RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: [Fiscal Resources Committee]

Agenda for March 15, 2023

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

Zoom Meeting

1. Welcome
2. State/District Budget Update – Iris Ingram
   - Apportionment Memo March 6, 2023
   - 2021/22 Apportionment Recal Report Exhibit C RSCCD Statewide
   - 2021/22 Recal Reconciliation
   - 2022/23 Apportionment P1 Report Exhibit C RSCCD Statewide
   - LAO 2023-24 Budget California Community Colleges
   - LAO Proposition-98 Overview and K-12 Spending Plan
   - California's budget deficit may be even larger than predicted
   - DOF – February 2023 Finance Bulletin
   - SSC – U.S. Headline Inflation Up
   - SSC – State Drops Plan for Student Vaccine Mandate
   - SSC – Revenue Picture Will Be Murky at the May Revision
   - SSC – 2023-24 Governor's Budget Trailer Bill for Community Colleges
   - SSC – Lawmakers Introduce Community College Bills
   - SSC – California Community College Budget Hearings Scheduled
   - SSC – State Revenues Shy of Governor's January Estimates
   - SSC – State Auditor Releases Report on District Hiring Practices
   - SSC – Top Legislative Issues-February 24, 2023
   - SSC – President Biden Releases 2024 Budget
3. Updated 2023/24 Tentative Budget Assumptions
4. 2023/24 Proposed Meeting Schedule - **ACTION**
5. Projected 2022-23 Year-end Balances – Satele, Hoffman and O'Connor
6. Annual Review of RSCCD Budget Allocation Model (BAM) - **ACTION**
7. Presentation regarding SRP Analysis and Recommendation
8. Standing Report from District Council – Jim Isbell
9. Informational Handouts
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of March 10, 2023
   - Monthly Cash Flow Summary as of February 28, 2023
   - [SAC Planning and Budget Committee Agendas and Minutes]
   - [SCC Budget Committee Agendas and Minutes]
   - Districtwide Enrollment Management Workgroup Minutes
10. Approval of FRC Minutes – January 25, 2023
11. Other

Next FRC Committee Meeting: April 19, 2023, 1:30-3:00 pm

The Rancho Santiago Community College District aspires to provide equitable, exemplary educational programs and services in safe, inclusive, and supportive learning environments that empower our diverse students and communities to achieve their personal, professional, and academic goals.

California Community Colleges

MEMORANDUM
March 6, 2023

FS 23-02 | Via Website and Email

TO: Chief Executive Officers
Chief Business Officers

FROM: Fiscal Services Unit
Office of Institutional Supports & Success
College Finance and Facilities Planning Division

RE: 2022-23 First Principal and 2021-22 Recalculation Apportionment

This memo describes the 2022-23 First Principal (P1) and 2021-22 Recalculation (R1) apportionment calculations for the Student Centered Funding Formula (SCFF) and various categorical programs. Associated exhibits are available on the Chancellor's Office Fiscal Services Unit Apportionment Reports website.

SCFF General Background

The SCFF consists of three principal components – the base allocation, supplemental allocation, and student success allocation with the following parameters:

- The base allocation relies primarily on college and center size based on prior year data and current year Full Time Equivalent Student (FTES) enrollment.
- The supplemental allocation is based on prior year data.
- The student success allocation is based on an average of three prior years of data.

Generally, the Chancellor's Office certifies apportionments three times per year with the Advance Apportionment (AD) released in July, First Principal (P1) and Recalculation (R1) in February, and Second Principal (P2) in June. Additional certification revisions are completed as necessary.

Allocation	Description	Data
Base (Basic Allocation)	Colleges, State Approved & Grandparented Centers	Prior Year (PY) FTES by college and center
Base (FTES Allocation)	Credit, Incarcerated Credit, Special Admit Credit, CDCP, Noncredit Students	Current Year (CY) FTES 3-year average (PPY, PY, CY) for Credit FTES

Allocation	Description	Data
Supplemental	AB 540 Students, California College Promise Grant Recipients, Pell Grant Recipients	PY headcount
Student Success	Associates Degrees for Transfer, Associates Degrees, Baccalaureate Degrees, Credit Certificates, Transfer Level Math and English, Transfer to a 4-year University, Nine or More CTE Units, Regional Living Wage. Additional revenue if metrics are achieved by Pell Grant or Promise Grant recipient.	3-year average (PPPY, PPY, PY) metric data

SCFF 2022-23 P1

At 2022-23 P1, SCFF calculations reflect district reported FTES estimates (and includes an optional Title 5 COVID-19 emergency conditions allowance), supplemental and student success metric data reported as of January 17, 2023, county reported property tax, district reported enrollment fees, estimated 2022-23 Education Protection Account (EPA) resources, and available general fund.

A preliminary growth calculation has been included. Consistent with the methodology used in 2021-22, growth will be reassessed at 2022-23 P2 when estimated FTES data is more refined.

Prior year FTES data (or COVID-19 emergency conditions allowance FTES for districts that are opted-in) is used to determine the current year basic allocation. If a district's reported FTES calculates below the prior year college or center funding size, the prior three FTES data years are used to determine stability in the basic allocation. If a district was opted-in to COVID-19 emergency conditions allowance in prior years, emergency conditions allowance FTES is used to determine stability funding size.

The supplemental and student success allocations at P1 reflect metric data updates provided through the last supplemental and student success data validation cutoff of January 17, 2023. An additional validation period will end March 10, 2023, which will be used to finalize 2021-22 data. This final data set will be used to calculate 2022-23 P2.

The 2022-23 P1 Total Computational Revenue (Max TCR) consists of the highest of the following three TCR calculations for each district: (A) TCR calculated by formula in 2022-23, (B) TCR stability protection (2021-22 calculated TCR plus COLA), or (C) Hold Harmless (2017-18 TCR plus yearly COLAs). At 2022-23 P1, the statewide SCFF Max TCR is $8.71 billion. SCFF rates at 2022-23 P1 remain unchanged from 2022-23 AD and will be reassessed at 2022-23 P2 to better align with updated data and revenues.

SCFF Component	2022-23 P1 Amount (Statewide) (In Millions)
FTES Allocation	$5,416
Basic Allocation	$924
Supplemental Allocation	$1,295
Student Success Allocation	$966
SCFF Calculated Revenue (TCR A)	$8,600
TCR Stability (TCR B)	$8,033
Hold Harmless Revenue (TCR C)	$8,036
2021-22 TCR (Max of A, B, or C)	$8,715
Stability Protection Adjustment	$0
Hold Harmless Protection Adjustment	$115
Property Tax & ERAF	$4,086
Student Enrollment Fees	$392
Education Protection Account (EPA)	$1,560
State General Fund Need	$3,121
Deficit Factor	0%

2022-23 P1 TCR Status	Number of Districts
SCFF Calculated Revenue (TCR A)	58
TCR Stability (TCR B)	0
Hold Harmless Revenue (TCR C)	14

2022-23 P1 Exhibits

- Exhibit A (District Monthly Payments by Program)
- Exhibit B-4 (County Monthly Payment Schedule)
- Exhibit C (Statewide and District SCFF details)
- Educational Revenue Augmentation Fund (ERAF) Memo
- ERAF and Property Tax Distribution by County and District
- Education Protection Account (EPA) Exhibit B-4b (available March 2023)

SCFF 2021-22 R1

At 2021-22 R1, SCFF calculations were updated with actual FTES data (including an optional Title 5 COVID-19 emergency conditions allowance), offsetting revenues, including district reported property tax, district reported student enrollment fees, and an updated annual certification of the Education Protection Account (EPA), and other minor adjustments.

Growth was applied to districts that increased in actual reported FTES from 2020-21 R1 to 2021-22 R1. Growth was calculated based on the value of the increase in actual reported FTES and was allowed to exceed districts' growth authority at an amount not more than 10% of districts' FTES allocation in the preceding fiscal year, in alignment with Education Code 84750.5.

The 2021-22 R1 Total Computational Revenue (Max TCR) consists of the highest of the following three TCR calculations for each district: (A) TCR calculated by formula in 2021-22, (B) TCR stability protection (2020-21 calculated TCR plus COLA), or (C) Hold Harmless (2017-18 TCR plus yearly COLAs). At 2021-22 R1, the statewide SCFF Max TCR is $7.86 billion.

SCFF Component	2021-22 R1 Amount (Statewide) (In Millions)
FTES Allocation	$4,815
Basic Allocation	$661
Supplemental Allocation	$1,228
Student Success Allocation	$834
SCFF Calculated Revenue (TCR A)	$7,539
TCR Stability (TCR B)	$7,691
Hold Harmless Revenue (TCR C)	$7,541
2021-22 TCR (Max of A, B, or C)	$7,865
Stability Protection Adjustment	$69

SCFF Component	2021-22 R1 Amount (Statewide) (In Millions)
Hold Harmless Protection Adjustment	$257
Property Tax & ERAF	$3,934
Student Enrollment Fees	$401
Education Protection Account (EPA)	$1,954
State General Fund Need	$2,005
Deficit Factor	0%

2021-22 R1 TCR Status	Number of Districts
SCFF Calculated Revenue (TCR A)	6
TCR Stability (TCR B)	38
Hold Harmless Revenue (TCR C)	28

2021-22 R1 Exhibits

- Exhibit C (Statewide and District SCFF details)

SCFF Funding Protections

There are several funding protections applicable under the SCFF, summarized below.

Protection	Description
Hold Harmless (EDC 84750.4(h))	Districts receive no less than their 2017-18 TCR plus applicable cumulative annual cost of living adjustments through 2024-25. The 2022 Budget Act extended the Hold Harmless protection in a modified form. Starting in 2025-26, the Hold Harmless provision will no longer reflect cumulative COLAs over time. A district's 2024-25 TCR will represent its new "floor," below which it cannot drop.

Protection	Description
Stability Protection (EDC 84750.4(g)(4)(A))	Commencing in 2020-21, declines in the SCFF TCR (excluding the hold harmless) are applicable in the year after the decline and include any applicable COLA. This protection is similar to the former FTES stability protection provided under SB 361, however is based on SCFF calculated revenue TCR.
FTES Restoration Protection (EDC 84750.4(d)(2)(D))	Ability to restore FTES that have declined in the previous 3 years. This protection is converted to a funding amount to provide flexibility.
Basic Allocation Protection (Title 5 § 58776)	Declines in college and center basic allocation tiers are effective 3 years after the initial decline. Increases or new colleges or centers are eligible for funding in the year following the increase or establishment.
Emergency Conditions Allowances (Title 5 § 58146)	Emergency conditions protection from apportionment declines due to a variety of factors including natural disasters and pandemic. Expires 2022-23 fiscal year.

SCFF Dashboard

Since the adoption of the SCFF, the Chancellor's Office has collaborated with system partners to develop tools and resources to support SCFF implementation. The SCFF Dashboard provides analytics and visualizations about the California Community Colleges funding formula. There are three dashboard interfaces:

- Phase 1: Presents an analysis and comparison of the prior funding formula (SB 361) and SCFF.
- Phase 2: Provides analysis and trends in the SCFF supplemental and student success counts, funding protections, and race and ethnicity analyses.
- Phase 3: Provides districts with a planning tool, known as the SCFF Resource Estimator.

Phase 3 of the SCFF Dashboard, the SCFF Resource Estimator, allows users to modify assumptions about levels of general enrollment, low-income student enrollment, and student success, in addition to cost of living adjustments to generate projections of funding levels in future years. The SCFF Resource Estimator is designed to provide five-year estimates.

Education Protection Account (EPA)

Fiscal year (FY) 2021-22 EPA allocations totaling $1.95 billion have been adjusted by district based on 2021-22 R1 data. FY 2022-23 EPA allocations totaling $1.56 billion have been allocated by district based on 2022-23 P1 data. The FY 2021-22 adjustment and FY 2022-23 third quarter EPA exhibits will be posted on the Fiscal Services Unit Apportionment Reports website in March 2023.

2021-22 State General Apportionment

A FY 2021-22 State General Apportionment adjustment was made in the amount of -$73.55 million at 2021-22 R1 in February 2023 based on updated data and revenues. Refer to the 2021-22 R1 Exhibit D on our website for allocations by district.

As a reminder, an early 2021-22 R1 was processed in September 2022 to adjust FY 2021-22 State General Apportionment by -$105.01 million to offset the FY 2021-22 EPA funding allocation increase at 2021-22 P2.

2019-20 State General Apportionment

Fiscal year 2020-21 State General Apportionment in the amount of $23.29 million has been reallocated to reduce the 2019-20 R1 SCFF revenue deficit consistent with Senate Bill 154, the 2022 Budget Act. Refer to the 2019-20 R1 February 2023 Revision Exhibit D on our website for allocations by district.

Categorical Programs

Forty-six categorical programs certified their district allocations at 2022-23 P1 totaling over $5 billion. The following exhibits pertaining to 2022-23 P1 categorical program allocations can be found on our website: Exhibit A (District Monthly Payments by program), Exhibit A (Apprenticeship Training and Instruction, Local Education Agencies), Exhibit A/B-4 (Statewide Community College).

Allocation adjustments to 2021-22 categorical programs totaling $7.21 million were certified at 2021-22 R1. Details pertaining to these adjustments can be viewed on the 2021-22 R1 Exhibit D on our website.

Additionally, the following recalculation revisions to categorical programs were made in February 2023. The exhibits pertaining to these adjustments can also be found on our website:

- 2018-19 Adjustment (refer to 2018-19 R1 February 2023 Revision Exhibit D):
  - Student Financial Aid Administration: $122,593
- 2019-20 Adjustment (refer to 2019-20 R1 February 2023 Revision Exhibit D):
  - Student Financial Aid Administration: $144,583
- 2020-21 Adjustment (refer to 2020-21 R1 February 2023 Revision Exhibit D)
  - Student Financial Aid Administration: $347,936
  - COVID-19 Response Block Grant (Prop 98): -$3,998

Additional information regarding categorical programs can be found in the Compendium of Allocations and Resources (the Compendium) on the Budget News web page.

Contacts

For questions regarding the SCFF please email scff@cccco.edu.

For general questions regarding apportionment payments or this memo please email apportionments@cccco.edu.

For questions regarding specific categorical programs, please contact the appropriate staff specified in Appendix A: Summary of Categorical Program Accounting of the Compendium on the Budget News web page.

California Community Colleges
2021-22 Recalculation
Rancho Santiago CCD
Exhibit C - Page 1

Total Computational Revenue and Revenue Sources

Total Computational Revenue (TCR)

I. Base Allocation (FTES + Basic Allocation)	$	137,660,994
II. Supplemental Allocation		21,494,056
III. Student Success Allocation		18,641,353
Student Centered Funding Formula (SCFF) Calculated Revenue **(A)**	$	177,796,403
2020-21 SCFF Calculated Revenue + COLA (B)		181,143,412
Hold Harmless Revenue **(C)**		183,702,418
Stability Protection Adjustment		-
Hold Harmless Protection Adjustment		5,906,015
2021-22 TCR (Max of A, B, or C)	**$**	**183,702,418**

Revenue Sources

Property Tax & ERAF			$	94,368,413
Less Property Tax Excess				-
Student Enrollment Fees				8,327,798
Education Protection Account (EPA)	Minimum of at least $100 x Funded FTES	Funded FTES: 27,208.25 x Rate: $1,991.22		54,177,694
State General Fund Allocation				26,828,513

State General Fund Allocation

General Fund Allocation	$	24,959,591
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)		1,868,922
Subtotal State General Fund Allocation		**$26,828,513**
Adjustment(s)		-
Total State General Fund Allocation (Exhibit A)		**$26,828,513**

Available Revenue	**$**	**183,702,418**
2021-22 TCR (Max of A, B, or C)		**183,702,418**
Revenue Deficit Percentage 0.0000% Revenue Deficit	$	-

Supporting Sections

Section Ia: FTES Data and Calculations

variable	a	b	c	d	e	f = b + c + d + e	g = f (except credit = (a + b + f)/3)	h	i = g + h
FTES Category	**2019-20 Applied #3**	**2020-21 Applied #3**	**2021-22 Restoration**	**2021-22 Decline**	**2021-22 Adjustment**	**2021-22 Applied #1**	**2021-22 Applied #2**	**2021-22 Growth**	**2021-22 Funded**
Credit	21,522.80	18,186.72	160.14	-	-	18,346.86	19,352.13	-	19,352.13
Incarcerated Credit	-	-	-	-	-	-	-	-	-
Special Admit Credit	425.86	643.04	297.68	-	-	940.72	940.72	-	940.72
CDCP	5,035.22	5,341.22	294.81	-	-	5,636.03	5,636.03	-	5,636.03
Noncredit	1,214.59	1,162.76	116.61	-	-	1,279.37	1,279.37	-	1,279.37
Total FTES=>>>	28,198.47	25,333.74	869.24	-	-	26,202.98	27,208.25	-	27,208.25
Total Values=>>>		$116,086,146	$4,588,576	$0	$0				
Change from PY to CY=>>>		$4,588,577							

variable	j = g x l	k = h x l	l	m = j + k
FTES Category	**2021-22 Applied #2 Revenue**	**2021-22 Growth Revenue**	**2021-22 Rate $**	**2021-22 Total Revenue**
Credit	$81,516,117	$ -	$4,212.26	$81,516,117
Incarcerated Credit	-	-	$5,906.97	-
Special Admit Credit	5,556,808	-	$5,906.97	5,556,808
CDCP	33,291,878	-	$5,906.97	33,291,878
Noncredit	4,544,360	-	$3,552.03	4,544,360
Total	$124,909,163	$0		**$124,909,163**

	n	o = f + h	p = n - o	q = p x l
FTES Category	**2021-22 Applied #0**	**2021-22 Applied #3**	**2021-22 Unfunded FTES**	**2021-22 Unfunded FTES Value**
Credit	18,346.86	18,346.86	-	$ -
Incarcerated Credit	-	-	-	-
Special Admit Credit	940.72	940.72	-	-
CDCP	5,636.03	5,636.03	-	-
Noncredit	1,279.37	1,279.37	-	-
Total	26,202.98	26,202.98	-	$ -
Total Value=>>>	$120,674,723			

Section Ib: 2021-22 FTES Modifications

variable	r	s	t	u	n = s + t + u
			Emergency Conditions Allowance (ECA)		
FTES Category	**Applied #0 19-20 FTES**	**Reported 320 2021-22 R1**	**COVID-19**	**Other**	**2021-22 Applied #0**
Credit	21,522.80	18,346.86	-	-	18,346.86
Incarcerated Credit	-	-	-	-	-
Special Admit Credit	425.86	940.72	-	-	940.72
CDCP	5,035.22	5,636.03	-	-	5,636.03
Noncredit	1,214.59	1,279.37	-	-	1,279.37
Total	28,198.47	26,202.98	-	-	26,202.98

Definitions:

20-21 App#3: 20-21 App#1 plus 20-21 Growth, is the base for 21-22

21-22 App#0: Reported R1 FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the 21-22 funded FTES.

21-22 App#1: Base for 21-22 plus any restoration, decline or adjustment

21-22 App#2: FTES that will be funded not including growth

21-22 App#3: 21-22 App#1 plus Growth and will be used as the base for 22-23

21-22 Adjustment: Alignment of FTES to available resources.

Change Prior Year to Current Year: 21-22App#0 value minus 20-21 App#3 value and is the sum of CY restoration, decline, growth and unapplied values

California Community Colleges
2021-22 Recalculation
Rancho Santiago CCD
Exhibit C - Page 2

Section Ic: FTES Restoration Authority

variable	v	w	y	z = (v + w + y) x l
FTES Category	**2018-19**	**2019-20**	**2020-21**	**Total $**
Credit	1,294.87	-	3,336.08	$ 19,506,761
Incarcerated Credit	-	-	-	-
Special Admit Credit	58.41	-	(217.18)	(937,850)
CDCP	(53.51)	-	(306.00)	(2,123,616)
Noncredit	(122.31)	-	51.83	(250,347)
Total	1,177.46	-	2,864.73	$ 16,194,948

Section Id: FTES Growth Authority

variable	aa	ab	ac = aa x ab
FTES Category	**% target**	**2020-21 Applied #3 FTES**	**2021-22 Growth FTES**
Credit	0.12%	18,186.72	22.02
Incarcerated Credit	0.12%	-	-
Special Admit Credit	0.12%	643.04	0.78
CDCP	0.12%	5,341.22	6.47
Noncredit	0.12%	1,162.76	1.41
Total		25,333.74	30.68
		Total Growth FTES Value =>>>	$ 140,572

Section Ie: Basic Allocation

District Type/FTES	Funding Rate	Number of Colleges	Basic Allocation
Single College Districts			
≥ 20,000	7,084,351.71	-	$0
≥ 10,000 & < 20,000	5,667,481.59	-	-
< 10,000	4,250,609.24	-	-
Multi-College Districts			
≥ 20,000	5,667,481.59	1	5,667,482
≥ 10,000 & < 20,000	4,959,045.97	-	-
< 10,000	4,250,609.24	1	4,250,609
Additional Rural $	1,351,955.59	-	-
		Subtotal	$9,918,091

FTES	Funding Rate	Number of Centers	Basic Allocation
State Approved Centers			
≥ 1,000	$1,416,870.12	1	$1,416,870
Grandparented Centers			
≥ 1,000	1,416,870.12	1	1,416,870
≥ 750 & < 1,000	1,062,652.31	-	-
≥ 500 & < 750	708,434.50	-	-
≥ 250 & < 500	354,217.81	-	-
≥ 100 & < 250	177,110.02	-	-
		Subtotal	$2,833,740
		Total Basic Allocation	$12,751,831
		Total FTES Allocation	124,909,163
		Total Base Allocation	**$137,660,994**

Section II: Supplemental Allocation

Supplemental Allocation - Point Value $996.06	**Points**	**2020-21 Headcount**	**Rate**	**Revenue**
AB540 Students	1	1,760	$996.06	$1,753,072
Pell Grant Recipients	1	5,365	996.06	5,343,881
Promise Grant Recipients	1	14,454	996.06	14,397,103
	Totals	21,579		**$21,494,056**

Section III: Student Success Allocation

All Students - Point Value $587.34	**Points**	**2018-19 Headcount**	**2019-20 Headcount**	**2020-21 Headcount**	**Three Year Average**	**Rate = Point Value x Points**	**Revenue**
Associate Degrees for Transfer	4	1,203	1,299	1,220	1,240.67	$ 2,349.37	$2,914,779
Associate Degrees	3	1,404	1,425	1,255	1,361.33	1,762.02	2,398,702
Baccalaureate Degrees	3	23	11	16	16.67	1,762.02	29,367
Credit Certificates	2	477	524	583	528.00	1,174.68	620,232
Transfer Level Math and English	2	925	1,097	1,008	1,010.00	1,174.68	1,186,429
Transfer to a Four Year University	1.5	1,235	1,412	755	1,134.00	881.01	999,068
Nine or More CTE Units	1	4,271	4,104	4,762	4,379.00	587.34	2,571,968
Regional Living Wage	1	7,277	8,163	5,795	7,078.33	587.34	4,157,398
	All Students Subtotal	16,815	18,035	15,394	16,748.00		$14,877,943
Pell Grant Recipients - Point Value $148.15							
Associate Degrees for Transfer	6	566	624	583	591.00	$ 888.89	$525,335
Associate Degrees	4.5	561	618	532	570.33	666.67	380,224
Baccalaureate Degrees	4.5	12	4	3	6.33	666.67	4,222
Credit Certificates	3	162	177	194	177.67	444.45	78,963
Transfer Level Math and English	3	374	459	343	392.00	444.45	174,223
Transfer to a Four Year University	2.25	533	599	329	487.00	333.33	162,334
Nine or More CTE Units	1.5	1,195	1,310	1,395	1,300.00	222.22	288,890
Regional Living Wage	1.5	568	689	474	577.00	222.22	128,223
	Pell Grant Recipients Subtotal	3,971	4,480	3,853	4,101.33		$1,742,414
Promise Grant Recipients - Point Value $148.15							
Associate Degrees for Transfer	4	866	936	884	895.33	$ 592.59	$530,570
Associate Degrees	3	975	1,035	913	974.33	444.45	433,039
Baccalaureate Degrees	3	20	10	7	12.33	444.45	5,482
Credit Certificates	2	304	338	344	328.67	296.30	97,383
Transfer Level Math and English	2	592	711	600	634.33	296.30	187,951
Transfer to a Four Year University	1.5	803	904	475	727.33	222.22	161,630
Nine or More CTE Units	1	2,484	2,554	2,647	2,561.67	148.15	379,508
Regional Living Wage	1	1,482	1,866	1,217	1,521.67	148.15	225,433
	Promise Grant Recipients Subtotal	7,526	8,354	7,087	7,655.67		$2,020,996
	Total Headcounts	28,312	30,869	26,334	28,505.00		
						Total Student Success Allocation	**$18,641,353**

California Community Colleges
2021-22 Recalculation
Statewide Totals
Exhibit C - Page 1

Total Computational Revenue and Revenue Sources

Total Computational Revenue (TCR)

I. Base Allocation (FTES + Basic Allocation)	$ 5,476,829,132
II. Supplemental Allocation	1,228,059,762
III. Student Success Allocation	833,891,459
Student Centered Funding Formula (SCFF) Calculated Revenue **(A)**	$ 7,538,780,353
2020-21 SCFF Calculated Revenue + COLA (B)	7,691,065,671
Hold Harmless Revenue **(C)**	7,541,409,020
Stability Protection Adjustment	69,166,860
Hold Harmless Protection Adjustment	256,928,877
2021-22 TCR (Max of A, B, or C)	**$ 7,864,876,091**

Revenue Sources

Property Tax & ERAF			$ 3,934,153,298
Less Property Tax Excess			(429,024,360)
Student Enrollment Fees			401,142,779
Education Protection Account (EPA)	Minimum of at least $100 x Funded FTES	Funded FTES: 1,111,054.65 x Rate: varies	1,954,074,100
State General Fund Allocation			2,004,530,274

State General Fund Allocation	
General Fund Allocation	$ 1,931,022,364
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)	73,507,910
Subtotal State General Fund Allocation	**$2,004,530,274**
Adjustment(s)	(1,841,435)
Total State General Fund Allocation (Exhibit A)	**$2,002,688,839**

Available Revenue	**$ 7,864,876,091**
2021-22 TCR (Max of A, B, or C)	**7,864,876,091**

8 Fully Community Supported Districts — Revenue Deficit Percentage 0.0000% — Revenue Deficit $ -

Supporting Sections

Section Ia: FTES Data and Calculations

variable	a	b	c	d	e	f = b + c + d + e	g = f (except credit = (a + b + f)/3)	h	i = g + h
FTES Category	**2019-20 Applied #3**	**2020-21 Applied #3**	**2021-22 Restoration**	**2021-22 Decline**	**2021-22 Adjustment**	**2021-22 Applied #1**	**2021-22 Applied #2**	**2021-22 Growth**	**2021-22 Funded**
Credit	998,920.27	994,808.73	1,790.98	(7,679.82)	-	988,919.90	994,216.30	2,136.01	996,352.32
Incarcerated Credit	4,894.27	4,766.21	133.75	88.15	-	4,988.11	4,988.11	13.43	5,001.54
Special Admit Credit	35,710.49	36,814.17	220.22	752.87	-	37,787.26	37,787.26	444.16	38,231.42
CDCP	39,718.96	40,221.68	386.11	56.86	-	40,664.65	40,664.65	1,003.08	41,667.73
Noncredit	29,732.55	28,755.00	345.40	135.42	-	29,235.82	29,235.82	565.83	29,801.65
Total FTES=>>>	1,108,976.55	1,105,365.79	2,876.46	(6,646.52)	-	1,101,595.73	1,106,892.14	4,162.51	1,111,054.65
Total Values=>>>		$4,786,812,116	$13,162,687	($26,622,150)	$0				
Change from PY to CY=>>>	$9,978,717								

variable	j = g x l	k = h x l	l	m = j + k
FTES Category	**2021-22 Applied #2 Revenue**	**2021-22 Growth Revenue**	**2021-22 Rate $**	**2021-22 Total Revenue**
Credit	$4,198,346,103	$ 8,997,443	$4,212.26	$4,207,343,546
Incarcerated Credit	29,722,413	79,331	$5,906.97	29,801,744
Special Admit Credit	223,578,121	2,623,641	$5,906.97	226,201,762
CDCP	240,205,007	5,925,142	$5,906.97	246,130,149
Noncredit	103,846,495	2,009,844	$3,552.03	105,856,339
Total	$4,795,698,139	$19,635,401		**$4,815,333,540**

*Rates reflect statewide rates applicable to the majority of districts.

n	o = f + h	p = n - o	q = p x l
2021-22 Applied #0	**2021-22 Applied #3**	**2021-22 Unfunded FTES**	**2021-22 Unfunded FTES Value**
992,755.46	991,055.91	3,338.79	$ 14,074,748
5,297.62	5,001.54	242.96	1,442,721
38,090.44	38,231.42	255.35	1,517,881
41,253.55	41,667.73	583.02	3,443,870
29,279.74	29,801.65	37.42	132,910
1,106,676.81	1,105,758.25	4,457.54	$ 20,612,130

Total Value=>>> $4,796,790,833

Section Ib: 2021-22 FTES Modifications

variable	r	s	t	u	n = s + t + u
			Emergency Conditions Allowance (ECA)		
FTES Category	**Applied #0 19-20 FTES**	**Reported 320 2021-22 R1**	**COVID-19**	**Other**	**2021-22 Applied #0**
Credit	1,004,343.64	793,858.79	186,332.91	12,563.76	992,755.46
Incarcerated Credit	5,203.16	4,811.22	486.40	-	5,297.62
Special Admit Credit	36,200.70	43,010.23	(4,916.48)	(3.31)	38,090.44
CDCP	40,325.68	37,669.69	3,293.37	290.49	41,253.55
Noncredit	29,776.47	19,951.28	7,642.32	1,686.14	29,279.74
Total	1,115,849.65	899,301.21	192,838.52	14,537.08	1,106,676.81

Definitions:

20-21 App#3: 20-21 App#1 plus 20-21 Growth, is the base for 21-22

21-22 App#0: Reported R1 FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the 21-22 funded FTES.

21-22 App#1: Base for 21-22 plus any restoration, decline or adjustment

21-22 App#2: FTES that will be funded not including growth

21-22 App#3: 21-22 App#1 plus Growth and will be used as the base for 22-23

21-22 Adjustment: Alignment of FTES to available resources.

Change Prior Year to Current Year: 21-22App#0 value minus 20-21 App#3 value and is the sum of CY restoration, decline, growth and unapplied values

California Community Colleges
2021-22 Recalculation
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Section Ic: FTES Restoration Authority

variable	v	w	y	z = (v + w + y) x l
FTES Category	**2018-19**	**2019-20**	**2020-21**	**Total $**
Credit	26,705.72	21,252.54	6,115.49	$ 228,387,717
Incarcerated Credit	(23.28)	290.00	128.06	2,371,279
Special Admit Credit	(1,422.09)	1,052.24	(742.25)	(6,479,711)
CDCP	130.77	4,201.94	(325.13)	23,672,690
Noncredit	752.96	1,647.83	883.63	11,666,355
Total	26,144.09	28,444.55	6,059.80	$ 259,618,330

Section Id: FTES Growth Authority

variable	aa	ab	ac = aa x ab
		2020-21	**2021-22**
FTES Category	**% target**	**Applied #3 FTES**	**Growth FTES**
Credit		994,808.73	5,056.12
Incarcerated Credit		4,766.21	73.23
Special Admit Credit		36,814.17	248.54
CDCP		40,221.68	136.39
Noncredit		28,755.00	86.73
Total		1,105,365.79	5,601.01
		Total Growth FTES Value =>>>	$ 24,340,519

Section Ie: Basic Allocation

District Type/FTES	Funding Rate	Number of Colleges	Basic Allocation
Single College Districts			
≥ 20,000	7,084,351.71	6	$42,506,112
≥ 10,000 & < 20,000	5,667,481.59	20	113,349,640
< 10,000	4,250,609.24	23	97,764,007
Multi-College Districts			
≥ 20,000	5,667,481.59	3	17,002,446
≥ 10,000 & < 20,000	4,959,045.97	26	128,935,196
< 10,000	4,250,609.24	37	157,272,533
Additional Rural $	1,351,955.59	11	14,871,516
		Subtotal	$571,701,450

FTES	Funding Rate	Number of Centers	Basic Allocation
State Approved Centers			
≥ 1,000	$1,416,870.12	39	$55,257,930
Grandparented Centers			
≥ 1,000	1,416,870.12	17	24,086,790
≥ 750 & < 1,000	1,062,652.31	4	4,250,608
≥ 500 & < 750	708,434.50	4	2,833,740
≥ 250 & < 500	354,217.81	8	2,833,744
≥ 100 & < 250	177,110.02	3	531,330
		Subtotal	$89,794,142
		Total Basic Allocation	$661,495,592
		Total FTES Allocation	4,815,333,540
		Total Base Allocation	**$5,476,829,132**

Section II: Supplemental Allocation

Supplemental Allocation - Point Value $996.06	Points	2020-21 Headcount	Rate	Revenue
AB540 Students	1	53,064	$996.06	$52,855,123
Pell Grant Recipients	1	380,364	996.06	378,866,736
Promise Grant Recipients	1	799,485	996.06	796,337,903
	Totals	1,232,913		**$1,228,059,762**

Section III: Student Success Allocation

All Students - Point Value $587.34	Points	2018-19 Headcount	2019-20 Headcount	2020-21 Headcount	Three Year Average	Rate = Point Value x Points	Revenue
Associate Degrees for Transfer	4	51,098	58,678	63,289	57,688.33	$ 2,349.37	$135,530,959
Associate Degrees	3	65,226	63,733	62,853	63,937.33	1,762.02	112,659,108
Baccalaureate Degrees	3	214	221	271	235.33	1,762.02	414,662
Credit Certificates	2	22,983	21,390	21,593	21,988.67	1,174.68	25,829,702
Transfer Level Math and English	2	41,273	55,268	51,275	49,272.00	1,174.68	57,878,960
Transfer to a Four Year University	1.5	68,763	72,350	72,896	71,336.33	881.01	62,848,162
Nine or More CTE Units	1	195,669	191,976	187,049	191,564.67	587.34	112,513,846
Regional Living Wage	1	201,435	215,025	182,842	199,767.33	587.34	117,331,605
	All Students Subtotal	646,661	678,641	642,068	655,790.00		$625,007,004
Pell Grant Recipients - Point Value $148.15							
Associate Degrees for Transfer	6	27,994	32,661	35,472	32,042.33	$ 888.89	$28,482,182
Associate Degrees	4.5	34,727	34,166	33,822	34,238.33	666.67	22,825,641
Baccalaureate Degrees	4.5	103	99	124	108.67	666.67	72,444
Credit Certificates	3	10,151	9,449	9,218	9,606.00	444.45	4,269,352
Transfer Level Math and English	3	15,128	21,913	18,184	18,408.33	444.45	8,181,514
Transfer to a Four Year University	2.25	31,617	33,057	34,565	33,079.67	333.33	11,026,597
Nine or More CTE Units	1.5	86,211	88,008	82,832	85,683.67	222.22	19,040,884
Regional Living Wage	1.5	54,874	59,739	50,868	55,160.33	222.22	12,257,902
	Pell Grant Recipients Subtotal	260,805	279,092	265,085	268,327.33		$106,156,516
Promise Grant Recipients - Point Value $148.15							
Associate Degrees for Transfer	4	37,698	43,738	47,880	43,105.33	$ 592.59	$25,543,999
Associate Degrees	3	48,510	47,510	47,263	47,761.00	444.45	21,227,187
Baccalaureate Degrees	3	172	163	179	171.33	444.45	76,148
Credit Certificates	2	15,179	13,859	13,893	14,310.33	296.30	4,240,116
Transfer Level Math and English	2	22,715	32,523	28,923	28,053.67	296.30	8,312,232
Transfer to a Four Year University	1.5	44,046	46,006	47,296	45,782.67	222.22	10,173,966
Nine or More CTE Units	1	128,124	128,164	123,335	126,541.00	148.15	18,746,883
Regional Living Wage	1	98,126	105,566	88,057	97,249.67	148.15	14,407,408
	Promise Grant Recipients Subtotal	394,570	417,529	396,826	402,975.00		$102,727,939
	Total Headcounts	1,302,036	1,375,262	1,303,979	1,327,092.33		
						Total Student Success Allocation	**$833,891,459**

California Community Colleges
2022-23 First Principal
Rancho Santiago CCD
Exhibit C - Page 1

Total Computational Revenue and Revenue Sources

Total Computational Revenue (TCR)

I. Base Allocation (FTES + Basic Allocation)	$ 160,367,856
II. Supplemental Allocation	23,682,179
III. Student Success Allocation	20,661,499
Student Centered Funding Formula (SCFF) Calculated Revenue **(A)**	$ 204,711,534
2021-22 SCFF Calculated Revenue + COLA (B)	189,459,847
Hold Harmless Revenue **(C)**	195,753,297
Stability Protection Adjustment	-
Hold Harmless Protection Adjustment	-
2022-23 TCR (Max of A, B, or C)	**$ 204,711,534**

Revenue Sources

Property Tax & ERAF		$ 100,225,381
Less Property Tax Excess		-
Student Enrollment Fees		6,853,202
Education Protection Account (EPA)	Minimum of at least $100 x Funded FTES — Funded FTES: 26,971.89 x Rate: $1,574.42	42,465,151
State General Fund Allocation		55,167,800

State General Fund Allocation	
General Fund Allocation	$ 53,176,277
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)	1,991,523
Subtotal State General Fund Allocation	**$55,167,800**
Adjustment(s)	-
Total State General Fund Allocation (Exhibit A)	**$55,167,800**

Available Revenue	**$ 204,711,534**
2022-23 TCR (Max of A, B, or C)	**204,711,534**
Revenue Deficit Percentage	0.0000%
Revenue Deficit	$ -

Supporting Sections

Section Ia: FTES Data and Calculations

variable	a	b	c	d	e	f = b + c + d + e	g = f (except credit = (a + b + f)/3)	h	i = g + h
FTES Category	**2020-21 Applied #3**	**2021-22 Applied #3**	**2022-23 Restoration**	**2022-23 Decline**	**2022-23 Adjustment**	**2022-23 Applied #1**	**2022-23 Applied #2**	**2022-23 Growth**	**2022-23 Funded**
Credit	18,186.72	18,346.86	-	(2,065.21)	-	16,281.65	17,605.08	-	17,605.08
Incarcerated Credit	-	-	-	576.43	-	576.43	576.43	-	576.43
Special Admit Credit	643.04	940.72	-	293.59	-	1,234.31	1,234.31	-	1,234.31
CDCP	5,341.22	5,636.03	-	(34.86)	-	5,601.17	5,601.17	-	5,601.17
Noncredit	1,162.76	1,279.37	-	675.53	-	1,954.90	1,954.90	-	1,954.90
Total FTES=>>>	25,333.74	26,202.98	-	(554.52)	-	25,648.46	26,971.89	-	26,971.89
Total Values=>>>		$138,672,516	$0	($1,570,217)	$0				
Change from PY to CY=>>>		($1,570,217)							

variable	j = g x l	k = h x l	l	m = j + k
FTES Category	**2022-23 Applied #2 Revenue**	**2022-23 Growth Revenue**	**2022-23 P1 Rate $***	**2022-23 Total Revenue**
Credit	$85,217,110	$ -	$4,840.49	$85,217,110
Incarcerated Credit	3,912,782	-	$6,787.96	3,912,782
Special Admit Credit	8,378,443	-	$6,787.96	8,378,443
CDCP	38,020,501	-	$6,787.96	38,020,501
Noncredit	7,979,490	-	$4,081.79	7,979,490
Total	$143,508,326	$0		**$143,508,326**

variable	n	o = f + h	p = n - o	q = p x l
FTES Category	**2022-23 Applied #0**	**2022-23 Applied #3**	**2022-23 Unfunded FTES**	**2022-23 Unfunded FTES Value**
Credit	16,281.65	16,281.65	-	$ -
Incarcerated Credit	576.43	576.43	-	-
Special Admit Credit	1,234.31	1,234.31	-	-
CDCP	5,601.17	5,601.17	-	-
Noncredit	1,954.90	1,954.90	-	-
Total	25,648.46	25,648.46	-	$ -
Total Value=>>>	$137,102,299			

Section Ib: 2022-23 FTES Modifications

variable	r	s	t	u	n = s + t + u
			Emergency Conditions Allowance (ECA)		
FTES Category	**Applied #0 19-20 FTES**	**Reported 320 2022-23 P1 FTES**	**COVID-19**	**Other**	**2022-23 Applied #0**
Credit	21,522.80	16,281.65	-	-	16,281.65
Incarcerated Credit	-	576.43	-	-	576.43
Special Admit Credit	425.86	1,234.31	-	-	1,234.31
CDCP	5,035.22	5,601.17	-	-	5,601.17
Noncredit	1,214.59	1,954.90	-	-	1,954.90
Total	28,198.47	25,648.46	-	-	25,648.46

Definitions: PY: 2021-22 CY: 2022-23

PY App#3: PY App#1 plus PY Growth, is the base for CY

CY App#0: Reported R1 FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the CY funded FTES.

