



January 26, 2024, 9:00 am to 10:30 am
Meeting Location: Zoom Video Conference ID: 87485899082

PBC COUNCIL MEMBERSHIP	Membership – 14; Quorum – 8
Dr. Nathaniel Jones III, Tri-Chair, Acting Vice Chancellor for Finance & Admin.	Dr. Diana Bajrami, Acting President, COA
Thomas Renbarger, Tri-Chair, Academic Senate Pres.	Jeffrey Sanceri, President, PFT
Kawanna S. Rollins, Tri-Chair, Classified SEIU Representative	Dr. Stacey Shears, Vice President of Student Services, BCC
Dr. Marla Williams-Powell, Interim Associate Vice Chancellor for Finance & Administration	RJ Ishimaru, Student Representative
Matthew Goldstein, DAS President	Dr. Francisco Herrera, Institutional Research Designee
Matthew Freeman, Faculty, BCC	Javier Lopez, Local 39 Representative
Sinead Anderson, SEIU Representative	
David M. Johnson, President, Merritt College	Richard Ferreira, Executive Assistant, District, Notetaker (non-voting)
	*NOTE: Blue identified as absent

Guests

Azul Lewis, Faculty, BCC	Momo Lim, Internal Auditor, District
Brandi Howard, Coordinator of Legal Affairs	Richard Thoele, President, Local 1021
Chris Weidenbach, Faculty Senator/DAS Rep. & Secretary, Laney	Roberto Gonzalez, Classified President, Local 1021
Dave Vigo, Budget Director, Finance & Administration, District	Sasha Amiri, Asst. to the Chancellor/Board Clerk, District
Dr. Denise (Cynthia) Richardson, Interim President, BCC	Sean Brooks, Vice President of Administrative Services, BCC
Dr. Rudy Besikof, President, Laney College	Tachetta Henry, Executive Assistant, Chancellor's Office
Dr. Stephanie Droker, Deputy Chancellor & COO, District	Tami Taylor, District Senior Accountant, District
Dr. Tammeil Gilkerson, Chancellor, District	Thomas Torres-Gil, Director of International Services, District
Jamille Teer, Facilities Project Coordinator, District	
Jennifer Fowler, Faculty COA	
Joseph Bielanski, Articulation Officer, BCC	
Leslie Blackie, Faculty, Laney College	

Planning & Budgeting Committee (PBC) Minutes

Agenda Item	Committee Goal	Strategic Plan Goal	Outcome	Action Items	Follow Up on Action Items
I. Standing Items					
A. Call to Order			The PBC meeting was called to order at 9:06 am. Quorum was met.		
B. Adoption of the Agenda			Motion and seconded to accept the Agenda with changes to the time changes. Motion approved unanimously.		
C. Approval of Minutes			Motion and seconded to accept the Minutes from December 8, 2023, without any changes. Motion approved unanimously.		
D. Report of Action Taken			None to report at this time.		
E. Report of College Budget Committee			<p>Vice President Sean Brooks of BCC reported making some payroll and budget adjustments.</p> <p>President Bajarmi of COA did not have any items to report.</p> <p>President Besikof of Laney stated that the Budget Advisory Committee holding first meeting next month. Program Reviews submitted and validated.</p> <p>President Johnson of Merritt reported an upcoming College Budget Committee meeting focus on preliminary budget subcommittee meeting increase transparency and understanding of the budget over come roadblocks for a more efficient process.</p>		

Planning & Budgeting Committee (PBC) Minutes

F. Public Comments			No public comments at this time.		
II. Carried-Over and New Items	Committee Goal	Strategic Plan Goal	Outcome	Action Items	Follow Up on Action Items
A. 2024-25 Governor's Budget Proposal		E.3 — Fiscal Oversight	<p>Dr. Nathaniel Jones III, Vice Chancellor, presented to the PBC regarding the 2024-25 Governor's Budget Proposal. Dave Vigo, Budget Director, also provided information to the committee regarding funding.</p> <p>It is anticipated that PCCD will not receive additional funding until we receive three (3) years of additional enrollment.</p> <p>The Presentation will be included in the Minutes. Requesting information on BoardDocs for transparency.</p> <p>Recommendation made to move the PBC agenda and minutes items to BoardDocs.</p> <p>Per the Chancellor please make the changes to the slide(s) and make the presentation available at the end of the meeting.</p>		
B. PBC Taskforce Subcommittee – Proposed Structure			The Tri-Chair will meet to determine the membership. They will meet ahead of the next meeting.		
C. Changes to Budget Develop Calendar & Processes/ DAS 2023-25 Budget Recommendations			There was a Presentation on Budget Development Process & Timeline by Dr. Nathaniel Jones III.		

Planning & Budgeting Committee (PBC) Minutes

			Motion to extend the PBC meeting to 10:45 am. Motion approved.		
D. Ideas Around Closing the Structural Deficit			Not discussed at this time.		
E. Future Agenda Items			Not discussed at this time.		
III. Next Meetings			February 16, 2024, 9:00am – 11:00am March 15, 2024, 9:00am – 11:00am April 19, 2024, 9:00am – 11:00am May 17, 2024, 9:00am – 11:00am		
IV. Adjournment			The PBC meeting was adjourned at 10:30 am.		

Governor's 2024-25 Budget Proposal

Dr. Nathaniel Jones III, Interim Vice
Chancellor, Finance & Administration

Mr. Dave Vigo, Budget Director

GOVERNOR'S BUDGET SUMMARY

Gavin Newsom, Governor
STATE OF CALIFORNIA



2024-25

Economic Outlook

- \$37.9B Deficit (DOF)
- \$68B Deficit (LAO)
- Deficit due to lower than projected revenues (Market volatility/Tax filing extension)
- State reserves available to mitigate some of the revenue short fall
- Future characterized by risk & uncertainty



Governor's Strategy for Addressing \$37.9B Revenue Shortfall

Reserves—\$13.1 billion. The budget draws upon funds from the state's reserves.

Reductions—\$8.5 billion. The budget reduces funding for various items.

Revenue/Internal Borrowing—\$5.7 billion. The budget includes support from revenue sources and borrows internally from special funds.

Delays—\$5.1 billion. The budget delays funding for multiple items and spreads it across the three-year period, beginning in 2025-26, without reducing the total amount of funding through this period.

Fund Shifts—\$3.4 billion. The budget shifts certain expenditures from the General Fund to other funds.

Deferrals—\$2.1 billion. The budget defers specific obligations to the 2025-26 fiscal year.

California Community Colleges Proposed Budget



California
Community
Colleges



Higher Education

Higher Education Expenditures

(Dollars in Millions)

	2022-23	2023-24	2024-25	Change from 2023-24	
				Dollars	Percent
University of California					
Ongoing General Fund	4,377.0	4,722.2	4,739.3	\$17.1	0.4%
One-Time General Fund	532.5	148.0	1.1	-	-
Total Funds ^{1/}	\$10,398.4	\$10,560.3	\$10,643.5	\$83.2	0.8%
California State University					
Ongoing General Fund	5,041.1	5,409.1	5,472.8	\$63.7	1.2%
One-Time General Fund	268.4	35.5	0.0	-	-
Total Funds ^{1/}	\$8,600.4	\$8,713.6	\$8,914.4	\$200.7	2.3%
California Community Colleges					
General Fund & Property Taxes	12,148.2	12,991.9	13,566.2	\$574.3	4.4%
Total Funds ^{2/}	\$21,091.1	\$21,255.3	\$21,611.3	\$355.9	1.7%
California Student Aid Commission					
General Fund ^{3/}	2,880.5	3,055.2	2,946.9	(\$108.3)	-3.5%
Total Funds	\$3,299.8	\$3,481.3	\$3,373.3	(\$108.1)	-3.1%
General Fund	\$25,247.8	\$26,361.9	\$26,726.3	\$364.3	1.4%
Total Funds	\$43,389.8	\$44,010.6	\$44,542.4	\$531.8	1.2%

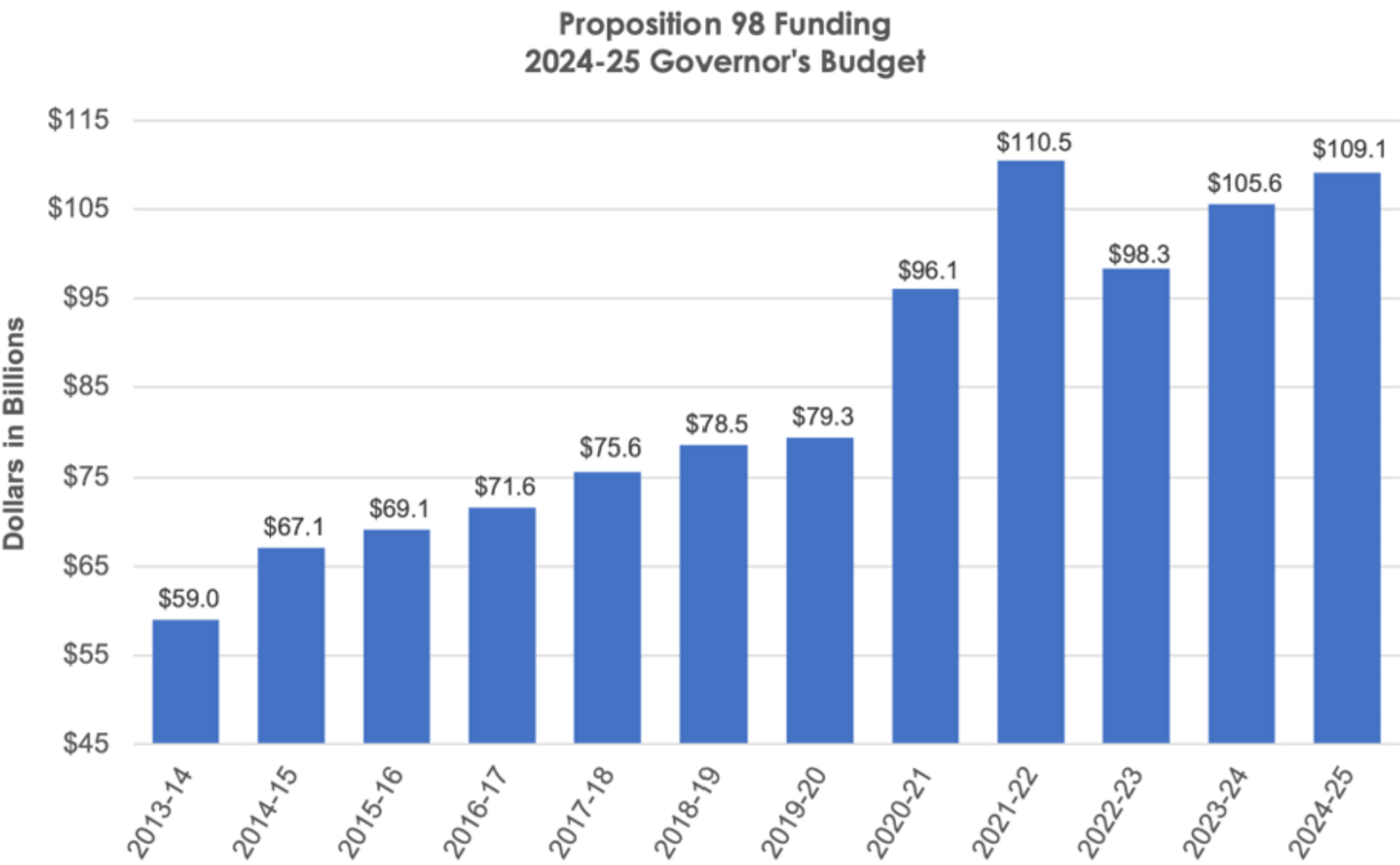
^{1/} These totals include tuition and fee revenues and other funds the universities report as discretionary.

^{2/} Withdrawals from the Public School System Stabilization Account are reflected in this row.

^{3/} General Fund expenditures for the Cal Grant program are offset by reimbursements, including approximately \$400 million in federal Temporary Assistance for Needy Families (TANF) funds received through an agreement with the Department of Social Services.



Prop 98 Funding





Key Budget Adjustments for Community Colleges

CCC Apportionments—An increase of \$69.1 million ongoing Proposition 98 General Fund to provide a 0.76-percent cost-of-living adjustment (COLA) for Student Centered Funding Formula apportionments and \$29.6 million ongoing Proposition 98 General Fund for 0.5-percent enrollment growth.

CCC Categorical Program COLA—An increase of \$9.3 million ongoing Proposition 98 General Fund to provide a 0.76-percent COLA for select categorical programs and the Adult Education Program.

K-14 Rainy Day Fund—A withdrawal of roughly \$235.9 million in 2023-24, and \$486.2 million in 2024-25, to support Student Centered Funding Formula resource needs.

Nursing Program Support—An increase of \$60 million one-time Proposition 98 General Fund to expand nursing programs and Bachelor of Science in Nursing partnerships to develop, educate, and maintain the next generation of registered nurses through the community college system, subject to future statutory changes.



CA Community College System

- \$69.15M cost-of-living adjustment (COLA) for Student Centered Funding Formula apportionments, at 0.76%
- Consistent with K-12 COLA
- \$29.6M ongoing Proposition 98 General Fund for 0.5% enrollment growth.

Adult Education Program	\$ 4.91
Extended Opportunity Programs and Services (EOPS)	\$1.40
Disabled Student Programs and Services (DPS)	\$1.31
APPRENTICESHIP (Community College Districts RSI)	\$.24
Calworks student services	\$.42
Mandates Block Grant and reimbursement	\$.94
Cooperative Agencies Resources for Education (CARE)	\$.25
Childcare tax bailout	\$.03
Adjustment for financial aid admin	\$1.53



SCFF Proposed Rates

Table 3: Proposed 2024-25 Student Centered Funding Formula Rates (rounded)

Allocations	2023-24 P1 Rates^a	Estimated Proposed 2024-25 Rates^b	Estimated Change from 2023-24 (Amount)	Estimated Change from 2023-24 (Percent)
Base Credit ^a	\$5,238	\$5,278	\$40	0.76%
Incarcerated Credit ^a	7,346	7,402	56	0.76%
Special Admit Credit ^a	7,346	7,402	56	0.76%
CDCP	7,346	7,402	56	0.76%
Noncredit	4,417	4,451	34	0.76%
Supplemental Point Value	1,239	1,248	9	0.76%
Student Success Main Point Value	730	736	6	0.76%
Student Success Equity Point Value	184	186	1	0.76%
Single College District				
Small College	6,439,546	6,488,487	48,941	0.76%
Medium College	8,586,065	8,651,319	65,254	0.76%
Large College	10,732,581	10,814,149	81,568	0.76%
Multi College District				
Small College	6,439,546	6,488,487	48,941	0.76%
Medium College	7,512,806	7,569,904	57,097	0.76%
Large College	8,586,065	8,651,319	65,254	0.76%
Designated Rural College	2,048,172	2,063,738	15,566	0.76%
State Approved Centers	2,146,516	2,162,829	16,314	0.76%
Grandparented Centers				



Nursing Program Funding



An increase of \$60 million one-time Proposition 98 General Fund to expand nursing programs and Bachelor of Science in Nursing partnerships



To develop, educate, and maintain the next generation of registered nurses through the community college system, subject to future statutory changes



Consistent with 2023-24 budget act which intended to provide \$60 million one-time Proposition 98 General Fund per year for five years, starting in the 2024-25 fiscal year



Affordable Housing



Administration remains committed to a statewide lease revenue bond approach (Budget Summary, Higher Education, p. 30)



Developing a proposal for consideration at the May Revision



Proposes using resources included in the 2023 Budget to support those projects



Public School System Stability Account (\$10.8B)

Governor's plan withdrawals:

Roughly \$3 billion in 2023-24 and

\$2.7 billion in 2024-25

With a remaining PSSSA balance of more than **\$3.8 billion** at the end of 2024-25

FY24-25 Budget Proposal Implications for PCCCD

- Governor's Proposed COLA – .76%
(increases PCCCD General Fund Revenues by approx. \$1.12M)
- Salary COLA has to be 85% of State COLA currently at .76% (.646%) {\$900K}
- May need to cover salary/benefit cost increases for certain categorically funded positions



Questions?



Budget Development Process & Timeline



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
124,450	150,000	99,216	95,000
	35,000	101,090	154,200
		101,684	110,000
		21,962	89,000
			50,000
			2,700

PCCD Budget Entities

BCC

COA

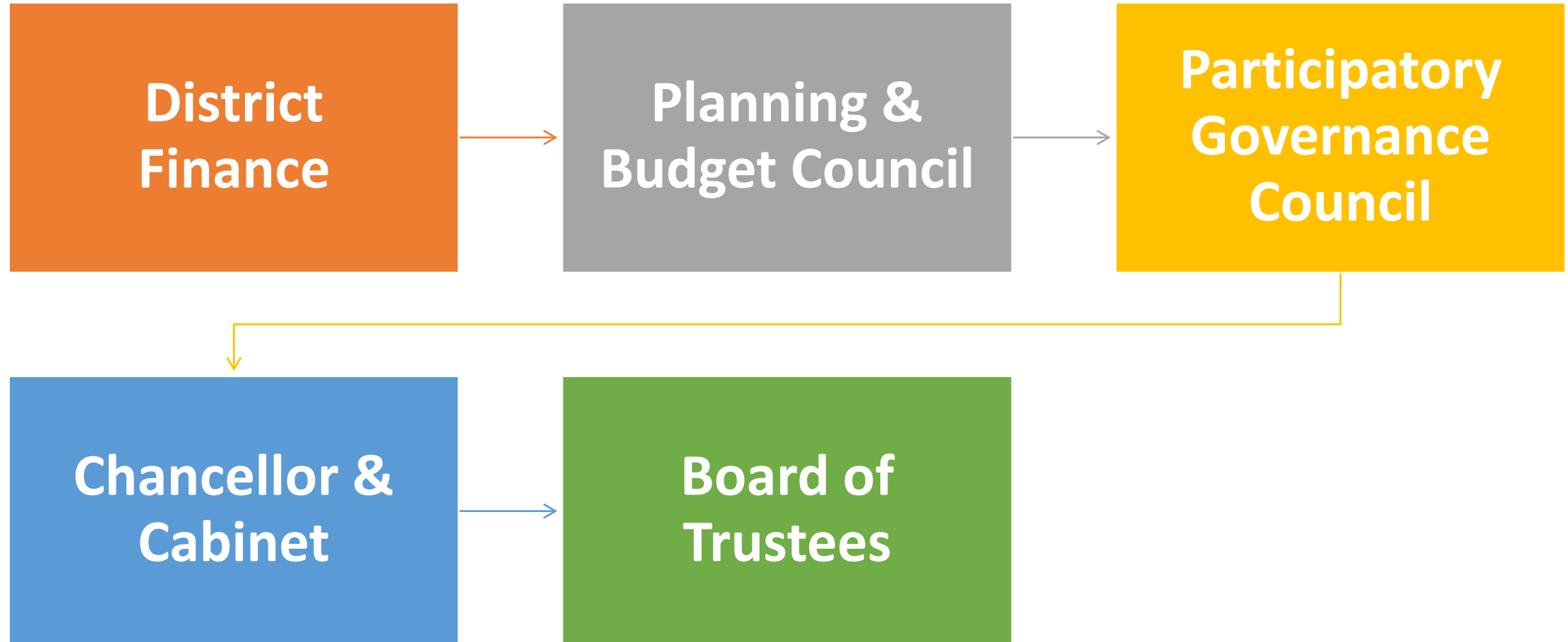
Laney

District-wide Services

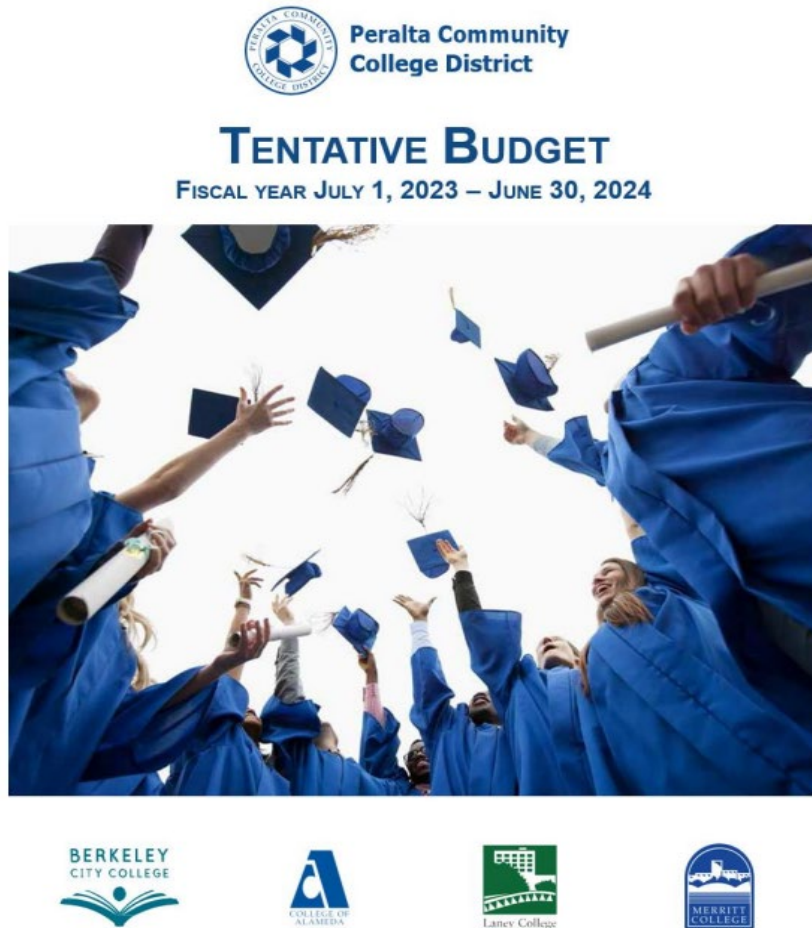
Merritt

District Office

Current Budget Approval Process



Current Budget Development Calendar Detail



<https://6398505.fs1.hubspotusercontent-na1.net/hubfs/6398505/2023-24%20Tentative%20Budget%20Book-1.pdf>

Key Issues & Concerns



Quality of participatory governance committees (PGCs) involvement in budget development due to time constraints



Lack of clarity regarding the documents that should be reviewed & voted on by the PGCs

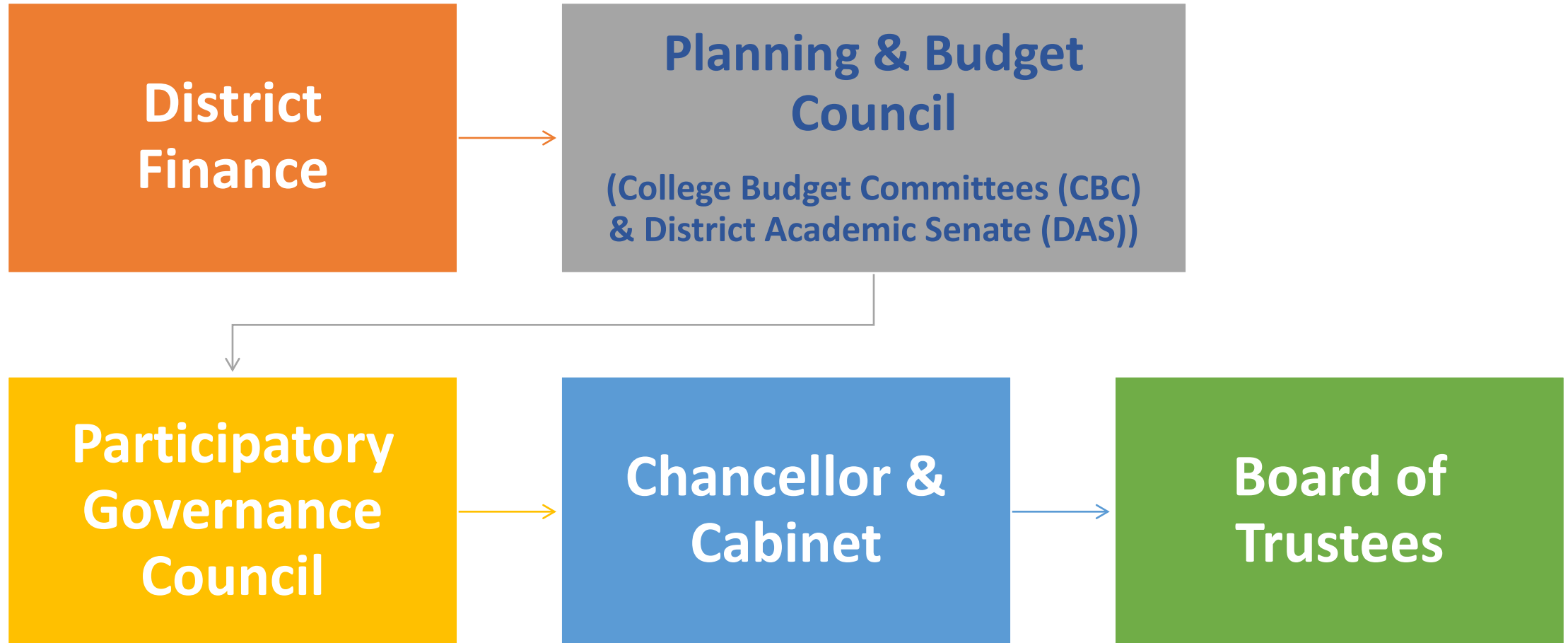


Alignment between state budget timeline and PGCs/BOT meeting schedules (e.g., no meetings during critical summer months)

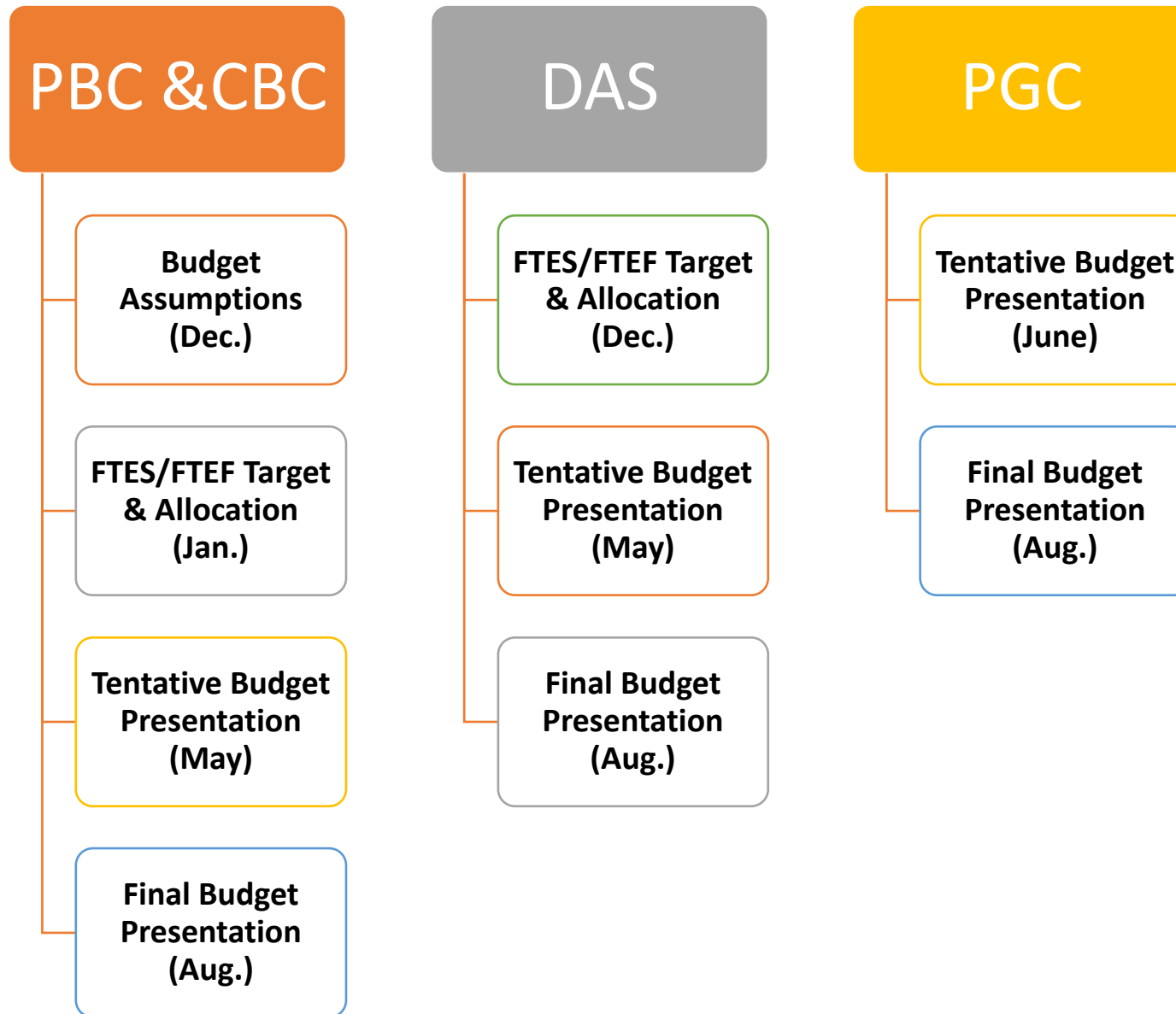


Lack of agreement regarding amount of time needed by the PGCs to review and provide feedback on budget documents ahead of committee votes

Proposed Budget Review & Approval Process



Participatory Governance Approval Schedule



Budget Development Calendar High-level Summary

Oct. – Dec.

- Prepare budget development materials for new Fiscal Year
- Review and analyze relevant data to make early revenue/expense assumptions with consultation from budget committees

Jan.-Mar.

- Review, analyze, and develop tentative budget assumptions based on Governor's Jan. Budget Proposal
- Obtain feedback on position control, budget assumptions, FTES/FTEF targets

Apr.-June

- Obtain second round feedback on position control, get input on discretionary GF and Restricted Funds budgets, as well as final FTES Target/FTEF allocation
- Review/Analyze May Revised; get Tentative budget approved by BOT

July-Sept.

