORKs), and Child Care Tax Bailout programs
- \$2 million for the Chancellor's Office to fill vacant positions and further support the local colleges in improving student success

### **Other Policy Initiatives**

The Governor's proposal includes imposing a new requirement on nonprofit institutions with students receiving Cal Grants that, starting in 2019-20, the sector must admit at least 2,500 students who have earned Associate Degrees for Transfer from the community colleges, and they must be guaranteed junior standing. Starting in 2020-21 this requirement increases to 3,000 students.

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

The Governor's State Budget proposal acknowledges that both the University of California (UC) and the California State University (CSU) systems are proposing to increase tuition for 2018-19 by 2.5% and 4%, respectively. The Governor urges both systems to reduce their cost structures before increasing tuition again.

The UC and CSU systems are each proposed to receive \$92.1 million consistent with the Governor's long-term plan. In addition, the UC is proposed to receive \$50 million upon meeting expectations related to the initiative that began last year to reduce its cost structure as well as addressing the findings in the State Auditor's 2017 report regarding the Office of the President.

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

The 2.51% statutory COLA is applied to the K-12 LCFF and the few categorical programs that still exist for K-12 education. Further, the Governor proposes to fully fund the LCFF, two years earlier than originally anticipated, at a cost of almost \$3 billion. Also, K-12 education is proposed to receive approximately \$295 per ADA in one-time discretionary funds that are scored against outstanding state mandate claims. There are no such funds proposed for the CCC at this point. However, the CCC is proposed to receive the one-time deferred maintenance and instructional equipment funds.

### **Child Care and Preschool**

Maintaining a three-year agreement with the Legislature to increase investments in child care and preschool, the Governor's Budget proposes to increase reimbursement rates and fund the final tranche of state preschool slots. Specifically, the 2018-19 State Budget proposes to:

- Increase the Standard Reimbursement Rate by 2.8%, for a total General Fund and Proposition 98 investment of \$47.7 million—\$16.1 million and \$31.6 million, respectively
- Provide an ongoing \$34.2 million to convert the temporary Regional Market Rate (RMR) "hold harmless" provision to a permanent provision, beginning in 2019-20
- Fund an additional 2,959 full-day State Preschool slots, beginning in April 2018

- Fulfill the fiscal year 2017-18 increase to the RMR to the 75<sup>th</sup> percentile of the 2016 regional market rate survey, beginning January 1, 2018
- Make a modest adjustment to CalWORKs Stage 2 and Stage 3 to reflect caseload and estimated costs of care
- Provide \$125 million in one-time Proposition 98 funding and \$42.2 million in federal Temporary Assistance for Needy Families funds to create the Inclusive Early Education Expansion Program to increase the availability of early education and care for children ages 0 to 5, targeting children in low-income areas

The Governor also acknowledges the operation of state-approved pilot programs in 13 counties that authorizes providers in those counties to earn their full contracts through greater program flexibility. His proposal commits to working with providers in those counties to help streamline requirements.

### **Federal Programs**

At the federal level, there remains continued uncertainty regarding federal appropriations for public education programs. In December 2017, Congress passed a Continuing Resolution (CR) that funds all discretionary funding at current levels until January 19, 2018. There are rumors that the CR will be extended through mid-February to allow Congress to work out deals on immigration and health care issues.

In his 2018-19 State Budget proposal, Governor Brown notes that, “California’s relationship with the federal government has never been more uncertain.” The Budget proposal does not factor in the ramifications of the recently enacted federal tax bill, nor any additional proposed federal cost shifts resulting from the repeal of the ACA or other federal entitlements. The Governor indicates the May Revision will include a preliminary analysis of the proposed impact of the tax cuts and any enacted cost shifts on the state’s economy and revenues.

### **In Closing**

In closing, remember that the Governor’s Budget proposals mark the beginning of the process, not the end. We expect the Legislature to push back on the Governor’s priorities and especially his revenue estimates. As the various proposals are considered by legislative committees, we can expect both confrontation and compromise; in our opinion, the Governor continues to win on the issues most important to him.

There was a time, not so long ago (certainly during Governor Brown’s political lifetime), when California was the envy of the world. We had the best public education system in the world. The best jobs, the best homes, the best weather, the best beaches, and we even had Disneyland! Employers came here for our educated work force and created high-paying jobs in aerospace, medicine, manufacturing, agriculture and construction. We were leaders in all those areas.

