



# In-Depth Analysis of the State Budget: Update on Governor's Budget

## BACKGROUND

This analysis was developed jointly by:

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

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

## INTRODUCTION

On January 10, Governor Newsom released his budget proposal for the 2019-20 fiscal year. Below we provide overviews of the proposed state budget and the budget for California Community Colleges (CCC). We then review the Governor's proposed CCC budget adjustments in detail, followed by specifics on several proposals outside the CCC budget that would have direct effects on CCC districts and students. We conclude with information about the state and district budget processes.

## STATE BUDGET OVERVIEW

**Significant Budget Growth.** Under the Governor's proposal, the overall state budget would increase by \$7.7 billion (3.8%) from the enacted 2018-19 budget, to \$209.1 billion. General Fund spending would increase by \$5.5 billion (4.0%), to \$144.2 billion.

**Continued Growth in Long-Term Forecast.** The administration expects continued growth in the three largest General Fund revenues—personal income tax, sales and use tax, and corporation tax. The forecast assumes annual growth in these three revenues combined will average 3% over the forecast period (through 2021-22). The administration assumes property tax revenues, estimated to increase 6% and 6.8% in the current and budget years, respectively, will continue growing steadily. The Governor acknowledges rising risks, however, most notably from the state General Fund's heavy reliance on income from capital gains and on taxes paid by the top 1% of income earners.

**Focus on Budget Resiliency.** The proposed budget makes substantial commitments to reduce state debt, builds reserves, and allocates a large majority (87%) of discretionary spending in 2019-20 to one-time initiatives. Specifically, the budget would:

- Pay down pension liabilities. Includes \$3 billion General Fund toward the state's share of the California Public Employees' Retirement System (CalPERS) unfunded liability for state employees and \$1.1 billion from Proposition 2 debt payments toward the state's share of the California State Teachers' Retirement System (CalSTRS) unfunded liability for school and community college employees. Also includes \$2.3 billion General Fund toward districts' share of the CalSTRS unfunded liability for school and community college employees and \$700 million to subsidize the 2019-20 and 2020-21 employer contributions.
- Pay off all remaining budgetary debt and deferrals (\$4.4 billion).
- Increase the Rainy Day Fund (which has been accumulated from funds that do not count toward the state's obligation to schools and community colleges) from \$13.5 billion at the start of 2019-20 to \$15.3 billion at the end of the fiscal year and \$19.4 billion by the end of 2022-23.
- Increase the Safety Net Reserve to \$900 million.



**Major Initiatives.** Many of the Governor’s proposals would address longstanding challenges college students face in their lives and communities, from food and housing insecurity to access to affordable child care and health care. Major proposals, by program area, would:

## Education and Workforce

- Expand kindergarten and pre-kindergarten availability, expand child care facilities, and support workforce education (\$1.25 billion one time) and add 10,000 preschool slots (\$125 million ongoing).
- Augment funding significantly for University of California (UC) and California State University (CSU) operations, enrollment growth, student success, students’ basic needs, and deferred maintenance (\$540 million ongoing and \$417 million one time). Extension program funding is to expand degree and certificate completion programs for adults.
- Increase college affordability by expanding the California College Promise to a second year of tuition-free college for first-time, full-time CCC students; creating a supplemental award for Cal Grant recipients who are parents; and increasing the number of competitive Cal Grants (\$171 million ongoing).
- Expand workforce training for mental health workers (\$50 million one time through the Office of Statewide Health Planning and Development), and fund job training and apprenticeship opportunities focused on disadvantaged communities (\$27 million annually for five years from the Greenhouse Gas Reduction Fund).

## Health and Human Services

- Increase CalWORKs grant payments by 13.1% (\$348 million ongoing).
- Extend Medi-Cal eligibility to young adults ages 19 to 25 regardless of immigration status (\$134 million ongoing) and centralize drug price negotiations for Medi-Cal.
- Reinstate an individual mandate to maintain health insurance and use proceeds to expand Covered California health insurance subsidies.
- Seek federal authorization to develop a single payer program.

## Family and Worker Benefits

- Expand the state’s Earned Income Tax Credit and rename it the Working Families Tax Credit (\$600 million ongoing, to be offset by conforming to federal tax law changes mainly impacting business income).
- Extend paid family leave from six weeks eventually to six months between two care givers, for each child.

## Affordable Housing and Homelessness Services

- Promote housing development through additional cash grants, loans, and state tax credits (\$1.3 billion one time).
- Support local government efforts to address homelessness (\$500 million one time).

## CALIFORNIA COMMUNITY COLLEGES BUDGET OVERVIEW

The administration’s budget summary totals all support for CCC including federal, state, and local funding, to \$16.3 billion. (Local revenues include local property taxes as well as income from various fees and sales activities of colleges and districts.) The majority of funding for community colleges and districts—and nearly all of the funding controlled by the state—falls under Proposition 98, a state constitutional amendment approved by the voters in 1988. Proposition 98 established a process for determining annual school and community college funding to be supported by a combination of local property tax and state General Fund dollars. Below we explain the Proposition 98 estimates underlying the Governor’s proposed CCC budget and the resulting CCC funding levels.



## Proposition 98 Estimates

**Minimum Guarantee.** Each year, the state calculates a “minimum guarantee” for school and community college funding based on a set of formulas established in Proposition 98 and related statutes.

To determine which formulas to use for a given year, Proposition 98 lays out three main tests that depend upon several inputs including K-12 attendance, per capita personal income, and per capita General Fund revenue, as shown in Table 1. Depending on the values of these inputs, one of the three tests becomes “operative” and determines the minimum guarantee for that year. Depending on the test operative in a given year, the state can either create or pay off Proposition 98 debt, called maintenance factor.

**Table 1: Proposition 98 Inputs**

INPUTS	2017-18	2018-19	2019-20
<b>Growth Rates</b>			
K-12 average daily attendance	-0.13%	-0.33%	-0.12%
Per capita personal income (Test 2)	3.69	3.67	5.07
Per capita General Fund (Test 3) <sup>a</sup>	10.20	3.48	3.33
K-14 cost-of-living adjustment	1.56	2.71	3.46
<b>Operative Test</b>	<b>1</b>	<b>3</b>	<b>1</b>
<b>Maintenance Factor</b>			
Amount created (+) or paid (-)	-\$1,201	\$143	—
Total outstanding <sup>b</sup>	—	143	\$150

<sup>a</sup> As set forth in the State Constitution, reflects change in per capita General Fund plus 0.5 percent.

