RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
website: Fiscal Resources Committee
EMAIL UPDATE

1. State/District Budget Update
   - LAO – The 2023-24 Budget: Higher Education Overview
   - LAO – report link: https://lao.ca.gov/The 2023-24 Budget: State Appropriations Limit Estimates
   - SSC – CalPERS Rates Projected to Increase
   - SSC – New Laws for 2023

2. BAM Review

3. Informational Handouts
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of February 13, 2023
   - Monthly Cash Flow Summary as of January 31, 2023
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes
   - Districtwide Enrollment Management Workgroup Minutes: January 19, 2023 meeting cancelled

4. Other

   Next FRC Committee Meeting: March 15, 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.

LAO

The 2023-24 Budget: Higher Education Overview

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SUMMARY

Governor's Budget Plan Focuses on Core Operations. This brief provides an overview and initial analysis of the Governor's proposed higher education budget plan. This plan contains $1.5 billion in new higher education spending ($1.3 billion ongoing, $200 million one time). For the California Community Colleges (CCC), California State University (CSU), and University of California (UC), the Governor proceeds with the second year of his multiyear budget plans. The main element of the CCC roadmap and university compacts is annual unrestricted General Fund base increases for core operations. In 2023-24, the Governor proposes $653 million for an 8.13 percent cost-of-living adjustment to CCC apportionments and $227 million and $216 million, respectively, for 5 percent base increases at CSU and UC. For the California Student Aid Commission, the Governor's budget includes a slight decrease due to Cal Grant caseload adjustments, as well as $226 million in one-time spending for the Middle Class Scholarship program agreed to last year. In response to the state's projected deficit, the Governor also proposes a $2.3 billion package of funding delays and cost shifts, mostly affecting certain university facility projects.

Plan Has Some Positive Aspects, Some Risks and Shortcomings. We believe a positive aspect of the Governor's plan is that it has a strong focus on access and preserving the segments' core operations. The Governor's budget also does not support any new ongoing higher education costs with one-time funding. One risk with the plan, however, is that the base increases for the universities are contributing factors to the state deficits that arise under the multiyear outlook. Another, related risk is that the proposed budget solutions provide General Fund savings in 2023-24, but they do so by pushing out costs such that budget challenges are exacerbated over the subsequent few years. A third risk is that the administration might be underbudgeting CCC apportionment costs. A shortcoming of the plan is that it has no compelling cost basis for the notably different base funding increases proposed for the segments. The plan also does not link university funding increases to specific budget priorities. Moreover, the plan does not update enrollment expectations across the segments despite updated data indicating sustained enrollment challenges. Furthermore, the proposed budget solutions create odd timing issues for certain UC capital projects and difficult trade-offs among certain CSU capital projects.

Legislature Could Consider Various Improvements to Plan. We believe one improvement would be to link university funding increases to budget priorities. Another improvement would be to develop a plan to keep existing campus facilities in good condition—an issue on which the Governor is silent. The Legislature also could consider whether to move forward with certain CSU and UC capital projects given the state's revised fiscal outlook. Additionally, it could consider recognizing savings from lower-than-expected enrollment across the segments in 2022-23. Moreover, to help with budget preparation in the case state revenues fall, the Legislature could identify additional budget solutions. Furthermore, the Legislature could consider supporting a new tuition policy at CSU in 2023-24 or 2024-25 that would help expand budget capacity.

INTRODUCTION

Brief Focuses on the Governor's Proposed Higher Education Budget Plan. Along with the rest of his budget plan, the Governor recently released his budget proposals for higher education. This brief highlights his major budget proposals for the California Community Colleges (CCC), the California State University (CSU), the University of California (UC), and the California Student Aid Commission (CSAC). The brief has three main sections. The first section provides an overview of the Governor's higher education budget plan. The second section provides an initial high-level assessment of that plan, and the last section identifies various ways the Legislature could consider improving the Governor's plan. Over the coming weeks, our office plans to release additional budget briefs that delve more deeply into the Governor's higher education proposals. Our *EdBudget* website contains a first batch of higher education budget tables reflecting the Governor's proposals, with additional tables forthcoming.

OVERVIEW

In this section, we first identify funding designated for higher education, then discuss major higher education spending proposals, and conclude by summarizing the Governor's proposed higher education budget solutions (including those related to student housing) that are designed to help the state solve a projected budget deficit in 2023-24.

Funding by Source

Total Ongoing General Fund Support for Higher Education Increases. As **Figure 1** shows, the Governor's budget for 2023-24 includes a total of $21.9 billion in ongoing General Fund support for the three segments and CSAC. The proposed 2023-24 funding level is $584 million (2.7 percent) higher than the 2022-23 level. All three segments see year-over-year funding increases, whereas CSAC sees a small decline. Of the annual increase, $539 million is non-Proposition 98 General Fund and $45 million is Proposition 98 General Fund. Whereas CSU, UC, and CSAC generally receive state support entirely from non-Proposition 98 General Fund, the state supports CCC primarily from Proposition 98 General Fund. (Proposition 98 is a measure that established a constitutional funding formula for K-14 education that is commonly called the "minimum guarantee." The state typically provides a set share of Proposition 98 funding—11 percent—to community colleges.)

Total Core Funding Provides a More Comprehensive Fiscal Picture. Whereas CSAC receives most of its funding from the state, the three segments receive substantial core funding from sources other than the state. For CCC, the largest nonstate fund source is local property tax revenue (most of which counts toward the Proposition 98 minimum guarantee). For CSU and UC, the largest nonstate core fund source is student tuition revenue.

Figure 1

Governor's Budget Increases General Fund Support for Higher Education

Ongoing General Fund (Dollars in Millions)

	2021-22 Actual	2022-23 Revised	2023-24 Proposed	Change From 2022-23	
				Amount	Percent
CCC[a]	$9,442	$9,315	$9,357	$43	0.5%
CSU[b]	4,606	5,050	5,344	294	5.8
UC[b]	4,011	4,374	4,630	256	5.9
CSAC	1,974	2,538	2,529	-9	-0.3
Totals	**$20,033**	**$21,276**	**$21,860**	**$584**	**2.7%**
Non-Proposition 98	$11,243	$12,563	$13,102	$539	4.3%
Proposition 98[c]	8,790	8,713	8,758	45	0.5

[a] Consists of Proposition 98 funds for CCC programs as well as non-Proposition 98 funds for CCC state operations, certain pension costs, and debt service.

[b] Consists of non-Proposition 98 funds for all ongoing purposes, including pensions, retiree health benefits, and debt service.

[c] Reflects General Fund that counts toward the minimum guarantee. The state sometimes designates some of this General Fund support for one-time purposes.

CSAC = California Student Aid Commission.

As **Figure 2** shows, total core funding grows 1.6 percent for CCC, 3.8 percent for CSU, and 4.4 percent for UC. Whereas local property tax growth at CCC is outpacing growth in Proposition 98 General Fund, growth in tuition revenue at CSU and UC is lower than growth in non-Proposition 98 General Fund.

Governor Assumes No Tuition Increases at CCC and CSU. The Governor takes the same approach to tuition increases as he did last year. Specifically, the Governor proposes no increase in community college enrollment fees—retaining the existing per unit enrollment fee of $46, with annual enrollment fees for a student enrolled full time (30 units) totaling $1,380. (Enrollment fees at CCC were last raised in summer 2012, at which time the state increased the fee from $36 to $46 per unit.) The Governor's budget also assumes no tuition increase at CSU—retaining annual systemwide tuition for a full-time undergraduate student of $5,742. (Tuition charges at CSU were last raised in 2017-18, with a 4.9 percent increase in undergraduate tuition assessed that year.)

Governor Assumes Tuition Increases Only at UC. In contrast to CCC and CSU, the Governor's budget continues to assume UC increases tuition annually for certain students, consistent with the Board of Regents' tuition policy.

Figure 2

Total Core Funding Also Increases

Ongoing Core Funds (Dollars in Millions)

	2021-22 Actual	2022-23 Revised	2023-24 Proposed	Change From 2022-23	
				Amount	Percent
CCC					
General Fund[a]	$8,790	$8,713	$8,758	$45	0.5%
Local property tax[a]	3,512	3,648	3,811	164	4.5
Additional General Fund[b]	653	602	599	-3	-0.4
Additional local property tax[b]	418	443	465	22	5.0
Student fees	409	409	411	1	0.3
Lottery	302	264	264	—[c]	-0.1
Subtotals	($14,084)	($14,079)	($14,308)	($229)	(1.6%)
CSU					
General Fund[d]	$4,606	$5,050	$5,344	$294	5.8%
Student tuition and fees	3,240	3,061	3,077[e]	$16	0.5%
Lottery	74	65	65	—[c]	—[c]
Subtotals	($7,920)	($8,176)	($8,485)	($310)	(3.8%)
UC					
General Fund	$4,011	$4,374	$4,630	$256	5.9%
Student tuition and fees	5,295	5,335	5,530[f]	195	3.6
Lottery	53	46	46	—[c]	-0.1
Other[g]	395	395	395[f]	—	—
Subtotals	($9,754)	($10,149)	($10,600)	($451)	(4.4%)
Totals	**$31,758**	**$32,404**	**$33,394**	**$990**	**3.1%**

[a] Proposition 98 funds.

