

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

By The Way... CalPERS Sets 2023-24 Employer Contribution Rates

 [BY MICHELLE MCKAY UNDERWOOD](#)

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posted April 21, 2023

As expected, this week, the California Public Employees' Retirement System (CalPERS) Board adopted the 2023-24 schools employer contribution rates at 26.68% and projects outyear rates as follows:

Fiscal Year	2024-25	2025-26	2026-27	2027-28	2028-29
Projected Rates	27.70%	28.30%	28.70%	30.00%	29.80%

The outyear projections will fluctuate based on future investment returns and other demographic changes. The 2023-24 rate will not change from here, and the next anticipated update to outyear estimates is expected fall 2023, after the release of the 2022-23 valuation this summer. As such, school employers (including community colleges) should utilize these rates as they update their multiyear projections.

For additional information, see "[CalPERS Set to Adopt 2023-24 Employer Contribution Rate](#)" in the April 2023 *Community College Update*.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Top Legislative Issues—April 21, 2023

 [BY SSC GOVERNMENTAL RELATIONS TEAM](#)

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It has been a busy two weeks of hearings as legislators are racing against the April 28, 2023, deadline for fiscal bills to clear policy committees.

Both the Assembly Higher Education Committee and Senate Education Committee, chaired by Assemblymember Mike Fong (D-Alhambra) and Senator Josh Newman (D-Fullerton), respectively, met last Wednesday, April 12, 2023, to consider 30 bills. They both also met this week consider another 29 bills.

Both committees are also scheduled to meet next week, just days before the April 28 deadline. Bills with no fiscal effect have until Friday, May 5, 2023, to clear policy committee. After these deadlines pass, the Legislature will shift its focus to the Appropriations Committees, which will analyze the cost implications that the bills would have on the state and local agencies.

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

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Access

[Senate Bill \(SB\) 711](#) (Caballero, D-Merced)—Community Colleges: Blockchain Degree Programs and Technology: Working Group. As amended on March 30, 2023, this bill would require the office of the Chancellor's Office to, in collaboration with the California Department of Education, convene, until July 1, 2026, a working group to take certain actions related to a blockchain associate of arts degree program at community colleges. The bill would require the working group to ensure that course materials for the blockchain associate of arts degree program and related guidelines can be incorporated into career technical

education programs offered by school districts and county offices of education and explore the feasibility of incorporating blockchain technology into curricula currently offered in community college associate degree programs and career technical education programs offered by school districts and county offices of education.

SB 711 was approved 6-0 in the Senate Education Committee on April 19 and will now go the Senate Appropriations Committee, which means it has cleared the April 28 deadline referenced above.

Employees

[SB 433](#) (Cortese, D-San Jose)—Classified School and Community College Employees: Disciplinary Hearings: Impartial Third-Party Hearing Officers. As amended on March 21, 2023, this bill would remove the authority of a school or community college board to subject an employee to disciplinary action for due cause. Instead, this authority would be delegated to a third-party official, agreed upon by both the district and collective bargaining unit. SB 433 would require the impartial third-party hearing officer to be paid for by the school or community college district (CCD) and determine whether sufficient cause exists for disciplinary action against a permanent employee unless the exclusive representative and the school district or CCD enter into a collective bargaining agreement providing an alternative method of determining cause. The bill would not apply to merit districts.

This bill was approved by the Senate Labor, Public Retirement, and Retirement Committee 4-1 on April 12 and approved 4-2 on April 19 in the Senate Education Committee, which means it has cleared the April 28 deadline referenced above.

[Assembly Bill \(AB\) 1190](#) (Irwin, D-Thousand Oaks)—Community Colleges: Part-Time Faculty: Office Hours. As amended on March 8, 2023, this bill would require CCDs, as a condition of receiving funds allocated for the Student Success and Support Program, to commence negotiating the terms of compensation for office hours for part-time employees, as specified, and the terms governing reemployment preferences and evaluation processes, no later than the expiration of any negotiated agreement in effect on January 1, 2024, and for any CCD that does not have a collective bargaining agreement in effect as of January 1, 2024, on January 1, 2024.

This bill was approved unanimously 12-0 by the Assembly Higher Education Committee on April 18 and is now in the Assembly Appropriations Committee, which means it has cleared the April 28 deadline.

Governance and District Operations

[AB 811](#) (Fong)—Seymour-Campbell Student Success Act of 2012: Repeating Credit Courses. As amended on April 12, 2023, this bill would require each CCD to establish policies for the repetition of credit courses offered by the community colleges in the district. The bill would require these policies to include authorization for a student to repeat, no less than three times, a credit course in arts, humanities, kinesiology, foreign languages, and English as a second language, for which the student previously received a satisfactory grade. This bill would also require these policies to include authorization for a student to repeat, no less than five times, a credit course for which the student previously received a grade indicating substandard work. If the repeated course is a transfer-level mathematics or English course, the bill would require that the policy

require that the community college inform the student of available concurrent supports. The bill would also require these policies to include requirements that a community college refer the student to support services, identify emergency student financial assistance, and maximize available resources to address the student's basic needs before authorizing the student to repeat a course after the third attempt. The bill would require a CCD to submit a report by July 1, 2025, and annually thereafter, to the Chancellor's Office on the total number of courses repeated and total number of students, aggregated by gender and ethnicity, who repeated courses. The bill would require the Chancellor's Office, by December 1, 2025, and annually thereafter, to prepare and submit to the Legislature and Department of Finance a summary report on course repetition.

This bill was approved 9-1 by the Assembly Higher Education Committee on April 18, which means it has cleared the April 28 deadline.

[AB 1541](#) (Fong)—Community Colleges: Civic Centers: Uses: Insurance. As introduced on February 17, 2023, this bill would give each student member of the Board of Trustees of a CCD an advisory vote.

This bill was approved unanimously 12-0 by the Assembly Higher Education Committee on April 18 and is in the Assembly Appropriations Committee, which means it has cleared the April 28 deadline.

Instruction

[AB 395](#) (Reyes, D-Colton)—Community College Guided Pathways Grant Program. As amended on March 9, 2023, this bill would require community colleges by August 1, 2024, and every even year thereafter, to develop an education plan for course sequences and course offerings for the next two consecutive academic years. The bill would require community colleges to provide the education plan to the Chancellor's Office by January 1, 2025, and every even year thereafter, and requires the Chancellor's Office to submit a summary report to the Legislature by June 1, 2025, and every even year thereafter.

AB 395 bill was approved 11-0 in the Assembly Higher Education Committee on April 18 and is now in the Assembly Appropriations Committee, which means it has cleared the April 28 deadline referenced above.

Miscellaneous

[AB 252](#) (Holden, D-Pasadena)—The College Athlete Protection Act. As amended on March 6, 2023, this bill would establish the College Athlete Protection (CAP) Act for purposes of providing various rights, benefits, and protections to college athletes. The bill would require certain institutions of higher education to establish a degree completion fund for its college athletes. The bill instead would require an institution of higher education to distribute to each college athlete a notice containing college athlete rights and would require the institution to post this notice in a conspicuous location frequented by college athletes, as specified. The bill instead would prohibit an institution of higher education, including its employees, coaches, and affiliated medical personnel, as defined, from retaliating against a college athlete for filing a complaint or reporting a violation of college athlete rights provided in the CAP Act.

This bill was approved 8-3 by the Assembly Higher Education Committee on April 18 and is now in the Assembly Appropriations Committee, which means it has cleared the April 28 deadline.

[AB 1151](#) (McKinnor, D-Inglewood)—Community Colleges: Civic Centers: Uses: Insurance. As amended on March 23, 2023, this bill would provide that there is a civic center at each community college within the state and authorizes the governing board of a CCD to authorize the use by the community and organizations of any civic center, or other properties under the control of the governing board of the CCD.

This bill was approved unanimously 12-0 by the Assembly Higher Education Committee on April 18, which means it has cleared the May 5 deadline.

[AB 1542](#) (Fong)—Board of Governors of the California Community Colleges: Student Members: Student Success Completion Grant Program Awards. As introduced on February 17, 2023, this bill would increase the pay of each student member of the Board of Governors to \$4,000 per semester via the Student Success Completion Grant.

This bill was approved unanimously 12-0 by the Assembly Higher Education Committee on April 18 and is in the Assembly Appropriations Committee, which means it has cleared the April 28 deadline.

[SB 532](#) (Weiner, D-San Francisco)—Ballot Measure: Local Taxes. As amended on April 13, 2023, this bill would permit the proponents of a local initiative measure that imposes or increases a tax or authorizes the issuance of bonds to choose how specific information will appear on the ballot label. More specifically, the bill would provide that the jurisdiction (or proponents) submitting the tax or bond measure shall, no later than 88 days before the election, inform election officials which of the following will be included in the proposal's statement:

- A statement of the measure to be voted on, an estimate of the amount of money to be raised annually, and the rate and duration of the tax to be levied
- The words “See voter guide for measure information statement and an explanation of how this measure could impact local property taxes”

Current law, pursuant to AB 809 (Oberholte, Statutes of 2015) and AB 195 (Oberholte, Statutes of 2017), requires local bond and tax proposals to include the tax rate, duration of the measure, and amount of money to be raised annually in the 75-word ballot label. Senator Scott Wiener and the proponents of SB 532 argue that these requirements reduce the amount of space on the ballot label available to describe what the revenues raised by the measure would be used for and can be confusing to voters, which has led to lower passage rates for local bond and tax proposals. Furthermore, they believe that SB 532 would address this problem by allowing local jurisdictions to fully explain their tax and bond proposals.