<sup>b</sup> Outstanding maintenance factor is adjusted annually for changes in K-12 attendance and per capita personal income.

The state very rarely provides funding above the estimated minimum guarantee for a budget year. As a result, the minimum guarantee determines the total amount of funding for schools and community colleges. Though these formulas determine total funding, they do not prescribe the distribution of funding. The Governor and Legislature have significant discretion in allocating funding to various programs and services.

**Estimates of the Guarantee.** The Legislative Analyst’s Office (LAO) estimates the minimum guarantee each November, and the Department of Finance (DOF) provides its estimates as part of the Governor’s budget proposal. Table 2 compares the LAO and DOF estimates for the minimum guarantee in the prior, current, and budget years. The LAO and DOF estimates of the guarantee for the budget window are relatively close. The DOF estimates have been used to build the final state budget in recent history. These estimates are adjusted periodically, and the state has a process to true up funding if it determines funding fell below the final minimum guarantee in a previous year.

**Table 2: Estimates of the Proposition 98 Minimum Guarantee (In Millions)**

YEAR	ESTIMATE	MINIMUM GUARANTEE	YEAR-TO-YEAR CHANGE	FUNDING			FUNDING ABOVE GUARANTEE
				GENERAL FUND	LOCAL PROPERTY TAX	TOTAL	
2017-18	LAO	\$75,391	5.2%	\$52,911	\$22,556	\$75,467	\$76
	DOF	75,453	5.3%	52,887	22,610	75,497	44
2018-19	LAO	77,932	3.4%	54,230	24,096	78,326	394
	DOF	77,867	3.2%	54,028	23,839	77,867	-
2019-20	LAO	80,765	3.6%	55,447	25,318	80,765	-
	DOF	80,680	3.6%	55,295	25,384	80,680	-



YEAR	ESTIMATE	MINIMUM GUARANTEE	YEAR-TO-YEAR CHANGE	FUNDING			FUNDING ABOVE GUARANTEE
				GENERAL FUND	LOCAL PROPERTY TAX	TOTAL	
2020-21	LAO <sup>a</sup>	81,728	1.2%	55,193	26,535	81,728	-
	DOF	unavailable	n/a	56,882	unavailable	n/a	-
2021-22	LAO <sup>a</sup>	82,530	1.0%	55,053	27,477	82,530	-
	DOF	unavailable	n/a	58,485	unavailable	n/a	-
2022-23	LAO <sup>a</sup>	85,957	4.2%	57,424	28,533	85,957	-
	DOF	unavailable	n/a	60,248	unavailable	n/a	-

<sup>a</sup> Uses midpoint between guarantee amounts in LAO's continued growth and moderate recession scenarios.

Both LAO and DOF (to the extent its forecasts are available) project modest growth for Proposition 98 in the next few years. In the event of a recession during the forecast period, the minimum guarantee could be lower than reflected in the table.

**Lower Guarantee for Current and Prior Years.** Both LAO and DOF estimate that the minimum guarantee declined compared to the projections when the 2018-19 budget was enacted in June of last year. Such a decline can occur if school enrollment, economic growth, or state revenues turn out to be lower than expected. The funding above the guarantee indicated in Table 2 reflects this decline for 2017-18 and 2018-19. Because estimates were higher in the enacted budget, the amount of funding provided for 2017-18 exceeds the current estimates of the minimum guarantee in that year. The administration adjusted funding for 2018-19 to match the revised guarantee in that year.

## CCC Funding Levels

Table 3 shows the Governor's proposed Proposition 98 funding levels for CCC in the prior, current, and budget years, based on DOF's estimates of the minimum guarantee in each year. For each of these years, CCC's share of Proposition 98 funding is 10.93% (the traditional share). The percentage is being applied after appropriations for certain programs are subtracted from the total.

**Table 3: California Community Colleges Proposition 98 Funding by Source (In Millions)**

Source	2017-18 REVISED	2018-19 REVISED	2019-20 PROPOSED	CHANGE FROM 2018-19	
				Amount	Percent
General Fund	\$5,257	\$5,364	\$5,408	\$44	1%
Local property tax	2,963	3,119	3,321	202	6%
<b>Totals</b>	<b>\$8,220</b>	<b>\$8,484</b>	<b>\$8,729</b>	<b>\$246</b>	<b>3%</b>

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

## GOVERNOR'S PROPOSED CCC ADJUSTMENTS

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



## Changes in Funding

The Governor proposes \$272 million in ongoing policy adjustments for CCC, as reflected in Table 4.

- The bulk of new funding (\$262 million) is for 3.46% cost-of-living adjustments (COLA) for apportionments and certain categorical programs.
- The budget funds the Strong Workforce program at current levels, though it funds part of the program (\$77 million) with settle-up and reappropriated funds, which are one-time funds, in 2019-20. The administration has committed to continuing to fund the program at this level in 2020-21. This commitment assumes that sufficient ongoing Proposition 98 resources will be available at that time.
- The Governor proposes to make permanent a 2018-19 one-time appropriation to fund a contract with nonprofit legal services organizations to provide immigrant legal services for eligible students.

**Table 4: Proposed 2019-20 Changes in California Community Colleges Proposition 98 Funding (In Millions)**

<b>2018-19 REVISED BUDGET<sup>a</sup></b>	<b>\$8,484</b>
<b>Technical Adjustments</b>	
Student Centered Funding Formula base adjustments	\$112
Remove one-time spending	-110
Other technical adjustments	-28
<b>Subtotal</b>	<b>-\$26</b>
<b>Policy Adjustments</b>	
Provide 3.46% cost-of-living adjustment (COLA) for Student Centered Funding Formula	\$248
Use settle-up and reappropriation funds for CCC Strong Workforce program	-77
Expand California College Promise (AB 19)	40
Fund 0.55% enrollment growth	26
Provide 3.46% COLA for certain categorical programs <sup>b</sup>	14
Adjust Student Success Completion Grant funding for workload	11
Make legal services to undocumented immigrants ongoing	10
<b>Subtotal</b>	<b>\$272<sup>c</sup></b>
<b>Total Changes</b>	<b>\$246</b>
<b>2019-20 PROPOSED BUDGET<sup>a</sup></b>	<b>\$8,729</b>

<sup>a</sup> Amounts exclude Adult Education Program and K-12 Strong Workforce Program funding.