[b] "Additional General Fund" refers to non-Proposition 98 funds for CCC state operations, certain pension costs, and debt service. "Additional local property tax" refers to "excess" revenue for basic aid districts that does not count toward the Proposition 98 minimum guarantee.

[c] Less than $500,000 or 0.05 percent.

[d] Includes funding for pensions and retiree health benefits.

[e] Reflects Governor's assumed level adjusted to reflect CSU's estimate of additional revenue from proposed enrollment growth.

[f] Standard budget displays are not yet available for UC. Amounts shown reflect LAO estimates based upon the information that is currently available

[g] Includes a portion of overhead funding on federal and state grants and a portion of patent royalty income.

This policy pegs annual tuition increases to inflation (with certain caps). Incoming undergraduate students and all academic graduate students are subject to the tuition increases. Tuition charges are held flat for continuing undergraduate students. Under the policy, 2023-24 tuition and systemwide fee rates are set at $13,752 for new undergraduate students and $13,104 for continuing undergraduate students, reflecting a $648 (4.9 percent) increase for new students. In 2023-24, UC estimates generating an additional $147 million in revenue from tuition increases. It plans to use $58 million of this additional revenue for institutional student financial aid. (In addition, the CSAC budget reflects higher associated Cal Grant costs at UC. This Cal Grant cost increase is entirely offset by Cal Grant reductions associated with overall caseload.)

Freed-Up One-Time Funds Increase Amount Available for Community Colleges. Under the Governor's budget, Proposition 98 funding for the community colleges grows $209 million (1.7 percent). The annual Proposition 98 growth rate, however, understates the amount of new funding available for the colleges' ongoing programs. The state sometimes designates a portion of Proposition 98 funds for one-time purposes. Last year, the state took this approach—providing nearly $700 million that counted toward the minimum guarantee for various one-time community college initiatives. Those expiring one-time funds are available in 2023-24 for any Proposition 98 priority, including, at the state's discretion, ongoing CCC programs. Under the Governor's budget, these funds effectively are repurposed in this way.

Major Spending Proposals

Majority of New Spending Is for Community Colleges. Figure 3 shows the Governor's major higher education spending proposals. Of the $1.5 billion in new higher education spending proposed over the period, $1.3 billion is for ongoing purposes and $200 million is for one-time purposes. Of the ongoing spending increases, approximately 60 percent is for community colleges, with approximately 20 percent each for CSU and UC. All of the newly proposed one-time spending is for CCC, with no proposed one-time initiatives for CSU and UC this year. For CSAC, the Governor's budget includes a slight decrease ($10 million) in ongoing Cal Grant spending due to caseload adjustments. It also includes an additional $226 million in one-time spending for the Middle Class Scholarship program that the Governor and Legislature agreed to last year. Beyond these spending proposals and adjustments, the administration indicates an intent to introduce another community college proposal this spring. The administration indicates the proposal would provide colleges more flexibility in implementing certain categorical programs relating to academic and student support services. The overarching objective of the proposal would be to help colleges serve students more holistically, efficiently, and effectively.

Governor Proposes Second Year of CCC Roadmap and University Compacts. Last year, the Governor proposed multiyear budget plans for each of the segments. Though the Legislature did not codify these multiyear plans, the Governor's 2023-24 higher education budget proposals are consistent with them. The largest component of these plans is annual unrestricted base increases. These base increases are loosely linked with performance expectations in certain areas, including student access, success, and equity; intersegmental coordination; and workforce alignment. Per the multiyear agreements, the segments are to report their performance in these

Figure 3

Governor Proposes to Increase Spending in a Few Areas

Major General Fund Changes, 2023-24 (In Millions)

Ongoing Spending	
CCC apportionments (8.13 percent)	$653
CSU core operations (5 percent)	267[a]
UC core operations (5 percent)	216
CCC categorical programs (8.13 percent)	92
UC nonresident enrollment reduction (902 students)	30
CCC enrollment growth (0.5 percent)	29
Subtotal	($1,286)
One-Time Initiatives	
CCC student enrollment and retention strategies	$200
Total	**$1,486**

[a] Includes funding for pensions and retiree health benefits.

areas each year through 2026. CSU and UC released their first progress reports in fall 2022, with CCC expected to release its first progress report in summer 2023.

Proposed Base Increase for Colleges Is Higher Than for Universities. As Figure 3 shows, for CCC apportionments (unrestricted base funding), the Governor proposes a $653 million increase to cover an 8.13 percent cost-of-living adjustment (COLA). This proposed rate increase is linked to a measure of inflation that will be updated in late April. (The Governor also proposes to grant an 8.13 percent COLA to certain CCC categorical programs as well as certain K-12 programs.) For CSU and UC, the Governor proposes $227 million and $216 million, respectively, to cover 5 percent base General Fund increases. In addition, the Governor's budget provides CSU with $39 million ongoing General Fund to cover certain benefit cost increases ($36.7 million for retiree health benefits and $2.6 million for certain pension costs). The three segments can use base funding increases for any of their core operations, including employee salaries and benefits, utilities, supplies, and equipment.

Governor Proposes Enrollment Growth at All Three Segments. For CCC, the Governor's budget includes $29 million to cover 0.5 percent systemwide enrollment growth in 2023-24, equating to 5.496 additional full-time equivalent (FTE) students. The Governor also expects CSU and UC to increase resident undergraduate enrollment. For CSU, the Governor assumes growth of 3,434 additional FTE students (1.1 percent) from 2022-23 to 2023-24. For UC, the Governor assumes growth of 4,203 additional FTE students (2.1 percent). Although the Governor proposes budget bill language referring to the CCC enrollment funds and growth target, he proposes no such budget provisions for the universities. (The budget provisions for CSU and UC include much broader language specifying that the base funding increases are "to support operational costs.")

Governor Takes Different Enrollment Funding Approach for Colleges and Universities. Whereas the Governor proposes a separate enrollment growth appropriation for CCC, he expects the universities to cover the cost of enrollment growth from within their 5 percent base increases. Though consistent with the approach specified in the Governor's compacts, this approach differs from the one the state historically has used to fund CSU and UC enrollment growth. Typically, the state has provided CSU and UC with separate appropriations specifically for this purpose on top of the universities' base increases for core operations.

Governor Proposes "Grace Period" for Segments to Reach Enrollment Targets. All three segments are expected to have soft enrollment levels in 2022-23. Though preliminary systemwide CCC data are not yet available, data from a sample of community colleges suggests systemwide enrollment could be either about flat or up somewhat in 2022-23 from a depressed 2021-22 level. At CSU, resident undergraduate enrollment is expected to fall by about 5 percent, whereas it is expected to remain about flat at UC (down 0.1 percent). The *2022-23 Budget Act* included language requiring the administration to reduce enrollment growth funding proportionally to any enrollment shortfalls at the universities. Specifically, these budget provisions directed the administration to reduce funding for enrollment shortfalls at CSU in 2022-23 and at UC in 2023-24. The Governor, however, is not proposing to reduce any 2022-23 enrollment growth funding at any of the segments. Instead, the administration effectively is letting each of the segments retain their associated enrollment growth funding in 2022-23 ($81 million at CSU, $52 million at UC, and $27 million at CCC) and use all or a portion of those funds for other purposes. Though the Governor proposes no fiscal repercussions for any of the segments missing their enrollment targets in 2022-23, he has certain expectations moving forward. For CCC, he signals community colleges that continue missing their targets should plan for associated funding reductions beginning in 2024-25. For UC and CSU, he expects cumulative enrollment growth targets to be reached by the final year of the compacts (2026-27).

Governor Has Only a Few Other Higher Education Spending Proposals. Beyond base increases and enrollment growth, the Governor has only a few other higher education spending proposals this year—a stark contrast to the number of higher education spending proposals he has introduced in previous years. Of these remaining proposals, the two most notable ones are related to enrollment. One of these proposals has UC continuing to replace some nonresident students with resident students at its three most selective campuses (Berkeley, Los Angeles, and San Diego). The second of these proposals has the community colleges continuing efforts to regain enrollment.