The opponents, headlined by the Howard Jarvis Taxpayers Association, argue that passage rates for local tax and bond measures have remained consistently high, even after the passage of AB 809 and AB 195. They further argue that SB 532 would reduce voter transparency when making critical decisions on local funding.

SB 532 was approved by the Senate Governance and Finance Committee 5-1 on April 12 and approved 6-1 by the Senate Elections and Constitutional Amendments Committee on April 18. The bill will now go to the Senate Appropriations Committee, which means it has cleared the April 28 deadline referenced above.

2023 Legislative Calendar—Upcoming Holidays and Deadlines

April 28—Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house.

May 5—Last day for policy committees to hear and report to the floor nonfiscal bills introduced in their house.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Lower Tax Receipts Will Impact May Revision



BY ANJANETTE PELLETIER

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posted April 24, 2023

The Department of Finance (DOF) highlighted weakening of annual real gross domestic product (GDP) growth for California in its April Finance Bulletin (Bulletin), with a dramatic decline from growth of 7.8% in 2021 to a mere 0.4% in 2022. GDP is the total value of goods produced and services provided in a year, and California is outpacing the U.S. with a deeper decline in prior-year growth. Data from the U.S. Bureau of Economic Analysis demonstrates the sharp deceleration of the California economy with a share of the U.S. real GDP dropping to 14.4% in 2022 compared to 14.7% in 2021, and only slightly higher than pre-pandemic rate of 14.3% in 2019. Similarly, the DOF notes that personal incomes of Californians grew only slightly (0.4%) in 2022, compared to the substantial increase of 7.7% in 2021. Unadjusted wages and salaries continue to drive income growth across the nation, with California total wages rising by 5.7% and the U.S., surpassing 1984's high watermark to 9.1% for total wage growth rate in 2022.



Source: DOF

Inflation indicators continued to slow across the economy, with a ninth consecutive monthly decline for U.S. headline inflation in year-over-year comparisons, largely driven by lower gasoline costs. Core inflation—excluding food and energy—rose slightly to 5.6%, while shelter inflation increased to 8.2% in March.

Permits for new housing continue to be down compared to last year, with more multi-family units permitted than single-family homes. The statewide median home sales price increased to \$791,490 in March 2023, and the overall number of sales was down 34.2% in year-over year comparisons. Year-over-year average 30-year mortgage rate increases continue, up to 6.54% compared to 4.17% in March 2022.

In the ninth month of the fiscal year, the DOF notes that General Fund cash receipts were \$4.7 billion below the 2023-24 Governor’s Budget forecast, with the “Big Three” revenue generators of personal income tax (PIT), corporation tax (CT), and sales and use tax (SUT) showing mixed results and ongoing uncertainty for forecasts. The pass-through entity (PTE) elective tax credits continue to play a role in sustained uncertainty of state revenues, as well as the expected impact of delayed PIT revenues due to the October 16 tax deadline extension. Year-to-date PIT receipts were \$4.5 billion below forecasted amounts and CT cash receipts were \$877 million below, while SUT receipts were the one highlight, with receipts at \$215 million above forecasts, fully offsetting the prior nine-month shortfall in SUT. The DOF indicates that, while PIT receipts are weak, the true impact of the shortfall is difficult to gauge given the unknown percentage of Californians who will submit their taxes under the delayed filing timeline.

California 2022-23 Big Three Taxes (Year-to-Date) In millions

	Forecast	Actual	Difference
Personal Income Tax	\$76,222	\$71,773	-\$4,449
Corporation Tax	\$19,944	\$19,067	-\$877
Sales and Use Tax	\$25,325	\$25,540	\$215
Total	\$126,675	\$121,990	-\$4,684

May is quickly approaching, and with only April cash receipts remaining before Governor Gavin Newsom must provide a budget proposal based on the updated fiscal and revenue projections, the May Revision is likely to be hampered by uncertain revenues and ongoing economic pressures, presenting challenges for the Governor and the Legislature to develop the State Budget.

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2023-24 Statutory COLA Released

✉ [BY MATT PHILLIPS, CPA](#)

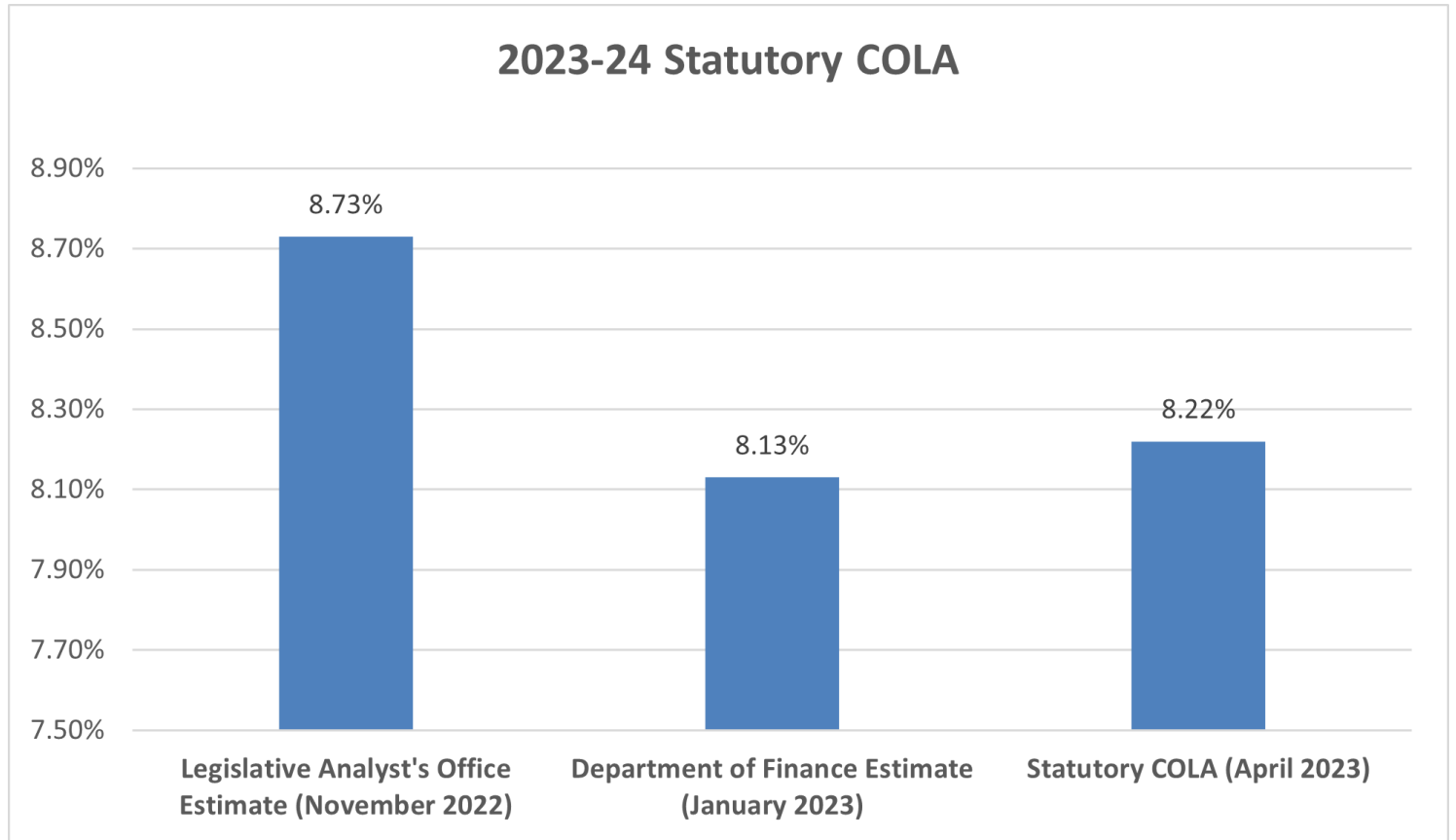
✉ [BY PATTI F. HERRERA, EDD](#)

✉ [BY DAVE HECKLER](#)

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posted April 27, 2023

Today, April 27, 2023, the U.S. Department of Commerce released the 2023 first quarter value of the implicit price deflator for state and local government goods and services, which provides the last data point needed to establish the 2023-24 statutory cost-of-living adjustment (COLA) for K-14 education.



Both the Legislative Analyst's Office and Department of Finance (DOF) provided their best estimates of the statutory COLA prior to the release of the seventh data point in January 2023, and it appears that the DOF's estimate was more accurate.

Although the statutory COLA is traditionally applied to the Student Centered Funding Formula and select categorical programs, the focus now shifts to whether the state can afford to fund the full statutory COLA. More specifically, what, if anything, will need to be cut to afford the impact of the statutory COLA? Recall that as part of the 2023-24 Governor's Budget released in January, he acknowledged that state revenues were below Enacted Budget projections, and proposed to reduce current-year deferred maintenance funds by \$213 million. Alternatively, the state could reduce the funded COLA if Proposition 98 resources are insufficient to support the obligation.

The latest data from the [Finance Bulletin](#) shows that year-to-date tax revenue collections from the "Big Three" taxes are lagging behind Governor Gavin Newsom's January projections by \$5.1 billion, which amounts to a commensurate Proposition 98 reduction of \$2 billion.

An additional layer of uncertainty stems from the actual impact on tax receipts due to the extension of the tax filing deadline from April to October. This extension begs the question, will the tax receipts for April, the most significant month for personal income tax receipts, meet the projections?