CY App#1: Base for CY plus any restoration, decline or adjustment

CY App#2: FTES that will be funded not including growth

CY App#3: CY App#1 plus Growth and used as the base for the following year

CY Adjustment: Alignment of FTES to available resources.

Change Prior Year to Current Year: CY App#0 value minus PY App#3 value and is the sum of CY restoration, decline, growth and unapplied values

California Community Colleges
2022-23 First Principal
Rancho Santiago CCD
Exhibit C - Page 2

Section Ic: FTES Restoration Authority

variable	v	w	y	z = (v + w + y) x l
FTES Category	**2019-20**	**2020-21**	**2021-22**	**Total $**
Credit	-	3,336.08	-	$ 16,148,245
Incarcerated Credit	-	-	-	-
Special Admit Credit	-	(217.18)	-	(1,474,209)
CDCP	-	(306.00)	-	(2,077,115)
Noncredit	-	51.83	-	211,559
Total	-	2,864.73	-	$ 12,808,480

Section Id: FTES Growth Authority

variable	aa	ab	ac = aa x ab
FTES Category	**% target**	**2021-22 Applied #3 FTES**	**2022-23 Growth FTES**
Credit	0.10%	18,346.86	18.52
Incarcerated Credit	0.10%	-	-
Special Admit Credit	0.10%	940.72	0.95
CDCP	0.10%	5,636.03	5.69
Noncredit	0.10%	1,279.37	1.29
Total		26,202.98	26.45
		Total Growth FTES Value =>>>	$ 140,001

Section Ie: Basic Allocation

District Type/FTES	**Funding Rate**	**Number of Colleges**	**Basic Allocation**
Single College Districts			
≥ 20,000	9,917,373.09	-	$0
≥ 10,000 & < 20,000	7,933,898.79	-	-
< 10,000	5,950,421.36	-	-
Multi-College Districts			
≥ 20,000	7,933,898.79	-	-
≥ 10,000 & < 20,000	6,942,160.85	1	6,942,161
< 10,000	5,950,421.36	1	5,950,421
Additional Rural $	1,892,600.56	-	-
		Subtotal	$12,892,582

FTES	**Funding Rate**	**Number of Centers**	**Basic Allocation**
State Approved Centers			
≥ 1,000	$1,983,474.31	1	$1,983,474
Grandparented Centers			
≥ 1,000	1,983,474.31	1	1,983,474
≥ 750 & < 1,000	1,487,605.34	-	-
≥ 500 & < 750	991,736.37	-	-
≥ 250 & < 500	495,868.97	-	-
≥ 100 & < 250	247,936.04	-	-
		Subtotal	$3,966,948
		Total Basic Allocation	$16,859,530
		Total FTES Allocation	143,508,326
		Total Base Allocation	**$160,367,856**

Section II: Supplemental Allocation

Supplemental Allocation - Point Value $1144.62	**Points**	**2021-22 Headcount**	**Rate**	**Revenue**
AB540 Students	1	1,699	$1,144.62	$1,944,709
Pell Grant Recipients	1	5,815	1,144.62	6,655,963
Promise Grant Recipients	1	13,176	1,144.62	15,081,507
	Totals	20,690		**$23,682,179**

Section III: Student Success Allocation

All Students - Point Value $674.94	**Points**	**2019-20 Headcount**	**2020-21 Headcount**	**2021-22 Headcount**	**Three Year Average**	**Rate = Point Value x Points**	**Revenue**
Associate Degrees for Transfer	4	1,299	1,220	1,146	1,221.67	$ 2,699.76	$3,298,203
Associate Degrees	3	1,425	1,255	1,329	1,336.33	2,024.82	2,705,831
Baccalaureate Degrees	3	11	16	7	11.33	2,024.82	22,948
Credit Certificates	2	524	583	450	519.00	1,349.88	700,587
Transfer Level Math and English	2	1,097	1,008	887	997.33	1,349.88	1,346,279
Transfer to a Four Year University	1.5	1,412	755	651	939.33	1,012.41	950,989
Nine or More CTE Units	1	4,104	4,762	4,510	4,458.67	674.94	3,009,329
Regional Living Wage	1	8,163	5,795	5,364	6,440.67	674.94	4,347,058
	All Students Subtotal	18,035	15,394	14,344	15,924.33		$16,381,224
Pell Grant Recipients - Point Value $170.24							
Associate Degrees for Transfer	6	624	583	542	583.00	$ 1,021.46	$595,514
Associate Degrees	4.5	618	532	574	574.67	766.10	440,251
Baccalaureate Degrees	4.5	4	3	5	4.00	766.10	3,064
Credit Certificates	3	177	194	165	178.67	510.73	91,251
Transfer Level Math and English	3	459	343	329	377.00	510.73	192,546
Transfer to a Four Year University	2.25	599	329	264	397.33	383.05	152,198
Nine or More CTE Units	1.5	1,310	1,395	1,493	1,399.33	255.37	357,342
Regional Living Wage	1.5	689	474	673	612.00	255.37	156,284
	Pell Grant Recipients Subtotal	4,480	3,853	4,045	4,126.00		$1,988,450
Promise Grant Recipients - Point Value $170.24							
Associate Degrees for Transfer	4	936	884	852	890.67	$ 680.98	$606,523
Associate Degrees	3	1,035	913	969	972.33	510.73	496,602
Baccalaureate Degrees	3	10	7	7	8.00	510.73	4,086
Credit Certificates	2	338	344	288	323.33	340.49	110,091
Transfer Level Math and English	2	711	600	501	604.00	340.49	205,655
Transfer to a Four Year University	1.5	904	475	427	602.00	255.37	153,730
Nine or More CTE Units	1	2,554	2,647	2,663	2,621.33	170.24	446,266
Regional Living Wage	1	1,866	1,217	1,655	1,579.33	170.24	268,872
	Promise Grant Recipients Subtotal	8,354	7,087	7,362	7,601.00		$2,291,825
	Total Headcounts	30,869	26,334	25,751	27,651.33		
						Total Student Success Allocation	**$20,661,499**

California Community Colleges
2022-23 First Principal
Statewide Totals
Exhibit C - Page 1

Total Computational Revenue and Revenue Sources

Total Computational Revenue (TCR)

I. Base Allocation (FTES + Basic Allocation)	$ 6,339,588,649
II. Supplemental Allocation	1,294,854,300
III. Student Success Allocation	965,790,150
Student Centered Funding Formula (SCFF) Calculated Revenue **(A)**	$ 8,600,233,099
2021-22 SCFF Calculated Revenue + COLA (B)	8,033,324,346
Hold Harmless Revenue **(C)**	8,036,125,452
Stability Protection Adjustment	-
Hold Harmless Protection Adjustment	114,608,298
2022-23 TCR (Max of A, B, or C)	**$ 8,714,841,397**

Revenue Sources

Property Tax & ERAF		$ 4,085,976,346
Less Property Tax Excess		(444,642,532)
Student Enrollment Fees		391,915,326
Education Protection Account (EPA)	Minimum of at least $100 x Funded FTES; Funded FTES: 1,087,789.84 x Rate: varies	1,560,453,070
State General Fund Allocation		3,121,139,187

State General Fund Allocation	
General Fund Allocation	$ 3,042,809,159
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)	78,330,028
Subtotal State General Fund Allocation	**$3,121,139,187**
Adjustment(s)	2,462,153
Total State General Fund Allocation (Exhibit A)	**$3,123,601,340**

Available Revenue	**$ 8,714,841,397**
2022-23 TCR (Max of A, B, or C)	**8,714,841,397**

8 Fully Community Supported Districts

Revenue Deficit Percentage 0.0000% Revenue Deficit $ -

Supporting Sections

Section Ia: FTES Data and Calculations

variable	a	b	c	d	e	f = b + c + d + e	g = f (except credit = (a + b + f)/3)	h	i = g + h
FTES Category	**2020-21 Applied #3**	**2021-22 Applied #3**	**2022-23 Restoration**	**2022-23 Decline**	**2022-23 Adjustment**	**2022-23 Applied #1**	**2022-23 Applied #2**	**2022-23 Growth**	**2022-23 Funded**
Credit	994,808.73	991,055.91	-	(48,257.01)	(167.61)	942,631.30	976,165.31	1,849.44	978,014.76
Incarcerated Credit	4,766.21	5,001.54	4.49	826.17	111.02	5,943.22	5,943.22	80.50	6,023.72
Special Admit Credit	36,814.17	38,231.42	54.32	(2,058.84)	2.92	36,229.82	36,229.82	566.90	36,796.72
CDCP	40,221.68	41,667.73	21.35	(3,340.41)	(5.40)	38,343.27	38,343.27	449.34	38,792.61
Noncredit	28,755.00	29,801.65	22.76	(1,681.45)	19.07	28,162.03	28,162.03	-	28,162.03
Total FTES=>>>	1,105,365.79	1,105,758.25	102.92	(54,511.53)	(40.00)	1,051,309.63	1,084,843.65	2,946.19	1,087,789.84
Total Values=>>>		$5,507,828,865	$637,004	($272,150,764)	$0				
Change from PY to CY=>>>		($222,475,558)							

variable	j = g x l	k = h x l	l	m = j + k
FTES Category	**2022-23 Applied #2 Revenue**	**2022-23 Growth Revenue**	**2022-23 P1 Rate $***	**2022-23 Total Revenue**
Credit	$4,736,862,898	$ 8,952,208	$4,840.49	$4,745,815,106
Incarcerated Credit	40,641,427	546,453	$6,787.96	41,187,880
Special Admit Credit	246,407,287	3,861,150	$6,787.96	250,268,437
CDCP	260,272,482	3,050,097	$6,787.96	263,322,579
Noncredit	114,951,485	-	$4,081.79	114,951,485
Total	$5,399,135,579	$16,409,908		**$5,415,545,487**

*Rates reflect statewide rates applicable to the majority of districts.

variable	n	o = f + h	p = n - o	q = p x l
FTES Category	**2022-23 Applied #0**	**2022-23 Applied #3**	**2022-23 Unfunded FTES**	**2022-23 Unfunded FTES Value**
Credit	950,790.25	944,480.74	6,309.51	$ 30,541,087
Incarcerated Credit	6,030.80	6,023.72	7.08	48,066
Special Admit Credit	36,957.57	36,796.72	160.85	1,091,822
CDCP	38,932.17	38,792.61	139.56	947,316
Noncredit	28,162.03	28,162.03	0.00	-
Total	1,060,872.82	1,054,255.82	6,617.00	$ 32,628,291
Total Value=>>>	$5,285,353,307			

Section Ib: 2022-23 FTES Modifications

variable	r	s	t	u	n = s + t + u
			Emergency Conditions Allowance (ECA)		
FTES Category	**Applied #0 19-20 FTES**	**Reported 320 2022-23 P1 FTES**	**COVID-19**	**Other**	**2022-23 Applied #0**
Credit	1,004,343.02	819,366.71	118,101.96	13,321.58	950,790.25
Incarcerated Credit	5,203.78	5,365.71	665.09	-	6,030.80
Special Admit Credit	36,200.70	38,739.69	(1,845.72)	63.60	36,957.57
CDCP	40,325.68	34,399.42	4,350.90	181.85	38,932.17
Noncredit	29,776.47	24,043.33	2,804.38	1,314.32	28,162.03
Total	1,115,849.65	921,914.86	124,076.61	14,881.35	1,060,872.82

Definitions: PY: 2021-22 CY: 2022-23

PY App#3: PY App#1 plus PY Growth, is the base for CY

CY App#0: Reported R1 FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the CY funded FTES.

CY App#1: Base for CY plus any restoration, decline or adjustment

CY App#2: FTES that will be funded not including growth

CY App#3: CY App#1 plus Growth and used as the base for the following year

CY Adjustment: Alignment of FTES to available resources.

Change Prior Year to Current Year: CY App#0 value minus PY App#3 value and is the sum of CY restoration, decline, growth and unapplied values

California Community Colleges
2022-23 First Principal
Statewide Totals
Exhibit C - Page 2

Section Ic: FTES Restoration Authority

variable	v	w	y	z = (v + w + y) x l
FTES Category	**2019-20**	**2020-21**	**2021-22**	**Total $**
Credit	14,414.97	4,565.57	7,679.82	$ 129,214,781
Incarcerated Credit	169.34	128.06	(88.15)	1,446,909
Special Admit Credit	1,402.48	(688.88)	(752.87)	(112,833)
CDCP	1,108.04	(435.04)	(56.86)	4,182,361
Noncredit	826.75	665.17	(135.42)	5,536,948
Total	17,921.58	4,234.88	6,646.52	$ 140,268,166

Section Id: FTES Growth Authority

variable	aa	ab	ac = aa x ab
FTES Category	**% target**	**2021-22 Applied #3 FTES**	**2022-23 Growth FTES**
Credit		991,055.91	4,672.79
Incarcerated Credit		5,001.54	112.76
Special Admit Credit		38,231.42	265.03
CDCP		41,667.73	162.71
Noncredit		29,801.65	83.85
Total		1,105,758.25	5,297.15
		Total Growth FTES Value =>>>	$ 26,664,000

Section Ie: Basic Allocation

District Type/FTES	Funding Rate	Number of Colleges	Basic Allocation
Single College Districts			
≥ 20,000	9,917,373.09	6	$59,504,238
≥ 10,000 & < 20,000	7,933,898.79	20	158,677,980
< 10,000	5,950,421.36	23	136,859,683
Multi-College Districts			
≥ 20,000	7,933,898.79	2	15,867,798
≥ 10,000 & < 20,000	6,942,160.85	26	180,496,186
< 10,000	5,950,421.36	38	226,115,998
Additional Rural $	1,892,600.56	11	20,818,611
		Subtotal	$798,340,494

FTES	Funding Rate	Number of Centers	Basic Allocation
State Approved Centers			
≥ 1,000	$1,983,474.31	39	$77,355,486
Grandparented Centers			
≥ 1,000	1,983,474.31	17	33,719,058
≥ 750 & < 1,000	1,487,605.34	4	5,950,420
≥ 500 & < 750	991,736.37	4	3,966,944
≥ 250 & < 500	495,868.97	8	3,966,952
≥ 100 & < 250	247,936.04	3	743,808
		Subtotal	$125,702,668
		Total Basic Allocation	$924,043,162
		Total FTES Allocation	5,415,545,487
		Total Base Allocation	**$6,339,588,649**

Section II: Supplemental Allocation

Supplemental Allocation - Point Value $1144.62	Points	2021-22 Headcount	Rate	Revenue
AB540 Students	1	45,117	$1,144.62	$51,641,797
Pell Grant Recipients	1	362,311	1,144.62	414,708,255
Promise Grant Recipients	1	723,825	1,144.62	828,504,248
Totals		1,131,253		**$1,294,854,300**

Section III: Student Success Allocation

	Points	2019-20 Headcount	2020-21 Headcount	2021-22 Headcount	Three Year Average	Rate = Point Value x Points	Revenue
All Students - Point Value $674.94							
Associate Degrees for Transfer	4	58,678	63,289	58,777	60,248.00	$ 2,699.76	$162,654,938
Associate Degrees	3	63,733	62,853	63,169	63,251.67	2,024.82	128,073,079
Baccalaureate Degrees	3	221	271	296	262.67	2,024.82	531,852
Credit Certificates	2	21,390	21,593	23,746	22,243.00	1,349.88	30,025,344
Transfer Level Math and English	2	55,268	51,275	46,706	51,083.00	1,349.88	68,955,834
Transfer to a Four Year University	1.5	72,350	72,896	79,307	74,851.00	1,012.41	75,779,805
Nine or More CTE Units	1	191,976	187,049	171,539	183,521.33	674.94	123,865,738
Regional Living Wage	1	215,025	182,842	190,115	195,994.00	674.94	132,284,026
	All Students Subtotal	678,641	642,068	633,655	651,454.67		$722,170,616
Pell Grant Recipients - Point Value $170.24							
Associate Degrees for Transfer	6	32,661	35,472	32,428	33,520.33	$ 1,021.46	$34,239,822
Associate Degrees	4.5	34,166	33,822	34,068	34,018.67	766.10	26,061,635
Baccalaureate Degrees	4.5	99	124	150	124.33	766.10	95,251
Credit Certificates	3	9,449	9,218	10,328	9,665.00	510.73	4,936,229
Transfer Level Math and English	3	21,913	18,184	17,545	19,214.00	510.73	9,813,205
Transfer to a Four Year University	2.25	33,057	34,565	35,620	34,414.00	383.05	13,182,252
Nine or More CTE Units	1.5	88,008	82,832	76,847	82,562.33	255.37	21,083,617
Regional Living Wage	1.5	59,739	50,868	60,150	56,919.00	255.37	14,535,184
	Pell Grant Recipients Subtotal	279,092	265,085	267,136	270,437.67		$123,947,195
Promise Grant Recipients - Point Value $170.24							
Associate Degrees for Transfer	4	43,738	47,880	44,068	45,228.67	$ 680.98	$30,799,642
Associate Degrees	3	47,510	47,263	47,609	47,460.67	510.73	24,239,685
Baccalaureate Degrees	3	163	179	211	184.33	510.73	94,147
Credit Certificates	2	13,859	13,893	15,373	14,375.00	340.49	4,894,516
Transfer Level Math and English	2	32,523	28,923	25,872	29,106.00	340.49	9,910,244
Transfer to a Four Year University	1.5	46,006	47,296	50,207	47,836.33	255.37	12,215,779
Nine or More CTE Units	1	128,164	123,335	112,764	121,421.00	170.24	20,671,202
Regional Living Wage	1	105,566	88,057	103,253	98,958.67	170.24	16,847,124
	Promise Grant Recipients Subtotal	417,529	396,826	399,357	404,570.67		$119,672,339
	Total Headcounts	1,375,262	1,303,979	1,300,148	1,326,463.00		
						Total Student Success Allocation	**$965,790,150**

LAO

The 2023-24 Budget:

California Community Colleges

GABRIEL PETEK | LEGISLATIVE ANALYST | FEBRUARY 2023

SUMMARY

Brief Covers the California Community Colleges (CCC). This brief analyzes the Governor's budget proposals relating to enrollment, apportionments, and facilities maintenance. It also describes funding protections for district apportionments under the Student Centered Funding Formula (SCFF) and identifies a potential funding shortfall in the Governor's budget.

Opportunities Exist to Repurpose Enrollment Funds for Other Proposition 98 Priorities. Consistent with nationwide trends, community colleges in California experienced significant enrollment declines during the pandemic. In response, recent state budgets have provided districts with funding to grow their enrollment. Based on preliminary data, districts will not end up earning some of this enrollment growth funding. We recommend the Legislature sweep any unearned growth funds for other Proposition 98 purposes and use updated enrollment data this spring to help decide how much growth funding to provide in the budget year. In addition, given the substantial funding still available to districts for student outreach, we recommend the Legislature reject the Governor's proposal to provide an additional $200 million one time for this purpose by reducing funding in the current-year budget for facility maintenance. We recommend the Legislature effectively retain those funds for facility maintenance projects, as most of those funds already have been distributed to districts and committed to projects that would reduce their maintenance backlogs.

State Likely Has Limited Capacity to Fund an Even Higher Cost-of-Living Adjustment (COLA). The largest community college proposal in the Governor's budget is $653 million ongoing Proposition 98 General Fund for an 8.13 percent COLA for apportionments (general purpose funding). Based upon new data, the estimated COLA rate is even higher (8.40 percent). In 2023-24, districts are facing considerable pressure to increase employees' salaries given high inflation, while also facing other core operating cost increases. Despite these challenges, we are concerned with the state's ability to support a higher COLA rate given its budget condition. We recommend the Legislature treat the 8.13 percent COLA rate as an upper bound for 2023-24 and consider providing a lower rate depending on updated estimates of the Proposition 98 minimum guarantee in May.

Confusion Over "Stability Funding" Is Resulting in Significant Cost Differences. SCFF, which was adopted by the Legislature in 2018-19 as a new way of allocating apportionment funds to districts, includes a number of funding protections. One of those protections, known as stability funding, is intended to provide a cushion to local budgets resulting from enrollment and other declines. As currently written, the statutory provision describing stability funding is confusing and difficult to understand. This lack of clarity has resulted in the administration and Chancellor's Office interpreting the provision differently and having different associated cost estimates. Whereas the Governor's budget includes no stability funding for 2023-24, the Chancellor's Office believes the associated cost would be $134 million. Given both the administration's and Chancellor's Office's interpretations are problematic, we recommend the Legislature modify statute and adopt an alternative way to calculate stability funding. Our alternative serves the state's long-standing policy objective of protecting districts from sudden funding declines while avoiding the problematic funding outcomes that arise under the other two interpretations. Given timing issues, the Legislature has a couple of options it could consider regarding stability funding in the budget year.

INTRODUCTION

This brief analyzes the Governor's major budget proposals for CCC. We begin by describing the Governor's overall budget plan for CCC. The remaining four sections of the brief focus on enrollment, apportionments, SCFF funding protections, and facilities maintenance, respectively. This brief is part of our series of higher education budget analyses. *The 2023-24 Budget: Higher Education Overview* was our first brief in this series, with subsequent briefs delving more deeply into each of the segments' budgets.

OVERVIEW

Total CCC Funding Is $17.5 Billion Under Governor's Budget. As **Figure 1** shows, $12.6 billion (72 percent) of CCC support in 2023-24 would come from Proposition 98 funds. Proposition 98 funds consist of state General Fund and certain local property tax revenue that cover community colleges' main operations. An additional $963 million non-Proposition 98 General Fund would cover certain other costs, including debt service on state general obligation bonds for CCC facilities, a portion of CCC faculty retirement costs, and operations at the Chancellor's Office. In recent years, the state also has provided non-Proposition 98 General Fund for certain student housing projects.

Beyond State Funds, Community Colleges Receive Support From Various Other Sources. Much of CCC's remaining funding comes from student fees, including enrollment fees, and various local sources (such as revenue from facility rentals and community service programs). The Governor proposes no increase to enrollment fees for 2023-24, which since summer 2012 have been $46 per unit (or $1,380 for a full-time student taking 30 semester units per year). During the initial years of the pandemic, community colleges also received a significant amount of federal relief funds, as discussed in the box on page 4.

Last Year's CCC Budget Cushion Allows for More Growth in Ongoing Spending This Year. Proposition 98 support for CCC increases by $209 million (1.7 percent) over the revised 2022-23 level. Despite the growth rate being lower than 2 percent, the Governor's budget still is able to support a substantial increase in ongoing community college spending. The main reason this is possible is because the state provided nearly $700 million one-time CCC funding in 2022-23 that counted toward the minimum guarantee. All of this one-time funding becomes freed up in 2023-24 for other purposes. Under the Governor's budget, these funds are repurposed primarily for community college apportionments.

Governor's Largest Proposal Is Providing a COLA to Apportionments. Unlike the past several years when the Governor had many Proposition 98 ongoing and one-time spending proposals for the colleges, the Governor's budget this year contains relatively few proposals. As **Figure 2** on page 4 shows, the largest ongoing Proposition 98 proposal is $653 million for an 8.13 percent COLA for apportionments. In addition, the Governor's budget provides an 8.13 percent COLA for select categorical programs, at a total cost of $92 million, and $29 million for 0.5 percent systemwide enrollment growth. The Governor's largest one-time CCC spending proposal is for student enrollment and retention strategies. The Governor's budget includes a reduction for previously authorized spending on facilities maintenance. The administration indicates that this reduction is intended to cover the cost of its enrollment and retention proposal, which it sees as a higher priority for the colleges in the budget year. The Governor's budget also provides CCC with $14 million in one-time reappropriated Proposition 98 funds for forestry workforce development grants, as discussed in the box on page 5.

Figure 1

California Community Colleges Rely Heavily on Proposition 98 Funding

(Dollars in Millions, Except Funding Per Student)

	2021-22 Revised	2022-23 Revised	2023-24 Proposed	Change From 2022-23	
				Amount	Percent
Proposition 98					
General Fund	$8,790	$8,713	$8,758	$45	0.5%
Local property tax	3,512	3,648	3,811	164	4.5
Subtotals	($12,301)	($12,360)	($12,569)	($209)	(1.7%)
Other State					
Other General Fund	$653	$1,166[a]	$963[a]	-$203	-17.4%
Lottery	302	264	264	—[b]	-0.1
Special funds	81	95	95	—	—
Subtotals	($1,036)	($1,525)	($1,322)	(-$203)	(-13.3%)
Other Local					
Enrollment fees	$409	$409	$411	$1	0.3%
Other local revenue[c]	2,821	2,845	2,867	22	0.8
Subtotals	($3,230)	($3,255)	($3,278)	($23)	(0.7%)
Federal					
Federal stimulus funds[d]	$2,648	—	—	—	—
Other federal funds	365	$365	$365	—	—
Subtotals	($3,014)	($365)	($365)	(—)	(—)
Totals	**$19,581**	**$17,506**	**$17,535**	**$29**	**0.2%**
FTE students[e]	1,107,128	1,106,951	1,106,451	-500	—[f]
Proposition 98 funding per FTE student[e]	$11,111	$11,166	$11,360	$194	1.7%

[a] Includes $564 million in 2022-23 and $363 million in 2023-24 for student housing grants.

[b] Difference of less than $500,000.

[c] Primarily consists of revenue from student fees (other than enrollment fees), sales and services, and grants and contracts, as well as local debt-service payments.

[d] Consists of federal relief funds provided directly to colleges as well as allocated through state budget decisions.

[e] Reflects budgeted rather than actual FTE students. Actual FTE students are notably lower each year of the period, but certain budget provisions are insulating districts from associated funding declines.

[f] Reflects the net change (-0.05 percent) after accounting for the proposed 0.5 percent systemwide enrollment growth together with all other enrollment adjustments.

FTE = full-time equivalent.

Funds Ten Continuing Capital Projects. The Governor proposes to provide $144 million in state general obligation bond funding to continue ten previously authorized community college projects. Each project is funded for the construction phase. About $90 million of bond funds would come from Proposition 51 (2016), with the remaining bond funds coming from Proposition 55 (2004). A list of these projects and their associated costs is available on our EdBudget website.

Governor Intends to Present a Categorical Program Flexibility Proposal in Spring. The *Governor's Budget Summary* signals a desire to provide community colleges with more spending and reporting flexibility for certain categorical programs. The administration indicates that more details, including which categorical programs would be included in such a flexibility proposal, will be provided in the spring.

Federal Relief Funds

Community Colleges Received Considerable Federal Relief Funding. Community colleges received a total of $4.7 billion over three rounds of federal relief funding in response to COVID-19. (Our Federal Relief Funding for Higher Education table provides more detail on California Community Colleges relief funds.) Collectively, colleges are required to spend at least $2 billion of their relief funds for direct student aid. The rest can be used for institutional operations. Colleges have used institutional funds for a variety of purposes, including to undertake screening and other COVID-19 mitigation efforts, cover higher technology costs related to remote operations, acquire laptops for students, and backfill lost revenue from parking and other auxiliary college programs.

Deadline for Colleges to Spend Federal Relief Funds Is Approaching. Initially, colleges had to spend their federal relief funds by May 2022. In March 2022, the federal government granted an extension, giving all colleges until June 30, 2023 to spend their remaining funds. Systemwide data on community college expenditures is not readily available and, as of this writing, the federal reporting portal only shows individual college expenditures through November 30, 2022. A review of a subset of colleges, however, indicates that many colleges have spent all or nearly all of their institutional and student aid funds. In some cases, however, colleges have purposely spread out their spending so that they still have institutional and student aid funds available in the first half of 2023.

Figure 2

Governor Has a Few Proposition 98 Community College Spending Proposals

(In Millions)

Ongoing Spending	
COLA for apportionments (8.13 percent)	$653
COLA for select categorical programs (8.13 percent)[a]	92
Enrollment growth (0.5 percent)	29
FCMAT new professional development program	—[b]
Subtotal	($774)
One-Time Initiatives	
Student enrollment and retention strategies	$200
Forestry/fire protection workforce training	14[c]
FCMAT new professional development program	—[b]
Facilities maintenance and instructional equipment	-$213[d]
Subtotal	($1)
Total Changes	**$775**

[a] Applies to the Adult Education Program, apprenticeship programs, CalWORKs student services, campus child care support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and the mandates block grant.

[b] Consists of $200,000 in ongoing funds and $75,000 in one-time funds.

[c] Uses reappropriated Proposition 98 funds (previously appropriated funds for other purposes that were not spent).

[d] Reduces funding provided in the 2022-23 budget agreement for this purpose from a total of $841 million to $628 million.

COLA = cost-of-living adjustment and FCMAT = Fiscal Crisis and Management Assistance Team.

Forestry Workforce

Governor Proposes to Shift Fund Source for Workforce Development Grants. In response to a projected state budget deficit, the Governor proposes many budget solutions. One of these solutions is to shift some costs from the non-Proposition 98 side of the budget to the Proposition 98 side. Specifically, the Governor proposes to reduce non-Proposition 98 General Fund support for existing workforce training grants administrated by the California Department of Forestry and Fire Protection (CalFire) by $15 million, replacing it with nearly the same amount of reappropriated Proposition 98 General Fund support ($14 million). Under the Proposition 98-funded program, the California Community Colleges Chancellor's Office would enter an interagency agreement with CalFire to administer the grant program. Grants would be limited to community colleges. By comparison, a broader group of training providers (including local workforce agencies, nonprofits organizations, and community colleges) may participate in the existing CalFire program.

Fund Shift Is Worth Considering Given General Fund Condition. The proposed fund shift would help address the state's non-Proposition 98 budget deficit. Moreover, community colleges already have an important role in helping develop the forestry workforce. Currently, 8 community colleges offer associate degree or certificate programs in forestry, and 55 colleges offer them in fire technology or wildland fire technology. Together, these community colleges have granted about 100 forestry associate degrees and certificates, as well as about 2,500 fire and wildland fire technology associate degrees and certificates annually in recent years. Community colleges also have received a portion of the past grant funding from this CalFire workforce development program ($2.3 million of $18 million appropriated in 2021-22). Providing community colleges with additional workforce training grants would take advantage of colleges' existing expertise and experience in the forestry area. Though limiting grants to community colleges would exclude other workforce providers, we think the fund shift remains reasonable given the other factors described above. In *The 2023-24 Budget: Crafting Climate, Resources, and Environmental Budget Solutions* we discuss this proposal, along with other proposed budget solutions in the natural resources area.

ENROLLMENT

In this section, we provide background on community college enrollment trends, describe the Governor's proposals to fund enrollment growth as well as additional student outreach, assess those proposals, and offer associated recommendations.

Background

Several Factors Influence CCC Enrollment. Under the state's *Master Plan for Higher Education* and state law, community colleges operate as open access institutions. That is, all persons 18 years or older may attend a community college. (While CCC does not deny admission to students, there is no guarantee of access to a particular class.) Many factors affect the number of students who attend community colleges, including changes in the state's population, particularly among young adults; local economic conditions, particularly the local job market; the availability of certain classes; and the perceived value of the education to potential students.

Prior to the Pandemic, CCC Enrollment Had Plateaued. Following the Great Recession, as the economy and state funding began recovering (2012-13 through 2015-16), systemwide CCC enrollment grew. As **Figure 3** shows, CCC enrollment flattened thereafter. The plateau in CCC enrollment during this period was commonly attributed to the long economic expansion, strong labor market, and unemployment remaining at or near record lows.

CCC Enrollment Has Dropped Notably Since Start of Pandemic. As Figure 3 also shows, between 2018-19 (the last full year before the start of the pandemic) and 2021-22, full-time equivalent (FTE) students at CCC declined by more than 200,000 (19 percent). The drop in CCC enrollment has been consistent with nationwide community college enrollment trends over this period. While CCC enrollment declines have affected virtually every student demographic group, most districts report the largest enrollment declines among African American, male, lower-income, and older adult students. These group-specific impacts also are consistent with nationwide trends.

Enrollment Declines Have Affected Nearly Every District. **Figure 4** shows most community college districts experienced enrollment declines between 2018-19 and 2021-22. Thirty-two districts (nearly half of all districts) experienced declines between 11 percent and 20 percent, with another 30 districts experiencing declines of more than 20 percent. Several of the districts with especially heavy enrollment loss had been experiencing enrollment declines prior to the pandemic due to factors such as declining population in the region or well-publicized accreditation problems. The districts that grew or had relatively small enrollment declines during this period were a mix of urban, suburban, and rural districts. Several of these districts increased enrollment among nontraditional students, including dually enrolled high school students and incarcerated students.