Proposed Funding Delays and Shifts

Governor Proposes Actions in Response to Projected State Budget Deficit. The proposed actions, taken together, would enable the state to meets its constitutional requirement to adopt a balanced budget in 2023-24. As we discuss in *The 2023-24 Budget: Overview of the Governor's Budget*, the proposed actions, however, are insufficient to keep the state budget balanced in future years, with projected out-year deficits in the $4 billion to $9 billion range. Within higher education, the Governor proposes only non-Proposition 98 budget solutions, with no proposed Proposition 98 budget solutions. (The Governor proposes to reduce one-time Proposition 98 funding for community college facility maintenance projects, but he effectively repurposes that funding for another one-time community college initiative relating to student enrollment and retention strategies.) Though the Governor's package of budget solutions in 2023-24 contains no Proposition 98 components, the Proposition 98 side of the budget also is expected to face challenges in future years, as discussed in the nearby box.

Governor Proposes Various Higher Education Budget Solutions. Within the non-Proposition 98 side of the budget, the administration proposes three major types of budget solutions: (1) funding reductions (some of which are linked to certain trigger conditions), (2) funding delays, and (3) fund or cost shifts. Of the higher education budget solutions, none are funding reductions—the Governor classifies all of them as either funding delays or shifts. **Figure 4** shows the proposed higher education budget solutions. The proposed solutions involve several specific CSU and UC capital outlay projects, two housing-related programs that affect all three segments, and one CSAC program. These proposed budget actions yield a total of $2.3 billion in General Fund savings over the 2021-22 through 2023-24 period. Though the proposed funding delays and cost shifts generate immediate savings, they do so by pushing costs out to future years, with $2 billion in associated General Fund costs emerging over the 2024-25 through 2026-27 period.

Proposition 98 Outlook

Growth in Guarantee Might Be Lower Than Inflationary-Driven Costs. Under the Governor's budget, the Proposition 98 minimum guarantee grows at an average annual rate of 3.9 percent from 2023-24 through 2026-27. After accounting for baseline adjustments, the effective increase available for new spending commitments averages 3.2 percent per year. This rate of growth could be insufficient to fully cover the cost-of-living adjustments (COLAs) that the state typically applies to major K-14 education programs. When the Proposition 98 minimum guarantee grows more slowly than the full statutory COLA rate, the Department of Finance has the authority to reduce the COLA rate such that it can be supported within the guarantee. Based upon current projections, a shortfall appears more likely than not in 2024-25, with the state potentially providing only a partial COLA to community colleges (and school districts) that year. Shortfalls also are possible in 2025-26 and 2026-27. We discuss these issues in more detail in our forthcoming Proposition 98 budget brief.

Figure 4

Governor Proposes Several Higher Education Budget Solutions

General Fund Impact[a] (In Millions)

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Financing Changes[b]						
CSU Bakersfield Energy Innovation Center	—	$83	—	—	—	—
CSU San Diego Brawley Center	—	80	—	—	—	—
CSU San Bernardino Palm Desert Center	—	79	—	—	—	—
CSU University Farms	—	75	—	—	—	—
CSU Fullerton Engineering and Computer Science Innovation Hub	—	68	—	—	—	—
CSU San Luis Obispo Swanton Pacific Ranch	—	20	—	—	—	—
CSU new associated debt service	—	—	-$27	-$27	-$27	-$27
Subtotals	(—)	($405)	(-$27)	(-$27)	(-$27)	(-$27)
Funding Delays						
California Student Housing Revolving Loan Fund[c]	—	—	$900	$250	-$1,150	—
Higher Education Student Housing Grant Program[c]	—	—	250	-250	—	—
CSAC Golden State Education and Training Grants	$400	—	—	-200	-100	-$100
UC Los Angeles Institute of Immunology and Immunotherapy	—	$100	100	-200	—	—
UC Berkeley Clean Energy Project	—	—	83	-83	—	—
UC Riverside and UC Merced campus expansion projects	—	—	83	-83	—	—
Subtotals	($400)	($100)	($1,416)	(-$566)	(-$1,250)	(-$100)
Totals	**$400**	**$505**	**$1,389**	**-$593**	**-$1,277**	**-$127**

[a] Positive amounts indicate General Fund savings. Negative amounts indicate General Fund costs.

[b] The administration proposes reducing CSU funding by $405 million, having CSU sell systemwide revenue bonds of a like amount, and providing $27 million ongoing to cover the associated debt service.

[c] CCC, CSU, and UC campuses may apply to these programs for help financing their housing projects.

CSAC = California Student Aid Commission.

Budget Solutions Are Not Expected to Create Issues With State Appropriations Limit (SAL). The California Constitution imposes a limit on the amount of revenue the state can appropriate each year. The state can exclude certain capital outlay appropriations from the SAL calculation, effectively making it more manageable to meet the overall SAL requirement. Last year, the state approved many capital outlay projects in an effort to meet its SAL requirement. Under the Governor's budget, some of these projects would be financed differently or delayed. Though these proposed actions would reduce the amount excluded from the SAL calculation in the near term, many other factors are affecting the state's overall SAL requirement. While we are still reviewing the administration's SAL estimates, we understand the Governor's budget continues to meet near-term SAL requirements even with the proposed capital outlay-related budget solutions. At this time, SAL requirements are not expected to present significant challenges for the state in crafting its 2023-24 budget.

Different Budget Solution Approaches Taken for CSU and UC. Though all the proposed budget solutions for CSU and UC involve capital outlay projects, the specific approach taken by the administration varies. For CSU, the Governor proposes to change how the projects are financed. Rather than providing General Fund upfront for the projects, the Governor proposes to have CSU sell systemwide revenue bonds and have the state provide a General Fund augmentation to cover the associated debt service. In contrast, the Governor proposes to delay funding for the UC projects. The administration indicates that it did not propose debt-financing for the UC projects because those projects were at earlier phases with more unknown factors.

ASSESSMENT

In this section, we identify positive aspects of the Governor's proposed higher education plan, then identify shortcomings of that plan, including highlighting certain drawbacks of the Governor's proposed higher education budget solutions.

Positive Aspects of Plan

Governor Focuses on Core Operations. We believe a positive aspect of the Governor's higher education spending plan is that it has relatively few proposals and those proposals have a strong focus on access and preserving the segments' core operations. We believe focusing on core operations and not scattering funds across many programs and new initiatives is a better budget approach, especially given the current state fiscal context. By focusing new spending on core operations, the Governor makes handling key budget challenges more manageable for the segments. In particular, focusing on core operations helps the segments address inflationary pressures; respond to employee recruitment, retention, and compensation issues; and sustain program quality.

Higher Education Spending Plan Has No New Structural Shortfalls in 2023-24. The Governor's budget does not support any new ongoing higher education costs with one-time funding. (The Governor's budget funds some ongoing Middle Class Scholarship costs with one-time funding, but the Legislature previously agreed to this action.) Though no new structural shortfalls emerge within higher education, the Governor proposes funding $1.4 billion in ongoing K-12 Local Control Funding Formula (LCFF) costs with one-time funds (an issue we discuss in more detail in our forthcoming Proposition 98 budget brief). This structural shortfall in the K-12 budget would heighten budget challenges for school districts in 2024-25. Importantly, the main reason the Governor is able to avoid a structural shortfall for community colleges (despite the colleges also being funded within the Proposition 98 minimum guarantee) is because the state took a less risky budget approach for them last year. Last year, the community college budget had a proportionally larger budget cushion than school districts. Because the Governor's higher education spending plan does not have any new core operating shortfall akin to the LCFF shortfall, the higher education segments would be in a stronger fiscal position than school districts entering 2024-25. (The Governor's budget, however, might have underbudgeted CCC apportionments, as discussed in the next section.)

More Flexibility Could Enable Community Colleges to Serve Students Better. Over the past several years, the state has created many additional CCC categorical programs. The proliferation of these programs has increased colleges' administrative burden and exacerbated program silos, which, in turn, likely have generated greater inefficiencies. Were the Governor this spring to introduce a flexibility proposal for the colleges, we believe it could be worth pursuing. We think a promising proposal would strike a balance between focusing on outcomes and accountability while providing more flexibility for districts in how they achieve those outcomes. Additional flexibility in operating programs and reporting on the outcomes of those programs might allow the colleges to better serve students, including by allowing them to dedicate more time to student support rather than administration.