And if they do not meet projections, how bad could it be? Due to the extension, Governor Newsom will have to make many assumptions when estimating 2023 tax receipts as he finalizes his May Revision budget proposal.

COMMUNITY COLLEGE UPDATE

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CalSTRS Set to Adopt 2023-24 Employer Contribution Rate



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posted April 27, 2023

Next week, the California State Teachers Retirement System (CalSTRS) Board (Board) will be presented with its staff recommendation for the Schools Pool employer contribution rate for 2023-24 based on its June 30, 2022, actuarial valuation report. If adopted as recommended, the 2023-24 Schools Pool (including community colleges) employer contribution rate would remain the same at 19.1%. Staff will also present to the Board a second option for consideration based on the results of the actuarial valuation, which would decrease the employer contribution rate to 18.481% as follows:

Employer Contribution Rate	Fiscal Year (FY) 2023-24		FY 2022-23
	Option 1	Option 2	
Base	8.250%	8.250%	8.250%
Supplemental Rate	10.850% ¹	10.231%	10.850%
Total Employer Contribution Rate	19.100%	18.481%	19.100%

¹Recommended for Board adoption

Staff's recommendation is to maintain the employer contribution rate at its current level as there are some uncertainties around K-12 enrollment levels and how this could impact teacher payroll and meeting the employer unfunded actuarial obligation by 2046.

Between 2019-20 and 2021-22, California's total enrollment in K-12 schools significantly declined by over 270,000 students. Similarly, in the same school years, community colleges experienced a significant decline in students enrolled by 316,000. Because of this trend and future projections by the state of California that enrollment will continue to decline for the next ten years, staff's recommendation to the Board is to adopt Option 1, which would maintain the employer contribution rate at its current level of 19.1% so as to reduce the Board's authority to raise the employer rate in the future to meet the employer's share of the unfunded actuarial obligation by 2046.

The CalSTRS contribution rate for members subject to Public Employees' Pension Reform Act (PEPRA) is expected to remain at 10.205% and the contribution rate for CalSTRS members not subject to PEPRA is set by statute and is currently 10.250% of salary.

Member's Contribution Rate	Member's Contribution Rate	June 30, 2021 Valuation (Rate for FY 2022-23)
2% at 60 Members	10.250%	10.250%
2% at 62 Members	10.205%	10.205%

As of June 30, 2022, there were 160,000 active PEPRA members, representing 36% of 449,000 total number of active members. For additional background information, the CalSTRS agenda item can be found [here](#). Once the Board officially adopts the employer contribution rate next week, School Services of California Inc. (SSC) will post a *Community College Update* article and include this information in the May Revision edition of the SSC Financial Projection Dartboard.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Senate Democrats Release 2023-24 State Budget Plan



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posted April 28, 2023

To position themselves ahead of Governor Gavin Newsom's May Revision, Senate Democrats released their "[Protect Our Progress](#)" State Budget plan for the 2023-24 fiscal year on Wednesday, April 26, 2023.

The plan relies on Governor Newsom's revenue forecast from his January State Budget proposal, but also includes \$26 billion in solutions to close the \$16.6 billion Budget gap identified by Governor Newsom in January. Senate Democrats propose no ongoing cuts to core programs and reject most of Governor Newsom's proposed cuts and delays to key infrastructure investments.

Like Governor Newsom, Senate Democrats do not propose to tap into any of the state's four reserve accounts in order to balance the budget, including the Proposition 98 Rainy Day Fund. In fact, Senate Democrats' proposal projects an ending balance of \$8.2 billion in the Proposition 98 Rainy Day Fund for 2023-24.

Senate Democrats offer two proposals to identify new state funds in this plan. The first is to pause the net operating loss (NOL) deduction whenever there is a "budget emergency." The NOL deduction is a tool that allows businesses to carry forward their losses to future tax years. The plan estimates that the proposal would provide about \$5 billion annually in new state funds, including an increase in Proposition 98 funding of approximately \$2 billion annually and \$3 billion for the General Fund. The second proposal is to increase California's corporate tax rate of 8.84% to 10.99% for taxable income over \$1.5 million. The plan estimates that this tax increase would generate about \$7.2 billion for 2023-24 and then \$6 billion annually for the state.

California Community Colleges

In their plan, Senate Democrats approve the proposed base increases for all three higher education systems, including the California Community Colleges (CCC). Additionally, the plan also approves the \$200 million recruitment and retention funding for the CCC that Governor Newsom proposed in his January State Budget.

The plan rejects a number of Governor Newsom's funding delays and reductions when it comes to housing and facilities and instead proposes to fund these projects via a \$10 billion Housing and Infrastructure Fund. As specified in the plan, the Housing and Infrastructure Fund would fund the one-time proposals and programs that the Governor proposed to cut or delay in his January State Budget proposal, which includes the proposed \$900 million delay to the Student Housing Revolving Loan Program and the proposed \$250 million delay for the Higher Education Student Housing Grant Program. The plan also outright rejects the proposed current-year \$213 million reduction for community college facilities maintenance and instructional equipment.

In addition to modifying many of the Governor's January proposals, the plan also offers new proposals and investments, including the following:

- Increases funding for basic needs, rapid rehousing, disabled students support, and mental health supportive services for CCC, California State University (CSU), and University of California (UC) students
- Provides community colleges a total of \$100 million in new ongoing funds for local discretionary purposes on activities that directly support students, mitigate learning loss related to COVID-19 impacts, and promote targeted recruitment and retention efforts
- Provides \$90 million per year for at least five years to grow, educate, and maintain the next generation of registered nurses, through the CCC system starting in 2024-25
- Provides a cost-of-living adjustment for categorical programs at community colleges such as Puente; Mathematics, Engineering, Umoja, Science Achievement (MESA); Student Equity and Achievement Program (SEAP), part-time faculty office hours and part-time faculty compensation
- Includes funding to bolster safe spaces, learning communities, and other support services for LGBTQ+ students in community colleges across the state
- Makes former foster youth the first population to achieve "Debt Free College" by expanding the Student Success Completion Grant for CCC former foster youth students and the Middle Class Scholarship for CSU and UC former foster youth

Next Steps

The Newsom Administration, who traditionally declines to comment on legislative proposals, has already come out against the tax increase upon which the Senate Democrats' plan is built. Administration spokesperson Anthony York said that, "It would be irresponsible to jeopardize the progress we've all made together over the last decade to protect the most vulnerable while putting our state on sound fiscal footing."

This signals that the tax increase is not likely an approach that the Newsom Administration will agree with when it comes time for the Legislature to negotiate the 2023-24 State Budget with Governor Newsom.

Regardless, the document provides a blueprint of the upper house's budget priorities and signals the investments that the Senate will be advocating for when they negotiate the 2023-24 State Budget package with their Assembly colleagues and Governor Newsom.

The Governor is required by statute to update his State Budget proposal by May 14—hence the term "May Revision"—to reflect updated General Fund revenues and changes in expenditures. The Legislature is constitutionally required to approve a State Budget by June 15 or risk forfeiting their pay. However, the Legislature also needs to work with the Newsom Administration on finalizing the State Budget as the Governor has the power to veto the entire Budget or use his "blue pencil" to make line-item reductions to

proposed investments. With the state operating as a Democratic trifecta, legislative leadership and Governor Newsom will do everything they can to avoid any potential line-item vetoes. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

By the Way . . . CalSTRS Sets 2023-24 Employer Contribution Rate



[BY CHARLENE QUILAO](#)

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posted May 3, 2023

As expected, today the California State Teachers Retirement System (CalSTRS) Board (Board) adopted to maintain the 2023-24 schools employer contribution rate at 19.1%. The Board had a lengthy discussion about the anticipated concerns over the projected decline in K-12 enrollment over the next decade and the correlation it has in active membership, which in turn negatively affects the employer contribution rate and meeting the unfunded actuarial obligation by 2046.

Though the Investment Committee staff did not specifically recommend a contribution rate that differed from the Benefits and Services Committee staff, they advocated for higher contribution rates in the future and noted that they will encourage the Board to increase the contribution rates so as to not be reliant on big investment returns—like in 2020-21—to meet the fully funded status. Conversely, the Benefits and Services Committee staff acknowledged that because CalSTRS is ahead of pace in meeting the target obligation, instead of lowering the employer contribution rate, they opted to keep the employer rate at the existing rate of 19.1% to continue to maintain the stability in the employer contribution rate going forward; thus, reducing the likelihood of the Board to raise the employer contribution rate in the future.

For additional information, see “[CalSTRS Set to Adopt 2023-24 Employer Contribution Rate](#)” in the April 2023 *Community College Update*.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Fed Increases Rate for 10th Time

 [BY PATTI F. HERRERA, EDD](#)

 [BY JOHN GRAY](#)

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posted May 5, 2023

As anticipated, the Federal Reserve (Fed) increased its federal fund rate by a quarter percentage point (0.25%) at the May 3, 2023, meeting of the Federal Open Market Committee. Following the committee's action, Fed Chair Jerome Powell highlighted the increased rate in a press conference, during which he signaled that the Fed remains steadfast in its commitment to meet its dual mandate of maximum employment and stable prices for Americans. He noted that, while the economy is showing signs of cooling and inflationary pressures have eased since the Fed began tightening monetary policy last spring, the process of easing price pressures to 2.0% has "a long way to go."