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

<sup>c</sup> Administration's \$402 million total policy change reflects this amount plus funding formula base adjustments (above, technical) and \$18 million in Adult Education COLA not shown here.



## Expansion of College Promise

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

**Allocations.** The Chancellor's Office would continue to allocate funds in accordance with AB 19 (2017). Each college would receive sufficient funding to waive student fees for all first-time, full-time students for two years. The Chancellor's Office would distribute remaining funding based on enrollment and the number of Pell Grant recipients in each college.

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

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

## Implementation of Student Centered Funding Formula

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

**Implementation Using 2018-19 Rates, Adjusted for COLA, in 2019-20.** The Governor's budget proposal continues the Student Centered Funding Formula but adjusts the implementation provisions, pending further data analysis. Specifically, funding rates for 2019-20 would not shift to 65% for the base allocation and 15% for the student success allocation, but would instead reflect the 2018-19 rates plus a COLA. (The funding rates for 2020-21 and beyond would remain unchanged from current law.) As under current law, in 2019-20, a district would receive the highest of the following calculations: (1) the amount calculated pursuant to the Student Centered Funding Formula for 2019-20, (2) the amount calculated pursuant to the Student Centered Funding Formula for 2018-19, or (3) the amount the district received in 2017-18, adjusted by the COLAs in 2018-19 and 2019-20. The Chancellor's Office would work with the advisory workgroup on Fiscal Affairs to determine how these changes would get implemented.

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

Table 5 shows the proposed funding rates under the Student Centered Funding Formula through the forecast period. These rates are subject to adjustment based on updated CCC enrollment reports and student metrics.



**Table 5: Student Centered Funding Formula Factors and Rates**

FACTORS	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Base Allocation (per FTES)</b>					
Credit FTES <sup>a</sup>	\$3,727	\$3,856	\$3,133	\$3,225	\$3,318
Credit FTES of special admits	5,457	5,646	5,807	5,977	6,150
Credit FTES of inmates in correctional facilities	5,457	5,646	5,807	5,977	6,150
Noncredit FTES	3,347	3,463	3,562	3,666	3,772
CDCP noncredit FTES	5,457	5,646	5,807	5,977	6,150
<b>Basic Allocation (by category)</b>					
Single college district, fewer than 10,000 FTES	3,917,752	4,053,306	4,169,231	4,290,972	4,415,411
Single college district, 10,000-19,999 FTES	5,223,670	5,404,409	5,558,975	5,721,297	5,887,215
Single college district, 20,000 or more FTES	6,529,588	6,755,512	6,948,719	7,151,622	7,359,019
Multi-college district, fewer than 10,000 FTES	3,917,752	4,053,306	4,169,231	4,290,972	4,415,411
Multi-college district, 10,000-19,999 FTES	4,570,712	4,728,859	4,864,104	5,006,136	5,151,314
Multi-college district, 20,000 or more FTES	5,223,670	5,404,409	5,558,975	5,721,297	5,887,215
Rural college designation	1,246,086	1,289,201	1,326,072	1,364,793	1,404,372
State approved centers	1,305,918	1,351,103	1,389,744	1,430,325	1,471,804
Grandparented centers, 100-249 FTES	163,241	168,889	173,719	178,792	183,977
Grandparented centers, 250-499 FTES	326,479	337,775	347,436	357,581	367,951
Grandparented centers, 500-749 FTES	652,958	675,550	694,871	715,161	735,901
Grandparented centers, 750-999 FTES	979,437	1,013,326	1,042,307	1,072,742	1,103,852
Grandparented centers, more than 1,000 FTES	1,305,918	1,351,103	1,389,744	1,430,325	1,471,804
<b>Supplemental Allocation (per headcount)</b>					
Pell Grant recipient	919	951	978	1,007	1,036
California College Promise Grant recipient	919	951	978	1,007	1,036
AB 540 Fee Waiver recipient	919	951	978	1,007	1,036
<b>Student Success Allocation (per outcome)</b>					
<b>All Students</b>					
Associate degree for transfer	1,760	1,821	3,621	3,726	3,834
Associate degree	1,320	1,366	2,716	2,795	2,876
Baccalaureate degree	1,320	1,366	2,716	2,795	2,876
Credit certificate requiring 16 or more units	880	910	1,810	1,863	1,917
Transfer-level math and English courses completed within the student's first academic year of enrollment	880	910	1,810	1,863	1,917
Transfer to an accredited four-year university	660	683	1,358	1,397	1,438
9 or more career technical education units completed	440	455	905	932	959
Regional living wage obtained within one year of community college completion	440	455	905	932	959





FACTORS	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Additional for Pell Grant recipients</b>					
Associate degree for transfer	666	689	1,370	1,410	1,451
Associate degree	500	517	1,028	1,058	1,088
Baccalaureate degree	500	517	1,028	1,058	1,088
Credit certificate requiring 16 or more units	333	345	685	705	725
Transfer-level math and English courses completed within the student's first academic year of enrollment	333	345	685	705	725
Transfer to an accredited four-year university	250	259	514	529	544
9 or more career technical education units completed	167	173	343	353	363
Regional living wage obtained within one year of community college completion	167	173	343	353	363
<b>Additional for California College Promise Grant recipients</b>					
Associate degree for transfer	444	459	913	940	967
Associate degree	333	345	685	705	725
Baccalaureate degree	333	345	685	705	725
Credit certificate requiring 16 or more units	222	230	457	470	484
Transfer-level math and English courses completed within the student's first academic year of enrollment	222	230	457	470	484
Transfer to an accredited four-year university	167	173	343	353	363
9 or more career technical education units completed	111	115	228	235	242
Regional living wage obtained within one year of community college completion	111	115	228	235	242

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





## Local Support Funding by Program

Table 6 shows proposed local assistance funding by program for the current and budget years. As the table shows, most categorical programs received level or workload funding in the Governor’s proposal. Decreases in funding are primarily due to removing one-time funding allocated in 2018-19.