Shortcomings of Plan

Ongoing Proposals Present a Risk to State Budget Moving Forward. Though we believe the Governor's higher education spending plan has certain positive aspects, it also has some risks and shortcomings. One risk is linked to the proposed CSU and UC base increases, as these ongoing General Fund augmentations are contributing factors to the state budget deficits that arise under the multiyear outlook. Were the state revenue situation to deteriorate further, any ongoing General Fund augmentations made in 2023-24 will become harder for the state to sustain over the near term. Under some revenue scenarios, the state would face difficulty affording future base increases for CSU and UC over the next few years.

Proposed Budget Solutions Provide Temporary Fix. A second, related risk emanates from the Governor's proposed higher education budget solutions. The proposed funding delays and cost shifts (for example, with certain CSU and UC capital projects) provide General Fund savings in 2023-24, but they do so merely by shifting costs out one or more years. Importantly, nearly all the higher education budget solutions in 2023-24 immediately turn into budget challenges in 2024-25.

Community College Apportionment Costs Might Be Underbudgeted. A third risk in the Governor's budget relates to how it implements a "funding stability" provision that applies to community colleges. This provision protects community college districts from sudden drops in funding due to uncontrollable events. Over the past several years, relatively few community college districts have been affected by this statutory protection, in part because extraordinary pandemic-related hold harmless provisions have been in place. In 2023-24, for various reasons (including the expiration of these other hold harmless provisions), many districts could be affected by the funding stability provision. The way the Governor's budget calculates the cost of this provision differs from the Chancellor's Office's interpretation, and we believe it could understate the cost of funding CCC apportionments. The Legislature likely will want to investigate these differences more closely in the coming weeks to determine if an apportionment shortfall exists in 2023-24 and, if so, identify options for responding. We plan to cover this issue in more detail in our forthcoming community college budget brief.

Community Colleges and Universities Are Treated Differently Despite Similarities. Under the Governor's budget, community colleges receive larger base funding increases than the universities, with the 8.13 percent COLA for the colleges roughly comparable to the universities' approximately 4 percent increases in core funding. Though different base increases for each of the segments could be justified, the administration offers no compelling cost or program basis for such differences this year. (The higher COLA rate for community colleges is due entirely to the colleges being a part of Proposition 98 calculations. These calculations, however, do not have a strong nexus to underlying community college cost pressures.) Moreover, the three segments have similar cost drivers. All are experiencing salary pressures, increases in their health care premiums, increases in their pension contribution rates, and inflationary pressures in other key areas, including utilities, supplies, and equipment.

University Augmentations Are Not Clearly Tied to Budget Priorities. Whereas the community college apportionment formula is designed so that districts effectively are required to earn their base funding increases, the state has no such funding requirements for the universities. Specifically, for community colleges, the Student Centered Funding Formula allocates funds based upon enrollment counts, certain student group counts (including low-income student counts), and performance outcomes (including transfer rates and degree attainment rates). Colleges with more enrollment, serving more low-income students, and achieving better outcomes (including for their low-income students) generally earn more funding than other colleges. In contrast, no formula links the funding the Governor proposes for CSU and UC to their actual enrollment levels, the composition of their student bodies, or their specific performance outcomes. Furthermore, the Governor's proposed base increases for CSU and UC generally are not linked to any specific cost increases (such as for salaries, utilities, and equipment)—reducing both budget transparency and accountability.

Governor Does Not Update Enrollment Plans Despite Better Data Being Available. The segments are reporting important enrollment trends. In particular, over the past few years, the number of transfer students, retention rates, and credit load per term all have fallen. During this period, the labor market also has been historically strong, with many job openings. Though the incoming freshman class at CSU rebounded from fall 2021 to fall 2022, those rebounds have not been enough to offset the enrollment declines driven by these other factors. At UC, the total incoming freshman class dropped by 6.1 percent from fall 2021 to fall 2022 (with resident undergraduates about flat and nonresident undergraduates dropping 26 percent from a peak 2021 level). The combined effect of all these factors is that the segments have smaller existing student cohorts that are likely to remain for the next few years as the cohorts work their way through college.

Despite these indicators, the Governor proposes no changes to his enrollment expectations either for 2023-24 or the next few years.

UC Budget Solutions Have Odd Timing Issues. Typically, capital projects move through standard phases, beginning with preliminary plans and working drawings, followed by construction. State funding, in turn, is linked with these phases. The state tends to provide a relatively small amount of funding the first year or two of projects as planning work is undertaken and construction cost estimates are refined. It then provides the bulk of project funding in year two or three once construction commences. In contrast to these standard budget practices, UC capital outlay projects under the Governor's budget solution proposals would get a substantial round of initial funding in 2022-23 (much more than needed for preliminary plans and working drawings), no funding in 2023-24, and then substantial funding again in 2024-25. As of the time of this writing, it was not yet clear how UC would respond to these fluctuations in project funding. The proposed approach, however, is questionable, as it disconnects funding from specific project activities—likely providing too much project funding too soon and then delaying funding even when projects could be shovel ready. It also places UC projects in a particularly risky position, with large amounts already provided for each project, but large amounts of remaining project funding not guaranteed.

CSU Budget Solutions Could Be Crowding Out Higher-Priority Projects. As part of his budget solutions, the Governor is proposing to provide CSU with an ongoing $27 million General Fund augmentation to cover debt service on six capital budgets (rather than providing $405 million upfront for the projects). Though the Governor's budget includes this augmentation for debt service, it does not include any augmentation for debt service on the capital outlay projects that CSU submitted through the standard state review process last fall. The CSU Board of Trustees requested a $50 million General Fund augmentation for these latter projects. Many of these project proposals are for renovating existing facilities and infrastructure that are in poor condition. By comparison, most of the six projects that would receive financing in 2023-24 under the Governor's budget are for new facilities or expansions. Moreover, some of these projects were not identified in CSU's 2022-23 five-year capital plan, indicating that the campus and the system had not considered them among their highest and most urgent capital priorities.

RECOMMENDATIONS

In this section, we first identify various ways in which the Legislature could improve the Governor's proposed spending plan for higher education. We then identify several options the Legislature has for improving the Governor's package of higher education budget solutions. We end by highlighting major higher education initiatives for which the Legislature might wish to conduct oversight.

Improve Key Components of Spending Plan

Link University Funding Increases More Tightly With Spending Priorities. Overall, we continue to recommend the Legislature take a more transparent budget approach for the universities. In contrast to the Governor's approach, the Legislature could identify its budget priorities in 2023-24 and provide funding linked to those priorities. For example, with the same total ongoing funding increase that the Governor proposes for CSU ($227 million), the Legislature could fund a 3 percent increase in CSU's employee compensation pool ($157 million), certain health benefit increases ($51 million), and some capital renewal projects ($20 million). (Growing resident undergraduate enrollment by 1 percent would cost approximately $35 million, but CSU is not expecting to grow its enrollment in 2023-24 above already funded levels.)

Consider Expanding Budget Capacity at CSU Through Tuition Increases. Under the Governor's budget, CSU fares worst among the segments from a fiscal perspective, receiving a smaller base increase than CCC and no additional revenue from tuition increases as UC does. Moreover, CSU is unable to cover all of its projected operating cost increases within the Governor's proposed 5 percent base funding increase. (We compare CSU's and UC's funding and operating cost increases in the nearby box.) Given this shortfall, the state could consider expanding CSU's budget capacity by supporting tuition increases beginning either in 2023-24 or 2024-25. Importantly, pursuing tuition increases in 2023-24 would require quick action over the next few months whereas pursuing them for 2024-25 would allow ample time for consultation and notification. Whether begun in 2023-24 or