Wall Street investors had hoped that the Fed would signal the May rate hike as its last before pausing any additional rate increases and even reversing interest rates in the foreseeable future. Chair Powell reinforced that the Fed will make monetary policy decisions month-to-month and will weigh inflation and other economic conditions that could curb price pressures. He noted specifically that the recent banking crisis will likely tighten credit markets for individuals and businesses, which could help further ease inflation. Finally, he noted that the Fed is keenly aware its monetary policy decisions could lead to below normal economic growth but that it may be a discomfort necessitated by the objective of maximizing employment and achieving price stability in the long term.

Whether or not the Fed's action will catapult the economy into a recession is the multi-trillion question and will have significant implications for the State Budget and Proposition 98 revenues.

COMMUNITY COLLEGE UPDATE

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Top Legislative Issues—May 5, 2023

 [BY SSC GOVERNMENTAL RELATIONS TEAM](#)

Copyright 2023 School Services of California, Inc. posted May 5, 2023

The Assembly and Senate Appropriations Committees are gearing up for the next significant legislative deadline, which is Friday, May 19, 2023. This is the deadline for fiscal bills to clear the first house Appropriations Committees and make it on to the house floors.

Over the next two weeks, the Appropriations Committees will send hundreds of bills to their respective suspense files, which is where bills that meet a certain cost magnitude go until all of those measures can be considered at once. The committees will likely take up their suspense files the day before the deadline, Thursday, May 18, so that they can be in their districts on Friday. This means that we will know the fate of several hundred bills, including a number of significant education measures, in our next “Top Legislative Issues” article.

Any bill that is held by the Appropriations Committee is considered dead for the rest of 2023 but can be revived in 2024 since the Legislature operates on a two-year legislative session. If a bill does make it out of the Appropriations Committee, it will head to the house floor for a full vote before it can go to the second house where the process starts anew. Legislators have until Friday, June 2, to get bills approved by the house of origin.

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

- [Employees](#)
- [Health and Safety](#)
- [Miscellaneous](#)

Employees

[Assembly Bill \(AB\) 260](#) (Santiago, D-Los Angeles)—Community Colleges: Part-Time Employees. As introduced, this bill would require instructors who are employed to teach adult or community college classes part-time to receive compensation in an amount that bears the same ratio to the amount provided to full-time employees with comparable duties. This bill would require community college districts (CCDs), as a condition of receiving funds for the Student Success and Support Program, to commence the negotiation of

terms of compensation consistent with the proportional pay requirement for part-time employees, as well as terms governing reemployment preferences and evaluation processes, no later than the expiration of any negotiated agreement in effect on January 1, 2024.

AB 260 is currently on the Assembly Appropriations Committee suspense file, and we will know its fate at the May 18 or May 19 hearing. The committee analysis estimates that this bill could have significant Proposition 98 costs, potentially in the hundreds of millions of dollars annually, to increase compensation for part-time, temporary faculty members.

[AB 472](#) (Wicks, D-Oakland)—Classified School District and Community College Employees: Compulsory Leaves of Absence: Compensation. This bill would require a classified employee placed on an involuntary leave of absence while the employee has criminal charges, an investigation, or an administrative matter pending, to receive full compensation for the period of involuntary leave if the matter is resolved in favor of the employee, regardless of whether or not a merit system has been adopted.

AB 472 is currently on the Assembly Appropriations Committee suspense file, and we will know its fate at the May 18 or May 19 hearing. The Appropriations Committee analysis estimates this bill could result in ongoing, unknown Proposition 98 costs to non-merit districts to provide back pay to classified employees. The analysis also estimates one-time Proposition 98 costs to CCDs to update campus policies and procedures.

[AB 1190](#) (Irwin, D-Thousand Oaks)—Community Colleges: Part-Time Faculty: Office Hours. As amended on March 21, 2023, this bill would require CCDs to begin negotiations with part-time, temporary faculty members by January 1, 2024, for the purposes of adopting terms of compensation for part-time, temporary faculty member office hours. The bill would require part-time faculty members to be compensated for the office hours they complete at the same rate per hour as full-time faculty members are compensated.

AB 1190 is currently on the Assembly Appropriations Committee suspense file, and we will know its fate at the May 18 or May 19 hearing. The committee analysis estimates that this bill could result in ongoing Proposition 98 costs, potentially in the tens of millions of dollars to hundreds of millions of dollars annually. The analysis estimates that if all of the state's 37,000 part-time faculty members provided three hours of office hours weekly for 35 weeks at an hourly rate of \$75 per hour, costs would be \$486 million annually. If half of those staff provided three hours of office hours weekly for 35 weeks at an hourly rate of \$30, costs would be \$50 million annually.

[Senate Bill \(SB\) 252](#) (Gonzalez, D-Long Beach)—Public Retirement Systems: Fossil Fuels: Divestment. As amended on April 20, 2023, this bill would prohibit the Board of the California Public Employees' Retirement System (CalPERS) and the Teachers' Retirement Board of the California State Teachers' Retirement System (CalSTRS) from making any additional or new investments or renewing existing investments of public employee retirement funds in a fossil fuel company. The bill would also require CalPERS and CalSTRS to liquidate investments in a fossil fuel company on or before July 1, 2031.

SB 252 is currently on the Senate Appropriations Committee suspense file, and we will know its fate at the May 18 or May 19 hearing. CalPERS estimates that divesting from these securities and investing in alternatives could result in one-time transactions costs of \$75 million to \$125 million while CalSTRS estimates it could cost approximately \$31 million.

[SB 433](#) (Cortese, D-San Jose)—Classified School and Community College Employees: Disciplinary Hearings: Impartial Third-Party Hearing Officers. As amended on March 21, 2023, this bill would remove the authority of a school or community college board to subject an employee to disciplinary action for due cause. Instead, this authority would be delegated to a third-party official, agreed upon by both the district and collective bargaining unit. SB 433 would require the impartial third-party hearing officer to be paid for by the school or CCD and determine whether sufficient cause exists for disciplinary action against a permanent employee unless the exclusive representative and the school district or CCD enter into a collective bargaining agreement providing an alternative method of determining cause. The bill would not apply to merit districts.

SB 433 is currently on the Senate Appropriations Committee suspense file, and we will know its fate at the May 18 or May 19 hearing. The committee analysis estimates that this bill could result in unknown, but potentially significant Proposition 98 dollars to K-14 districts and, since the bill does not clearly define “discipline,” it could lead to an increase in the number of hearings requiring a third-party hearing officer.

Health and Safety

[AB 299](#) (Holden, D-Pasadena)—Hazing: Educational Institutions: Civil Liability. As amended on April 11, 2023, this bill would establish civil liability for an educational institution if the institution has direct involvement in, or knew or should have known of, hazing practices of an organization and the organization involved in the hazing is affiliated with the educational institution at the time of the alleged incident. The bill specifies that “should have known of the hazing practices of the organization” includes situations where an educational institution fails to proactively prevent, discover, or stop the hazing practices of the organization.

AB 299 is currently on the Assembly Appropriations Committee suspense file, and we will know its fate at the May 18 or May 19 hearing. The Appropriations Committee analysis estimates that this bill could result in unknown, but significant Proposition 98 costs for K-14 districts to pay for damages. The analysis also estimates that there could be a Proposition 98 cost in the millions of dollars to adopt certain policies and practices put forth in the bill.

[SB 234](#) (Portantino, D-Burbank)—Opioid Antagonists: Schools, College Campuses, Stadiums, Concert Venues, and Amusement Parks. As amended on April 25, 2023, this bill would require every campus of the California Community Colleges, the California State University, the University of California, an independent institution of higher education, and a private postsecondary educational institution to maintain unexpired doses of naloxone hydrochloride or any other opioid antagonist on their campus at all times, and to ensure that at least two employees are aware of the location of the naloxone hydrochloride or other opioid antagonist.

The bill would also replicate provisions in existing law related to school districts concerning naloxone or another opioid antagonist, including: permitting community colleges to provide emergency naloxone or another opioid antagonist; permitting each community college to voluntarily determine whether or not to make trained personnel available on its campus; and permitting each community college to designate one or more volunteers to receiving initial and annual refresher training regarding the storage and emergency use of naloxone or another opioid antagonist from the school nurse or other qualified person.

SB 234 is currently on the Senate Appropriations Committee suspense file, and we will know its fate at the May 18 or May 19 hearing. The Senate Appropriations Committee staff estimates that the bill could cost approximately \$1.1 million in Proposition 98 funds annually.

Miscellaneous

[AB 1275](#) (Arambula, D-Fresno)—Community Colleges: Student-Run Community College Organizations: Open Meetings: Teleconferences. As amended on April 25, 2023, this bill would, until January 1, 2026, allow the legislative body of a student-run community college organization to use teleconferencing without complying with the requirements of the Brown Act to post agendas at all teleconference locations, identify each teleconference location in the notice and agenda, and make each teleconference location accessible to the public, as long as a quorum of the legislative body participates from a singular physical location that is open to the public and situated within the jurisdiction of the student organization.

This bill was approved 9-0 (3 abstentions) in the Assembly Higher Education Committee on April 18, 2023, and 6-2 in the Assembly Local Government Committee on May 3, 2023. Since the bill is nonfiscal, it now goes to the Assembly floor for consideration.

2023 Legislative Calendar—Upcoming Holidays and Deadlines

May 12—Last day for policy committees to meet prior to June 5.

May 19—Last day for fiscal committees to hear and report to the floor bills introduced in their house.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Initial Impressions of the 2023-24 May Revision



BY SSC TEAM

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posted May 12, 2023

Overview

Today, May 12, 2023, Governor Gavin Newsom laid out the details for his revised 2023-24 State Budget proposal.