Several Factors Likely Contributing to Enrollment Drops. Enrollment drops nationally and in California have been attributed to various factors. Over the past couple of years, rising wages, including in low-skill jobs, and an improved job market appear to be major causes of reduced

Figure 3

After Having Plateaued, CCC Enrollment Has Declined the Past Few Years

Full-Time Equivalent Students (In Millions)

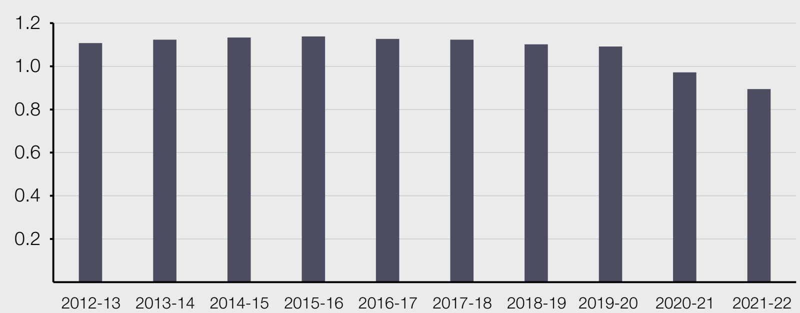
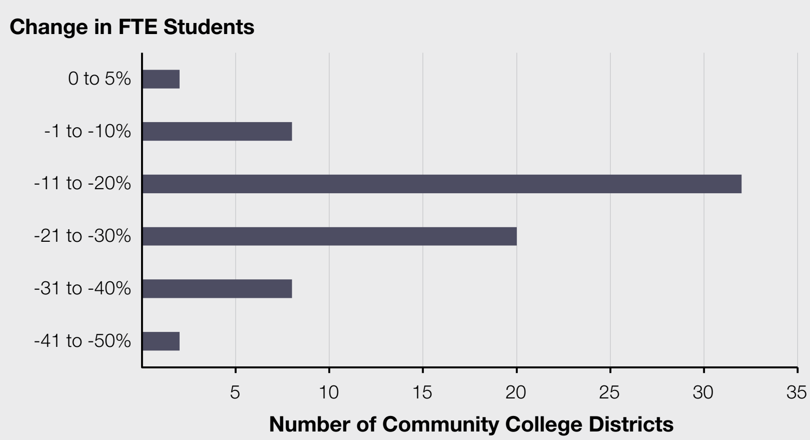


Figure 4

The Vast Majority of Districts Lost Enrollment During the Pandemic

Estimated Change From 2018-19 to 2021-22



FTE = full-time equivalent.

community college enrollment demand. In response to a fall 2021 Chancellor's Office survey of former and prospective students, many respondents cited "the need to work full time" to support themselves and their families as a key reason why they were choosing not to attend CCC. For these individuals, enrolling in a community college and taking on the associated opportunity cost might have become a lower priority than entering or reentering the job market.

Colleges Have Been Trying a Number of Strategies to Attract Students. Using federal relief funds, as well as state funds provided in 2021-22 and 2022-23, colleges have been trying various strategies to attract students. All colleges have been offering students special forms of financial assistance. For example, all colleges provided emergency grants to financially eligible students that could be used for any living expense. Some colleges are offering gas cards or book and meal vouchers to students who enroll. Many colleges are loaning laptops to students. Many colleges have expanded advertising through social media and other means, including in languages other than English. Additionally, many colleges have increased outreach to local high schools, and many colleges have created phone banks to contact individuals who recently dropped out of college or had completed a CCC application recently but did not register for classes. In addition, a number of colleges have begun to offer more flexible courses, with shorter terms and more opportunities to enroll throughout the year (rather than only during typical semester start dates).

Proposals

Governor's Budget Funds Enrollment Growth. The Governor's budget includes $29 million ongoing Proposition 98 General Fund for 0.5 percent systemwide enrollment growth (equating to about 5,500 additional FTE students) in 2023-24. The state also provided funding for 0.5 percent systemwide enrollment growth in 2022-23 and 2021-22. Consistent with regular enrollment growth allocations, each district in 2023-24 would be eligible to grow up to 0.5 percent. To be eligible for these growth funds, however, a district must first recover to its pre-pandemic enrollment level. Provisional budget language would allow the Chancellor's Office to allocate ultimately unused growth funding to backfill any shortfalls in CCC apportionment funding, such as ones resulting from lower-than-estimated enrollment fee revenue or local property tax revenue. The Chancellor's Office could make any such redirection after underlying apportionment data had been finalized, which would occur after the close of the fiscal year. This is the same provisional language the state has adopted in recent years. After addressing any apportionment shortfalls, remaining unused funding may be redirected to any other Proposition 98 purpose.

Governor Proposes Another Round of One-Time Funding to Boost Outreach to Students. The Governor proposes $200 million one-time Proposition 98 General Fund for student enrollment and retention strategies. This is on top of the $120 million one time provided in 2021-22 and $150 million one time provided in 2022-23 specifically for this purpose. The proposed provisions for the new round of funding are the same as the provisions adopted for the earlier rounds of funding. Like the last two rounds of funding, the purpose of these proposed funds is for colleges to reach out to former students who recently dropped out and engage with prospective or current students who might be hesitant to enroll or reenroll at the colleges. Provisional language gives the Chancellor's Office discretion on the allocation methodology for the funds but would require that colleges experiencing the largest enrollment declines be prioritized. The provisional language also permits the Chancellor's Office to set aside and use up to 10 percent of the funds for statewide enrollment and retention efforts.

Assessment

Likely That Most 2021-22 Growth Funding Will Not Be Earned by Districts. As of June 2022 reporting by the Chancellor's Office, only about $1 million of $24 million in 2021-22 enrollment growth funding had been earned by districts. That same report also identified no apportionment funding shortfalls. The Chancellor's Office plans to release final 2021-22 enrollment and funding data by the end of February 2023. Any 2021-22 growth funds not earned by districts or needed for a funding shortfall would become available for other Proposition 98 purposes, including other community college purposes or Proposition 98 budget solutions.

Better Information Is Coming on 2022-23 Enrollment Situation. As of this writing, forecasting 2022-23 community college enrollment is difficult given that the Chancellor's Office is still processing fall 2022 district enrollment submissions and the spring 2023 term is just beginning. (Based on preliminary data, systemwide fall 2022 enrollment could be flat or up somewhat compared to fall 2021, though a number of districts continue to report enrollment declines.) By the time of the May Revision, the Chancellor's Office will have provided the Legislature with initial 2022-23 enrollment data. This data will show which districts are reporting enrollment declines and the magnitude of those declines. It also will show whether any districts are on track to earn any of the 2022-23 enrollment growth funds. Apportionment data for 2022-23, however, will not be finalized until February 2024, such that the Legislature might not want to take any associated budget action until next year. At that time, if the entire 2022-23 enrollment growth amount ends up not being earned by districts or needed for any apportionment shortfalls, the Legislature could redirect available funds for other Proposition 98 purposes, including potential Proposition 98 budget solutions.

Best Indicator for 2023-24 Enrollment Likely Will Be Updated Data on Current Year. If some districts are on track to grow in the current year, it could mean they might continue to grow in the budget year. By providing funding for enrollment growth in 2023-24, the state could encourage and reward districts for expanding access to students.

Substantial Amount of Round-Two Student Outreach Funding Remains Available. The state is not collecting CCC systemwide data on student outreach expenditures. However, based on our discussions with numerous administrators, districts will have funds still available from 2022-23 allocations for outreach and retention. Districts generally are wrapping up spending of 2021-22 funds for this purpose and just beginning to spend 2022-23 funds. Existing provisional language allows districts to spend these second-round funds through the budget year. In addition, districts have four more years (though 2026-27) to spend a total of $650 million in state COVID-19 block grant funds, which statute also allows colleges to use for enrollment and retention-related purposes. (The Chancellor's Office must report to the Legislature by March 2024 on initial district spending and outcomes using COVID-19 block grant funds.)

Mixed Results on Student Outreach Funding to Date. Some districts might see enrollment increases in 2022-23, though the link to 2021-22 student outreach funds still is not well documented. Moreover, many districts expect to continue experiencing enrollment declines in 2022-23 despite the first-round of student outreach funds. Districts may not be able to counter the underlying economic factors they face to a notable degree. Over time, CCC enrollment has shown a close correlation with the job market, with a strong job market depressing CCC enrollment demand. Spending on advertising, phone calls, and other forms of outreach might not be sufficient to overcome these more fundamental drivers of CCC enrollment. However, to the extent districts consider these outreach and related activities effective in increasing enrollment, they can supplement their remaining student outreach funds with apportionment funding.

Recommendations

Sweep 2021-22 Growth Funds. Once 2021-22 enrollment and funding data are finalized, we recommend the Legislature redirect any unearned enrollment growth funds for other Proposition 98 priorities. Based upon preliminary data, $23 million would be available for other priorities.

Use Forthcoming Data to Decide Enrollment Growth Funding for 2023-24. We recommend the Legislature also use updated enrollment data, as well as updated data on available Proposition 98 funds, to make its decision on CCC enrollment growth for 2023-24. If the updated enrollment data indicate some districts are growing in 2022-23, the Legislature could view growth funding in 2023-24 as warranted. Were data to show that no districts are growing, the Legislature still might consider providing some level of growth funding given that enrollment potentially could start to rebound next year. Moreover, the risk of overbudgeting in this area is low, as any unearned funds ultimately become available for other Proposition 98 purposes.

Reject Proposal for More Enrollment and Retention Funding. We recommend the Legislature reject the Governor's student outreach proposal. Given substantial round-two student outreach funding remains available, along with a substantial amount of other funding that can be used for student outreach, a strong case has not been made that additional funding is needed at this time. The Legislature could repurpose the associated $200 million in one-time funding for other high one-time Proposition 98 priorities or Proposition 98 budget solutions. (In the following sections, we identify some possible Proposition 98 uses that the Legislature could consider.)

APPORTIONMENTS

In this section, we provide background on community college apportionments, describe the Governor's proposal to provide a COLA for apportionments, assess the proposal, and provide a recommendation.

Background

Most CCC Proposition 98 Funding Is Provided Through Apportionments. All community college districts (except the statewide online Calbright College) receive apportionment funding. Apportionment funding is unrestricted, with colleges able to use the funding for their core operating costs. Although the state is not statutorily required to provide a COLA for apportionments (as it is for school districts), the state has a long-standing practice of providing one when Proposition 98 funds are available. The COLA rate is based on a price index published by the federal government that reflects changes in the cost of goods and services purchased by state and local governments across the country.

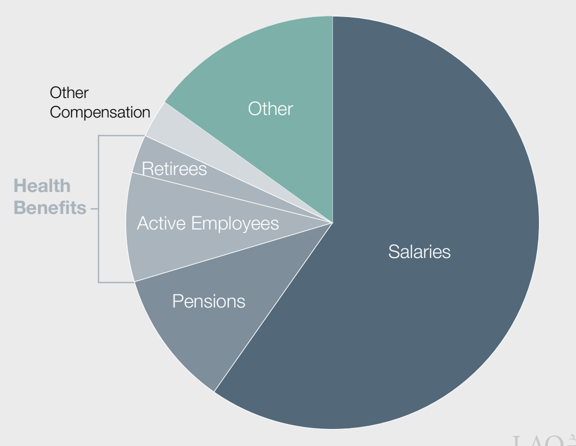
Compensation Is Largest District Operating Cost. Figure 5 shows a stylized community college district budget. The largest component of a district's budget is spent on salaries. Together, all compensation and compensation-related costs—including salaries, retirement, health care benefits, workers compensation, and unemployment insurance—typically account for 80 percent to 85 percent of a district's budget. The remainder of a district's budget is for various other core operating costs, including utilities, insurance, software licenses, equipment, and supplies.

Staffing Levels Have Declined, Particularly Among Part-Time Faculty. From fall 2019 to fall 2021, the total number of CCC employees (headcount) declined by 8 percent, from 93,000 to 85,000. Part-time faculty—which historically have made up nearly half of CCC employees—experienced the largest decline (12 percent). This decline was due to districts offering fewer course sections as a result of lower enrollment. (When districts reduce course sections, they typically reduce their use of part-time faculty, who are hired as temporary employees, compared to full-time faculty, who are hired as permanent employees.) Other CCC staff (such as

Figure 5

Bulk of District Spending Is for Compensation

Stylized Community College District Budget



classified staff) declined by 5 percent between 2019 and 2021, likely due to a combination of districts eliminating positions due to workload reductions and an inability to fill vacancies. District administrators indicate that vacancies have increased over the past couple of years as a result of a tighter labor market. Across the state, most districts have experienced staffing reductions, thereby generating associated savings.

Systemwide Reserves Continue to Increase. District unrestricted reserves have increased each year of the pandemic. Whereas unrestricted reserves totaled $1.8 billion (22 percent of expenditures) in 2018-19, they have grown to an estimated $2.7 billion (32 percent of expenditures) in 2021-22. This is nearly double the Government Finance Officers Association's and Chancellor's Office's recommendation that unrestricted reserves comprise a minimum of 16.7 percent (two months) of expenditures. The increase in reserves is the result of several factors, including savings from using fewer part-time faculty and staff vacancies. Also, colleges' receipt of federal relief funds and other COVID-19-related funds during this time reduced pressure on local and state funds to cover technology and certain other costs.

Proposal

Governor Proposes Apportionment COLA. The Governor's budget includes $653 million to cover an 8.13 percent COLA for apportionments. This is the same COLA rate the Governor proposes for the K-12 Local Control Funding Formula.

Assessment

Districts Likely to Feel Salary Pressure in 2023-24. Over the past year, both inflation and wage growth (across the nation and in California) have been at their highest levels in several decades. Elevated inflation and broad-based wage growth are expected to continue in 2023-24. Community college districts, in turn, are likely to feel pressure to provide their employees with salary increases. We estimate every 1 percent increase in CCC's salary pool would cost approximately $70 million.

Districts' Other Core Operating Costs Also Are Likely to Increase. Districts' pension costs are expected to increase, albeit modestly compared with recent years. Based on current assumptions, the district contribution rate to the California State Teachers' Retirement System (CalSTRS) stays constant at 19.1 percent in 2023-24, while the district contribution rate to the California Public Employees' Retirement System (CalPERS) increases from 25.4 percent to 27 percent. (About half of CCC employees participate in CalSTRS, with the other half participating in CalPERS.) Community college pension costs are expected to increase by about $73 million in 2023-24. (Unlike in some recent years, the Governor does not have proposals addressing unfunded retirement liabilities or providing district pension relief.) Similar to the other education segments, community college districts generally also expect to see higher costs in 2023-24 for health care premiums, insurance, equipment, supplies, and utilities.

State Likely Has Limited Capacity to Fund a Higher COLA. Since the Governor's budget was released, the state has received updated data used to calculate the COLA rate. Based upon the new data, the estimated COLA rate is somewhat higher (8.40 percent). The COLA rate will be finalized in late April when the federal government releases the last round of data used in the calculation. Though the final rate likely will be even higher than the 8.13 percent COLA rate proposed in January, we are concerned with the state's ability to sustain a higher rate. As we discuss in more detail in *The 2023-24 Budget: Proposition 98 Overview and K-12 Spending Plan*, we estimate the Proposition 98 minimum guarantee for 2023-24 could be lower than the January budget level due to expected downward adjustments in General Fund revenues. If this were to be the case, the revised minimum guarantee might be unable support even the COLA rate proposed in January, making a higher May COLA rate further out of reach. Growth in the minimum guarantee also might be unable to support the full statutory COLA rates over the subsequent few years.

Per-Student Funding Is Much Higher Today Than Before the Pandemic. We believe most community college districts likely could manage a smaller apportionment COLA without notable fiscal difficulty. Not only are staffing levels down, along with accompanying staffing costs, but budgeted per-student Proposition 98 funding is at an all-time high. In 2018-19 (the year before the pandemic), community college per-student funding also was at an all-time high. Under the Governor's budget, per-student funding would be approximately $700, or nearly 7 percent higher than that pre-pandemic level after adjusting for inflation. Moreover, *actual* funding per student is significantly above budgeted funding per student. Though enrollment has dropped since 2018-19, funding has not been adjusted accordingly. Rather, a series of hold-harmless provisions has insulated community colleges from the fiscal impact of enrollment declines. We estimate current actual funding per student is approximately $3,000 (30 percent) higher than pre-pandemic levels after adjusting for inflation.

Recommendation

Consider 8.13 Percent Apportionment COLA Rate an Upper Bound. By the May Revision, the Legislature will have updated information on a number of key factors, including General Fund revenues, the Proposition 98 minimum guarantee, and the statutory COLA rate. Based on these updated data, the Legislature will be able to finalize its apportionment COLA decision. Given the downside risks over the coming months, the Legislature could treat the 8.13 percent COLA rate as an upper bound in 2023-24. Were the estimate of the 2023-24 minimum guarantee to be significantly lower at the May Revision, however, the Legislature may wish to consider a lower rate than 8.13 percent. For planning purposes, each 0.5 percentage point reduction in the COLA rate would reduce apportionment costs by approximately $40 million. (In addition to the risk of General Fund revenue and the minimum guarantee being revised downward, the amount available for an apportionment COLA could depend on the issue discussed below—a potential shortfall in the Governor's budget relating to the apportionment formula.)

SCFF FUNDING PROTECTIONS

In this section, we first provide background on the CCC apportionment formula and certain funding protections, including a protection known as "stability funding." We then describe how the administration and Chancellor's Office currently are interpreting the stability funding provision and identify resulting differences in the estimated cost to fund CCC apportionments in 2023-24. Next, we provide an assessment of the situation and offer associated recommendations.

Apportionment Formula

State Adopted New Apportionment Funding Formula in 2018-19. For many decades, the state allocated general purpose funding to community colleges based almost entirely on their enrollment. Districts generally received an equal per-student funding rate. Student funding rates were not adjusted according to the type of student served or whether students ultimately completed their educational goals. In 2018-19, the state moved away from that funding model. In creating SCFF, the state placed less emphasis on seat time and more emphasis on students achieving positive outcomes. The new funding formula also recognized the additional cost that colleges have in serving students who face higher barriers to success (due to income level or other factors). Another related objective was to provide a strong incentive for colleges to enroll low-income students and ensure they obtain financial aid to support their educational costs.

Apportionment Formula Has Three Main Components. The components are: (1) a base allocation linked to enrollment, (2) a supplemental allocation linked to low-income student counts, and (3) a student success allocation linked to specified student outcomes. For each of the three components, the state set funding rates. In any year in which the state provides a COLA, each of these funding rates increases accordingly, such that the total resulting SCFF-generated apportionment amount effectively has COLA changes embedded within it. The supplemental and student success components of the formula do not apply to incarcerated students, dually enrolled high school students, or students in noncredit programs. Apportionments for those students remain based entirely on enrollment. ("Basic aid" or "fully community-supported" districts receive revenue from local property taxes and enrollment fees that exceed what they generate under SCFF, such that the SCFF calculation does not affect their apportionment funding.) We next describe each of the three main components of the apportionment formula in more detail.

Base Allocation. As with the prior apportionment formula, the base allocation of SCFF gives a district certain amounts for each of its colleges and state-approved centers, in recognition of the fixed costs entailed in running an institution. On top of that allotment, a district receives funding for each FTE student it enrolls ($4,840 in 2022-23 for the regular credit rate). Most FTE student counts (approximately 85 percent) are based on a three-year rolling average. The rolling average is based on a district's FTE count that year and the prior two years. (For example, the 2018-19 calculation was based on a district's FTE count for 2018-19, 2017-18, and 2016-17.) Using a rolling average is intended to smooth annual adjustments to a district's apportionment funding. By comparison, remaining student counts (approximately 15 percent) are based on an FTE count that year. (For example, the 2018-19 calculation was based on 2018-19 FTE counts.) This counting method applies to incarcerated students, dually enrolled high school students, and students in noncredit programs.

Supplemental Allocation. SCFF provides an additional amount (about $1,145 in 2022-23) for every student who receives a Pell Grant, receives a need-based fee waiver, or is undocumented and qualifies for resident tuition. Student counts are "duplicated," such that districts receive twice as much supplemental funding (about $2,290 in 2022-23) for a student who is included in two of these categories (for example, receiving both a Pell Grant and a need-based fee waiver). The allocation is based on student counts from the prior year.

Student Success Allocation. The formula also provides additional funding for each student achieving specified outcomes, including obtaining various degrees and certificates, completing transfer-level math and English within the student's first year, and obtaining a regional living wage within a year of completing community college. (For example, a district generates about $2,700 in 2022-23 for each of its students receiving an associate degree for transfer. The formula counts only the highest award earned by a student.) Districts receive higher funding rates for the outcomes of students who receive a Pell Grant or need-based fee waiver, with somewhat greater funding rates for the outcomes of Pell Grant recipients. The student success component of the formula is based on a three-year rolling average of student outcomes. The rolling average is based on outcomes data from the prior year and two preceding years. As with the base allocation, the objective of using a three-year rolling average for this component of SCFF is to smooth associated annual funding adjustments.

Funding Protections

Statute Has Several Funding Protections for Districts. These protections allow districts to earn more in apportionment funding than they would otherwise earn through the formula's regular calculations and funding rates. The next three paragraphs describe these special protections.

"Emergency Conditions Allowance" Protects Districts From Unexpected Enrollment Declines Due to Natural Disasters and Other Extraordinary Situations. While statute specifies the years of data that are to be used to calculate each component of SCFF, state regulations provide the Chancellor's Office with authority to use alternative years of enrollment data in extraordinary cases. This funding protection is commonly known as the emergency conditions allowance. The Chancellor's Office typically invokes this authority in response to a single district experiencing an unexpected enrollment decline resulting from a disaster or other emergency (for example, due to a wildfire affecting the ability of a college to remain open). From 2019-20 through 2022-23, however, the Chancellor's Office applied the protection to all districts. Specifically, it allowed all districts to use pre-pandemic enrollment data to calculate how much they generate from SCFF. Under this protection, districts could use pre-pandemic data for all their student enrollment counts—regular credit counts as well as counts for incarcerated students, dually enrolled high school districts, and noncredit students.

Pandemic-Related Emergency Conditions Allowance Set to End. In late spring 2022, the Chancellor's Office notified districts that 2022-23 will be the final year of the pandemic-related emergency conditions allowance. For their credit student counts in 2023-24, districts will use pre-pandemic data for two years of the three-year rolling average calculation, along with 2023-24 data for the third year of the calculation. For incarcerated students, dually enrolled high school students, and noncredit students, districts will use 2023-24 data. Four districts will be able to continue claiming emergency conditions allowances in 2023-24 for other extraordinary situations, such as from enrollment losses resulting from wildfires.

Statute Provides "Hold Harmless" Funding Protection. The apportionment funding formula also includes a provision for those districts that would have received more funding under the former apportionment formula. The intent of the hold harmless protection is to provide time for those districts to ramp down their budgets to the new SCFF-calculated funding level or find ways to increase the amount they generate through SCFF (such as by enrolling more financially needy students or improving student outcomes). Through 2024-25, districts funded according to the hold harmless provision receive whatever they generated in 2017-18 under the old formula, plus any subsequent apportionment COLA provided by the state.

Stability Funding Provides Another Form of Protection for Districts. As administered by the Chancellor's Office, this protection allows a district to receive in a given year the greater of the amount generated by the SCFF formula in that year or the prior year adjusted for any apportionment COLA funded by the state. Given ambiguity in the associated statutory provision, the Department of Finance (DOF) has a different way of viewing stability funding. Under the DOF approach, only districts whose amount generated by the SCFF formula declines in a given year compared to the previous year's SCFF-calculated amount is eligible for stability. We discuss these differences more later in this section.

Statute Permits Districts to Receive Whichever Method Yields the Highest Apportionment Amount. Each year, the Chancellor's Office calculates the amount each district generates through (1) the SCFF calculation (using the emergency conditions allowance's alternative enrollment years, if a district has that protection), (2) hold harmless, and (3) stability. Assuming enough funding is available for apportionments, each district receives the highest of those three amounts.

Stability Funding

Under Old Apportionment Formula, Stability Protection Was Based on Enrollment. Statute has long provided districts with protection from sudden enrollment declines. Prior to adoption of SCFF, the stability protection was linked directly to declining enrollment. State law allowed declining-enrollment districts to retain enrollment funding for vacant slots in the year they became vacant in order to cushion district budgets from immediate funding losses. Districts lost enrollment funds, however, for slots that remained vacant for a second year. Stability protection effectively allowed declining-enrollment districts to have their apportionment funding rachet down on a one-year lagged basis, thereby giving districts time to adjust their budgets.

SCFF Statute Modified Stability Provision. Instead of providing stability based on enrollment as under the old formula, current law provides stability protection based on districts' total apportionment funding. As stated in 2019-20 budget trailer legislation, "Commencing with the 2020-21 fiscal year, decreases in a community college district's total revenue computed [using SCFF's calculations] shall result in the associated reduction beginning in the year following the initial year of decreases." In the next year, 2020-21 budget trailer legislation added the phrase, "[as] adjusted for changes in the cost-of-living adjustment."

Administration Interprets Stability Provision One Way... The administration applies the stability provision only to districts whose funding generated by the SCFF calculation *declines* in a given year compared to the previous year. In such a case, the administration provides those districts with their prior-year SCFF amount plus any COLA provided by the state in the current year. For example, a district that generated $100 million under the SCFF calculation in 2021-22 but only $90 million under the SCFF calculations in 2022-23 would receive $105 million in 2022-23 assuming a 5 percent COLA that year.

...With the Chancellor's Office Interpreting the Stability Provision Differently. In contrast, the Chancellor's Office considers any district eligible for stability funding even if it does not decline from year to year. For example, a district that generates $100 million under the SCFF calculation in 2021-22 and $102 million under the SCFF calculation in 2022-23 would be eligible to receive $105 million in 2022-23 assuming a 5 percent COLA that year. Under the Governor's interpretation, that same district would receive $102 million in 2022-23 (that is, no stability funding) because the amount it generated under the SCFF calculations did not decline compared to its 2021-22 amount.

Different Interpretations Lead to Different Cost Estimates. As Figure 6 shows, no districts receive stability funding under DOF's interpretation, with many districts (40) funded based on the SCFF calculation. By comparison, under the interpretation of the Chancellor's Office, 42 districts receive stability funding and only 2 are funded based on the SCFF calculation. From a cost perspective, DOF accordingly budgets nothing for the stability provision, whereas the Chancellor's Office estimates the stability provision costs $145 million in 2023-24. Under the Chancellor's Office approach, costs are so much higher because the expiration of the emergency conditions allowance results in 2023-24 SCFF amounts being lower for most districts than their 2022-23 SCFF funding levels adjusted by COLA.

Actual Cost Differences Will Depend on Various Factors in Current and Budget Year. DOF built its most recent apportionment model in late fall 2022. The model relies on numerous assumptions about how much each district will generate under SCFF in 2022-23 and 2023-24. The Chancellor's Office will release preliminary estimates of enrollment, supplemental, and student success allocations in late February 2023. Based on those estimates, along with the COLA rate the state ends up providing and what districts end up generating under the SCFF calculation in 2023-24, the actual cost to fund apportionments in the budget year could be higher or lower.

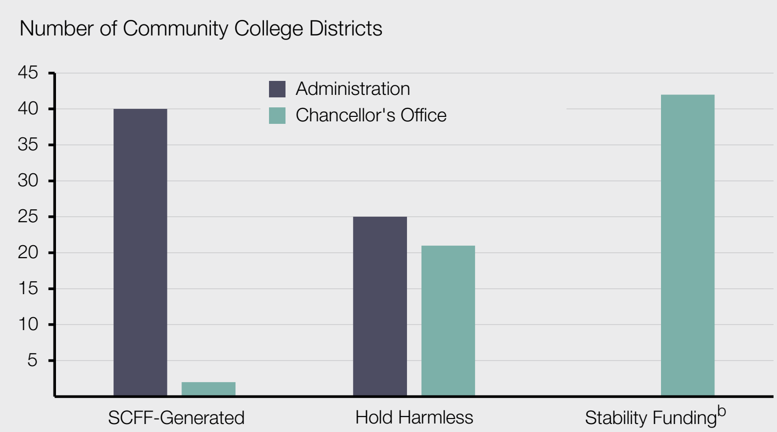
Assessment

Stability Provision Is Unclear. As currently written, statute describing the stability provision and when it is applied to districts is confusing and difficult to understand. Statute does not clearly identify declines relative to a specified baseline year or explain how to apply a COLA.

Figure 6

Districts Fare Differently Under Two Interpretations

Method by Which District Is Funded, 2023-24[a]



[a] Reflects January 2023 estimates. Excludes basic aid districts, which have local funds in excess of their SCFF-generated amounts.

[b] The Governor's budget assumes no district receives stability funding in 2023-24.

SCFF = Student Centered Funding Formula.

Using Administration's Interpretation Would Create Irrational Funding Outcomes. Though statute is not wholly clear, the administration's interpretation of the stability provision appears to be closer to the letter of law. Statute references "decreases" in funding levels. The administration's interpretation also is closer to how stability was applied under the old apportionment formula. Yet, if the administration's interpretation were followed as state policy, some districts would get more than others for unjustified reasons. For example, a district whose amount generated by SCFF declined by even $1 in a given year compared to the prior year would receive the prior-year amount plus any COLA that is provided. Another district whose amount generated by SCFF *increased* by as little as $1 would only receive the current-year amount. As a result, districts with nearly identical levels generated under the SCFF calculation could receive considerably different apportionment funding amounts.

Chancellor's Office's Interpretation Lacks Policy Justification. Though the Chancellor's Office's interpretation does not result in the same irrational outcomes as the administration's interpretation, it does provide more funding to a district than may be justified. If long-standing state policy serves as a guide, stability was created to help cushion districts in the event their enrollment or other components of SCFF resulted in less funding in a given year. Under the way the Chancellor's Office administers stability, even districts whose SCFF-calculated funding *increases* over the prior year receive stability funding.

Recommendations

Recommend Legislature Clarify Statutory Provision. Differing interpretations of the stability funding provision is creating problems both for districts in understanding how much apportionment funding they will receive and for the Legislature in knowing how much funding to budget for apportionment costs. We recommend the Legislature modify statute to clarify the intent of stability funding and how it is to be calculated.

Recommend Legislature Make Stability Funding Provision Consistent With Long-Standing State Policy. Specifically, we recommend the Legislature clarify that the intent of stability funding is to help cushion districts from losses in funding due to unexpected events. Furthermore, we recommend the Legislature specify that the calculation of stability funding be based on the higher of districts' SCFF-generated amount that year or the previous year. Under our recommendation, only districts that would otherwise experience a decline in their SCFF funding would receive stability funding. Their stability allotment would equal the difference between their lower SCFF amount that year (accounting for any COLA provided that year) and the higher amount they received through SCFF the previous year (accounting for any COLA provided the previous year). For example, if a declining-enrollment district generated $100 million from SCFF in a given year, then generated $99 million from SCFF the next year, it would receive apportionment funding of $100 million (the higher of the two years). In this example, the cost of the stability provision is $1 million (the difference in funding between the two years). This approach avoids the irrational outcomes that emerge under the administration's method while also avoiding giving districts with declining enrollment or other SCFF factors funding *above* their prior-year allocations, as happens under the Chancellor's Office's method. Our recommendation avoids those outcomes but still serves the core policy objective of providing a budget cushion for affected districts.

Consider Options for 2023-24. The Legislature could adopt our recommended new definition of stability and have it take effect beginning in 2023-24. Districts, however, already are preparing their 2023-24 budgets assuming they receive stability as interpreted by the Chancellor's Office. Were the Legislature to decide to fund stability in the budget year consistent with the Chancellor's Office's interpretation, the estimated apportionment cost would be $134 million more than the Governor's January proposal. (Under the Chancellor's Office's interpretation, stability funding costs are $145 million higher, but hold harmless costs are $11 million lower than the administration's estimates.) Unless it could find new funds in the state budget, the Legislature would need to repurpose existing Proposition 98 funds to address this shortfall (such as by reducing the apportionment COLA rate for all districts in the budget year). By the time of the May Revision, the Legislature will have better estimates on 2022-23 enrollment and funding levels under the SCFF calculation. This data will assist the Legislature in refining its estimate of the shortfall and deciding how to treat stability in the budget year.

FACILITIES MAINTENANCE

In this section, we first provide background on CCC facilities, maintenance backlog, and the maintenance categorical program. We then describe the Governor's proposals to reduce funding for the CCC maintenance categorical program and add trailer bill language allowing community colleges to use their maintenance categorical funds on campus child care facilities. Next, we assess those proposals and offer associated recommendations.

Background

Districts Have Many Facilities and Associated Infrastructure. Collectively, the state's 72 community college districts have 6,000 buildings with 87 million square feet of associated academic space. In addition to academic facilities, districts have a notable amount of campus infrastructure such as central plants and utility distribution systems. Districts also have self-supporting facilities such as parking structures and student unions. These latter types of facilities typically generate their own fee revenue, which covers associated capital and operating costs. Depending on how a district uses them, certain types of district buildings such as an auditorium may be considered academic, nonacademic, or dual purpose. An auditorium may be considered academic, for example, if CCC students use the facility as part of their instructional program (such as a performing arts department). It may be considered nonacademic and self-supporting if used entirely for community purposes.

CCC Maintains Inventory of Facility Conditions. Community college districts jointly developed a set of web-based project planning and management tools called FUSION (Facilities Utilization, Space Inventory Options Net) in 2002. The Foundation for California Community Colleges (the Foundation) operates and maintains FUSION on behalf of districts. The Foundation employs assessors to complete a facility condition assessment of buildings at districts' campuses on a three- to four-year cycle. These assessments, together with other facility information entered into FUSION, provide data on CCC facilities and help districts with their local planning efforts.

State Has a Categorical Program for Maintenance and Repairs. Known as "Physical Plant and Instructional Support," this program allows districts to use funds for facilities maintenance and repairs, the replacement of instruction-related equipment (such as desks) and library materials, hazardous substances abatement, and water conservation projects, among other related purposes. Community college regulations prohibit districts from using categorical program funds for parking garages, student centers, and certain other self-supporting facilities. Within these statutory parameters, districts have flexibility on how to use their categorical funds, but historically they have used about 75 percent for deferred maintenance and related facilities projects, with the remaining 25 percent being used for instructional equipment and library materials. To use this categorical funding for maintenance and repairs, districts must adopt and submit to the CCC Chancellor's Office through FUSION a list of maintenance projects, with estimated costs, that the district would like to undertake over the next five years. In addition to these categorical funds, CCC districts fund maintenance from their apportionments and other district operating funds (for less expensive projects) and from state and local bond funds (for more expensive projects).

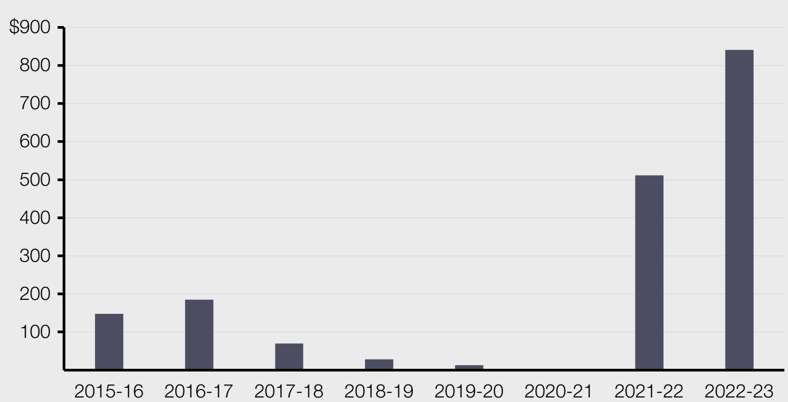
State Has Provided Substantial Funding for Categorical Program Over Past Several Years. Historically, the Physical Plant and Instructional Support categorical program has received appropriations when one-time Proposition 98 funding is available and no appropriations in tight budget years. Since 2015-16, the Legislature has provided a total of $1.8 billion for the program. As Figure 7 shows, the largest appropriation came from the 2022-23 budget, which provided $841 million. Districts have until June 2027 to spend these funds. Based on reporting by districts in late fall 2022, districts plan to spend about 75 percent ($630 million) of their 2022-23 funds on various deferred maintenance and related facilities projects, with the remaining funds spent on instructional equipment and library materials.

With Recent Funding, Maintenance Backlog Expected to Shrink Significantly. Entering 2021-22, the Chancellor's Office reported a systemwide deferred maintenance backlog of about $1.6 billion. The Chancellor's Office has not provided an update on the size of the backlog based on the last two years of funding (plus local spending on projects). We estimate, however, that the backlog has been reduced to roughly $700 million.

Figure 7

State Funding for CCC Facilities Maintenance Program Has Been Substantial the Past Couple of Years

One-Time Proposition 98 General Fund (In Millions)[a]



[a] Reflects the year the budget appropriated the funds, not necessarily the year the funds were scored for Proposition 98 purposes.

CCC = California Community Colleges.

Proposal

Reduces 2022-23 Budget Allocation for Physical Plant and Instructional Support Program by $213 Million. Funding for the program would decrease from $841 million to $628 million. The administration indicates that the resulting savings would be used to fund the Governor's enrollment and retention strategies proposal (discussed in the "Enrollment" section of this brief).

Adds Child Care Facilities as Allowable Use of Maintenance Categorical Program Funds. Proposed trailer bill language gives campuses the option to use Physical Plant and Instructional Support funds for "child care facility repair and maintenance." Current law is silent on this issue. Both DOF and the CCC Chancellor's Office assert that nothing in statute or community college regulations currently precludes districts from using categorical programs funds for this purpose. No prohibition exists either for child care centers that also are used for academic purposes (as part of a laboratory whereby CCC child development students observe and interact with children, for example) or for child care purposes only. (As of this writing, the Chancellor's Office has not confirmed the number of child care centers of either type but indicates most currently serve a dual purpose.) By specifying child care centers in statute, DOF has indicated it intends to signal the administration's support for community college districts using state funds for this type of facility.

Assessment

Reducing Deferred Maintenance Funding Would Disrupt District Plans and Increase Backlog. As of January 2023, the Chancellor's Office indicates it has disbursed $504 million of the $841 million in 2022-23 funds. The Chancellor's Office is scheduled to disburse the remaining $337 million to districts by June 2023. As discussed above, districts have already identified and planned how they intend to spend their 2022-23 funds. In some cases, districts indicate they have collected bids on projects. Though all categorical program funds likely would not be spent in 2022-23, they would be spent over the coming years. By reducing funding for this purpose, the deferred maintenance backlog will be larger than otherwise. Addressing deferred maintenance is important because it can help avoid more expensive facility projects, including emergency repairs, in the long run.