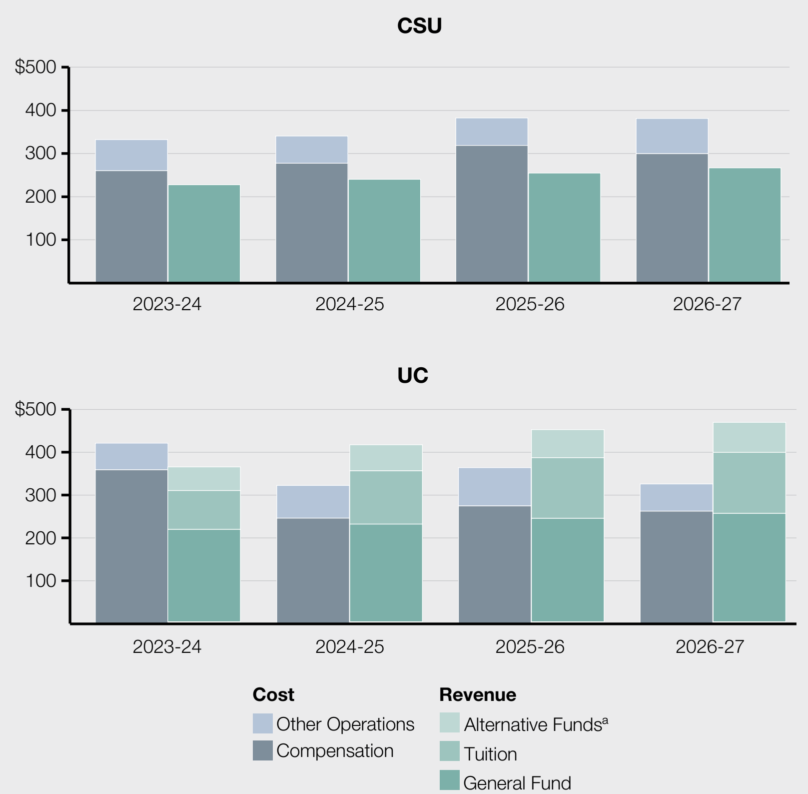
Comparing Proposed Funding and Projected Cost Increases

We compare the Governor's proposed base funding increases for the universities under the compacts to their projected operating cost increases from 2023-24 through 2026-27. For this analysis, we assume annual salary growth of approximately 4 percent, growth in annual health care costs in the 4 percent to 7 percent range, and growth in operating equipment and other expenses of approximately 4.5 percent (on average over the period). We also account for estimated increases in the universities' pension and debt-service costs. We assume any enrollment growth funding and associated cost is treated separately. The figure below shows the results of this analysis.

For 2023-24, projected operating cost increases at the California State University (CSU) exceed the Governor's proposed 5 percent base increase by more than $100 million. At the University of California (UC), projected operating cost increases in 2023-24 are approximately $60 million higher than increases in General Fund, tuition, and alternative fund sources combined. (Each year, UC aims to identify procurement and other operational savings, investment earnings, and supplemental nonresident tuition revenue that it can direct to its core operations.) Whereas CSU's operating cost increases consistently exceed the Governor's proposed base increases over the outlook period, the pattern for UC changes over the last three years of the period. Those years, UC's operating cost increases consistently are lower than what we project UC would receive from General Fund, tuition, and alternative fund sources combined. The main difference between the segments over the period is that UC raises additional revenue from tuition increases, whereas CSU does not.

UC Fares Better Than CSU Over Outlook Period

Projected Operating Cost and Core Fund Increases (In Millions)



[a] Reflects procurement and other operational savings, investment earnings, and supplemental nonresident tuition revenue that can be directed to core operations.

2024-25, the state could encourage CSU to develop a tuition policy similar to UC's tuition policy—that is, a policy that results in gradual, predictable, and moderate increases in student charges. Such a tuition policy would not only expand budget capacity at CSU but also would help avoid the tuition spikes and plateaus that have been common historically.

Begin Developing a Plan to Keep Existing Campus Facilities in Good Condition. Though each of the higher education segments has an extensive footprint, with some building components reaching the end of their useful life each year, neither the state nor the segments have a plan for funding these capital renewal projects. Moreover, neither the CCC roadmap nor university compacts include any discussion of how the segments and state should address capital renewal. Furthermore, the Governor's budget includes no funding increases specifically for keeping colleges' or universities' existing academic facilities and infrastructure in good condition. (It does contain a proposed *decrease* in facility maintenance funding for the colleges.) Perhaps unsurprisingly given these factors, spending on capital renewal to date has been insufficient to keep pace with emerging needs, and project backlogs have been large and growing. Absent a plan to address these issues moving forward, project backlogs very likely will continue to grow—leading to higher costs and greater risk of programmatic disruptions. We recommend the Legislature work with the segments to begin developing capital renewal plans. Such plans likely would involve several key elements, including setting a funding target that is aligned with emerging needs, sharing the cost between the state and the segments, and phasing in funding increases over time. (We discuss these plans and related issues in more detail in our recent brief, *Addressing Capital Renewal at UC and CSU*.)

Explore a Revised Package of Budget Solutions

Could Revisit Whether to Move Forward With Certain University Capital Projects. Rather than changing how certain capital projects are financed or delaying some of their funding, the Legislature could reconsider whether to move forward with them. Many factors have changed since these projects were first considered. Most notably, the state's budget situation has deteriorated, construction costs have escalated at a historically fast pace, and interest rates are higher. All of these factors make the trade-offs among capital projects and across the capital and operating sides of the segments' budgets more difficult.

Could Change Approach to Financing University Capital Projects. Were the Legislature to decide that certain capital projects are worth approving in 2023-24, it could consider the most advantageous way to finance those projects. If the Legislature were to choose to provide upfront General Fund cash for the projects (as the Governor proposes for the UC projects), overall project costs would be lower given no interest costs would be incurred. If the Legislature were to choose to have the segments sell systemwide revenue bonds with the state covering the associated debt service (as the Governor proposes for CSU projects), then overall project costs would be higher given the associated interest costs. More projects, however, likely could be financed over the near term. Given these significant trade-offs, the Legislature could consider establishing some criteria for when to finance a project using upfront cash versus borrowing. The method the state selects for financing projects could depend in part upon its relative near-term and long-term fiscal outlook, with borrowing more preferable if the near-term situation is poor but the long-term outlook is strong. As it has typically done, the state also could require projects to meet criteria such as addressing a critical life-safety issue or mitigating overcrowding, with a somewhat more stringent threshold used for projects that incur interest costs. (It could apply such criteria to many proposed capital projects, including ones outside of higher education.)

Could Recognize Savings Due to Enrollment Declines. Rather than allowing the segments to use enrollment growth funding in 2022-23 for other purposes, the Legislature could reduce enrollment funding proportionally to enrollment declines or, for CCC, sweep unearned growth funding. Once the segments begin growing their enrollment, the Legislature could provide corresponding funding at that time. Under this approach, the state could achieve up to an additional $133 million in non-Proposition 98 General Fund savings ($81 million at CSU and $52 million at UC), while potentially freeing up several millions of dollars in Proposition 98 funding at CCC.

Could Consider Adding Other Budget Solutions. The Legislature could identify other potential higher education budget solutions to give it more options moving forward. The Legislature might prefer some of its new options to the ones the Governor proposes. Moreover, considering additional budget solutions now would allow the state to better prepare for a possible deterioration of the state's budget condition given the heightened risk of revenue shortfalls. Furthermore, developing a larger set of potential budget solutions now allows the Legislature to do so deliberately rather than under the pressure of the May Revision. One way the Legislature could start identifying additional budget solutions is by revisiting recent augmentations. In some cases, large augmentations authorized in 2021-22 or 2022-23 might not yet have been spent or might be viewed in a different light given the projected state budget deficit. **Figure 5** lists temporary spending authorized over the past couple of years. For the initiatives listed in the figure, the Legislature could decide whether to reduce funding or delay funding relative to the Governor's already proposed levels. In some cases, such as with UC's climate change initiatives, the Legislature likely would want to learn more about implementation to date before proceeding. In most cases, the Legislature also would first need to confirm the availability of funding to ensure savings could be achieved.

Figure 5

Adding to List of Potential Solutions Helps With Budget Preparation

Major, One-Time, Non-Proposition 98 General Fund Higher Education Augmentations (In Millions)

Segment/ Department	Description	2021-22	2022-23	2023-24
Various	California Student Housing Revolving Loan Fund	—	—	$900
Various	Higher Education Student Housing Grant Program	$700	$752	750
CSU	CSU Humboldt transition to polytechnic university[a]	458	25	25
CSU	Deferred maintenance and energy efficiency projects	325	125	—
CSU	CSU Dominguez Hills capital outlay projects	60	—	—
CSU	CSU Stanislaus Stockton Center Acacia Building replacement	54	—	—
CSU	CSU Bakersfield Energy Innovation Center	—	83	—
CSU	CSU San Diego Brawley Center	—	80	—
CSU	CSU San Bernardino Palm Desert Center	—	79	—
CSU	CSU University Farms	—	75	—
CSU	CSU Fullerton Engineering and Computer Science Innovation Hub	—	68	—
UC	Deferred maintenance and energy efficiency projects	325	125	—
UC	UC Los Angeles Institute for Immunology and Immunotherapy	—	200	200
UC	Climate change initiatives	—	185	—
UC	UC Riverside and UC Merced campus expansion projects	—	83	83
UC	UC Berkeley Clean Energy Project	—	83	83
UC	Charles R. Drew University medical education buildings	50	—	—
CSAC	Golden State Education and Training Grants	500	—	—
CSAC	Golden State Teacher Grants	500	—	—
CSAC	Learning-Aligned Employment Program	200	300	—
CSAC	Middle Class Scholarships	—	—	227
DGS	Regional K-16 Education Collaboratives	250	—	—
Totals		**$3,422**	**$2,263**	**$2,268**

[a] 2021-22 augmentation consists of $433 million one time and $25 million ongoing.