The purpose of this article is to provide a quick overview of Governor Newsom's assertions regarding the 2023-24 May Revision. We address the California Community Colleges (CCC) topics highlighted by Governor Newsom this morning in his press conference, press release, and high-level State Budget summary, but reserve our commentary and in-depth details for inclusion in our Community College Update article, to be released later today.

Economic Outlook

Since the release of the January Governor's Budget, monthly revenue shortfalls have continued. The additional budget shortfall at the May Revision, after transfers and adjustments, is estimated to be \$9.3 billion, which means that California is now facing a \$31.5 billion budget shortfall. The Governor notes that the federal and state tax filing deadline delays to October 2023 insert greater uncertainty in the state's projected revenues.

Level of Proposition 98 Funding

The decrease in revenues projected for fiscal years 2021-22, 2022-23, and 2023-24 results in a corresponding decrease in resources for Proposition 98. Proposition 98 is estimated to be \$110.6 billion in 2021-22, \$106.8 billion in 2022-23, and \$106.8 billion in 2023-24, representing a three-year decrease in the minimum guarantee of \$2 billion below the level estimated in the Governor's Budget. These funding levels include property tax increases of \$15 million in 2021-22, \$767 million in 2022-23, and \$201 million in 2023-24.

Test 1 is projected to be operative for all three budget years (fiscal years 2021-22 through 2023-24).

PSSSA

The January Governor's Budget projected a total of \$8.5 billion in total payments to the Public School System Stabilization Account (PSSSA) between 2021-22, 2022-23, and 2023-24. At the May Revision, the share of General Fund revenues attributable to capital gains have increased, causing required PSSSA deposits to increase from \$8.5 billion to a total of roughly \$10.7 billion.

SCFF Growth and COLA

Governor Newsom proposes an increase of \$25.4 million ongoing compared to the January Governor's Budget to provide an 8.22% cost-of-living adjustment (COLA) for apportionments. He is also proposing an increase of approximately \$503 million one-time to support Student Centered Funding Formula (SCFF) costs for 2023-24.

The Governor is proposing a decrease of approximately \$2.4 million ongoing needed to sustain a 0.5% enrollment growth.

Categorical Program Flexibilities

The May Revision proposes statutory changes to allow all community college districts to spend flexibly among specified categorical programs, beginning in 2023-24:

- Student Equity and Achievement Program
- Student Financial Aid Administration
- Student Mental Health Resources

The proposed statutory changes would stipulate that after five years, the Chancellor's Office would assess district-level progress in meeting five of the roadmap goals, as selected by the Chancellor's Office. Districts that are not making sufficient progress toward the roadmap goals would have their flexible spending authority revoked and be offered technical assistance.

The May Revision also proposes statutory changes to expand eligible uses of funding for the CCC Strong Workforce Program funding.

Reductions

The Governor proposes an additional decrease in deferred maintenance of \$239 million from his January State Budget proposal for a total reduction of \$452 million for deferred maintenance needs. As funding streams were untouched in January 2023, the May Revision proposes a decrease of approximately \$345 million one-time from the California Community College COVID-19 Recovery Block Grant, bringing the block grant amount to \$305 million one-time.

Student Enrollment and Retention

The May Revision proposes a \$100 million decrease in one-time dollars from the January Budget proposal for student enrollment and retention strategies, which means the Governor is proposing \$100 million one-time in 2023-24 for these purposes.

Other Significant Alterations

Rounding out the CCC-specific proposals, Governor Newsom proposes the following modifications in the May Revision:

- An increase of \$3 million ongoing to provide an 8.22% COLA for select categorical programs and the Adult Education Program
- A decrease of \$50 million one-time for the Student Success and Completion Grant Program to reflect revised program participation estimates, bringing the cumulative 2023-24 support for this program to a total of approximately \$362.6 million
- A decrease of \$19.6 million ongoing as a result of increased offsetting local property tax revenues

Summary

This very broad extract of Governor Newsom's revised State 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 community colleges.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

An Overview of the 2023-24 Governor's May Revision



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posted May 12, 2023

Overview of the Governor's May Revision Proposals

Governor Gavin Newsom's spending plan in May attempts to reach a balance of protecting existing investments while anticipating continued economic uncertainties. Revenues have continued to underperform since the release of the Governor's proposals in January, forcing the Administration to now recognize a \$31.5 billion budget shortfall, an increase of \$9.3 billion since January 2023.

Despite this uncertainty, education falls into the category of an investment to protect, and Governor Newsom fully funds the historically large cost-of-living adjustment (COLA) for K-14 education; however, doing so comes at the expense of one-time funds reduced in the current year. Still in the budgeting toolbox should revenues continue to decline: deferrals, reserve account withdrawals, and COLA deficits.

Echoing his warnings in January, the Governor's summary states "should broader economic risks materialize, deeper reductions will be necessary."

The Economy and Revenues

Governor Gavin Newsom began his press conference unveiling his May Revision for the 2023-24 State Budget highlighting California's progressive socio-economic disposition. He took care to highlight the important fact that the state's progressive tax system conditions state General Fund revenues on a small fraction of its population. Fifty percent of all personal income taxes is paid by 1% of California residents, whose income relies heavily on Wall Street performance. Consequently, a near 20% decline in the S&P 500 is reflected in significantly less personal income tax withholdings late in 2022. What was a \$22.5 billion budget deficit in January now stands at \$31.5 billion at the May Revision, or a net reduction of \$8.5 billion in state revenues from January.

In Millions	2021-22		2022-23		2023-24	
	Governor's Budget	May Revision	Governor's Budget	May Revision	Governor's Budget	May Revision
Personal Income Tax	\$136,762	\$137,144	\$128,905	\$122,769	\$126,695	\$118,136
Corporation Tax	\$45,298	\$45,128	\$38,482	\$42,091	\$39,308	\$42,081
Sales Tax	\$32,915	\$33,026	\$32,851	\$33,072	\$33,599	\$33,366
Total	\$214,975	\$215,298	\$200,238	\$197,932	\$199,602	\$193,583

And even this estimate contains risk.

The May Revision, and what will become the 2023-24 Enacted Budget in late June, presents the riskiest California budget in over a decade. The Governor enumerated the risks to the budget to include Washington D.C.'s inability to reach a deal on the federal debt ceiling, the increased cost of borrowing due to interest rate hikes by the Federal Reserve, which in part led to a crisis in the banking sector that saw three major bank failures in the last two months, and, lastly, the delay of personal income and corporation tax revenues until mid-October. On this last risk, Governor Newsom shared that an estimated \$42 billion in anticipated revenue (or 19% of state

General Fund revenues included in his May Revision) are due to come in the fall—\$28.4 billion from personal income tax receipts and \$13.3 billion in corporation taxes. Outstanding personal income taxes represent approximately 23% of all such revenue while outstanding corporation taxes represent 32% of all such revenues in 2022-23.

While a sizable share of the revenues upon which the May Revision is built remains on the horizon, the Governor does not assume a recession. In fact, he projects that the U.S. economy will continue to grow (albeit at a slower pace), averaging 0.5% growth in the last half of 2023. He notes, however, that a mild or moderate recession could change the budget picture significantly. A mild recession beginning in late 2023 could create an additional \$20 billion shortfall while a moderate recession lasting through 2024 could balloon a deficit by another \$40 billion.

In this context, the Governor underscores the need for budgetary resilience and prudence while maintaining investments designed to transform the lives of Californians—education, housing affordability, healthcare, public safety, and jobs, among others. To mitigate the risks in the May Revision, the Governor refrains from using tools usually reserved for economic downturns, laudable prudence in our mind. The May Revision retains \$37.2 billion in budget reserves, including \$22.3 billion in the Budget Stabilization Account and \$10.7 billion in reserves for K-12 agencies and community colleges. But as noted later in our summary, the May Revision instead relies on a combination of borrowing, deferring implementation of planned investments, and reductions in one-time funding.

Proposition 98 Minimum Guarantee and Reserve

As the Proposition 98 minimum guarantee continues to be determined by Test 1, it follows that as state revenues drop so does education funding. Test 1 requires the state to spend at least as much as it did on K-12 and community colleges in 1986-87 (roughly 40% of state General Fund revenues). The May Revision reflects a downward adjustment to the minimum guarantee in both 2022-23 and 2023-24 from the Governor’s Budget to accommodate less-than-projected overall state revenues. In the current year, the minimum guarantee is estimated to be \$106.8 billion, and in 2023-24, Proposition 98 is projected to remain at \$106.8 billion.

In Millions	2021-22			2022-23			2023-24			Change from 2021-22
	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change	Governor's Budget	May Revision	Change	
General Fund	\$83,630	\$83,754	\$124	\$79,103	\$78,115	(\$988)	\$79,613	\$77,435	(\$2,178)	(\$6,319)
Property Tax	\$26,785	\$26,800	\$15	\$27,889	\$28,656	\$767	\$29,204	\$29,404	\$200	\$2,604
TOTAL	\$110,415	\$110,554	\$139	\$106,992	\$106,771	(\$221)	\$108,817	\$106,839	(\$1,978)	(\$3,715)

Notably, property tax estimates have increased significantly since January, and increase throughout the budget window. While the General Fund portion of the minimum guarantee decreases by \$3.2 billion across 2022-23 and 2023-24, the decline is offset by \$967 million in unanticipated property taxes. Revised estimates of the minimum guarantee over the three-year period show a net decrease in education funding of \$3.7 billion from 2021-22 levels. Again, the reduction is simply a reflection of an economy that has not performed as well as anticipated last summer.