- Review/Analyze Final Budget Act; provide Adopted budget for review and input; get Adopted budget approved by BOT

PBC/CBC Standing Agenda Items

October

- Review data/discuss expense assumptions
- Review data/discuss revenue assumptions

November

- Review data/discuss expense assumptions
- Review data/discuss revenue assumptions

December

- Vote on revenue & expense assumptions
- Review data/discuss FTES/FTEF allocations

PBC/CBC Standing Agenda Items

January

- Review & discuss Governor's Budget Proposal
- Vote on Budget Development calendar & Proposed FTES/FTEF Targets & Allocations

February

- Review & revised revenue/expense assumptions based on the Governor's proposed budget
- Review & discuss Q1 financial summary
- Review & discuss position control round 1

March

- Review & discuss entities' proposed budgets
- Review & discuss position control round 2

PBC/CBC Standing Agenda Items

April

- Review & discuss Q2 financial & FTES/FTEF summaries

May

- Review & discuss May Revised Budget proposal
- Review & discuss Draft Tentative Budget presentation
- Vote on Tentative Budget Presentation at Special PBC meeting

June

- No meeting scheduled in June

PBC/CBC Standing Agenda Items

July

- No meeting scheduled in July

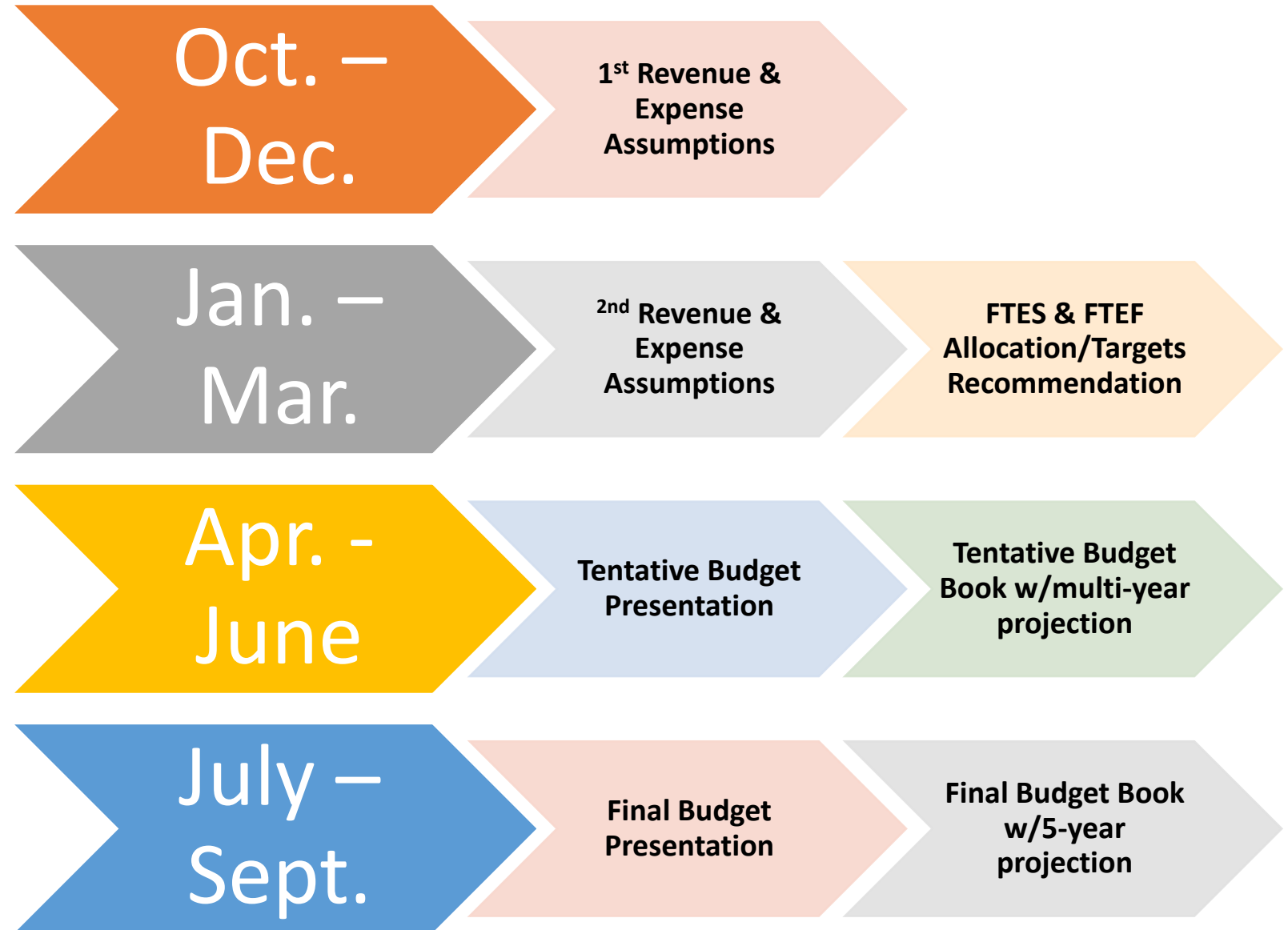
August

- No meeting scheduled in August

September

- Review & discuss Draft Proposed Final Budget Presentation
- Vote on Proposed Final Budget Presentation at Special PBC meeting

Budget Development Documents For Review & Approval



Summary of Key Proposed Changes



Include definitive opportunities for college budget committees and academic senate to review and provide feedback regarding budget documents



Added three months to the budget timeline



Added special budget meetings for May & September



Specify the budget documents to be reviewed and voted on

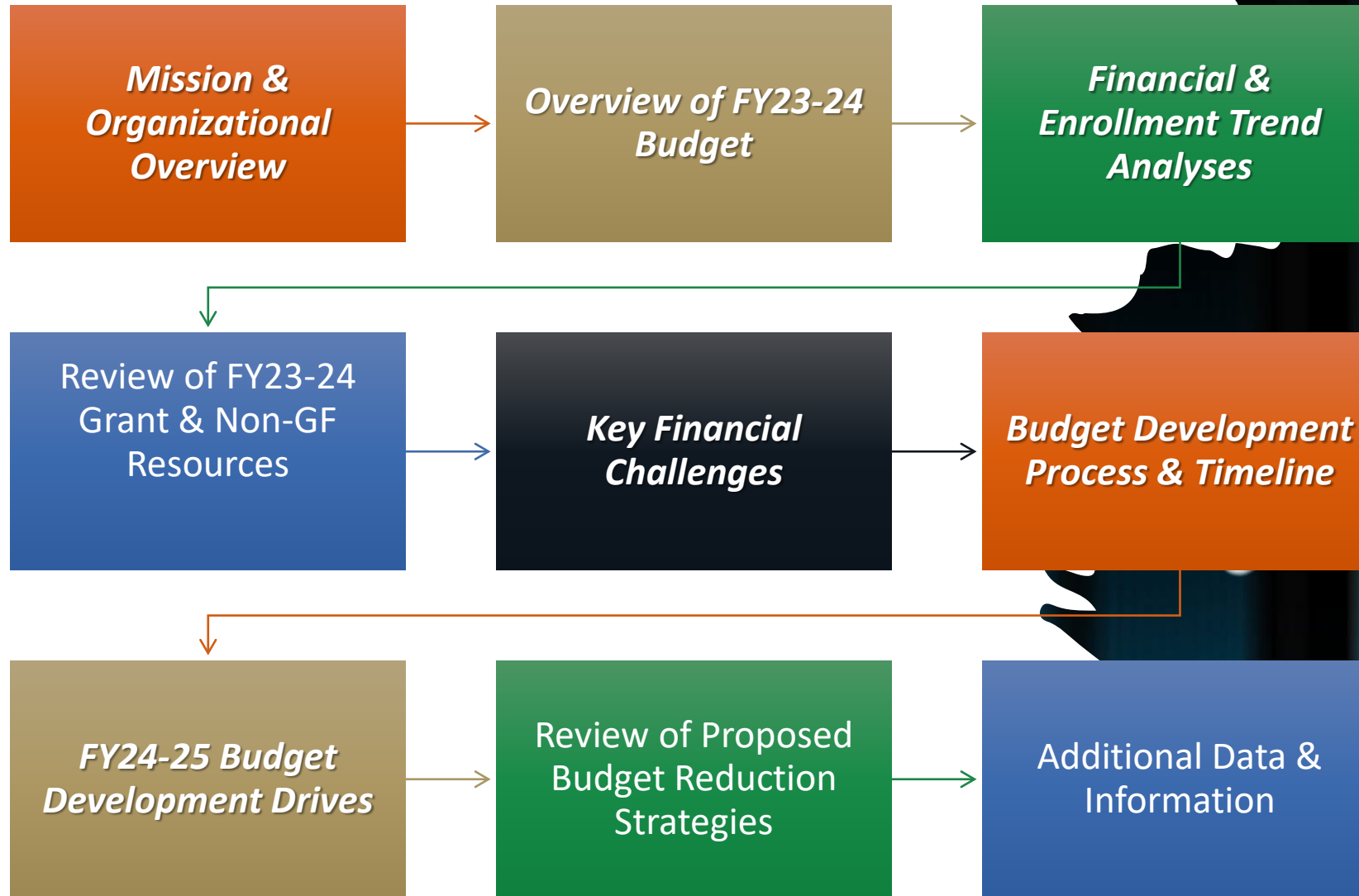
The background is a dense, overlapping collage of rectangular sticky notes in various colors including teal, purple, olive green, and mustard yellow. Each sticky note features a large, bold, black question mark. A horizontal line, consisting of a short orange segment on the left and a longer white segment on the right, spans the width of the image just above the main text.

QUESTION?

Finance & Administration Overview for Chancellor Gilkerson



Content Overview

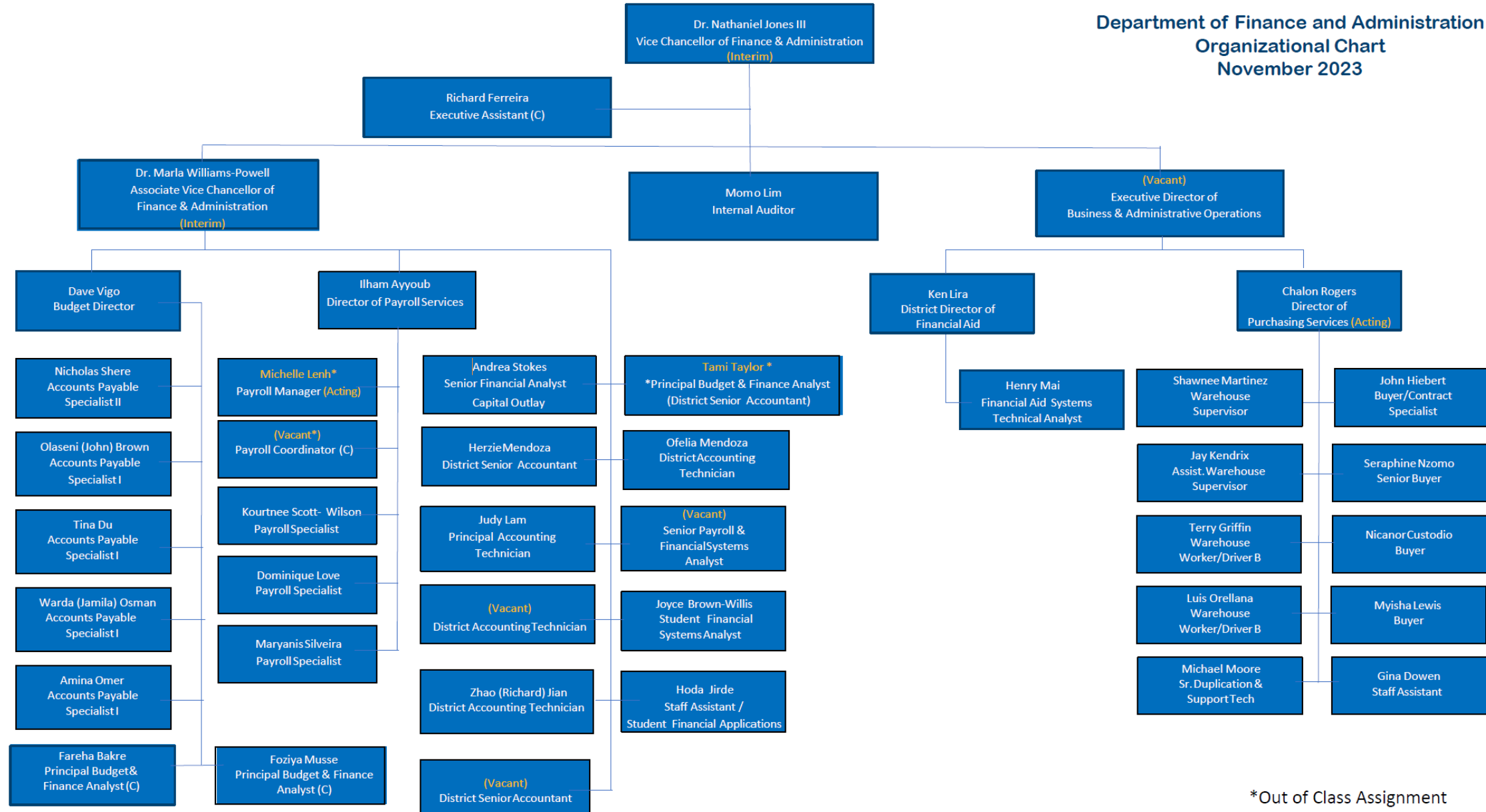


Mission & Organizational Overview



Mission – The Finance & Administration Division seeks to advance and support the mission and objectives of the Peralta Community College District and its four colleges by providing quality and customer-focused services in the areas of: Accounts Payable, Budget & Finance, Financial Aid, Internal Audit, Payroll, and Purchasing.

Department of Finance and Administration Organizational Chart November 2023



*Out of Class Assignment



FINANCE AND ADMINISTRATION OPERATIONS

Oversight for Accounting, Budget, Accounts Payable, Payroll, Financial Aid, Purchasing and special projects.

Serve as partner on districtwide system efforts:

- 1) To CTIO to support PeopleSoft enhancement projects related to finance, contracts, asset management, reporting, data integrity, & security access
- 2) To AVC of Ed Services to launch student support enhancements related to improving the student experience (financial aid and student account services)
- 3) To VC of Facilities to address internal challenges related to the vendor experience (contracts, payments, etc.)

Current projects:

- District finance assessment of processes, best practices, and tools
- Exploration of bond management tool to support improved monitoring and reporting of bond activities
- Budget development tool to support a more effective and transparent annual budget process
- Evaluate a more efficient AP repository to track, monitor, and process vendor invoices



BUDGET DEPARTMENT

Current responsibilities:

- Tentative & Adopted Budget Development
- Maintenance of Position Control
- Review & Approve (Finance Module):
 - Budget Transfers/Journals
 - Journal Entries
 - Travel Authorizations & Expense Reports
 - Purchase Requisitions
- Review & Approve (Human Capital Module):
 - e-Forms
 - Budget Change Requests
- Maintenance of Chart of Accounts
- Conduct Trainings on Budgeting Process



ACCOUNTS PAYABLE DEPARTMENT

Current responsibilities:

- Review & process invoices for payment
Disbursement schedule:
Regular Term - Tuesday & Thursday
Summer Term - Monday & Wednesday
- Process wire transfers
- Review & process annual accruals
- Collaborate with departments to address outstanding invoices
- Conduct training on accounts payable area processes



PAYROLL DEPARTMENT

Current projects:

- We work closely with the IT team and Oracle to develop advanced auditing reports and queries. Aim to minimize errors and discrepancies in various organizational processes.
- We are developing a comprehensive written procedure/manual for the payroll process to ensure clarity in roles, responsibilities, and workflow to minimize confusion.



PAYROLL DEPARTMENT, cont.

Future goals:

- We are collaborating with the IT team to update the part-time faculty payroll process by implementing technology solutions to automate routine tasks and reduce manual work and errors.
- Implement technology for employees to update tax withholding and direct deposit forms via Employee Self-Service (ESS).

Benefits:

- Enhances efficiency and accuracy in updating employee information and reduces manual workload.
- Secures sensitive employee data, ensuring compliance with security standards.
- Implement cross-training initiatives among team members.

Benefits:

- Enhances team flexibility and adaptability.
- Mitigates the impact of workforce absences.

PURCHASING SERVICES



The Purchasing Department procures goods and services for the entire district via purchase orders and contracts for:

- Supplies, equipment and services, IT and non-IT
- Construction and facilities project related services (bond & other capital funded)
- Provides training opportunities on the proper process for purchase orders and on the contract management process.
- Advocates for small, local, business enterprise (SLBE/SELBE) utilization through cross-functional teams, workshops, conferences, and meetings
- Engages with the vendor community about how to do business with the District
- Provide guidance to the District and non-district consultants on the planning, executing and awarding of contracts (Requests for Proposal (RFP), Requests for Qualifications (RFQ) or other outreach efforts to the vendor community at-large).

PURCHASING SERVICES, cont'd



Purchasing manages the online vendor management systems (Vendor Registry and Quality Bidders) to allow for:

- Prequalification of vendors for bids and solicitations in accordance with Public Contract Code
- Marketing and promotion of District's upcoming solicitations for goods and/or services
- Providing visibility to small, local and emerging business entities in the six-city service area

Current projects:

- We are working closely with the IT and Oracle teams to develop advanced auditing reports and queries - aimed to minimize errors and discrepancies in various organizational processes.
- We are developing a comprehensive written procedure/manual for the purchasing process to ensure clarity in roles, responsibilities, and workflow to minimize confusion.



PURCHASING SERVICES, cont'd

The Purchasing Department includes the District Warehouse which serves as:

- The delivery point for goods, staging of and storage for equipment and temporary storage for items destined for the campuses.
- Asset Management for IT and non-IT goods with values over \$500.00
- Responsible for the disposal of surplus, obsolete, and scraped IT and non-IT goods.

INTERNAL AUDIT



Engagements Internal Audit has been assigned:

1. Assist district finance management with documenting standard operating procedures (SOP).

Objectives of the assignment includes:

- Understanding the processes and internal controls. Assess risk, control strength, and control weakness utilizing a control framework.
- Analyze the obstacles and strengths which affect the ability to achieve the key business objectives.
- Develop tools to assist management in developing SOPs.
- Provide recommendations/suggestions to improve the design of internal controls.

2. Assist External Auditors with the coordination of the fiscal year-end annual audit.

- Attend various audit meetings including entrance conferences, status meetings, and exit conferences.
- Facilitate and communicate requests for information between the external auditors and PCCD staff.
- Provide audit status updates to management.

3. Follow-up on audit findings

4. Keep abreast of changes to professional and industry standards.

5. Coordinate district-wide finance training efforts

6. Special projects upon request.

INTERNAL AUDIT, cont'd



Accomplishments

1. **Publication of draft SOPs** - [Finance and Administration \(peralta.edu\)](https://peralta.edu) [Fiscal Resources/Standard Operating Procedures]

- Bank Reconciliation - Financial Institution
- Creating/Deactivating Accounting Strings
- G5 Drawdown
- Petty Cash
- SOPs in progress [Management Review]
 - Managing Returned Unclaimed Title IV Funds
 - Title IV Aid Authorization, Disbursement and Refund Processing Procedures
 - Appendix A - Distribution, Returns, Awards SFA
 - Creating Bank Mobile Cards
 - Peralta Bank Accounts
 - Load Banking [Drafting]

2. **Coordination efforts in the completion of the FY23 Annual Audit in a timely manner. External Auditor presented:**

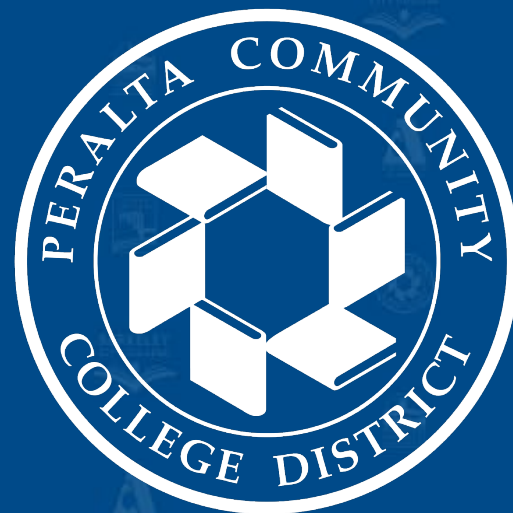
- FY23 financial audit report and results to the Board of Trustees
- Status updates to the Expanded Chancellor's Cabinet and Participatory Governance Committee

3. **Financial Aid Assessment [90% Complete]**

- Scope: Review of four documented procedures provided by the Director of Student Financial Aid

4. **Professional Organization Participation**

- 2022-24 Community College Internal Auditor Board Secretary
- Active member of the Institute of Internal Auditors



District Financial Aid





Financial Aid Key Metrics by College *(*per 2022-2023 MIS data on DataMart and **FAFSA Data Center)*

College	FA Staffing	Headcount*	FAFSA's Received**	CCPG's*	Pell Grants*
College of Alameda	6 FT staff. FA Director vacant (in recruitment).	9,495	6,981	5,244	844
Berkeley City College	6.75 FT staff. Interim FA Officer (permanent FA Officer working at interim FA Director at Merritt).	10,466	7,010	4,378	1,074
Laney College	11 FT staff. FA Officer serving as Acting Dean 50%, FA Director vacant (in recruitment), 1 FA Specialist on leave and 1 Student Employment position on hold/frozen.	15,786	12,490	8,121	2,048
Merritt College	8 FT staff. 1 vacant FA Specialist (working as interim FA Officer at BCC) and interim FA Director (in recruitment)	11,035	6,608	5,215	902
District	2 FT staff. 1 FA Tech Analyst position frozen/hold.	N/A	N/A	N/A	N/A



Key Issues and Challenges

- **2023 annual audit repeat findings (returning federal funds and internal controls).**
- **DOE program review with 15 findings; awaiting final program review report. Program review announcement started 9/14/22. District documents on SharePoint site.**
- **CSAC audit (Laney) and 4 findings.**
- **Fill vacant FA positions across district, most notably vacant FA director positions.**
- **Improving operational efficiency**



Key Accomplishments

- **Created new business processes and procedures (e.g. R2T4, disbursement processing, reconciliation and returned funds).**
- **Provide weekly training to FA staff since September 2022 and increased collaboration across the District.**
- **Implemented new functionality in Campus Solutions (e.g. batch packaging, SAP, R2T4, disbursement processing and Pell Grant recalculation).**
- **Drop from 4 repeat audit findings in 2022 to 2 in 2023.**



Key Recommendations for Improving FA Operations Across District and Reducing Audit Findings

- **Fill vacant FA positions at District (2nd FA tech analyst) and colleges (FA Directors)**
- **Extend Huron contract for 2024-2025 fiscal year**
- **Reorganize FA operations**
 - **PHASE 1** – A) Move Federal ISIR, COD and Transfer Monitoring data processing to District financial aid staff by implementing TD Client (in process) and B) Move Cal Grant data processing to District (FA Tech Analysts to do).
 - **PHASE 2** – A) Move (2) FA Specialists from colleges to District to perform R2T4 calculations and overpayments (FA Specialist #1), Title IV and Cal Grant and SEOG reconciliations and the return of funds from BankMobile (FA Specialist #2). Will assess if other functions are better managed at the District. FA Specialists most likely to be moved from Merritt and Laney College. May need to determine if a reclassification is in order.

FY23-24 Adopted Budget



Budgeting Principles & Values



- Resource Allocation Model Budget Philosophy & Values (Fair, Equitable & Transparent)
- Reductions should be as far away from the classroom as possible,
- Values, i.e., equity-not disproportionate harm to any one group or entity; no single site/department/division should bear the brunt of the reduction
- 50% law implications

State Budget Act Highlights

- Budget reflects an estimated deficit of \$31.5B
- Higher Education budgets continue to be shaped by the [Roadmap](#)
- SCFF funding adjustment of \$798M
- Limited one-time funding provided
- Reduced FY23 funding for Deferred Maintenance/Instructional Equipment (DMIE) by \$494.3M

State Budget Act Allocation Adjustments & PCCD Allocations

Program Areas	Adjustments (in the millions)	PCCD Adjustments (in the millions)	PCCD Allocation (in the millions)
POLICY ADJUSTMENTS - Ongoing (Proposition 98)			
SCFF COLA (8.22%)	\$678.0	\$11.19	\$147.36
Provide 8.22% COLA for Adult Ed	\$49.1	\$0.75	\$9.84
Provide 8.22% COLA for Extended Opportunity Programs and Services (EOPS)	\$13.9	\$0.13	\$3.79
Provide 8.22% COLA for Disabled Students Programs and Services (DSPS)	\$13.1	\$0.31	\$3.39
Provide 8.22% COLA for CalWORKs Student Services	\$4.2	-\$0.04	\$.79
Provide 8.22% COLA for Next-Up	\$4.1	\$0.04	\$1.00
Provide 8.22% COLA for Basic Needs Centers	\$3.3	\$0.03	\$.98
Provide 8.22% COLA for MESA	\$3.0	-\$0.45	\$.84
Provide 8.22% COLA and enrollment-based adjustment for Mandates Block Grant and Reimbursements	\$2.2	\$0.04	\$.55
Provide 8.22% COLA for Cooperative Agencies Resources for Education (CARE)	\$2.5	\$0.01	\$.69
Provide 8.22% COLA for Mental Health Services	\$2.5	\$0.6	\$.76
Provide 8.22% COLA for Puente	\$1.0	\$0.01	\$.11
Provide 8.22% COLA for Veterans Resource Centers	\$0.8	\$0.01	\$.19
Provide 8.22% COLA for Umoja	\$0.7	\$0.00	\$.06
Provide 8.22% COLA for Childcare Tax Bailout	\$0.3	\$0.04	\$.52
Financial Aid Administration workload adjustment	-\$3.1	-\$0.05	\$1.10
Reduce Student Success Completion Grant for enrollment-based adjustment	-\$50.0	-5.68	\$2.21
POLICY ADJUSTMENTS - One-Time (Proposition 98)			
Support retention and enrollment strategies	\$50.0	\$0.97	\$.97
Provide funding for deferred maintenance	\$5.7	\$0.08	\$.08
Provide funding for the Equal Employment Opportunity Program	\$4.2	\$0.0	\$.14
Reduce prior-year funding for retention and enrollment strategies	-\$55.4	-\$1.07	\$1.55
Reduce prior-year deferred maintenance funding	-\$500.0	-\$6.85	\$4.67

General Budget Assumptions

1. The 2023/24 General Fund Unrestricted Reserve Fund Balance is projected to be approximately \$25.6M representing 15.54% of CY expense budget, exceeding the current Board policy of maintaining at least a 10% reserve level and meets the new policy setting the reserve level to two months of CY operating costs or revenues.
2. GF Revenue allocation to the colleges based on the 3-year FTES average; while the development of expenditure budgets have been informed by college and district plans and our participatory governance process.
3. The expense budget total must be less than or equal to the projected revenue budget amount.
4. The projected revenues are based on the Final FY23-24 Budget Act signed by the Governor on July 10th.



Highlights of PCCD Revenues Per FY23-24 Budget Act



Total Computational Revenues (TCR) estimated to decrease from \$147.24M to **\$144.27M**, estimated total GF Unrestricted Revenues - **\$164.72M**



A net loss of **\$6.77M** in one-time deferred maintenance funds allocated in the FY22-23 Budget Act; but enhanced flexibility with PPIS, Covid-19 Block Grant and Retention & Enrollment allocations



Key FY24 Revenue Assumptions

1. Funded Enrollment: 3 Year Average (FTES) of 15,524 based on the approved Emergency Condition Allowance (ECA) and Max Total Computational Revenue (TCR) determined by the Hold Harmless calculation, but adjusted based on the CCCCCO deficit factor of **2.0969%**
2. Statutory Cost of Living Adjustment (COLA) from Governor's signed Budget Act of **8.22%**, The **Governor is using one-time funds for this ongoing cost.**
3. Unrestricted lottery estimated at \$228.00 per FTES, approximately \$2.7M for PCCD
4. Parcel Tax – Measure E is estimated to be \$8M.



Key FY24 Expense Assumptions

1. Step and column salary increases are included: estimated at \$0.8M,
2. Salaries increased by COLA of 2% (based on position control data, pending labor negotiations [7%]),
3. Include reductions in salaries for frozen positions to achieve a balanced budget,
4. PT Faculty costs increased because of 40 FTE F for Dual enrollment @ \$41K/FTE F added,
5. Benefits costs based on estimates using new SISC rates,
6. Maintain Fund Balance at 2-months operating expenses level,
7. Bad debt payment - \$2.0M,
8. Contingency Reserve - \$0.5M,



Expenditure Assumptions (Continued)

9. Other Outgoes - \$1.85M
 - a. Property Insurance - \$400K
 - b. DSPS - \$1.2M
 - c. Post Retiree contribution - \$250K,
10. OPEB payroll charge 7.50% approximately \$6.7M,
11. Contribute \$120K for Faculty Professional Development,
12. The total budgeted amount for bond debt service, fees, and interest rate swaps is \$16.5M (\$6.7M, fund reserve 69 and \$9.8M, fund 94),
13. Any restricted funding cuts or cost increases must be borne by the respective program.