Then came Proposition 13 and the erosion of our infrastructure began. Our education system suffered immediate damage and we dropped from the top 5 to the bottom 10 states by any measure. The roads lasted, but not forever. The jobs first stopped coming to California, then started leaving. High-paying technical and professional jobs left and were replaced by lower-paying service industry jobs. More of California’s governmental and education expenditures were funded by volatile sales and income taxes as opposed to the more stable property tax. By the 1980s, for the first time in our history, the population of tax receivers was growing faster than the economy itself.

We, and all of our readers, care about public education because we know it is the great equalizer. Not just economics, or safety, or social justice, or human dignity—but all of them are dependent upon an education system that builds our country one student at a time. No one Governor or one State Budget can be expected to address all of our needs, but every State Budget should be expected to make progress on the ones we hold most dear. We think this State Budget continues to advance those choices and priorities.

We also think Governor Brown is going out on top. He didn't address every issue, perhaps not even to his own satisfaction, but he was our Winston Churchill and he "never gave up" on California, even in our "darkest hour." Perhaps that is his greatest legacy.

—*SSC Staff*

posted 01/10/2018

# **COMMUNITY COLLEGE UPDATE**

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No. 1

## **Initial Impressions From the Governor's 2018-19 State Budget Proposal**

Today, January 10, 2018, Governor Jerry Brown released his proposal for the 2018-19 State Budget, his last State Budget. The purpose of this article is to provide a quick overview of Governor Jerry Brown's assertions regarding the 2018-19 State Budget. We address the community college topics highlighted by Governor Brown this morning in his press conference and press release but reserve our commentary and in-depth details for inclusion in our more comprehensive *Community College Update* article to be released later today.

### **Economic Outlook**

As the Department of Finance has been signaling in recent monthly *Finance Bulletins*, the 2018-19 State Budget proposal reflects a revised revenue forecast that is \$4.7 billion higher from 2016-17 through 2018-19 compared to the 2017-18 State Budget Act. Over the three fiscal years, personal income tax is up \$2.9 billion, sales tax is up \$1.5 billion, and corporation tax is down \$358 million.

The Governor has sufficient revenues to fully fund the Rainy Day Fund to \$13.5 billion by the end of 2018-19, preparing California for the next recession.

The big wildcard for May: the impact of the federal tax changes will be assessed at the May Revision.

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

The proposed 2018-19 State Budget includes Proposition 98 funding of \$78.3 billion for 2018-19, which Governor Brown notes as an "all-time high." The current-year Proposition 98 level increases by \$700 million to \$75.2 billion. When combined with more than \$100 million in settle-up payments for prior years, the State Budget proposes an increased investment of \$4.6 billion in K-14 education over 2017-18.

Test 3 is projected to be operative for fiscal years 2016-17 and 2018-19, and Test 2 is projected to be operative for fiscal year 2017-18.

### **Community College Apportionments**

#### New Funding Formula

Governor Brown proposes \$175 million to support the community colleges transition to a new formula for general purpose apportionments similar to the Local Control Funding Formula at the K-12 level. The proposed formula is composed of a Base Grant (based on enrollment), a Supplemental Grant (based on number of low-income students that the district enrolls), and a Student Success Initiative Grant that would reward colleges' progress on improving student success metrics.

The formula includes a hold harmless provision that ensures that no district receives less funding than is currently allocated.

### Growth and COLA

In addition to transition funding, Governor Brown proposes an increase of \$60 million in general purpose apportionments for enrollment growth and \$161.2 million to reflect a 2.51% cost-of-living adjustment. Apportionments are decreased by \$73.7 million to reflect unused growth provided in 2016-17.

### **Online College Proposal**

The Governor proposes \$120 million (\$20 million ongoing) to create a fully online community college that would focus on vocational training, career advancement opportunities, and credentialing for careers in child development, the service sector, advanced manufacturing, healthcare, in-home supportive services, and other areas. The enrollment focus would be on working adults who are not currently accessing higher education.

### **Deferred Maintenance and Instructional Equipment**

Governor Brown proposes \$264.3 million in one-time funds and \$10.9 million settle-up for deferred maintenance, instructional equipment, and specified water conservation projects.

### **California College Promise**

The State Budget proposal includes \$46 million to support the implementation of the California College Promise, which rescinds the \$46 per unit fee for all first-time resident students enrolled in 12 units or more per semester during their first year.