Unclear Rationale for Allowing Districts to Fund Nonacademic Facilities. Under the Governor's trailer bill proposal, community colleges could use state funds for maintenance projects at all campus child care centers, even those that do not operate academic programs on behalf of the college. Such a policy conflicts with standard higher education facility policy. Typically, the state does not subsidize nonacademic, self-supporting programs. The fees these programs charge are intended to cover their operations and facilities maintenance costs.

Dual-Purpose Centers Raise a Few Key Issues. Those child care centers that do operate academic programs on behalf of the college still collect fees from the clients using those centers. For other child care centers located throughout the state, these fees would be expected to cover the operations and maintenance of their facilities. Classifying campus child care centers as academic facilities and using state CCC funds for their maintenance thus would provide them with special treatment over other child care centers in the state. The state, however, might want to provide this advantage to campus centers given the academic benefits they provide to the college. The state, alternatively, might want to share facility costs with the campus centers, thereby still providing them with an advantage, but a smaller advantage, over other child care centers in the state.

Recommendation

Reject Proposal to Reduce Funding for Facilities Maintenance. For the reasons stated above, we recommend the Legislature reject the Governor's proposal to reduce funding for the Physical Plant and Instructional Support program by $213 million Proposition 98 General Fund. (Proposition 98 funds must be spent on a Proposition 98 purpose, such that they are not available to help the state address a non-Proposition 98 budget shortfall.) As discussed in the "Enrollment" section of this brief, we also recommend the Legislature reject the Governor's proposal effectively to redirect these facilities funds to a student outreach initiative.

Modify Proposed Language to Fund Only Certain Child Care Facilities. We recommend the Legislature modify the Governor's proposal by clarifying in statute that districts may use categorical program funds for child care centers that also serve an academic purpose. Moving forward, though, the Legislature may want to establish a cost-sharing expectation for these dual-purpose centers, in which fees cover at least a portion of facilities costs. Lastly, we recommend prohibiting districts from using such funds for nonacademic, self-supporting child care centers. The state makes this key distinction for other higher education facility programs.

LAO PUBLICATIONS

This report was prepared by Paul Steenhausen, and reviewed by Jennifer Pacella and Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

To request publications call (916) 445-4656. This report and others, as well as an e-mail subscription service, are available on the LAO's website at www.lao.ca.gov. The LAO is located at 925 L Street, Suite 1000, Sacramento, California 95814.

MARCH 2, 2023

The 2023-24 Budget:
Proposition 98 Overview and K-12 Spending Plan

PRESENTED TO: Senate Budget and Fiscal Review Subcommittee No. 1 On Education
Hon. John Laird, Chair

LEGISLATIVE ANALYST'S OFFICE

Update on the Guarantee in 2021-22 and 2022-23

(In Millions)

	2021-22			2022-23		
	June 2022 Estimate	January 2023 Estimate	Change	June 2022 Estimate	January 2023 Estimate	Change
Minimum Guarantee						
General Fund	$83,677	$83,630	-$47	$82,312	$79,103	-$3,210
Local property tax	26,560	26,785	225	28,042	27,889	-153
Totals	**$110,237**	**$110,415**	**$178**	**$110,354**	**$106,991**	**-$3,363**

Slight Upward Revision to Guarantee in 2021-22

- Relative to the June 2022 estimate, the guarantee is up $178 million (0.2 percent) in the prior year.
- The increase primarily reflects updated estimates of local property tax revenue.

Notable Downward Revision to Guarantee in 2022-23

- Relative to the June 2022 estimates, the guarantee is down $3.4 billion (3 percent) in the current year.
- The decrease primarily reflects the administration's lower estimate of General Fund revenue. Since June, certain areas of the economy that affect state revenue have shown notable weakness. For example, the housing market has cooled, consumer spending has slowed, and business startup activity has decreased.
- The administration also anticipates slightly slower growth in local property tax revenue.

Estimate of the Guarantee in 2023-24

(Dollars in Millions)

	2021-22 Revised	2022-23 Revised	2023-24 Proposed	Change From 2022-23	
				Amount	Percent
Minimum Guarantee					
General Fund	$83,630	$79,103	$79,613	$510	0.6%
Local property tax	26,785	27,889	29,204	1,315	4.7
Totals	**$110,415**	**$106,991**	**$108,816**	**$1,825**	**1.7%**
Funding by Segment					
K-12 education	$94,403	$93,535	$95,881	$2,346	2.5%
Community colleges	12,301	12,360	12,569	209	1.7
Reserve deposit	3,710	1,096	365	-730	-66.7

Proposition 98 Guarantee Estimated to Grow Slowly 2023-24

- The Governor's budget estimates the guarantee is $108.8 billion in 2023-24, an increase of $1.8 billion (1.7 percent) over the revised 2022-23 level.
- Although the guarantee is growing, it remains $1.5 billion (1.4 percent) below the 2022-23 level enacted last June.

Growth in the Guarantee Reflects Two Main Factors

- Most of the increase in the guarantee is due to growth in local property tax revenue.
- The increase in the General Fund portion of the guarantee is due to the expansion of transitional kindergarten.
  - The June 2021 budget established a plan to expand eligibility for transitional kindergarten over a four-year period.
  - The plan requires the state to "rebench" the guarantee for the costs of the expansion. In 2023-24, this adjustment increases the guarantee by $690 million.
  - Without this adjustment, the General Fund portion of the guarantee would have declined slightly.

Proposition 98 Reserve

Proposition 98 Reserve Established in 2014

- Formulas in the State Constitution require the state to make deposits into the reserve when the state receives large amounts of capital gains revenue and the guarantee is strong relative to growth in student attendance and inflation. The formulas also require withdrawals when the guarantee is weak relative to growth in student attendance and inflation.
- The Legislature can make discretionary withdrawals if the Governor declares a budget emergency (based on certain types of disasters or weakness in state revenues).
- Withdrawals from the Proposition 98 Reserve supplement the guarantee.

Balance in Reserve Would Reach $8.5 Billion in 2023-24

- Includes estimated deposits of $1.1 billion in 2022-23 and $365 million in 2023-24.
- Balance equates to 7.8 percent of the estimated guarantee in 2023-24.

Cap on School District Reserves Would Remain Operative

- A state law caps the reserves medium and large school districts may hold for undesignated purposes once the balance in the Proposition 98 Reserve exceeds 3 percent of the Proposition 98 funding allocated for schools the previous year.
- The cap became operative for the first time in 2022-23. Under the administration's estimates, it would remain operative in 2023-24 (and potentially future years).
- Districts could respond by (1) designating reserves for specific purposes, (2) asking their county offices of education for an exemption, or (3) spending down reserves.

Comments on the Minimum Guarantee

General Fund Revenue Likely Lower Than the Administration Estimates

- Recent data show continuing weakness in certain parts of the economy.
- Revenue collections to date have been tracking below the Governor's budget estimates.
- Our best estimate is that revenues will be about $10 billion lower over the budget period ($5 billion in 2022-23 and $5 billion in 2023-24).

Reductions in General Fund Revenue Would Reduce the Guarantee

- The guarantee is determined by one of three "tests" (formulas) in the State Constitution. The operative test for the 2021-22 through 2023-24 period is "Test 1," which links the guarantee to a percentage of General Fund revenue.
- For each dollar of higher or lower revenue, the guarantee would increase or decrease about 40 cents.

Two Other Adjustments Could Mitigate Reductions in General Fund Revenue

- Local property tax revenue seems likely to exceed the estimates in the Governor's budget by up to $200 million in 2022-23 and between $500 million and $900 million in 2023-24.
- The Proposition 98 Reserve would change in response to lower revenue:
  - A moderate revenue reduction could eliminate required deposits in 2022-23 and 2023-24.
  - A significant revenue reduction could lead to required withdrawals.

Overview of K-12 Spending Plan

Governor's Budget Has $5.2 Billion Available for K-12 Augmentations

Available Funding Mainly Reflects Three Key Baseline Adjustments

- Costs for the Local Control Funding Formula (LCFF) are lower than anticipated in 2021-22 and 2022-23. The budget anticipates further declines in 2023-24.
- One-time costs funded in the June 2022 budget are expiring.
- The Constitution requires smaller deposits into the Proposition 98 Reserve due to lower revenue estimates.

Governor's K-12 Spending Plan Has Three Main Components

- **Ongoing Augmentations ($6 Billion)**
  - Most funding is for an 8.13 percent statutory cost-of-living adjustment (COLA).
  - Also includes $300 million for new equity multiplier proposal.
- **One-Time Activities ($376 Million)**
  - Includes $250 million for a second round of literacy grants.
  - Includes $100 million to fund arts and cultural enrichment activities for high school seniors.
- **One Reduction to an Existing Program (-$1.2 Billion)**
  - The June 2022 budget plan approved more than $3.6 billion for the Arts, Music, and Instructional Materials Discretionary Block Grant.
  - The Governor's budget would reduce this funding to slightly less than $2.5 billion.

K-12 Spending Proposals

(In Millions)	
Ongoing Augmentations	
LCFF growth and COLA (8.13 percent)	$4,117
Transitional kindergarten expansion[a]	856
COLA for select categorical programs (8.13 percent)[b]	669
Equity Multiplier	300
State Preschool for students with disabilities	64
Access to opioid overdose reversal medication	4
K-12 High Speed Network	4
California College Guidance Initiative	4
Preschool assessment tool	1
Fiscal Crisis and Management Assistance Team	1
Subtotal	($6,018)
One-Time Activities	
Literacy coaches and reading specialists	$250
Arts and cultural enrichment	100
Charter School Facility Grant Program	30
CCEE adjustment for unspent prior year funds	-4
Testing consortium membership fee	1
Update to digital learning and standards integration guidance	0.1
Subtotal	($376)
One-Time Reductions	
Arts, Music, and Instructional Materials Discretionary Block Grant	-$1,174
Total	**$5,221**

[a] Reflects additional LCFF costs associated with serving more students in transitional kindergarten, including costs of lower transitional kindergarten staffing ratios.

[b] Applies to Special Education, State Preschool, Child Nutrition, K-12 mandates block grant, Charter School Facility Grant Program, Foster Youth Program, American Indian education programs, and Adults in Correctional Facilities.

LCFF = Local Control Funding Formula; COLA = cost-of-living adjustment; and CCEE = California Collaborative for Educational Excellence.

Implementation of Proposition 28

Establishes New Program to Fund Arts Education

- Proposition 28 (2022) requires the state to set aside an annual amount for arts education equal to 1 percent of the total Proposition 98 funding allocated to schools in the previous year.
- For 2023-24, the Governor's budget estimates the required amount is $941 million.

Provides Rules for Allocating and Using Funds

- The measure allocates 70 percent of the available funding to school districts, charter schools, and county offices of education through a formula based on prior-year enrollment of students in preschool, transitional kindergarten, kindergarten, and grade 1 through grade 12. It allocates the remaining 30 percent based upon the share of low-income students enrolled in those entities in the prior year.
- The measure allows school principals to determine how they will use their share of the funds, subject to two constraints:
  - Schools with at least 500 students must use at least 80 percent of their funds to hire new arts staff.
  - Funds must supplement any funding a school already allocates for arts education.

Adjusts the Proposition 98 Guarantee Upward

- In 2023-24, funding is on top of the guarantee otherwise calculated for the year.
- Beginning in 2024-25, funding for the program is folded into the guarantee and the guarantee is adjusted upward by a corresponding amount.

Strengths of Governor's K-12 Plan

Prioritizes Core Programs

- Most of the available funding is dedicated to COLA for existing programs.
- Providing COLA would help districts (1) address inflationary pressures, (2) sustain recent program expansions, and (3) address difficulty hiring certain types of staff.

Preserves the Proposition 98 Reserve

- Saving the reserve for now helps the state prepare for the possibility that revenue deteriorates significantly in the coming months or years.
- The funds in the Proposition 98 Reserve would help protect school programs from reductions or deferrals in the event of a recession.

Concerns With Governor's K-12 Plan

Plan Relies on $1.4 Billion in One-Time Funds to Cover Ongoing LCFF Costs

- This approach creates a deficit in the Proposition 98 budget because the guarantee would need to grow at least $1.4 billion to cover those ongoing costs in the following year (holding other factors constant).
- Relying on one-time funds makes future Proposition 98 budgets more difficult to balance and compounds the risks associated with an economic downturn.

Rationale for Some New Proposals Is Unconvincing

- Equity multiplier funding does not address the key issue of ensuring districts use existing funding to target the highest need schools and student subgroups.
- Additional literacy funding seems premature given the state does not yet have any information on outcomes from the previous funding round.
- Cultural enrichment activities could be funded in other ways, such as through LCFF or Proposition 28.

Reduction to Arts, Music, and Instructional Materials Discretionary Block Grant Likely Disruptive for Districts

- Many districts have already adopted plans for using these funds, often after discussions in the community and with school employee groups.
- Significantly reducing these funds likely would require districts to revisit these plans and could require changing larger aspects of their budgets.

Recommendations

Build Proposition 98 Budget That Does Not Create Future Deficits

- Avoid relying on one-time funds for ongoing costs. Instead, reduce ongoing spending by $1.4 billion.
- Reducing ongoing spending would mitigate the need to reduce the Arts, Music, and Instructional Materials Discretionary Block Grant.

Reject Governor's Three Main Proposals for New Programs

- Recommend rejecting the (1) equity multiplier funding, (2) additional literacy funding, and (3) cultural enrichment grant.
- Rejecting these proposals would yield one-time savings of $350 million and ongoing savings of $300 million, which would ease some of the pressure on existing K-12 programs.

Consider Funding Lower COLA Rate

- As a starting point, we recommend funding a COLA rate that is no higher than the Governor's budget level—even if the statutory rate is slightly higher by May.
- Consider additional COLA rate reductions as one possible way to reducing ongoing spending. Each 0.5 percent change in COLA rate equates to around $400 million in costs for K-12 programs.
- Reductions in the COLA rate could become particularly important if (1) state revenue decreases significantly or (2) the Legislature prefers to avoid reducing funding in other ways.

Recommendations

(Continued)

Consider Certain Reductions to Existing Programs

- **Expanded Learning Opportunities Program (ELOP)**
  - Initial feedback indicates some districts are not on track to spend any or all of their ELOP funds due to slow program ramp up, difficulty hiring staff, and the continued use of temporary federal relief funds to cover expanded learning costs. Moreover, some districts indicate that not all students may express interest in participating in ELOP.
  - The state could reduce funding to reflect lower levels of student participation. For example, it could no longer assume 100 percent participation in the program.
  - Alternatively, the state could reduce district allocations to account for funding districts already receiving through two existing after school programs.
  - Either option could produce savings of several hundred million dollars.
- **State Preschool**
  - We estimate the Legislature could reduce ongoing spending on State Preschool and maintain the program as it currently operates.
  - These savings primarily are associated with overbudgeted costs for COLA and unallocated funding for recent slot increases.
  - The savings within Proposition 98 could range from tens of millions of dollars to more than $100 million.

CALMATTERS

COMMENTARY

California's budget deficit may be even larger than predicted

BY DAN WALTERS , FEBRUARY 20, 2023 UPDATED FEBRUARY 23, 2023

Gov. Gavin Newsom unveils his budget proposal for the 2023-24 fiscal year during a press briefing at the California Natural Resources Agency in Sacramento on Jan. 10, 2023. Photo by Miguel Gutierrez Jr., CalMatters

Listen to this article

IN SUMMARY

Last year, California's state budget assumed a $97.5 billion surplus, but the state now faces a hefty budget deficit and the Legislature's budget analyst says it's likely even larger than predicted.

Eight months ago, energized by projections of a nearly a $100 billion surplus, Gov. Gavin Newsom and the Legislature wrote a **$307 billion budget** that lavished money on new and expanded services and rebated billions of dollars back to taxpayers.

Newsom crowed that "no other state in American history has ever experienced a surplus as large as this."

Last month, Newsom had to eat those words because the immense – on paper – surplus had suddenly morphed into what he said was a $22.5 billion deficit due to sharp declines in tax revenues. He **proposed a $297 billion budget** for the 2023-24 fiscal year that clawed back some of the money than had not yet been spent.

Predictably, advocates for programs and services that wouldn't receive the extra spending the previous budget had promised began complaining and demanding restoration. Environmentalists and leaders of the state's **financially perilous transit systems** were among the loudest.

Political fallout from the **sudden reversal of fortunes** promises to make this year's version of the annual budget process much more contentious than last year's euphoria. Legislative allies of the aggrieved stakeholders are being squeezed between their demands and fiscal reality.

As difficult as this year's budget process may be, the situation is likely worse than what Newsom projects in his proposed budget.

Last week, the Legislature's budget analyst, Gabe Petek, declared that revenues will probably be markedly lower than what Newsom assumed, and the governor's budget is "likely unaffordable in future years."

"In particular, using recent revenue collections and economic data, we estimate there is a two-in-three chance that state revenues will be lower than the governor's budget estimates for 2022-23 and 2023-24," Petek wrote in a **new analysis**. "Our best estimate is that revenues for these two years will be roughly $10 billion lower – implying a larger budget problem by about $7 billion."

Basically, Petek was saying, as tough as the spending cuts Newsom proposes may be, he and the Legislature need to tighten more to cover an even larger deficit.

There is another option that would ease the political pressure on lawmakers: Dipping into the state's "rainy day" reserves.

Newsom's proposal doesn't tap the reserves, agreeing with Petek that it would be imprudent because no one knows whether the state will experience a serious recession in the near future.

The Federal Reserve System has been hiking interest rates in hopes of cooling off the economy and damping inflation without triggering a recession, but economists differ on whether it will succeed.

The shortfalls projected by Newsom and Petek assume that the state will avoid recession, but if it strikes, the budget deficit could increase by many billions of dollars and the reserves would be needed to maintain basic services.

"Although state revenues are moderating from a historic peak, they are not yet consistent with recessionary levels," Petek told the Legislature. "Using reserves now to maintain the recent spending peak would mean the state would have less reserves available to pay for its core services if revenues declined further or in the event of a recession."

The annual budget exercise is still in its early phases. Affected interest groups are making their pitches, privately and publicly, for exemption from the reductions that would be needed to balance the budget. Over the next few months, the budget committees of both legislative houses will be reviewing what the governor wants and what Patek is advising.

The crunch will hit in May when Newsom releases a revised budget, one that likely to be starkly different from last May's version which projected the much-vaunted but illusory $97.5 billion surplus.

California Department of Finance

February 2023

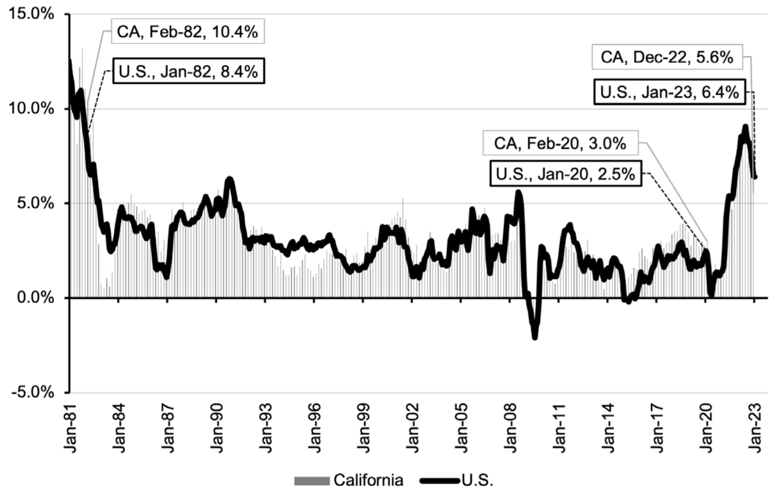
Finance Bulletin

Joe Stephenshaw, Director

Economic Update

U.S. headline inflation slowed for the seventh consecutive month to 6.4 percent year-over-year in January 2023, down 0.1 percentage point from December and from the peak of 9.1 percent in June 2022. Core inflation—which excludes food and energy—slowed to 5.6 percent year-over-year, also down 0.1 percentage point from December. Food inflation slowed slightly from 10.4 percent to 10.1 percent but remained elevated while energy inflation increased to 8.7 percent from 7.3 percent year-over-year driven by the increase in gasoline prices. Shelter inflation, which measures rent currently paid by tenants, rose from 7.5 percent to 7.9 percent. This measure typically changes slower than other components and is expected to reflect the recent declines in asking rents later in 2023.

U.S. and California CPI Inflation Rates
(January1981 - January 2023)



LABOR MARKET CONDITIONS

- The U.S. unemployment rate decreased 0.1 percentage point to 3.4 percent in January 2023, the lowest level since 1969. U.S. civilian employment increased by 894,000 in January while civilian unemployment decreased by 28,000. During January, the U.S. labor force increased by 866,000 people in January, bringing the labor force participation rate up 0.1 percentage point to 62.4 percent, 0.9 percentage point below the February 2020 pre-pandemic rate. The U.S. added 517,000 nonfarm jobs in January 2023, the largest job gain since July 2022 and higher than the average monthly gain of 401,000 in 2022. Ten of the eleven major sectors added jobs: leisure and hospitality (128,000), educational and health services (105,000), professional and business services (82,000), government (74,000), trade, transportation, and utilities (63,000), construction (25,000), manufacturing (19,000), other services (18,000), financial activities (6,000), and mining and logging (2,000). Information shed 5,000 jobs in January.
- California's unemployment rate remained unchanged at 4.1 percent in December 2022. The household survey -- which comprises all employed people including agricultural workers and self-employed workers-- indicated that civilian unemployment in the state decreased by 6,700 while civilian employment decreased by 20,000, and 26,800 people dropped out of the labor force. There were 293,300 (1.6 percent) fewer employed and 313,600 (1.6 percent) fewer persons in the labor force in December 2022 than in February 2020. The payroll survey--which measures nonfarm employment-- indicated that California added 16,200 nonfarm jobs in December 2022, driven by gains in educational and health services (8,200), followed by construction (7,500), government (6,000), leisure and hospitality (5,300), professional and business services (3,500), other services (1,300), financial activities (900), manufacturing (600), and mining and logging (100). Trade, transportation, and utilities (11,100) and information (6,100) lost jobs in December.

BUILDING ACTIVITY

- The statewide median price of existing single-family homes decreased to $774,580 in December 2022, down 0.4 percent from November, down 2.8 percent from December 2021, and down 14 percent from the record high of $900,170 in May 2022. Sales of existing single-family homes in California increased to 240,330 units (seasonally adjusted annual rate) in December 2022, up 1.1 percent from November but down 44.1 percent from December 2021. The average 30-year mortgage rate for December 2022 was 6.36 percent, down from 6.81 percent in November, but up from 3.1 percent in December 2021.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first seven months of the 2022-23 fiscal year were $3.322 billion below the 2023-24 Governor's Budget forecast of $105.011 billion. This is due to a $2.002-billion shortfall in January cash receipts, a $1.327-billion shortfall in December cash receipts, and minor revisions to receipts in prior months. Fiscal year-to-date shortfalls were mainly due to lower personal income tax revenues as well as corporate tax receipts that exclude Pass-Through Entity (PTE) Elective Tax payments. The shortfalls in personal income tax withholding and corporate estimated payments, which totaled $2.18 billion, indicate genuine weakness relative to the forecast. In contrast, the higher-than-expected personal income tax refunds and shortfall in December personal income estimated payments, which led to a cumulative revenue shortfall of $1.871 billion, were likely due to timing issues associated with the impact of higher PTE Elective Tax credit usage for tax year 2021, higher PTE Elective Tax payments of $1.276 billion in December and January, and an early start of the IRS filing season that resulted in accelerated processing of refunds in January. The Governor's Budget monthly cashflow reflects the expected impact of delayed payment and filing deadlines for Californians in 41 counties to May 15 due to recent winter storms and flooding. This impacted 2022 fourth quarter personal income tax estimated payments that were initially due in January, adding significant uncertainty to interpreting January estimated payments cash results. Deadlines for various March and April payments for personal income tax and corporation tax were also shifted to May 15.

- Personal income tax cash receipts for the first seven months of the fiscal year were $3.437 billion below the forecast of $65.265 billion. December and January withholding receipts, which are significant due to large bonuses and stock-based compensation occurring within those months, were $1.311 billion below forecast cumulatively. Much of the withholding weakness was related to 2022, including lower-than-expected bonus payments through the first week of January. Due to the delayed payment deadline for fourth quarter estimated payments, it is unknown to what extent taxpayer behavior that differed from what was assumed in the Governor's Budget cashflow affected the variance for estimated payments in January.
- Corporation tax cash receipts for the first seven months of the fiscal year were $203 million above the forecast of $16.910 billion, due entirely to higher PTE Elective Tax payments, which were $1.276 billion above forecast. Corporation tax receipts that exclude PTE Elective Tax payments were $1.073 billion below forecast fiscal year-to-date, including a $545-million shortfall in January.
- Sales and use tax cash receipts for the first seven months of the fiscal year were $128 million below the forecast of $18.934 billion and were $270 million above forecast in January.

2022-23 Comparison of Actual and Forecast Agency General Fund Revenues
(Dollars in Millions)

	JANUARY 2023				2022-23 YEAR-TO-DATE			
Revenue Source	**Forecast**	**Actual**	**Difference**	**Percent Difference**	**Forecast**	**Actual**	**Difference**	**Percent Difference**
Personal Income	**$15,377**	**$13,542**	**-$1,835**	**-11.9%**	**$65,265**	**$61,828**	**-$3,437**	**-5.3%**
Withholding	9,301	7,968	-1,333	-14.3%	53,423	52,111	-1,311	-2.5%
Estimated Payments	5,981	5,936	-45	-0.7%	11,941	11,402	-539	-4.5%
Final Payments	134	145	11	8.4%	4,192	4,268	76	1.8%
Other Payments	866	801	-65	-7.5%	4,560	4,214	-346	-7.6%
Refunds	-616	-1,055	-439	71.2%	-7,552	-8,930	-1,377	18.2%
MHSF Transfer	-275	-243	33	-11.9%	-1,169	-1,108	62	-5.3%
Corporation	**$2,839**	**$2,271**	**-$568**	**-20.0%**	**$16,910**	**$17,113**	**$203**	**1.2%**
Estimated Payments	753	437	-317	-42.1%	7,830	6,962	-868	-11.1%
PTE Payments	1,911	1,888	-23	-1.2%	8,156	9,432	1,276	15.6%
Other Payments	327	371	45	13.8%	2,631	2,704	72	2.7%
Refunds	-152	-425	-273	180.1%	-1,707	-1,984	-277	16.2%
Sales & Use	**$1,486**	**$1,755**	**$270**	**18.1%**	**$18,934**	**$18,810**	**-$124**	**-0.7%**
Insurance	**$41**	**$38**	**-$3**	**-7.2%**	**$1,798**	**$1,775**	**-$24**	**-1.3%**
Pooled Money Interest	**$150**	**$165**	**$15**	**10.1%**	**$805**	**$747**	**-$58**	**-7.2%**
Alcohol	**$45**	**$44**	**-$2**	**-3.3%**	**$271**	**$267**	**-$4**	**-1.4%**
Tobacco	**$5**	**$5**	**$0**	**5.1%**	**$30**	**$30**	**$0**	**0.5%**
Other	**$159**	**$279**	**$121**	**76.2%**	**$997**	**$1,118**	**$121**	**12.2%**
Total	**$20,102**	**$18,101**	**-$2,002**	**-10.0%**	**$105,011**	**$101,689**	**-$3,322**	**-3.2%**

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller. The personal income total includes Individual Shared Responsibility Penalty transfers. The forecast is from the 2023-24 Governor's Budget.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

U.S. Headline Inflation Up

BY PATTI F. HERRERA, EDD

posted February 14, 2023

The U.S. Bureau of Labor Statistics (BLS) released the nation's latest inflation numbers today, February 14, 2023, that show inflation nudging up from a month ago—an increase due primarily to the cost of shelter.

The Consumer Price Index (CPI) increased 0.5% in January, slightly up from December 2022 when it rose just 0.1%. The unadjusted annual headline inflation rate is 6.4% according to the BLS. Shelter costs contributed over half of the month's increase, but food and gas also saw increases in January. The cost of food rose 0.4% while the cost of eggs alone increased 8.5%. Gas increased 2.4% from a month ago and is up at an unadjusted annual rate of 1.5%. Annual core inflation, which excludes food and energy, rose 5.6% in January.

As of this writing, the stock market is reacting negatively to this morning's CPI report with all major indexes down. Today's report perpetuates concerns that the Federal Reserve will need to continue to increase interest rates to bring inflation down to normal levels, which elevates the risk of an economic recession.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

State Drops Plan for Student Vaccine Mandate

BY KYLE HYLAND

posted February 15, 2023

Editor's Note: While this article pertains to K-12 student COVID-19 vaccine mandates, whether community college students are mandated to have the vaccine remains a hot local topic.

Last Friday, February 3, 2023, the California Department of Public Health (CDPH) announced that it will no longer explore emergency rulemaking to add the COVID-19 vaccine to the list of required inoculations for California students to attend school in person. The plan will officially be dropped when Governor Gavin Newsom's COVID-19 State of Emergency comes to an end on February 28, 2023.

This news, which comes less than five months after the CDPH rescinded its public order requiring unvaccinated school employees to undergo weekly COVID-19 testing (see "CDPH Rescinds Vaccine or Test Requirement for School Employees" in the September 2022 *Fiscal Report*), effectively means that there are no longer any COVID-19 vaccine or testing requirements that the state is enforcing upon local educational agencies (LEAs).

While the Legislature has until Friday, February 17, 2023, to introduce bills for the legislative year, there has not been any measures introduced to require COVID-19 vaccines or testing so far and there is no indication that there will be. In fact, aside from the requirement that LEAs must keep their adopted COVID-19 testing plan (or the CDPH's testing framework) on their website through 2025 and must notify employees of potential COVID-19 exposure through 2023, there is no other significant COVID-19 statutes or health orders that LEAs must abide by.

This means that after nearly three years of navigating numerous laws, public health orders, and other requirements pertaining to COVID-19, it seems that LEAs can finally start operating in a post-pandemic world.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Revenue Picture Will Be Murky at the May Revision

BY MICHELLE MCKAY UNDERWOOD

 posted February 15, 2023

While we have yet to see how January revenues compare to estimates contained in the 2023-24 Governor's Budget, we do know that two key sources of education funding—personal income tax and property tax—will be unsettled at the May Revision.

Due to the significant storms that hit California in late 2022 and early 2023, the Internal Revenue Service announced on January 10 that many Californians will have until May 15, 2023, to file various federal individual and business tax returns and make tax payments. California quickly followed suit to provide the same extension for state personal income taxes with Governor Gavin Newsom stating, "This extension offers much-needed relief to taxpayers impacted by these powerful storms. For some, this will provide additional time to file their California tax returns or make their quarterly estimated tax payment to the state."

Residents and businesses in Alameda, Colusa, Contra Costa, El Dorado, Fresno, Glenn, Humboldt, Kings, Lake, Los Angeles, Madera, Marin, Mariposa, Mendocino, Merced, Mono, Monterey, Napa, Orange, Placer, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Sutter, Tehama, Tulare, Ventura, Yolo, and Yuba counties who have been affected by severe winter storms, flooding, and mudslides are eligible for tax relief.

Since the May Revision will be released (likely falling on May 12) before the extended deadline, the level of personal income taxes—the largest source of state revenues—will be an undetermined factor. This will potentially lead to more conservative revenue estimating on the part of the Newsom Administration than absent these extensions.

Furthermore, homeowners have longer to apply for a property tax postponement (PTP) for the 2022-23 tax year. Property taxes are customarily due on February 1 and delinquent as of April 10, with a deadline to apply for a postponement by February 10. Due to the impacts of weather-related and other emergencies, that deadline has been extended to April 14, 2023. The PTP Program, which allowed more than $4.4 million in residential property taxes to be postponed in 2021-22, allows homeowners who are seniors, are blind, or have a disability and who meet eligibility requirements to defer payment of property taxes on their primary residence. The State Controller's Office pays property taxes to the county for a homeowner approved for PTP. While this will have a minor impact compared to the personal income tax postponement, property tax revenues matter when Proposition 98 is in a Test 1 year (as it is now), where these funds supplement a fixed percentage of state fund revenues.

We expect the Department of Finance to release its Bulletin for January 2023 revenues within the next week. This will be the first glimpse at how actual revenues compare to the Governor's Budget. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

2023-24 Governor's Budget Trailer Bill for Community Colleges

BY MICHELLE MCKAY UNDERWOOD
BY KYLE HYLAND

 posted February 15, 2023

On February 1, 2023, the Department of Finance (DOF) released its proposed trailer bill language (TBL) for the 2023-24 State Budget, confirming the Newsom Administration's proposal for a $213 million cut to current-year deferred maintenance, $200 million for student recruitment and retention, and shifting $250 million from the 2023-24 Higher Education Student Housing Grant Program allocation to the 2024-25 fiscal year.

Student Recruitment and Retention

The proposal for recruitment and retention efforts is proposed to be used as follows:

- To support efforts to increase student retention rates and enrollment by primarily engaging former students who may have withdrawn due to the impacts of the COVID-19 pandemic, current students who may be hesitant to remain enrolled due to the impacts of the COVID-19 pandemic, and prospective students who may be hesitant to enroll due to the impacts of the COVID-19 pandemic
    - These funds can be used to provide a fiscal incentive for students to reenroll or for prospective students to enroll
- The California Community College Chancellor's Office (CCCCO), in creating an allocation methodology, shall consider a factor that allocated funds to community colleges that have observed the most significant percentage declines in enrollment due to the impacts of the COVID-19 pandemic
    - Up to 10% may be retained by the CCCCO to support statewide recruitment and retention efforts

Deferred Maintenance Reduction

While the Governor's Budget Summary indicated that the midyear cut to deferred maintenance would be $213 million, it actually takes three distinct budget actions to achieve that amount:

- A reduction of $240 million for deferred maintenance in the 2022-23 fiscal year

- An $11 million allocation for deferred maintenance in 2023-24
- A $16 million reappropriation from unspent prior-year community college funds to deferred maintenance

This combination nets to the $213 million cut described in the Governor's Budget Summary. The TBL also adds "support for childcare facility repair and maintenance" to the list of acceptable purposes for deferred maintenance dollars.

Higher Education Student Housing Grant Program

The TBL regarding the Higher Education Student Housing Grant Program states that the Governor is proposing to reduce the 2023-24 investment for the program from $750 million down to $500 million and extend the remaining $250 million to the 2024-25 fiscal year, which effectively creates a fourth year of awards.

As a reminder, current statute states that community college districts are slated to receive 50% of the awards for this program. This means that if the Governor's proposal were to go through, there would be $250 million available for community colleges in 2023-24 and $125 million in 2024-25.

Governor's Requests

Finally, as a reminder, the Governor's Budget Summary "requests community colleges establish dual enrollment agreements with all applicable local educational agencies within their community college districts' service area, if they have not done so already." The DOF confirmed that this request is not included in budget bill language, nor the TBL.

Similarly, the request that "all community colleges develop and offer a one-unit service-learning course that all high school students would have the ability to access through dual enrollment opportunities" is not to be found in the budget bill or the TBL.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Lawmakers Introduce Community College Bills

BY KYLE HYLAND

posted February 16, 2023

Since the Legislature returned to Sacramento on January 4, 2023, they have been gradually introducing more bills as they inch closer to the February 17, 2023, bill introduction deadline. As of this writing there have been over 1,800 measures introduced, but we predict that there will be well over 2,000 by the end of tomorrow's deadline.

Over the past several weeks there have been a number of significant education bills introduced that would impact community college districts (CCDs) should they make it through the legislative process and be signed by Governor Gavin Newsom. It is important to note that, so far, we have not seen any significant COVID-19-related bills with implications for CCDs, which for many of you will be refreshing to hear after the past three years of navigating numerous laws, public health orders, and other requirements pertaining to COVID-19.