PCCD FY24 TCR Calculation

Peralta Community College District SCFF Calculation

FY 2023-24 Updated Adopted Budget

		COLA FY 23-24	8.22%	
		Statewide Deficit Factor	2.0969%	
		Total	8.22%	
Base Allocation	Credit FTES:		FTES	Rate
				2023-24
				Total
		Basic Allocation		25,758,193
		3-Year Average Credit	13,960.59	73,130,732
	Non-Credit FTES	Special Admit	1,140.34	8,376,854
		CDCP	155.87	1,145,010
		Non Credit	24.50	108,224
		Subtotal	15,281.30	108,519,013
		Total	15,281.30	108,519,013
Supplemental Allocation			Headcount	Rate
		Pell Grant Recipients	4,217.00	5,223,629
		AB540 Students	249.00	308,438
		California Promise Grant Recipients	8,912.00	11,039,360
		Total	13,378.00	16,571,426
Student Success Allocation	All Students:		Outcomes	Rate
		Associate Degrees	766.00	2,191
		Associate Degrees for Transfer	535.00	2,922
		Credit Certificates	267.00	1,461
		Nine or More CTE Units	2,249.33	730
		Transfer	1,126.00	1,096
		Transfer Level Math and English	445.33	1,461
		Achieved Regional Living Wage	2,830.33	730
		Subtotal	8,218.99	9,226,168
		Pell Grant Recipients Bonus:		
		Associate Degrees	430.33	829
		Associate Degrees for Transfer	298.00	1,105
		Credit Certificates	123.33	553
		Nine or More CTE Units	903.67	276
		Transfer	517.00	415
		Transfer Level Math and English	147.00	553
		Achieved Regional Living Wage	673.67	276
		Subtotal	3,093.00	1,485,834
		California Promise Grant Recipients Bonus:		
		Associate Degrees	594.67	553
		Associate Degrees for Transfer	416.67	737
		Credit Certificates	183.67	368
		Nine or More CTE Units	1,372.33	184
		Transfer	736.00	276
		Transfer Level Math and English	251.33	368
		Achieved Regional Living Wage	1,261.67	184
		Subtotal	4,816.34	1,484,716
		Total	16,128.33	12,196,717
		Total SCFF before Hold Harmless		137,287,157
		Hold Harmless Funding		10,077,147
		Revenue Deficit		(3,090,082)
		Total TCR 2023-2024		147,364,304
		Total Revenue SCFF FY 2023-2024 (Total Compensation Revenue)		144,274,222

\$144,274,222



All Fund Summary

FY 2023-2024 ADOPTED BUDGET ALL FUNDS


Fund #	Description	Beginning Fund			Ending Fund
		Balance	Revenue Budget	Expense Budget	Balance
01	Unrestricted General Fund	\$ 25,577,641	\$ 164,721,960	\$ 164,705,037	\$ 25,594,564
03	Community Service (Fee Based) Fund	\$ 69,138	\$ 52,388	\$ 52,388	\$ 69,138
07	Bookstore Commission Fee Fund	\$ 68,776	\$ 19,600	\$ 19,600	\$ 68,776
08	Measure E - Parcel Tax Fund	\$ 156,395	\$ 8,000,000	\$ 8,000,000	\$ 156,395
10	Facility Rental Fund	\$ 4,178,317	\$ 12,250,965	\$ 12,752,847	\$ 3,676,435
11	Restricted General Fund	\$ 49,186,594	\$ 83,455,203	\$ 83,455,203	\$ 49,186,594
12	Measure B - Parcel Tax Fund	\$ 358,503	\$ -	\$ 306,091	\$ 52,412
30	Conctract Education Fund	\$ 1,376,349	\$ 398,840	\$ 398,840	\$ 1,376,349
43	Measure G - General Obligation Bond Fund	\$ 101,221,656	\$ 500,000	\$ 101,721,656	\$ -
58	Faculty Professional Development Fund	\$ 280,208	\$ 312,606	\$ 312,606	\$ 280,208
59	Parking Fee Fund	\$ 118,489	\$ 54,557	\$ 54,557	\$ 118,489
61	Capital Outlay Fund	\$ 27,975,235	\$ (4,772,203)	\$ 18,368,423	\$ 4,834,609
62	Parking Mitigation Fund	\$ 4,395,762	\$ 25,000	\$ -	\$ 4,420,762
63	Measure A - General Obligation Bond Fund	\$ 24,862,527	\$ 300,000	\$ 22,419,994	\$ 2,742,533
68	Child Development Fund	\$ 2,877,367	\$ 1,862,370	\$ 2,226,970	\$ 2,512,767
69	OPEB Reserve Fund	\$ 3,043,201	\$ 7,594,648	\$ 7,344,648	\$ 3,293,201
71	Trust and Agency Fund	\$ 187,757	\$ 20,254	\$ 20,254	\$ 187,757
72	Student Representation Fee Fund	\$ 329,506	\$ 90,000	\$ 90,000	\$ 329,506
75	Project Trust Fund	\$ 434,214	\$ 30,000	\$ 30,000	\$ 434,214
80	Self-Insurance Fund	\$ 133,253	\$ 1,657,511	\$ 1,657,511	\$ 133,253
81	Student Center Fund (College of Alameda)	\$ 235,108	\$ 9,000	\$ 9,000	\$ 235,108
82	Student Center Fund (Laney College)	\$ 479,965	\$ 12,000	\$ 12,000	\$ 479,965
83	Student Center Fund (Merritt College)	\$ 157,476	\$ 8,000	\$ 8,000	\$ 157,476
84	Student Center Fund (Berkeley City College)	\$ 276,519	\$ 10,000	\$ 10,000	\$ 276,519
89	Student Financial Aid Fund	\$ -	\$ 35,401,671	\$ 35,401,671	\$ 0
Total		\$ 247,979,958	\$ 312,014,371	\$ 459,377,297	\$ 100,617,032




Unrestricted General Fund By Location

FY 2023-2024 ADOPTED BUDGET Unrestricted General Fund (Fund 01)

Location	Description	Beginning Fund Balance	Revenue Budget	Expense Budget	Ending Fund Balance
1	District Office	\$ 25,577,641	\$ 49,360,884	\$ 49,343,961	\$ 25,594,564
2	College of Alameda	\$ -	\$ 22,407,330	\$ 22,407,330	\$ -
5	Laney College	\$ -	\$ 43,180,690	\$ 43,180,690	\$ -
6	Merritt College	\$ -	\$ 27,134,566	\$ 27,134,566	\$ -
8	Berkeley City College	\$ -	\$ 22,638,490	\$ 22,638,490	\$ -
Total		\$ 25,577,641	\$ 164,721,960	\$ 164,705,037	\$ 25,594,564

Adopted Budget 2024 Unrestricted General Fund Multi-Year Projection						
	Adopted Budget F/Y 2022/23 Column2	Unaudited Actuals F/Y 2022/23 Column3	Adopted Budget F/Y 2023/24 Column4	Projections F/Y 2024/25 Column5	Projections F/Y 2025/26 Column6	Projections F/Y 2026/27 Column7
Revenues:	With Hold Harmless	With Hold Harmless	With Hold Harmless	With Hold Harmless	With Out Hold Harmless	With Out Hold Harmless
Federal Revenue	3,999,859	3,999,859	-	-	-	-
State Revenue ¹	87,160,712	79,404,587	85,693,998	93,774,293	93,774,293	93,774,293
Local Revenue ²	68,141,776	76,877,134	79,027,962	79,346,769	79,462,939	79,581,433
Total Revenues:	159,302,347	160,281,580	164,721,960	173,121,062	173,237,232	173,355,726
Expenditures:						
Full Time Academic ³	27,285,502	24,817,309	30,929,981	31,857,880	32,176,459	32,498,224
Academic Administration ³	6,433,022	6,350,800	6,674,771	6,891,494	6,960,409	7,030,013
Other Faculty ³	6,829,241	7,000,333	6,844,227	7,049,554	7,120,049	7,191,250
Part Time Academic ^{3,1}	6,640,743	15,200,290	9,457,129	9,773,804	9,871,542	9,970,257
Classified Salary ³	27,395,956	26,221,634	28,867,345	29,819,688	30,117,885	30,419,064
Classified Administration ³	6,619,517	5,960,041	6,377,234	6,568,551	6,634,237	6,700,579
Fringe Benefits	46,244,187	41,872,380	49,384,320	51,876,706	52,395,473	52,919,428
Bad Debts ⁸	2,000,000	1,997,327	2,000,000	2,500,000	2,000,000	1,500,000
Books Supplies, Svcs ⁹	23,364,742	21,457,072	21,320,959	22,437,580	22,437,580	22,437,580
Equipment Outlay	367,483	452,910	499,071	797,246	297,246	297,246
Debt Services-Bonds	3,000,000	681,708	-	-	1,000,000	1,000,000
Other Outgo (General Fund Contribution) ⁵	3,000,000	8,228,719	1,850,000	2,850,000	1,600,000	1,200,000
Contingency Reserve ⁸	51,000	-	500,000	650,000	600,000	150,000
Total Expenses:	159,231,393	160,240,522	164,705,037	173,072,504	173,210,881	173,313,641
Beginning Fund Balance:⁷	25,536,583	25,536,583	25,577,641 	25,594,564	25,643,122	25,669,474
Net Increase (Decrease)	70,954	41,058	16,923	48,558	26,352	42,084
Audit Adjustment	-	-	-	-	-	-
Ending Fund Balance:	25,607,536	25,577,641	25,594,564	25,643,122	25,669,474	25,711,558
Fund Balance %	16.08%	15.96%	15.54%	14.82%	14.82%	14.84%



Reason for Revision to FY23-24 General Fund Budget

- The need to increase expense budget items related to the increase in COLA from 2% to 7% in accordance with labor agreements.
- The need to make associated budget reductions to maintain a balanced budget & preserve our required reserve balance.

Impact of Increase in COLA of 2% to 7%

FY23/24		
<u>Compensation Budget Items</u>	<u>COLA - 2%</u>	<u>COLA - 7%</u>
Full Time Academic	30,929,981	32,377,249
Academic Admin	6,674,771	6,937,244
Other Faculty	6,844,227	7,193,867
Part Time Academic	9,457,129	9,827,342
Classified Salary	28,867,345	30,517,878
Classified Admin	6,377,234	6,723,548
Fringe Benefits	49,384,320	51,177,435
Salaries & Benefits	138,535,007	144,754,563
Est. Non-Comp Costs	26,170,030	26,170,030
Total Est. Expenses	164,705,037	170,924,593
Est. GF Revenues	164,721,960	164,721,960
Variance	16,923	(6,202,633)



Proposed Budget Reduction Measures

Peralta FY23-24 Proposed Budget Reductions Overview

Budget Reduction Amount due to increasing COLA for employee from 2% to 7%	\$ 6,202,633
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Target Reduction By Location

	District	BCC	COA	Laney	Merritt	Totals
Target Reduction Amt.	\$ 1,369,783	\$ 890,272	\$ 975,075	\$ 1,870,011	\$ 1,097,490	\$ 6,202,631
Proposed Reduction Amt.	\$ 1,369,783	\$ 890,272	\$ 975,075	\$ 1,870,011	\$ 1,097,490	\$ 6,202,631
On-going Reduction Amt. (1)	\$ 971,348	\$ 312,474	\$ 584,078	\$ 1,775,979	\$ 1,097,490	\$ 4,741,369
No. of Vacant positions (FTE)	6.42	2.2	4	12.67	10	35.29
One-time Reduction Amt. (2)	\$ 398,435	\$ 577,798	\$ 390,997	\$ 94,032	\$ -	\$ 1,461,262

Notes:

(1) On-going reductions are from salary and benefits of vacant positions

(2) One-time reduction amounts must be cured in subsequent FY

Distribution of Position Reductions by Employee Group

Distribution of Vacant Positions Used for Budget Reduction By Employee Group

<u>Employee Groups</u>	<u>Total Headcount (HCT)</u>	<u>% HCT</u>	<u>% of S&B</u>	<u>Salary & Benefits</u>
L39	79	4%	0%	\$ -
PFT	1,631	73%	47%	\$ 2,205,360
SEIU	408	18%	41%	\$ 1,947,371
CONFIDENTIAL	29	1%	6%	\$ 287,806
ADMIN/MANAGERS	75	3%	6%	\$ 300,832
TOTAL	2,222	100%	100%	\$ 4,741,369

Notes:

(1) Distribution is based on the current vacancies which means that the reduction doesn't reflect the population % by employee groups.

(2) The data headcount includes both full time and part time employees.



Revised FY23-24 General Fund Budget

Revised Adopted Budget FY2023-24 Unrestricted General Fund		
Budget Items	Revised Adopted Budget F/Y 2023/24 Column2	Adopted Budget F/Y 2023/24 Column3
Revenues:	With 7% COLA & Related Reductions	With 2% COLA
Federal Revenue	-	-
State Revenue ¹	85,693,998	85,693,998
Local Revenue ²	79,027,962	79,027,962
Total Revenues:	164,721,960	164,721,960
Expenditures:		
Full Time Academic³	30,638,654	30,929,981
Academic Administration³	6,822,649	6,674,771
Other Faculty³	6,727,102	6,844,227
Part Time Academic^{3.1}	9,827,342	9,457,129
Classified Salary³	28,096,463	28,867,345
Classified Administration³	6,723,549	6,377,234
Fringe Benefits	51,177,435	49,384,320
Bad Debts ⁶	1,200,000	2,000,000
Books Supplies, Svcs ⁹	21,109,694	21,320,959
Equipment Outlay	499,072	499,072
Debt Services-Bonds	-	500,000
Other Outgo (General Fund Contribution) ⁵	1,850,000	1,850,000
Contingency Reserve ⁸	-	
Total Expenses:	164,671,960	164,705,038
Beginning Fund Balance:⁷	25,577,641	255,771,641
Net Increase (Decrease)	50,000	16,923
Audit Adjustment	-	
Ending Fund Balance:	25,627,641	25,594,564
Fund Balance %	15.56%	15.54%
<i>Revised budget as of 12/12/23</i>		



FY24 Revised Assumptions

1. No changes in revenue assumptions

2. Three key new and/or revised expense assumptions made:

- FY23-24 salaries & benefits budget lines include a 7% COLA and corresponding budget reductions in frozen positions amounting to \$4.7 M and a total of \$9.2 M from all frozen positions this year.*
- FY24-25 salaries & benefits budget lines include a 3% COLA and 1% other increases (PERS, STRS, and Step and Column). Also, one-time reductions from FY23-24 to offset COLA increase is not included in the multi-year projection at this time nor the salary & benefit savings from 2-months of vacant positions (Est. \$3.46 million).*
- The beginning Fund Balance for FY 2023-24 is the Unaudited Actuals Ending Fund Balance for FY 2022-23 (Maintaining two months of Operating Expenses Reserve). Also reflects one-time reductions to meet the increased expenses related to the 7% COLA for FY 2023-24.*



Revised FY 23-24 Unrestricted General Fund By Location

REVISED FY 2023-2024 ADOPTED BUDGET					
Unrestricted General Fund (Fund 01)					
Location	Description	Beginning Fund Balance	Revenue Budget	Expense Budget	Ending Fund Balance
1	District Office	\$ 25,577,641	\$ 49,429,278	\$ 49,379,277	\$ 25,627,642
2	College of Alameda	\$ -	\$ 22,371,197	\$ 22,371,197	\$ -
5	Laney College	\$ -	\$ 43,100,196	\$ 43,100,196	\$ -
6	Merritt College	\$ -	\$ 27,148,168	\$ 27,148,168	\$ -
8	Berkeley City College	\$ -	\$ 22,673,121	\$ 22,673,121	\$ -
Total		\$ 25,577,641	\$ 164,721,960	\$ 164,671,959	\$ 25,627,642
Revised As of 12/12/23					

Revised Adopted Budget 2024 Unrestricted General Fund Multi-Year Projection						
	Adopted Budget F/Y 2022/23 Column2	Unaudited Actuals F/Y 2022/23 Column3	Adopted Budget F/Y 2023/24 Column4	Projections F/Y 2024/25 Column5	Projections F/Y 2025/26 Column6	Projections F/Y 2026/27 Column7
Revenues:	With Hold Harmless	With Hold Harmless	With Hold Harmless	With Hold Harmless	With Out Hold Harmless	With Out Hold Harmless
Federal Revenue	3,999,859	3,999,859	-	-	-	-
State Revenue ¹	87,160,712	79,404,587	85,693,998	93,774,293	93,774,293	93,774,293
Local Revenue ²	68,141,776	76,877,134	79,027,962	79,346,769	79,462,939	79,581,433
Total Revenues:	159,302,347	160,281,580	164,721,960	173,121,062	173,237,232	173,355,726
Expenditures:						
Full Time Academic ³	27,285,502	24,817,309	30,638,654	31,864,200	32,182,842	32,504,671
Academic Administration ³	6,433,022	6,350,800	6,822,649	7,095,555	7,166,511	7,238,176
Other Faculty ³	6,829,241	7,000,333	6,727,102	6,996,186	7,066,148	7,136,809
Part Time Academic ^{3.1}	6,640,743	15,200,290	9,827,342	10,220,436	10,322,640	10,425,866
Classified Salary ³	27,395,956	26,221,634	28,096,463	29,220,322	29,512,525	29,807,650
Classified Administration ³	6,619,517	5,960,041	6,723,549	6,992,491	7,062,416	7,133,040
Fringe Benefits	46,244,187	41,872,380	51,177,435	53,224,532	53,756,778	54,294,346
Bad Debts ⁶	2,000,000	1,997,327	1,200,000	2,000,000	2,000,000	1,000,000
Books Supplies, Svcs ⁹	23,364,742	21,457,072	21,109,694	22,141,312	22,141,312	22,141,312
Equipment Outlay	367,483	452,910	499,072	499,072	499,072	499,072
Debt Services-Bonds	3,000,000	681,708	-	2,000,000	1,000,000	1,000,000
Other Outgo (General Fund Contribution) ⁵	3,000,000	8,228,719	1,850,000	1,850,000	1,850,000	1,850,000
Contingency Reserve ⁸	51,000	-	-	300,000	300,000	300,000
Offsetting Reduction TBD				(1,283,043)	(1,623,011)	(1,975,216)
Total Expenses:	159,231,393	160,240,522	164,671,960	173,121,063	173,237,232	173,355,726
Beginning Fund Balance: ⁷	25,536,583	25,536,583	25,577,641	25,627,641	25,627,641	25,627,641
Net Increase (Decrease)	70,954	41,058	50,000	(0)	0	(0)
Audit Adjustment	-	-	-	-	-	-
Ending Fund Balance:	25,607,536	25,577,641	25,627,641	25,627,641	25,627,641	25,627,641
Fund Balance %	16.08%	15.96%	15.56%	14.80%	14.79%	14.78%
Expenditure Assumptions						
Salaries include a 7% COLA and corresponding budget reductions in vacant positions for FY 2023-24 amounting to \$4.7 million.						
Salaries include 3% COLA and 1% other increases (PERS, STRS, and Step and Column FY 2024-25). One-time reductions from FY2023-24 to offset COLA increase is not included at this time nor the salary & benefit savings from 2-months of vacant positions (Est. \$3.46 million).						
Salaries include reductions per location for frozen positions in FY 2023-24 amounting to a total of \$9.2 million.						
The beginning Fund Balance for FY 2023-24 is the Unaudited Actuals Ending Fund Balance for FY 2022-23 (Maintaining two months of Operating Expenses Reserve). Also reflects one-time reductions to meet the increased expenses related to the 7% COLA for FY 2023-24.						
Contingency reserve for unforeseen expenses.						
Revised budget as of 12/12/23						



FY24 Q2 Financial Summary

Summary Analysis By Location																
FY 2023-24 Q2																
Location	Codes	District (1)			COA (2)			Laney (5)			Merritt (6)			BCC (8)		
Expense Classification		Fund 1	Fund 8	Fund 11	Fund 1	Fund 8	Fund 11	Fund 1	Fund 8	Fund 11	Fund 1	Fund 8	Fund 11	Fund 1	Fund 8	Fund 11
% of FY		50.00%			50.00%			50.00%			50.00%			50.00%		
Faculty Salaries	1000	61.3%	0.0%	100.0%	48.0%	21.9%	45.2%	48.8%	39.3%	54.2%	49.7%	65.3%	39.2%	59.4%	39.5%	44.9%
Class/Admin Salaries	2000	47.6%	0.0%	41.8%	43.6%	23.7%	34.7%	43.5%	18.7%	35.5%	42.8%	29.8%	36.6%	48.6%	39.7%	28.4%
Benefits	3000	33.4%	0.0%	45.6%	44.3%	127.0%	42.1%	45.2%	165.2%	51.6%	44.0%	200.8%	41.2%	50.7%	72.7%	38.6%
Discretionary	4000, 5000, 6000, 7000	64.8%	0.0%	88.4%	85.5%	100.0%	30.1%	79.4%	-5.5%	27.1%	83.9%	0.0%	17.8%	72.2%	0.0%	25.1%
Overall		49.9%	0.0%	81.8%	48.2%	27.4%	34.3%	48.7%	41.8%	32.6%	49.0%	60.9%	24.6%	56.0%	44.2%	29.9%



FY24 Q2 Financial Summary

Budget Period	2024						
Location	1	District					
Fund	01						
Major Object	(Multiple Items)						
Cost Center Description	Sum of Budget	Sum of Expense	Sum of Encumbrance	Sum of Pre-encumbrance	Sum of Available Budget	% committed	
General Services	6,424,572	3,361,768	133,739	949,719	1,979,345	69.19%	
Liabilities Reversal	0	(324,841)	18,013	4,190	302,638	-4.71%	
Human Resources	2,739,515	1,195,192	267,771	37,798	1,238,754	23.36%	
Districtwide Utilities	737,741	241,678	259,963	0	236,100	7.81%	
Fringe Benefits	49,186	46,103	0	0	3,083	0.72%	
Chancellor's Office	2,025,454	925,684	122,479	108,000	869,292	18.00%	
Board of Trustees	444,594	190,866	21,450	49,500	182,778	4.08%	
General Counsel	1,030,523	368,401	402,695	115,000	144,426	13.79%	
Information Technology(DP)	5,458,844	2,279,988	715,668	100,000	2,363,188	48.18%	
Public Information	1,679,024	792,148	197,676	1,300	687,899	15.43%	
Risk Management	438,744	230,564	4,509	0	203,671	3.66%	
Workforce Development/Grants	243,468	150,608	0	0	92,860	2.34%	
Academic Affairs Ed Svcs	2,076,414	1,182,715	100,754	35,267	757,679	20.53%	
Admissions and Records	764,872	386,427	11,541	0	366,904	6.19%	
Academic Affairs Student Svcs	505,394	109,487	8,720	18,200	368,987	2.12%	
International Educ. Program	1,355,503	659,787	46,190	0	649,527	10.99%	
Institutional Dev and Research	1,425,486	605,373	1,754	50,000	768,359	10.23%	
Employee Relations	1,590,996	859,317	139,133	45,595	546,951	16.25%	
Financial Services	12,185,486	2,791,147	499,993	50,000	8,844,345	52.01%	
Facilities Operations	5,773,543	2,136,478	338,435	449,121	2,849,509	45.51%	
Purchasing Division	1,943,278	884,243	56,855	202	1,001,978	14.65%	
Financial Aid	488,471	242,779	0	0	245,692	3.78%	
Balance Sheet Accounting	0	1,806	0	0	(1,806)		
Payroll Department	0	129	0	0	(129)		
Grand Total	49,381,108	19,317,848	3,347,338	2,013,892	24,702,030		



FY24 Q2 Financial Summary

Budget Period	2024							Budget Period	2024							
Location	2	COA						Location	5	Laney						
Fund	01							Fund	01							
Major Object	(Multiple Items)							Major Object	(Multiple Items)							

Cost Center Description	Sum of Budget	Sum of Expense	Sum of Encumbrance	Sum of Pre-encumbrance	Sum of Available Budget	% committed
Business Office	2,458,885	1,192,156	29,533	2,562	1,234,635	49.79%
Career and Workforce Education	3,916,948	2,000,329	806	0	1,915,813	81.38%
Counseling & Special Programs	1,123,322	462,176	0	0	661,146	18.80%
Director of Student Life	244,986	5,944	100	0	238,942	0.25%
Enrollment Services Division	1,784,744	616,873	9,151	1,500	1,157,220	25.52%
Instructional-VP	2,300,282	798,994	2,843	0	1,498,445	32.61%
Liabilities Reversal	0	(9,889)	2,445	0	7,444	-0.30%
Liberal Studies and Language A	4,642,270	2,499,487	0	1,164	2,141,619	101.70%
President's Office	1,137,212	501,540	9,056	488	626,129	20.79%
STEM Division	3,333,538	1,519,069	2,527	0	1,811,942	61.88%
Student Services-VP	444,308	221,069	2,477	0	220,762	9.09%
Human Resources	38,000	12,667	25,333	0	0	1.55%
Districtwide Utilites	986,170	703,381	162,576	35,411	84,801	36.66%
Fringe Benefits	850	690	0	0	160	0.03%
Academic Affairs Ed Svcs	0	0	0	0	0	0.00%
Grand Total	22,411,515	10,524,486	246,847	41,125	11,599,057	

Cost Center Description	Sum of Budget	Sum of Expense	Sum of Encumbrance	Sum of Pre-encumbrance	Sum of Available Budget	% committed
Business Office	3,453,674	1,562,083	32,798	36,060	1,822,732	47.22%
Instructional-VP	5,293,767	721,264	1,963	0	4,570,539	20.94%
Liabilities Reversal	0	(22,055)	20,993	0	1,061	-0.03%
President's Office	826,989	410,357	7,312	500	408,820	12.11%
Student Services-VP	453,221	274,667	0	0	178,554	7.95%
Districtwide Utilites	1,858,583	1,032,677	433,209	100,000	292,697	45.34%
Fringe Benefits	2,000	1,656	0	0	344	0.05%
Food Service Department	1,066,122	485,485	0	0	580,637	14.06%
ILaney information Technology	837,697	382,182	42,122	0	413,393	12.29%
Student Services-Matriculation	2,049,442	883,690	7,778	903	1,157,071	25.84%
Student Services-EOPS and DSPS	1,941,112	863,486	955	0	1,076,671	25.03%
Student Activities/Campus Life	249,016	116,503	4,676	0	127,837	3.51%
Education Success	346,987	104,757	1,667	0	240,564	3.08%
Intercollegiate Athletics	1,824,471	1,019,100	16,047	7,310	782,014	30.18%
Vocational Technology	4,471,125	2,206,310	12,579	0	2,252,236	64.25%
Applied Tech	5,333,597	3,523,985	3,383	0	1,806,229	102.13%
Language Art	6,668,616	3,332,362	33,241	0	3,303,013	97.45%
Communications	6,516,172	3,382,394	6,402	1,909	3,125,467	98.18%
Grand Total	43,192,590	20,280,905	625,125	146,681	22,139,879	



FY24 Q2 Financial Summary

Budget Period	2024							Budget Period	2024							
Location	6	Merritt						Location	8	BCC						
Fund	01							Fund	01							
Major Object	(Multiple Items)							Major Object	(Multiple Items)							

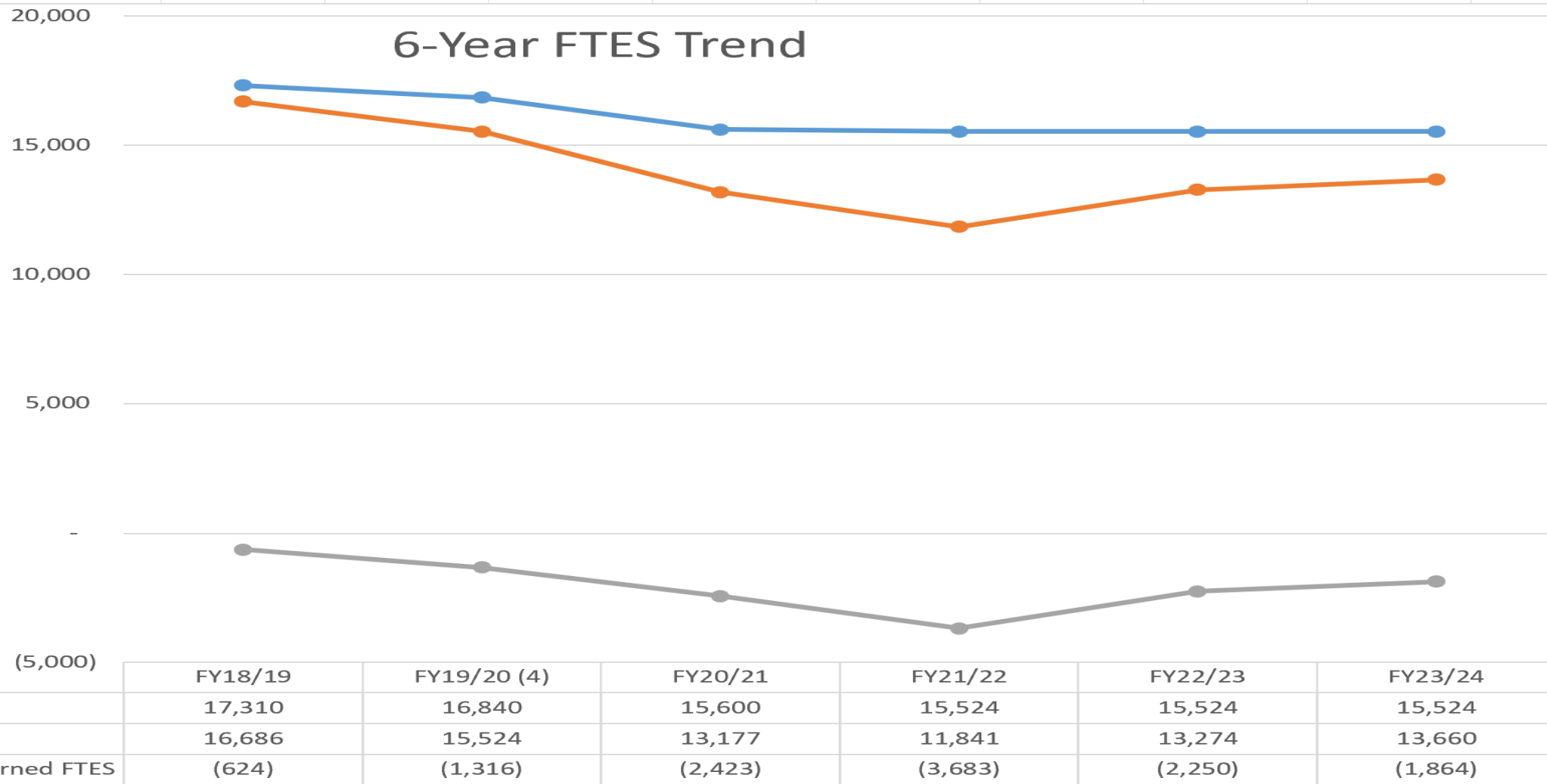
Cost Center Description	Sum of Budget	Sum of Expense	Sum of Encumbrance	Sum of Pre-encumbrance	Sum of Available Budget	% committed
Business Office	3,055,810	1,142,512	85,110	23,153	1,805,035	40.93%
Instructional-VP	1,287,183	347,598	621	0	938,964	11.40%
Liabilities Reversal	0	(1,650)	0	0	1,650	-0.05%
President's Office	887,060	394,189	8,182	0	484,689	13.17%
Student Services-VP	4,542,010	432,697	16,684	0	4,092,629	14.71%
Districtwide Utilites	1,163,175	704,778	245,981	192,132	20,284	37.40%
Fringe Benefits	4,833	2,806	0	0	2,027	0.09%
Student Services-EOPS and DSPS	2,069,620	826,433	2,727	4,707	1,235,753	27.29%
Student Activity & Campus Life	286,055	126,661	1,788	1,200	156,405	4.24%
Dean of Counselling	1,109,955	443,469	0	0	666,486	14.51%
Math, Science, and Technology	4,841,901	2,928,475	7,262	331	1,905,833	96.08%
Liberal Arts Social Sciences	4,760,378	3,736,808	1,049	0	1,022,521	122.32%
Allied Health Public Safety	3,048,929	1,576,387	430	0	1,472,112	51.60%
Grand Total	27,056,909	12,661,164	369,834	221,522	13,804,389	