### **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 local educational agencies.

—*SSC Staff*

posted 01/10/2018

## SSC Community College Financial Projection Dartboard 2018-19 Governor's Proposed State Budget

This version of SSC's Financial Projection Dartboard is based on the 2018-19 Governor's Proposed State Budget. We have updated the cost-of-living adjustment (COLA), consumer price index (CPI), and ten-year T-bill planning factors to reflect the latest economic forecasts. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are, at best, general guidelines.

Factor		2017-18	2018-19	2019-20	2020-21	2021-22
Statutory COLA for Apportionments		1.56%	2.51%	2.41%	2.80%	3.17%
Base Apportionment Increase		\$183.6 million	\$175 million <sup>1</sup>	TBD	TBD	TBD
<b>Growth Funding</b>		<b>1% (\$57.8 million)</b>	<b>1% (\$60 million)</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>
State Categorical Programs	COLA	1.56% <sup>2</sup>	2.51% <sup>2</sup>	2.41% <sup>2</sup>	2.80% <sup>2</sup>	3.17% <sup>2</sup>
	Funding	\$380.7 million	\$614.9 <sup>3</sup> million	Ongoing unless otherwise stated	Ongoing unless otherwise stated	Ongoing unless otherwise stated
California CPI		3.18%	3.22%	3.04%	2.94%	2.99%
Interest: Ten-Year Treasuries		2.52%	2.90%	3.05%	3.20%	3.10%
California Lottery <sup>4</sup>	\$146	\$146	\$146	\$146	\$146	\$146
	\$48	\$48	\$48	\$48	\$48	\$48
CalPERS Employer Rate		15.531%	18.1%	20.8%	23.8%	25.2%
CalSTRS Employer Rate		14.43%	16.28%	18.13%	19.10%	19.10%

<sup>1</sup> For transitioning to the Governor's proposed new funding formula

<sup>2</sup> COLA for Disabled Student Programs and Services (DSPS), Extended Opportunity Programs and Services (EOPS), California Work Opportunity and Responsibility to Kids (CalWORKs), and Child Care Tax Bailout programs

<sup>3</sup> The 2018-19 State Budget includes the following additional programmatic funding sources:

- \$275.2 million for deferred maintenance or instructional equipment, with no match requirement (one-time funds)
- \$120 million (of which \$20 million is ongoing) for the new online community college
- \$48.4 million (\$17.8 million ongoing) for K-12 and community college apprenticeship programs
- \$46.0 million to support the implementation of the California College Promise Program
- \$44.9 million in Proposition 51 bond funds for 5 new and 15 continuing facilities projects
- \$32.9 million for the Student Success Completion Grant Program (consolidates the Full-Time Student Grant and Completion Grant programs)
- \$20.5 million to fund the COLA for the Adult Education Block Grant program
- \$20.0 million for the Innovation Awards Program focused on enhancing equity (one-time funds)
- \$5.0 million for the Adult Education Block Grant program for a shared data collection and accountability system
- \$2.0 million for certified nursing assistant programs

<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.



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

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

### **Salary and Benefits Cost**

All authorized full time and ongoing part time positions shall be budgeted with corresponding and appropriate fixed cost and health and welfare benefits. Vacant positions will be budgeted at the beginning of the fiscal year or when newly created at the ninth place ranking level (Class VI, Step 120) for full-time faculty and at the mid-level for other positions (ex. Step 3 for CSEA, Step 4 for Management, and AA step 6 for teachers and BA step 6 for master teachers in child development), with the district's ~~contractual cap~~ average cost for the health and welfare benefits by employee group.

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

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

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

**Restoration** – A District (or college internally) increases its FTES back to the level prior to the year of decline based on the total computational revenue amount. Districts are entitled to restore FTES during the three years following the initial year of decline, but only receive stability funding in year one. (please see Decline and Stabilization)