The Legislature will not begin conducting policy committee hearings until late this month or early March. Below we highlight some of the noteworthy bills that have been introduced so far and that we will be tracking as they make their way through the legislative process:

- Assembly Bill (AB) 247 (Muratsuchi, D-Torrance) would place an unspecified K-14 school facilities bond before voters on either the primary or General Election ballot in 2024

- AB 255 (Alanis, R-Modesto) would require each CCD and the California State University (CSU) to grant priority for registration for enrollment to first responders

- AB 260 (Santiago, D-Los Angeles) would require persons who are employed to teach adult or community college classes part-time to receive compensation in at least an amount that bears the same ratio to the amount provided to full-time employees as the time actually served by those part-time employees bears to the time actually served by full-time employees with comparable duties

- AB 263 (Jones-Sawyer, D-South Los Angeles) would require the Student Aid Commission to convene a working group to research and develop recommendations for the creation of a pilot program that would cover the cost of postsecondary education in the state by replacing the system of charging student tuition and fees

- AB 264 (Ting, D-San Francisco) would authorize CCDs, pursuant to a memorandum of understanding, to replace closing on Lincoln Day or Washington Day with Lunar New Year

- AB 299 (Holden, D-Pasadena) would establish civil liability for higher education institutions and K-12 schools with direct involvement in, or knew/should have known of, the dangerous hazing practices of the school organization at the time of an alleged hazing incident

- AB 358 (Addis, D-Morro Bay) would exclude any building used as a residence for students attending a campus of a CCD, except upon a request by the community college district, from certain requirements applicable to "school buildings" under the Field Act

- AB 359 (Holden) would appropriate an unspecified sum to the California Department of Education and the Chancellor's Office for purposes of providing technical support and services for College and Career Access Pathways partnerships

- AB 456 (Maienschein, D-San Diego) would require each campus of the California Community Colleges (CCC) and CSU without a mental health hotline to establish a campus mental health hotline for students to access mental health services remotely that operates during working hours

- AB 461 (Ramos, D-Highland) would require CCDs and the CSU to provide information about the use and location of fentanyl test strips as part of established campus orientations and to notify students of the presence and location of fentanyl test strips

- AB 607 (Kalra, D-San Jose) would require each CCC and CSU campus to prominently display the estimated costs for each course of all required course materials and fees directly related to those materials, for no less than 75% of the total number of courses on the online campus course schedule

- AB 811 (Fong, D-Alhambra) would require each CCD to establish policies for the repetition of credit courses and would require these policies to include authorization for a student to repeat courses that they received a substandard grade in

- Senate Bill (SB) 28 (Glazer, D-Contra Costa) would place a $15.5 billion preschool through higher education bond before voters on the March 5, 2024, statewide primary election
  - The Legislature would only place one bond proposal before voters in 2024, so Senator Glazer and the stakeholders of SB 28 will need to work with Assemblymember Muratsuchi and the stakeholders of AB 247 to craft that proposal

- SB 234 (Portantino, D- La Cañada Flintridge) would require each college campus to maintain unexpired doses of naloxone hydrochloride or any other opioid antagonist on its campus and ensure that at least two employees are aware of the location of these products

- SB 467 (Portantino) would prohibit a student from being denied admission to a community college apprenticeship or internship training program because the student uses an individual tax identification number for purposes of the background check required by the class or program

Over the course of the legislative year, culminating with Governor Newsom's action deadline of October 14, 2023, we will be highlighting the legislative issues that will be the most important for CCDs to follow. We will be providing our updates via our "Top Legislative Issues" series, which will officially resume on Friday, February 24, 2023. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

California Community College Budget Hearings Scheduled

BY MICHELLE MCKAY UNDERWOOD

 posted February 17, 2023

With budget overview hearings completed last week and the budget trailer bill language made public (see "2023-24 Governor's Budget Trailer Bill for Community Colleges" in the February 2023 *Community College Update*), the budget subcommittees in each house will begin their deep dives into higher education finance. The Assembly Budget Subcommittee on Education Finance, chaired by Assemblymember Kevin McCarty (D-Sacramento), will host four hearings touching on community colleges:

- February 21—Higher Education Overview
- March 14—Higher Education Student Housing
- April 18—California Community Colleges
- May 2—Student Basic Needs

The Senate Budget Subcommittee on Education, chaired by Senator John Laird (D-Santa Cruz), will host a hearing on community college proposals on Thursday, April 20, 2023. Community colleges will once again be on the agenda on May 4, 2023, along with K-12 education and the California Commission on Teacher Credentialing to address teacher recruitment, retention, and training.

As of this writing, both subcommittees will be accepting public comment by phone as well as in-person testimony.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

State Revenues Shy of Governor's January Estimates

BY PATTI F. HERRERA, EDD

posted February 23, 2023

In its latest monthly revenue bulletin, the Department of Finance (DOF) reports that state revenues for the 2022-23 fiscal year are currently $3.3 billion below Governor Gavin Newsom's estimates from just a month ago when he released his 2023-24 State Budget proposal.

The DOF explains that poor revenue performance is due to unexpected shortfalls in cash collections for the last two months, with January 2023 revenues coming in $2 billion below estimates and December 2022 cash receipts $1.3 billion below projections. Both corporation tax (CT) and personal income tax (PIT) revenues for January fell below the Governor's Budget estimates, while sales and use tax revenues performed modestly better than expected last month. Weaknesses in PIT and CT collections resulted from the confluence of tax policies affecting anticipated payments paid by businesses that could then be used by individual filers as personal tax credits and the timing of Internal Revenue Service filing deadlines.

2022-23 State Tax Collections
In billions

	January 2023		2022-23 Year-to-Date	
	Forecast	**Actual**	**Forecast**	**Actual**
Personal Income Tax	$15.4	$13.5	$65.3	$61.8
Corporation Tax	$2.8	$2.2	$16.9	$17.1
Sales and Use Tax	$1.5	$1.8	$18.9	$18.8

The DOF indicates that the Governor's Budget accounts for delayed tax payments from the extension of filing deadlines in 41 of the state's 58 counties that were impacted by winter storms. They also note, however, that "shortfalls in [PIT] withholding and [CT] estimated payments...indicate genuine weakness relative to [the Governor's] forecast."

Proposition 98 Minimum Guarantee and Reserve

This acknowledgment lends credence to the Legislative Analyst's Office projection that there is an 80% chance that revenues for fiscal year 2022-23 would be approximately $5 billion lower than the Governor's January estimates by the time the Legislature adopts the 2023-24 State Budget. The fiscal year-to-date shortfall would result in an approximate $1.3 billion reduction in the Proposition 98 minimum guarantee while a $5 billion shortfall would further reduce K-14 funding by another $700 million.

The prospect of further reductions to the Proposition 98 minimum guarantee raises questions about the ability of state lawmakers to use the Proposition 98 reserve to maintain current education investments and pay for additional costs associated with a cost-of-living adjustment. Currently, the reserve balance is estimated to be $8.5 billion.

Deposits into and withdrawals from the Proposition 98 reserve is governed by a set of constitutional formulas. When the Proposition 98 minimum guarantee is lower than the prior year level, adjusted for inflation and attendance, the State Constitution requires the state to withdraw from the reserve to bring the minimum guarantee up to the adjusted prior year level. Under the Governor's Budget estimates, while the minimum guarantee for both 2022-23 and 2023-24 are lower the 2022 Enacted Budget projections, K-14 funding in 2023-24 ($108.8 billion) is still expected to be higher than the revised 2022-23 level ($106.9 billion). This means that the constitutional condition for a reserve withdrawal is not met.

If, however, the Governor declares a budget emergency, the Legislature is authorized to make a discretionary withdrawal from the Proposition 98 reserve and allocate those resources for any educational priority. The Governor has not signaled his willingness to declare a budget emergency, and it may be too soon to tell if his January estimates will uphold given tax collection uncertainties from the extended tax filing deadlines.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

State Auditor Releases Report on District Hiring Practices

BY KYLE HYLAND

BY MICHELLE MCKAY UNDERWOOD

 posted February 24, 2023

On Thursday, February 23, 2023, California State Auditor Grant Parks released an audit report on the hiring practices of four community college districts (CCDs): Foothill-De Anza CCD, Kern CCD, Los Rios CCD, and San Diego CCD.

More specifically, the assessment focused on the funding that the Legislature has provided to the state's CCDs to increase the amount of instruction taught by full-time faculty, which began at $50 million annually with the 2018-19 State Budget and was increased to $150 million per year

beginning with the 2021-22 State Budget.

Key Findings

The State Auditor's key findings from the 71-page report include the following:

- CCDs have not met the long-standing state goal of having 75% of instruction taught by full-time faculty
- The California Community College Chancellor's Office (CCCCO) has not created a valid way to measure CCDs' progress towards the 75% goal
- The CCCCO has allocated $450 million in state funds intended to facilitate full-time faculty hiring, but the Chancellor's Office has not ensured that CCDs use the funding appropriately
- CCDs have made some progress in hiring more diverse faculties, but many students still lack sufficient representation of their own backgrounds among the faculty
- CCDs say that a primary challenge is limited availability of representative applicants in the workforce
- Eliminating barriers to equal employment opportunity (EEO) and implementing best practices could improve the districts' faculty diversity

- The CCCCO does not verify whether districts have implemented the EEO best practices for which they have received additional funding

Recommendations

From these findings the State Auditor provided several robust recommendations, all aimed specifically at the CCCCO (with implications for local districts) and deadlines of August 2023 and February 2024.

The State Auditor, by August 2023, recommends the CCCCO to do all of the following:

- Require each CCD to annually report in November the number of full-time faculty positions filled and maintained with the funds allocated for that purpose in the prior fiscal year, the percentage of the funds used in the prior fiscal year, and the cumulative total of the funds used and unused since the initial allocation in fiscal year 2018-19
    - Each district should also include in the report its progress toward meeting the goal of at least 75% of instruction by full time faculty
- Implement a policy to annually synthesize the information from the CCDs into a systemwide report and post it on its public website by January of the following year
- Implement a policy to verify that the CCDs are using the funds as required
- Implement a policy to verify that CCDs conduct the required demographic analyses of their employment processes

The State Auditor, by February 2024, recommends the Chancellor's Office to do all of the following:

- Work with the Board of Governors (BOG) to develop, implement, and report on a metric of instruction that calculates actual instruction hours taught by full-time and part time faculty
- Set increasing annual benchmarks for the amount of instruction by full-time faculty at CCDs, with the goal of achieving an appropriate target percentage within five years and develop a mechanism to promote compliance with its benchmarks
- Implement a policy to regularly determine the most effective and feasible best practices for CCDs to implement and update its multiple methods process to include those selected best practices when it conducts its evaluation of CCD EEO plans once every three years

Additionally, the State Auditor recommends that, beginning with the 2023-24 fiscal year, the CCCCO require CCDs to implement all of the nine multiple methods to receive EEO funding, and it should create a process to verify proper implementation of a selection of the methods to ensure compliance and consistency.

Chancellor's Office Response

All four CCDs and the CCCCO were afforded an opportunity to provide a response to the State Auditor's findings and recommendations.

The CCCCO informed the State Auditor that the existing methodology, metrics, benchmarks, and mechanisms to promote compliance of the Faculty Obligation Number (FON) were established by the BOG after an extensive participatory governance process, which is codified in the Education Code. They contend that their role is to facilitate discussions between the BOG and the Consultation Council and that any regulation proposed by the BOG is subject to administrative approval by the Department of Finance, which means that the CCCCO does not have control over the final regulatory proposals or the timeline for adoption.

In effect, the CCCCO does not believe that the audit accurately describes the limitations of its authority to direct the actions of the 73 CCDs. While they agree to implement some of the recommendations above, they cannot agree to recommend all of them considering they would need to revise existing regulations, which is a long arduous process involving numerous stakeholders that they ultimately do not have control over.

Next Steps

While the audit report does not include recommendations for legislation, it would not be surprising to see a legislator use this report to author a bill that looks to make changes to the FON or the processes that established it. We also will need to see what changes the CCCCO may make to meet some of these recommendations that are within their purview.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Top Legislative Issues—February 24, 2023

BY SSC GOVERNMENTAL RELATIONS TEAM

 posted February 24, 2023

Last Friday, February 17, 2023, was the deadline for legislators to introduce any measures to be considered for the first year of the 2023-24 Legislative Session. The Capitol community has been sifting through the more than 2,600 bills that have been introduced for 2023, which is the highest number in over a decade. Of those measures, a few hundred directly amend the Education Code but scores more affect Labor or Government Code Sections that also apply to community college districts (CCDs). Additionally, dozens of bills stating the Legislature's intent to change various aspects of the Education Code have been introduced. (In order to meet the bill introduction deadline, oftentimes bills are introduced with a kernel of an idea, with the details to be amended into the bill at a later date.)

Over the course of the legislative year, culminating with Governor Gavin Newsom's action deadline of October 14, 2023, we will be highlighting the legislative issues that will be the most important for CCDs to follow.

So far, it is fair to say that the Legislature is operating as it did in the pre-pandemic world both operationally and in the content of the bills. In fact, there was not any noteworthy COVID-19-related bills with implications for CCDs, which for many of you will be refreshing to hear after the past three years of navigating numerous laws, public health orders, and other requirements pertaining to COVID-19.

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

- Employees
- Facilities
- Governance and District Operations
- Miscellaneous
- Student Safety
- Tuition and Fees
- 2023 Legislative Calendar—Upcoming Holidays and Deadlines

Employees

Assembly Bill (AB) 260 (Santiago, D-Los Angeles)—Community Colleges: Part-Time Employees. 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 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 518 (Wicks, D-Oakland)—Paid Family Leave. This bill would expand eligibility for paid family leave to include employees who take time off work to care for "any other individual related by blood or whose association with the employee is the equivalent of a family relationship."

AB 1190 (Irwin, D-Thousand Oaks)—Community Colleges: Part-Time Faculty: Office Hours. This bill would repeal the provisions establishing the Community College Part-Time Faculty Office Hours Program and the Part-Time Faculty Office Hours Program Fund. The bill would instead require CCDs, on and after July 1, 2024, to provide compensation for office hours to part-time faculty at an amount equal to one paid office hour for every two classes or more taught per week by the part-time faculty member or 40% of a full-time load and a half-paid office hour for every class or 20% of a full-time load. If these provisions conflict with the terms of a collective bargaining agreement in effect before January 1, 2024, the bill would require the collective bargaining agreement to be reopened for negotiations.

Facilities

AB 358 (Addis, D-Morro Bay)—Community College Districts: Student Housing. This bill would exclude any building used as a residence for students attending a campus of a CCD from certain requirements applicable to "school buildings" under the Field Act. The bill would effectively exempt CCD student housing architectural plans from the requirement to receive approval from the Department of General Services' Division of State Architect, thereby creating parity with California State University (CSU) and University of California campus housing.

Governance and District Operations

AB 811 (Fong, D-Alhambra)— Seymour-Campbell Student Success Act of 2012: Repeating Credit Courses. This bill would require the governing board of each CCD to establish policies for the repetition of credit courses offered by the community colleges within the district. The bill would require these policies to include increasing the number of times a student may take a credit course for which they received a substandard grade up to five times. Students who received a satisfactory grade would be permitted to repeat a course up to at least three times for personal enrichment.

Miscellaneous

AB 1142 (Fong)—Postsecondary Education: Coordinating Commission for Postsecondary Education in California. This bill would establish the Coordinating Commission for Postsecondary Education in California. The commission would be composed of five public members with experience in postsecondary education and would be appointed by the Senate, Assembly, and Governor Newsom. The commission would be empowered to:

- Set performance targets for enrollment and degree and certificate completion statewide and by region
- Measure and inform the Legislature of the supply of and demand for jobs in fields of study statewide every two years
- Review both statewide and regional gaps of higher education admission, enrollment, success, and employment by race, ethnicity, gender, socioeconomic status, and additional categories of students
- Partner with the California Cradle-to-Career Data System to provide cross-segmental data aggregation analyses of the segments of public postsecondary education upon the request of the Legislature

This is not the first time a legislator has tried to create a higher education coordinating body. Governor Newsom vetoed a bill in 2019 that would have established such a body citing that he had launched the Governor's Council for Post-Secondary Education to encourage collaboration between systems and to make recommendations to the administration in an advisory capacity.

Student Safety

AB 461 (Ramos, D-Highland)—Student Safety: Fentanyl Test Strips. This bill would require CCDs and the CSU to stock and distribute fentanyl test strips at their campus health centers, provide information about the use and location of fentanyl test strips as part of established campus orientations, and to notify students of the presence and location of fentanyl test strips.

Senate Bill 234 (Portantino, D-La Cañada Flintridge)—Opioid Antagonists: Schools, College Campuses, Stadiums, Concert Venues, and Amusement Parks. This bill would require each college campus to maintain unexpired doses of naloxone hydrochloride or any other opioid antagonist on its campus and ensure that at least two employees are aware of the location of these products.

Tuition and Fees

AB 680 (Rubio, D-Baldwin Park)—Public Postsecondary Education: Nonresident Tuition: Exemption. This bill would expand the non-resident tuition exemption to students who (1) completed 60 semester units of credit or 90 quarter units of credit in a California community college or (2) attained an associate degree for transfer.

AB 1540 (Fong)—Public Postsecondary Education: Nonresident Tuition: Exemption. This bill would, for purposes of validating non-resident tuition status for undocumented students under current law, authorize higher education institutions to accept an affidavit provided to the California Student Aid Commission as part of the student's financial aid application.

2023 Legislative Calendar—Upcoming Holidays and Deadlines

March 30—Spring recess begins upon adjournment.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

President Biden Releases 2024 Budget

BY PATTI F. HERRERA, EDD

BY KYLE HYLAND

posted March 10, 2023

On March 9, 2023, President Joe Biden released his proposed budget for fiscal year (FY) 2024, which includes several increased investments in education. The proposal is markedly more modest that his previous budgets, which is likely reflective of both the change in the political dynamics in Washington D.C. with Democrats no longer controlling both houses of Congress as well as growing economic uncertainty. That said, President Biden and the Democratic Party are gearing up for what is sure to be a heated presidential election in 2024, so the President's budget must avoid creating political liabilities before a potential reelection campaign.

President Biden's major education-related proposals include:

Higher Education

- **$500 million for free community colleges** in a new discretionary grant program to provide two years of free community college for students enrolled in high-quality programs that lead to a four-year degree or a good-paying job

- **$200 million for the Career-Connected High Schools initiative** to increase the integration and alignment of the last two years of high school and the first two years of higher education through expanded access to dual enrollment, work-based learning, college and career advising, and opportunities for high school students to earn industry-recognized credentials

- **$500 more per discretionary maximum Pell Grant** to help low- and middle-income students overcome financial barriers to postsecondary education

- **$429 million to increase capacity** at Historically Black Colleges and Universities, Tribally Controlled Colleges and Universities, and Minority-Serving Institutions, including community colleges

- **$35 million to build community colleges' capacity** to work with the public workforce development system and employers to design and deliver high-quality training programs

Child Care and Preschool

- **Mandatory Federal-State Preschool Partnership** to ensure that every four-year-old has access to a high-quality preschool program in a setting based on parent choice, including school- or community-based preschools, Head Start, or child care providers. States will have the option to expand access to three-year-olds once all four-year-olds are served. The estimated cost of this initiative is $600 billion over ten years

- **$500 million** in demonstration grants to create or expand access to school- or community-based preschool for four-year-olds at Title I schools
- **$22.1 billion for the Early Learning and Care system**, an increase of $2.1 billion from FY 2023
  - $9 billion for the Child Care Development Block Grant Program
  - $13.1 billion for Head Start
  - $219 million to remediate lead in water and schools and child care programs

Akin to California's budget process, development of the annual federal budget begins with the release and submission of the president's budget. In the coming months, Congress will weigh in with its priorities before presenting a budget to President Biden later this summer.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2023/24 Tentative Budget Assumptions
March 9, 2023

I. State Revenue

A. Budgeting will begin using the Student Centered Funding Formula (SCFF) at the hold harmless provision for the 2017/18 Total Computational Revenue plus outyear cost of living adjustments (COLA) plus estimated revenue earned above hold harmless less estimated deficit factor.

B. FTES Workload Measure Assumptions:

Year		Base	Actual	Funded		Actual Growth
2016/17		28,901.64	27,517.31	28,901.64	a	-4.79%
2017/18		28,901.64	29,378.53	29,375.93	b	1.65%
2018/19	Recal		25,925.52	28,068.86	c	-11.75%
2019/20	Recal		27,028.98	26,889.30		4.26%
2020/21	Recal		25,333.74	26,993.32		-6.27%
2021/22	Recal		26,202.98	27,208.25		3.43%
2022/23	P1		25,648.46	26,971.89		-2.12%

a - based on submitted P3, District went into Stabilization in FY 2016/17

b - based on submitted P3, the district shifted 1,392.91 FTES from summer 2018

c - To maintain the 2015/16 funding level and produce growth FTES in 2017/18, the district borrowed from summer 2018 which reduced FTES in 2018/19.

The governor's state budget proposal includes .5% systemwide growth funding, 8.13% COLA. The components now remain at 70/20/10 split with funded COLA added to all metrics each year. Any changes to our funding related to the SCFF will be incorporated when known.

Projected COLA of 8.13%	$15,914,743
Projected SCFF Base Increase	$0
Projected Growth/Restoration	$5,783,744
Deficit Factor (2%)	($4,349,036)

2023/24 Potential Growth at 0.5% — 26,334 FTES

C. Education Protection Account (EPA) funding estimated at $38,980,355 based on 2022/23 @ Advance. These are not additional funds. The EPA is only a portion of general purpose funds that offsets what would otherwise be state aid in the apportionments. We intend to charge a portion of faculty salaries to this funding source in compliance with EPA requirements.

D. Unrestricted lottery is projected at $170 per FTES ($4,449,862). Restricted lottery at $67 per FTES ($1,753,769). (2022/23 @ P1 of resident & nonresident factored FTES, 26,175.66 x $170 = $4,449,862 unrestricted lottery; 26,175.66 x $67 = $1,753,769 restricted lottery)

E. Estimated reimbursement for part-time faculty compensation is estimated at $568,828 (2022/23 @ Advance).

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is being proposed on certain categorical programs. Without COLA, other categorical reductions would be required to remain in balance if settlements are reached with bargaining groups. The colleges will need to budget for any program match requirements using unrestricted funds.

G. College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2022/23 @ Advance of $232,423.

H. Mandates Block Grant estimated at a total budget of $825,239 ($32.68 x 25,252.10). No additional one-time allocation proposed.

II. Other Revenue

I. Non-Resident Tuition budgeted at $3,000,000. (SAC $2,000,000, SCC $1,000,000).

J. Interest earnings estimated at $900,000.

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately $404,737.

L. Apprenticeship revenue estimated at $5,227,354.
(Corresponding expenses are also budgeted for apprenticeship course offerings.)

M Scheduled Maintenance/Instructional Equipment allocation. Unknown at this time.

N Full-time Faculty Hiring Allocation ($3,325,444 - $2,367,141 = $958,303)

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2023/24 Tentative Budget Assumptions
March 9, 2023

III. Appropriations and Expenditures

A. As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for ALL necessary expenditures including but not limited to all full time and part time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.

B. Salary Schedule Adjustments - estimated at 5% for unrestricted general fund = $7,669,263
(FARSCCD approximate cost $3,859,222 CSEA approximate cost $2,090,750, Management/Other approximate cost $1,719,291)
The colleges will need to budget for bargained increased costs in Salaries and Benefits for part-time employees.
The estimated cost of a 1% salary increase is $2.05 million for all funds. The estimated cost of a 1% salary increase is $1.53 million for the unrestricted general fund.

C. Step and column movement is budgeted at an additional cost of approximately $1.77 million including benefits for FD 11 & 13
(FARSCCD approximate cost $893,243 CSEA approximate cost $483,621, Management/Other approximate cost $397,652)
For all funds, it is estimated to = $2.46 million (FARSCCD = $1,114,537, CSEA = $770,322, Management/Others = $571,510)
In addition, the colleges would need to budget for step/column increases for P/T faculty.

D. Health and Welfare benefit premium cost increase as of 1/1/2024 is estimated at 3.5% for an additional cost of approximately $601,137 for active employees and $288,637 for retirees, for a combined increase of $889,774 for unrestricted general fund. The additional cost increase for all funds is estimated to = $1,070,323.
State Unemployment Insurance (.50% to .20%)
CalSTRS employer contribution rate will stay the same in 2023/24 at 19.10% for no increase.
(Note: The cost of each 1% increase in the STRS rate is approximately $760,000.)
CalPERS employer contribution rate will increase in 2023/24 from 25.37% to 27.00% for a increase of $682,853.
(Note: The cost of each 1% increase in the PERS rate is approximately $411,000.)

E. The full-time faculty obligation (FON) for Fall 2023 is estimated to be 348. The Fall 2022 report indicated the District was 17.8 faculty under its FON. The current cost for a new position is budgeted at Class VI, Step 12 at approximately $176,174. Penalties for not meeting the obligation amount to approximately $87,151 per FTE not filled. Each faculty hired over the FON adds cost of ($176,174 - $61,190)= $114,984 if deduct hourly cost. Hiring of 26 new faculty for FY 2023/24 (SAC=18 and SCC=8).
SAC hiring 12.5 = $2,202,175 unrestricted general fund, hiring 2.5 = $440,435 in restricted general fund (categorical program), and hiring 3 non-credit non-FON = $528,522
SCC hiring 6 = $1,057,044 unrestricted general fund and hiring 2 non-credit non-FON = $352,348.
Unrestricted General Fund will be budgeted for 18.5 position, the differences of funding will need to be provided by the colleges.

F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/23 for hourly faculty is $92.69 x 18 hrs/LHE= $1,669 (FY 2023/24)
(Total cost of salary and benefits of part-time faculty to teach 30 LHE = $61,190)

G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Employer Contribution Target remains less than our current pay as you go, therefore there is no additional need to fund this liability this year.

H. Capital Outlay Fund - The District will continue to budget $1.5 million for capital outlay needs.

I. Utilities cost increases of 2.5%, estimated at $100,000.

J. Information Technology licensing contract escalation cost of 7%, estimated at $125,000.

K. Property and Liability Insurance transfer estimated at $1,970,000. Unchanged.

L. Other additional DS/Institutional Cost expenses:

	Ongoing Cost	One-time Cost
Business Services	$ 1,612,336	
P & C Recruitment	$ 50,000	

M. Seventh contribution of Santiago Canyon College ADA Settlement expenses of $2 million from available one-time funds.

Rancho Santiago Community College District
Unrestricted General Fund Summary
2023/24 Tentative Budget Assumptions
March 9, 2023

*	New Revenues	Ongoing Only	One-Time
A	Student Centered Funding Formula		
B	Projected COLA of 8.13%	$15,914,743	
B	Projected SCFF Base Increase	$0	
B	Projected Growth/Restoration	$5,783,744	
B	Deficit Factor (2%) - additional	($417,646)	
D	Unrestricted Lottery	$165,140	
H	Mandates Block Grant	$0	
I	Non-Resident Tuition	$500,000	
J	Interest Earnings	$0	
L	Apprenticeship - SCC	$0	
EGK	Misc Income	$0	
N	Full-time Faculty Allocation	$958,303	
	Total	**$22,904,284**	
	New Expenditures		
B	Salary Schedule Increases/Collective Bargaining **	$7,669,263	
C	Step/Column	$1,774,516	
D	Health and Welfare/Benefits Est. Increase 3.5% - Active	$601,137	
D	Health and Welfare/Benefits Est. Increase 3.5% - Retirees	$288,637	
D	CalSTRS Increase	$0	
D	CalPERS Increase	$682,853	
D	State Unemployment (.50% to .20%)	($354,680)	
E	Full Time Faculty Obligation Hires	$3,259,219	
E	Non-Credit Faculty (Non FON)	$880,870	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	$0	
G	Cost of Retiree Health Benefit (OPEB Cost)	$0	
H	Capital Outlay/Scheduled Maintenance Contribution	$0	
I	Utilities Increase	$100,000	
J	ITS Licensing/Contract Escalation Cost	$125,000	
K	Property, Liability and All Risks Insurance	$0	
II.L	Apprenticeship - SCC	$0	
L	Other Additional DS/Institutional Costs	$1,662,336	
M	SCC ADA Settlement Costs	$0	$2,000,000
	Total	**$16,689,151**	**$2,000,000**
	2023/24 Budget Year Unallocated (Deficit)	$6,215,134	
	2022/23 Structural Unallocated (Deficit)	($2,388,864)	
	Total Est. Unallocated (Deficit)	$3,826,270	

SRP Savings/Rightsizing Recap

Beginning Balance 7/1/22 SRP Savings	$14,655,522
SRP Savings FY 2022/23	$5,509,375
FON Penalty (17.8 x $87,151)	($1,551,288)
SRP Cost for FY 2023/24	($1,979,622)
SRP Cost for FY 2024/25	($1,979,622)
SRP Cost for FY 2025/26	($765,062)
Ending Balance	**$13,889,303**

* *Reference to budget assumption number*

** *5.00% for FARSCCD/CSEA/CEFA/Management set aside*

Fiscal Resources Committee

2023/2024 Proposed Meeting Schedule

All meetings will be held from 1:30 – 3:00 p.m.
Zoom or Executive Conference Room – District Office

July 5, 2023

August 16, 2023

September 20, 2023

October 18, 2023

November 15, 2023

January 17, 2024

February 21, 2024

March 20, 2024

April 17, 2024

May 15, 2024

The Rancho Santiago Community College District aspires to provide equitable, exemplary educational programs and services in safe, inclusive, and supportive learning environments that empower our diverse students and communities to achieve their personal, professional, and academic goals.

Updated March 2023

Rancho Santiago Community College District
Budget Allocation Model
Based on the Student Centered Funding Formula

The *"Rancho Santiago Community College District Budget Allocation Model Based on the SCFF"* was recommended at the November 18, 2020 Fiscal Resource Committee meeting and updated on April 20, 2022.

Introduction

In February of 2012, the Rancho Santiago Community College District approved and adopted a revenue allocation formula, based on SB 361, in order to provide the greatest amount of flexibility for each of the campuses. The change was initiated by the district Budget Allocation and Planning Review Committee (BAPR) and a technical subgroup of BAPR who was then delegated the task of reviewing the model that the District had been using for the previous ten years. The BAPR workgroup proceeded to review and evaluate approximately 20 other California community college multi-campus budget allocation models. Following the review of other models, the BAPR workgroup ultimately decided on a revenue allocation model as opposed to the expenditure allocation model that had been in effect in the District. On July 1, 2018, the Student Centered Funding Formula (SCFF) was adopted by the State of California marking one of the biggest changes to California Community College funding yet. The SCFF is based on three allocations:

1) Base Allocation (70% of state funding) is based on the number of colleges and comprehensive centers in the community college district and total FTES generation

2) Supplemental Allocation (20% of state funding) is based on the number of low-income students.

3) Student Success Allocation (10% of state funding) is based on student progress such as transfer, completion, and wage earnings.

RSCCD's Fiscal Resource Committee (FRC), as the current participatory governance body in charge of reviewing and evaluating the RSCCD revenue allocation model, determined that based on the new distribution of funds from the State, the District's current budget model needed to be reviewed and revised to be in accordance with the Student Centered Funding Formula.

Noncredit and Career Development and College Preparation (CDCP) funding are considered fully funded in the base allocation and do not qualify for supplemental and success funding. See Appendix A - Definition of Terms for enhanced descriptions.

The goal of the BAM is to create a documented revenue allocation process that provides financial stability and encourages fiscal accountability at all levels in times of either increasing or decreasing revenue streams. It is also intended to be transparent, fair, predictable and consistent, using quantitative, verifiable factors with performance incentives. District Council should conduct a review(s) during each fiscal year to assess if the operation of the budget allocation model is meeting the goal.

Under State law, the District is the legal entity and is ultimately responsible for actions, decisions and legal obligations of the entire organization. The Board of Trustees of the Rancho Santiago Community College District has clear statutory authority and responsibility and, ultimately, makes all final decisions. Likewise, the Chancellor, under the direction of the Board of Trustees, is responsible for the successful operation, reputation, and fiscal integrity of the entire District. The funding model does not supplant the Chancellor's role, nor does it reduce the responsibility of the District Services staff to fulfill their fiduciary role of providing appropriate oversight of the operations of the entire District. It is important that guidelines, procedures and responsibility be clear with regard to District compliance with any and all laws and regulations such as the 50% Law, full-time/part-time faculty requirements, Faculty Obligation Number (FON), attendance accounting, audit requirements, fiscal and related accounting standards, procurement and contract law, employment relations and collective bargaining, payroll processing and related reporting requirements, etc. The oversight of these requirements is to be maintained by District Services, which has a responsibility to provide direction and data to the colleges to assure they have appropriate information for decision making with regard to resource allocation at the local level, thus, assuring District compliance with legal and regulatory requirements.

All revenue is considered District revenue because the district is the legal entity authorized by the State of California to receive and expend income and to incur expenses. However, the majority of revenue is provided by the taxpayers of California for the sole purpose of providing educational services to the communities and students served by the District. Services such as classes, programs, and student services are, with few exceptions, the responsibility of the colleges. It is the intent of the Revenue Allocation Model to allocate the majority of funds to the colleges in order to provide those educational services. The model intends to provide an opportunity to maximize resource allocation decisions at the local college level. Each college president is responsible for the successful operation and performance of his/her college as it relates to resource allocation and utilization. The purpose and function of the District Services in this structure is to maintain the fiscal and operational integrity of the District and its individual colleges and centers and to facilitate college operations so that their needs are met and fiscal stability is assured. District Services is responsible for providing certain centralized functions, both to provide efficient operations as well as to assist in coordination between District Services and the colleges. Examples of these services include: human resources, business services, fiscal and budgetary oversight, procurement, construction and capital outlay, district safety and security and information technology. On the broadest level, the goal of this partnership is to encourage and support collaboration between the colleges and District Services.

This BAM should be reviewed on an annual basis by the FRC to evaluate any changes in the SCFF as updates are signed into law and recommend any related changes to the BAM to District Council.

Updated March 2023

College and District Services Budgets and Expenditure Responsibilities

Since the RSCCD BAM is a revenue allocation model, all expenditures and allocation of revenues under the model are the responsibilities of the colleges and centers. Revenue responsibilities for the colleges, District Services and Institutional Costs are summarized in Table 1.

Expenditure responsibilities for the colleges, District Services and Institutional Costs are summarized in Table 2.

TABLE 1 Revenue and Budget Responsibilities		Santa Ana College & CEC ☑	Santiago Canyon College & OEC ☑	District Services ☑	Institutional Cost ☑
Federal Revenue- (81XX)					
1	Grants Agreement	✓	✓	✓	
2	General Fund Matching Requirement	✓	✓	✓	
3	In-Kind Contribution (no additional cost to general fund)	✓	✓	✓	
4	Indirect Cost (overhead)	✓	✓	✓	
State Revenue- (86XX)					
1	Base Funding	✓	✓	✓	
	Supplemental Funding	✓	✓	✓	
	Student Success Funding	✓	✓	✓	
2	Apportionment	✓	✓		
3	COLA or Negative COLA	✓	✓	✓ subject to collective bargaining	
4	Growth, Work Load Measure Reduction, *Negative Growth*	✓	✓	✓	
5	Categorical Augmentation/Reduction	✓	✓	✓	
6	General Fund Matching Requirement	✓	✓	✓	
7	Apprenticeship	✓	✓		
8	In-Kind Contribution	✓	✓	✓	
9	Indirect Cost	✓	✓	✓	

Updated March 2023

TABLE 1 Revenue and Budget Responsibilities		Santa Ana College & CEC ☑	Santiago Canyon College & OEC ☑	District Services ☑	Institutional Cost ☑
State Revenue- (86XX)					
10	Lottery				
	- Unrestricted (abate cost of utilities)	✓	✓	✓	
	- Restricted-Proposition 20	✓	✓		
11	Instructional Equipment Matches (3:1)	✓	✓		
12	Scheduled Maintenance Matches	✓	✓	✓	
13	Part-time Faculty Compensation Funding	✓	✓	✓ subject to collective bargaining	
14	State Mandated Cost	✓	✓	✓	
Local Revenue- (88XX)					
1	Contributions	✓	✓	✓	
2	Fundraising	✓	✓	✓	
3	Proceed of Sales	✓	✓	✓	
4	Health Services Fees	✓	✓		
5	Rents and Leases	✓	✓	✓	
6	Enrollment Fees	✓	✓		
7	Non-Resident Tuition	✓	✓		
8	Student ID and ASB Fees	✓	✓		
9	Parking Fees			✓	

Updated March 2023

	TABLE 2 Expenditure and Budget Responsibilities	Santa Ana College & CEC ☑	Santiago Canyon College & OEC ☑	District Services ☑	Institutional Cost ☑
Academic Salaries- (1XXX)					
1	State required full-time Faculty Obligation Number (FON)	✓	✓	✓	
2	Bank Leave	✓	✓	✓	
3	Impact upon the 50% law calculation	✓	✓	✓	
4	Faculty Release Time	✓	✓	✓	
5	Faculty Vacancy, Temporary or Permanent	✓	✓	✓	
6	Faculty Load Banking Liability	✓	✓	✓	
7	Adjunct Faculty Cost/Production	✓	✓		
8	Department Chair Reassigned Time	✓	✓		
9	Management of Sabbaticals (Budgeted at colleges)	✓	✓	✓	
10	Sick Leave Accrual Cost	✓	✓	✓	
11	Administrator Vacation	✓	✓	✓	
Classified Salaries- (2XXX)					
1	Classified Vacancy, Temporary or Permanent	✓	✓	✓	
2	Working Out-of-Class	✓	✓	✓	
3	Vacation Accrual Cost	✓	✓	✓	
4	Overtime	✓	✓	✓	
5	Sick Leave Accrual Cost	✓	✓	✓	
6	Compensation Time taken	✓	✓	✓	
Employee Benefits-(3XXX)					
1	STRS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
2	PERS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
3	OASDI Employer Rates, Increase/(Decrease)	✓	✓	✓	

Updated March 2023

	TABLE 2 Expenditure and Budget Responsibilities	Santa Ana College & CEC ☑	Santiago Canyon College & OEC ☑	District Services ☑	Institutional Cost ☑
Employee Benefits-(3XXX)					
4	Medicare Employer Rates, Increase/(Decrease)	✓	✓	✓	
5	Health and Welfare Benefits, Increases/(Decrease)	✓	✓	✓	
6	SUI Rates, Increase/(Decrease)	✓	✓	✓	
7	Workers' Comp. Rates, Increase/(Decrease)	✓	✓	✓	
8	Retiree Health Benefit Cost				
	-OPEB Liability vs. "Pay-As-You-Go"				✓
9	Cash Benefit Fluctuation, Increase/(Decrease)	✓	✓	✓	
Other Operating Exp & Services-(5XXX)					
1	Property and Liability Insurance Cost				✓
2	Utilities				
	-Gas	✓	✓	✓	
	-Water	✓	✓	✓	
	-Electricity	✓	✓	✓	
	-Waste Management	✓	✓	✓	
	-Water District, Sewer Fees	✓	✓	✓	
3	Audit			✓	
4	Board of Trustee Elections				✓
5	Scheduled Maintenance	✓	✓	✓	
6	Copyrights/Royalties Expenses	✓	✓	✓	
Capital Outlay-(6XXX)					
1	Equipment Budget				
	-Instructional	✓	✓	✓	
	-Non-Instructional	✓	✓	✓	
2	Improvement to Buildings	✓	✓	✓	
3	Improvement to Sites	✓	✓	✓	

Updated March 2023

The revenue allocations will be regularly reviewed by the FRC. In reviewing the allocation of general funds, the FRC should take into consideration all revenues, including restricted revenues, available to each of the Budget Centers less any apportionment deficits, property tax shortfalls or uncollected student fees or shortfalls. If necessary, the FRC will recommend adjustments to District Council for submission to the Chancellor.