**Table 6: California Community Colleges Funding by Program<sup>a</sup> (in Millions)**

	2018-19 REVISED	2019-20 PROPOSED	CHANGE		EXPLANATION OF CHANGE
			AMOUNT	PERCENT	
Student Centered Funding Formula	\$7,156	\$7,504	\$348	4.86%	COLA, enrollment growth, hold harmless
Student Equity and Achievement Program	475	475	-	-	
Strong Workforce Program	255	248	(7)	-2.75%	Remove \$6 one-time, \$77 in 2019-20 is from one-time sources.
Student Success Completion Grant	132	143	11	8.30%	Adjust for revised estimates of recipients
Adult Education Program	131	135	4	3.33%	COLA (does not apply to \$5 million for data system)
Disabled Students Programs and Services (DSPS)	120	125	4	3.46%	COLA
Extended Opportunity Programs and Services (EOPS)	112	116	4	3.46%	COLA
California College Promise (AB 19)	46	80	34	73.74%	Remove \$6 for revised estimates of recipients, add \$40 expansion
Financial aid administration	92	77	(15)	-16.21%	Remove \$14 one-time, adjust for revised estimates of fee waivers
Full-time faculty hiring	50	50	-	-	
CalWORKs student services	45	47	2	3.46%	COLA
Apprenticeship (CCC districts)	53	44	(9)	-16.96%	Remove \$10 one-time, COLA
Integrated technology	42	42	-	-	
Mandates Block Grant and reimbursements	33	34	1	2.90%	COLA, revised enrollment estimates
Institutional effectiveness initiative	29	28	(1)	-4.78%	Remove one-time funding
Part-time faculty compensation	25	25	-	-	
Online education initiative	58	23	(35)	-60.34%	Remove one-time funding
Economic and Workforce Development	23	23	-	-	
NextUp (foster youth program)	20	20	-	-	
California Online Community College	120	20	(100)	-83.33%	Remove one-time funding
Cooperative Agencies Resources for Education (CARE)	16	17	1	3.46%	COLA
Lease revenue bond payments	32	16	(16)	-49.00%	Adjust for actual obligations
Nursing grants	13	13	-	-	
Part-time faculty office hours	62	12	(50)	-80.42%	Remove one-time funding



	2018-19 REVISED	2019-20 PROPOSED	CHANGE		EXPLANATION OF CHANGE
			AMOUNT	PERCENT	
Legal services	10	10	-	-	Make permanent
Fund for Student Success	9	9	(1)	-7.85%	Remove one-time funding
Foster Parent Education Program	5	5	-	-	
Veterans Resource Centers	13	5	(8)	-62.93%	Remove one-time funding
Childcare tax bailout	4	4	0	3.46%	COLA
Other <sup>b</sup>	3	3	-	-	
Equal Employment Opportunity Program	5	3	(2)	-43.39%	Remove one-time funding (EEO Fund)
One-time program funding <sup>c</sup>	31	-	(31)	-100%	Remove one-time funding
Deferred maintenance and instructional equipment (one time)	28	-	(28)	-100%	Remove one-time funding
College-specific allocations	16	-	(16)	-100%	Remove one-time funding
K-12 passthroughs (adult ed, K-12 apprenticeship, workforce)	621	609	(12)	-1.96%	Remove one-time funding, COLA
<b>Totals</b>	<b>\$9,888</b>	<b>\$9,964</b>	<b>\$77</b>	<b>1%</b>	

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

*b Other programs include Academic Senate, transfer, FCMAT, and part-time faculty health insurance.*

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

*COLA = cost-of-living adjustment.*

## Planning and Forecasting

Based on the information DOF used in developing the Governor’s budget proposal, it would be reasonable for districts to plan using information shown in Table 7. Note that the out-year estimates likely will change as time goes on.

**Table 7: Planning Factors for Proposed 2019-20 Budget**

FACTOR	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Cost-of-living adjustment (COLA)	1.56%	2.71%	3.46%	2.86%	2.92%	2.90%
State Lottery funding per FTES	\$205.60	\$223.23	\$222.37	\$222.37	\$222.37	\$222.37
Mandates Block Grant funding per FTES	28.44	29.21	30.22	31.08	31.99	32.92
RSI reimbursement per hour	5.90	6.26	6.48	6.66	6.86	7.06
Financial aid administration per College Promise Grant	0.91	0.91	0.91	0.91	0.91	0.91
<b>Employer pension contribution rates</b>						
Public Employees’ Retirement System (CalPERS)	15.53%	18.06%	20.80%	23.50%	24.60%	25.30%
State Teachers’ Retirement System (CalSTRS)	14.43%	16.28%	17.10%	18.10%	17.90%	17.90%

For the Student Equity and Achievement Program, the Chancellor’s Office is seeking authority to implement a new allocation formula. We are not aware of any other changes in allocation methods or match requirements for local support programs, other than the funding formula adjustments described above.



## Capital Outlay

The Governor's budget proposal provides \$358.7 million in capital outlay funding from Proposition 51, approved by voters in 2016. The funding is to support 15 continuing projects and 12 new projects, as listed in Table 8.

**Table 8: Governor's Proposed CCC Capital Outlay Projects**

COLLEGE	PROJECT	PHASE	2019-20		ALL YEARS	
			STATE COST	TOTAL COST	STATE COST	TOTAL COST
<b>Continuing Projects</b>						
Santa Monica College	Math/Science Addition	C	\$37,031,000	\$72,934,000	\$39,615,000	\$78,102,000
Laney College	Learning Resource Center	C	22,812,000	70,556,000	24,417,000	75,686,000
Mt. San Antonio College	New Physical Education Complex	C	53,993,000	67,768,000	57,541,000	72,238,000
Santa Rosa Junior College	Science and Mathematics Replacement Building	C	30,882,000	61,200,000	33,076,000	65,589,000
Orange Coast College	Language Arts and Social Sciences Building	C	28,305,000	55,706,000	30,353,000	59,803,000
Allan Hancock College	Fine Arts Complex	C	22,873,000	45,012,000	24,526,000	48,318,000
Golden West College	Language Arts Complex	C	21,925,000	43,248,000	23,540,000	46,478,000
West Hills CCD North District Center	Center Expansion	C	40,275,000	40,275,000	42,403,000	43,285,000
Santa Ana College	Russell Hall Replacement	C	19,192,000	37,875,000	20,729,000	40,948,000
Solano College	Library Building 100 Replacement	C	17,396,000	36,987,000	20,148,000	39,739,000
Compton College	Instructional Building 2 Replacement	C	14,891,000	23,050,000	16,167,000	24,995,000
Mission College	MT Portables Replacement Building	C	10,073,000	20,019,000	10,814,000	21,500,000
Merritt College	Child Development Center	C	5,692,000	18,593,000	6,128,000	20,013,000
Imperial College	Academic Buildings Modernization	WC	8,647,000	16,949,000	9,043,000	17,741,000
Long Beach City College	Construction Trades Phase 1	C	6,712,000	12,032,000	7,304,000	13,107,000
<b>New Projects</b>						
San Bernardino Valley College	Technical Building Replacement	PW	\$2,313,000	\$5,174,000	\$34,411,000	\$75,647,000
College of the Redwoods	Phys Ed Replacement	PW	5,379,000	5,379,000	60,648,000	60,648,000
American River College	Technical Building Modernization	PW	1,258,000	4,191,000	29,959,000	57,966,000
Saddleback College	Gateway Building	PW	1,719,000	3,501,000	26,080,000	52,338,000