CSAC = California Student Aid Commission and DGS = Department of General Services.

Conduct Oversight of Major Initiatives

Closely Monitor Implementation of Major Higher Education Initiatives. Though the Governor's budget for 2023-24 proposes few new initiatives, the state over the past several years has launched many higher education initiatives, including major expansions of student financial aid programs. The Legislature has expressed interest in keeping apprised of the implementation of these initiatives and monitoring their outcomes. Figure 6 contains a list of major higher education initiatives undertaken the past several years. This list focuses on ongoing programs as well as large, one-time initiatives that likely have a considerable amount of funds still available to be spent over the next few years. The Legislature could have informational hearings or otherwise collect related information about some or all of these initiatives. Key oversight questions include:

- What implementation activities have been undertaken to date? What major activities have yet to be launched? What is the time line for launching those remaining activities?
- Is the program over- or under-subscribed? To what factors does the segment/department attribute the mismatch between funded slots and program demand?
- Have any previously unknown or unexpected factors affected program costs? Are costs per participant (or outcome) notably different from budget assumptions?
- What have been program outcomes to date? Is certain data being collected that will enhance program assessment over the coming years?
- Has the segment/department identified ways the programs could be improved?

Figure 6

Legislature Could Monitor New and Expanded Programs

Major Initiatives, 2019-20 Through 2022-23

CCC

Cybersecurity strategies
Foster youth programs
Health Care Pathways for English Learners
High Road Training Partnerships
Part-Time Faculty Health Insurance
State operations
Strong Workforce and apprenticeship program expansions
Student Basic Needs[a]
Student enrollment and retention strategies
Student Housing Construction Grants
Student Housing Planning Grants
Student Success Completion Grants
Student support program expansions
Transfer and common course numbering reforms
Zero-textbook-cost degrees

CSU

Foster youth programs
Graduation Initiative 2025
Student Basic Needs[a]
Student Housing Construction Grants

UC

Climate change initiatives
Foster youth programs
Nonresident enrollment reduction plan
Programs in Medical Education (PRIME)
Student Basic Needs[a]
Student Housing Construction Grants
UC Merced medical school project
UC Riverside medical school project

CSAC

Cal Grant CCC Expanded Entitlement Awards
Cal Grant nontuition awards for foster youth and SWDC
Golden State Education and Training Grant Program
Golden State Teacher Grant Program
Learning-Aligned Employment Program
Middle Class Scholarship Program
State operations

[a] Consists of programs to address student housing and food insecurity as well as student mental health.

CSAC = California Student Aid Commission and SWDC = students with dependent children.

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LAO PUBLICATIONS

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CalPERS Rates Projected to Increase

BY CHARLENE QUILAO

posted January 20, 2023

The California Public Employees' Retirement System (CalPERS) revised its projected out-year employer contribution rates as of June 30, 2021, and has again adjusted its estimates for future employer contribution rates with increases beginning in 2023-24 as follows:

Year	Prior Adopted Rates per CalPERS	New Projected Rates per CalPERS Actuarial Report[1]
2022-23	25.37%	25.37%
2023-24	25.20%	27.00%
2024-25	24.60%	28.10%
2025-26	23.70%	28.80%
2026-27	22.60%	29.20%
2027-28	22.60%	30.70%

[1]CalPERS Schools Pool Actuarial Valuation Report

The employer contribution rates are influenced by the CalPERS amortization and smoothing policy, which spreads rate changes over a five-year period, as well as changes in actuarial assumptions such as retirement rates, termination rates, mortality rates, rates of salary increase, and inflation.

The CalPERS Board is set to adopt the 2023-24 employer contribution rate at its Board meeting in April.

New Laws for 2023

BY KYLE HYLAND

posted January 31, 2023

Over the fall, School Services of California Inc. highlighted the most important bills signed by Governor Gavin Newsom in his fourth year in office that will affect the California Community Colleges (CCC) in 2023 and beyond. As we enter into the new year, we wanted to give you a refresher of some of the more significant bills affecting community college districts (CCDs) that officially went into effect on January 1, 2023:

- Assembly Bill (AB) 102 (Holden, Statutes of 2022) eliminates the 2027 sunset date for College and Career Access Pathways (CCAP) partnerships and permits county offices of education to participate in CCAP partnerships

- AB 1041 (Wicks, Statutes of 2022) expands the list of individuals for which an employee can take leave under the California Family Rights Act to include a “designated person,” but allows an employer to limit the employee to one designated person per a 12-month period for family care and medical leave

- AB 1232 (McCarty, Statutes of 2022) adds an exception to the requirement for payment of the community college nonresident tuition for specified students enrolled in a credit English as a second language course

- AB 1491 (McCarty, Statutes of 2022) authorizes an adult education consortium to reduce a member's funding allocation if the majority of the consortium votes for the reduction in funds and if the member has had an excessive carryover for at least two consecutive years

- AB 1655 (Jones-Sawyer, Statutes of 2022) adds June 19, known as “Juneteenth,” to the list of state holidays and requires public K-12 schools and community colleges to close every June 19

- AB 1667 (Cooper, Statutes of 2022) alters the manner in which the California State Teachers’ Retirement System (CalSTRS) can audit public school employers, employees, and retirees related to the reporting of creditable service and compensation, and limits CalSTRS’s ability to collect pension overpayments arising from errors in reporting disallowed compensation

- AB 1719 (Ward, Statutes of 2022) establishes the Community College Faculty and Employee Housing Act of 2022, which provides that a CCD may establish and implement programs that address the housing needs of CCD employees and faculty who face challenges in securing affordable housing

- AB 1949 (Low, Statutes of 2022) requires sector employers to provide their employees, who have been employed for at least 30 days, five unpaid days of bereavement leave upon the death of a family member

- AB 1958 (Fong, Statutes of 2022) establishes the Community College Student Access, Retention, and Debt Cancellation Program to provide fiscal incentives to encourage the enrollment and re-enrollment of students at the CCC

- AB 2122 (Choi, Statutes of 2022) requires each CCC and California State University (CSU) campus to print the telephone number of their mental health hotline on either side of their student identification cards

- AB 2232 (McCarty, Statutes of 2022) requires "covered schools," which includes community colleges, to ensure that facilities, including classrooms, have heating, ventilation, and air conditioning systems that meet minimum ventilation rate requirements and to install filtration that achieves minimum efficiency reporting values levels of 13 or higher

- AB 2315 (Arambula, Statutes of 2022) requires each CCD to implement a process by which current students, staff, and faculty can declare an affirmed name, gender, or both name and gender identification to be used in records where legal names are not required by law

- AB 2413 (Carrillo, Statutes of 2022) prohibits CCDs and K-12 districts from suspending without pay, suspending with a reduction in pay, demoting, or dismissing a permanent classified employee who timely requests a hearing on charges against them before a decision is rendered after the hearing

- AB 2449 (Rubio, B., Statutes of 2022) allows, through the 2025 calendar year, members of a local agency to use teleconferencing without identifying each teleconference location in the notice and agenda of the meeting, and without making each teleconference location accessible to the public, under specified conditions (see "Teleconference Location Flexibility Bill Signed" in the September 2022 *Community College Update*)

- AB 2459 (Cervantes, Statutes of 2022) requires each CCC campus that provides student housing to post on its external and internal websites specified information about the campus housing stock, the number of students requesting housing, and how many students are on waitlists

- AB 2482 (Calderon, Statues of 2022), until July 1, 2029, establishes a pilot program that requires the CCC and the CSU to establish at five campuses of their segments at least one vending machine that dispenses wellness products

- AB 2627 (Bauer-Kahn, Statues of 2022) authorizes a local agency, at the request of a CCD, to enter into a memorandum of understanding that permits the local agency and CCD to share electronically collected personal information about users, unless the user has not provided informed written consent for that disclosure

- AB 2647 (Levine, Statutes of 2022) allows writings that have been distributed to members of a legislative body less than 72 hours before a public meeting to be exempt from specified Brown Act requirements if the agency meets certain conditions (see "More Brown Act Flexibilities Coming in January 2023" in the October 2022 *Community College Update*)

- AB 2693 (Reyes, Statutes of 2022) increases by one year, until January 1, 2024, the requirement for employers to notify employees of potential COVID-19 exposure by prominently displaying a notice of COVID-19 case-related information for a minimum of 15 calendar days