Cost Center Description	Sum of Budget	Sum of Expense	Sum of Encumbrance	Sum of Pre-encumbrance	Sum of Available Budget	% committed
Liabilities Reversal	0	(479)	(664)	0	1,143	
President's Office	913,541	411,212	15,806	0	486,523	46.74%
Student Services-VP	1,307,170	437,936	0	0	869,234	9.11%
Districtwide Utilites	473,128	140,019	140,122	0	192,987	5.83%
Fringe Benefits	5,000	322	0	0	4,678	0.01%
BCC Business Office	2,650,238	1,290,996	394,397	2,285	962,561	35.12%
Student Services	238,090	211,436	374	0	26,280	4.41%
Campus Life	466,254	164,258	0	0	301,996	3.42%
BCC Dean of Student Services	1,468,829	588,976	0	0	879,853	12.25%
Instructional Services-VP	3,203,151	1,882,204	17,567	2,500	1,300,880	39.58%
Division Dean I	4,806,093	2,926,507	1,531	0	1,878,055	60.92%
BCC Division Dean 2	7,104,603	4,041,779	3,361	3,652	3,055,812	84.24%
Institutional Effectiveness	15,000	6,046	0	0	8,954	0.13%
Grand Total	22,651,097	12,101,212	572,494	8,436	9,968,955	

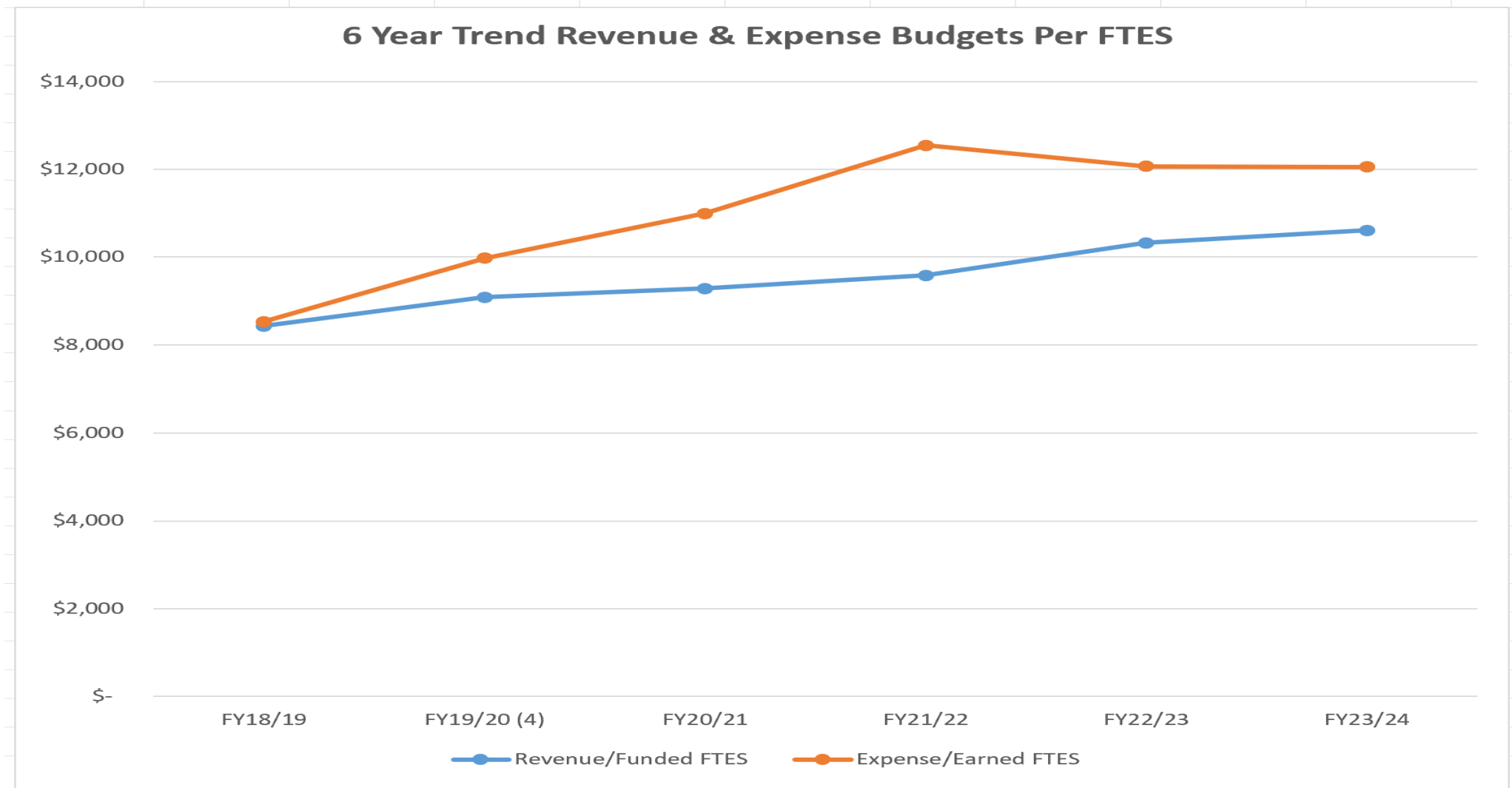
Financial & Enrollment Trend Analyses



FTES Trend Analysis



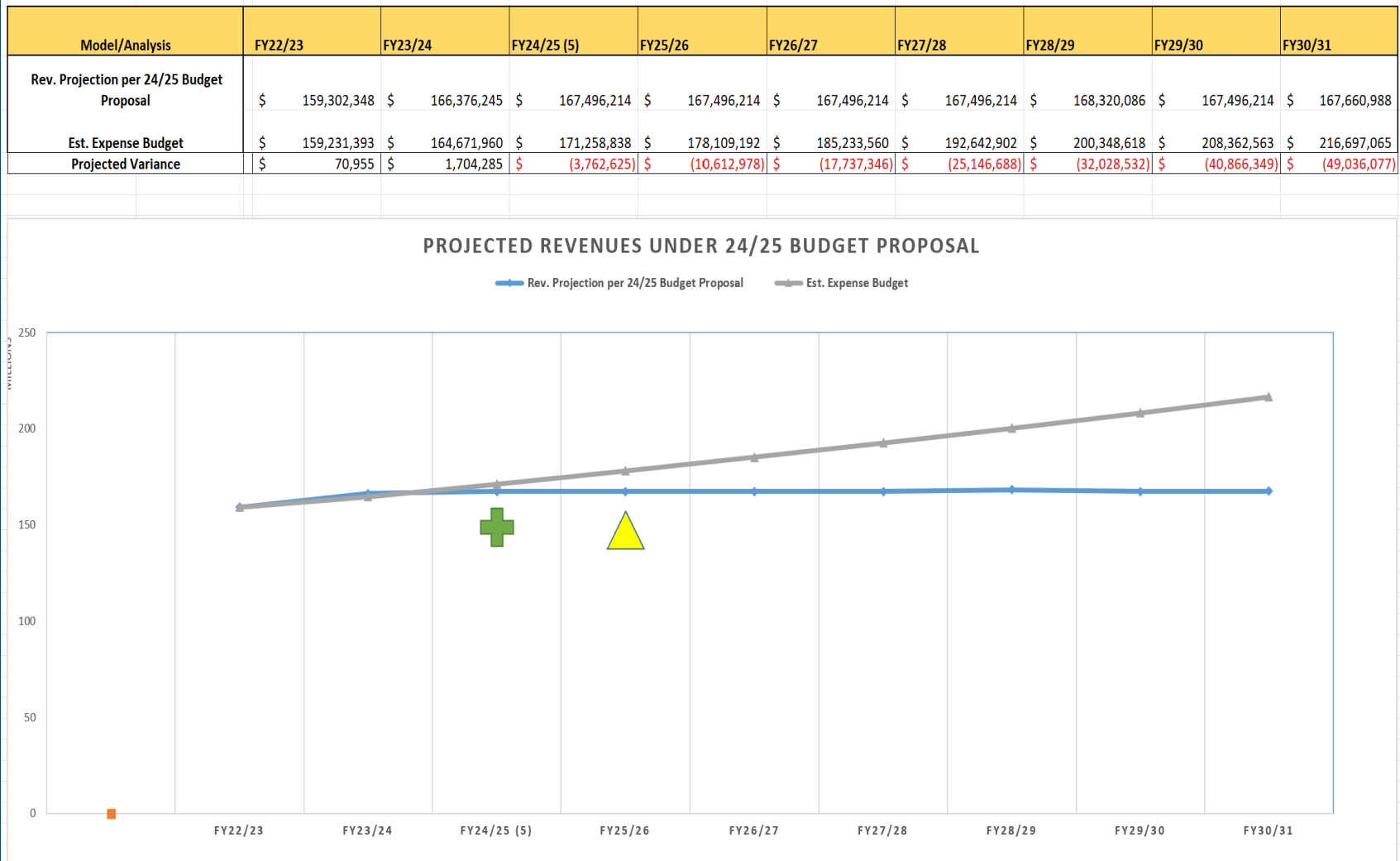
Revenue & Expense Trend Analysis





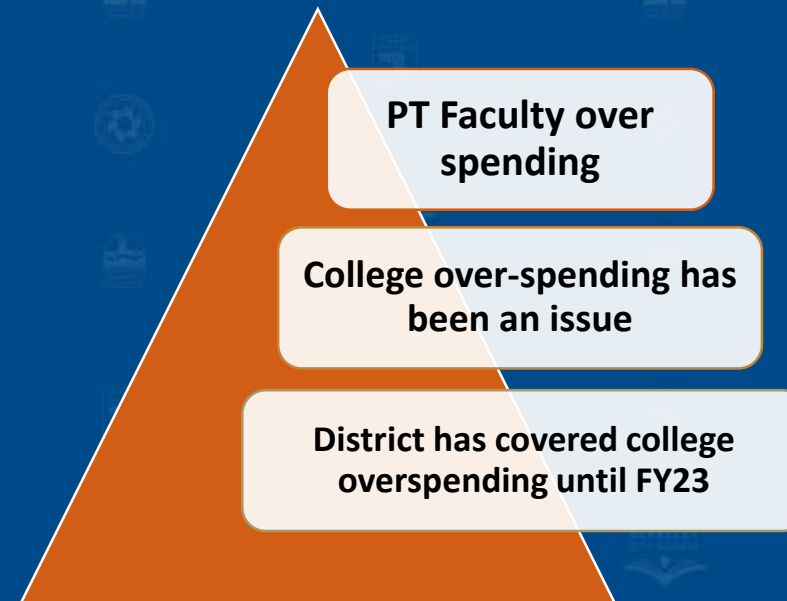
Rev.-Exp. Projection – Gov. FY25 Budget Proposal

- End HH in 24/25
- Set TCR floor to 24/25 level
- No future TCR COLA increases beyond FY24/25
- COLA (22/23) – 6.56%
- Est. COLA (23/24) – 8.22%
- Est. COLA (24/25) – 0.76%
- Est. SCFF Metrics – N/C except for rates
- Expense projection escalation – 4%



General Fund Ending Balance by Location Analysis

Fund 01	FY22-23	FY19-FY23	
Locations	Ending Balance	Ending Balance	Avg. Balance
BCC	\$ (139,470)	\$ (1,257,962)	\$ (251,592)
COA	\$ 460,227	\$ (580,377)	\$ (116,075)
Laney	\$ (1,996,469)	\$ (4,889,908)	\$ (977,982)
Merritt	\$ (868,123)	\$ (524,798)	\$ (104,960)
District	\$ 24,727,757	\$ 58,214,745	\$ 11,642,949





Fiscal Year 2019			
Fund 01	Unrestricted General Fund		
Location	BCC		
	Adopted Budget		Available Balance
Description	2018-2019	6/30/2019	
Full Time Academic	4,664,650	4,454,819	209,831
Other Faculty	669,369	362,747	306,622
Academic Administrators	984,773	1,001,090	(16,317)
Part Time Faculty	3,110,303	4,095,713	(985,410)
Classified	2,727,772	2,793,936	(66,164)
Benefits	4,814,864	4,913,535	(98,671)
Books, Supplies and Services	1,681,578	1,493,333	188,245
Capital Outlay	19,554	43,886	(24,332)
Other Outgo	0	34,252	(34,252)
Total	18,672,863	19,193,311	(520,448)
Dual Enrollment 2018-19 budget			153335
Amount over spent			(367,113)

Fiscal Year 2020			
Fund 01	Unrestricted General Fund		
Location	BCC		
	Adopted Budget		Available Balance
Description	2019-2020	6/30/2020	
Full Time Academic	5,020,043	4,782,644	237,399
Other Faculty	894,535	1,034,558	(140,023)
Academic Administrators	1,052,807	918,805	134,002
Part Time Faculty	2,542,722	4,233,867	(1,691,145)
Classified	3,080,120	2,537,121	542,999
Benefits	5,618,408	5,627,136	(8,728)
Books, Supplies and Services	1,632,663	1,349,345	283,318
Capital Outlay	19,554	76,642	(57,088)
Other Outgo	14,805	0	14,805
Total	19,875,657	20,560,118	(684,461)
Dual Enrollment 22019-20 budget			212,486
Amount over spent			(471,975)

Fiscal Year 2021			
Fund 01	Unrestricted General Fund		
Location	BCC		
	Adopted Budget		Available Balance
Description	2019-2020	6/30/2021	
Full Time Academic	5,105,423	4,555,122	550,301
Other Faculty	816,905	515,184	301,721
Academic Administrators	1,196,536	1,004,883	191,653
Part Time Faculty	2,507,562	3,979,750	(1,472,188)
Classified	3,134,249	3,149,831	(15,582)
Benefits	5,997,710	5,813,667	184,043
Books, Supplies and Services	1,513,967	907,451	606,516
Capital Outlay	23,654	49,729	(26,075)
Other Outgo	28,885	0	28,885
Total	20,324,891	19,975,617	349,274
Dual Enrollment 2020-21 Budget			171,776
Surplus Amount			521,050

Fiscal Year 2022			
Fund 01	Unrestricted General Fund		
Location	BCC		
	Adopted Budget		Available Balance
Description	2019-2020	6/30/2021	
Full Time Academic	5,490,589	4,966,110	524,479
Administrative	1,075,594	1,085,815	(10,221)
Other Faculty	1,005,497	1,335,064	(329,567)
Part Time	1,777,689	3,167,608	(1,389,919)
Classified	3,512,035	3,263,983	248,052
Benefits	6,634,026	6,632,342	1,684
Books services and Supplies	1,495,871	1,009,992	485,879
Capital Outlay	18,154	39,320	(21,166)
Total	21,009,455	21,500,232	(1,015,257)

Dual Enrollment 2021-22 budget		214,803
Amount over spent		(800,454)
Total amount over spent in the last 4 years (2019-2022)		(1,118,492)
Amount over spent In Average every year		(279,623)

Fiscal Year 2019				Fiscal Year 2021				
Fund 01		Unrestricted General Fund		Fund 01		Unrestricted General Fund		
Location		COA		Location		COA		
		Adopted Budget				Adopted Budget 2020-		
Description		2018-2019	6/30/2019	Available Balance		2021	6/30/2021	Available Balance
Full Time Academic		4,499,035	4,020,006	479,029		4,458,667	4,090,667	368,000
Other Faculty		618,041	964,973	(346,932)		945,095	750,049	195,046
Academic Administrators		1,203,059	1,096,513	106,546		1,150,942	1,267,289	(116,347)
Part Time Faculty		2,239,743	2,825,926	(586,183)		1,569,950	2,671,484	(1,101,534)
Classified		3,015,651	3,240,922	(225,271)		3,246,676	3,459,304	(212,628)
Benefits		4,764,670	4,976,216	(211,546)		5,650,106	5,597,001	53,105
Books, Supplies and Services		1,245,182	1,435,102	(189,920)		1,508,735	1,187,341	321,394
Capital Outlay		17,010	23,711	(6,701)		10,243	20,024	(9,781)
Total		17,602,391	18,583,369	(980,978)		18,540,414	19,043,159	(502,745)
Dual Enrollment 2018-19 budget				193,027		Dual Enrollment 2020-21 budget		176,000
Amount over spent				(787,951)		Amount over spent		(326,745)
Fiscal Year 2020				Fiscal Year 2022				
Fund 01		Unrestricted General Fund		Fund 01		Unrestricted General Fund		
Location		COA		Location		COA		
		Adopted Budget				Adopted Budget 2020-		
Description		2019-2020	6/30/2020	Available Balance		2021	6/30/2022	Available Balance
Full Time Academic		4,676,508	4,271,307	405,201		4,597,220	4,313,983	283,237
Other Faculty		727,015	790,592	(63,577)		1,274,687	1,251,589	23,098
Academic Administrators		1,179,288	1,219,269	(39,981)		1,207,582	1,197,886	9,696
Part Time Faculty		1,978,001	2,922,211	(944,210)		902,771	2,052,504	(1,149,733)
Classified		3,366,095	3,200,367	165,728		3,884,490	3,348,808	535,682
Benefits		5,562,568	5,623,201	(60,633)		6,610,830	6,079,390	531,440
Books, Supplies and Services		1,494,353	1,383,277	111,076		1,476,484	1,290,985	185,499
Capital Outlay		5,951	24,039	(18,088)		8,000	35,034	(27,034)
Total		18,989,779	19,434,263	(444,484)		19,962,064	19,570,179	108,648
Dual Enrollment 2019-20 budget				212,168		Dual Enrollment 2021-22 Budget		197,760
Amount over spent				(232,316)		Surplus Amount		306,408
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Fiscal Year 2019				Fiscal Year 2021			
Fund 01	Unrestricted General Fund			Fund 01	Unrestricted General Fund		
Location	Merritt			Location	Merritt		
Description	Adopted Budget 2018-2019	6/30/2019	Available Balance	Description	Adopted Budget 2019-2020	6/30/2021	Available Balance
Full Time Academic	5,403,511	4,167,201	1,236,310	Full Time Academic	5,434,160	4,567,592	866,568
Other Faculty	1,010,872	1,234,421	(223,549)	Other Faculty	1,247,881	717,521	530,360
Academic Administrators	988,040	961,831	26,209	Academic Administrators	1,232,134	1,049,963	182,171
Part Time Faculty	2,417,445	4,182,712	(1,765,267)	Part Time Faculty	2,008,671	3,960,776	(1,952,105)
Classified	2,784,189	2,944,544	(160,355)	Classified	3,315,734	3,188,150	127,584
Benefits	5,307,161	5,130,774	176,387	Benefits	6,662,952	5,785,408	877,544
Books, Supplies and Services	1,560,857	1,669,442	(108,585)	Books, Supplies and Services	1,785,368	1,219,018	566,350
Capital Outlay	61,207	60,006	1,201	Capital Outlay	67,150	70,484	(3,334)
Total	19,533,282	20,350,931	(817,649)	Total	21,754,050	20,558,912	1,195,138
Dual Enrollment 2018-19 budget			197,145	Dual Enrollment2020-21 Budget			215,776
Amount over spent			(620,504)	Surplus Amount			1,410,914
Fiscal Year 2020				Fiscal Year 2022	Unrestricted General Fund		
Fund 01	Unrestricted General Fund			Fund 01	Merritt		
Location	Merritt			Location	Adopted Budget Actual Expenses Available Budget		
Description	Adopted Budget 2019-2020	6/30/2020	Available Balance				
Full Time Academic	5,894,036	4,752,703	1,141,333	Full Time Academic	5,006,015	4,805,392	200,623
Other Faculty	859,254	1,382,901	(523,647)	Administrative	1,275,458	1,268,204	7,254
Academic Administrators	966,222	883,709	82,513	Other Faculty	1,311,064	1,117,189	193,875
Part Time Faculty	2,203,537	4,113,531	(1,909,994)	Part Time	1,418,700	3,634,953	(2,216,253)
Classified	3,483,278	2,804,579	678,699	Classified	4,136,034	3,759,174	376,860
Benefits	6,378,243	5,756,857	621,386	Benefits	7,112,062	6,832,483	279,579
Books, Supplies and Services	1,468,867	1,537,340	(68,473)	Books services and Supplies	1,731,252	1,321,861	409,391
Capital Outlay	49,050	39,713	9,337	Capital Outlay	70,775	101,384	(30,609)
Total	21,302,487	21,271,333	31,154	Total	22,061,360	22,840,639	(979,902)
Dual Enrollment 2019-20 budget			251,631	Dual Enrollment 2021-22 Budget			250,032
Surplus Amount FY 2019-20			282,785	Amount over spent			(729,871)
				Total amount saved in the last 4 years (2019-2022)			343,325
				Surplus Average every year			85,831
				</			

Fiscal Year 2019			
Fund 01	Unrestricted General Fund		
Location	Laney		
	Adopted Budget 2018-2019	6/30/2019	Available Balance
Description			
Full Time Academic	10,584,391	9,366,122	1,218,269
Other Faculty	1,232,751	1,049,047	183,704
Academic Administrators	1,390,604	1,330,013	60,591
Part Time Faculty	3,652,632	7,133,923	(3,481,291)
Classified	5,324,640	4,923,787	400,853
Benefits	9,640,472	9,412,907	227,565
Books, Supplies and Services	2,201,918	2,505,482	(303,564)
Capital Outlay	0	58,366	(58,366)
Total	34,027,408	35,779,647	(1,752,239)
Dual Enrollment 2018-19 budget			328,575
Amount over spent			(1,423,664)

Fiscal Year 2020			
Fund 01	Unrestricted General Fund		
Location	Laney		
	Adopted Budget 2019-2020	6/30/2020	Available Balance
Description			
Full Time Academic	10,904,149	9,631,366	1,272,783
Other Faculty	1,642,841	1,247,096	395,745
Academic Administrators	1,425,531	1,310,734	114,797
Part Time Faculty	3,145,095	7,305,165	(4,160,070)
Classified	5,855,850	5,055,521	800,329
Benefits	11,058,805	10,931,490	127,315
Books, Supplies and Services	2,270,870	1,854,157	416,713
Capital Outlay	4,041	55,725	(51,684)
Other Outgo	0	2,200	(2,200)
Total	36,307,182	37,393,454	(1,086,272)
Dual Enrollment 2019-20 budget			397,815
Amount over spent			(688,457)

Fiscal Year 2021			
Fund 01	Unrestricted General Fund		
Location	Laney		
	Adopted Budget 2019-2020	6/30/2021	Available Balance
Description			
Full Time Academic	10,401,856	9,447,128	954,728
Other Faculty	1,979,741	939,422	1,040,319
Academic Administrators	1,440,643	1,411,651	28,992
Part Time Faculty	2,748,481	6,332,089	(3,583,608)
Classified	5,570,327	5,747,818	(177,491)
Benefits	11,438,527	11,051,125	387,402
Books, Supplies and Services	2,834,340	1,379,270	1,455,070
Capital Outlay	4,147	33,745	(29,598)
Other Outgo	0	0	0
Total	36,418,062	36,342,248	75,814
Dual Enrollment 2020-21 budget			322,520
Surplus amount			398,334

Fund 01	Unrestricted General Fund		
Location	Laney		
	Adopted Budget 2019-2020	6/30/2022	Available Balance
Description			
Full Time Academic	10,646,293	10,322,244	324,049
Administrative	1,513,435	1,465,310	48,125
Other Faculty	1,984,260	2,061,046	(76,786)
Part Time	1,608,260	4,302,969	(2,694,709)
Classified	6,470,311	6,172,645	297,666
Benefits	12,456,037	12,491,617	(35,580)
Books services and Supplies	2,743,455	1,747,502	995,953
Capital Outlay	3,973	94,796	(90,823)
Total	37,426,024	38,658,130	(1,556,155)
Dual Enrollment 2021-22 Budget			376,502
Amount over spent			(1,179,652)
Total amount over spent in the last 4 years (2019-2022)			(2,893,439)
Amount over spent In Average every year			(723,360)

Fiscal Year 2019			
Fund 01			
Location	District		
Budget VS Expensese Fiscal Year 2019			
Description	Adopted Budget 2018-2019	6/30/2019	Available Balance
Full Time Academic	0	0	0
Other Faculty	705,644	1,007,718	(302,074)
Academic Administrators	858,358	1,065,836	(207,478)
Part Time Faculty	257,500	0	257,500
Classified	13,424,186	12,160,956	1,263,230
Benefits	7,767,033	8,067,883	(300,850)
Books, Supplies and Services	13,482,043	8,354,518	5,127,525
Capital Outlay	176,300	161,118	15,182
Other Outgo	6,309,000	4,899,297	1,409,703
Total	42,980,064	35,717,326	7,262,738
Fiscal Year 2020			
Fund 01			
Location	District		
Budget VS Expensese Fiscal Year 2020			
Description	Adopted Budget 2019-2020	6/30/2020	Available Balance
Full Time Academic	0	0	0
Other Faculty	738,834	959,988	(221,154)
Academic Administrators	922,091	1,072,100	(150,009)
Part Time Faculty	214,095	4,105	209,990
Classified	13,346,429	11,701,413	1,645,016
Benefits	18,412,564	8,001,598	10,410,966
Books, Supplies and Services	15,302,329	15,828,737	(526,408)
Capital Outlay	194,671	206,778	(12,107)
Other Outgo	9,264,000	0	9,264,000
Total	58,395,013	37,774,719	20,620,294

Fiscal Year 2021			
Fund 01			
Location	District		
Budget VS Expensese Fiscal Year 2020			
Adopted			
Budget 2020-			
Description	2021	6/30/2021	Available Balance
Full Time Academic	0	0	0
Other Faculty	650,563	641,442	9,121
Academic Administrators	1,106,346	894,435	211,911
Part Time Faculty	207,418	1,867	205,551
Classified	14,560,731	12,069,457	2,491,274
Benefits	10,142,941	8,459,575	1,683,366
Books, Supplies and Services	16,051,428	16,343,171	(291,743)
Capital Outlay	156,549	152,239	4,310
Other Outgo	4,904,407	7,533,654	(2,629,247)
Total	47,780,383	46,095,840	1,684,543
Fiscal Year 2022	District		
Description	Adopted Budget	Actual Expenses	Available Budget
Administrative	880,323	708,680	171,643
Other Faculty	717,815	1,011,425	(293,610)
Part Time	277,876	0	277,876
Classified	15,104,572	13,030,205	2,074,367
Benefits	10,409,970	9,076,782	1,333,188
Books services and Supplies	15,707,883	1,951,988	13,755,895
Capital Outlay	167,849	72,739	95,110
Debt Services	2,334,000	121,704	2,212,296
Other Outgo	1,850,000	17,557,352	(15,707,352)
Contengemcy	600,000	0	
Total	48,050,288	43,530,875	3,919,413
Total amount over spent in the last 4 years (2019-2022)			33,486,988
Surplus Average every year			8,371,747

Grant & Non-General Fund Resources





All Fund Summary

FY 2023-2024 ADOPTED BUDGET ALL FUNDS

Fund #	Description	Beginning Fund			Ending Fund	
		Balance	Revenue Budget	Expense Budget	Balance	
01	Unrestricted General Fund	\$ 25,577,641	\$ 164,721,960	\$ 164,705,037	\$ 25,594,564	
03	Community Service (Fee Based) Fund	\$ 69,138	\$ 52,388	\$ 52,388	\$ 69,138	
07	Bookstore Commission Fee Fund	\$ 68,776	\$ 19,600	\$ 19,600	\$ 68,776	
08	Measure E - Parcel Tax Fund	\$ 156,395	\$ 8,000,000	\$ 8,000,000	\$ 156,395	
10	Facility Rental Fund	\$ 4,178,317	\$ 12,250,965	\$ 12,752,847	\$ 3,676,435	
11	Restricted General Fund	\$ 49,186,594	\$ 83,455,203	\$ 83,455,203	\$ 49,186,594	
12	Measure B - Parcel Tax Fund	\$ 358,503	\$ -	\$ 306,091	\$ 52,412	
30	Contract Education Fund	\$ 1,376,349	\$ 398,840	\$ 398,840	\$ 1,376,349	
43	Measure G - General Obligation Bond Fund	\$ 101,221,656	\$ 500,000	\$ 101,721,656	\$ -	
58	Faculty Professional Development Fund	\$ 280,208	\$ 312,606	\$ 312,606	\$ 280,208	
59	Parking Fee Fund	\$ 118,489	\$ 54,557	\$ 54,557	\$ 118,489	
61	Capital Outlay Fund	\$ 27,975,235	\$ (4,772,203)	\$ 18,368,423	\$ 4,834,609	
62	Parking Mitigation Fund	\$ 4,395,762	\$ 25,000	\$ -	\$ 4,420,762	
63	Measure A - General Obligation Bond Fund	\$ 24,862,527	\$ 300,000	\$ 22,419,994	\$ 2,742,533	
68	Child Development Fund	\$ 2,877,367	\$ 1,862,370	\$ 2,226,970	\$ 2,512,767	
69	OPEB Reserve Fund	\$ 3,043,201	\$ 7,594,648	\$ 7,344,648	\$ 3,293,201	
71	Trust and Agency Fund	\$ 187,757	\$ 20,254	\$ 20,254	\$ 187,757	
72	Student Representation Fee Fund	\$ 329,506	\$ 90,000	\$ 90,000	\$ 329,506	
75	Project Trust Fund	\$ 434,214	\$ 30,000	\$ 30,000	\$ 434,214	
80	Self-Insurance Fund	\$ 133,253	\$ 1,657,511	\$ 1,657,511	\$ 133,253	
81	Student Center Fund (College of Alameda)	\$ 235,108	\$ 9,000	\$ 9,000	\$ 235,108	
82	Student Center Fund (Laney College)	\$ 479,965	\$ 12,000	\$ 12,000	\$ 479,965	
83	Student Center Fund (Merritt College)	\$ 157,476	\$ 8,000	\$ 8,000	\$ 157,476	
84	Student Center Fund (Berkeley City College)	\$ 276,519	\$ 10,000	\$ 10,000	\$ 276,519	
89	Student Financial Aid Fund	\$ -	\$ 35,401,671	\$ 35,401,671	\$ 0	
Total		\$ 247,979,958	\$ 312,014,371	\$ 459,377,297	\$ 100,617,032	