COLLEGE	PROJECT	PHASE	2019-20		ALL YEARS	
			STATE COST	TOTAL COST	STATE COST	TOTAL COST
College of Alameda	Replacement of Buildings B and E (Auto and Diesel Technologies)	PW	1,278,000	2,555,000	17,044,000	33,650,000
Los Angeles City College	Theater Arts Replacement	PW	1,112,000	2,245,000	15,140,000	30,095,000
Merced College	Agriculture Science and Industrial Technologies Complex	PW	431,000	2,153,000	12,974,000	25,629,000
Santa Monica College	Art Complex Replacement	PW	793,000	1,585,000	10,901,000	21,526,000
Rio Hondo College	Music/Wray Theater Renovation	PW	847,000	1,959,000	9,873,000	20,486,000
College of the Sequoias	Basic Skills Center	PW	1,365,000	1,365,000	15,635,000	17,350,000
Fresno City College	New Child Development Center	PW	1,036,000	1,295,000	13,520,000	16,850,000
Butte College	Technology Remodel	PW	518,000	1,034,000	8,088,000	10,722,000
<b>Totals</b>			<b>\$358,748,000</b>	<b>\$654,640,000</b>	<b>\$620,077,000</b>	<b>\$1,090,449,000</b>

*C = construction. P = preliminary plans. W = working drawings.*

The Governor’s budget proposal would bring the total CCC Proposition 51 bond allocation to \$698 million. If these projects are included in the final budget, \$1.3 billion would remain in Proposition 51 bond authority to allocate to future CCC projects.

Appendix A Table 2 compares the Board of Governors’ capital outlay request (for 19 continuing projects and 40 new projects) to the Governor’s proposal. The DOF reports that proposals were funded only if they clearly demonstrated that existing facilities do not meet programmatic needs and the projects represented critical needs (i.e., responding to fire, life, and safety concerns). Further, DOF indicated an expectation that districts provide a reasonable match using local funds.

## State Operations

The proposed budget includes three substantive changes for state operations, all from non-Proposition 98 General Fund:

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

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



## BEYOND THE CCC BUDGET

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

### Cal Grant Expansion

**Types of Cal Grant Awards.** The Cal Grant program is the state’s major student financial aid program for students at all higher education segments. To qualify for awards, students must meet general eligibility criteria (such as California residency, enrollment in a qualifying institution, and satisfactory academic progress). In addition, students must meet academic and financial criteria specific to each award type. For Cal Grant A, which pays tuition costs, students must have a grade point average of at least 3.0 and fall below specified limits for family income and assets. For Cal Grant B, which pays tuition costs and provides a stipend for other costs, students must have a grade point average of at least 2.0 and must meet tighter limits on family income and assets. Cal Grant C, which pays tuition costs for career education programs and provides a stipend for books and supplies, shares the Cal Grant B income and asset limits and has no grade threshold. Because financially needy students (including all Cal Grant recipients) at the community colleges have fees waived, the Cal Grant does not cover tuition costs for community college students.

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

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

### Relief on Pension Costs

The Governor’s budget includes a one-time, \$2.3 billion CalSTRS payment that would reduce school and community college districts’ share of the unfunded liability for teacher pensions. In addition, the Governor proposes to pay \$350 million in each of the next two years to reduce districts’ statutory employer contributions for 2019-20 and 2020-21. Table 9 compares the projected employer contribution rates to contribution rates under the current funding plan for these two years. Although rates also could decrease (compared to current law) in the years after 2020-21, those reductions are not assumed in the Governor’s budget proposals.

**Table 9: California Teachers’ Retirement System Employer Contribution Rates**

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

The proposed budget also includes a one-time payment to CalPERS to reduce the state’s unfunded liability for employee pensions. Because this payment affects only the state’s liability, it does not have a direct impact on the budgets of districts or other employers that participate in CalPERS.



## New Longitudinal Student Data System

The Governor's proposed budget includes \$10 million one time to begin planning, and support the initial costs of, a new statewide longitudinal student data system. The system would connect student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. The administration's goals for the new system include improved data quality and reliability at each education segment, improved collaboration between schools and health and human service agencies, and collection of more relevant data on the impact of public education programs on the state's workforce capacity. The California Department of Education will serve as the fiscal agent for these funds, with the education segments expected to participate in the planning and implementation of the new system.

## OVERVIEW OF STATE BUDGET PROCESS

The Governor and the Legislature adopt a new budget every year. The fiscal year runs from July 1 through June 30.

The California Constitution requires that the Governor submit a budget to the Legislature by January 10 of each year. The Constitution requires a balanced budget such that, if proposed expenditures exceed estimated revenues, the Governor is required to recommend changes in the budget. The Director of Finance, who functions as the chief financial advisor to the Governor, directs the preparation of the Governor's Budget. The state's basic approach is incremental budgeting, estimating first the costs of existing programs and then making adjustments to those program levels. Some budget changes require that changes be made to existing law. In these cases, separate bills—called “trailer bills”—are considered with the budget. By law, all proposed statutory changes necessary to implement the Governor's Budget are due to the Legislature by February 1.

Following the release of the Governor's Budget in January, the LAO begins its analyses of and recommendations on the Governor's proposals. Pursuant to existing law, the chairs of the budget committees in each house of the Legislature—the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee—introduce bills reflecting the Governor's proposal.