While it seems counterintuitive that, as state revenues and education funding decline, the state would have a higher obligation to deposit funds into the Proposition 98 reserve, the May Revision increases deposits to achieve a fund balance of \$10.7 billion in 2023-24. The Governor notes that this is attributable to a larger share of General Fund revenues coming from capital gains compared to January estimates. Finally, the California Constitution installs a cap on how much the state can maintain in the Proposition 98 reserve at no more than 10% of the minimum guarantee. The \$10.7 billion balance reaches that cap; thus, unless withdrawals are made from the fund or Proposition 98 increases, we can expect that no additional deposits will be made in the next few years.

Student Centered Funding Formula

Governor Newsom proposes to provide \$678 million in the 2023-24 State Budget to fund the 8.22% COLA for apportionments, which is applied to the rates within the Student-Centered Funding Formula (SCFF). The Governor also proposes a one-time investment of \$503 million to support SCFF costs for 2023-24.

The Governor proposes to provide \$26.4 million to fund student enrollment growth of 0.5%, which is a decrease of \$2.4 million from his January Budget proposal.

Other CCC Apportionments and Programs

Other community college programs that are funded outside of the SCFF that would also receive an 8.22% COLA under the Governor's Budget proposal are: Adult Education, Extended Opportunity Programs and Services, Disabled Students Programs and Services, Apprenticeship, CalWORKs Student Services, Mandates Block Grant and reimbursements, Cooperative Agencies Resources for Education, and the childcare tax bailout.

Additionally, the Governor proposes the following modifications into other California Community Colleges (CCC) programs:

- \$10 million a year for three years to support the Los Angeles Community College District LGBTQ+ Pilot Project
- \$2.5 million one-time for the East Los Angeles College Entrepreneurship and Innovation Center
- A decrease of \$19.6 million ongoing as a result of increased offsetting local property tax revenues

Categorical Program Flexibilities

In his January State Budget summary, Governor Newsom stated that they would introduce a mechanism in May to provide community college districts that are making progress toward the CCC roadmap goals with additional categorical program spending flexibilities. However, the proposal revealed today by the Administration would provide additional flexibility in the spending of certain categorical dollars to all community college districts to support progress toward the roadmap goals. The statutory changes, which will be detailed in trailer bill language, would allow all districts to spend flexibly among the following specified categorical programs, beginning in 2023-24:

- Student Equity and Achievement Program
- Student Financial Aid Administration
- Student Mental Health Resources

The proposed statutory changes would stipulate that after five years, the Chancellor's Office would assess district-level progress in meeting five of the roadmap goals, as selected by the Chancellor's Office. Districts that are not making sufficient progress toward the roadmap goals would have their flexible spending authority revoked and be offered technical assistance.

The May Revision also proposes statutory changes to expand eligible uses of funding for the CCC Strong Workforce Program funding. This includes providing funds for student grants to cover fees for third-party certification and licensing and supporting applied and experiential learning in the workplace, including work-based learning programs and models.

Deferred Maintenance Reduction

The 2022 State Budget Act included \$840 million in one-time funds for 2022-23 for districts to address deferred maintenance and energy projects. In his January State Budget, the Governor proposed a \$213 million cut to deferred maintenance. With the budget hole deeper than it was in January, Governor Newsom proposes an additional decrease in deferred maintenance of \$239 million in his May Revision for a total reduction of \$452 million.

The Chancellor's Office reports that all \$840 million allocated for this fiscal year (2022-23) are scheduled to be distributed to districts via the Apportionment process by June 2023, prior to the expected enactment of the 2023-24 State Budget. The Chancellor's Office has said that as of January 2023, \$504 million had already been distributed and 71 districts have certified how they will spend their funds.

COVID-19 Recovery Block Grant Reduction

The 2022-23 State Budget package included \$650 million in one-time funding for the COVID-19 Recovery Block Grant, distributed based on a district's actual reported full-time equivalent students as reported at the time of the Second Principal Apportionment for the 2021-22 fiscal year.

However, the May Revision proposes a decrease of approximately \$345 million one-time from this grant, bringing the block grant amount to \$305 million one-time.

Student Success and Completion Grant Program Reduction

The May Revision proposes to decrease the funds provided for the Student Success and Completion Grant Program to reflect revised program participation estimates. The proposal reduces the funding by \$50 million, which would bring the cumulative total of this program to \$362.6 million.

Student Retention

In his January State Budget, Governor Newsom proposed \$200 million in one-time funding to support CCC efforts to increase student retention rates and enrollment with the intention to build upon the \$150 million and \$120 million in one-time dollars included in the 2022 and 2021 State Budget Acts, respectively. However, the May Revision proposes to decrease this allocation by \$100 million, which would leave \$100 to support community college efforts and focused strategies to increase student retention rates and enrollment.

Higher Education Student Housing Grant Program

The 2021-22 Enacted Budget established the Higher Education Student Housing Grant Program to provide grants for the CCC, California State University (CSU), and University of California (UC) to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. In addition to \$2 billion one-time (non-Proposition 98) set-aside by the 2021-22 Enacted Budget (\$500 million in 2021-22, \$750 million in 2022-23, and \$750 million in 2023-24), the 2022-23 Enacted Budget provided an additional \$200 million one-time (non-Proposition 98) for this program, bringing the total allotment to \$2.2 billion for student housing grants over the three-year period.

The May Revision instead proposes to provide \$450 million one-time General Fund for 2023-24 and \$95.4 million one-time General Fund for 2024-25 for CCC affordable student housing projects. The May Revision then proposes to shift approximately \$1.1 billion in current and planned General Fund support for UC and CSU affordable student housing grants from General Fund to UC- and CSU-issued bonds, and reflects an increase of \$75 million ongoing General Fund to support the underlying debt service on those bonds.

Early Education

The May Revision includes a COLA of 8.22% for the California State Preschool Program (CSPP). While the COLA increased from 8.13% in January to 8.22% in May, the Administration estimates a cost reduction to CSPP of \$80 million (\$52 million Proposition 98 and \$28 million General Fund) due to lower estimates of CSPP contractors who are funded by the Standard Reimbursement Rate, which receives a COLA.

Additionally, the May Revision highlights recent action by the Legislature to extend pandemic relief to families and providers by extending the waiver of family fees from June 30, 2023, to September 30, 2023, as well as to leverage available federal funds to provide reimbursement rate per-child supplements to Early Education providers.

The Rest of Higher Education

The May Revision reflects the continued implementation of the second year of the state's multi-year compacts with the UC and the CSU. The May Revision also reflects continuing support for the 5% base augmentations reflected in the compacts for the UC and CSU. However, as explained above, the May Revision proposes to shift \$1.1 billion in current and planned General Fund support for UC and CSU housing projects to UC- and CSU-issued bonds.

K-12 Education Proposals

The May Revision proposes funding the 8.22% COLA for the K-12 Local Control Funding Formula (LCFF). The other education programs that are funded outside of the LCFF—Special Education, Child Nutrition, State Preschool, Foster Youth, Mandate Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education program—will also receive the 8.22% statutory COLA. In order to fully fund the LCFF, the May Revision reflects the use of \$2.7 billion in one-time Proposition 98 General Fund, an increase of \$1.3 billion over the Governor's Budget.

Analogous to the reduction in Deferred Maintenance funds and the COVID-19 Recovery Block Grant, the Administration proposes to reduce the Arts, Music, and Instructional Materials Discretionary Block Grant from \$3.5 billion to approximately \$1.7 billion. The Governor also proposes decreasing the Learning Recovery Emergency Block Grant by \$2.5 billion, bringing total funding for this program to \$5.4 billion.

In Closing

At the May Revision, our lens is on what the Governor has changed since his January proposals. In that regard, no significant changes were presented in the May Revision in the areas of student housing grants and dual enrollment for the CCC.

What *has changed* is a significant increase in cuts to current-year flexible funding, further tapping into deferred maintenance and reducing the previously untouched COVID-19 Recovery Block Grant to shore up the ongoing SCFF expense. The Newsom Administration's hope is that resources will sufficiently materialize for 2024-25 to keep the funding formula afloat once again with ongoing resources.