The expenditures allocated for District Services and for Institutional Costs will be developed based on the projected levels of expenditure for the prior fiscal year, taking into account unusual or one-time anomalies, reviewed by the FRC and the District Council and approved by the Chancellor and the Board of Trustees. Any transfers made between District departments during a fiscal year are one-time in nature and do not increase the overall District budget. If any permanent transfers are made at Tentative or Adopted budget, one department is reduced and another increased by the same amount and also do not increase the overall District budget.

DISTRICT SERVICES – Examples are those expenses associated with the operations of the Chancellor's Office, Board of Trustees, Public Affairs, Human Resources, Risk Management, Educational Services, Institutional Research, Business Services, Internal Auditing, Fiscal Services, Payroll, Purchasing, Facilities Planning, ITS and Safety Services. The Publications Department operates on a chargeback system in Fund 13 and therefore their funds carryover from year to year to operate the enterprise. Economic Development expenditures are to be included in the District Services budget and ~~but~~ clearly delineated from other District expenditures. An annual report of Economic Development activities and related costs will be presented to FRC.

INSTITUTIONAL COSTS – Examples are those expenses associated with State and Federal regulatory issues, property, liability and other insurances, board election, interfund transfers and Retiree Health Benefit Costs. As the board election expense is incurred every other year, it will be budgeted each year at one-half of the estimated cost. In the off years, the funds will remain unspent and specifically carried over to the next year to be used solely for the purpose of the election expense. If there is insufficient budget, the colleges will be assessed the difference based on the current SCFF split. If any funds remain unspent in an election year, it will be allocated to the colleges based on the current SCFF split for one-time uses.

An annual review of District Services and Institutional Costs will be conducted by the District Council each fall in order to give time to complete the evaluation in time to prepare for the following fiscal year budget cycle and implement any suggestions. The review will include an evaluation of the effectiveness of the services provided to assure the District is appropriately funded. If the District Council believes a change to the allocation is necessary, it will submit its recommendation to the FRC for funding consideration and recommendation to the Chancellor.

District Reserves and Deficits

The Board of Trustees will establish a reserve through board policy, state guidelines and budget assumptions.

The Chancellor reserves the right to adjust allocations as necessary.

Updated March 2023

The Board of Trustees is solely responsible for labor negotiations with employee groups. Nothing in this budget model shall be interpreted to infringe upon the Board's ability to collectively bargain and negotiate in good faith with employee organizations and meet and confer with unrepresented employees.

College Budget and Expenditure Responsibilities

Colleges will be responsible for funding the current programs and services that they operate as part of their budget plans within the revenues each generate. There are some basic guidelines the colleges must follow:

- Allocating resources to achieve the maximum state funded level of FTES and other SCFF metrics is a primary objective for all colleges.
- Requirements of the collective bargaining agreements apply to college level decisions.
- To ensure that the District complies with the State required full-time Faculty Obligation Number (FON), the District Chancellor will establish a FON for each college. Each college is required to fund at least that number of full-time faculty positions. Any financial penalties imposed by the state due to FON non-compliance will be borne proportionately by the college(s) not in compliance unless a districtwide strategic decision is made to fall below FON and other funding sources are identified.
- In making expenditure decisions, the impact upon the 50% law calculation must be considered and budgeted appropriately. Any financial penalties imposed by the state due to 50% law non-compliance will be borne proportionally (by SCFF split) by both campuses.
- With unpredictable state funding, the cost of physical plant maintenance is especially important. Lack of maintenance of the operations and district facilities and grounds will have a significant impact on the campuses and therefore needs to be addressed with a detailed plan and dedicated budget whether or not funds are allocated from the state.

Budget Center Reserves and Deficits

At the Adopted Budget each college shall set aside a contingency reserve in the Unrestricted General Fund equal to a minimum of 1% of its total current year budgeted Fund 11 expenditures to handle unforeseen expenses. If the contingency reserve is unspent by fiscal year end, the college reserve rolls over into the colleges' beginning balance for the following fiscal year. The District Services and Institutional Cost allocations are budgeted as defined in the model for the appropriate operation of the district and therefore are not subject to carryover, unless specifically delineated. The Chancellor and Board of Trustees reserve the right to modify the budget as deemed necessary.

If a college incurs an overall deficit for any given year, the following sequential steps will be implemented:

The college reserve shall first be used to cover any deficit (structural and/or one-time). If reserves are not sufficient to cover the deficit, then the college is to prepare an immediate expenditure reduction plan that covers the amount of deficit along with a plan to replenish the 1% minimum reserve level. Once the college reserve has been exhausted, in circumstances when any remaining deficit is greater than 1.5% of budgeted Fund 11 expenditures, and a reduction plan has been prepared up to the 1.5% level, the college may request a temporary loan from District Reserves. The request, including a proposed payback period, should be submitted to the FRC for review. If the FRC supports the request, it will forward the

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recommendation to the District Council for review and recommendation to the Chancellor who will make the final determination.

Revenue Modifications

Apportionment Revenue Adjustments

It is very likely each fiscal year that the District's revenues from state apportionment could be adjusted after the close of the fiscal year in the fall, but most likely at the P1 recalculation, which occurs eight months after the close of the fiscal year. This budget model therefore will be fluid, with changes made throughout the fiscal year (P-1, P-2, P-annual) as necessary. Any increase or decrease to prior year revenues is treated as a one-time addition or reduction to the colleges' current budget year and distributed in the model based on the most up to date SCFF apportionment split reported by the District and funded by the state.

The apportionment includes funded FTES, basic allocations for colleges and centers, supplemental, and student success allocations.

An example of revenue allocation adjustment:

$100,000,000 is originally split 70% Santa Ana College ($70,000,000) and 30% Santiago Canyon College ($30,000,000) based on the SCFF split at the time of budget adoption. At the final SCFF recalculation for that year, the District earns an additional $500,000 based on the total funded apportionment. In addition, the split of apportionment changes to 71% / 29%. The total revenue of $100,500,000 is then redistributed $71,355,000 to Santa Ana College and $29,145,000 to Santiago Canyon College which would result in a shift of $855,000 between the colleges. A reduction in funding will follow the same calculation.

It is necessary in this model to set a base level of FTES for each college. Per agreement by the Chancellor and college Presidents, the base FTES split is determined by the prior year final FTES total. Similar to how the state sets a base for district FTES, this will be the beginning base level for each college. Each year through the planning process there will be a determination made if the district has growth potential for the coming fiscal year. Each college will determine what level of growth they believe they can achieve and targets will be discussed and established through Chancellor's Cabinet. For example, if the district believes it has the opportunity for 2% growth, the colleges will determine the level of growth they wish to pursue. If both colleges decide to pursue and earn 2% growth and the district is funded for 2% growth, then each college's base would increase 2% the following year. In this case the split would still remain 70.80% / 29.20% as both colleges moved up proportionately (Scenario #1).

	Base FTES	% split	Scenario #1	New FTES	% split
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	28,000		2.00%	28,560.00	

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If instead, one college decides not to pursue growth and the other college pursues and earns the entire district 2% growth, all of these FTES will be added to that college's base and therefore its base will grow more than 2% and the split will then be adjusted (Scenario #2).

	Base FTES	% split	Scenario #2	New FTES	% split
SAC	19,824	70.80%	2.82%	20,384.00	71.37%
SCC	8,176	29.20%	0.00%	8,176.00	28.63%
	28,000		2.00%	28,560.00	

	Base FTES	% split	Scenario #2	New FTES	% split
SAC	19,824	70.80%	0.00%	19,824.00	69.41%
SCC	8,176	29.20%	6.85%	8,736.00	30.59%
	28,000		2.00%	28,560.00	

Using this same example in which the district believes it has the opportunity for 2% growth, and both colleges decide to pursue 2% growth, however one college generates 3% growth and the other generates 2%, the college generating more FTES would have unfunded over cap FTES. The outcome would be that each college is credited for 2% growth, each base increases 2% and the split remains (Scenario #3).

	Base FTES	% split	Scenario #3	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(198.24)	
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	28,000		2.00%	28,560.00	

If instead, one college generates 3% and the other college less than 2%, the college generating the additional FTES can earn its 2% target plus up to the difference between the other college's lost FTES opportunity and the total amount funded by the district (Scenario #4).

	Base FTES	% split	Scenario #4	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(136.92)	
SAC	19,824	70.80%	2.31%	20,281.80	71.01%
SCC	8,176	29.20%	1.25%	8,278.20	28.99%
	28,000		2.00%	28,560.00	

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All of these examples exclude the effect of statewide apportionment deficits. In the case of any statewide deficits, the college revenues will be reduced accordingly. In addition, the Chancellor reserves the right to make changes to the base FTES as deemed necessary in the best interest of the district as a whole.

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Hold Harmless

This model includes several hold harmless mechanisms in alignment with the SCFF. The chart below describes the various methods the State Chancellor's Office uses to fund districts in the event apportionments are reduced from year to year. Hold Harmless funding currently is extended through 2024/25.

In any given year, a district's funding under the new Student Centered Funding Formula (SCFF) would be the highest of the amounts included in the lines below:

Line	Statutory Reference	2018-19	2019-20	2020-21	2021-22
1	Education Code section (ECS) 84750.4(b), 84750.4(c), 84750.4(d), 84750.4(e), and 84750.4(f) [STUDENT-CENTERED FUNDING FORMULA (SCFF)]	SCFF calculation	SCFF calculation	SCFF calculation	SCFF calculation
2	ECS 84750.4(g)(1)	2017-18 TCR. /1	2017-18 TCR. /1	N/A	N/A
3	ECS 84750.4(g)(2)	N/A	N/A	2017-18 credit, noncredit, and CDCP noncredit rates, multiplied by 2020-21 FTES, with basic allocation. /1	2017-18 credit, noncredit, and CDCP noncredit rates, multiplied by 2021-22 FTES, with basic allocation. /1
4	ECS 84750.4(g)(4)	N/A	Greater of lines 1 or 2 as calculated in **2018-19.**	Greater of lines 1 or 2 as calculated in **2019-20.**	Greater of lines 1 or 3 as calculated in **2020-21**.
5	ECS 84750.4(h)	2017-18 TCR adjusted by 2018-19 COLA.	2017-18 TCR adjusted by 2018-19 and 2019-20 COLAs.	2017-18 TCR adjusted by 2018-19, 2019-20, and 2020-21 COLAs.	N/A

/1 Special provisions for San Francisco Community College District and Compton Community College District.

TCR = Total Computational Revenue

Stability

There remains one year of stabilization under SCFF following Hold Harmless. If a district drops below the prior year total apportionment, they are stabilized at the prior year apportionment amount for that year, giving the district the following year to regain the funding or be reduced to the actual amount earned.

Allocation of New State Revenues

Growth Funding: A college seeking the opportunity for growth funding will utilize its own carryover funds to offer a schedule to achieve the desired growth. Once the growth has been confirmed as earned and funded by the state and distributed to the district, the appropriate allocation will be made to the college(s) generating the funded growth back through the model. Growth/Restoration Funds will be allocated to the colleges when they are actually earned.

Revenues which are not college specific (for example, student fees that cannot be identified by college), will be allocated based on total funded SCFF percentage split between the campuses.
After consultation with district's independent audit firm, the implementation team agreed that any unpaid, uncollected student fees will be written off as uncollectible at each year end. This way, only actual collected revenues are distributed in this model. At P-1, P-2 and P-annual, uncollected fee revenues will be adjusted.

Due to the instability of revenues, such as interest income, discounts earned, auction proceeds and vendor rebates (not including utility rebates which are budgeted in Fund 41 for the particular budget center), revenues from these sources will **not** be part of the revenue allocation formula. Income derived from these sources will be deposited to the institutional reserves. The-ongoing state allocation for the Mandates Block Grant will be allocated to the colleges through the model. Any one-time Mandates allocations received from the state will be discussed by FRC and recommendations will be made for one-time uses.

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

Lottery Revenue: Income for current year lottery income is received based on the prior fiscal year's FTES split. At Tentative Budget, the allocation will be made based on projected FTES without carryover. At Adopted Budget, final FTES will be used and carryovers will be included.

Other Modifications

Salary and Benefits Cost

All authorized full-time and ongoing part-time positions shall be budgeted with corresponding and appropriate fixed cost and health and welfare benefits. Vacant positions will be budgeted at the beginning of the fiscal year or when newly created at the level Class VI, Step 12 for full-time faculty and at the mid-level for other positions (ex. Step 3 for CSEA, Step 4 for Management, and AA step 6 for teachers and BA step 6 for master teachers in child development), with the district's average cost for the health and welfare benefits by employee group. The full cost of all positions, regardless of the budgeted amount, including step and column movement costs, longevity increment costs and any additional collective bargaining agreement costs, will be charged to the particular Budget Center. The colleges are responsible for this entire cost, including any increases or adjustments to salary or benefits throughout the year. If a position becomes vacant during a fiscal year, the Budget Center has the discretion to move unused and available budget from the previous employee's position for other one-time costs until filled or defunded. Any payoffs of accrued vacation, or any additional costs incurred at separation from employment with the district, will be borne by the particular Budget Center. When there is a vacancy that won't be filled immediately, Human Resources should be consulted as to how long it can remain vacant. The colleges should also consult Human Resources regarding the FON when recommending to defund faculty positions.

Grants/Special Projects

Due to the timeliness issues related to grants, approvals rest with the respective Chancellor's Cabinet member, through established processes, in all cases except for Economic Development grants in which a new grant opportunity presents itself which requires an increase to the District Office budget due to match or other unrestricted general fund cost. In these cases, the grant will be reviewed by Chancellor's Cabinet with final approval made by the Chancellor.

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Certain grants and special categorical programs are specifically allocated at the college level. In those cases, the specific college would receive the related funding. In other cases, certain grants and special categorical programs are allocated at the district level for both colleges based on particular criteria. In these cases, the allocation would be split pro rata to the colleges based on the same criteria used to allocate funding to the district, unless the two college presidents agree to some other split arrangement.

Some grants allow for charges of indirect costs. These charges will accumulate by Budget Center during each fiscal year. At fiscal year-end, once earned, each college will be allocated 100% of the total indirect costs earned by that college and transferred into Fund 13 the following year to be used for one-time expenses. The indirect costs earned by district projects will roll into the institutional ending fund balance with the exception of the District Educational Services grants. In order to increase support services and resources provided to the colleges and to acknowledge the additional costs associated with administering grants, any accumulated indirect costs generated from these grants will be distributed as follows: 25% will roll into the institutional ending fund balance, 25% will offset the overall District Services expenditures in that given year, and 50% will carryover specifically in a Fund 13 account to be used at the discretion of the Chancellor.

It is the district's goal to fully expend grants and other special project allocations by the end of the term; however, sometimes projects end with a small overage or can be under spent. For any overage or allowable amount remaining, these amounts will close into the respective Budget Center's Fund 13 using 7200 transfers.

Banked LHE Load Liability

The liability for banked LHE is accounted for in separate college accounts. The cost of faculty banking load will be charged to the college during the semester the course is taught and added to the liability. When an instructor takes banked leave, they will be paid their regular salary and District Fiscal Services will make a transfer from the liability to the college 1300 account to pay the backfill cost of teaching the load. A college cannot permanently fill a faculty position at the time someone takes their final year or semester off before retirement. Filling a vacancy cannot occur until the position is actually vacant. In consultation with Human Resources and Fiscal Services, a college can request to swap another faculty vacancy they may have in another discipline or pay the cost differential if they determine programmatically it needs to be filled sooner.

This method will appropriately account for the costs of each semester offerings and ensure an appropriate liability. Although the liability amounts will be accounted for by college, only District Fiscal Services will be able to make transfers from these accounts. Each year end a report will be run to reconcile the total cost of the liability and to determine if any additional transfers are required. The college will be charged or credited for the differences.

Other Possible Strategic Modifications

Summer FTES

The 3-year average used under SCFF for credit FTES funding has severely reduced the effectiveness of the

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"summer shift," nevertheless, there may be times when it is in the best financial interest of the District to shift summer FTES between fiscal years. When this occurs, the first goal will be to shift FTES from both colleges in the same proportion as the total funded FTES for each of the colleges. If this is not possible, then care needs to be exercised to ensure that any such shift does not create a disadvantage to either college. If a disadvantage is apparent, then steps to mitigate this occurrence will be addressed by the FRC.

Borrowing of summer FTES is not a college-level decision, but rather it is a District-level determination. It is not a mechanism available to individual colleges to sustain their internal FTES levels.

Long-Term Plans

Colleges: Each college has a long-term plan for facilities and programs. The District Chancellor, in consultation with the Presidents, will evaluate additional funding that may accrue to the colleges beyond what the model provides. The source of this funding will also have to be identified.

Santa Ana College (SAC) utilizes the Educational Master Plan in concert with the SAC Strategic Plan to determine the long-term plans for the college. Long-term facilities plans are outlined in the latest Facilities Master Plan, and are rooted in the Educational Master Plan. SAC links planning to budget through the use of the SAC Comprehensive Budget Calendar, which includes planning milestones linked to the college's program review process, Resource Allocation Request (RAR) process, and to the District's planning and budget calendar. As a result of the Program Review Process, resource allocation needs are requested via the RAR process, which identifies specific resources required to achieve specific intended outcomes. The budget augmentation requests are then prioritized at the department, division, and area level in accordance with established budget criteria. The college's Planning and Budget Committee reviews the prioritized RARs, and they are posted to the campus Planning and Budget web page for the campus community to review. As available resources are realized, the previously prioritized RAR are funded.

At Santiago Canyon College (SCC), long-term plans are developed similarly to short-term plans, and exist in a variety of interconnected processes and documents. Program Reviews are the root documents that form the college's Educational Master Plan and serve to align planning with resource allocation. The allocation of resources is determined through a formal participatory governance process. The Planning and Institutional Effectiveness (PIE) committee is the participatory governance committee that is charged with the task of ensuring resource allocation is tied to planning. Through its planning cycle, the PIE committee receives resource requests from all college units and ensures that each request aligns with the college mission, college goals, and program reviews. All requests are then ranked by the PIE committee, placed on a college-wide prioritized list of resource requests, and forwarded to the college budget committee for review. If the budget committee identifies available funds, those funds are noted on the prioritized list, and sent back to the PIE committee. The PIE committee then forwards the prioritized list, along with the budget committee's identification of available funds, to College Council for approval of the annual budget.

District Services: District Services and Institutional Costs may also require additional funding to implement new initiatives in support of the colleges and the district as a whole. POE will evaluate budget augmentation requests and forward a recommendation to District Council. District Council may then refer such requests to FRC for funding consideration.

Budget Input

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Using a system for Position Control, Fiscal Services will budget 100% of all regular personnel cost of salary and benefits, and notify the Budget Centers of the difference between the computational total budget from the Budget Allocation Model and the cost of regular personnel. The remaining line item budgets will roll over from one year to the next so the Budget Centers are not required to input every line item. The Budget Centers can make any allowable budget changes at their discretion and will also be required to make changes to reconcile to the total allowable budget per the model.

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Rancho Santiago Community College District

Budget Allocation Model Based on the SCFF

Appendix A – Definition of Terms

AB 1725 – Comprehensive California community college reform legislation passed in 1988, that covers community college mission, governance, finance, employment, accountability, staff diversity and staff development.

Accreditation – The review of the quality of higher education institutions and programs by an association comprised of institutional representatives. The Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC) accredits California's community colleges.

Apportionments – Allocations of State or federal aid, local taxes, or other monies among school districts or other governmental units. The district's base revenue provides most of the district's revenue. The State general apportionment is equal to the base revenue less budgeted property taxes and student fees. There are other smaller apportionments for programs such as apprenticeship and EOPS.

Augmentation – An increased appropriation of budget for an intended purpose.

Bank Leave – Faculty have the option to "bank" their beyond-contract teaching load instead of getting paid during that semester. They can later request a leave of absence using the banked LHE.

BAM – Budget Allocation Model

BAPR – Budget and Planning Review Committee.

Base Allocation (Funding) – The base allocation represents approximately 70% of the statewide funding for CCC's. The base allocation includes the Basic Allocation and FTES in Traditional Credit, Special Admit Credit, Incarcerated Credit, Traditional Noncredit, CDCP, and Incarcerated Noncredit. A district's base funding could be higher or lower than the 70% statewide target depending on FTES generation as a comparison to overall apportionment.

Base FTES – The amount of funded actual FTES from the prior year becomes the base FTES for the following year. For the tentative budget preparation, the prior year P1 will be used. For the proposed adopted budget, the prior year P2 will be used. At the annual certification at the end of February, an adjustment to actual will be made.

Basic Allocation – Funding based on the number of colleges and comprehensive educational centers in the community college district. Rates for the size of colleges and comprehensive educational centers were established as part of SB 361 and henceforth are adjusted annually by COLA. The district receives a basic allocation for CEC, OEC, SAC, and SCC. Current year FTES is used to determine the basic allocation.

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Budget Center – The three Budget Centers of the district are Santa Ana College, Santiago Canyon College, and District Services.

Budget Stabilization Fund – The portion of the district's ending fund balance, in excess of the 12.5% Board Policy Contingency, budget center carryovers and any restricted balances, available for one-time needs at the discretion of the chancellor and Board of Trustees.

Cap – An enrollment limit beyond which districts do not receive funds for additional students.

Capital Outlay – Capital outlay expenditures are those that result in the acquisition of, or addition to, fixed assets. They are expenditures for land or existing buildings, improvement of sites, construction of buildings, additions to buildings, remodeling of buildings, or initial or additional equipment. Construction-related salaries and expenses are included.

Categorical Funds – Money from the State or federal government granted to qualifying districts for special programs, such as Student Equity and Achievement or Career Education. Expenditure of categorical funds is restricted to the fund's particular purpose. The funds are granted to districts in addition to their general apportionment.

Career Development and College Preparation (CDCP) - Noncredit courses offered in the four distinct categories (instructional domains) of English as a Second Language (ESL), Elementary and Secondary Basic Skills, Short-term Vocational, and Workforce Preparation are eligible for "enhanced funding" when sequenced to lead to a Chancellor's Office approved certificate of completion, or certificate of competency, in accordance with the provisions of the California Education Code governing Career Development and College Preparation (CDCP) programs.

CCCCO – California Community College Chancellor's Office

Comprehensive Educational Center – An off-campus site administered by a parent college that offers programs leading to certificates or degrees that are conferred by the parent institution. The district comprehensive centers are Centennial Education Center (CEC) and Orange Education Center (OEC).

COLA – Cost of Living Adjustment allocated from the State calculated by a change in the Consumer Price Index (CPI).

College Reserve – College-specific one-time funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes.

Credit FTES – Credit FTES include traditional credit, special admit and incarcerated populations. Traditional credit FTES are funded based on a simple three-year rolling average of the current year and prior two years. Special admit and incarcerated FTES are funded based on the current year production.

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

Defund – Eliminating the cost of a position from the budget.

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Ending Fund Balance – Defined in any fiscal year as Beginning Fund Balance plus total revenues minus total expenditures. The Ending Fund Balance rolls over into the next fiscal year and becomes the Beginning Fund Balance. It is comprised of College Reserves, Institutional Reserves and any other specific carryovers as defined in the model or otherwise designated by the Board.

Fifty Percent Law (50% Law) – Section 84362 of the Education Code, commonly known as the 50% Law, requires each community college district to spend at least half of its "current expense of education" each fiscal year on the "salaries of classroom instructors." Salaries include benefits and salaries of instructional aides.

Fiscal Year – Twelve calendar months; in California, it is the period beginning July 1 and ending June 30. Some special projects use a fiscal year beginning October 1 and ending September 30, which is consistent with the federal government's fiscal year.

FON – Faculty Obligation Number. The minimum number of full-time faculty the district is required to employ as set forth in title 5, section 53308.

FRC – Fiscal Resources Committee.

FTES – Full-Time Equivalent Students. The number of students in attendance as determined by actual count for each class hour of attendance or by prescribed census periods. Every 525 hours of actual attendance counts as one FTES. The number 525 is derived from the fact that 175 days of instruction are required each year, and students attending classes three hours per day for 175 days will be in attendance for 525 hours (3 x 175 = 525). FTES are separated into the following categories for funding; traditional credit, special admit, incarcerated, traditional noncredit and CDCP.

Fund 11 – The unrestricted general fund used to account for ongoing revenue and expenditures.

Fund 12 – The restricted general fund used to account for categorical and special projects.

Fund 13 – The unrestricted general fund used to account for unrestricted carryovers and one-time revenues and expenses.

Growth – Funds provided in the State budget to support the enrollment of additional FTES.

In-Kind Contributions – Project-specific contributions of a service or a product provided by the organization or a third-party where the cost cannot be tracked back to a cash transaction which, if allowable by a particular grant, can be used to meet matching requirements if properly documented. In-kind expenses generally involve donated labor or other expense.

Indirect Cost – Indirect costs are institutional, general management costs (i.e., activities for the direction and control of the district as a whole) which would be very difficult to be charged directly to a particular project. General management costs consist of administrative activities necessary for the general operation of the agency, such as accounting, budgeting, payroll preparation, personnel services, purchasing, and centralized data processing. An indirect cost rate is the percentage of a district's indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

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Institutional Reserve – Overall districtwide one-time funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes. The Institutional Reserve consists of the Board Policy Contingency, the Budget Stabilization Fund, and any other contingency fund held at the institutional level over and above the College Reserves.

Mandated Costs – District expenses which occur because of federal or State laws, decisions of federal or State courts, federal or State administrative regulations, or initiative measures.

Modification – The act of changing something.

Noncredit – Noncredit coursework consists of traditional noncredit and CDCP. CDCP is eligible for enhanced funding. Current year FTES are used to determine funding.

POE – Planning and Organizational Effectiveness Committee.

Proposition 98 – Proposition 98 refers to an initiative constitutional amendment adopted by California's voters at the November 1988 general election which created a minimum funding guarantee for K-14 education and also required that schools receive a portion of State revenues that exceed the State's appropriations limit.

Reserves – Funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes. Districts that have less than a 5% reserve are subject to a fiscal "watch" to monitor their financial condition.

Restoration – A community college district is entitled to restore any reduction of apportionment revenue related to decreases in total FTES during the three years following the initial year of decrease if there is a subsequent increase in FTES.

SB 361 – The Community College Funding Model (Senate Bill 361), effective October 1, 2006 through July 1, 2018, included funding-based allocations depending on the number of FTES served, credit FTES funded at an equalized rate, noncredit FTES funded at an equalized rate, and enhanced noncredit FTES funded at an equalized rate. The intent of the formula was to provide a more equitable allocation of system-wide resources, and to eliminate the complexities of the previous Program-Based Funding model while still retaining focus on the primary component of that model instruction. In addition, the formula provided a base operational allocation for colleges and centers scaled for size.

SCFF – The Student Centered Funding Formula was adopted on July 1, 2018 as the new model for funding California community colleges. The SCFF is made up of three parts: Base Allocation, Supplemental Allocation, and Student Success Allocation. The aim of the SCFF is to improve student outcomes as a whole while targeting student equity and success.

Seventy-five/twenty-five (75/25) – Refers to policy enacted as part of AB 1725 that sets 75% of the hours of credit instruction as a goal for classes to be taught by full-time faculty.

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Stabilization – If a district drops below the prior year total apportionment, they are stabilized at the prior year apportionment amount for that year, giving the district the following year to regain the funding or be reduced to the actual amount earned.

Student Success Allocation (Funding) – Consists of approximately 10% of the statewide budget. Apportioned to districts based on a variety of metrics that measures student success. Some examples of the metrics used include associate degrees and certificates awarded, transfers, nine or more CTE units, number of students successfully completing transfer level Math and English in their first academic year and number of students achieving a regional living wage. The student success allocation is based on a simple three-year rolling average which uses the prior year; prior, prior year; and prior, prior, prior year outcome metrics. Students contributing to fully funded FTES populations (special admit and incarcerated) are not included for funding.

Supplemental Allocation (Funding) – Consists of approximately 20% of the statewide budget. Apportioned to districts based on districts students that are Pell Grant Recipients, AB540 students and/or California Promise Grant Recipients. Prior year data is used for funding.

Target FTES – The estimated amount of agreed upon FTES the district or college anticipates the opportunity to earn growth/restoration funding during a fiscal year.

Three-year Average – Traditional credit FTES data for any given fiscal year is the average of current year, prior year and prior, prior year. Special Admit and Incarcerated FTES are not included in the three-year average. A three-year average is also utilized for student success metrics. For student success, the three-year average uses the prior year; prior, prior year; and prior, prior, prior years to determine funded outcomes.

Title 5 – The portion of the California Code of Regulations containing regulations adopted by the Board of Governors which are applicable to community college districts.

1300 accounts – Object Codes 13XX designated to account for part-time teaching and beyond contract salary cost.

7200 Transfers – Intrafund transfers made between the restricted and unrestricted general fund to close a categorical or other special project at the end of the fiscal year or term of the project.

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Appendix B – History of Allocation Model

In 2008, both colleges were visited by ACCJC Accreditation Teams in the normal accreditation cycle. The Teams noticed that the district's budget allocation model that was in place for approximately ten years had not been annually reviewed as to its effectiveness as stated in the model documents. The existing revenue allocation model was developed when the district transformed into a multi-college district. The visiting Team recommended a review of the existing budget allocation model and recommended changes as necessary.

The Budget Allocation and Planning Review Committee (BAPR) charged the BAPR Workgroup, a technical subgroup of BAPR, with the task of reviewing the ten-year-old model. In the process, the Workgroup requested to evaluate other California Community College multi-campus budget allocation models. Approximately twenty models were reviewed. Ultimately, the Workgroup focused on a revenue allocation model as opposed to an expenditure allocation model. A revenue allocation model allocates revenues (state and local) generated in a budget year to the college campuses in the district based on the state funding model that allocates state apportionment revenues to districts. An expenditure allocation model allocates, by agreed upon formulas, expenditure appropriations for full-time faculty staffing, adjunct faculty staffing, classified and administrative staffing, associated health and welfare benefit costs, supply and equipment budgets, utility costs, legal and other services. The BAPR Workgroup ultimately decided on a revenue allocation formula in order to provide the greatest amount of flexibility for the campuses.

Senate Bill 361, passed in 2006, changed the formula of earned state apportionment revenues to essentially two elements, 1) Basic Allocations for college/center base funding rates based on FTES size of the college and center and 2) Full Time Equivalent Students (FTES) based on earned and funded FTES. The BAPR Workgroup determined that since this is how our primary funding comes from the state this model should be used for distribution on earned revenues to the colleges. The colleges and centers are the only entities in the district that generates this type of funding. Revenue earned and funded by the state will be earned and funded at the colleges.

In the Spring of 2019, Rancho Santiago Community College District began the process of developing a new budget allocation model (BAM) to better align with the newly adopted Student Centered Funding Formula. On November 18, 2020 the Fiscal Resource Committee (FRC) finished their work and recommended a new BAM.

The following committee members participated in the process:

Santa Ana College	Santiago Canyon College	District
Bart Hoffman	Steven Deeley	Morrie Barembaum (FARSCCD)

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Vanessa Urbina	Cristina Morones	Noemi Guzman
William Nguyen	Craig Rutan – Co-Chair	Adam O'Connor – Chair
Roy Shahbazian	Arleen Satele	Thao Nguyen
		Enrique Perez
Vaniethia Hubbard (alternate)	Syed Rizvi (alternate)	Erika Almaraz (alternate)

The Budget Allocation Model (BAM) described in this document provides the guidelines, formulas, and basic steps for the development of an annual district budget including the allocation of budget expenditure responsibilities for Santa Ana College, Santiago Canyon College, and District Services referred to as the three district Budget Centers. The budget is the financial plan for the district, and application of this model should be utilized to implement the district's vision, mission statement, district strategic plan and the technology strategic plan as well as the colleges' mission statements, educational master plans, facilities master plans and other planning resources. The annual implementation of the budget allocation model is to be aligned with all of these plans. To ensure that budget allocation is tied to planning, it is the responsibility of District Council to review budget and planning during the fiscal year and, if necessary, recommend adjustments to the budget allocation model to keep the two aligned for the coming year. The Chancellor and the Board of Trustees are ultimately responsible for the annual budget and the expenditures associated with the budget. In February of 2013, the Board of Trustees adopted a new planning design manual. This document eliminated BAPR and created the Fiscal Resources Committee (FRC). The FRC is responsible for recommending the annual budget to the District Council for its recommendation to the Chancellor and Board of Trustees. FRC is also responsible for annual review of the model for accreditation and can recommend any modifications to the guidelines.