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

	FY 2016-2017					FY 2017-2018				
	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail	Adopted Budget	YTD Budget	YTD Actual	Available	% Avail
Aca Salaries (excl. 1300's)	28,063,195	28,303,288	13,583,109	14,720,179	52.01%	28,564,954	28,544,756	13,808,270	14,736,486	51.63%
1300's	19,229,530	19,278,903	8,081,120	11,197,783	58.08%	18,484,069	18,475,312	8,875,187	9,600,126	51.96%
2 Classified Salaries	12,229,507	13,222,294	5,778,639	7,443,655	56.30%	13,188,573	13,198,979	6,196,696	7,002,283	53.05%
3 Employee Benefits	19,747,185	20,275,337	8,770,050	11,505,287	56.75%	23,665,225	23,661,369	10,594,852	13,066,517	55.22%
4 Supplies & Materials	534,310	750,547	187,311	563,236	75.04%	590,610	637,704	288,658	349,046	54.73%
5 Other Operating Exp	12,122,888	10,822,687	1,916,306	8,906,381	82.29%	8,151,321	8,683,730	2,274,896	6,408,834	73.80%
6 Capital Outlay	651,783	2,197,766	308,271	1,889,495	85.97%	1,117,683	1,417,829	223,056	1,194,773	84.27%
7 Other Outgo	5,010,850	3,047,774	-	3,047,774	100.00%	2,588,465	1,848,331	-	1,848,331	100.00%
<b>Santa Ana College</b>	<b>97,589,248</b>	<b>97,898,596</b>	<b>38,624,805</b>	<b>59,273,791</b>	<b>60.55%</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>
Aca Salaries (excl. 1300's)	14,030,989	14,093,515	6,913,736	7,179,779	50.94%	14,472,327	14,510,254	7,059,590	7,450,664	51.35%
1300's	5,763,470	5,711,659	3,346,539	2,365,120	41.41%	6,216,200	6,216,200	3,623,545	2,592,655	41.71%
2 Classified Salaries	6,215,914	6,066,581	2,959,522	3,107,059	51.22%	6,387,972	6,385,611	3,082,211	3,303,400	51.73%
3 Employee Benefits	9,380,044	9,391,604	4,281,485	5,110,119	54.41%	10,891,065	10,922,681	5,252,122	5,670,559	51.92%
4 Supplies & Materials	77,706	196,108	75,773	120,335	61.36%	190,332	237,337	83,130	154,207	64.97%
5 Other Operating Exp	4,418,747	4,744,332	1,145,567	3,598,765	75.85%	4,688,010	4,907,298	1,588,302	3,318,996	67.63%
6 Capital Outlay	8,412	52,814	4,947	47,867	90.63%	50,174	102,835	29,414	73,421	71.40%
7 Other Outgo	1,193,292	831,961	(2)	831,963	100.00%	4,090,806	3,750,870	-	3,750,870	100.00%
<b>Santiago Canyon College</b>	<b>41,088,574</b>	<b>41,088,574</b>	<b>18,727,568</b>	<b>22,361,006</b>	<b>54.42%</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>
1 Academic Salaries	738,782	738,782	377,713	361,069	48.87%	704,509	744,065	368,182	375,883	50.52%
2 Classified Salaries	13,665,247	13,640,146	6,375,924	7,264,222	53.26%	13,138,753	13,141,791	6,221,902	6,919,889	52.66%
3 Employee Benefits	7,066,967	7,064,483	3,128,308	3,936,175	55.72%	7,431,910	7,431,834	3,399,554	4,032,280	54.26%
4 Supplies & Materials	323,981	323,582	109,108	214,474	66.28%	291,189	289,366	99,004	190,362	65.79%
5 Other Operating Exp	6,959,314	7,061,907	3,002,483	4,059,424	57.48%	6,664,238	6,558,463	2,718,037	3,840,426	58.56%
6 Capital Outlay	1,330,657	1,256,048	383,010	873,038	69.51%	1,314,750	1,223,830	148,867	1,074,963	87.84%
7 Other Outgo	-	-	-	-	0.00%	458,616	458,616	-	458,616	100.00%
<b>District Services</b>	<b>30,084,948</b>	<b>30,084,948</b>	<b>13,376,546</b>	<b>16,708,402</b>	<b>55.54%</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>TOTAL FUND 11 and FUND 13</b>	<b>168,762,770</b>	<b>169,072,118</b>	<b>70,728,920</b>	<b>98,343,198</b>	<b>58.17%</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>