Budget Period		2023		Fund 11	Grants and Categoricals																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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2035	Strong Workforce Project	-	(2,102,219.00)	2,102,219.00	732.00	340,541.53	(387,533.25)	1,473.00	529,556.30	(617,809.86)	1,100.00	720,179.45	(888,132.87)	178,707.00	282,325.40	(105,718.40)	182,012.00	(229,616.32)	103,024.62
2036	Lao Family Comm Devel							0.00	34,666.17	(40,404.17)							0.00	34,666.17	(40,404.17)
2037	CTE Data Unlckd Initiative							-	22,000.00	(22,000.00)							-	22,000.00	(22,000.00)
2040	AB 798 Textbk Afford Pgm										-	-	-				-	-	-
2044	Basic Skills Partnership Pilot	-	31,045.47	(31,045.47)													-	31,045.47	(31,045.47)
2048	Innov and Higher Education							330.00	46,308.57	(45,978.57)							330.00	46,308.57	(45,978.57)
2049	Zero Txtbk Cost Degree Phase 2	-	-	-	-	(180,619.08)	180,619.08	0.00	(176,895.31)	176,895.31	-	(184,000.00)	184,000.00	-	(184,000.00)	184,000.00	0.00	(725,514.39)	725,514.39
2051	Hunger Free Campus Support							-	10,334.16	(12,364.56)	-	1,966.66	(1,966.66)				-	12,300.82	(14,331.22)
2052	ECMC's Emergency Aid Program				0.00	860.40	(6,389.50)										0.00	860.40	(6,389.50)
2054	Guided Pathways	-	-	-	(0.00)	(143,513.78)	140,775.18	1,397.00	(51,250.83)	48,320.14	-	(108,505.54)	51,091.48	0.00	130,314.45	(260,738.73)	1,397.00	(172,955.70)	(20,551.93)
2057	Veterans Resource Center	-	-	-	0.00	(15,735.01)	6,027.27	-	(19,780.44)	(4,133.73)	-	(34,965.60)	34,965.60	-	(3,911.46)	(7,421.89)	0.00	(74,392.51)	29,437.25
2061	East Bay Asian Development Cor								32,034.94	(32,034.94)							-	32,034.94	(32,034.94)
2063	Scaling Restoring Our Communi							11,403.00	-	11,403.00							11,403.00	-	11,403.00
2064	Campus Catalyst Grant - Laney							-	(30.00)	30.00							-	(30.00)	30.00
2065	California College Promise	-	-	-	0.00	30,117.35	(72,383.29)	-	(79,622.81)	38,986.12	88.00	(148,016.76)	148,104.76	-	(13,908.05)	4,096.66	88.00	(211,430.27)	118,804.25
2067	Financial Aid Technology	-	97,400.00	(119,400.00)	-	(26,207.81)	26,207.81	-	(31,094.00)	31,094.00	-	(27,318.30)	27,318.30	-	(26,429.89)	26,429.89	-	(13,650.00)	(8,350.00)
2068	Student Success Completion	-	-	-	-	70,011.29	(70,011.29)	-	23,404.00	(23,404.00)	-	194,426.00	(194,426.00)	0.00	(266,448.00)	266,448.00	0.00	21,393.29	(21,393.29)
2071	Mental Health Service				-	-	-										-	-	-
2076	AB 798 Textbook Affordability								11,371.33	(18,136.35)	-	-	-	-	977.00	(977.00)	-	977.00	(977.00)
2077	Umoja Program							-			-	-	-	-	-	-	-	11,371.33	(18,136.35)
2079	Professional Development				-	-	-				-	-	-	-	-	-	-	-	-
2080	SEA	11,949.00	(8,399,532.00)	8,411,481.00	-	1,294,551.78	(1,323,355.63)	0.00	2,453,232.77	(2,455,902.96)	(53,899.00)	304,499.80	(359,355.14)	-	1,259,666.37	(1,331,303.62)	(41,950.00)	(3,087,581.28)	2,941,563.65
2081	SEA Prior year	-	-	-	-	389,461.11	(551,212.35)	-	1,124,625.54	(1,151,690.39)	4,254.00	1,141,881.62	(1,173,343.85)	163.00	308,028.36	(360,606.45)	4,417.00	2,963,996.63	(3,236,853.04)
2082	ISPIC - Laney	-	105.00	(105.00)													-	105.00	(105.00)
2086	HSI	-	475,841.26	(475,841.26)	(0.00)	354,424.38	(475,225.61)	-	174,397.00	(414,266.00)				(2,083.00)	125,124.06	(281,088.87)	(2,083.00)	955,389.70	(1,232,155.74)
2087	Teamsters Apprenticeship Prog				-	174,397.00	(414,266.00)										-	174,397.00	(414,266.00)
2088	Re-Entry Apprenticeships				-	49,870.16	(49,870.16)										-	49,870.16	(49,870.16)
2090	IEPI Grant				-	(199,426.65)	199,426.65	-	(200,000.00)	200,000.00							-	(399,426.65)	399,426.65
2096	AB109 Direct Services				-	66,003.90	(66,003.90)	-									-	66,003.90	(66,003.90)
2097	Disaster Relief Emg Student FA				-	-	-	-	-	-							-	-	-
2098	Dream Resource Liaison Center	-	(138,191.60)	138,191.60	-	8,729.24	(8,729.24)	-	(34,643.44)	6,415.16	-	(44,271.36)	44,271.36	0.00	(30,680.68)	26,399.43	0.00	(239,057.84)	206,548.31
2099	Probation Grant	-	1.00	(1.00)													-	1.00	(1.00)
2104	CalFresh Outreach				-	2,939.88	(4,762.03)	-	1,921.20	(1,921.20)	-	-	-	-	4,256.00	(4,256.00)	-	9,117.08	(10,939.23)
2105	Student Retention and Outreach	-	(2,409,703.00)	2,409,703.00	(0.00)	167,088.57	(413,913.51)	-	284,441.13	(342,939.93)	-	51,513.70	(218,784.03)	(0.00)	591,448.08	(661,255.67)	(0.00)	(1,315,211.52)	772,809.86
2106	Veterans Program				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2107	Regents of the UC EDRRG										-	(2,690.75)	2,690.75				-	(2,690.75)	2,690.75
2108	Middle College High School Pro							-	179,245.24	(199,489.34)							-	179,245.24	(199,489.34)
2109	Basic Needs Centers	-	-	-	-	11,989.13	(42,795.46)	-	(158,176.63)	132,238.56	-	(162,092.64)	88,925.79	-	5,527.32	(7,136.18)	-	(302,752.82)	171,232.71
2110	Mental Health Support	-	-	-	-	(87,229.97)	55,066.09	-	(125,325.85)	115,918.08	-	(113,634.26)	41,729.44	0.00	(115,457.52)	99,253.02	0.00	(441,647.60)	311,966.63
2111	Early Care and ED (ECEPTS)													-	(1,847.79)	1,547.91	-	(1,847.79)	1,547.91
2113	Foundation for CA CC										-	889.46	(889.46)				-	889.46	(889.46)
2114	LGBTQ+One-Time Funding	-	-	-	-	617.50	(717.50)	-	16,609.83	(20,622.46)	-	744.74	(5,800.00)	(0.00)	-	(0.00)	(0.00)	17,972.07	(27,139.96)
2115	Rising Scholars Network							-	(72,324.20)	28,450.00							-	(72,324.20)	28,450.00
2116	BACCC Regional Director				-	115,925.85	(144,941.58)										-	115,925.85	(144,941.58)
2117	Culturally Competent Faculty P	-	-	-													-	-	-
2118	EEO Best Practices	-	-	-													-	-	-
2119	Library Services Platform	-	-	-	-	(4,774.50)	3,774.50	-	(13,866.00)	11,035.55	-	(5,566.00)	5,566.00	-	(7,820.00)	7,820.00	-	(32,026.50)	28,196.05
2120	Students Food & Housing Suppor	-	(753,735.00)	753,735.00													-	(753,735.00)	753,735.00
2121	R6 RVJ Contract										-	-	(195,000.00)				-	-	(195,000.00)
2123	CCAP Instructional Materials	-	-	-	-	8,900.80	(10,599.57)	-	32,464.55	(32,464.55)	-	6,550.23	(7,321.59)	-	13,827.47	(15,681.41)	-	61,743.05	(66,067.12)
2125	Emergency Financial Aid	-	-	-													-	-	-
2126	COVID Recovery Block Grant	-	(8,134,755.00)	8,134,755.00	-	519,561.37	(519,961.37)	-	1,522,403.83	(1,540,713.96)	0.00	1,291,496.60	(1,320,636.60)	-	758,772.52	(758,772.52)	0.00	(4,042,520.68)	3,994,670.55
2127	CA Student Aid Comm - CSAC	-	-	-	-	(652,696.00)	652,696.00	-	(1,591,556.00)	1,591,556.00	-	(728,556.00)	728,556.00	-	(712,783.00)	712,783.00	-	(3,685,591.00)	3,685,591.00
2128	Learning Lab Grant							-	25,353.78	(25,353.78)							-	25,353.78	(25,353.78)
2129	California Energy Commission				-	-	(60,648.86)										-	-	(60,648.86)
2130	System wide Technology and Dat	-	(300,000.00)	123,558.67													-	(300,000.00)	123,558.67
2131	Emergency FA Assistance Supple	-	(324,549.00)	324,549.00													-	(324,549.00)	324,549.00
2132	Student Housing (Planning)	-	(404,800.00)	404,800.00	-	-	(53,792.76)	-	-	(100,550.64)	-	-	(68,879.60)	-	-	(59,302.00)	-	(404,800.00)	122,275.00
2134	CSU East Bay Foundation (EMAP							-	59,921.84	(59,921.84)							-	59,921.84	(59,921.84)
2135	Innovation & Effectiven Grant													-	(200,000.00)	200,000.00	-	(200,000.00)	200,000.00
2136	Regional Equity and Recovery							-	-	-							-	-	-
2138	Asian American Native Hawaiian							-	-	-							-	-	-
2151	Emergency Aid Dreamer Students	-	-	-													-	-	-
3002	Lifelong M														6,242.70	(6,242.70)	-	6,242.70	(6,242.70)
3004	Bayer HealthCare LLC													-	(63,490.00)	39,102.00	-	(63,490.00)	39,102.00
3005	Alameda County Health Care Ser													-	7,366.20	(7,366.20)	-	7,366.20	(7,366.20)
3113	Alameda County Juvenile Probat							-	-	-							-	-	-
3571	College Futures Found(CFF)													0.00	33,618.29	(33,618.29)	0.00	33,618.29	(33,618.29)
5023	East Bay MUD							-	-	-								-	-
Grand Total		(1,388,875.00)	(17,692,801.04)	14,747,139.96	116,716.00	1,279,857.75	(2,760,634.93)	1,674,519.00	2,991,597.89	(3,011,039.60)	510,896.00	1,943,150.54	(2,788,753.02)	29,763.62	1,288,657.80	(2,625,272.91)	943,019.62	(10,189,537.06)	3,561,439.50



Key Financial Challenges



PCCD Fiscal Challenges

- Projected General Fund expenses (Drivers - OPEB Bond payment, Bad debt, Property Ins., DSPS, PRS/STRS, step/column, health benefits) exceed projected revenues;
- High operating costs relative to its general fund revenues;
- Repeat Financial Aid audit findings;
- Changes in provisions of the Student-Centered Funding Formula (End of Hold Harmless & Pandemic Emergency Condition Allowance and a new funding floor)
- State apportionment funded above our earned enrollment (FTES) [15,524 vs. ~13,660];

PCCD Fiscal Challenges

- College's propensity to deficit spend;
- Under reporting of SCFF supplemental data;
- Multiple years of limited revenue growth due Max TCR determined by the Funding floor not SCFF related to slower than needed enrollment growth;
- Under charging for facility rentals;
- Large amount of accumulated student debt;
- OPEB bond payments impact on the GF operating budget.



Budget Development Process & Timeline



Budget Development Process & Timeline



PCCD Budget Entities

BCC

COA

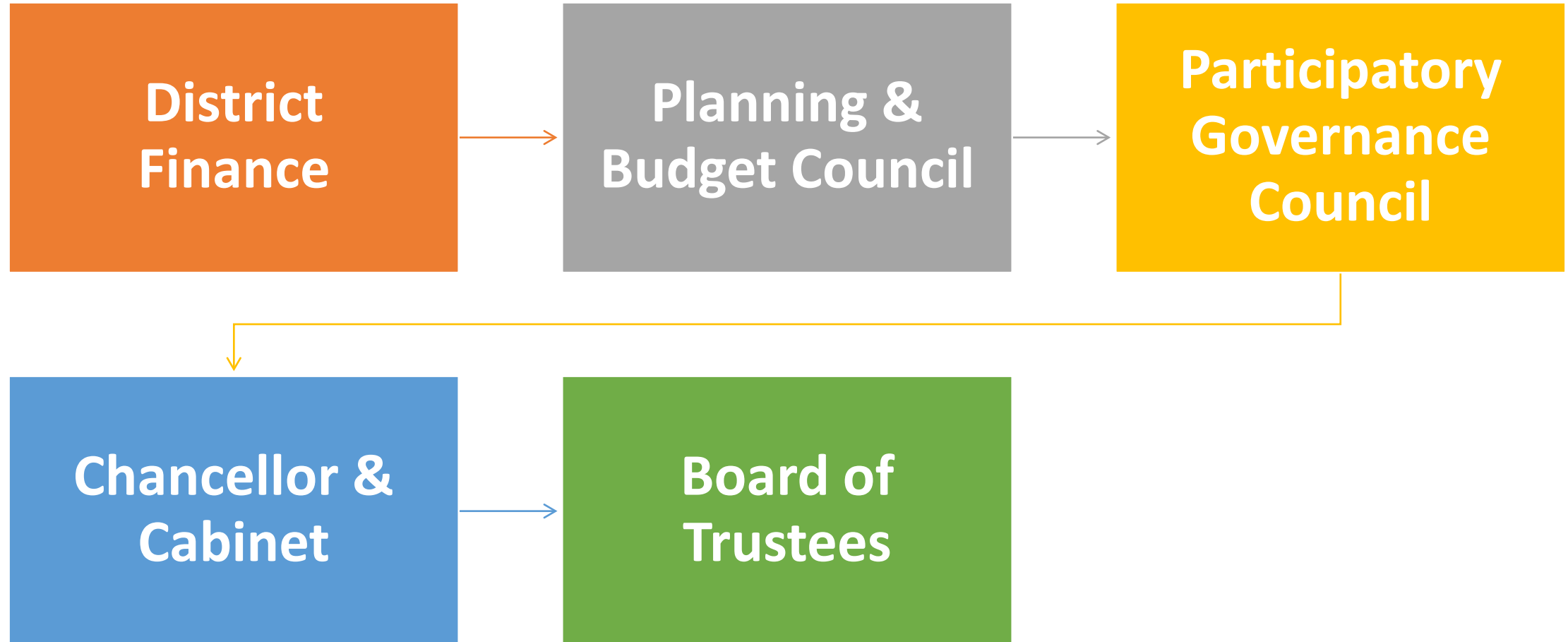
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District-wide Services

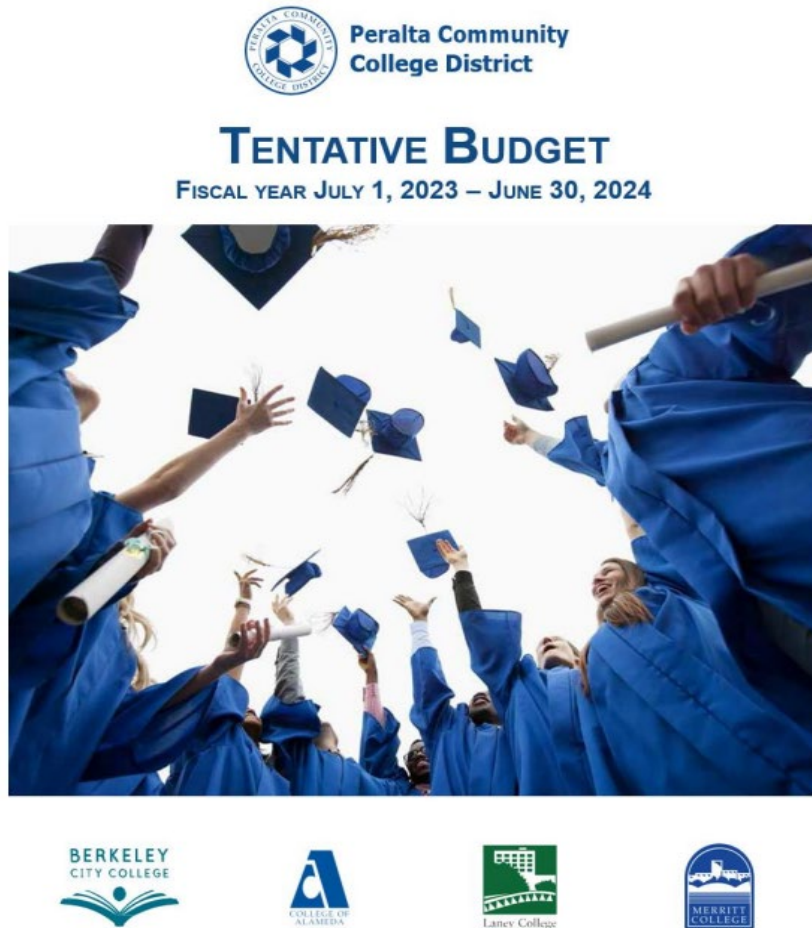
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District Office

Current Budget Approval Process



Current Budget Development Calendar Detail



<https://6398505.fs1.hubspotusercontent-na1.net/hubfs/6398505/2023-24%20Tentative%20Budget%20Book-1.pdf>

Key Issues & Concerns



Quality of participatory governance committees (PGCs) involvement in budget development due to time constraints



Lack of clarity regarding the documents that should be reviewed & voted on by the PGCs

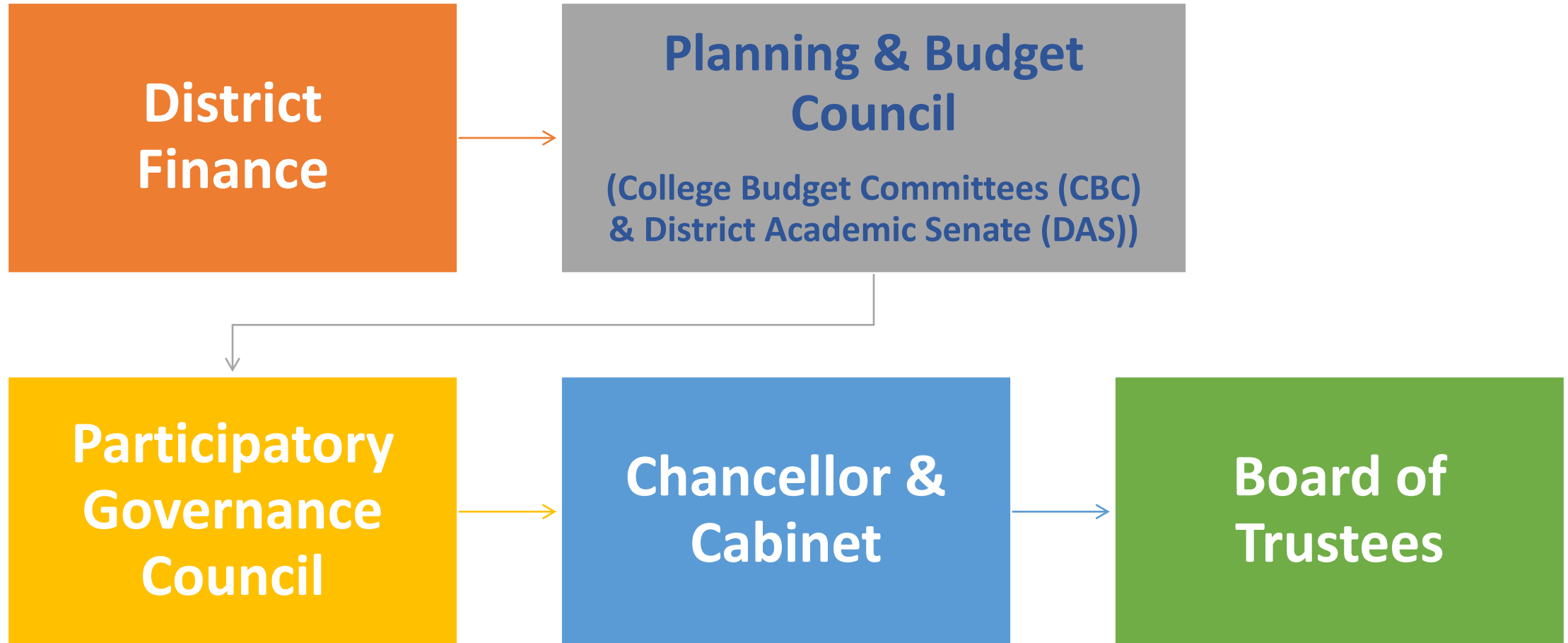


Alignment between state budget timeline and PGCs/BOT meeting schedules (e.g., no meetings during critical summer months)

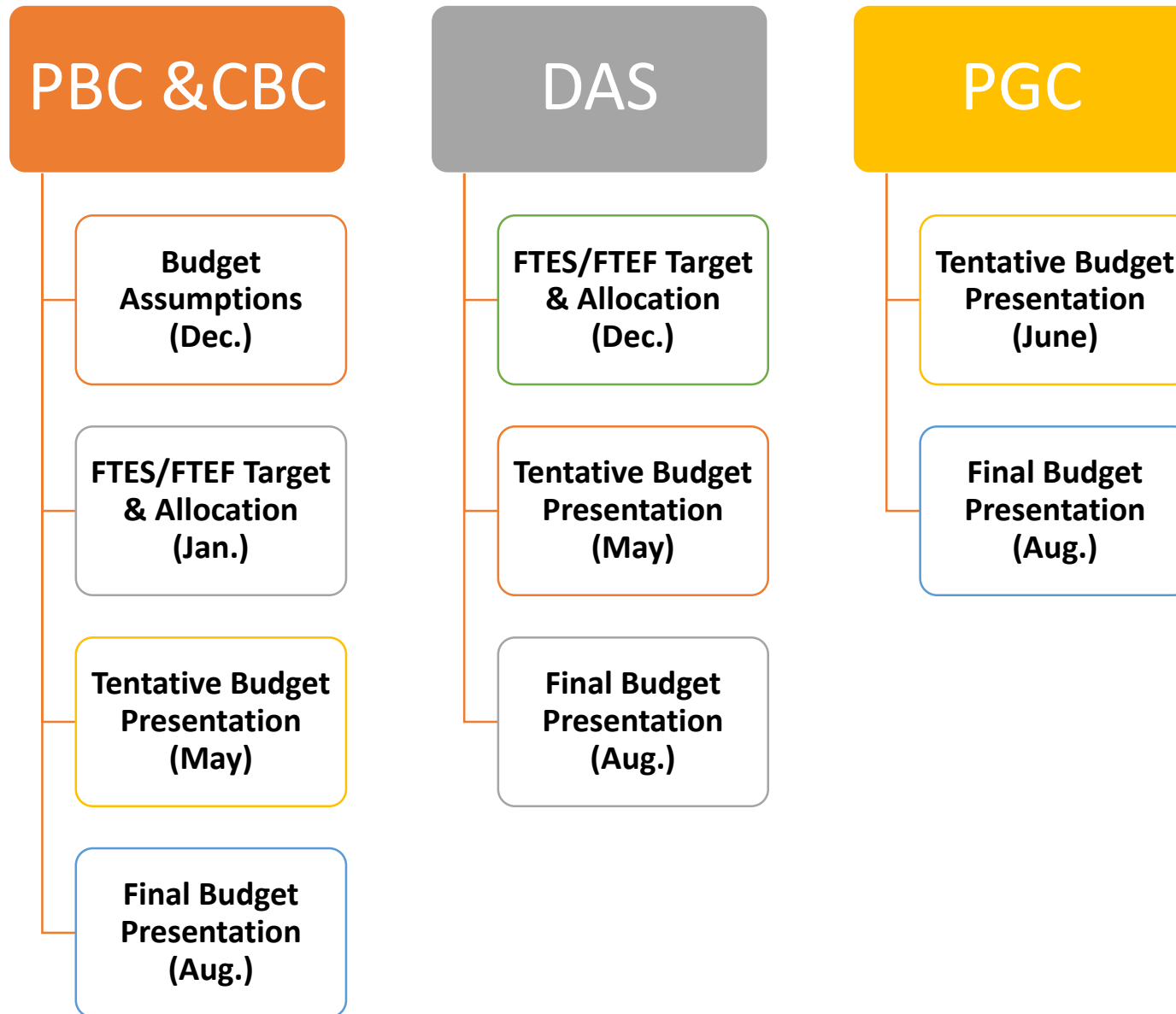


Lack of agreement regarding amount of time needed by the PGCs to review and provide feedback on budget documents ahead of committee votes

Proposed Budget Review & Approval Process



Participatory Governance Approval Schedule



Budget Development Calendar High-level Summary

Oct. – Dec.

- Prepare budget development materials for new Fiscal Year
- Review and analyze relevant data to make early revenue/expense assumptions with consultation from budget committees

Jan.-Mar.

- Review, analyze, and develop tentative budget assumptions based on Governor's Jan. Budget Proposal
- Obtain feedback on position control, budget assumptions, FTES/FTEF targets

Apr.-June

- Obtain second round feedback on position control, get input on discretionary GF and Restricted Funds budgets, as well as final FTES Target/FTEF allocation
- Review/Analyze May Revised; get Tentative budget approved by BOT

July-Sept.

- Review/Analyze Final Budget Act; provide Adopted budget for review and input; get Adopted budget approved by BOT

PBC/CBC Standing Agenda Items

October

- Review data/discuss expense assumptions
- Review data/discuss revenue assumptions

November

- Review data/discuss expense assumptions
- Review data/discuss revenue assumptions

December

- Vote on revenue & expense assumptions
- Review data/discuss FTES/FTEF allocations

PBC/CBC Standing Agenda Items

January

- Review & discuss Governor's Budget Proposal
- Vote on Budget Development calendar & Proposed FTES/FTEF Targets & Allocations

February

- Review & revised revenue/expense assumptions based on the Governor's proposed budget
- Review & discuss Q1 financial summary
- Review & discuss position control round 1

March

- Review & discuss entities' proposed budgets
- Review & discuss position control round 2

PBC/CBC Standing Agenda Items

April

- Review & discuss Q2 financial & FTES/FTEF summaries

May

- Review & discuss May Revised Budget proposal
- Review & discuss Draft Tentative Budget presentation
- Vote on Tentative Budget Presentation at Special PBC meeting

June

- No meeting scheduled in June

PBC/CBC Standing Agenda Items

July

- No meeting scheduled in July

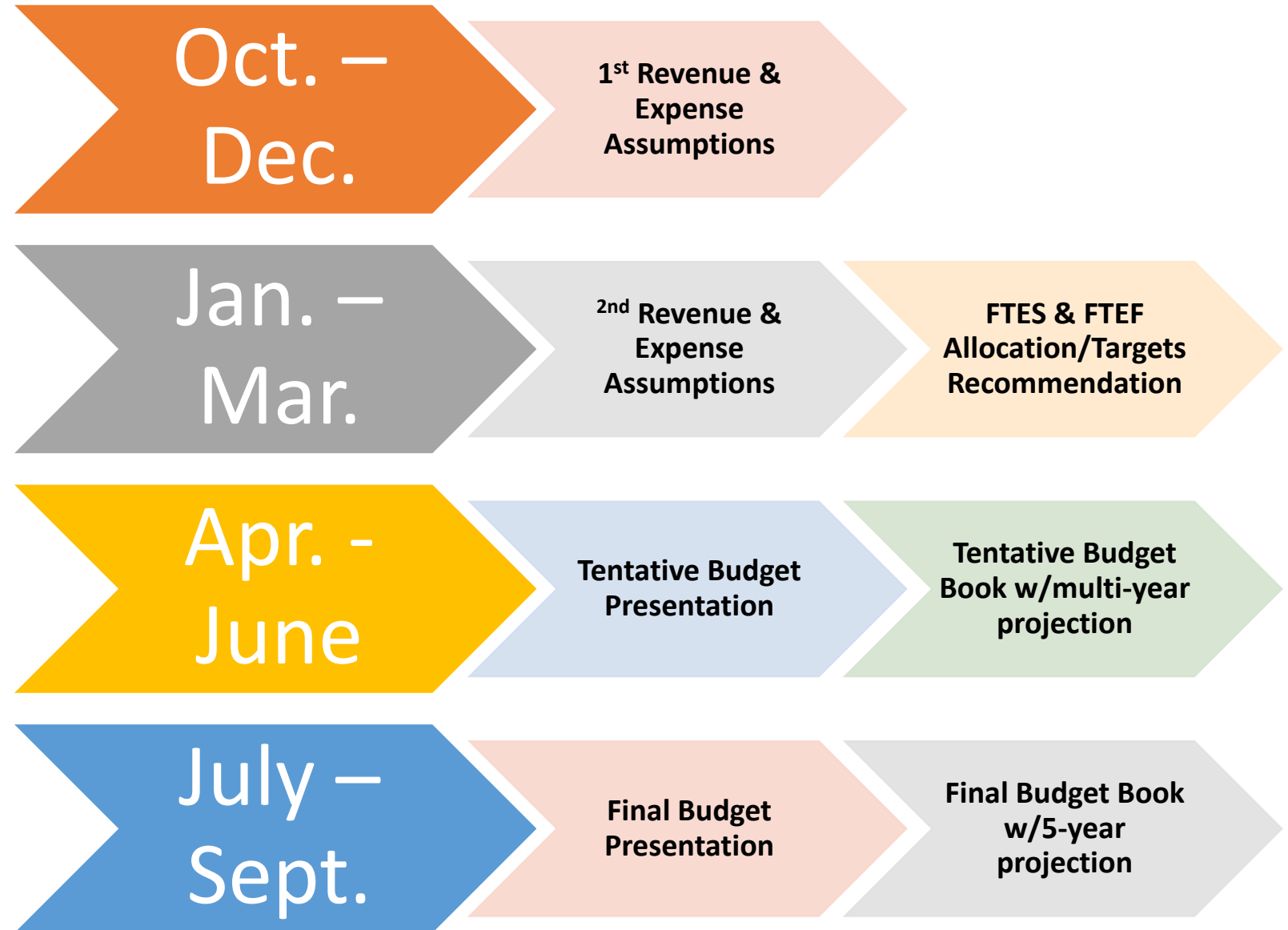
August

- No meeting scheduled in August

September

- Review & discuss Draft Proposed Final Budget Presentation
- Vote on Proposed Final Budget Presentation at Special PBC meeting

Budget Development Documents For Review & Approval



Summary of Key Proposed Changes



Include definitive opportunities for college budget committees and academic senate to review and provide feedback regarding budget documents



Added three months to the budget timeline



Added special budget meetings for May & September



Specify the budget documents to be reviewed and voted on

FY 2024 – 2025 Budget Drivers



FY24-25 Budget Drivers

- Commitment to increase FTEF Allocation for AY 24-25 from 920 to 925 FTEF, and Dual Enrollment Allocation from 40 FTEF to 50 FTEF which results a cost ~**\$665K** that would need to be made up elsewhere in the budget
- Governor's Proposed COLA - .76% (increases PCCD General Fund Revenues by approx. \$1.12M)
- Salary COLA has to be .85% of State COLA currently at .76% (.646%) {\$900K}
- Need to cover FY24 budget reductions from one-time sources (\$1.46M)



FY24-25 Budget Related Matters to be Addressed

- Implementation of components of the Resource Allocation Model
- OPEB Liability strategy and payments
- Utility Cost increases
- Legal Cost increases
- Cost reduction & revenue generating strategies to be implemented in FY25



Revenue Diversification & Expense Reduction Strategies



Brainstorming Ideas



Brainstorming on Strategies for Improvement and Cost Efficiencies



Priority Order

Category	Recommendation/ Suggestion
I) Position Rationalization *****	<ul style="list-style-type: none"> Examine justifications for each position. Look into joint appointments across departmental <u>lines</u> Examine classified and administrative workloads to determine the need for the <u>position</u> Consider uniformed positions across all four colleges at all <u>levels</u> Highlight positions at a higher level (results of the classification study). Examine consolidation options (ex: <u>Researchers</u>) <u>Continue</u> investigation “Golden Handshake” for all employees with provision position would not be replaced for minimum of X years.
II) Program Viability/ Consolidation ****	<ul style="list-style-type: none"> Review AP/BP 4024 Begin the process to examine program improvement and viability. Initiate and announce in the Fall and include Senates to gauge reaction. Have process of reviewing instructional, non-instructional programs follow colleges’ Fall Program Review processes so that data, disaggregated data is <u>available</u> Identify true FTEF baseline for programs to graduate students per ACCJC <u>standards</u> Examine consolidation options (ex: <u>Helicopter Aviation Studies currently at 2 campuses</u>) Review how faculty are assigned (e.g. Faculty are assigned to the district and not the college). Consolidate vendors by standardizing common equipment and supplies to make <u>uniformed</u> purchases across the district.
III) Centralization vs. Decentralization	<ul style="list-style-type: none"> Review services offered: The cost of drinking water can be consolidated at the campus level.
a. Drinking Water	
b. Advertising **	<ul style="list-style-type: none"> Add a layer of quality control on spending for advertising to maximize advertising opportunities. Have dedicated in-reach marketing plan that works in concert with college academic, student support infrastructure/efforts.
c. IT Services ***	<ul style="list-style-type: none"> Utilize user groups to identify <u>areas</u> our systems can be improved.
Inventory Tracking (Urgent) ***	<p>College level IT techs do not report to the district. There is a need to minimize liability through oversight.</p> <ul style="list-style-type: none"> Consolidate inventory tracking and establish a process and system to better track inventory.