Supplemental Retirement Plan (SRP) 1 and 2 Analysis and Recommendation

SPRING 2023

IRIS INGRAM, VICE CHANCELLOR, BUSINESS SERVICES
ADAM O'CONNOR, ASSISTANT VICE CHANCELLOR, FISCAL SERVICES

SRP1

- Due to the need for budget cuts in 2020, **80% of final compensation** was offered as a SRP incentive
- Faculty to resign/retire on or before December 31, 2020 and other employees as of September 30, 2020
- A total of **75 employees** took the SRP (16 faculty, 11 management, and 48 classified staff)
- Based on permanent adjunct replacement only for faculty and 50% replacement of other positions, **first year savings of $3 million and five-year cumulative savings of <u>$18 million</u> was projected**

SRP2

- For additional budget reductions SRP2 was offered at **75% of final compensation** as the incentive
- Classified and management to resign/retire as of June 30, 2021
- In order to incentivize Faculty and **maximize participation and savings as well as reduce the liability**, offer **two additional retirement windows** to allow them to take "Banking Leave", but get the commitment to retire now
- 75% of salary at 6/30/21, 55% of salary at 12/31/21 and 35% of salary at 6/30/22

Combined SRP1 and SRP2 Outcome

- 21 Faculty accepted, including 13 with Banking Leave, for a total of **37 SRP1 and SRP2**
- 19 Classified accepted for a total of **67 SRP1 and SRP2**
- 9 Managers accepted for a total of **20 SRP1 and SRP2**
- Total **49 new retirements** for **124 total SRP1 and SRP2**
- Five-year estimated savings from SRP2 = **$14.6 million**
- Total five-year estimated savings from SRP1 and SRP2 = **$32.6 million**
- Banking Leave Liability reduced by **over 10% (Approx. $600k)**

Accumulated and Projected Savings

2020 (Half Year)	$3,433,866
2021/2022	$9,201,153
2022/2023 (Est.)	$6,000,000
2023/2024 (Proj.)	$6,000,000
2024/2025 (Proj.)	$6,000,000
2025 (Half Year)	$3,000,000
Total Projected	**$33,635,019** over Five Years

Recommendation

- The budget outlook has changed significantly over last three years
- Our district has ~$10.4 million in ongoing FTES Restoration we can capture if we can continue to grow
- Continued growth is dependent on ability to hire additional faculty and necessary support staff as soon as possible, therefore the colleges need access to the ongoing SRP savings vacant positions funding
- Recommend ending the separate accounting of the SRP savings vacant positions funding and allocate remaining ongoing budget to the colleges through the District Budget Allocation Model (BAM) effective July 1, 2023
- Further recommend a transfer of the projected accumulated one-time net savings of $14 million to increase the Board Policy Contingency

Vacant Funded Positions for FY2022-23- Projected Annual Salary and Benefits Savings
As of March 10, 2023

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Title	Site	Effective Date	Annual Salary	Notes	Vacant Account	2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Chan, Derrick	2652974	Director of Academic and End User Support Services/SCC	District	12/16/2022	52,774		11-0000-678000-54143-2110	101,193	
11	Clark, Letitia C.	2633790	Chief Communication Officer	District	4/20/2022	(2,082)	Interim Assignment Nhadira Johnson#2567956 Eff:6/28/22-6/30/23, CL22-00343. Hired Letitia Clark#2633790 CL21-00109 Reorg#1230 Eliminated Director, Public Affairs/Publications position and changed to Chief Communication Officer.	11-0000-671000-52200-2110	14,634	
30%-fd 11 70%-fd 12	Director of Grants	REORG#1228	Director of Grants	District	6/22/2026	40,880	CL22-00371 Reorg#1228 Elinimated Executive Director Resource Development and added Director of Grants	11-0000-679000-53345-2110-30% 12-3401-679000-53345-2110-70%	63,047	555,564
11	Estevez, Jean	2439960	Revised Title to Asst.Vice Chancellor PC/HR, Learning, Innovation, Wellness & Equity from Director Admin, Institutional Equity, Compliance & Title IX	District	5/11/2021	207,721	Interim Assignmnet Sil Han Jin#2616593 Eff11/21/22-5/5/23. CL22-00185. Jennifer De La Rosa Interim Assignment 7/1/22-9/30/22. Revised Title to Asst.Vice Chancellor PC/HR, Learning, Innovation, Wellness & Equity from Director Admin, Institutional Equity, Compliance & Title IX on Board docket March 14, 2022	11-0000-673000-53110-2110	309,111	
11	Garcia, Elvia	1029353	Assistant to Vice Chancellor People & Culture	District	12/19/2022	37,639	Interim Assignment Irena Glomba#1028144 Eff:11/28/22-3/31/23	11-0000-660000-53110-2120	67,579	
11	Briones, Michael	1061005	Instructor, Music	SAC	8/1/2022	24,834	Part of salary used to fund BCF $450,000 for ISA 11-0000-213350-15715-5873	11-0000-100400-15535-1110	56,635	
11	Ettinger, Becky	1026620	Instructor, Nursing	SAC	3/9/2022	147,061			212,782	
11	Kruizenga, Alicia	2296718	Dean, Student Affairs	SAC	7/1/2022	82,213	Hired Gregory Toya#2685012 Eff:1/17/2023 AC22-00365	11-0000-649000-19620-1210-50% 11-2410-649000-19620-1210-50%	123,701	
11	Kushida, Cherylee	1028185	Coordinator, Distance Education	SAC	6/3/2023	-		11-0000-601000-15054-1250	-	
11	Gilmour, Dennis	1028933	Counselor	SAC	1/1/2023	78,734		11-2410-493010-15320-1110-53.30% 11-2410-631000-15310-1230-46.70%	112,175	
11	Gilreath, Genice	1026037	English & Read Instructor	SAC	7/24/2022	21,870	Part of salary used to fund BCF $450,000 for ISA 11-0000-213350-15715-5873	11-0000-150100-15620-1110-20% 11-0000-152000-15675-1110-80%	43,445	
11	Hardy, Michelle	1029393	Instructor, Human Development	SAC	6/10/2022	133,969		11-0000-130500-15717-1110	196,725	
11	Horenstein, Daniel	2314022	Instructor, Planetarium	SAC	6/4/2022	85,539		11-0000-191100-16431-1110-80% 11-0000-619000-16431-1280-20%	118,467	
11	Jones, Stephanie	2418945	Dean, Instructional & Student Services	CEC	1/3/2023	(1,295)	Interim Assignment Steven Holman#2689249 Eff2/1/23-6/30/23 AC22-00521.	11-2490-601000-18100-1210	7,077	1,775,997
11	Lamourelle, Chantal	1053437	Instructor, Human Development	SAC	8/22/2022	-	Part of salary used to fund BCF $450,000 for ISA 11-0000-213350-15715-5873 Chantal Lamourelle replaced Maria	11-0000-130500-15717-1110	30,742	
11	Manning, R Douglass	2308931	Dean Kinesiology,	SAC	6/30/2022	-	Hired Interim Dean Courtney Doussett#2665165 Eff:8/29/22-6/30/23 AC22-00303	11-0000-601000-15410-1210	-	
11	Mandir, Joshua	1961420	Instructor, Chemistry	SAC	6/9/2021	130,969		11-0000-190500-16420-1110-80% 11-0000-601000-16420-1280-20%	191,857	
11	McMillan, Jeffrey	1028829	Instructor, Chemistry	SAC	6/4/2022	147,061		11-0000-190500-16420-1110	196,869	
11	Mercado-Cota-Teresa	1027921	Assistant Dean, Student Services	SAC	12/31/2022	74,493		11-0000-649000-19100-1210	111,835	
11	Ortiz, Fernando	1026742	Dean, Academic Affairs	SAC	1/31/2023	89,318	Employee resigned Dean position, returned to F/T Psychology Instructor effe 2/1/23	11-0000-601000-15055-1210	122,366	
11	Sill, Kenneth	1027536	Instructor, Mathematics	SAC	6/5/2023	-		11-0000-170100-16201-1110	-	
11	Tran, Melissa	1027087	English Instructor	SAC	6/30/2023	-	Employee om Bank Leave Fall2022 and Spring2023	11-0000-150100-15620-1110	-	
11	Virgoe, Brad	1055072	Director of Criminal Justice	SAC	6/30/2021	22,526	Interim Assignment Ernestp Gomez #1277463 Eff:7/1/22-6/30/23	11-0000-601000-15712-1210	46,953	
11	Ward, Robert	2409846	Maintenance Supervisor	SAC	11/15/2021	39,951	BCF#BCE1NJCT3R transferred ($83,379) to 11-2390-657000-17500-5520	11-0000-651000-17400-2110	66,622	
11	Waterman, Patricia J.	1027281	Instructor, Art	SAC	6/9/2019	110,923		11-0000-100200-15510-1110	137,747	
11	Arteaga, Elizabeth	1027713	Associate Dean, Business and Career Technical Education	SCC	2/24/2020	-	REORG#1303 Eliminated Associate Dean, Business and Career Technical Education and created new Assistant Director, Athletics & Sports Information	11-0000-601000-25205-1210-89% 11-3230-601000-25205-1210-11%	-	
11	New Assistant Director, Athletics & Sports Information	REORG#1303	New Assistant Director, Athletics & Sports Information	SCC		167,765	REORG#1303 Eliminated Associate Dean, Business and Career Technical Education and created new Assistant Director, Athletics & Sports Information CL22-00474	11-0000-601000-25132-2110 OR 11-0000-601000-25205-1210-89% 11-3230-601000-25205-1210-11%	255,128	
11	Bailey, Denise	1668755	Instructor, Chemistry	SCC	8/24/2022	135,513		11-0000-190500-25163-1110	192,309	1,233,718
11	Carrera, Cheryl	1027004	Instructor, Math	SCC	12/15/2019	110,923		11-0000-170100-25150-1110	161,767	
11	Coto, Jennifer	1029536	Dean, Enrollment & Support Services	SCC	10/13/2020	194,433		11-0000-620000-29100-1210	266,706	
11	Flores, Marilyn	2041264	VP, Academic Affairs-SCC	SCC	7/1/2022	1	Interim Assignment Jose Vargas#1026660 7/1/22-9/14/22 Interim Assignment Aaron Voelcker#1985186 10/5/22-6/30/23	11-0000-601000-25051-1210-100%	27,793	
11	Medina, Guillermo	2444288	Instructor, Health Education	SCC	6/2/2022	116,992		11-0000-083700-25133-1110-4% 11-0000-083500-25133-1110-36% 11-0000-083550-25132-1110-60%	168,249	
11	Nguyen, Steven	2318451	Chemistry Instructor	SCC	8/19/2019	110,923		11-0000-190500-25163-1110	161,767	
						2,361,647			3,565,279	

Fund	Classified	EMPLOYEE ID#	Title	Site	Effective Date	Annual Salary	Notes		2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Ayala, Jose A.	1030842	P/T District Safety Officer	District	8/30/2020	19,587		11-0000-677000-54167-2310-60% 11-0000-695000-54167-2310-40%	20,517	
11	Beiza, Rene	2261815	P&C Business Partner	District	7/2/2022	32,156	Hired Emelyne Camacho #2572113 Eff: 10-24-22	11-0000-673000-53110-2130	75,269	
11	Benjamin, Robert	1335325	Senior District Safety Officer	District	9/23/2021	68,541	CL22-00328	11-0000-677000-54166-2130-60% 11-0000-695000-54166-2130-40%	116,423	
11	Duenas, Veronica	1028722	P&C Business Partner	District	12/18/2022	10,538	Hired Emmeline Gomez#2684332 Eff:2/14/23 CL23-00542	11-0000-673000-53110-2130	29,506	
60%-fd 11 40%-fd 12	Fouste, James	1027195	Senior District Safety Officer	District	12/2/2022	19,728		11-0000-677000-54167-2130-60% 12-3610-695000-54167-2130-40%	31,077	
11	Elhadidy, Anas	2473844	Application Specialist III	District	2/24/2022	112,418		11-0000-678000-54144-2130	175,690	
11	Gil, Darlene	1987076	Title IX Specialist	District	12/18/2022	49,029		11-0000-673000-53110-2130	84,709	882,814
11	Lee, Patrick	1416553	P/T District Safety Officer	District	1/24/2021	19,586		11-0000-695000-54166-2310	20,516	
11	Lott, Glenn	2264736	Technical Specialist	District	1/31/2023	33,094		11-0000-678000-54141-2130	58,463	
11	Palomares, Vanessa	1851190	Business Services Coordinator	District	10/19/2022	51,999		11-0000-701000-53350-2130	77,086	
11	Pita, Lazaro R.	1298807	P/T District Safety Officer	District	11/23/2019	19,587		11-0000-677000-54167-2310-60% 11-0000-695000-54167-2310-40%	26,446	
11	Reynolds, Danielle	2286360	Purchasing Assistant	District	1/19/2022	(6,404)	Interim Assignment Esther Flores#2312462 7/1/22-10/31/22 and 12/31/22-6/30/23	11-0000-677000-54151-2130	15,227	

Vacant Funded Positions for FY2022-23- Projected Annual Salary and Benefits Savings
As of March 10, 2023

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Title	Site	Effective Date	Annual Salary	Notes	Vacant Account	2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Smith, Nancy	1794928	Desktop Publishing Technician	District	11/4/2022	50,319		11-0000-677000-52600-2130	87,019	
11	Shipma, Phil L	1209698	P/T District Safety Officer	District	2/11/2021	23,258		11-0000-695000-54163-2310	24,363	
86.20%-fd 11 13.80%-fd 12	Tingirides, Tiffany	2345107	Senior District Safety Officer	District	12/2/2022	27,257		11-0000-677000-54167-2130-86.20% 12-3610-695000-54167-2130-13.80%	40,501	
65%-fd 11 35%-fd 12	Berber, Christian	1580466	High School & Community Outreach Specialist	SAC	12/2/2022	23,989		11-2490-649000-18100-2130-65% 12-1102-649000-18100-2130-35%	35,766	
11	Boster Toinette	1029574	Administrative Clerk	SAC	1/3/2023	35,675		11-0000-601000-15716-2130-50% 11-0000-601000-15712-2130-50%	63,990	
11	Burke, Tamy	1460227	P/T Administrative Clerk	SAC	2/22/2022	24,319		11-0000-651000-17400-2310	32,836	
11	Castillo, Norma	1026405	Administrative Secretary	SAC	7/10/2022	42,320	Hired Toinette Boster Eff: 1-4-23 CL22-00359. Interim assignment Toinette Boster#1029574 eff 7/11/22-10/11/22	11-0000-601000-15716-2130	63,736	
11	Dahl, Kayla	2338789	Administrative Secretary	SAC	1/4/2023	38,608		11-0000-601000-15410-2130	62,778	
40%-fd 11 60%-fd 12	Dinh, Amber	1069111	Instructional Center technician	SAC	1/3/2023	10,728		11-0000-499900-19510-2210-20% 11-2410-499900-19510-2210-20% 12-2412-499900-19510-2210-60%	18,190	
11	Ellsworth, Kristin	2175738	Administrative Secretary	SAC	12/5/2022	38,030		11-0000-709000-11300-2130	53,763	
25%-fd 11 75%-fd 12	Fernandez Gonzalez, Irma	1030855	Counseling Assistant	SAC	2/14/2020	12,138	Hired Tracy Reimer#1417177 Eff:1-9-23 CL22-00349	11-2250-643000-19300-2130-25% 12-2250-643000-19300-2130-64% 12-2090-643000-19300-2130-11%	22,355	
11	Hayes, Charles F.	1026480	Custodian	SAC	6/1/2020	50,521	CL20-00021	11-0000-653000-17200-2130	92,078	
11	Heller, Shelly	2375248	Science Lab Coordinator	SAC	1/27/2023	23,181	WOC Robert Campbell#2672582 2/13/23-6/30/23	11-0000-190500-16420-2210-50% 11-0000-190100-16430-2210-50%	35,443	
11	Hernandez, Eric	1027374	P/T Custodian	SAC	5/1/2022	20,245		11-0000-653000-17200-2310	27,335	
11	Jusay, Modesto	1026710	Custodian	SAC	6/30/2022	52,837	BCF#BCTYBF2RJD moved $15,000 to 11_0000_651000_17400_5100	11-0000-653000-17200-2130	95,215	
11	Lopez, Felipe	1027162	Gardener/Utility Worker	SAC	12/31/2021	43,313	CL22-00425 BCF#BCTYBF2RJD moved $15,000 to 11_0000_651000_17400_5100	11-0000-655000-17300-2130	82,348	**1,528,277**
35%-fd 11 65%-fd 31	Miranda Zamora, Cristina	1339369	Auxiliary Services Specialist	SAC	11/19/2019	20,751		11-0000-699000-14121-2130-35% 31-0000-691000-14121-2130-65%	36,374	
11	Munoz, Edward J.	1027311	P/T Accountant	SAC	7/14/2020	28,128		11-0000-679000-17100-2310	37,978	
11	Naguib-Estefanous, Nancy A	2018465	Senior Clerk	SAC	10/2/2022	47,681		11-0000-646000-19405-2130	86,710	
11	Nguyen, Trang	1054142	Admissions/Records Specialist III	SAC	1/23/2023	31,426		11-0000-620000-19205-2130-80% 11-2410-620000-19205-2130-20%	49,943	
11	Ramirez, Leonardo	1379054	Skilled Maintenance Worker	SAC	1/3/2022	61,877		11-0000-651000-17400-2130	107,421	
82%-fd 11 18%-fd 13	Reimer, Lillian	1025907	Admissions/Records Specialist I	SAC	8/16/2022	34,749		11-2490-620000-18100-2130-82% 12-1102-620000-18100-2130-18%	54,535	
11	Rodriguez, Hector	2611615	Gardener/Utility Worker	SAC	5/3/2022	60,066	CL22-00425	11-0000-655000-17300-2130	97,506	
11	Rodriguez, Natalie	1593301	Counseling Assistant	SAC	1/8/2023	8,444		11-2410-631000-15310-2310	8,845	
11	Roman, Alfonso W	1025210	Gardener/Utility Worker	SAC	4/19/2021	63,075	CL22-00425	11-0000-655000-17300-2130	111,024	
36%-fd 11 64%-fd 12	Ruesga, Claudia	1030364	Instructional Center Technician	SAC	1/3/2023	12,085	CL23-00568	11-0000-632000-19510-2130-5% 11-2410-632000-19510-2130-31% 12-2412-632000-19510-2130-64%	18,488	
75%-fd 11 25%-fd 12	Serratos, Raquel	1779867	Senior Clerk	SAC	8/31/2022	45,050		11-0000-649000-19105-2130-75% 12-2549-649000-19105-2130-25%	68,497	
11	Stapleton, Amber	1029657	Admissions/Records Specialist I	SAC	5/22/2022	42,829		11-0000-620000-19205-2130-70% 11-2410-620000-19205-2130-30%	80,451	
40%-fd 11 60%-fd 12	Student Services Specialist	REORG#1190	Student Services Specialist	SAC	12/29/2019	22,588	Reorg#1190 (Nguyen, Cang)	11-2410-632000-19510-2130-20% 11-0000-632000-19510-2130-20% 12-2416-632000-19510-2130-60%	40,048	
11	Taylor, Katherine A.	1028961	P/T Admissions/Records Specialist I	SAC	10/1/2020	20,630		11-0000-620000-19205-2310-30% 11-2410-620000-19205-2310-70%	27,855	
11	Vu, Michelle	2344157	Counseling Assistant	SAC	1/31/2023	12,421		11-2410-631000-15310-2310	16,771	
11	Bennett, Lauren A.	1337295	Admission Records Specialist I	SCC	10/23/2020	50,314		11-0000-620000-29100-2130	91,799	
11	Dorling, Jane	1433784	Library Technician II	SCC	8/11/2022	50,818		11-0000-612000-25430-2130	78,217	
11	Gitonga, Kanana	1030388	International Student Coordinator	SCC	1/31/2019	80,945		11-0000-649000-29110-2130	133,182	
11	Hermen, Lisa	1027710	Senior Clerk	SCC	3/31/2022	33,614		11-0000-601000-25131-2130	46,208	
11	Martin, Sheryl A.	1028421	Executive Secretary	SCC	8/9/2021	72,277		11-0000-601000-28100-2130	121,470	
90%-fd 11 10%-fd 12	Rodriguez, Gisela	1027326	Administrative Clerk	SCC	12/4/2022	39,509		11-0000-620000-28100-2130-90% 12-2572-631000-28100-2130-10%	61,980	**725,817**
11	Simoes, Antonio	266411	P/T Gardener/Utility Worker	SCC	11/16/2022	21,490		11-0000-655000-27300-2310	22,511	
11	Smilde, Mark	2635727	Senior Custodian/Utility Worker	SCC	8/11/2022	39,120	WOC Guadalupe Hernandez#1492326 10/31/22-4/17/23	11-0000-653000-27200-2130	66,527	
11	Tran, Kieu-Loan T.	1030029	Admission Records Specialist III	SCC	3/1/2020	59,290		11-0000-620000-29100-2130	103,924	
						1,905,772			3,136,908	
TOTAL						**4,267,419**			**6,702,187**	

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2022-23, 2021-22, 2020-21
YTD Actuals- February 28, 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	$61,785,347	$52,662,752	$47,094,066	$44,100,242	$37,992,189	$59,767,266	$52,111,182	$55,110,910	$55,110,910	$55,110,910	$55,110,910
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	0	0	0	0
Total Expenditures	10,838,109	15,286,033	17,774,480	17,486,764	21,095,838	17,294,498	17,246,384	19,971,055	0	0	0	0
Change in Fund Balance	2,369,515	(9,122,596)	(5,568,686)	(2,993,824)	(6,108,053)	21,775,077	(7,656,084)	2,999,728	0	0	0	0
Ending Fund Balance	61,785,347	52,662,752	47,094,066	44,100,242	37,992,189	59,767,266	52,111,182	55,110,910	55,110,910	55,110,910	55,110,910	55,110,910

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

RANCHO SANTIAGO Community College District

Building the future through quality education

2323 North Broadway • Santa Ana, CA 92706 -1640 • (714) 480-7300 • www.rsccd.edu

Santa Ana College • Santiago Canyon College

DISTRICTWIDE ENROLLMENT MANAGEMENT WORKGROUP (DEMW) MEETING

AGENDA

February 16, 2023 12:00pm – 1:30pm
https://us06web.zoom.us/j/88573726635 or dial 1-669-444-9171 / 88573726635#

I. Welcome

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

III. Update from College Enrollment Management Committee — Dr. James Kennedy / Aaron Voelcker
   a. SAC
   b. SCC

IV. Student Services Report on Strategies/Initiatives — Dr. Melba Castro / Dr. James Kennedy
   a. SCC
   b. SAC

V. Marketing Efforts — Dalilah Davaloz / Dr. Melba Castro & Aaron Voelcker
   a. SAC
   b. SCC

VI. Data and Research Tools — Jesse Gonzalez & Nga Pham
   a. Data Pilot
   b. Noncredit Dashboards

VII. Other

Next meeting: March 16, 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

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DISTRICTWIDE ENROLLMENT MANAGEMENT WORKGROUP (DEMW) MEETING

Action Items

November 17, 2022 12:00pm – 1:30pm Virtual by Zoom

Present: Dr. Melba Castro, Dalilah Davaloz, Dr. Adriene (Alex) Davis, Darlene Diaz, Jesse Gonzalez, Adam Howard, James Isbell, Dr. Jeff Lamb, Thao Nguyen, William Nguyen, Nga Pham, Lilia Rodriguez, Craig Rutan, Sarah Santoyo, Jose F. Vargas and Aaron Voelcker

Guest: Tyler Nguyen

Patricia Duenez present as record keeper.

Dr. Davis called the meeting to order at 12:01pm.

I. Welcome
Dr. Davis provided welcome remarks.

II. *Action Items – October 20, 2022 – Informational *(*attached)*
Provided as informational.

III. Update from College Enrollment Management Workgroups
a. SAC – Dr. Lamb reported on group meeting last week and work being done with Enrollment Management Plan and operational calendars that impact Enrollment Management. CWP helped to interline calendars. Spoke to Targeting Workgroup, timeline and data points. Working on data to build schedules effectively. Spoke to trend data related to Pell Grants and quantifying factors. Also spoke to intersession enrollment looking positive.

Tyler Nguyen in chat: During the last round of SCFF reconciliation, we have students who enrolled in 2019-20 but didn't get awarded until 2020-21; thus, we don't get credit for them. Do you we have a process to prioritize those students?

b. SCC – Mr. Voelcker reported on name change to Strategic Enrollment Management Committee. SEM Plan on agenda to next college council meeting for approval.

IV. Student Services Report on Strategies/Initiatives
a. SCC: Dr. Castro spoke to intersession activities, Family Night on Nov. 16th, Save the Date for High School Partners Conference on Dec. 1; Instagram Challenge for spring, In Reach Center activities and personalized outreach, targeted emails and text messages, active students that have not yet enrolled for spring.

Mr. Rutan joined at this time.

Dr. Davis spoke to the presentation she, Dr. Loretta Jordan and Dr. Vaniethia Hubbard made at CABSE conference; she will also present at next CABSE conference in July 2023. At CABSE Dr. Hubbard also presented on 'Cash for Credit'.

Dr. Davis will forward CABSE presentation with workgroup.

Questions were raised and answered re: Cash or Credit, funding and additional sources of revenue.

Mr. Gonzalez spoke to CVC: both SAC & SCC now teaching colleges. This allows more student cross enrollment & revenue with apportionment.

V. Marketing Efforts

a. SAC – Ms. Davaloz spoke to transitioning from accelerated classes to intersession; shared screen of intersession mailer, shared screen of 2 streaming ads: 1. General enrollment ad; 2. Online Pathway ad. Ads will start airing latter part of December 2022/early January 2023. Video #3 in process in Vietnamese language.

Dr. Kennedy joined at this time.

b. SCC – Ms. Rodriguez spoke to winter session and spring semester mailers and other items going into production.

Dr. Davis inquired on Strong Workforce investments; will look into Toolkit that was to be available and will share with PIO's.

Dr. Davis spoke to colleges receiving $150-200k regional allocations for 2023 marketing efforts.

Dr. Lamb spoke to hiring's in process related to Tyler Nguyen's question.

Dr. Castro spoke to A&R process of awarding degrees and additional conversation needed related to internal process.

Tyler Nguyen will send next round of SCFF data.

Tyler Nguyen shared in chat: it's limited to 1 degree PER year.

Dr. Lamb will forward Ms. Duenez links re: Funding Formula from Chancellor's Office to share with workgroup.

Mr. Rutan spoke to caution needed in auto awarding degrees and what students' intent is as this affects their financial aid eligibility.

Mr. Voelcker confirmed we auto award certificates.

Tyler Nguyen in chat: it would be helpful if we can able to identify which degree/cert comes from auto-award.

Ms. Pham will look into Auto Awarding and report back to VP's.

VI. Data and Research Tools

a. Apprenticeship Headcount - RG0542 Report

Mr. Gonzalez shared screen of today's RG0542CC report of same day comparisons of this and last year.

Dr. Davis shared that Mr. Gonzalez will be providing update on report at next Chancellor's Cabinet.

Mr. Gonzalez shared screen of data for Apprenticeship Academy registration batch samples file.

Mr. Vargas provided clarification to 2020 dates.

Dr. Davis will connect with Enrique Perez and Dr. Nery on inviting Dr. Lamb and Mr. Voelcker to Chancellor's Cabinet on Monday, Nov. 21st for Mr. Gonzalez's update under Educational Services.

Dr. Davis will catalog resources DEMW is leveraging districtwide to have intentional outcomes.

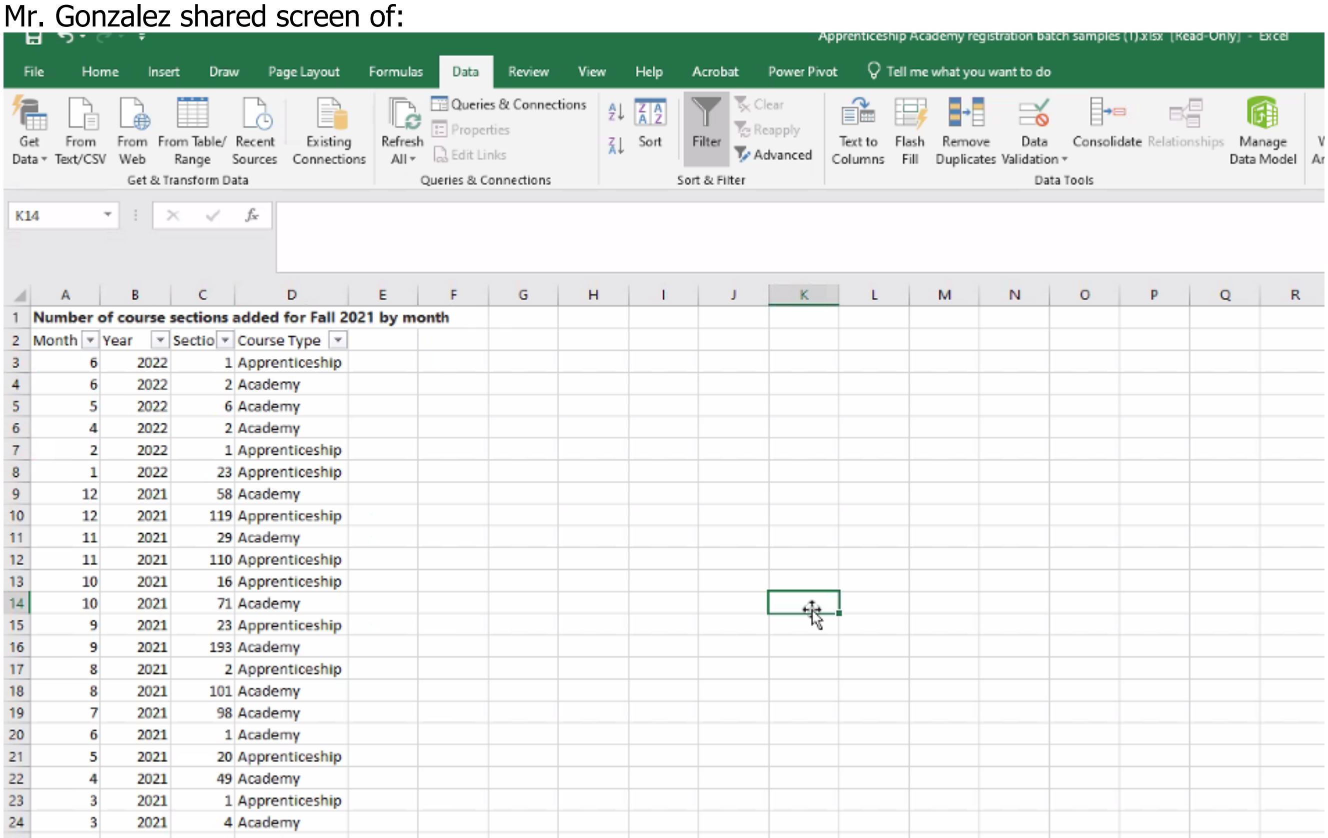
VII. Other

- It was agreed to postpone the December15, 2022 meeting due to the Chancellor's event for district office staff. Workgroup will reconvene at following meeting on January 19, 2023.

Dr. Davis adjourned the meeting at 1:29pm.

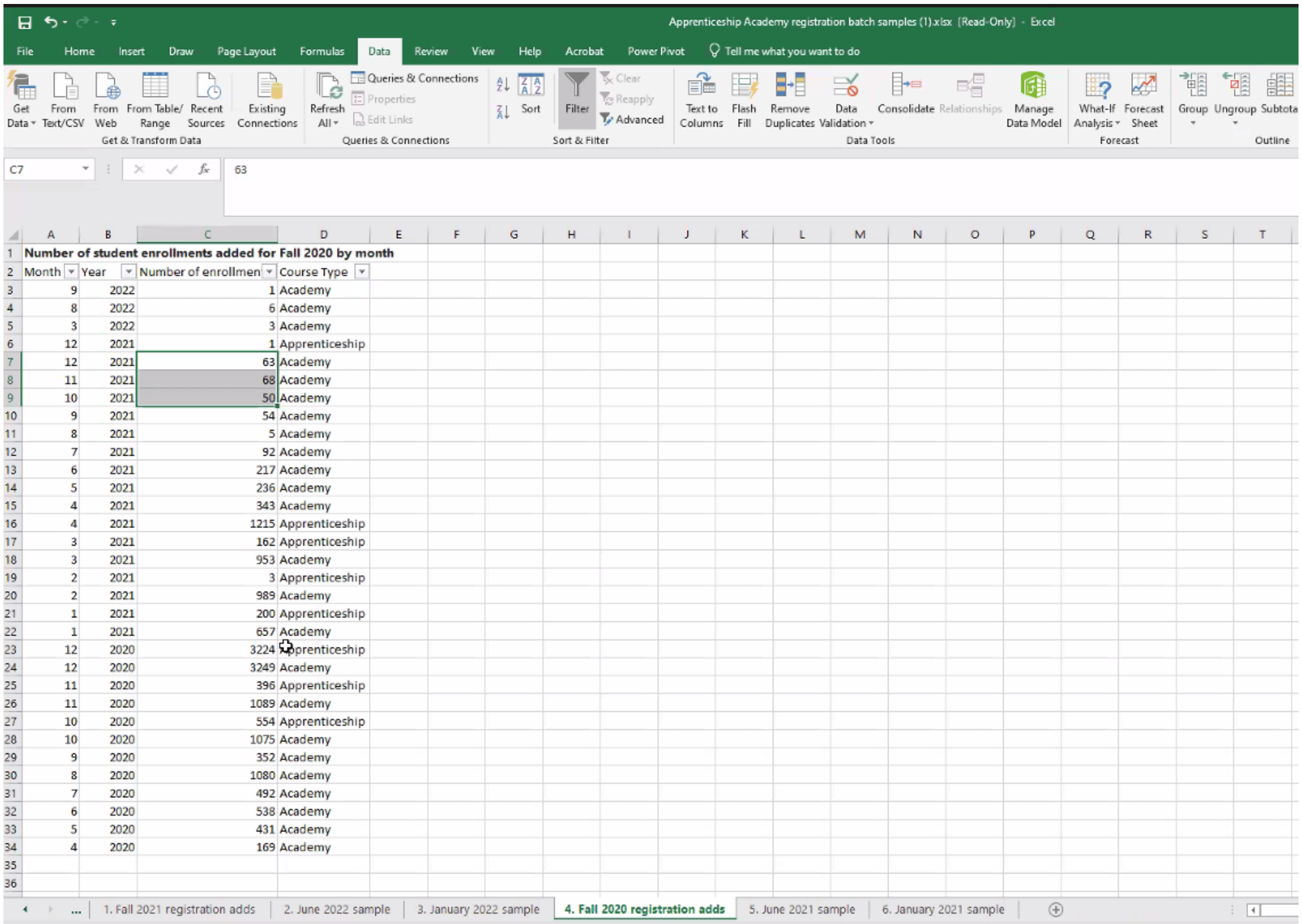
V. a. SAC: Ms. Davaloz shared screen:

VI. a.
Mr. Gonzalez shared screen of:



Number of course sections added for Fall 2021 by month

Month	Year	Sectio	Course Type
6	2022	1	Apprenticeship
6	2022	2	Academy
5	2022	6	Academy
4	2022	2	Academy
2	2022	1	Apprenticeship
1	2022	23	Apprenticeship
12	2021	58	Academy
12	2021	119	Apprenticeship
11	2021	29	Academy
11	2021	110	Apprenticeship
10	2021	16	Apprenticeship
10	2021	71	Academy
9	2021	23	Apprenticeship
9	2021	193	Academy
8	2021	2	Apprenticeship
8	2021	101	Academy
7	2021	98	Academy
6	2021	1	Academy
5	2021	20	Apprenticeship
4	2021	49	Academy
3	2021	1	Apprenticeship
3	2021	4	Academy



Number of student enrollments added for Fall 2020 by month

Month	Year	Number of enrollmen	Course Type
9	2022	1	Academy
8	2022	6	Academy
3	2022	3	Academy
12	2021	1	Apprenticeship
12	2021	63	Academy
11	2021	68	Academy
10	2021	50	Academy
9	2021	54	Academy
8	2021	5	Academy
7	2021	92	Academy
6	2021	217	Academy
5	2021	236	Academy
4	2021	343	Academy
4	2021	1215	Apprenticeship
3	2021	162	Apprenticeship
3	2021	953	Academy
2	2021	3	Apprenticeship
2	2021	989	Academy
1	2021	200	Apprenticeship
1	2021	657	Academy
12	2020	3224	Apprenticeship
12	2020	3249	Academy
11	2020	396	Apprenticeship
11	2020	1089	Academy
10	2020	554	Apprenticeship
10	2020	1075	Academy
9	2020	352	Academy
8	2020	1080	Academy
7	2020	492	Academy
6	2020	538	Academy
5	2020	431	Academy
4	2020	169	Academy

RANCHO SANTIAGO Community College District

SANTA ANA COLLEGE

Santiago Canyon College

Rancho Santiago Community College District

"The College and Community" Presentation

Presented By:

Dr. Adriene "Alex" Davis
Acting Vice Chancellor, Educational Services
Rancho Santiago Community College District

Dr. Vaniethia Hubbard
Vice President, Student Services
Santa Ana College

Dr. Loretta M. Jordan
Assistant Vice President, Student Services
Santiago Canyon College

RANCHO SANTIAGO
Community College District

The District

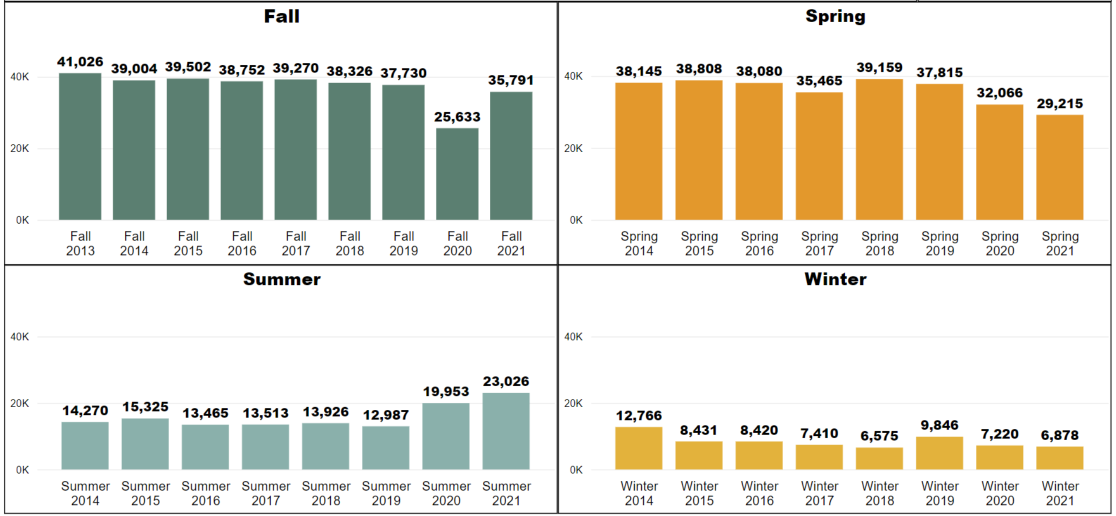
- In the Heart of Orange County
- One of the Largest Districts out of 73
- Population Served – More than 571,000
- Encompasses 24 Percent of OC Total Area (193 Square Miles)
- Santa Ana College (63 Acres)
- Santiago Canyon College (82 Acres)
- Portfolio of Offerings in Nine Locations
- Occupational Studies B.A.