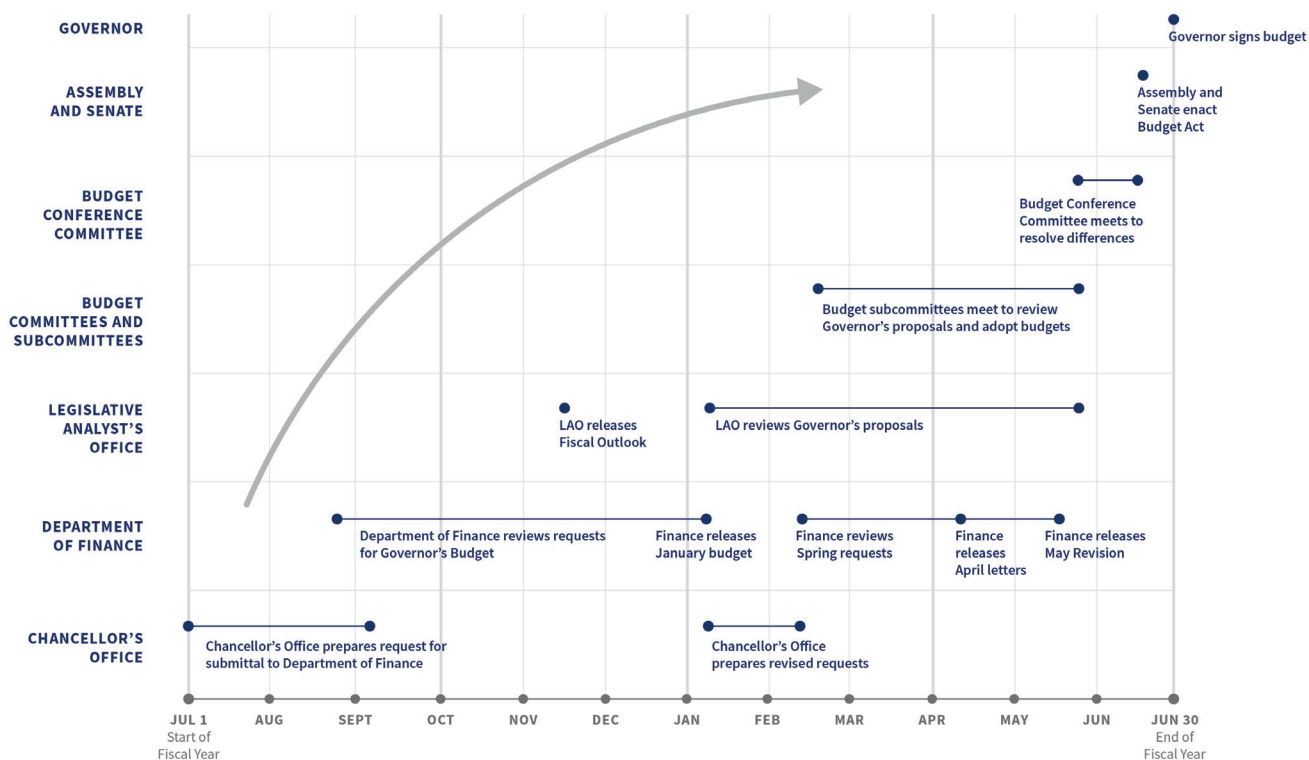
The DOF proposes adjustments to the January budget through “spring letters.” Existing law requires the DOF to submit most changes to the Legislature by April 1. Existing law requires DOF to submit, by May 14, revised revenue estimates, changes to Proposition 98, and changes to programs budgeted based on enrollment, caseload, and population. For that reason, the May Revision typically includes significant changes for the CCC budget.

The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). When a subcommittee completes its actions, it reports its recommendations back to the full committee. Upon adoption by a budget committee, the budget is sent to the full house for approval. A budget conference committee is then appointed to resolve differences between the Senate and Assembly versions of the budget, with the committee's report sent to the two houses for approval.

Typically, the Governor has 12 days to sign or veto the budget bill. The Governor also has the authority to reduce or eliminate any appropriation included in the budget. Because the budget bill is an urgency measure, the bill takes effect as soon as it is signed.



## Sequence of the Annual State Budget Process



## STATE REQUIREMENTS FOR APPROVAL OF LOCAL BUDGETS

Existing law requires the governing board of each district to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues. Specifically:

- By July 1, each district is required to adopt a tentative budget.
- By September 15, each district is required to hold a public hearing and adopt a final budget.
- By September 30, each district is required to complete its adopted annual budget and financial report.
- By October 10, each district is required to submit its adopted annual budget and financial report to the Chancellor.

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

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





## DISTRICTS' FISCAL HEALTH

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

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

The Chancellor's Office's primary focus is the district's unrestricted general fund. The Chancellor's Office reviews the current, historical, and projected fund balances. Specifically, the Chancellor's Office assesses the unrestricted general fund balance as a percentage of all expenditures and other outgo of unrestricted general fund. The minimum prudent percentage of unrestricted general fund balance to all expenditures and other outgo of unrestricted general fund is 5%. This minimum prudent percentage is considered necessary to protect cash flow and respond to uncertainties.

Although this percentage represents a minimum standard, other entities, such as the Government Finance Officers Association (GFOA), have recommended that districts maintain higher balances equaling no less than two months of regular general fund operating revenues or regular general fund operating expenditures (for many districts this totals closer to 15%). Districts are strongly encouraged to regularly assess risks to their fiscal health. The Fiscal Crisis and Management Assistance Team has developed a Fiscal Health Risk Analysis for districts as a management tool to evaluate key fiscal indicators that may help measure a district's risk of insolvency in the current and two subsequent fiscal years.

## NEXT STEPS

For more information throughout the budget process, please visit the Budget News section of the Chancellor's Office website:

<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServicesUnit/BudgetNews.aspx>.

The ACBO, ACCCA, CCCC, and the League will provide another update following the Governor's release of his May Revision budget proposal.