## Vacant Funded Positions as of 1/10/2018 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Title	Reasons	Site	Effective Date	Notes	2016-17 Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Conner-Crabbe, Tracey	Director, Purchasing Services	Retirement	District	8/1/2017	Linda Melendez Interim Assignment 08/01/17-02/01/18	122,210	
11	Chitlik, Judyanne	Vice Chancellor, Human Resources	Retirement	District	6/30/2018	AC18-0645	-	
11	Kincheloe, Diane	Payroll Manager	Retirement	District	1/1/2018	Tove Johnson Interim 8/22/17-3/30/18	22,050	171,509
20%-fd 11 80%-fd 12	Stewart, Lynn	Dir Global Trade Logistics Initiative	Resignation	District	11/16/2017		27,250	
11	Bryant, Micki	Dean of Counseling	Retirement	SAC	7/7/2017	Victoria Lugo Interim Assignment 8/21/2017 Not to exceed 82 days	130,218	
11	Becerra, Rosio	Associate Dean of Student Development	Resignation	SAC	4/24/2017	John Steffens - interim Associate Dean of Student Development - REPLACED BY JENNIFER DE LA ROSA	-	
11	Dahlen, Noel	Professor, Computer Science	Retirement	SAC	6/11/2017		158,122	
11	Director of Criminal Justice Academies (New Position)	Director of Criminal Justice Academies (New Position)	New position	SAC	9/15/2017	REORG#1042/AC17-0636	154,045	
11	Fonseca, Frank	Facilities Manager	Resignation	SAC	12/1/2017	CL17-1089	58,924	
11	Gaer, Susan	Professor/Coordinator	Retirement	CEC	12/21/2017		83,315	
11	Grant, Madeline	Professor, Management/Marketing	Promotion	SAC	9/23/2014		148,269	1,537,125
11	Goldmann, Dan	Professor, Biology	Retirement	SAC	12/16/2017		83,315	
11	Harding, Glen	Professor, Computer Science	Retirement	SAC	12/16/2017		84,167	
11	Huynh-Dang, KC	Professor, Pharmacy	Deceased	SAC	4/30/2017	Dombroske, Leona 1027923 temporary One- Year Contract. Is not entitled to cash benefits	1,879	
70%-fd 11 30%-fd 31	Langston, Rhonda	Director, Auxiliary Services	Retirement	SAC	5/1/2017	Jennie Adams interim Director Auxiliary Services 7/1/17-12/31/17	121,019	
11	Lopez, Carlos	VP, Academic Affairs	Resignation	SAC	8/28/2017	Carol Comeau Interim 8/21/17 AC17-0640	119,920	
11	Lundquist, Sara	Vice President of Student Service	Retirement	SAC	8/1/2017	Frances Gusman Interim Assignment 8/21/2017 Not to exceed 77 days AC17-0641	113,258	
11	Marecek, Lynn	Professor, Math	Retirement	SAC	6/2/2018		-	
11	Scoggin, Sally	Professor/coordinator ESL	Retirement	CEC	5/26/2018		-	
11	Shigematsu, Ted	Professor, Philosophy	Retirement	SAC	6/8/2017		143,991	
11	Valdez, Susanne	Professor, Human Development	Resignation	SAC	8/11/2017		136,680	
69%-fd 11 31%-fd 12	Carr-Rollitt, Lucy	Professor/Learning Disabilities	Retirement	SCC	6/1/2018		-	
11	Irwin, Kari	Assoc Dean, BCTED	Resignation	SCC	6/2/2017	Elizabeth Arteaga Interim Assignment	50,246	
11	Hernandez, John	Vice President of Student Services	Promotion		7/1/2016	Ruth Babeshoff, interim VP Student Services 7/1/17-06/30/18	32,678	
11	Kennedy, James	Dean, Instr & Std Svcs	Promotion	OEC	8/1/2011	Abdul Isira was interim, now vacant	193,258	410,796
11	Parrella, Michael	Professor, Political Science	Retirement	SCC	6/2/2018		-	
11	Walker, Mary	Coordinator, ESL Integrated	Retirement	SCC	6/30/2016	Reduced annual salary by \$11,211. Mr. Vargas VP moved funds to cover contract extension cost for D. Salcido 11-0000-493062- 28200-1112	134,613	
	<b>Classified</b>	<b>Title</b>	<b>Reasons</b>		<b>Effective Date</b>	<b>Notes</b>	<b>2016-17 Annual Budgeted Salary/Ben</b>	<b>Total Unr. General Fund by Site</b>
11	Cadotte, Angela	Payroll Specialist	Promotion	District	4/26/2017	CL18-0990	92,541	
11	Easter, Candi	Accountant	Promotion	District	5/31/2017		99,400	
11	Fangrat, Gary	District Safety Officer/Senior	Retirement	District	12/30/2017		41,008	
48%-fd 11 52%-fd 12	Frausto Aguado, Erica	Business Services Coordinator	Resignation	District	9/26/2014	CL14-0608 - FUNDING NEEDS TO BE ALL FD 12 WHEN HIRED	-	
11	Gonzalez, Jaime	District Safety Office	Resignation	District	8/27/2017		12,161	599,819
11	Hernandez, Saira	Senior Accountant (Reorg 1038)	Rescinded	District	9/19/2017	reorg 1038 Accountant (K. Truong vacant position) to Sr. Accountant CL17-1067	100,151	
11	Mora, Guadalupe	Custodian	Resignation	District	8/7/2017		15,607	
11	Pleitez, Roxana	Senior Account Clerk	Transfer	District	10/23/2017	CL17-1066	58,794	
11	Smith, James	Help Desk Analyst	Retirement	District	12/30/2017		43,786	
11	Torres, Jetzamina	Business Services Coordinator	Promotion	District	10/31/2017		87,001	
11	Vancheswaran, Asha	Application Specialist III	Resignation	District	1/2/2018		49,370	
70%-fd 11 30%-fd 12	Andrade, Jose	Instructional Center Technician	Promotion	SAC	2/12/2017		58,831	
11	Administrative Clerk 19 hour	Administrative Clerk	Reorg #1006	SAC	7/1/2017		26,238	
11	Ames, Richard P	Gardener/Utility Worke	Retirement	SAC	6/11/2017		98,634	
36%-fd 11 64%-fd 12	DSPS Specialist REORG#1020	DSPS Specialist REORG#1020	REORG#1020	SAC	7/1/2017		33,315	
11	Freeman, Dianne	Support Services Assistant	Retirement	SAC	7/1/2016		95,953	
11	Guevara, Angela	Success Center Specialist	FT Coordinator	SAC	8/14/2016		89,881	
70%-fd 11 30%-fd 12	Lopez Mercedes, Jose A.	Administrative Secretary	Promotion	SAC	8/20/2017		58,204	871,673
20%-fd 11 80%-fd 12	Lopez de la Luz, Basti	High School & Community Outreach	Promotion	SAC	12/18/2017		7,691	
11	Mills, Linda L	Library Technician II	Retirement	SAC	10/31/2017		65,867	
11	Nguyen, Jimmy	Administrative Secretary	Promotion	SAC	11/13/2017	CL17-1078	54,452	
11	Palomares, Maria	Custodian	Promotion	SAC	9/7/2017	CL17-1058	62,996	
50%-fd 11 50%-fd 12	Pedroza, Guadalupe	Admission & Records Spec II	Retirement	SAC	12/30/2015		43,138	