Brainstorming Ideas

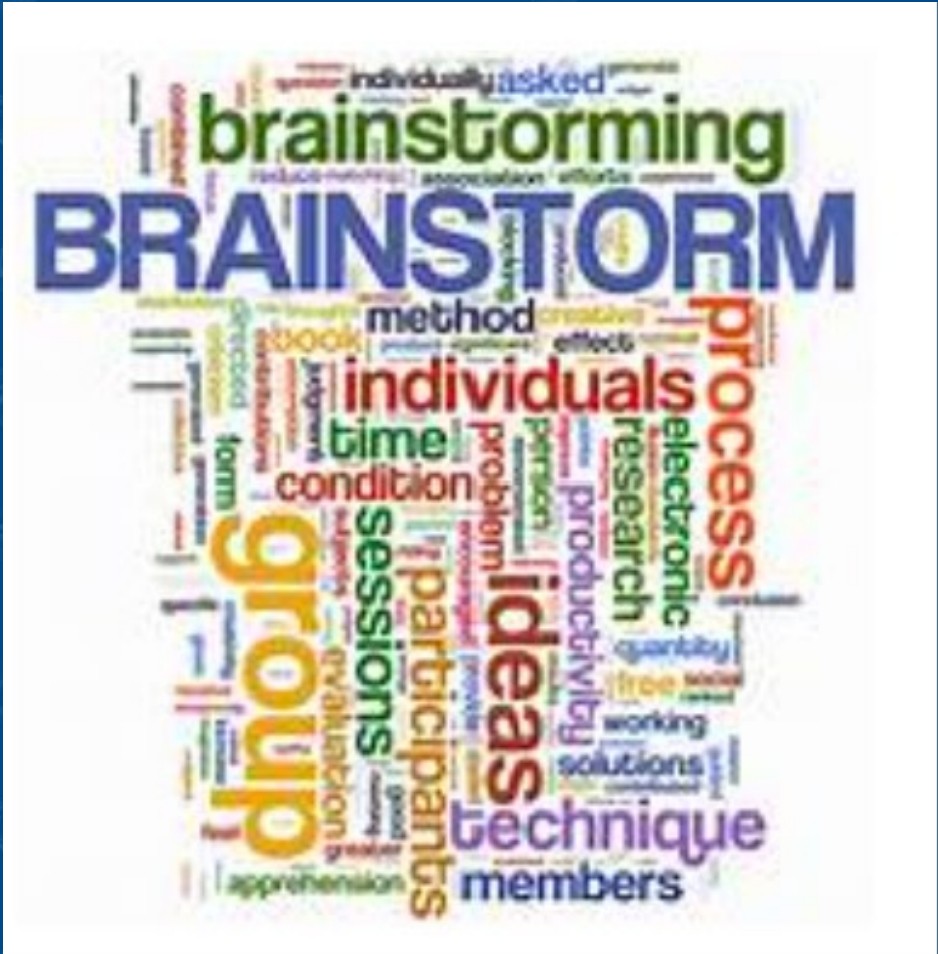


Brainstorming on Strategies for Improvement and Cost Efficiencies

IV. Enrollment/Matriculation/Registration Process Improvement**	<ul style="list-style-type: none"> Identify enrollment challenges starting from the application process and moving through the student journey. Create a survey that is embedded within the enrollment process to identify how students decided to enroll, i.e., Word of mouth, H.S. counselor, social media, billboard. This will help us consistently track what marketing and outreach strategies are effective. <p>Invest in District A&R to meet needs of “swirl” students, further support campuses when needed.</p>
V. Categorical Funding**	<ul style="list-style-type: none"> Identify areas where categorical fund usage can be maximized. The state is providing more flexibility to leverage categorical funds. Leverage grant and categorical funds to offset general fund expenditures
VI. Facilities Utilization **	Examine the cost of facilities such as rental costs to determine if we are utilizing our facilities to the greatest capacity and if we need to increase rental costs to generate revenue.
VII. Spring is Free	<ul style="list-style-type: none"> Review funding to determine if Spring is Free can be offered. Look into identifying ways that we can provide better quality of services, specifically academic support services, student services, and career placement, especially for working students or those needing to work. Also look at enhanced/embedded tutoring so it is consistent for swirl students Reservations re: extending Spring is Free chasing enrollment (Note: requiring and thus teaching students to apply for financial aid as a requirement shows the effort is not a mere enrollment grab or other gimmick.) while Overspending on FTEF. Looking at cost of a class and aligning FTEF to be commensurate is important, but the issue is separate from the discussion about Free College, increasing awareness of Financial Aid, or addressing issues around Student Basic Needs and True/Associated Costs of College)
VIII. SCFF	<ul style="list-style-type: none"> Determine technology, resources and processes needed to capture and confer degrees & certificates (need additional data.) Examine if four colleges are truly claiming their share of the supplemental allocation portion of SCFF. Prioritize enrollment management in alignment with SCFF funding. Awarding after students have departed to increase SCFF targets.
Reverse Awarding of Degrees/Certificates	<ul style="list-style-type: none"> Awarding after students have departed to increase SCFF targets. Determine how to address problems with Auto Degree Implementation & fix



Brainstorming Ideas



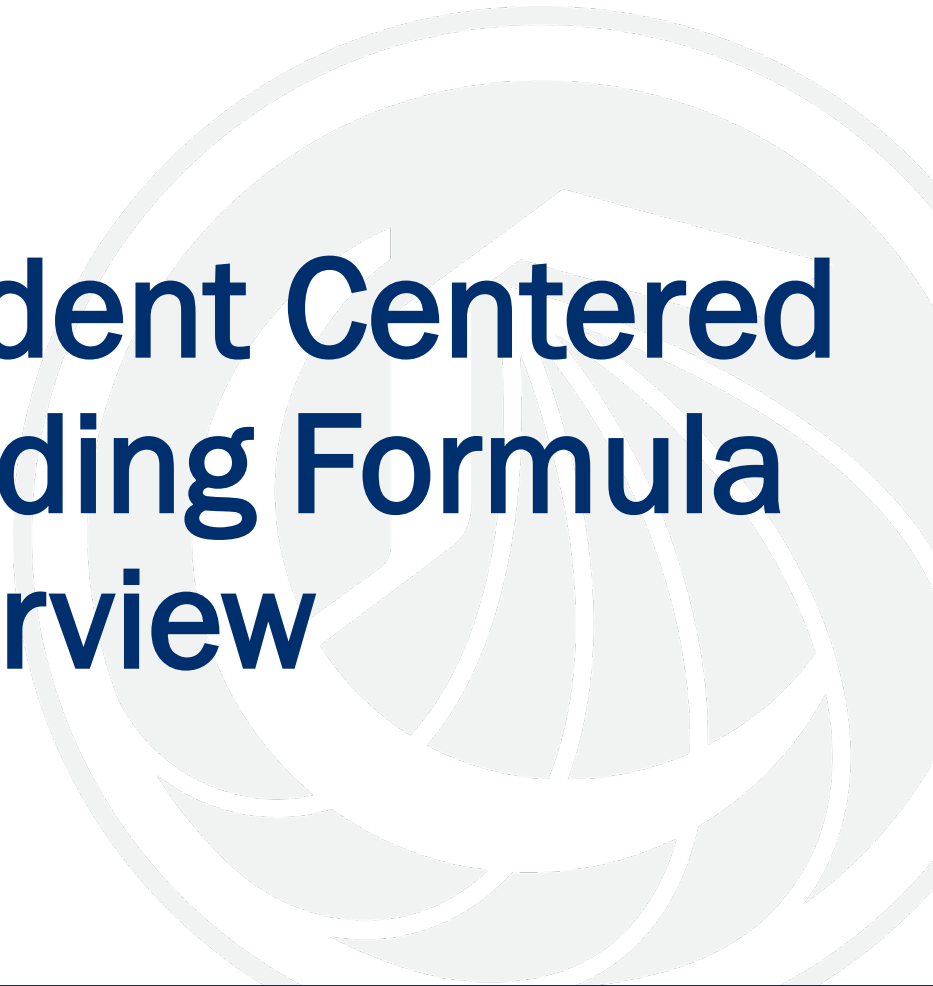
Brainstorming on Strategies for Improvement and Cost Efficiencies	
IX. Reassign/ Release Time for Faculty	<ul style="list-style-type: none"> • Review Non-CBA Release/Reassigned Time • Examine if furloughs are feasible for ongoing 4-day work week, For faculty – if teaching on <u>Friday</u> then then look at only online courses • The cost of a stipend can vary based on an instructor’s non-instructional rate for the exact same assignment. Therefore, we should consider establishing a systematic approach for the rate associated with stipends (ex: flat rate stipends). • Since extra-service loads cost less than as part of a load, consider which assignments can be assigned as extra-service in lieu of load.
X. Campus/District Site Sale or Lease	Consider sale or lease of areas not in use by the campuses/ district.
XI. Energy Conservation	Solar Panels, Tolerant Planting, etc.
XII President’s Fundraising Circles	Work with Peralta Colleges Foundation

Additional Data & Information





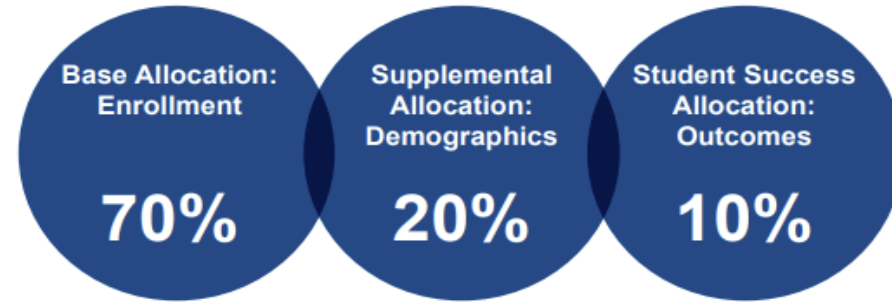
Student Centered Funding Formula Overview





Student-Centered Funding Formula (SCFF)

- Hold harmless – Total Computational Revenue (TCR) will be \geq FY17/18 TCR adjust for budgeted COLA but ends in 24/25
- Max TCR – Highest TCR among three different TCR calculations: 1) SCFF; 2) Stability ($\text{PY TCR} \times (1 + \text{CY COLA})$) & 3) Hold harmless (FY17/18 TCR adjusted by budgeted COLA)



Base Allocation

Based District wide enrollment. Formula considers number of colleges and centers within the District. Enrollment for credit, non-credit, and career development and college preparation (CDCP) noncredit courses and enrollment of special admit students and inmates in correctional facilities.

Supplemental

Based on number of low-income students enrolled, determined by Pell grant recipients, College Promise grant recipients, and AB540 students.

Student Success

A student success allocation based on outcomes that include the number of students earning associate degrees and credit certificates, the number of students transferring to four-year colleges and universities, the number of students who complete transfer-level math and English within their first year, the number of students who complete nine or more career education units and the number of student who have attained the regional living wage.

SCFF Rates			
Category	2021-22 Rates	2022-23 Rates	2023-24 Rates
Credit	4,212	4,840	5,238
Incarcerated Credit	5,907	6,788	7,346
Special Admit Credit	5,907	6,788	7,346
CDCP	5,907	6,788	7,346
Noncredit	3,552	4,082	4,417
Supplemental Point Value	996	1,145	1,239
Student Success Main Point Value	587	675	730
Student Success Equity Point Value	148	170	184
<u>Single College District</u>			
Small	4,250,609	5,950,421	6,439,546
Medium	5,667,482	7,933,899	8,586,065
Large	7,084,352	9,917,373	10,732,581
<u>Multi College District</u>			
Small < 10,000	4,250,609	5,950,421	6,439,546
Medium > 10,000 < 20,000	4,959,046	6,942,161	7,512,800
Large > 20,000	5,667,482	7,933,899	8,586,065
Designated Rural College	1,351,956	1,892,601	2,048,170
State Approved Centers	1,416,870	1,983,474	2,146,516
<u>Grandparented Centers</u>			
Small	177,110	247,936	268,310
Small Medium	354,218	495,869	536,620
Medium	708,435	991,736	1,073,250
Medium Large	1,062,652	1,487,605	1,609,880
Large	1,416,870	1,983,474	2,146,516

Funding Protections

Hold Harmless (ECS 84750.4(h))	<p>Districts receive no less than their 2017-18 TCR plus applicable cumulative annual cost of living adjustments through 2024-25.</p> <p>The 2022 Budget Act extends the Hold Harmless protection in a modified form. Starting in 2025-26, the Hold Harmless provision will no longer reflect cumulative COLAs over time. A district's 2024-25 TCR will represent its new "funding floor", below which it cannot drop.</p>
Stability Protection (ECS 84750.4(g)(4)(A))	Commencing in 2020-21 declines in the SCFF TCR (excluding the hold harmless) are applicable in the year after the decline and includes any applicable COLA. This protection is similar to the former FTES stability protection provided under SB 361, however is based on total SCFF TCR.
FTES Restoration protection	Ability to restore FTES that have declined in the previous 3 years. This protection is converted to a funding amount to provide flexibility.
Basic Allocation Protection	Declines in college and center Basic Allocation Tiers are effective 3 years after the initial decline. Increases or new colleges or centers are eligible for funding in the year following the increase or establishment.
Emergency Conditions Allowances (Title 5 58146)	Emergency conditions protection from apportionment declines due to a variety of factors including natural disasters and pandemic.

California Community Colleges
2022-23 Advance
Peralta CCD

Exhibit C - Page 1

Total Computational Revenue and Revenue Sources

Total Computational Revenue (TCR)

I. Base Allocation (FTES + Basic Allocation)	\$ 99,871,567
II. Supplemental Allocation	17,489,787
III. Student Success Allocation	11,986,536

Student Centered Funding Formula (SCFF) Calculated Revenue (A)	\$ 129,347,890
2021-22 SCFF Calculated Revenue + COLA (B)	116,234,476
Hold Harmless Revenue (C)	136,171,044
Stability Protection Adjustment	-
Hold Harmless Protection Adjustment	6,823,154
2022-23 TCR (Max of A, B, or C)	\$ 136,171,044

Revenue Sources

Property Tax & ERAF	\$ 60,557,384
Less Property Tax Excess	-
Student Enrollment Fees	4,644,008
Education Protection Account (EPA)	23,945,580
State General Fund Allocation	46,933,260

State General Fund Allocation

General Fund Allocation	\$ 45,577,757
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)	1,355,503
Subtotal State General Fund Allocation	\$46,933,260
Adjustment(s)	-
Total State General Fund Allocation (Exhibit A)	\$46,933,260

Available Revenue \$ 136,080,232

2022-23 TCR (Max of A, B, or C) 136,171,044

Revenue Deficit Percentage 0.0667% Revenue Deficit \$ (90,812)

All numbers reflect the estimates as of the Advance, July 2022



California Community Colleges
2022-23 Advance
Peralta CCD

Exhibit C - Page 1

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Hold Harmless Protection Adjustment		6,823,154
2022-23 TCR (Max of A, B, or C)	\$	136,171,044

All numbers reflect the estimates as of the Advance, July 2022

Revenue Sources

Property Tax & ERAF					\$	60,557,380
Less Property Tax Excess						-
Student Enrollment Fees						4,644,008
Education Protection Account (EPA)	Minimum of at least \$100 x Funded FTES	Funded FTES: 15,523.71	x	Rate: \$1,542.52		23,945,580
State General Fund Allocation						46,933,260

State General Fund Allocation

General Fund Allocation	\$	45,577,757
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)		1,355,503
Subtotal State General Fund Allocation		\$46,933,260
Adjustment(s)		-
Total State General Fund Allocation (Exhibit A)		\$46,933,260

Available Revenue \$ 136,080,232

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California Community Colleges
2022-23 Advance
Peralta CCD

Exhibit C - Page 1

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Revenue Sources

Property Tax & ERAF					\$	60,557,384
Less Property Tax Excess						-
Student Enrollment Fees						4,644,008
Education Protection Account (EPA)	Minimum of at least \$100 x Funded FTES	Funded FTES: 15,523.71	x	Rate: \$1,542.52		23,945,580
State General Fund Allocation						46,933,260

State General Fund Allocation

General Fund Allocation	\$	45,577,757
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)		1,355,503
Subtotal State General Fund Allocation		\$46,933,260
Adjustment(s)		-
Total State General Fund Allocation (Exhibit A)		\$46,933,260

Available Revenue \$ 136,080,232

2022-23 TCR (Max of A, B, or C) 136,171,044

Revenue Deficit Percentage 0.0667% Revenue Deficit \$ (90,812)

All numbers reflect the estimates as of the Advance, July 2022



Basic Allocation (70%)

Section Ie: Basic Allocation

District Type/FTES	Funding Rate	Number of Colleges	Basic Allocation
<u>Single College Districts</u>			
≥ 20,000	9,917,373.88	-	\$0
≥ 10,000 & < 20,000	7,933,898.79	-	-
< 10,000	5,950,421.36	-	-
<u>Multi-College Districts</u>			
≥ 20,000	7,933,898.79	-	-
≥ 10,000 & < 20,000	6,942,160.85	-	-
< 10,000	5,950,421.36	4	23,801,684
<u>Additional Rural \$</u>	1,892,600.56	-	-
Subtotal			\$23,801,684

FTES	Funding Rate	Number of Centers	Basic Allocation
<u>State Approved Centers</u>			
≥ 1,000	\$1,983,474.31	-	\$0
<u>Grandparented Centers</u>			
≥ 1,000	1,983,474.31	-	-
≥ 750 & < 1,000	1,487,605.34	-	-
≥ 500 & < 750	991,736.37	-	-
≥ 250 & < 500	495,868.97	-	-
≥ 100 & < 250	247,936.04	-	-
Subtotal			\$0

Total Basic Allocation \$23,801,684
 Total FTES Allocation 76,069,883
 Total Base Allocation \$99,871,567

Basic Allocation + FTES Allocation = BASE ALLOCATION

All numbers reflect the estimates as of the Advance, July 2022

Section Ia: FTES Data and Calculations

variable	a	b	c	d	e	f=b+c+d+e	g=f (except credit = (a+b+f)/3)	h	i=a+h
FTES Category	2020-21 Applied #3	2021-22 Applied #3	2022-23 Restoration	2022-23 Decline	2022-23 Adjustment	2022-23 Applied #1	2022-23 Applied #2	2022-23 Growth	2022-23 Funded
Credit	14,964.43	14,964.43	-	-	-	14,964.43	14,964.43	-	14,964.43
Incarcerated Credit	-	-	-	-	-	-	-	-	-
Special Admit Credit	457.86	457.86	-	-	-	457.86	457.86	-	457.86
CDCP	41.71	41.71	-	-	-	41.71	41.71	-	41.71
Noncredit	59.71	59.71	-	-	-	59.71	59.71	-	59.71
Total FTES=>>>	15,523.71	15,523.71	-	-	-	15,523.71	15,523.71	-	15,523.71
Total Values=>>>		\$76,069,883	\$0	\$0	\$0				

Change from PY to CY=>>>

\$0

All numbers reflect the estimates as of the Advance, July 2022

variable	j=g x l	k=h x l	l	m=j+k	n	o=f+h	p=n-o	q=p x l
FTES Category	2022-23 Applied #2 Revenue	2022-23 Growth Revenue	2022-23 Rate \$	2022-23 Total Revenue	2022-23 Applied #0	2022-23 Applied #3	2022-23 Unfunded FTES	2022-23 Unfunded FTES Value
Credit	\$72,435,099	\$ -	\$4,840.49	\$72,435,099	14,964.43	14,964.43	-	\$ -
Incarcerated Credit	-	-	\$6,787.96	-	-	-	-	-
Special Admit Credit	3,107,934	-	\$6,787.96	3,107,934	457.86	457.86	-	-
CDCP	283,126	-	\$6,787.96	283,126	41.71	41.71	-	-
Noncredit	243,724	-	\$4,081.79	243,724	59.71	59.71	-	-
Total	\$76,069,883	\$0		\$76,069,883	15,523.71	15,523.71	-	\$ -

Total Value=>>>

\$76,069,883

All numbers reflect the estimates as of the Advance, July 2022

Section Ib: 2022-23 FTES Modifications

variable	r	s	t	u	n=s+t+u
FTES Category	Applied #0 19-20 FTES	Reported 320 2022-23 FTES	Emergency Conditions Allowance (ECA) COVID-19	Other	2022-23 Applied #0
Credit	14,964.43	10,712.06	4,252.37	-	14,964.43
Incarcerated Credit	-	3.44	(3.44)	-	-
Special Admit Credit	457.86	1,010.66	(552.80)	-	457.86
CDCP	41.7	58.36	(16.65)	-	41.71
Noncredit	59.71	56.42	3.29	-	59.71
Total	15,523.71	11,840.94	3,682.77	-	15,523.71

Definitions:

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

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

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

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

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

CY Adjustment: Alignment of FTES to available resources.

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



Supplemental Allocation (20%)

Section II: Supplemental Allocation

	Points	2021-22 Headcount	Rate	Revenue
Supplemental Allocation - Point Value \$1144.62				
AB540 Students	1	641	\$1,144.62	\$733,701
Pell Grant Recipients	1	4,608	1,144.62	5,274,407
Promise Grant Recipients	1	10,031	1,144.62	11,481,679
		Totals		\$17,489,787

All numbers reflect the estimates as of the Advance, July 2022

Student Success (10%)

All numbers reflect the estimates as of the Advance, July 2022

Section III: Student Success Allocation

	Points	2019-20 Headcount	2020-21 Headcount	2021-22 Headcount	Three Year Average	Rate = Point Value x Points	Revenue
All Students - Point Value \$674.94							
Associate Degrees for Transfer	4	606	601	601	602.67	\$ 2,699.76	\$1,627,053
Associate Degrees	3	855	732	732	773.00	2,024.82	1,565,184
Baccalaureate Degrees	3	0	0	0	0.00	2,024.82	
Credit Certificates	2	425	249	249	307.67	1,349.88	15,313
Transfer Level Math and English	2	656	498	498	550.67	1,101.34	743,333
Transfer to a Four Year University	1.5	1,157	1,070	1,070	1,099.00	1,012.41	1,112,637
Nine or More CTE Units	1	2,528	2,318	2,318	2,388.00	674.94	1,611,755
Regional Living Wage	1	2,947	2,865	2,865	2,892.33	674.94	1,952,149
All Students Subtotal		9,174	8,333	8,333	8,613.33		\$9,027,424
Pell Grant Recipients - Point Value \$170.24							
Associate Degrees for Transfer	6	343	346	346	345.00	\$ 1,021.46	\$352,405
Associate Degrees	4.5	508	419	419	448.67	766.10	343,723
Baccalaureate Degrees	4.5	0	0	0	0.00	766.10	0
Credit Certificates	3	189	128	128	148.33	510.73	75,759
Transfer Level Math and English	3	263	163	163	196.33	510.73	100,274
Transfer to a Four Year University	2.25	561	505	505	523.67	383.05	200,590
Nine or More CTE Units	1.5	1,127	975	975	1,025.67	255.37	261,920
Regional Living Wage	1.5	670	661	661	664.00	255.37	169,563
Pell Grant Recipients Subtotal		3,661	3,197	3,197	3,351.67		\$1,504,234
Promise Grant Recipients - Point Value \$170.24							
Associate Degrees for Transfer	4	468	480	480	476.00	\$ 680.98	\$324,145
Associate Degrees	3	638	564	564	588.67	510.73	300,651
Baccalaureate Degrees	3	0	0	0	0.00	510.73	0
Credit Certificates	2	270	179	179	209.33	340.49	71,276
Transfer Level Math and English	2	377	280	280	312.33	340.49	106,346
Transfer to a Four Year University	1.5	751	712	712	725.00	255.37	185,140
Nine or More CTE Units	1	1,623	1,443	1,443	1,503.00	170.24	255,877
Regional Living Wage	1	1,316	1,205	1,205	1,242.00	170.24	211,443
Promise Grant Recipients Subtotal		5,443	4,863	4,863	5,056.33		\$1,454,878
Total Headcounts		18,278	16,393	16,393	17,021.33		
Total Student Success Allocation							\$11,986,536



California
Community
Colleges

50% Law slide 1 of 2

CEO of the 23 Multi College Districts draft response to State Audit Request to the Joint Legislative Audit Committee (JLAC) Hearing: June 26, 2023

FIFTY-PERCENT LAW

The Fifty-Percent Law, enacted in 1961, is the basis for resource allocation in California's Community Colleges. The environment has drastically changed since 1961...



IN 1961

- Middle of the Civil Rights Movement
- College-going students aged 20-34 were twice as likely to be White than non-white students. (U.S. Department of Commerce and Bureau of the Census, 1961)
- Women could not own their own credit cards (1974)
- Unions did not exist in public education. (1975)
- Before the Americans with Disabilities Act (1990)
- The Internet, personal computing, and cell phones did not exist.

CHANGES IN CALIFORNIA COMMUNITY COLLEGES SINCE 1961

- Academic Senates established -1963
- Passage of the Civil Rights Act -1964
- Collective bargaining established-1975
- Passage of AB 1725 (10+1) in 1988
- Online teaching, digital natives, and access to high education through cyber and virtual environments
- Guided Pathways
- Student-Centered Funding (SCFF) Formula
- Implementation of basic needs programs (food, clothing, housing, mental health)
- Robust wrap-around services and case management focusing on student support and success.
- Implementation of Open Educational Resources (OER)

CHANGES IN CALIFORNIA'S COMMUNITY COLLEGES SINCE 1961



2.

ALIGNMENT WITH THE VISION 2023 WITH A FOCUS ON DIVERSITY, EQUITY, AND INCLUSION, AND ACCESS (DEIA)

The California Community College Chancellor's Office (CCCCO) and its Board of Governors have required colleges to align their missions with the Vision 2023, emphasizing DEIA, Guided Pathways, and basic needs supports.



4.

IMPORTANCE OF NON-INSTRUCTIONAL SUPPORTS

While classroom instruction remains essential, non-instructional supports have gained prominence. These supports address access issues, achievement gaps, and diverse student needs, significantly impacting student success.

1.



STUDENT-CENTERED FUNDING FORMULA (SCFF)

The funding structure for California Community Colleges has the Student-Centered Funding Formula (SCFF), which is intricately linked to equity and completion performance outcomes.



3.

ADDITIONAL FACULTY RESPONSIBILITIES

- In 1969, the Academic Senate for California Community Colleges was established.
- The passage of AB 1725 (10+1) in 1988 expanded faculty responsibilities beyond the classroom.
- The passage of SB 1440, creating the Associate Degree for Transfer (ADTs), which guarantees admission to the CSU as a junior, is a huge benefit for students and requires greater time and curriculum and articulation efforts by faculty.

50% Law slide 2 of 2

Solution: Modify the 50% Law to include counselors, librarians, faculty release time, and & adaptive support in the calculation/

THE PROBLEM

IT'S ANTIQUATED

The Fifty-Percent Law was enacted in 1961 in the middle of the Civil Rights Movement, before women had the legal right to own their own credit card (1974), before collective bargaining existed in CCCs (1975), before the Americans with Disabilities Act (1990), before the Internet existed, before personal computing, and well before cell phones. In 1961, colleges didn't offer online courses, instruction in HI-flex classrooms, Open Educational Resources (OER), or Wi-Fi. In 1961, California's community colleges didn't have guided pathways or offer basic needs supports.

IT'S A CIVIL RIGHTS ISSUE

Through adaptive media, Assistive Technology Support personnel provide aid to students with both physical and learning disabilities to ensure equitable access to instruction. These positions also act as a resource to faculty to ensure that their course materials are accessible to all students. Although it is permissible to fund these positions with DSPS categorical funding, not all colleges have adequate categorical funding to hire these positions. To qualify for these services, students must self-identify and go through a screening process in DSPS.