RANCHO SANTIAGO
Community College District
Santa Ana College • Santiago Canyon College

Student Demographic s

Credit Program Student Headcount

College
All

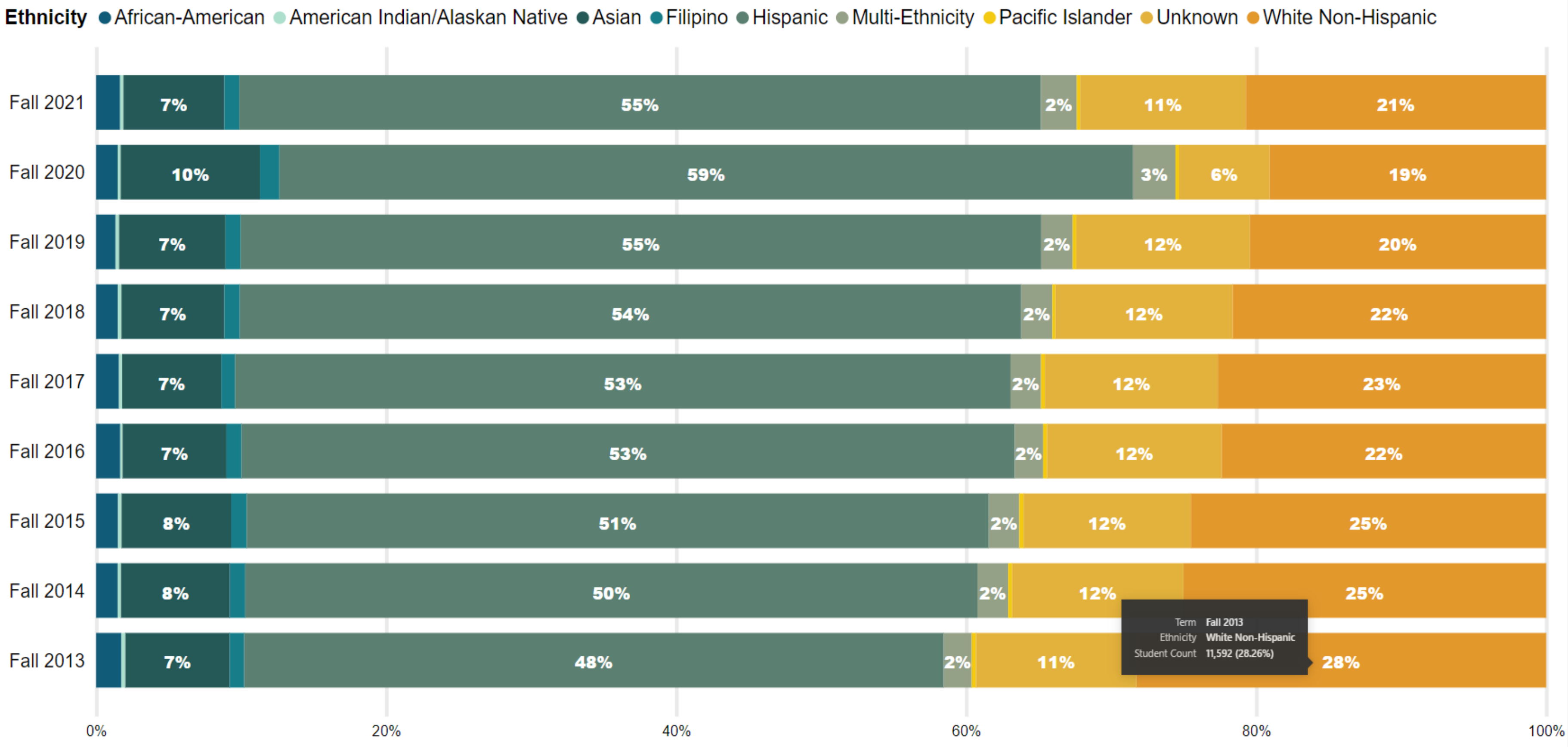


Source: CCCCO Data Mart - Unit Load Status Summary Report
Updated: February 2022

Credit Program Student Ethnicity

College: All

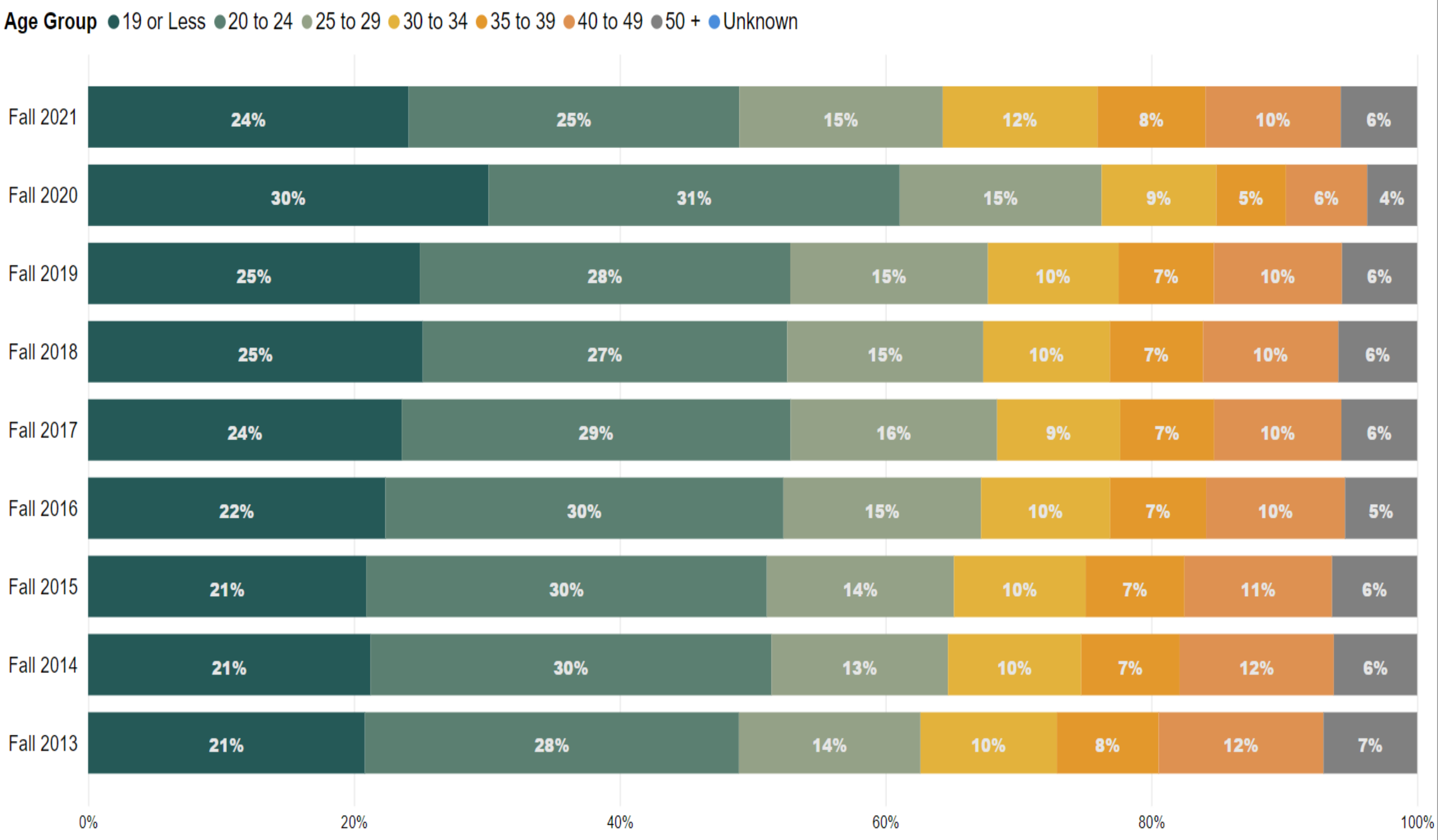
Semester: Fall



Credit Program Student Age Group

College
All

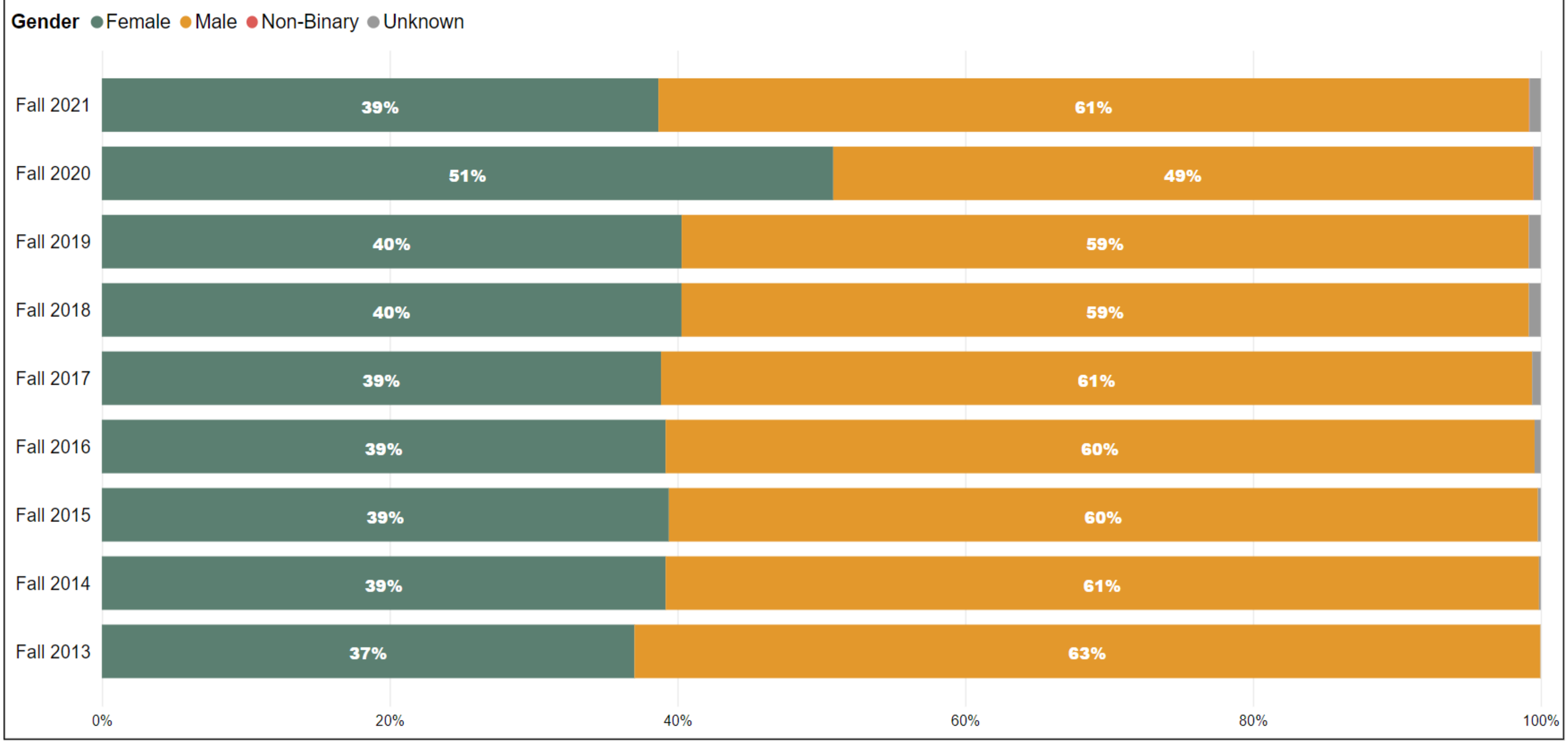
Semester
Fall



Credit Program Student Gender

College
All

Semester
Fall



RANCHO SANTIAGO
Community College District
Santa Ana College • Santiago Canyon College

Enrollment and Academic Performance By Academic Year

Location
- [x] Santa Ana College
- [x] Santiago Canyon College

Grade Scheme
- Select all
- 1.Success
- 2.Non-Success
- 3.Withdrawal/Incomplete
- 4.Others

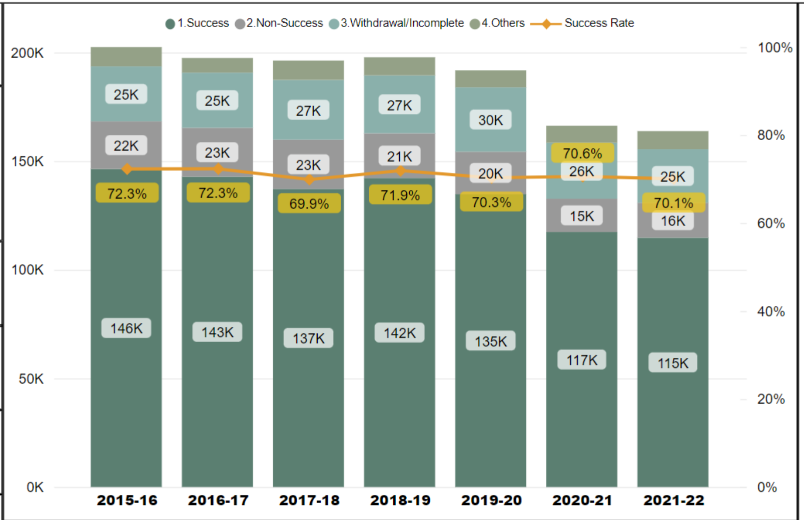
Grade
All

Subject
All

Course
All

Section
All

Source: Research Data Warehouse. For any questions or further information, please contact Nguyen_Tyler@rsccd.edu.



1.Success contains grade A, B, C, or P
2.Non-Success contains grade D, F, or NP
3.Withdrawal/Incomplete contains any grade with W or I
4.Others are ungraded or no grade (mainly due to Academy/Apprenticeship programs)
Success Rate = % of A, B, C, or P out of the total cohort
Withdrawal Rate = % of any grade with W or I out of the total cohort

Research Department
RANCHO SANTIAGO Community College District

Rancho Santiago Community College District
Enrollment & Academic Performance by Semester

Location
- [x] Santa Ana College
- [x] Santiago Canyon College

Semester
Fall

Grade Scheme
All

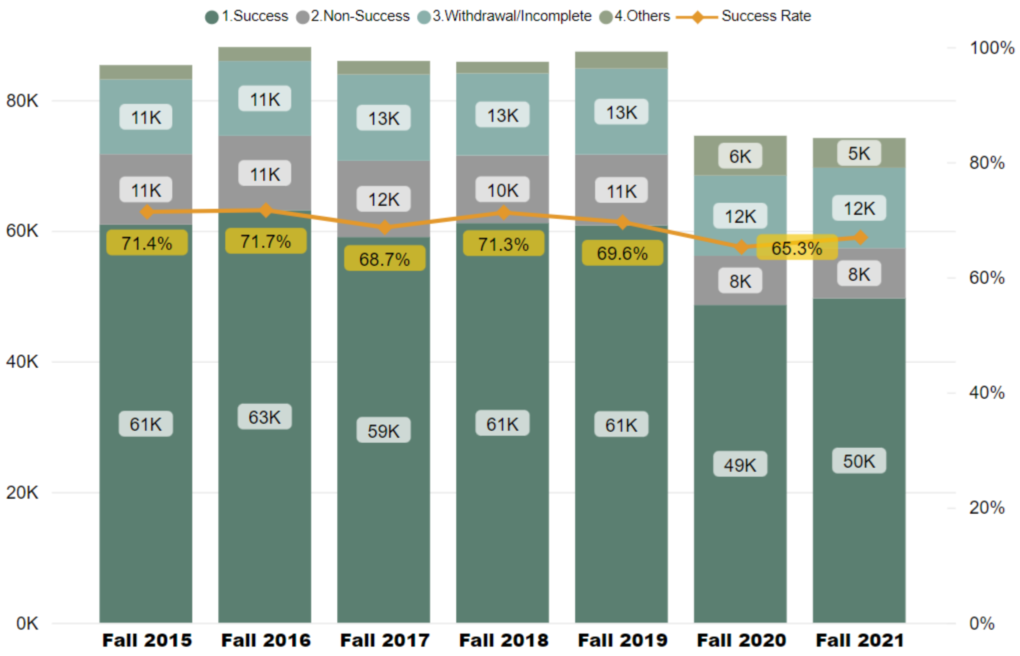
Grade
All

Subject
All

Course
All

Section
All

Source: Research Data Warehouse. For any questions or further information, please contact Nguyen_Tyler@rsccd.edu.



1.Success contains grade A, B, C, or P
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Success Rate = % of A, B, C, or P out of the total cohort
Withdrawal Rate = % of any grade with W or I out of the total cohort

Research Department
RANCHO SANTIAGO Community College District

Rancho Santiago Community College District
Headcount & Academic Performance by Semester & Ethnicity

Location
- [x] Santa Ana College
- [x] Santiago Canyon College

Semester
- (•) Fall
- ( ) Intersession
- ( ) Spring
- ( ) Summer

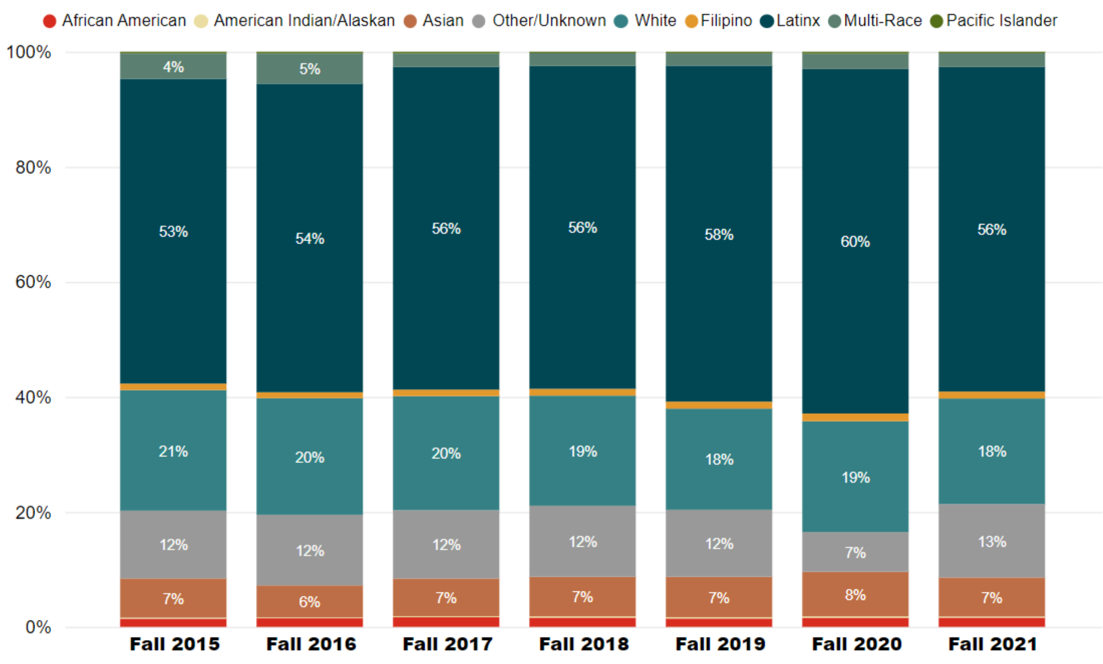
Grade Scheme
- Select all
- 1.Success
- 2.Non-Success
- 3.Withdrawal/Incomplete
- 4.Others

Subject

All

Course

All



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Source: Research Data Warehouse. For any questions or further information, please contact Nguyen_Tyler@rsccd.edu

Santa Ana College

- Completion
- Transfer
- Unit Accumulation
- Workforce
- Equity

Fostering Equity and Meeting Academic Needs of Underserved Students

- Increase the percentage of students who complete an English or Mathematics transfer-level course within the first year of college.
- Increase percentage of students who make an informed decision to declare a major by the third semester or by attainment of 15-degree applicable units.
- Decrease the average amount of time it takes students to complete degrees or certificates.
- Increase the percentage of students who become transfer ready, attain transfer degrees or transfer.
- Cultivate pathways for K12 and noncredit students to transition to credit.

Santiago Canyon College

- Community Driven
- Transfer Focused
- Diverse Support Services
- Intentional Engagement with Racial and Social Justice Matters

Customizing Matriculation for Equal Access and Transfer

- Recruiting for Dual Enrollment to increase enrollment in diverse demographics, socioeconomically disadvantaged
- Building partnerships with community to cultivate connections that benefit students
- Aggressively pursue grants that support special populations and groups: inmate ed, foster youth, migrant farmworkers
- Transfer Agreement Guarantees
- Specialized curriculum: only community college in California offering Gemology degree and certificate

- Bullets here

Strategies for Guidance

- Umoja Community
- U2 Scholar Executive Board
- Unity and Community
- Equity-minded Inquiry
- Student Survey
- Disaggregated Racial Data

Strategies for Academic Support

- Academic Counseling
- Personal & professional workshops & seminars
- Field trips CSU's, UC's, private schools, and HBCU’s
- Cultural events & activities
- Mentorship & community support
- Financial assistance

Strategies for Behavioral Health

- Student Focus Group
- Building Community
- Ethic of Love, Care, Compassion
- CARE Team
- Holistic support
- Mentors
- Mental Wellness

Cornerstones Guiding our Student Needs

- Culture specific climate survey
- Faculty Recommendations from Learning Communities
- BLACK Department Advisory Group

Encouraging Leadership and Competence

- Black Excellence programming: Blackground Voices
- Leadership Certificate
- Umoja Community
- Mentorship Program with Black-Owned businesses
- Black Student Council
- First Year Support Center

Mental Health & Wellness

- Mental Health Mondays
- Student Government
Mental Health Club
- CARE Team
- Guardian Scholars
- Meditation Room

RANCHO SANTIAGO
Community College District

Student Engagement and Community Connections

THE FAINBARG CHASE THRIVE CENTER Santa Ana College

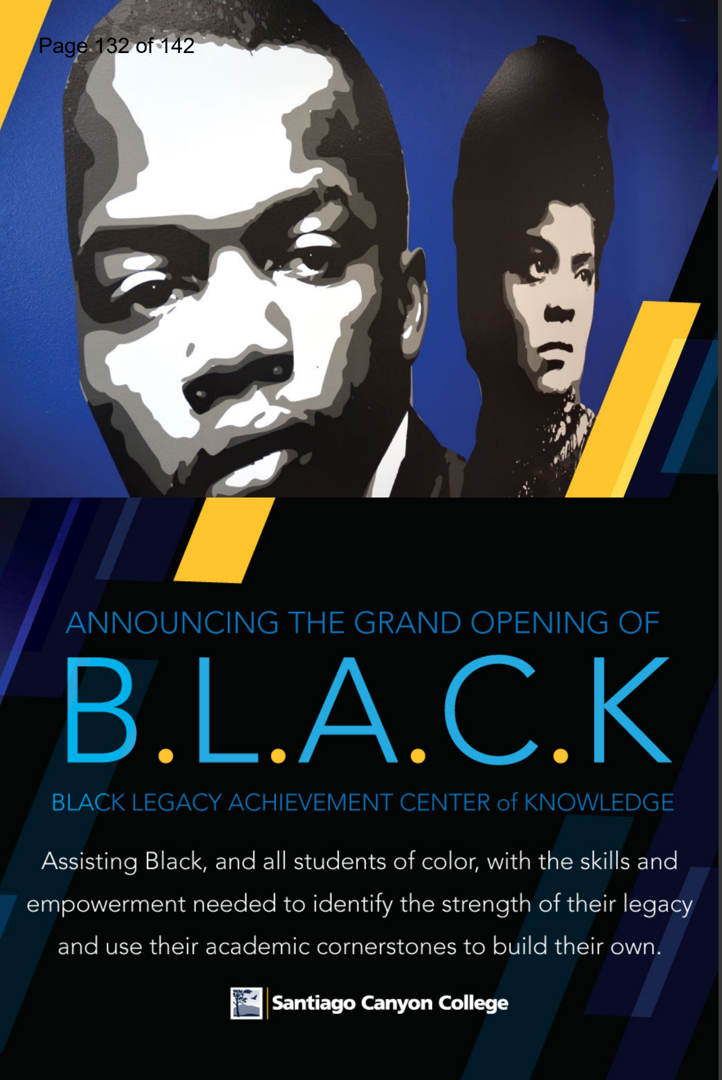
Basic Needs - on campus support and resources via the food pantry, CalFresh, Clothing Closet and housing assistance. Student parents receive monthly delivery of diapers or pullups.

CalFresh Outreach Week - a week-long Series of events focused on CalFresh awareness and application assistance, reducing a 4-week process to 40 minutes.

Student Services

Family Night – SAC welcomes the community to campus:

- Campus tours
- Orientation to SAC programs
- Resource Fair
- Credit & Noncredit
- Financial aid information
- Admission assistance
- Family activities
- Free Food
- Entertainment
- COVID vaccinations



PURPOSE

The Santiago Canyon College B.L.A.C.K. program is devised to intentionally assist Black, and all students of color, with the skills and empowerment needed to identify the strength of their legacy and use their academic cornerstones to build their own.

DESCRIPTION

The Black Legacy Achievement Center of Knowledge provides students with a myriad of support systems that buttress what they have and contribute where support in their lives may be scarce. Through academic counseling, social interaction with other students and SCC professionals, students will recognize the value of their experiences and the legacy gifted to them by their ancestors.

Questions?

Thank you!

RANCHO SANTIAGO
Community College District
Santa Ana College • Santiago Canyon College

ORANGE COUNTY REGIONAL CONSORTIUM | WORKFORCE DEVELOPMENT ALLIANCE

Strong Workforce Program

RSCCD In-Demand Jobs Customized Marketing Campaign

Toolkit

Santa Ana College I Santiago Canyon College

FutureBuilt Website Landing Page & Marketing Plan for SAC & SCC

The joint In-Demand Jobs digital campaign and landing page have been live for nearly a month. In that time we've delivered 155,814 impressions across PPC, Display, and Social Media, generating 2,323 clicks to the landing page. This is a solid start. It looks like the social media ads are generating the most clicks to the website at this point. Graduate Communications will continue to monitor the performance and make adjustments as their media team recommends.

- Landing Page
- Marketing Plan

In-Demand Jobs Flyers

- Santa Ana College Languages
  - English
  - Spanish
  - Vietnamese

- Santiago Canyon College Languages
  - English
  - Spanish
  - Vietnamese

Email and Text Message Drafts

- Santa Ana College
- Santiago Canyon College
- Rancho Santiago Community College District

SAC Student Services Updates

Health & Wellness Center

- Expanded services to support Continuing Education students
- Hosting Zoom Wellness Workshops

Welcome Booths

- Staff greet students and answer questions
- Open Class booths to assist students with available classes.
- January 30 – February 16

Kindercaminata

- 1000+ Kindergarten students will visit SAC to discover career opportunities made possible through community college education.
- March 17, 8:30am – 11:30am

Early Decision

- Special college enrollment onboarding process for high school seniors from SAUSD, Garden Grove, CEC, Tustin
- Registration for Fall 2023 courses
- April 10 – May 19

Call Campaigns

- Outreach Team contacted **4500** students with the goal of registering students who applied for Fall but never registered for classes.
- Phone calls to students close to transferring, refer to the Transfer Center for assistance

COVID Recovery Funds

- $11M funds are dedicated to SAC's Student Centered Initiatives
  - Direct Aid
  - Debt Relief
  - Cash for Credit

DRAFT

Fiscal Resources Committee

Via Zoom Video Conference Call
1:34 p.m. – 2:27 p.m.

Meeting Minutes for January 25, 2023

FRC Members Present: Adam O'Connor, Morrie Barembaum, Susana Cardenas, Kajleb Demaniow, Bart Hoffman, Jim Isbell, Thao Nguyen (alternate), Craig Rutan, and Arleen Satele

FRC Members Absent: Steven Deeley, Iris Ingram, Jorge Lopez, Enrique Perez, Noemi Guzman, Safa Hamid, and Veronica Munoz

Alternates/Guests Present: Jason Bui, Melba Castro, Vaniethia Hubbard, Gina Huegli, Cristina Morones, Annebelle Nery, Mark Reynoso, Jose Vargas, Kennethia Vega, and Barbie Yniguez

1. Welcome: In the absence of Vice Chancellor Ingram, O'Connor called the meeting to order at 1:34 p.m. via zoom. Vice Chancellor Ingram is attending SWACC conference for the remainder of this week.

2. State/District Budget Update
   - 2023-24 Proposed State Budget report link: http://www.ebudget.ca.gov
   - LAO 2023-24 Overview of Governor's Budget link: https://lao.ca.gov/Budget
   - LAO 2023-24 Budget: California's Fiscal Outlook
   - LAO Redesigning California's Adult Education Funding Model
   - LAO 2023-24 Budget: Fiscal Outlook for Schools and Community Colleges
   - Joint Analysis – Governor's January Budget
   - DOF – November 2022 Finance Bulletin
   - DOF – December 2022 Finance Bulletin
   - SSC – Inflation Persists
   - SSC – Proposition 28 and Two Other Statewide Ballot Measures Approved
   - SSC – Payroll and Benefit Parameters Set by the IRS for 2023
   - SSC – BOG Adopts 2023 FON and Elects New Leadership for 2023
   - SSC – LAO Issues Forecast for Economy and Education Funding
   - SSC – 2022 Local Election Results
   - SSC – What Does Split Congress Mean for FY 2023 Budget and Debt Ceiling Negotiations?
   - SSC – Inflation Decelerates While Downsides Continue
   - SSC – UCLA Forecast: Too Cold or Just Right?
   - SSC – Affordable Student Housing Second Round Grant Application Now Open
   - SSC – Inflation: Taming the Beast
   - SSC – 2020-21 Statewide Average Reserves
   - SSC – FY 2023 Omnibus Bill Details Emerge
   - SSC – Positive Trends Continue for Inflation, Unemployment, and Cash Receipts
   - SSC – Initial Impressions from Governor Newsom's 2023-24 State Budget Proposal
   - SSC – An Overview of the 2023-24 Governor's Budget Proposals
   - SSC – CPI Indicates Inflation Is Slowing
   - Budget Presentation to Board of Trustees January 17, 2023

   O'Connor referenced the meeting packet stating there are a number of articles and links to the Governor's proposed budget, the LAO and Schools Services' overviews, the Chancellor's office Joint Analysis which is also reviewed and supported by ACCCA, ACBO and the Community College League of California (CCLC), as well as, Vice Chancellor Ingram's presentation to the Board last week. These resources provide a high-level review.

On January 10, Governor Newsom announced the State Budget proposal for 2023/24. It assumes a slowing but still growing economy at the national and state level. The proposal recognizes a budget shortfall of $29.5 billion over the three-year budget window (2021-22, 2022-23, and 2023-24). Despite this somber picture, Governor Newsom managed to present a balanced budget proposal without dipping into reserves, much of which is due to the current year budget's use of one-time allocations that will not be continued. Of course, if even a mild recession materializes, that could significantly impact state revenues. Interestingly, the proposal includes an 8.13% COLA and a small amount for growth (0.5%). Another interesting twist is a proposal to reduce the current year deferred maintenance allocation by about 25% and divert those funds to student retention activities. This is complicated as all districts have already certified how they intend to spend the funds and the funds will have all been distributed by June 30. There will likely be advocacy to reverse this. The 8.13% COLA is also being applied to several categorical programs including Adult Ed, EOPS, DSPS, Apprenticeship and others. There is not much else included as one might expect in a slowing economy as the focus is on preserving programs rather than adding more.

The tentative budget assumptions are based on this proposal, which is in the packet for action. But the LAO has begun review of all the various proposals, not just education, and those reviews get released throughout the next couple of months. The LAO has indicated their belief that the legislature should plan for a larger budget problem requiring more reductions. The Department of Finance proposes any adjustments in the spring and the May Revise issued in mid-May is based on adjustments and new revenue estimates. Legislative review follows with both houses proposing a budget, and the Governor signs, vetoes or makes reductions to any appropriation in the budget bill by June 30.

3. Mid-Year Updates

- Unrestricted General Fund Expenditure Update

Nguyen screen shared (page 120 of meeting materials) and reviewed mid-year expenditure comparisons as of December 31, 2022, for fund 11 and 13 by site. Each site has spent a little more this year and therefore less expenditures available in comparison to this same time last year with SAC at 53.53% vs. 55.75%, SCC at 55.79% vs. 56.50% and DO at 52.89% vs. 53.99%. All sites, funds 11 and 13 combined, is at 54.03% vs. 55.63% for last year. No questions or comments were expressed.

- Preliminary FTES Update for (P1)

Nguyen screen shared (page 121 of meeting materials) and reviewed FTES update for P1. As of January 9, 2023, FTES report includes 17,780.50 (69.32%) for SAC and 7,667.87 (30.68%) for SCC. In comparison to last year with recal SAC was 68.44% and SCC 31.56% which means SAC gained the shift of FTES reporting at P1.

Discussion ensued noting adjustments will continue to be made with final numbers based on the annual report in July. If recal is necessary, that information will be updated as well. The adopted budget is always based on the annual numbers submitted in July. For further clarification, O'Connor confirmed that when funds are received for restoration, the monies will flow to the colleges as a direct pass through according to the BAM.

- SCFF Simulation FY 2022-23

Nguyen screen shared (page 122 of meeting materials) and reviewed the SCFF Simulation for fiscal year 2022-23 and projected growth for 2023-24 based on the 5.67% for SAC and 5.35% for SCC. These numbers were based on December 2022 data which was updated and decreased a bit on January 17, 2023, however, the worksheet has not yet been updated with the student success components with the California Promise numbers that went down. Discussion ensued noting verification of data with college research department and necessary updates will continue through March with final split between the two colleges to be determined after that. This will assist in addressing discrepancies earlier rather than later. The differences of calculated SCFF and TCR adjusted by COLA projected $6,234,332 is actually $59,000 less due to the changes discussed. This reflects the potential capture of restoration at $6.2 million for 2023-24. Total restoration is projected at $16.2 million, with $10 million to potentially capture through additional growth. It was confirmed that restoration is based on 2018-19 and 2020-21 reductions (lost FTES and ability to restore over a two year period). RSCCD already captured 2018-19 through borrow and the 2020-21 is still available to capture.

4. 2023/2024 RSCCD Tentative Budget Assumptions - ACTION
O'Connor screen shared (pages 123-125 of meeting materials) and reviewed the 2023/24 RSCCD tentative budget assumptions. This is the first run and will get updated as the numbers change, and fine tunings occur along the way. All updates will be included in the tentative budget. He began with review of revenue and highlighted 2021/22 Recal and 2022/23 P1 FTES actuals at 26,202.98 and 25,648.46 respectively noting funding for 2021/22 Recal at 26,848.76. The funding for 2022/23 P1 is expected to be updated within the next month. The projected COLA is 8.13% which is almost $16 million, plus the $6.2 million in restoration, which is based on P1 this year and factors in the estimated growth by colleges at 5.67%(SAC) and 5.35%(SCC) for 2023/24. If growth projections are not reached, RSCCD would not be able to capture restoration. If RSCCD grows more than that, there is potential for another $4 million of restoration. O'Connor explained the deficit factor and whether the State has the funds to pay the entire apportionment owed saying there is no bearing on meeting growth targets. If deficit factor is less than projected, those funds flow to the colleges through the BAM into fund 13.

All other revenue assumptions are based on 2022/23 information as updated data is not yet available. Non-resident tuition increased in the current year and both colleges appear to be on track to earn more than budgeted. The budget has been increased $300,000 for SCC and $200,000 for SAC. Apprenticeship for now is not changed but could increase with COLA. For Scheduled Maintenance allocation, the Governor has a proposal to take out this year's budget of $18.9 million and divert those funds as needed.

He then reviewed the expenditure assumptions noting salary schedules have already been determined with a 5% increase for next year. Anticipating $1.77 million for step and column and noting the 3.5% health and welfare cost increase is typical. Unemployment insurance is settling at .20%. However, CalPERS contributions will increase to 27% instead of decrease to 25% as expected and will continue to rise over the next few years. FON (faculty obligation number) was discussed with 26 new faculty hires projected with 18 at SAC and 8 at SCC. While the full-time faculty budget is increased, the adjunct faculty budget will not be reduced as is normally the case as the colleges continue to grow enrollment and are currently overspending this budget. Good news is the retiree health benefits requires no additional costs again this year. Capital outlay, utilities, ITS licensing, property and liability insurance, remains the same at this time. Additional costs for district services include the approved reorganizations for Business Services that were attached to the meeting materials as information. Additionally, an agreement between the college presidents and district for $50,000 ongoing costs for P&C for recruitment is added. Lastly, is the seventh contribution to the ADA settlement.

The culmination includes $23.4 million in new on-going revenue with $16.7 in new on-going expenditures providing a positive budget of $6.7 million and unallocated $4.3 million for the colleges to share in additions to their budgets. SRP/Rightsizing recap was reviewed with a projected ending balance of $13.9 million in this fund.

Discussion followed concerning the increased dollar amounts for Business Services approved by Chancellor's Cabinet, District Council and POE leaving the appearance of FRC blessing the fiscal impact instead of approving, sending back or rejecting potential negative budget implications. It was clarified that new District proposals with any new fiscal impact to campus budgets are discussed at POE and then approved at District Council. FRC is then authorized to find funding by adding and approving the budget assumptions. The planning process recognizes District Council as the final approval, which is then a recommendation to the Chancellor and direction to FRC to allocate the funds as necessary. FRC is not able to reject or send back these approved positions. The planning and design manual describes that position requests come from District Council to FRC to allocate the funds. Then the budget assumptions go back again to District Council for their recommendation to the Chancellor. Review or potential change to the planning process would need to occur at POE, not FRC.

An inquiry was made about SRP savings to be used this year. O'Connor confirmed that a proposal was received by SAC but SCC has not yet presented their proposal and it may be delayed due to the transition of Interim President and new President Kim's arrival. Once received from SCC, a meeting to discuss the SRP savings will then be scheduled.

A motion by Rutan, was seconded by Satele to adopt the 2023/2024 RSCCD Tentative Budget Assumptions as presented. The motion passed with one abstention by Barembaum.

5. Annual External Audit
O'Connor referenced the annual external audit confirming no findings.

6. Standing Report from District Council – Isbell
Isbell briefly commented on the actions of District Council to include approval of BP-2725 - Board Member Compensation (also approved by Board of Trustees on January 17, 2023); AR 7120.1 Full-Time Faculty Recruitment and Selection which remains on hold until College Presidents and Academic Senate Presidents were able to meet. Additionally, District Council approved reorganizations for Business Services and Purchasing Services. A spring retreat of the joint academic senates is planned for February 1 at SAC. Further discussion transpired on CSU Baccalaureate requirements and SAC's proposed Baccalaureate in Law. Rutan added that District Council also discussed revisions to BP 6250 – Budget Management and AR 6305 – Reserves which were approved. The Board will now approve the revised BP 6250.

7. Informational Handouts
    - District-wide expenditure report link: https://intranet.rsccd.edu
    - Vacant Funded Position List as of January 13, 2023
    - Monthly Cash Flow Summary as of December 31, 2022
    - SAC Planning and Budget Committee Agendas and Minutes
    - SCC Budget Committee Agendas and Minutes
    - Districtwide Enrollment Management Workgroup Minutes

    Informational handouts above were referenced for further review.

8. Approval of FRC Minutes – November 16, 2022
A motion by Satele was seconded by Hoffman to approve the minutes of the November 16, 2022, meeting as presented. There were no questions, comments or corrections and the motion passed unanimously.

9. Other - None
O'Connor mentioned that both Vice Chancellor Ingram and he will be out of the office on February 15, and proposed the meeting be cancelled. Following discussion, the February meeting is cancelled and instead an email notice with applicable updates will be distributed.

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

Next FRC Committee Meeting:
The February FRC meeting is cancelled, and the next scheduled meeting is Wednesday, March 15, 2023, 1:30-3:00 p.m. This meeting adjourned at 2:27 p.m.