## Vacant Funded Positions as of 1/10/2018 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Title	Reasons	Site	Effective Date	Notes	2016-17 Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Rasouli, Mohammed	Admission & Records Spec I	Resignation	SAC	12/29/2017		9,368	
75%-fd 11 25%-fd 12	Sanchez-Moreno, Marisol	Senior Clerk	Promotion	SAC	9/25/2017	Site submitted BCF for \$6,772 for substitute Senior Clerk for 40hrs for 12 weeks	38,932	
11	Tuon, Sophanareth	Senior Custodian/Utility Worker	change shift	SAC	1/2/2018	change shift take Felix Razo when it became vacant 12-30-17	45,473	
11	Villegas Villalpando, Jose Javier	Sr Custodian/Util Work	Retirement	SAC	6/30/2017		82,700	
11	Athletic Trainer REORG#1041	Athletic Trainer REORG#1041	REORG#1041	SCC	10/16/2017	CL17-1053	20,868	
11	Bellis, Barbara	Library Technician	Retirement	SCC	8/18/2017	CL17-1088/REORG#1051	12,617	
14%-fd 11 86%-fd 12	Berganza, Leyvi C	High School & Community Outreach	Promotion	OEC	3/19/2017		14,163	
11	Cain, Nevin	Adm/Rec Spec I	Resignation	SCC	6/30/2017	CL17-1051	56,187	
11	Campbell, Amanda	Transfer Center Specialist	Resignation	SCC	8/11/2017		59,278	473,515
11	Hwang, Soo H.	Administrative Secretary	Probation Dismissal	SCC	10/13/2017	CL17-1069	93,394	
11	McWilliam, Janell	Instructional Coordinator/Analyst	Retirement	SCC	12/31/2017	CL17-1062	55,885	
11	Tran, Joseph	Skilled Maintenance Worker	Retirement	SCC	12/30/2017	CL17-1076	31,617	
11	Truong, James	Admissions & Records Spec II	Resignation	SCC	9/15/2017	CL17-1054	49,269	
11	Vazquez, Reyes	Curriculum Specialist	change location	SCC	11/27/2017	CL17-1082	63,062	
11	Williams, Victoria	Facilities Coordinator	Retirement	SCC	2/18/2018	CL17-1077	17,176	
<b>TOTAL</b>							<b>4,064,437</b>	

## RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

## MEASURE Q

Projects Cost Summary  
12/31/17 on 01/08/18

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2017-2018		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
<b>ACTIVE PROJECTS</b>								
<b>SANTA ANA COLLEGE</b>								
3032	Dunlap Hall Renovation	12,634,041	12,620,659	-	13,382	12,634,041	0	100%
	Agency Cost		559	-		559		
	Professional Services		1,139,116	-	13,382	1,152,498		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3035	Johnson Student Center	39,449,764	1,839,798	708,616	3,177,542	5,725,956	33,723,808	15%
	Agency Cost		5,019	359,039	968	365,026		
	Professional Services		1,834,779	349,577	3,176,574	5,360,930		
	Construction Services		-	-	-	-		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	68,170,000	42,835,552	5,173,564	9,270,753	57,279,869	10,890,131	84%
	Agency Cost		315,395	146	1,833	317,374		
	Professional Services		7,845,853	1,001,329	2,941,075	11,788,256		
	Construction Services		34,674,304	4,152,191	6,309,795	45,136,291		
	Furniture and Equipment		-	19,898	18,050	37,948		
3043	17th & Bristol Street Parking Lot	2,500,000	198,141	-	639	198,780	2,301,220	8%
	Agency Cost		16,151	-	139	16,290		
	Professional Services		128,994	-	500	129,494		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
3049	Science Center & Building J Demolition	73,380,861	3,711,723	1,629,101	52,083,736	57,424,560	15,956,301	78%
	Agency Cost		389,194	15,060	1,574	405,827		
	Professional Services		3,322,529	521,381	4,753,921	8,597,832		
	Construction Services		-	1,092,660	47,328,241	48,420,901		
	Furniture and Equipment		-	-	-	-		
3056	Johnson Demolition	2,500,000	2,780	1,866	-	4,646	2,495,354	0%
	Agency Cost		120	1,866	-	1,986		
	Professional Services		485	-	-	485		
	Construction Services		2,175	-	-	2,175		
	Furniture and Equipment		-	-	-	-		
<b>TOTAL</b>		<b>198,634,666</b>	<b>61,208,652</b>	<b>7,513,147</b>	<b>64,546,052</b>	<b>133,267,851</b>	<b>65,366,815</b>	<b>67%</b>
<b>ACTIVE PROJECTS</b>								
<b>ACTIVE PROJECTS</b>		<b>198,634,666</b>	<b>61,208,652</b>	<b>7,513,147</b>	<b>64,546,052</b>	<b>133,267,851</b>	<b>65,366,815</b>	<b>67%</b>
<b>SOURCE OF FUNDS</b>								
ORIGINAL Bond Proceeds		198,000,000						
Interest Earned		634,666						
<b>Totals</b>		<b>198,634,666</b>						

**Rancho Santiago Community College**  
**FD 11/13 Combined – Unrestricted General Fund Cash Flow Summary**  
**FY 2017-18, 2016-17, 2015-16**  
**YTD Actuals-December 31, 2017**

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
<b>Beginning Fund Balance</b>	\$35,254,317	\$40,165,384	\$34,560,684	\$34,268,401	\$26,384,520	\$27,528,232	\$42,577,206	\$42,577,206	\$42,577,206	\$42,577,206	\$42,577,206	\$42,577,206
<b>Total Revenues</b>	13,230,747	6,401,471	13,730,238	8,243,894	17,388,889	29,510,148	0	0	0	0	0	0
<b>Total Expenditures</b>	8,319,680	12,006,171	14,022,520	16,127,775	16,245,177	14,461,175	0	0	0	0	0	0
<b>Change in Fund Balance</b>	4,911,068	(5,604,700)	(292,283)	(7,883,881)	1,143,712	15,048,974	0	0	0	0	0	0
<b>Ending Fund Balance</b>	40,165,384	34,560,684	34,268,401	26,384,520	27,528,232	42,577,206	42,577,206	42,577,206	42,577,206	42,577,206	42,577,206	42,577,206

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
<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
<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
<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
<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
<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