IT'S BECOMING HARDER FOR COLLEGES TO COMPLY

With increased operating costs such as new technology, utilities, and CalPERS contributions, the Statewide average has decreased from 52.33% in 2017-18 to 51.01% in 2021-22, and **41 of the state's 72 community college districts are below that state average.**

THE FORMULA CREATES AN IMBALANCE THAT DE-EMPHASIZES AND LIMITS NON-INSTRUCTIONAL SUPPORTS

The confluence of changes since 1961 coupled with rising operational expenses, has created an imbalance in resource allocation. This imbalance restricts colleges' ability to hire crucial positions such as counselors, librarians, and to pay faculty to support students outside of the classroom. Consequently, a critical deficiency in non-instructional support threatens to undermine the success of our students.

THE CURRENT FORMULA

INSTRUCTIONAL SIDE


- Teaching Faculty Salary/benefits
- Instructional Tutoring
- Instructional Service Agreements
- Curriculum Development by teaching faculty
- Lab Technicians

NON-INSTRUCTIONAL SIDE

- Counseling & Librarian Faculty
- Faculty Release Time (special projects, academic senate, support program coordination, etc.)
- Instructional Tech. Support/Online Tech. Support
- Classroom Technology
- Transfer and Career Centers
- Basic Needs (food, housing, clothing)
- Enrollment & Success Coaches
- Student health (physical and mental)
- Campus Safety
- Research & Compliance
- Admissions & Records
- Financial Aid
- Cocurricular activities
- Maintenance & Operations (custodial, grounds, facilities)
- Finance & Business Services
- Human Resources
- Technology Agreements
- Utilities, Insurance, and other operating costs
- ALL administrators

THE SOLUTION

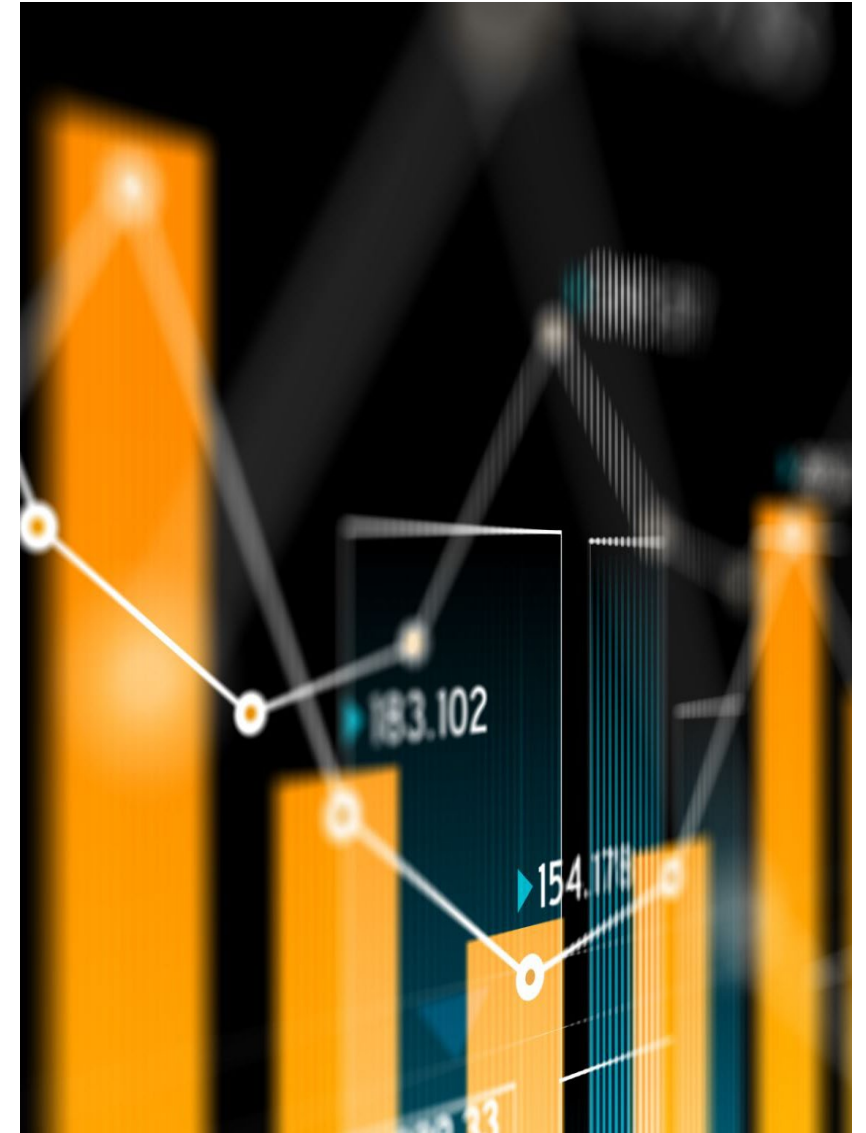
It is imperative that we modify the Fifty Percent Law to reflect the current higher education landscape to include ALL faculty, including counselors and librarians, faculty release time, and adaptive technology support in the numerator of the calculation.





RAM PRINCIPLES

- These are the guiding principles that were developed for the new allocation model.
- Recognize the District as the fiscal entity while honoring the unique legacy and culture of each institution
- The RAM will be fair, equitable, and transparent.
- Fair - resource allocation decisions will be informed by objective, predictable, verifiable, and easily accessible data and will be made in an impartial and consistent manner.
- Equitable - resources will be distributed in a manner that adequately supports the full array of programs offered at each college while ensuring compliance with statutory and regulatory requirements; efficient and strategic use of resources is expected, and inefficiencies will not be subsidized or supported.
- Transparent - resource allocation decisions will be made in an open and consultative manner with representative stakeholder groups and that it is simple, easy to administer, and communicate as possible.
- The goals and priorities for student success, equity, and access as articulated in the educational master/strategic plan of each college and the district office will align with the goals included in the district strategic plan and strategic vision plan adopted by the California Community Colleges Board of Governors, including benchmarks and actions for measuring progress, and the Resource Allocation Model will align accordingly.
- The RAM will provide operational cost predictability and stability to support college and District office strategic goals and objectives. The operational structural balance will be maintained by ensuring that ongoing expenditures do not exceed ongoing revenues resulting in a positive fund balance.





Helpful Links



Budget Related Resources & Information <https://www.peralta.edu/finance/budget-resources>

- 2024-25 Governor's Budget Proposal Presentation
- 2024 Joint Analysis Governor's Budget
- 2024-25 Overview Governor's Budget
- Riverside CCD Final Budget

Training Materials <https://www.peralta.edu/finance/training-materials>

Association of Chief Business Officers (ACBO) <https://www.acbo.org>

Community College League of California <https://ccleague.org/>



Thank You!

Questions?

Reach out to us at info@Peralta.edu




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The 2024-25 Budget:

Overview of the Governor's Budget



GABRIEL PETEK | LEGISLATIVE ANALYST
JANUARY 2024

Executive Summary

Why Do Budget Problem Estimates Differ? A budget problem is inherently a point-in-time estimate that reflects information available at the time of development, forecasts of future revenues and spending, and assumptions about the extent to which changes in costs are due to current policy (that is, whether or not they are “baseline changes”). When changes in costs do not occur automatically under current policy, we count them as budget solutions or augmentations. We take this approach in order to provide the Legislature visibility into the full scope of the administration’s choices.

What Is Our Estimate of the Budget Problem Under the Governor’s Budget? We estimate the administration solved a budget problem of \$58 billion. Our estimate of the Governor’s budget deficit is larger than the administration’s estimate (\$38 billion) largely due to differences in what we consider to be baseline changes. The largest of these changes impacts schools and community colleges. Specifically, the administration defines a \$15 billion reduction to school and community college spending—relative to the enacted level in 2023—as a baseline change.

How Does the Governor Propose to Solve the Budget Problem? The Governor’s budget solutions focus on spending. Spending-related solutions (including both school and community college spending and other spending) total \$41 billion and represent nearly three-quarters of the total solutions. In addition, the Governor’s budget includes \$13 billion in reserve withdrawals, which represent nearly one-quarter of the total; \$4 billion in cost shifts; and about \$400 million in revenue-related solutions.

Assessing the Governor’s Approach. The Governor’s budget revenue projection is \$15 billion higher than our *Fiscal Outlook*. This revenue estimate is plausible, but optimistic. On the spending side, there are strengths and weaknesses to the Governor’s approach. In particular, the Governor’s reserve withdrawal is reasonable, and we think focusing on spending-related solutions is warranted. However, some significant spending-related solutions pose challenges. The budget lacks a plan for implementing proposed reductions to schools and community colleges, and some other solutions are unlikely to yield the anticipated savings. Further, the state faces significant deficits in the coming years, likely necessitating difficult decisions in the future, such as reductions to core services and/or revenue increases.

Crafting the Legislature’s Budget. Overall, the Governor’s budget runs the risk of understating the degree of fiscal pressure facing the state in the future. The Legislature likely will face more difficult choices next year. To mitigate these challenges, we recommend the Legislature develop this year’s budget with a focus on future years. Specifically, we suggest the Legislature: (1) plan for lower revenues, (2) maintain a similar reserve withdrawal, (3) develop a plan for school and community college funding, (4) maximize reductions in one-time spending, and (5) apply a higher bar for any discretionary proposals and contain ongoing service level.

INTRODUCTION

On January 10, 2024, Governor Newsom presented his proposed state budget to the California Legislature. In this report, we provide a brief summary of the Governor's budget based

on our initial review as of January 12. In the coming weeks, we will analyze the plan in more detail and release many additional issue-specific budget analyses.

WHAT IS THE BUDGET PROBLEM?

A budget problem—also called a deficit—arises when resources for the upcoming budget are insufficient to cover the costs of currently authorized services. In the Governor's budget, the administration estimated that the state faces a budget problem of \$38 billion. In December, our office pegged the budget problem at \$68 billion. The difference between these estimates is narrower than these topline numbers might suggest.

A budget problem is inherently a point-in-time estimate that reflects information available at the time of development, forecasts of future revenues and spending, and assumptions about the extent to which changes in costs are due to current policy (that is, whether or not they are "baseline changes"). When changes in costs do not occur automatically under current policy, we count them as budget solutions or augmentations. We take this approach in order to provide the Legislature visibility into the full scope of the administration's choices. This section walks through the sources of our differences with the administration and how those differences impact the budget problem estimate.

We Estimate the Administration Solved a Larger Budget Problem—\$58 Billion.

While the Governor cited a budget problem of \$38 billion, we estimate the administration solved a budget problem of \$58 billion. Our estimate of the Governor's budget deficit is larger than the administration's largely due to differences in what we consider to be baseline changes. As the left side of **Figure 1** on the next page shows, we estimate the administration counts about \$21 billion in budget solutions as baseline changes. The largest of these changes impacts schools and community colleges. Specifically, the administration defines a \$15 billion reduction to school and community

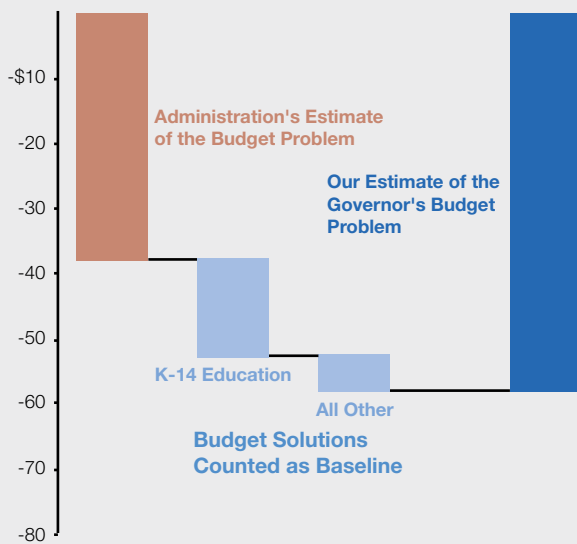
college spending—relative to the enacted level in 2023—as a baseline change. As we explained in our report *The 2024-25 Budget: California's Fiscal Outlook*, these adjustments would not be automatic under current law—they would require proactive choices by the Legislature—and therefore we count them as policy choices. Similarly, across the rest of the budget, we estimate the administration scores about \$5 billion in other budget solutions as baseline changes. This includes, for example, \$1.6 billion in spending delays for competitive transit grant funds, a change in the General Child Care budgeting methodology that results in nearly \$900 million in savings over the budget window, and a change in the distribution of funds in the school facilities program that delays nearly \$700 million in spending until after 2024-25. If these actions were all counted as policy choices, rather than baseline changes, the resulting budget problem would be \$58 billion.

We Estimate the Net Difference Between LAO and Administration Budget Problems Is About \$10 Billion. The right side of Figure 1 shows the differences between our estimate of the administration's budget problem versus our own December 2023 estimate. The key difference here is related to our offices' respective revenue forecasts—the Governor's are about \$15 billion higher. Offsetting these higher revenues are some other changes. For example, the Governor sets aside \$3.4 billion for unexpected costs and proposes over \$2 billion in new discretionary proposals. Both of these choices make the budget problem larger and necessitate additional budget solutions by these amounts. (We will provide tables of all of the Governor's proposed solutions and discretionary actions in forthcoming Appendices.)

Figure 1

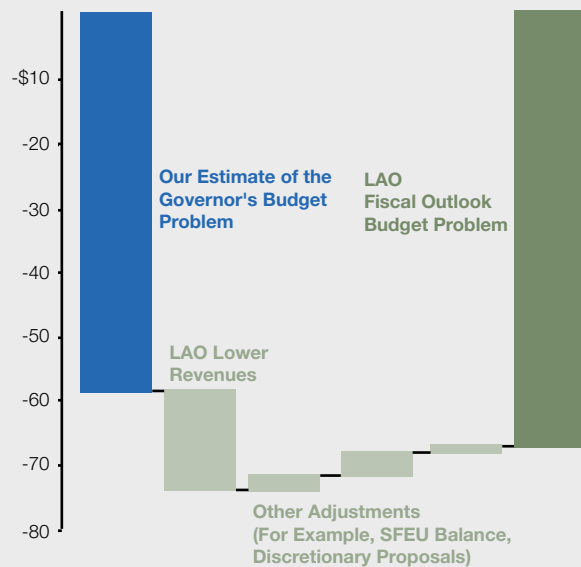
We Estimate the Governor Solved a \$58 Billion Budget Problem...

(In Billions)



SFEU = Special Fund for Economic Uncertainties.

...Roughly \$10 Billion Lower Than Our Fiscal Outlook Estimate



LAO

HOW DOES THE GOVERNOR PROPOSE ADDRESSING THE BUDGET PROBLEM?

Figure 2 summarizes the budget solutions that this section describes in detail. The Governor's budget solutions focus on spending. Spending-related solutions (including both school and community college spending and other spending) total \$41 billion and represent nearly three-quarters of the total solutions. In addition, the Governor's budget includes \$13 billion in reserve withdrawals, which represent nearly one-quarter of the total; \$4 billion in cost shifts; and about \$400 million in revenue-related solutions.

Spending-Related Solutions

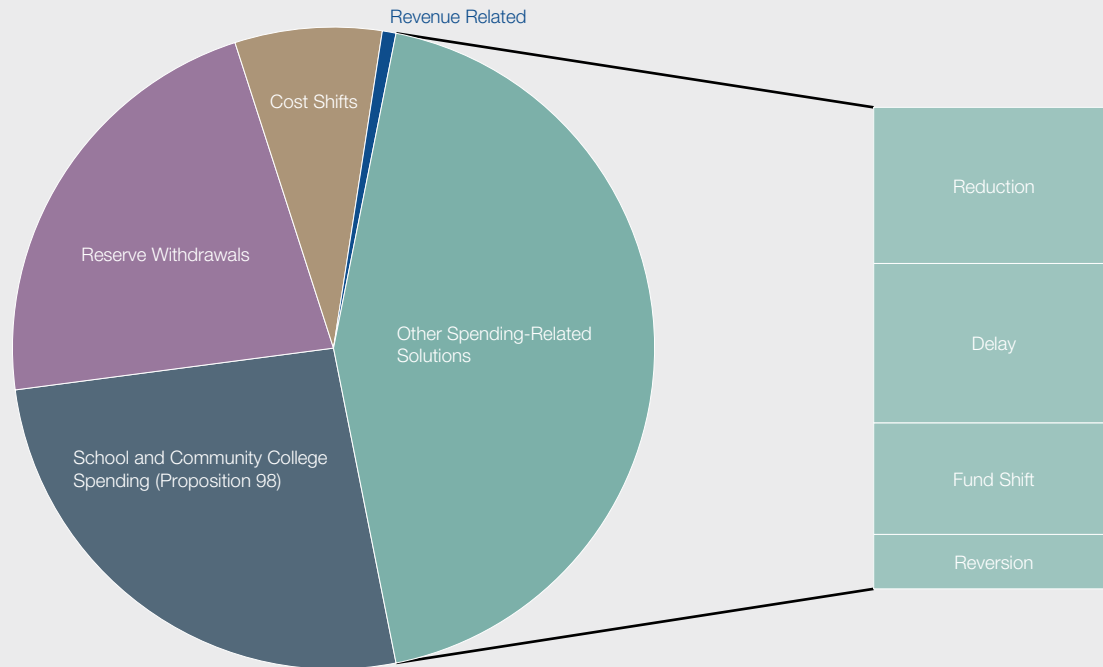
The Governor's budget includes \$26 billion in spending-related budget solutions (excluding schools and community colleges). These solutions can be categorized into four types: reductions, delays, fund shifts, and reversions. Nearly all of the

Governor's spending-related solutions are one-time and temporary, rather than ongoing. The remainder of this section describes each of these types in turn.

Reductions. Under our definition, a spending reduction occurs when the Governor proposes the state spend less money than what has been established under current law or policy. More colloquially, these are spending cuts. The Governor's budget includes over \$8 billion in spending-related reductions. The largest include: a nearly \$800 million reduction to state departments' operation budgets, proposed to be allocated through departments' vacancy rates; about \$500 million in savings to continue an existing two-week delay in Medi-Cal payments; a \$500 million reduction to the school facilities aid program; and a \$350 million reduction to legislative district projects.

Figure 2

How the Governor Addresses a \$58 Billion Budget Problem



LAO

Delays. We define a delay as an expenditure reduction that occurs in the budget window (2022-23 through 2024-25), but has an associated expenditure increase in a future year of the multiyear window (2025-26 through 2027-28). That is, the Governor proposes moving the spending to a future year. About \$8 billion of the Governor's spending-related solutions are delays. As a result, proposed spending is higher by \$5 billion in 2025-26, nearly \$2 billion in 2026-27, and roughly \$1 billion in 2027-28. Given our and the administration's forecasts of the budget condition in future years, the state likely cannot afford this spending. Although these delayed amounts would be subject to future budget conditions and legislative decisions, some delays create a relatively strong obligation or expectation on the state. For example, the Governor proposes reverting and delaying provision of about \$2.7 billion in previously appropriated funding that already has been committed for specific state and local transportation projects. Because state departments

and local agencies will already be well underway in planning, financing, and beginning to implement these projects, not providing this funding in future years would cause disruptions.

Fund Shifts. Fund shifts are budget solutions that use other fund sources—for example, special funds—to pay for a cost typically incurred by the General Fund. These shifts displace spending that these special funds otherwise would have supported. As a result, we consider these to be a type of spending-related solution because they typically result in lower *overall* state spending, inclusive of all funds. We estimate the Governor's budget includes \$6 billion in fund shifts. This includes: using nearly \$4 billion in revenue from the managed care organization tax to offset General Fund costs in Medi-Cal and shifting \$1.8 billion in costs for multiple programs from the General Fund to the Greenhouse Gas Reduction Fund.

Reversions. Costs for state programs sometimes come in lower than the amount that was appropriated. This often occurs, for example, when

the state overestimates uptake in a new program or as a routine matter in programs where spending is uncertain due to factors like caseload. When actual state costs are below budgeted amounts, a reversion occurs after a period of time—typically, three years. The reversion returns the unspent funds to the General Fund. In this year’s budget, the Governor proposes accelerating some reversions that would have otherwise occurred in the future and proposes proactively reverting certain funds that otherwise are continuously appropriated (which has the effect of realizing savings from the unspent funds that would not otherwise occur). While not all of these amounts represent lower state spending over the long term, they do result in savings today at a cost in the future. As a result, we count them as spending-related solutions. We estimate the proposed budget includes about \$3 billion in reversions.

School and Community College Spending

\$15 Billion in Lower Spending on Schools and Community Colleges. The California Constitution sets a minimum annual funding requirement for schools and community colleges (otherwise known as Proposition 98 [1988]). The state meets this requirement through a combination of General Fund spending and local property tax revenue. Due to the large decline in General Fund revenues, the constitutionally required General Fund spending level is down \$15.2 billion relative to the estimates in the June budget. The Governor proposes to reduce school and community college spending to this lower level (we describe the specific reductions in the next section).

Reserve Withdrawals

Budget Stabilization Account. Proposition 2 (2014) governs deposits into and withdrawals from the state’s general-purpose constitutional reserve—the Budget Stabilization Account (BSA). Under these rules, the state can make withdrawals from the constitutionally required balance of the BSA in a fiscal emergency, which occurs when estimated resources for the upcoming year are insufficient to cover the costs of the previous three enacted budgets, adjusted for inflation and population.

Although the Governor has not officially declared a budget emergency for 2024-25 (or any other year in the budget window), we agree that the conditions for a declaration exist. After a budget emergency is declared, the state can withdraw up to half of the constitutional balance of the BSA. (The Legislature also can withdraw the entire “discretionary” balance of the BSA at any time, which are amounts that were deposited into the fund on top of Proposition 2 requirements.) The Governor proposes withdrawing half of the BSA’s constitutional balance, \$10.2 billion, and the entire discretionary balance, \$1.8 billion.

Safety Net Reserve. The Governor also proposes withdrawing the entire balance of the Safety Net Reserve—\$900 million. Withdrawing the entire balance of the Safety Net Reserve may not be consistent with legislative intent. The Safety Net Reserve was designed to help cover costs of increasing caseload in Medi-Cal and the California Work Opportunity and Responsibility to Kids (CalWORKs) program in the event of an economic downturn. Although caseloads under the Governor’s budget are higher than anticipated in June, economic conditions likely do not yet match what the Legislature envisioned when it created the reserve. Moreover, the administration proposes ongoing reductions to CalWORKs despite withdrawing these reserves. Withdrawing the entirety of this reserve may not be consistent with its original design.

Cost Shifts

The Governor’s budget includes about \$4 billion in cost shifts. We define cost shifts as budget actions that achieve savings in the present, but result in a binding obligation or higher cost for the state in a future year. In that way, these actions can be similar to borrowing, but are often not explicitly structured as such. For example, major categories of cost shifts in the Governor’s budget include proposals to: defer one month of state employee payroll from June to July, which results in \$1.6 billion in one-time savings; redirect a \$1.3 billion supplemental pension payment made under the requirements of Proposition 2 for actuarially required contributions to the California Public Employee Retirement System, and \$1.2 billion in special fund loans.

Revenue-Related Solutions

We estimate the Governor's budget includes about \$400 million in revenue-related solutions. For example, the Governor proposes narrowing

businesses' ability to reduce their tax bill by counting previous losses against their current income. This would generate about \$300 million in additional revenue in 2024-25.

BUDGET CONDITION

In this section, we describe the overall condition of the General Fund budget after accounting for the Governor's budget proposals and solutions. We also describe the condition of the school and community college budget.

General Fund Budget

Figure 3 shows the General Fund condition based on the Governor's proposals and using the administration's estimates and assumptions.

Under Governor's Budget, Reserves Would Total \$14.5 Billion by End of 2024-25. Under the Governor's budget, general purpose reserves would total \$14.5 billion by the end of 2024-25. (In addition, the state would have \$3.9 billion in the Proposition 98 Reserve, available only for school and community college programs.) The remaining balance of the BSA—\$11 billion—would likely be available to address a budget problem next year in the very likely event that it occurs.

Administration Plans for Significant Future Budget Deficits. The Governor's budget includes estimates of multiyear revenues and spending. Under the administration's projections, the state faces operating deficits of \$37 billion in 2025-26, \$30 billion in 2026-27, and \$28 billion in 2027-28. (As shown in **Figure 4**, these deficits are very similar to our

Figure 3

General Fund Condition Summary

(In Millions)

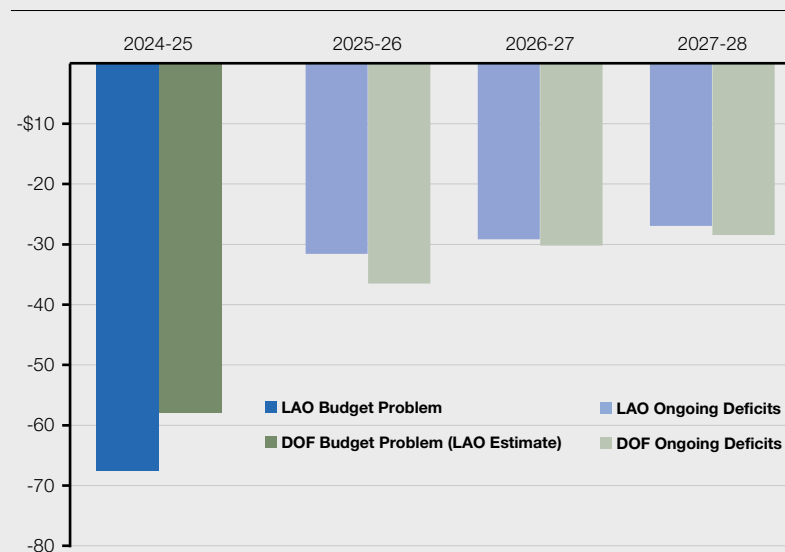
	2022-23 Revised	2023-24 Revised	2024-25 Proposed
Prior-year fund balance	\$61,737	\$42,078	\$8,030
Revenues and transfers	180,416	196,859	214,699
Expenditures	200,075	230,908	208,718
Ending fund balance	\$42,078	\$8,030	\$14,010
Encumbrances	10,569	10,569	10,569
SFEU balance	31,509	-2,539	3,441
Reserves			
BSA	\$21,708	\$23,132	\$11,106
SFEU	31,509	-2,539	3,441
Safety net	900	900	—
Total Reserves	\$54,117	\$21,493	\$14,547

BSA = Budget Stabilization Account and SFEU = Special Fund for Economic Uncertainties.

Figure 4

State Faces Significant Operating Deficits

(In Billions)



DOF = Department of Finance.

LAO

December projections of the budget's position—although our estimates were based on current law and policy, not the Governor's budget proposals.) Although these future deficits are smaller than the current one, they are still quite significant. Moreover, the state is likely to face these deficits with fewer options—such as one-time spending reductions and reserves. As such, future deficits are likely to require more difficult decisions, like ongoing spending cuts and revenue increases.

School and Community College Budget

Funding for Schools and Community Colleges Down \$14.3 Billion Over Budget Window.

Compared with the estimates included in the June 2023 budget plan, the administration estimates the constitutional minimum funding level for schools and community colleges is down \$14.3 billion over the 2022-23 through 2024-25 period. This downward revision consists of a \$15.2 billion reduction in required General Fund spending, partially offset by a \$903 million increase in local property tax revenue. Most of the reduction—\$9.1 billion—is attributable to 2022-23, with the remainder divided about evenly between 2023-24 and 2024-25. The Governor proposes to reduce funding to the lower constitutional level through a combination of spending reductions and discretionary withdrawals from the Proposition 98 Reserve. These reductions also free up funding for a few smaller augmentations.

Assumes \$8 Billion in Lower Spending in 2022-23. The budget proposes to reduce General

Fund spending on school and community college programs in 2022-23 by \$8 billion. The budget does not specify how the state will implement this reduction, but indicates the state will make the reduction in a way that avoids impacting school and community college budgets. We also understand that as part of this action, the state would make supplemental payments totaling \$8 billion over a five-year period (from 2025-26 through 2029-30). (Separate from this proposal, the budget scores \$1.1 billion in lower baseline spending in 2022-23.)

Proposes Discretionary Withdrawal From Proposition 98 Reserve. The Proposition 98 Reserve is a statewide reserve account for school and community college funding. The Governor proposes to make a discretionary withdrawal of \$5.7 billion from this account to help cover costs for existing school and community college programs in 2023-24 and 2024-25. After accounting for the discretionary withdrawal and a few other automatic adjustments, the remaining balance in the reserve would be \$3.9 billion.

Funds Augmentations in a Few Areas. The most notable ongoing augmentation is a 0.76 percent statutory cost-of-living adjustment (COLA) for existing school and community college programs. The most notable one-time proposal is \$500 million for a second round of grants funding zero-emission school buses. The budget also proposes smaller increases related to the educator workforce, education technology, and community college nursing programs.

ASSESSING THE GOVERNOR'S APPROACH

Revenues Optimistic but Plausible.

California entered a revenue and economic downturn last fiscal year. State tax revenues fell 20 percent. The number of unemployed workers in California increased by 200,000. A key question for this budget is: to what extent and for how long will this downturn persist? The Governor's budget assumes a quick return to growth, projecting an 8 percent increase in tax revenues in the current fiscal year. While possible, we think this assumption is optimistic. Halfway through the

current year, we are yet to see clear signs of such a rebound. Income tax withholding is up only 2 percent. Sales tax collections are down slightly. In the relatively important collections month of December, corporation tax collections posted double digit declines. Unemployment continues to tick up consistently each month. One potential reason for optimism is the rebound in stock prices that occurred over the last year, especially in the spring of 2023. Stock market rallies, however, can reverse as quickly as they start. Further, the

relationship between stock price gains and state revenues is complex. Any two similar stock market rallies can have significantly different impacts on state revenues.

Reserve Withdrawals Generally Reasonable.

The Governor proposes withdrawing roughly half of the BSA and the entire Safety Net Reserve to help solve the budget problem. While the administration likely could withdraw the entire balance of the BSA under the rules of Proposition 2 (for example, if the Governor declared a budget emergency for multiple years in the budget window), maintaining a sizeable balance in the BSA is prudent given the continued budget problems likely for future years.

Budget Lacks Plan for Implementing Proposed Reductions in School and Community College Spending. The largest source of savings within the Governor's school and community college spending package is a proposed reduction of \$8 billion in 2022-23 funding. The administration, however, has not explained how its proposal could achieve \$8 billion in savings, given the administration also indicates the proposal would not impact school and community college budgets. The Legislature will need significantly more information before it can assess the proposal—including its potential effects on the state budget after 2024-25. The Legislature also may want to consider alternative solutions, such as making additional withdrawals from the Proposition 98 Reserve, funding fewer augmentations, or making targeted reductions to existing programs.