## Appendix A: Board of Governors' Budget Request

**Table 1: Local Assistance**

ITEM	BOARD OF GOVERNORS' REQUEST	GOVERNOR'S BUDGET PROPOSAL
<b>1. STUDENT CENTERED FUNDING FORMULA</b>		
Rates	Additional funding and changes in statute to adjust rates.	Adjusts implementation to use 2018-19 rates plus cost-of-living adjustment in 2019-20.
<b>2. COMPREHENSIVE SUPPORT FOR ALL STUDENTS</b>		
California College Promise	---	\$40 million to expand program by amount needed to cover second year of attendance for first-time, full-time students.
Student Equity and Achievement Program	\$23 million ongoing and changes in allocation.	---
<b>3. FACULTY AND STAFF PROGRAMS</b>		
College-Wide Professional Development	\$25 million ongoing and statutes to establish program.	---
Faculty Support Programs	\$50 million ongoing and related statutes.	---
Faculty Diversity	\$15 million one-time for pilot program.	---
<b>4. WORK-BASED LEARNING</b>		
Work-based Learning within Guided Pathways	\$20 million one-time and statutes to establish program. One position for statewide leadership.	---
<b>5. STATEWIDE LEADERSHIP</b>		
Statewide Approach to Library Services	\$4 million annually over five years (\$20 million total) and related language.	---



## Appendix A: Board of Governors' Budget Request (continued)

**Table 2: Capital Outlay**

*Projects included in Governor's Proposed Budget Are Highlighted*

COLLEGE	PROJECT	PHASE	2019-20		ALL YEARS	
			STATE COST	TOTAL COST	STATE COST	TOTAL COST
<b>Continuing Projects</b>						
Ocean Campus	Utility Infrastructure Replacement	C	\$73,947,000	\$0	\$79,326,000	\$80,658,000
Santa Monica College	Math/Science Addition	C	37,031,000	72,934,000	39,615,000	78,102,000
Laney College	Learning Resource Center	C	22,812,000	70,556,000	24,417,000	75,686,000
Mt. San Antonio College	New Physical Education Complex	C	53,993,000	67,768,000	57,541,000	72,238,000
Santa Rosa Junior College	Science and Mathematics Replacement Building	C	30,882,000	61,200,000	33,076,000	65,589,000
Orange Coast College	Language Arts and Social Sciences Building	C	28,305,000	55,706,000	30,353,000	59,803,000
Pasadena College	Armen Sarafian Building Seismic Replacement	C	52,496,000	2,437,000	56,374,000	58,317,000
Allan Hancock College	Fine Arts Complex	C	22,873,000	45,012,000	24,526,000	48,318,000
Golden West College	Language Arts Complex	C	21,925,000	43,248,000	23,540,000	46,478,000
West Hills CCD North District Center	Center Expansion	C	40,275,000	40,275,000	42,403,000	43,285,000
Santa Ana College	Russell Hall Replacement	C	19,192,000	37,875,000	20,729,000	40,948,000
Solano College	Library Building 100 Replacement	C	17,396,000	36,987,000	20,148,000	39,739,000
College of the Redwoods	Arts Building Replace Existing	C	22,010,000	0	24,190,000	26,627,000
Compton College	Instructional Building 2 Replacement	C	14,891,000	23,050,000	16,167,000	24,995,000
Mission College	MT Portables Replacement Building	C	10,073,000	20,019,000	10,814,000	21,500,000
Merritt College	Child Development Center	C	5,692,000	18,593,000	6,128,000	20,013,000
Imperial College	Academic Buildings Modernization	WC	8,647,000	16,949,000	9,043,000	17,741,000
Aleman Campus	Seismic and Code Upgrades	C	13,979,000	0	15,230,000	15,230,000



COLLEGE	PROJECT	PHASE	2019-20		ALL YEARS	
			STATE COST	TOTAL COST	STATE COST	TOTAL COST
Long Beach City College	Construction Trades Phase 1	C	6,712,000	12,032,000	7,304,000	13,107,000
<b>New Projects</b>						
San Bernardino Valley College	Technical Building Replacement	PW	\$2,313,000	\$5,174,000	\$34,411,000	\$75,647,000
College of the Redwoods	Phys Ed Replacement	PW	5,379,000	5,379,000	60,648,000	60,648,000
Folsom Lake	Instructional Buildings Ph 2	PW	1,280,000	2,987,000	31,374,000	58,488,000
American River College	Technical Building Modernization	PW	1,258,000	4,191,000	29,959,000	57,966,000
Saddleback College	Gateway Building	PW	1,719,000	3,501,000	26,080,000	52,338,000
Menifee Valley Center	Math and Science Building	PW	1,560,000	1,983,000	26,816,000	50,673,000
Clovis Community College	Applied Technology Building, Phase 1	PW	1,794,000	1,793,000	26,091,000	49,893,000
Irvine Valley College	Fine Arts Building	PW	1,624,000	1,623,000	23,202,000	45,072,000
Liberal Arts Campus	Music/Theatre Complex	PW	1,681,000	1,681,000	23,212,000	44,606,000
Mt San Jacinto College	Science and Technology Building	PW	1,854,000	1,455,000	23,203,000	44,071,000
Santa Barbara City College	Physical Education Replacement	PW	3,189,000	18,000	41,103,000	41,928,000
West Valley College	Learning Resource Center Renovation	PW	1,623,000	1,623,000	19,993,000	40,132,000
Natomas Education Center	Natomas Center Phase 2 & 3	PW	886,000	1,849,000	27,805,000	39,386,000
Woodland Community College	Performing Arts Facility	PW	1,427,000	1,425,000	19,426,000	37,659,000
College of Alameda	Replacement of Buildings B and E (Auto and Diesel Technologies)	PW	1,278,000	2,555,000	17,044,000	33,650,000
West Hills College Lemoore	WHCL Instructional Center Phase 1	PW	1,634,000	756,000	23,413,000	31,726,000
Delano Center	LRC Multi-Purpose Building	PW	1,191,000	1,212,000	16,106,000	31,242,000
Los Angeles City College	Theater Arts Replacement	PW	1,112,000	2,245,000	15,140,000	30,095,000
Skyline College	Workforce and Economic Development Prosperity Center	PW	860,000	1,691,000	14,621,000	28,750,000
Laney College	Modernize Theatre Buildings	PW	709,000	1,564,000	8,213,000	26,454,000
Chino Campus	Instructional Building 1	PW	951,000	950,000	12,990,000	26,132,000