FY 2015/2016												
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
<b>Beginning Fund Balance</b>	\$25,917,127	\$33,402,140	\$28,096,759	\$32,949,997	\$26,126,574	\$6,048,685	\$32,363,109	\$39,495,529	\$34,369,138	\$35,062,718	\$47,256,733	\$39,841,766
<b>Total Revenues</b>	14,365,201	6,535,152	17,599,589	7,271,058	11,491,891	38,617,426	19,005,330	8,400,212	14,206,171	25,404,464	7,824,624	17,404,133
<b>Total Expenditures</b>	6,880,189	11,840,533	12,746,352	14,094,480	31,569,780	12,303,001	11,872,910	13,526,603	13,512,591	13,210,449	15,239,591	20,311,614
<b>Change in Fund Balance</b>	7,485,012	(5,305,381)	4,853,238	(6,823,423)	(20,077,889)	26,314,425	7,132,420	(5,126,391)	693,580	12,194,015	(7,414,967)	(2,907,481)
<b>Ending Fund Balance</b>	33,402,140	28,096,759	32,949,997	26,126,574	6,048,685	32,363,109	39,495,529	34,369,138	35,062,718	47,256,733	39,841,766	36,934,285



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

**Meeting Minutes for November 15, 2017**

**FRC Members Present:** Morrie Barembaum, Steven Deeley, Ed Fosmire, Pilar Gutierrez-Lucero, Peter Hardash, Mary Mettler, Arleen Satele, Monica Zarske

**Alternates/Guests Present:** Esmeralda Abejar, Thao Nguyen, Leanna Nolan, Jose Vargas

1. Welcome: Mr. Hardash called the meeting to order at 1:34 p.m.
2. State/District Budget Update – Hardash
  - “California’s Fiscal Outlook” just released by the LAO
    - i. Separate report on Prop 98
    - ii. Fiscal outlook looks well, no indications of recession
    - iii. Prop 98 funding should be increased
    - iv. Minimum guarantee for 2017-2018 up \$651 Million for K-14
      1. estimated \$1.7 Million for RSCCD
      2. Not known how this would be broken down yet
    - v. Prop 98 minimum funding for 2018-2019 projected increase by \$2.6 billion
      1. \$7.1 million for RSCCD
      2. May be an additional \$7.4 million in one-time funding
  - Governor prefers one-time funding vs committing to ongoing funding
  - Cola for 2018-2019 will be 1.8%
  - Have requested funding for new categorical programs
  - Cola, growth, and restoration missing from Prop 98 funding request
  - Cost continue to increase over revenue
3. Continued Discussion of MYPs, Stabilization and Restoration of FTES – Hardash
  - Mr. Hardash gave a presentation to the District Council on November 6, 2017
    - i. Combination of Adopted Budget presentation and FRC agenda items
  - Governor’s proposal will be injected into MYPs when released.
  - State’s reserves are growing
4. BAM Language Review – Continued Discussion

The Chancellor’s response to the BAM language was read and discussed. The Chancellor offered to work with the FRC on BAM language changes. Ms. Mettler discussed the action and vote at District Council regarding the transfer of funds to SAC for stabilization. She reminded the committee of the upcoming PRT visit on December 6, 2017. It was recommended that the committee continue the discussion and examine the current model. The Chancellor had recommended waiting until after the PRT visit to make changes to the BAM.

Mr. Hardash gave the committee a brief update on the upcoming PRT visit.

Ms. Mettler moved that the BAM subcommittee meet before the end of the Fall semester to begin the discussion on BAM language changes and start process for the BAM language review, either in person or via email. Ms. Zarske seconded the motion, and approved with one opposed.

7. Standing Report from District Council – Mettler
  - Group is getting together for PRT Visit
  - SAC is building a new Science Center.
    - Board has awarded contract.
  - Board approved \$71 Million in Bond sales

8. Informational Handouts

The following handouts were distributed:

- District-Wide Expenditure Report
- Vacant Funded Position List as of November 2, 2017
- Measure “Q” Project Cost Summary October 31, 2017
- Monthly Cash Flow Summary as of October 31, 2017
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

9. Approval of FRC Minutes – October 18, 2017

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the October 18, 2017 meeting. A motion was made by Ms. Satele, seconded by Ms. Gutierrez-Lucero and approved with two abstentions.

10. Other

A reminder that the Governor’s budget is expected to be released January 10, 2018.

Next meeting reminder: Wednesday, January 24, 2018, 1:30 – 3:00 in the Executive Conference Room, District Office

The meeting was adjourned at 2:19 p.m.