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2022-23, 2021-22, 2020-21
YTD Actuals- April 30, 2023

FY 2022/2023												
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	\$59,415,833	\$61,784,640	\$52,663,482	\$47,094,349	\$44,100,177	\$37,991,622	\$59,799,179	\$52,153,472	\$55,249,866	\$56,135,688	\$51,516,385	\$51,516,385
Total Revenues	13,207,623	6,163,437	12,205,794	14,492,940	14,987,785	39,069,575	9,590,300	22,970,783	18,833,781	12,336,120	0	0
Total Expenditures	10,838,816	15,284,595	17,774,927	17,487,112	21,096,340	17,262,019	17,236,007	19,874,389	17,947,959	16,955,423	0	0
Change in Fund Balance	2,368,807	(9,121,158)	(5,569,133)	(2,994,172)	(6,108,555)	21,807,556	(7,645,707)	3,096,394	885,822	(4,619,303)	0	0
Ending Fund Balance	61,784,640	52,663,482	47,094,349	44,100,177	37,991,622	59,799,179	52,153,472	55,249,866	56,135,688	51,516,385	51,516,385	51,516,385
FY 2021/2022												
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	\$46,370,067	\$48,091,696	\$35,602,855	\$41,281,989	\$26,324,996	\$24,068,300	\$50,130,982	\$43,899,530	\$33,460,128	\$34,790,561	\$42,595,206	\$33,912,083
Total Revenues	11,437,098	2,884,275	21,977,395	701,517	16,658,801	40,835,472	9,174,999	7,173,633	16,255,779	23,385,633	9,250,271	52,842,778
Total Expenditures	9,715,469	15,373,117	16,298,261	15,658,510	18,915,497	14,772,790	15,406,451	17,613,035	14,925,346	15,580,988	17,933,393	27,339,028
Change in Fund Balance	1,721,630	(12,488,842)	5,679,134	(14,956,992)	(2,256,696)	26,062,682	(6,231,452)	(10,439,402)	1,330,433	7,804,645	(8,683,122)	25,503,749
Ending Fund Balance	48,091,696	35,602,855	41,281,989	26,324,996	24,068,300	50,130,982	43,899,530	33,460,128	34,790,561	42,595,206	33,912,083	59,415,833
FY 2020/2021												
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	\$38,043,629	\$37,890,520	\$21,377,062	\$29,621,168	\$20,972,596	\$18,331,844	\$40,829,056	\$35,611,009	\$21,137,122	\$19,535,152	\$23,813,198	\$15,243,357
Total Revenues	9,803,314	(1,484,159)	24,214,797	7,145,358	15,876,235	37,159,108	7,568,219	1,329,565	13,748,589	19,224,264	5,986,870	58,955,542
Total Expenditures	9,956,422	15,029,299	15,970,692	15,793,930	18,516,988	14,661,896	12,786,266	15,803,453	15,350,560	14,946,217	14,556,711	27,828,832
Change in Fund Balance	(153,109)	(16,513,458)	8,244,105	(8,648,571)	(2,640,753)	22,497,212	(5,218,047)	(14,473,888)	(1,601,970)	4,278,047	(8,569,841)	31,126,710
Ending Fund Balance	37,890,520	21,377,062	29,621,168	20,972,596	18,331,844	40,829,056	35,611,009	21,137,122	19,535,152	23,813,198	15,243,357	46,370,067



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DISTRICTWIDE ENROLLMENT MANAGEMENT WORKGROUP (DEMW) MEETING

Action Items

February 16, 2023 12:00pm – 1:30pm virtual by Zoom

Present Members: Dalilah Davaloz, Jesse Gonzalez, Adam Howard, James Isbell, Dr. James Kennedy, Dr. Daniel Martinez, LaKyshia Perez for Dr. Melba Castro, Nga Pham, Sarah Santoyo, Jose F. Vargas and Aaron Voelcker

Guests: Dr. Annebelle Nery

Ms. Santoyo called meeting to order at 12:02pm.

I. Welcome

Ms. Santoyo provided welcome remarks.

II. *Action Items – November 17, 2022 – Informational (*attached)

Provided as informational.

III. Update from College Enrollment Management Committee

a. SAC

Dr. Kennedy reported Enrollment Management Committee now a Participatory Governance Committee and responsible for overseeing enrollment management plan, targets and projections.

Credit enrollment: up 18%, fall up 4.6% intersession, up 30% FTES increase, credit up 11% for spring term. Noncredit up 20% summer, up 15% fall, spring down but positive attendance will come in. Up in headcount and seat-count.

b. SCC

Mr. Voelcker reported on finalizing strategic enrollment management plan in the fall semester and discussions at first meeting which included strategies and tactics and work that can be done now. Target implementation timeframe is 23/24 academic year but can get started sooner.

For Enrollment update; RG0542 6.78% growth at same point in time last spring, near 80 FTES over last spring and targets.

IV. Student Services Report on Strategies/Initiatives

a. SCC

Dr. LaKyshia Perez reported on behalf of Dr. Castro. Screen shared update to Express Registration and Text Messaging Campaign and creation of new welcome center in A&R, proactive communication with heavy text messaging campaign for active students but not yet enrolled, targeted emails and direct calls—keeping track of data. INREACH Center increase success rate of enrolling students when connected with live staff, Cash for Credit program and Free Books and More campaign and Hawk Store during spring welcome week.

- b. SAC
Dr. Kenney reported on behalf of Dr. Hubbard: Health and Wellness Center expanding services to Cont. Ed students and hosting zoom wellness workshops. Staff busy with Welcome Booths Jan – Feb 16 to help students navigate. Kindercaminata event, and other spring activities to include early decision April – May in SJC, Cash for credit and noncredit student funding different initiatives.

V. Marketing Efforts

- a. SAC
Ms. Davaloz reported on spring advertising and languages covered, working on accelerated classes, SAC will be part of a student lead 30min episode of 10 segments of the college tour—an organization that highlights universities and community colleges, to air in October.
- b. SCC
Dr. LaKyshia Perez reported on spring campaigns, Instagram reels, Instagram challenge, Targeted Marketing in Web, social media, cable and radio and ads in community.

VI. Data and Research Tools

- a. Data Pilot
Mr. Gonzalez reported on Data Warehouse Pilot--how to report data, ensuring has all data available in more modern fashion—this allows to access more tools and expanded data set. Expectation is to have everything fully loaded by end of month. ITS completed first round of defining success criteria will make available to Research teams.
- b. Noncredit Dashboards
Ms. Pham reported item will be moved to next month.
Mr. Vargas reported on noncredit Enrollment and 62% of target reached, more classes shifted to in person. Unduplicated headcount increases, Inmate Education Program exceeded targets and students transitioning to attending credit classes

VII. Other

Nothing to report.

Next meeting scheduled for March 16, 2023.

Ms. Santoyo adjourned meeting at 12:32pm.

Purpose of workgroup: to discuss strategic enrollment management related topics and issues from a districtwide perspective and learn how to better leverage resources districtwide to help our enrollment.

Screen Share:
IV. a. SCC

EXPRESS REGISTRATION & TEXT MESSAGING CAMPAIGN

STUDENTS WHO APPLIED BUT HAVE NOT ENROLLED & STUDENTS WITH AN ACTIVE STATUS

NEED HELP WITH COURSE SELECTION AND REGISTRATION?

Visit SCC's Express Registration Services to get your questions answered!

DATES
January 19th, 24th, 31st
TIME
STOP BY ANYTIME BETWEEN 10:30 A.M.- 12:00 P.M.

DATES
January 23rd, 30th
TIME
STOP BY ANYTIME BETWEEN 3:00 P.M.- 5:30 P.M.

DATES
January 26th
TIME
STOP BY ANYTIME BETWEEN 2:00 P.M.- 4:00 P.M.

LOCATION FOR ALL DATES
SCC E-101

ONLINE REGISTRATION

MEET WITH A COUNSELOR TO SELECT YOUR SPRING 2023 COURSES & REGISTER!

Questions?
Call SCC's Counseling Office
714.628.4800

Santiago Canyon College

Proactive Communication

Targeted Communications

- E-mail**
 - Ongoing e-mail communications
 - Targeted communications, applied but not enrolled, active students, etc.
- Text**
 - General registration information
 - Targeted text messages, applied but not enrolled, active students, etc.
 - Paired with support
- Phone Calls**
 - Personalized phone calls with support
 - Targeted phone calls using data to identify key groups of students



INREACH CENTER

Personalized Support Calls:

- Students who enrolled in prior semester, but have not enrolled in the next term.
- Students who applied to SCC, but have not enrolled.
- Recruitment for specific programs, i.e. Honors, Learning Communities, BioTech, Child Development

Logistics:

- Calls compliment and are coordinated with emails and text messages from A&R
- 2-3 live agents make calls/answer inquiries
- Inreach # is used on all marketing efforts and promoted as a live call center



INREACH CENTER SUCCESS RATE

On average 25-35% of students enroll while on the phone or within two weeks of being contacted by the Inreach center. The industry standards is 9% success rate.



Cash for Credit

NON-CREDIT

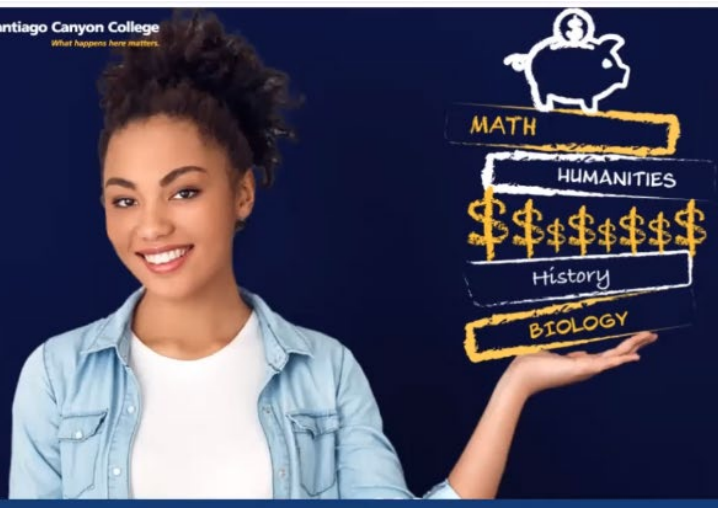
\$300 Emergency Aid

Emergency aid for urgent needs related to cost of attendance (fees, books & supplies, food, housing, transportation, personal needs or childcare)

CREDIT \$50 per credit

Units	Amount	Need Based: Students Receiving Pell, California College Promise Grant, and CA Dream Act
12+	\$ 600	960
11	\$ 550	310
10	\$ 500	348
9	\$ 450	342
8	\$ 400	310
7	\$ 350	350
6	\$ 300	365
Number of Students		2,985