COLLEGE	PROJECT	PHASE	2019-20		ALL YEARS	
			STATE COST	TOTAL COST	STATE COST	TOTAL COST
Merced College	Agriculture Science and Industrial Technologies Complex	PW	431,000	2,153,000	12,974,000	25,629,000
Cerritos College	Health Sciences Bldg. #26 Renovation	PW	1,054,000	1,053,000	12,665,000	24,712,000
Merritt College	Horticulture Building Replacement	PW	755,000	933,000	10,065,000	24,506,000
Canada College	Bldg 13 - Multiple Program Instructional Center	PW	676,000	1,332,000	8,253,000	23,682,000
Lake Tahoe Community College	RFE and Science Modernization Phase I	PW	1,447,000	609,000	11,056,000	21,564,000
Santa Monica College	Art Complex Replacement	PW	793,000	1,585,000	10,901,000	21,526,000
Porterville College	PC Allied Health Building	PW	835,000	833,000	10,919,000	20,827,000
Rio Hondo College	Music/Wray Theater Renovation	PW	847,000	1,959,000	9,873,000	20,486,000
Fort Ord Center	Public Safety Center Phase 2	PW	714,000	713,000	9,223,000	19,058,000
College of the Sequoias	Basic Skills Center	PW	1,365,000	1,365,000	15,635,000	17,350,000
Elk Grove Center	Elk Grove Center Ph 2	PW	410,000	954,000	8,946,000	17,013,000
Fresno City College	New Child Development Center	PW	1,036,000	1,295,000	13,520,000	16,850,000
Reedley College	Child Development Center	PW	818,000	205,000	10,388,000	14,366,000
Butte College	Technology Remodel	PW	518,000	1,034,000	8,088,000	10,722,000
College of the Canyons	Modernize Academic Building - Boykin Hall	PW	334,000	333,000	4,057,000	7,755,000
Cabrillo College	Modernization of Buildings 500, 600 & 1600	PW	252,000	269,000	3,622,000	7,268,000
Monterey Peninsula College	Music Facilities Ph 1	PW	222,000	155,000	2,454,000	6,347,000
College of San Mateo	Water Supply Tank Replacement	PW	505,000	56,000	5,669,000	6,298,000
<b>Total BOG Request</b>			<b>\$551,465,000</b>	<b>\$687,132,000</b>	<b>\$1,230,082,000</b>	<b>\$2,060,889,000</b>
<b>Governor's Budget Total</b>			<b>\$358,748,000</b>	<b>\$654,640,000</b>	<b>\$620,077,000</b>	<b>\$1,090,449,000</b>

C = construction. P = preliminary plans. W = working drawings.



## Appendix A: Board of Governors' Budget Request (continued)

**Table 3: State Operations**

ITEM	BOARD OF GOVERNORS' REQUEST	GOVERNOR'S BUDGET PROPOSAL
<b>1. STUDENT CENTERED FUNDING FORMULA</b>		
Oversight	\$500,000 (spread over 2019-20 and 2020-21) for support of oversight committee.	\$435,000 non-Proposition 98 in 2019-20.
Evaluation	\$750,000 (spread over 2019-20, 2020-21, and 2021-22) for evaluation.	---
<b>2. COMPREHENSIVE SUPPORT FOR ALL STUDENTS</b>		
Cal Grant Program	Changes focused on CCC students, estimated at \$1.5 billion ongoing, to be funded from non-Proposition 98 General Fund.	\$122 million for supplemental grants to Cal Grant recipients with dependent children. \$10 million for 4,250 additional competitive awards, bringing total to 30,000 awards. All non-Proposition 98.
Student Equity and Achievement Program	One position for statewide leadership.	---
"College Promise" Outreach	\$5 million one-time and statutes to establish program. Two positions for statewide leadership.	\$5 million non-Proposition 98 one time.
<b>3. FACULTY AND STAFF PROGRAMS</b>		
College-Wide Professional Development	One position for statewide leadership.	---
Faculty Support Programs	One position for statewide leadership.	---
Faculty Diversity	One position for statewide leadership.	---
<b>4. WORK-BASED LEARNING</b>		
Work-based Learning within Guided Pathways	One position for statewide leadership.	---
<b>5. STATEWIDE LEADERSHIP</b>		
Data Use for Educational Improvement	Changes in statutes and expected General Fund costs.	\$10 million non-Proposition 98, one time, in Department of Education for all segments to collaborate on planning and implementation of longitudinal student data system.
Chancellor's Office Capacity for Leadership of Statewide Change	\$2 million for state operations and changes in statutes for various local assistance programs.	\$135,000 non-Proposition 98 and one position for an information security officer.



## Appendix B: Glossary

**Appropriation:** Money set apart by legislation for a specific use, with limits in the amount and period of time during which the expenditure is to be recognized.

**Augmentation:** An increase to a previously authorized appropriation or allotment.

**Bond Funds:** Funds used to account for the receipt and disbursement of non-self-liquidating general obligation bond proceeds.

**Budget:** A plan of operation expressed in terms of financial or other resource requirements for a specific period of time.

**Budget Act (BA):** An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget, amended by the Legislature, and signed by the Governor.

**Budget Year (BY):** The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

**Capital Outlay:** Expenditures which result in acquisition or addition of land, planning and construction of new buildings, expansion or modification of existing buildings, or purchase of equipment related to such construction, or a combination of these.

**Cost-Of-Living Adjustment (COLA):** Increases provided in state-funded programs intended to offset the effects of inflation.

**Current Year (CY):** The present state fiscal year, beginning July 1 and ending June 30 (in contrast to past or future periods).

**Department of Finance (DOF):** A state fiscal control agency. The Director of Finance is appointed by the Governor and serves as the chief fiscal policy advisor.

**Expenditure:** Amount of an appropriation spent or used.

**Fiscal Year (FY):** A 12-month budgeting and accounting period. In California state government, the fiscal year begins July 1 and ends the following June 30.

**Fund:** A legal budgeting and accounting entity that provides for the segregation of moneys or other resources in the State Treasury for obligations in accordance with specific restrictions or limitations.

**General Fund (GF):** The predominant fund for financing state operations; used to account for revenues which are not specifically designated by any other fund.

**Governor's Budget:** The publication the Governor presents to the Legislature by January 10 each year, which includes recommended expenditures and estimates of revenues.

**Legislative Analyst's Office (LAO):** A nonpartisan office that provides fiscal and policy advice to the Legislature.

**Local Assistance:** Expenditures made for the support of local government or other locally-administered activities.

**May Revision:** An update to the Governor's Budget presented by the Department of Finance to the Legislature by May 14 of each year.

**Past Year or Prior Year (PY):** The most recently completed state fiscal year, beginning July 1 and ending June 30.

**Proposition 98:** A section of the California Constitution that, among other provisions, specifies a minimum funding guarantee for schools and community colleges. California Community Colleges typically receive 10.93% of the funds.

**Reserve:** An amount set aside in a fund to provide for an unanticipated decline in revenue or increase in expenditures.

**Revenue:** Government income, generally derived from taxes, licenses and fees, and investment earnings, which are appropriated for the payment of public expenses.

**State Operations:** Expenditures for the support of state government.

**Statute:** A law enacted by the Legislature.

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