- AB 2810 (Arambula, Statutes of 2022) requires each campus of the CCC and the CSU to use Free Application for Federal Student Aid data to identify students who meet the income requirements of the CalFresh program

- Senate Bill (SB) 367 (Hurtado, Statues of 2022) requires each CCD and the CSU to collaborate with campus-based and community-based recovery advocate organizations to provide educational and preventive information about opioid overdose from the California Department of Public Health, and the use and location of opioid overdose reversal medication on campus, as part of their established campus orientations

- SB 768 (Glazer, Statues of 2022) makes several changes to the California Work Opportunities and Responsibility to Kids program, including changing the hourly participation rate to be based on instructional hours or academic units and providing that a summer session shall be deemed to be an academic quarter for these purposes

- SB 874 (Cortese, Statutes of 2022) requires merit CCDs and K-12 districts to re-employ promoted permanent employees in their previous classifications if those employees do not complete their probationary period for their promoted positions

- SB 886 (Weiner, Statutes of 2022), until January 1, 2030, exempts a university housing development project from the California Environmental Quality Act if the project is carried out by a public university on real property that is owned by the public university and if certain specified conditions are met

- SB 893 (Becker, Statutes of 2022) authorizes the San Mateo County Community College District to adopt a pilot policy that uses local unrestricted General Funds to provide fee waivers to students with the greatest financial need when other fee waivers are not provided to those students

- SB 1061 (Laird, Statutes of 2022) changes the components of the petition for signatures and the election's timing for when a school district or CCD governing board makes a provisional appointment to fill a vacancy and the voters of the district challenge that appointment

- SB 1100 (Cortese, Statutes of 2022) authorizes the presiding member of a legislative body to remove an individual for disruption of a public meeting (see "Governor Signs Bill Addressing Public Meeting

Disruptions" in the August 2022 *Community College Update*)

- SB 1127 (Atkins, Statutes of 2022) reduces the time period an employer has to deny liability for a Workers' Compensation claim from 90 to 75 days for a Workers' Compensation claim for specified presumptive injuries

- SB 1141 (Limon, Statutes of 2022), expands eligibility for the exemption from paying nonresident tuition at a California public postsecondary institution established for long-term California residents, regardless of citizenship status, by removing the two-year cap on community college credit courses that may count towards eligibility

In addition to the above bills that went into effect on January 1, 2023, there are also a number of measures that Governor Newsom signed that became statute on January 1, 2023, but their provisions or requirements do not take effect until a later date. The significant community college bills that fit this mold include the following:

- AB 288 (Calderon, Statutes of 2022) prohibits, commencing with the 2023-24 academic year, colleges from reducing the institutional financial gift aid offer of a student who is eligible to receive a Federal Pell Grant award or financial assistance under the California Dream Act as a result of private scholarship awards designated for the student, unless the student's gift aid exceeds the student's annual cost of attendance

- AB 1187 (Irwin, Statutes of 2022) expands the type of noncredit courses that are eligible for state apportionment funding to include supervised tutoring for foundational skills, and for degree-applicable and transfer level courses authorized by the CCC Board of Governors by July 31, 2023

- AB 1705 (Irwin, Statutes of 2022) establishes additional regulations for equitable placement reform at the CCC by stipulating the manner in which high school transcript data, whether formal or provided by the student, will be used to determine a student's placement and enrollment in English and mathematics courses (most provisions in this bill are not required until July 1, 2023)

- AB 1942 (Muratsuchi, Statues of 2022) requires the CCC Chancellor's Office, by December 31, 2024, to issue a recommendation to the Department of Finance and the Legislature on the instructional service agreement full-time equivalent student apportionment that CCDs are eligible to claim

- AB 2881 (Berman, Statutes of 2022) requires each CCD and the CSU to grant priority enrollment to a student parent by July 1, 2023

- SB 490 (Caballero, Statutes of 2022), which is effective from January 1, 2024 to January 1, 2029, requires California public institutions that receive federal meal reimbursement funding, to include in their solicitation for bids and contracts that only the purchase of agricultural food products that are grown, packed, or processed within the United States are authorized, except for the following exemptions:

- If the bid or price of the nondomestic agricultural food product is more than 25% lower than the bid or price of the domestic agricultural food product
- If the quality of the domestic agricultural food product is inferior to the quality of the agricultural food product grown, packed, or produced nondomestically
- If the agricultural food product is not produced or manufactured domestically in sufficient and reasonably available quantities of a satisfactory quality to meet the needs of the public institution
- If the food product is bought directly from the U.S. Department of Agriculture
- If an agency has an annual federal meal reimbursement of less than $1 million

Lawmakers returned to Sacramento at the beginning of January to begin their work on the first year of the 2023-24 Legislative Session. We will cover bills as they are introduced by the Legislature and make their way through the legislative process in our "Top Legislative Issues" series, which will restart following the February 17, 2023, deadline to introduce bills.

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	✓	✓	✓	

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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			✓	

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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)	✓	✓	✓	

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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	✓	✓	✓	

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.

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 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	

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.

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 "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

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.

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.

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.

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.

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.

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.

Updated March 2023

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)

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.

Vacant Funded Positions for FY2022-23- Projected Annual Salary and Benefits Savings
As of February 13, 2023

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Position 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	5YAS-UF-DIR2	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	5PAG-UF-DIR1	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	5HR-LF-ADMR	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	5HR-OF-ASVC	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	1MUS-FF-IN	Instructor, Music	SAC	8/1/2022	94,939		11-0000-100400-15535-1110	142,549	
11	Ettinger, Becky	1026620	1NURS-FF-IN	Instructor, Nursing	SAC	3/9/2022	147,061			212,782	
11	Kruizenga, Alicia	2296718	1SCP-AF-DN	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	1DSED-NF-CORD	Coordinator, Distance Education	SAC	6/3/2023	-		11-0000-601000-15054-1250	-	
11	Gilmour, Dennis	1028933	1CNSL-NF-CN8	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	1ENGL-FF-IN/1READ-FF-IN	English & Read Instructor	SAC	7/24/2022	136,690		11-0000-150100-15620-1110-20% 11-0000-152000-15675-1110-80%	184,157	
11	Hardy, Michelle	1029393	1CDEV-FF-IN	Instructor, Human Development	SAC	6/10/2022	133,969		11-0000-130500-15717-1110	196,725	
11	Horenstein, Daniel	2314022	1ASTR-FF-IN	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	10AD-AF-DN2	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	2,228,686
11	Lamourelle, Chantal	1053437	1CDEV-FF-IN	Instructor, Human Development	SAC	8/22/2022	119,805	Chantal Lamourelle replaced Maria Aguilar Beltran as the new Equity Faculty Coordinator	11-0000-130500-15717-1110	173,430	
11	Manning, R Douglass	2308931	1KNHA-AF-DN	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	1CHEM-FF-IN	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	1CHEM-FF-IN	Instructor, Chemistry	SAC	6/4/2022	147,061		11-0000-190500-16420-1110	196,869	
11	Mercado-Cota-Teresa	1027921	1STSS-AF-DNAS	Assistant Dean, Student Services	SAC	12/31/2022	74,493		11-0000-649000-19100-1210	111,835	
11	Ortiz, Fernando	1026742	1ACAD-AF-DN	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	1MATH-FF-IN	Instructor, Mathematics	SAC	6/5/2023	-		11-0000-170100-16201-1110	-	
11	Tran, Melissa	1027087	1ENGL-FF-IN	English Instructor	SAC	6/30/2023	-	Employee om Bank Leave Fall2022 and Spring2023	11-0000-150100-15620-1110	-	
11	Virgoe, Brad	1055072	1CJA-AF-DIR	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	1MAIN-UF-SUPR	Maintenance Supervisor	SAC	11/15/2021	89,951		11-0000-651000-17400-2110	149,998	
11	Waterman, Patricia J.	1027281	1ART-FF-IN	Instructor, Art	SAC	6/9/2019	110,923		11-0000-100200-15510-1110	137,747	
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	255,128	
11	Bailey, Denise	1668755	2CHEM-FF-IN	Instructor, Chemistry	SCC	8/24/2022	135,513		11-0000-190500-25163-1110	192,309	
11	Carrera, Cheryl	1027004	2MATH-FF-IN	Instructor, Math	SCC	12/15/2019	110,923		11-0000-170100-25150-1110	161,767	
11	Coto, Jennifer	1029536	2ESS-AF-DN	Dean, Enrollment & Support Services	SCC	10/13/2020	194,433		11-0000-620000-29100-1210	266,706	1,233,718
11	Flores, Marilyn	2041264	2ACA-AF-VP	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	2KNHE-FF-IN	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	2CHEM-FF-IN	Chemistry Instructor	SCC	8/19/2019	110,923		11-0000-190500-25163-1110	161,767	
							2,716,377			**4,017,968**	