Data Retrieved on 2.7.23/Financial Aid Query



SCC Students Receive

FREE BOOKS and More

Screen Share:
V. b. SCC

**SPRING ENROLLMENT
INSTAGRAM
Challenge**

Most Likes in 1 Month
11 videos
41,517 views
2,768 likes

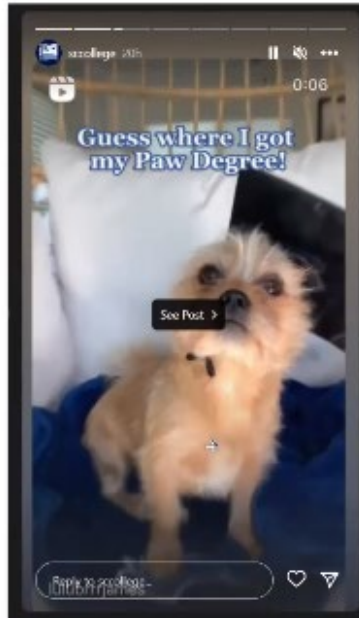
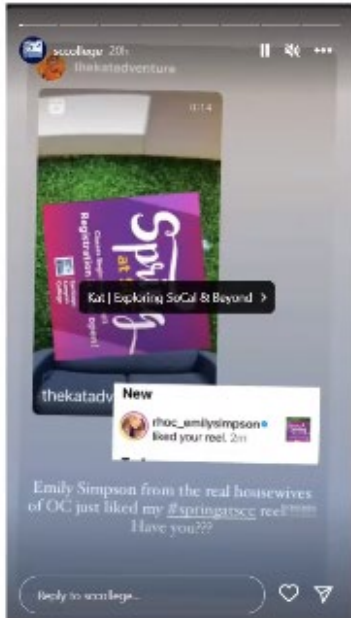
2023-02-16 12:21:16

**Targeted Marketing
Reaching Prospective Students**

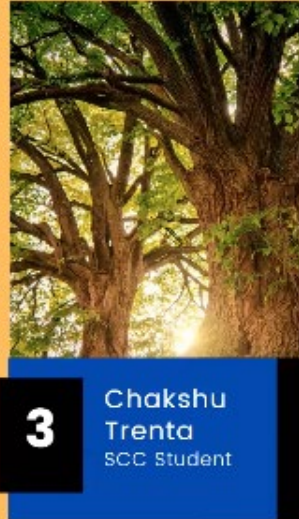
Web & Social Media
Geofencing, targeting different demographic groups of potential students (Online Ads, Facebook, Instagram, Snapchat, Spotify, Pandora, and YouTube.)

Cable & Radio
SCC videos via cable and information on the Radio (Power 106.FM, 93.5 KDAY, CALI 93.9; KLOS 95.5)

Ads in the Community
Ads at shopping locations, Mall glass display advertising & pull up banners



Congratulations SCC Instagram Challenge Winners



https://www.instagram.com/rw4jC831myDxkU/?utm_source=ig_web_copy_link



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Santa Ana College • Santiago Canyon College

DISTRICTWIDE ENROLLMENT MANAGEMENT WORKGROUP (DEMW) MEETING

AGENDA

April 20, 2023 12:00pm – 1:00pm

<https://us06web.zoom.us/j/88573726635> or dial 1-669-444-9171 / 88573726635#

- I. Welcome
- II. Action Items – February 16, 2023 – Informational
- III. Update from College Enrollment Management Committee Dr. Jeff Lamb
 - a. SAC
- IV. Marketing Efforts Dalilah Davaloz
 - a. SAC
- V. Tools and Data Dr. James Kennedy
 - a. NC Enrollment Management Tool
- VI. Other

Next meeting: May 18, 2023

Purpose of workgroup: to discuss strategic enrollment management related topics and issues from a districtwide perspective and learn how to better leverage resources districtwide to help our enrollment.

Workgroup Members:

Dr. Melba Castro, Dalilah Davaloz, Darlene Diaz, Jesse Gonzalez, Adam Howard, Dr. Vaniethia Hubbard, James Isbell, Dr. James Kennedy, Dr. Jeff Lamb, Dr. Daniel Martinez, Thao Nguyen, Tyler Nguyen, William Nguyen, Enrique Perez, Nga Pham, Craig Rutan, Sarah Santoyo, John Steffens, Jose F. Vargas and Aaron Voelcker

Fiscal Resources Committee

Via Zoom Video Conference Call
1:32 p.m. – 1:49 p.m.

Meeting Minutes for April 19, 2023

FRC Members Present: Iris Ingram, Morrie Barembaum, Susana Cardenas, Steven Deeley, Noemi Guzman, Ethan Harlan, Bart Hoffman (arrived @ 1:34 pm), Jim Isbell, Jorge Lopez, Thao Nguyen (for O’Connor), and Craig Rutan

FRC Members Absent: Veronica Munoz, Adam O’Connor, Enrique Perez, and Arleen Satele

Alternates/Guests Present: Jason Bui, Gina Huegli, Kelvin Leeds, Mark Reynoso, Kennethia Vega, and Barbie Yniguez

1. Welcome: Vice Chancellor Ingram called the meeting to order at 1:32 p.m. via zoom upon achieving quorum.
2. State/District Budget Update
 - DOF – March 2023 Finance Bulletin
 - SSC – Top Legislative Issues– March 10, 2023
 - SSC – Inflation Up as Expected
 - SSC – UCLA Economists Uncertain About Future
 - SSC – 2023-24 Unemployment Insurance Rate Announced
 - SSC – March Madness and Predictions for California Revenues
 - SSC – Despite Lurking Financial Crisis, Feds Raise Rates
 - SSC – Top Legislatives Issues – March 24, 2023
 - SSC – Top Legislative Issues – April 7, 2023
 - SSC – March Inflation Down
 - SSC – CalPERS Set to Adopt 2023-24 Employer Contribution Rate
 - SSC – Income Tax Withholdings Portend Bleak May Revision

Ingram referenced the above resources as information only that discuss topics such as status of State Budget, updates from school services and economic impacts, statutory COLA and funded COLA, and other legislative actions that affect the State budget. More information will be shared following the May revise next month.

3. 2022-23 FTES (P2) Estimated Actuals Comparison to 2021-2022 (RECALC) Actuals -
Nguyen screen shared the preliminary Estimated Actuals Comparison (document was posted on the FRC webpage prior to the start of this meeting). She explained the urgency to complete this form for certification requirements and submission to the Chancellor’s Office. She reviewed the total Districtwide FTES, and historical data comparisons as follows:

2019-2020	2020-2021	2021-2022 w/borrow	2022-2023 P2 Estimate Actuals based on April 12 & 19, 2023
27,028.98	25,333.74	26,202.98	25,602.96

Actuals are based on April 12 and April 19 data collection with SAC at total growth of **-.50%** and SCC at total growth of **-6.17%**. Overall districtwide, that is **-2.29%**. This estimation is based on current numbers and the annulizers provided by the colleges. This is anticipating what could be at year end. Potentially,

FTES could be more or less as positive attendance drives the numbers up or down at the end of the fiscal year.

Nguyen clarified that both SAC and SCC experienced a reduction in FTES due to potential fraudulent registration and the data collection during the first week April 12 (2nd 8-week classes) and second week April 19 (2nd 8-week classes) that included a lot of students dropping from classes. SAC decreased by 143 FTES and SCC by 124 FTES for Spring 2023 ID/AAD attendance collection method.

Vice Chancellor Ingram responded to the inquiry regarding the reconciliation of college numbers and those reported by the district by explaining it could be an issue of timing for gathering the data. She equated the P2 (or 320 Report) as the legal FTES document, like filing personal taxes. It is the official document by which the district is held accountable, must be able to trace the source for every FTES on the 320, and must comply with student attendance manual. Ingram confirmed the FTES information is shared with the Board, but not in this same format; however, the information is accessible and available on the FRC webpage. Discussion ensued regarding restoration dollars, and Ingram stated RSCCD anticipates qualifying for the restoration dollars. If RSCCD continues to grow, based on how much, whether a borrow is permitted or not, there is a certain threshold to reach, and she was unsure of the threshold. Restoration is based on both campuses growing and there are still two months left in the spring term to do so. She restated RSCCD is still counting on the ability to capture restoration dollars and the budget is being built on such.

4. Standing Report from District Council – Isbell

Isbell briefly commented on the proposed actions of District Council’s last meeting to approve the revised full-time faculty hiring and classified hiring ARs that were instead redirected to P&C committee for edits and will be presented again to District Council in May. There was no other action taken at District Council; however, the SRP presentation was provided which had already been shared with FRC previously. Vice Chancellor Ingram commented that the SRP item will be presented to the Board Fiscal/Audit Review Committee next week.

5. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of April 10, 2023
- Monthly Cash Flow Summary as of March 31, 2023
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)
- Districtwide Enrollment Management Workgroup Minutes – *no materials, meeting cancelled.*

Informational handouts above were referenced for further review.

6. Approval of FRC Minutes – March 15, 2023

A motion by Hoffman was seconded by Deeley to approve the minutes of the March 15, 2023, meeting as presented. There were no questions, comments or corrections and the motion passed unanimously.

7. Other - None

A motion by Hoffman was seconded by Isbell to adjourn the meeting. The motion passed unanimously.

Next FRC Committee Meeting:

The next FRC meeting is May 18, 2023, at 1:30-3:00 p.m. This meeting adjourned at 1:49 p.m.