Fund	Classified	EMPLOYEE ID#	Position 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	5YSP-CM-DSO6	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	5HR-CF-TECH8	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	5SSP-CF-DSOS5	Sr. 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	5HR-CF-TECH2	P&C Business Partner	District	12/18/2022	44,810		11-0000-673000-53110-2130	76,329	
60%-fd 11 40%-fd 12	Fouste, James	1027195	5YSP-CF-DSOS6	Sr. 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	5HR-CF-SPC	Title IX Specialist	District	12/18/2022	49,029		11-0000-673000-53110-2130	84,709	969,003
11	Lee, Patrick	1416553	5SSP-CM-DSO8	P/T District Safety Officer	District	1/24/2021	19,586		11-0000-695000-54166-2310	20,516	
11	Lott, Glenn	2264736	5ITS-CF-SPT1A	Technical Specialist	District	1/31/2023	33,094		11-0000-678000-54141-2130	58,463	
11	Palomares, Vanessa	1851190	5WED-CF-CORD	Business Services Coordinator	District	10/19/2022	51,999		11-0000-701000-53350-2130	77,086	
11	Pita, Lazaro R.	1298807	5YSP-CM-DSO5	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	5PUR-CF-ASPU	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	
11	Smith, Nancy	1794928	5GCOM-CF-TECH1	Desktop Publishing Technician	District	11/4/2022	50,319		11-0000-677000-52600-2130	87,019	
11	Shipma, Phil L	1209698	5PARK-CM-DSO16	P/T District Safety Officer	District	2/11/2021	23,258		11-0000-695000-54163-2310	24,363	
11	Voght, Donald	1144583	5YSP-CF-DSOS9	Senior District Safety Officer	District	12/12/2022	47,977		11-0000-695000-54167-2130	79,868	
65%-fd 11 35%-fd 12	Berber, Christian	1580466	10SS-CF-SPOR1	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	

Vacant Funded Positions for FY2022-23- Projected Annual Salary and Benefits Savings
As of February 13, 2023

Fund	Management/ Academic/ Confidential	EMPLOYEE ID#	Position ID	Title	Site	Effective Date	Annual Salary	Notes	Vacant Account	2022-23 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Burke, Tamy	1460227	1MAIN-CM-CLAD	P/T Administrative Clerk	SAC	2/22/2022	24,319		11-0000-651000-17400-2310	32,836	
11	Castillo, Norma	1026405	1FIRE-CF-SECA	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	1KNHA-CF-SECA	Administrative Secretary	SAC	1/4/2023	38,608		11-0000-601000-15410-2130	62,778	
40%-fd 11 60%-fd 12	Dinh, Amber	1069111	1ASMT-CF-TECH1	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	1ADV-CF-SECA	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	1EOPS-CF-ASCN1	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	1CUST-CF-CUS11	Custodian	SAC	6/1/2020	50,521	CL20-00021	11-0000-653000-17200-2130	92,078	
11	Heller, Shelly	2375248	1CHEM-CF-CORD2	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	1CUST-CM-CUS3	P/T Custodian	SAC	5/1/2022	20,245		11-0000-653000-17200-2310	27,335	
11	Jusay, Modesto	1026710	1CUST-CF-CUS14	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	1GRDS-CF-WKR4	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	1,445,798
35%-fd 11 65%-fd 31	Miranda Zamora, Cristina	1339369	1AUX-CF-SPAS3	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	1ADMS-CM-ACT	P/T Accountant	SAC	7/14/2020	28,128		11-0000-679000-17100-2310	37,978	
11	Naguib-Estefanous, Nancy A	2018465	1FAO-CF-CLSR	Senior Clerk	SAC	10/2/2022	47,681		11-0000-646000-19405-2130	86,710	
11	Nguyen, Trang	1054142	1ADM-CF-SPC3A	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	1MAIN-CF-WKR3	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	10AR-CF-SPC1	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	1GRDS-CF-WKR3	Gardener/Utility Worker	SAC	5/3/2022	60,066	CL22-00425	11-0000-655000-17300-2130	97,506	
11	Rodriguez, Natalie	1593301	1CNSL-CM-ASCN2	Counseling Assistant	SAC	1/8/2023	8,444		11-2410-631000-15310-2310	8,845	
11	Roman, Alfonso W	1025210	1GRDS-CF-WKR6	Gardener/Utility Worker	SAC	4/19/2021	63,075	CL22-00425	11-0000-655000-17300-2130	111,024	
75%-fd 11 25%-fd 12	Serratos, Raquel	1779867	1PDEV-CF-CLSR	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	1ADM-CF-SPC1C	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	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	1ADM-CM-SPC1D	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	1CNSL-CM-ASCN6	Counseling Assistant	SAC	1/31/2023	12,421		11-2410-631000-15310-2310	16,771	
11	Bennett, Lauren A.	1337295	2ADM-CF-SPC1A	Admission Records Specialist I	SCC	10/23/2020	50,314		11-0000-620000-29100-2130	91,799	
14%-fd 11 86%-fd 12	Berganza, Leyvi C	1030913	20SS-CF-SPOR1	High School & Community Outreach Specialist	OEC	3/19/2017	9,836	Hired Gisela Rodriguez#1027326 SCF was 100% FD12 Eff:12/5/22 CL22-00307	11-0000-649000-28100-2130-14% 12-2490-649000-28100-2130-86%	16,624	
11	Dorling, Jane	1433784	2INFO-CF-TEC2A	Library Technician II	SCC	8/11/2022	50,818		11-0000-612000-25430-2130	78,217	
11	Gitonga, Kanana	1030388	2INTL-CF-CORD	International Student Coordinator	SCC	1/31/2019	80,945		11-0000-649000-29110-2130	133,182	
65%-fd 13 35%-fd 12	Heim, Tracy	1463834	2COL-CM-CLIN	P/T Intermediate Clerk	SCC	8/27/2021	11,051	Hired Delia Raquel Rodriguez#2185728 CL22-00312 Eff:11/7/22	13-3410-709000-29200-2310-65% 12-2572-709000-29200-2310-35%	14,922	757,363
11	Hermen, Lisa	1027710	2KNAO-CF-CLSR	Senior Clerk	SCC	3/31/2022	33,614		11-0000-601000-25131-2130	46,208	
11	Martin, Sheryl A.	1028421	20AD-CF-SECX	Executive Secretary	SCC	8/9/2021	72,277		11-0000-601000-28100-2130	121,470	
90%-fd 11 10%-fd 12	Rodriguez, Gisela	1027326	20AR-CF-CLAD2	Administrative Clerk	SCC	12/4/2022	39,509		11-0000-620000-28100-2130-90% 12-2572-631000-28100-2130-10%	61,980	
11	Simoes, Antonio	266411	2GROS-CM-WKR	P/T Gardener/Utility Worker	SCC	11/16/2022	21,490		11-0000-655000-27300-2310	22,511	
11	Smilde, Mark	2635727	2CUS-CF-CUSR1	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	2ADM-CF-SPC3	Admission Records Specialist III	SCC	3/1/2020	59,290		11-0000-620000-29100-2130	103,924	
							1,933,891			3,172,165	
TOTAL							**4,650,268**			**7,190,133**	

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2022-23, 2021-22, 2020-21
YTD Actuals- January 31, 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
FY 2022/2023												
Beginning Fund Balance	$59,415,833	$61,785,347	$52,662,752	$47,094,066	$44,100,000	$37,908,448	$59,652,888	$51,944,393	$51,944,393	$51,944,393	$51,944,393	$51,944,393
Total Revenues	13,207,623	6,163,437	12,205,794	14,492,940	14,987,785	39,069,575	9,567,808	0	0	0	0	0
Total Expenditures	10,838,109	15,286,033	17,774,480	17,487,006	21,179,337	17,325,136	17,276,303	0	0	0	0	0
Change in Fund Balance	2,369,515	(9,122,596)	(5,568,686)	(2,994,066)	(6,191,552)	21,744,440	(7,708,494)	0	0	0	0	0
Ending Fund Balance	61,785,347	52,662,752	47,094,066	44,100,000	37,908,448	59,652,888	51,944,393	51,944,393	51,944,393	51,944,393	51,944,393	51,944,393

	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
FY 2021/2022												
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

	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
FY 2020/2021												
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