Governor's Spending-Related Solutions Warranted, but Some Solutions Could Pose Challenges. The administration proposes spending-related solutions (excluding school and community college spending) of \$26 billion. This is a good start to solving the budget problem as these reductions largely do not impact the state's ongoing

core service level. There are some solutions, however, that may not yield the savings required to balance the budget. For example, across-the-board reductions—like the proposal to allocate general funding cuts to departments based on their vacancy rates—historically have not generated the initially assumed savings. In addition, as discussed earlier, some proposed solutions increase future budget pressure and shift fiscal risk to other entities. In addition to the transportation example provided earlier, the administration suggests the University of California and California State University could use delayed payments as collateral against borrowing. Not only would this proposal increase the pressure on the state to provide these payments next year—despite continued deficits—but it also would shift fiscal risk to these entities in the event the state does not ultimately make these payments.

Despite Spending-Related Solutions, Governor's Budget Likely Unsustainable in Future Years. The state faces significant operating deficits in the coming years, which are the result of lower revenue estimates, as well as increased cost pressures. These deficits are somewhat compounded by the Governor's budget proposals to delay spending to future years and add billions in new discretionary proposals. State revenues in the out-years would need to exceed the administration's forecast by roughly \$50 billion per year in order to sustain the spending proposed by the Governor's budget. While our multiyear revenue forecast is somewhat above the administration, it is well below amount needed to close the deficits. Thus, while it may be reasonable to expect some upside to the administration's multiyear revenues, it is unlikely this upside will resolve the out year deficits.

CRAFTING THE LEGISLATURE'S BUDGET

Overall, the Governor's budget runs the risk of understating the degree of fiscal pressure facing the state in the future. The Legislature likely will face more difficult choices next year. To mitigate these challenges, we recommend the Legislature develop this year's budget with a focus on future years.

In particular, most of the recommendations we make here would mitigate some of the need for even more difficult decisions in the future, such as reductions to core services and/or revenue increases.

Plan for Lower Revenues. By May, we will be much closer to resolving the question of how much (if at all) revenues will rebound in the current fiscal year. While many outcomes are possible, our assessment of the current evidence suggests the resolution of this question likely will result in the administration revising down their revenue estimates in May. Should this occur, it would necessitate additional budget solutions. We advise the Legislature to begin to consider now what those solutions could be.

Maintain Similar Reserve Withdrawal. We advise the Legislature to use no more in reserves than proposed by the Governor—currently about half of general-purpose reserves. Given the state is likely to continue to face significant budget problems in the coming years, depleting reserves now would make reductions to ongoing programs and/or ongoing revenue increases more likely.

Develop Plan for School and Community College Funding. Given the lack of clarity in the Governor’s proposal, the Legislature may want to develop its own plan for addressing school and community college funding. As we describe in our *Fiscal Outlook*, the Legislature could use the existing balance in the Proposition 98 Reserve to help cover spending above the constitutional minimum in 2022-23. This approach would allow the state to reduce spending in 2022-23 with no immediate effect on schools and community colleges.

Maximize One-Time Spending Reductions.

The Governor’s budget includes \$26 billion in spending-related solutions (excluding school and community college solutions). While the Governor’s budget likely reflects pulling back most recently approved one-time and temporary spending, we are still assessing whether any additional such appropriations remain. To the extent they do, we recommend the Legislature assess whether additional pull backs could be achieved, including in the current year. Maximizing one-time spending reductions allows the Legislature to minimize the use of other budget tools—like reserves—that likely will be needed in future years. To ensure these one-time savings can be realized, the Legislature may wish to consider early action on current-year appropriations.

Apply High Bar for Any Discretionary Proposals and Contain Ongoing Service Level.

The Governor’s budget includes roughly \$2 billion in discretionary proposals for 2024-25. To balance the budget, these discretionary proposals require additional reductions to already approved expenditures. Consequently, we recommend the Legislature set a very high threshold for approving these new proposals. Specifically, the Legislature would need to view these new proposals as preferable to already approved spending. We also recommend the Legislature avoid growing the ongoing service level by assessing whether to continue approved, but not yet implemented, programs.

LAO PUBLICATIONS

This report was prepared by Ann Hollingshead, with contributions from analysts across the office and reviewed by Carolyn Chu. The Legislative Analyst’s Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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Joint Analysis

Governor's January Budget

January 10, 2024



California Community Colleges



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COMMUNITY COLLEGE ADMINISTRATORS



COMMUNITY COLLEGE
LEAGUE OF CALIFORNIA

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Purpose of Report

This analysis was prepared by the California Community Colleges Chancellor's Office (Chancellor's Office) with review and support from the:

- Association of California Community College Administrators (ACCCA),
- Association of Chief Business Officials (ACBO), and
- Community College League of California (League).

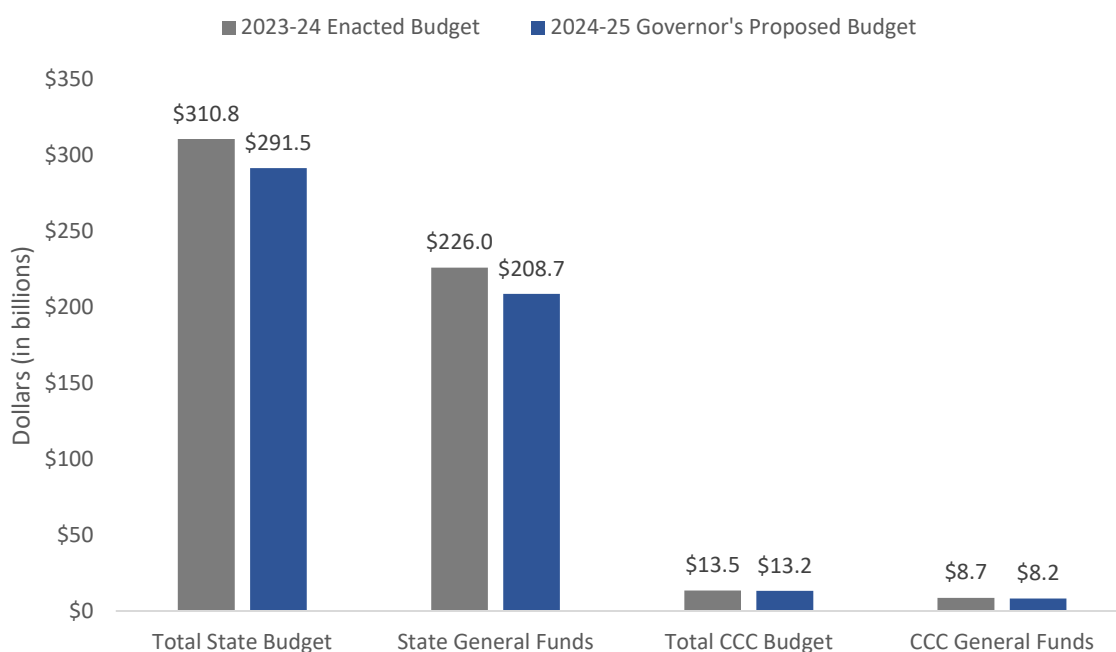
Its purpose is to provide information about the Governor's January budget proposal as a common resource for each organization's further analyses and advocacy efforts. Over the next several months, updated analyses will describe any proposed trailer bills, the Governor's May Revision, and the enacted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

Summary of Key Budget Changes

Today, Governor Newsom released his budget proposal for the 2024-25 fiscal year. Following are some key changes in the proposal compared to the enacted budget for 2023-24.

- Under the proposal, the overall state budget would be lower than in 2023-24, decreasing by about 6% to \$291.5 billion, affected by a substantial shortfall in revenues resulting in an overall deficit of \$37.9 billion. General Fund spending would decrease by over \$17 billion (nearly 8%) to \$208.7 billion.

Figure 1: Proposed 2024-25 budget reflects projected deficit of \$38 billion (dollars in billions).



- The budget proposal for the California Community Colleges focuses on stability in the context of the state's significant budget problem. It includes no major core reductions to programs or services, instead drawing on reserves and cancelling certain one-time projects and programs that were established but not yet funded. Overall, funding declines slightly compared to the current year enacted budget.
- The proposal for additional ongoing spending includes \$69.1 million for a 0.76% cost-of-living adjustment (COLA) for community college apportionments, about \$9.3 million for COLAs and adjustments to certain categorical programs, and \$29.6 million for systemwide enrollment growth of 0.5%.
- One-time funding in the proposal is limited to the expansion of nursing program capacity, with a \$60 million investment in 2024-25 and plans for that level of investment over five years.
- The Governor's proposal includes capital outlay funds to support the construction phase for only one continuing project, using funds from Proposition 51, although additional projects may be added to the revised proposal in May.

State Budget Overview

The Governor's Budget proposes modest additional ongoing resources for California Community Colleges appropriations and categorical programs, relying on a withdrawal of Proposition 98 Rainy Day funds.

BUDGET REFLECTS INCREASING REVENUE SHORTFALLS

The 2023 Budget Act was enacted in the context of an expected deficit of \$31.5 billion, using some funding delays and reductions from the two prior years along with internal fund shifts and borrowing to close that shortfall, but the deficit has worsened substantially.

Economic Conditions Create a Larger Budget Deficit

Since the 2023 Budget Act was enacted, revenues have fallen significantly behind budget act projections across 2022-23, 2023-24, and 2024-25 according to the [Legislative Analyst's Office](#) (LAO). The 2023 Budget Act assumed that the state would end 2024-25 with a deficit of \$14 billion, a problem that is compounded by larger than expected revenue shortfalls. Declines in revenues during 2022 and 2023, related primarily to financial market distress, did not become clear until after the budget was passed due to delayed tax filing deadlines. The LAO now estimates that the state faces a \$68 billion deficit for 2024-25, and annual operating deficits of around \$30 billion per year for 2025-26 through 2027-28, amounting to total deficits that far exceed state reserves (about \$24 billion).

The Governor's Budget projects a substantial deficit, but one that is smaller than that estimated by the LAO – about \$38 billion rather than \$68 billion. Capital gains represented an unprecedented share of personal income following the COVID-19 recession, reaching

11.6% in 2021 and contributing to significant state budget surpluses. The stock market dropped in 2022 and, while it largely recovered in 2023, capital gains have represented a much more average share of personal income recently, at around 5%. The budget proposal uses several mechanisms to deal with the projected shortfall, including some funding delays and reductions, internal borrowing and fund shifts, and withdrawal of some state reserves, leaving about \$18 billion in various state reserves. The proposal notes that the State Appropriations Limit (Gann Limit) has impeded the effectiveness of state policy to set aside reserves during budget surpluses (primarily Proposition 2), as deposits into reserves are counted as spending subject to the limit. The proposal indicates the need to explore changes to the law to allow for more savings during economic upswings.

District Revenue Protections Continue

The 2021 Budget Act extended the Student Centered Funding Formula's (SCFF) hold harmless provision through 2024-25, under which districts will earn at least their 2017-18 total computational revenue (adjusted by COLA each year). The 2022 Budget Act extended the revenue protections in a modified form beginning in 2025-26, with a district's 2024-25 funding representing its new "floor." This revised hold harmless provision will no longer include adjustments to reflect cumulative COLAs over time, as is the case with the provision in effect through 2024-25. Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their "floor" (2024-25 funding amount), whichever is higher.

PROPOSITION 98 ESTIMATES ADJUSTED DOWNWARD

Minimum Guarantee for Community Colleges Increases by about 1.5% from Revised Amount for Current Year

Each year, the state calculates a "minimum guarantee" for school and community college funding based on a set of formulas established in Proposition 98 and related statutes. To determine which formulas to use for a given year, Proposition 98 lays out three main tests that depend upon several inputs including K-12 attendance, per capita personal income, and per capita General Fund revenue. Depending on the values of these inputs, one of the three tests becomes "operative" and determines the minimum guarantee for that year. The state rarely provides funding above the estimated minimum guarantee for a budget year. As a result, the minimum guarantee determines the total amount of Proposition 98 funding for schools and community colleges. Though these formulas determine total funding, they do not prescribe the distribution of funding within the segments. The Governor and Legislature have significant discretion in allocating funding to various programs and services.

Table 1 shows the budget's estimates of the minimum guarantee for the prior, current, and budget years. The community college share of Proposition 98 funding is at the traditional share of approximately 11% in each of these years. Included in this share is some K-12 funding, including a portion of Adult Education funding, a small amount of

pass-through funding for school district-based apprenticeship programs, and funding for K-12 Strong Workforce programs.

Table 1: California Community Colleges Proposition 98 Funding by Source (In Millions)

Source	2022-23 Revised	2023-24 Revised	2024-25 Proposed	Change From 2023-24 (Amount)	Change From 2023-24 (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$68,563	\$74,633	\$76,894	\$2,261	3.0%
Local property tax	29,742	30,953	32,185	1,232	4.0%
Totals	\$98,306	\$105,586	\$109,050	\$3,493	3.3%
COMMUNITY COLLEGES ONLY ^a					
General Fund	\$7,634	\$8,189	\$8,193	\$4	0.0%
Local property tax	3,860	4,036	4,210	175	4.3%
Totals	\$11,494	\$12,225	\$12,403	\$179	1.5%

^a CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, and K-12 Strong Workforce programs.

Estimates for Current and Prior Years Have Decreased

The estimates of the Proposition 98 minimum guarantee for 2022-23 and 2023-24 decreased as compared to projections when the 2023-24 budget was enacted in June of last year. Changes to the estimates can occur if school enrollment, economic growth, or state revenues turn out to be different than expected. Specifically, the revised estimates for the prior and current years are substantially lower than was projected in June because of weaker than expected revenues. The revisions equate to a reduction of more than \$11 billion over the three budget years.

Withdrawal from Public School System Stabilization Account (PSSSA)

Proposition 2, approved by voters in November 2014, created the PSSSA, a new state reserve for schools and community colleges. Under Proposition 2, transfers are made to this account if several conditions are satisfied. Specifically, the state must have paid off all Proposition 98 debt created before 2014-15, the minimum guarantee must be growing more quickly than per capita personal income, and capital gains revenues must exceed 8% of total revenues. In tight fiscal times, the state must withdraw funding from the reserve to supplement the funding schools and community colleges receive under Proposition 98. The Governor's budget proposal reflects withdrawals from the PSSSA to avoid major spending reductions in the face of the state's substantial deficit. For the community colleges, the budget proposes withdrawals of \$235.9 million for 2023-24, and \$486.2 million in 2024-25 to support Student Centered Funding Formula resources. The proposal retains a balance of \$3.8 billion in the PSSSA at the end of 2024-25 (compared to the projected \$10.8 billion for 2023-24 in the 2023 Budget Act).

Though these transfers change *when* the state spends money on schools and community colleges, they do not directly change the *total amount* of state spending for schools and

community colleges across fiscal years. Specifically, transfers to the PSSSA count toward Proposition 98 totals in the year the transfer is made. As a result, appropriations to schools and community colleges in such a year could be lower than otherwise required by Proposition 98. However, in a year when money is spent out of this reserve, as is proposed for 2024-25, the amount transferred back to schools and community colleges is over and above the Proposition 98 amount otherwise required for that year.

California Community Colleges Funding

The Governor's Budget includes \$48 million in ongoing policy adjustments for the community college system, compared to 2023-24 expenditure levels, as reflected in Table 2. However, considering technical adjustments along with changes to funding, the system would receive approximately \$3.6 million less in funding.

Table 2: Proposed 2024-25 Changes in Proposition 98 Funding for the System (In Millions)

POLICY ADJUSTMENTS	
Ongoing (Proposition 98)	
Provide 0.76% COLA for SCFF	\$69.15
Provide for 0.5% enrollment growth	\$29.59
Provide 0.76% COLA for Adult Education Program	\$4.91
Provide 0.76% COLA for Extended Opportunity Programs and Services (EOPS)	\$1.40
Adjustments for financial aid administration	\$1.53
Provide 0.76% COLA for Disabled Students Programs and Services (DSPS)	\$1.31
Provide 0.76% COLA for Apprenticeship (community college districts RSI)	\$0.24
Provide 0.76% COLA for CalWORKs student services	\$0.42
Provide 0.76% COLA and an enrollment-based adjustment for Mandates Block Grant and reimbursements	\$0.94
Provide 0.76% COLA for Cooperative Agencies Resources for Education (CARE)	\$0.25
Provide 0.76% COLA for Childcare tax bailout	\$0.03
Adjustment for affordable student housing ^a	-\$61.48
Subtotal Ongoing (Proposition 98) Policy Adjustments	\$48.30
One-Time (Proposition 98)	
Expand nursing program capacity	\$60.00
Subtotal One-Time Policy Adjustments	\$60.00
TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth) ^b	-\$111.92
Subtotal Technical Adjustments	-\$111.92
TOTAL CHANGES	-\$3.62

^aCurrent year funds are redirected to support affordable student housing programs that do not fit within the lease revenue approach. Redirected funds will be returned in a later year.

^bSCFF technical adjustments include DOF's estimates of workload measures including reported FTES, supplemental, and success metrics.

Compared to the 2023-24 Budget Act, the estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by \$42 million, from \$9.42 billion to \$9.46 billion. This reflects a proposed COLA of 0.76% (\$69.1 million) and FTES growth of 0.5% (\$29.6 million) and modified estimates for hold harmless and other underlying estimation factors. Further, the following adjustments are reflected in associated offsetting revenues (all comparisons are from the 2023-24 Budget Act to the 2024-25 Governor’s Budget proposal):

- Property tax revenues are estimated to increase by \$213 million from \$4.0 billion to \$4.2 billion.
- Enrollment Fee revenues are estimated to decrease by \$6.8 million from \$407.5 million to \$400.1 million.
- Education Protection Account funding is estimated to decrease by \$592 million from \$1.54 billion to \$944.8 million.

Table 3 reflects the 2023-24 Advance rates, along with the projected rates for 2024-25, as modified by COLA.

Table 3: Proposed 2024-25 Student Centered Funding Formula Rates (rounded)

Allocations	2023-24 P1 Rates ^a	Estimated Proposed 2024-25 Rates ^b	Estimated Change from 2023-24 (Amount)	Estimated Change from 2023-24 (Percent)
Base Credit ^a	\$5,238	\$5,278	\$40	0.76%
Incarcerated Credit ^a	7,346	7,402	56	0.76%
Special Admit Credit ^a	7,346	7,402	56	0.76%
CDCP	7,346	7,402	56	0.76%
Noncredit	4,417	4,451	34	0.76%
Supplemental Point Value	1,239	1,248	9	0.76%
Student Success Main Point Value	730	736	6	0.76%
Student Success Equity Point Value	184	186	1	0.76%
Single College District				
Small College	6,439,546	6,488,487	48,941	0.76%
Medium College	8,586,065	8,651,319	65,254	0.76%
Large College	10,732,581	10,814,149	81,568	0.76%
Multi College District				
Small College	6,439,546	6,488,487	48,941	0.76%
Medium College	7,512,806	7,569,904	57,097	0.76%
Large College	8,586,065	8,651,319	65,254	0.76%
Designated Rural College	2,048,172	2,063,738	15,566	0.76%
State Approved Centers	2,146,516	2,162,829	16,314	0.76%
Grandparented Centers				

Small Center	268,316	270,356	2,039	0.76%
Small Medium Center	536,629	540,708	4,078	0.76%
Medium Center	1,073,257	1,081,414	8,157	0.76%
Medium Large Center	1,609,886	1,622,122	12,235	0.76%
Large Center	2,146,516	2,162,829	16,314	0.76%

^aTen districts receive higher credit FTES rates, as specified in statute.

^bEstimated 2024-25 rates may change based on updated 2023-24 data and revenues.

Appendix B compares the Governor’s proposed funding adjustments for the system in 2024-25 to the Board of Governors’ budget request. Below we highlight a few of the Administration’s policy decisions and related information. Later in this analysis, we detail local funding by program, capital outlay funding, and state operations.

MAJOR POLICY DECISIONS FOCUS ON STABILITY

The proposed budget provides funding for a small COLA and enrollment growth, supported by withdrawals from the PSSSA. The limited one-time funds included in the proposal are targeted toward expanding nursing program capacity.

Apportionments Receive 0.76% COLA and 0.5% Growth

The proposal includes an increase of \$29.6 million **ongoing** to fund 0.5% enrollment growth and \$69.1 million **ongoing** to support a COLA of 0.76% for apportionments. While much smaller than in the last few years, the proposed COLA is the same as for the K-12 system. Another \$9.3 million **ongoing** would support a COLA of 0.76% for selected categorical programs and the Adult Education program.

Investment in Nursing Workforce is Proposed

The Governor’s budget addresses the Administration’s commitment to addressing California’s nursing shortage with a proposal to provide \$60 million **one-time** per year over the next five years to expand nursing program capacity in the community colleges and Bachelor of Science in nursing partnerships, following through on intent language included in the current year budget. Provisions governing how the funds are to be spent will be negotiated through the legislative process in spring 2024.

Statewide Funding Plan for Affordable Student Housing to Be Pursued

The 2023 Budget Act eliminated the 2022-23 General Fund appropriation for the Affordable Student Housing grants and instead called for those projects to be funded by locally issued lease revenue bonds. This change retroactively applied to the twelve community college projects originally funded in the 2022 Budget Act, and the seven new community college housing projects authorized in the 2023 Budget Act, as well as any future affordable student housing projects. The 2023 Budget Act provided ongoing funds to support debt service for student housing projects in 2022-23, 2023-24, and 2024-25 funded with lease revenue bonds. UC and CSU housing projects were to be funded with lease revenue bonds issued by those systems, and the Governor’s budget proposal maintains funding for these UC and CSU programs. Community college housing projects

were to be funded through local revenue bonds to be issued by community college districts or as part of a state pool. As an alternative to local lease revenue bonds, in the 2024-25 proposed budget, the Department of Finance (DOF) will pursue a trailer bill for a *statewide* lease revenue bond program by the Governor’s May Revision.

The 2023 Budget Act provided about \$61.5 million in ongoing General Funds for annual rental subsidies for affordable student housing. The Governor’s Budget proposal redirects these current year funds to support CCC affordable student housing programs that do not fit within a statewide lease revenue bond funding approach. Specifics will be shared in future trailer bill language. The proposal assumes redirected funds will be returned later and after determining an appropriate amount of ongoing funding needed to cover rental subsidies.

Cal Grant Reforms to Be Addressed in May Revision

The Fiscal Year 2022-23 State Budget enacted the Cal Grant Reform Act, making *all* community college students with financial need entitled to a revised “Cal Grant 2” financial aid award that would increase with inflation over time to support students’ total cost of attendance beyond tuition. However, implementation of the Cal Grant Reform Act was made dependent on the DOF determining, in the spring of 2024, that there would be sufficient revenues in the 2024-25 fiscal year to support this expansion of financial aid. The Administration will wait to make that determination until May, leaving opportunities for continued advocacy around the importance of the reforms for community college students.

LOCAL SUPPORT FUNDING IS LARGELY STABLE FOR ONGOING PROGRAMS

Table 4 shows proposed ongoing local assistance funding by program for the current and budget years. As the table shows, most categorical programs received level or workload funding in the Governor’s proposal, with certain programs receiving cost-of-living adjustments consistent with recent practices. Decreases in funding are related to revised estimates of underlying factors or removal of one-time funds. Given the expected state budget deficit, proposed one-time local assistance funding is limited to the \$60 million investment to expand nursing program capacity.

Table 4: California Community Colleges Ongoing Funding by Program^a (In Millions)

Program	2023-24 Revised	2024-25 Proposed	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$9,476.31	\$9,463.13	(\$13.18)	-0.14%	COLA, growth, and other base adjustments
Adult Education Program – Main ^b	652.22	657.13	4.91	0.76%	COLA
Student Equity and Achievement Program	523.98	523.98	0.00	0.00%	

Student Success Completion Grant	362.60	412.60	50.00	13.79%	Adjust for revised estimate of recipients
Strong Workforce Program	290.40	290.40	0.00	0.00%	
Part-time faculty health insurance	200.50	200.49	-0.01	0.00%	
Extended Opportunity Programs and Services (EOPS)	183.08	184.48	1.39	0.76%	COLA
Disabled Students Programs and Services (DSPS)	172.82	174.13	1.31	0.76%	COLA
Full-time faculty hiring	150.00	150.00	0.00	0.00%	
California College Promise (AB 19)	91.21	91.21	0.00	0.00%	
Integrated technology	89.50	89.50	0.00	0.00%	
Financial aid administration	78.49	80.02	1.53	1.95%	Waived fees and per unit adjustments
CalWORKs student services	55.05	55.47	0.42	0.76%	COLA
NextUp (foster youth program)	54.11	54.11	0.00	0.00%	
Basic needs centers	43.29	43.29	0.00	0.00%	
Mathematics, Engineering, Science Achievement (MESA)	39.42	39.42	0.00	0.00%	
Mandates Block Grant and reimbursements	38.29	39.23	0.94	2.46%	COLA and enrollment-based adjustment
Apprenticeship (community college districts RSI)	34.34	34.58	0.24	0.70%	COLA
Cooperative Agencies Resources for Education (CARE)	33.48	33.73	0.25	0.76%	COLA
Student mental health services	32.47	32.47	0.00	0.00%	
CA Apprenticeship Initiative	30.00	30.00	0.00	0.00%	
Institutional effectiveness initiative	41.50	27.50	-14.00	-33.73%	Removal of one-time funds
Part-time faculty compensation	26.54	26.54	0.00	0.00%	
Rising Scholars Network	25.00	25.00	0.00	0.00%	
Part-time faculty office hours	23.63	23.63	0.00	0.00%	
Economic and Workforce Development	22.93	22.93	0.00	0.00%	

Homeless and Housing Insecurity Program ("Rapid Rehousing")	20.56	20.56	0.00	0.00%	
California Virtual Campus	20.00	20.00	0.00	0.00%	
California Online Community College (Calbright College)	15.00	15.00	0.00	0.00%	
Nursing grants	13.38	13.38	0.00	0.00%	
Puente Project	13.33	13.33	0.00	0.00%	
Lease revenue bond payments	12.80	12.79	-0.01	0.00%	
Equal Employment Opportunity Program	17.08	12.77	-4.31	-25.26%	Removal of one-time funds
Dreamer Resource Liaisons	11.60	11.60	0.00	0.00%	
Veterans Resource Centers	10.82	10.82	0.00	0.00%	
Immigrant legal services through CDSS	10.00	10.00	0.00	0.00%	
Classified Employee Summer Assistance Program	10.00	10.00	0.00	0.00%	
LGBTQ+ Student Support	10.00	10.00	0.00	0.00%	
Umoja	9.18	9.18	0.00	0.00%	
Asian American and Native Hawaiian and Pacific Islander (AANHPI) Student Achievement Program	8.00	8.00	0.00	0.00%	
Foster Parent Education Program	6.15	6.15	0.00	0.00%	
Childcare tax bailout	4.28	4.31	0.03	0.76%	COLA
Digital Course Content for Inmates	3.00	3.00	0.00	0.00%	
Middle College High School Program	1.84	1.84	0.00	0.00%	
Academic Senate	1.80	1.80	0.00	0.00%	
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.38	1.38	0.00	0.00%	
African American Male Education Network and Development (A2MEND)	1.10	1.10	0.00	0.00%	
FCMAT	0.85	0.77	-0.08	-8.88%	Removal of one-time funds

Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.70	0.70	0.00	0.00%	
Total	\$12,973.99	\$13,003.44	\$29.45	0.2%	

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

^b The Adult Education program total includes resources that go to the K-12 system but are included in the CCC budget. The K-12 Strong Workforce program and K-12 Apprenticeship program are not listed above but are also included in the CCC budget.

CAPITAL OUTLAY INVESTMENTS ARE LIMITED

The Governor’s proposal includes capital outlay funding for only one continuing project using funds from Proposition 51, approved by voters in 2016. The project involves remodeling the theater and McCloud Hall at College of the Siskiyous, with a cost of \$29.3 million in 2024-25. Over the next few months, as districts obtain State approval of their Preliminary Plans/Working Drawings package, the Governor’s revised budget will likely include them as a continuing project.

The Administration also commits to pursuing a statewide education facilities bond, with the exact amount of the bond and the split of funds to be determined through negotiations with the Legislature.

STATE OPERATIONS RECEIVES SMALL INCREASE

The Chancellor’s Office provides leadership and oversight to the system, administers dozens of systemwide programs, and manages day-to-day operations of the system. The office is involved in implementing several recent initiatives including Guided Pathways, basic skills reforms, and the Student Centered Funding Formula, as well as Vision 2030. In addition, the Chancellor’s Office provides technical assistance to districts and conducts regional and statewide professional development activities. The Governor’s budget proposal for 2024-25 raises funding for Chancellor’s Office operations from non-Proposition 98 General Fund by about 5% to \$27.1 million, due primarily to negotiated employee compensation increases for all state employees, and maintains \$12.2 million in special funds and reimbursement authority.

Next Steps

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

<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News>

Appendix A: Overview of the State Budget Process

The Governor and the Legislature adopt a new budget every year. The Constitution requires a balanced budget such that, if proposed expenditures exceed estimated revenues, the Governor is required to recommend changes in the budget. The fiscal year runs from July 1 through June 30.

Governor’s Budget Proposal. The California Constitution requires that the Governor submit a budget to the Legislature by January 10 of each year. The Director of Finance, who functions as the chief financial advisor to the Governor, directs the preparation of the Governor’s Budget. The state’s basic approach is incremental budgeting, estimating first the costs of existing programs and then adjusting those program levels. By law, the chairs of the budget committees in each house of the Legislature—the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee—introduce bills reflecting the Governor’s proposal. These are called budget bills, and the two budget bills are identical at the time they are introduced.

Related Legislation. Some budget changes require that changes be made to existing law. In these cases, separate bills—called “trailer bills”—are considered with the budget. By law, all proposed statutory changes necessary to implement the Governor’s Budget are due to the Legislature by February 1.

Legislative Analyses. Following the release of the Governor’s Budget in January, the LAO begins its analyses of and recommendations on the Governor’s proposals. These analyses, each specific to a budget area (such as higher education) or set of budget proposals (such as transportation proposals), typically are released beginning in mid-January and continuing into March.

Governor’s Revised Proposals. Finance proposes adjustments to the January budget through “spring letters.” Existing law requires Finance to submit most changes to the Legislature by April 1. Existing law requires Finance to submit, by May 14, revised revenue estimates, changes to Proposition 98, and changes to programs budgeted based on enrollment, caseload, and population. For that reason, the May Revision typically includes significant changes for the California Community Colleges budget. Following release of the May Revision, the LAO publishes additional analyses evaluating new and amended proposals.

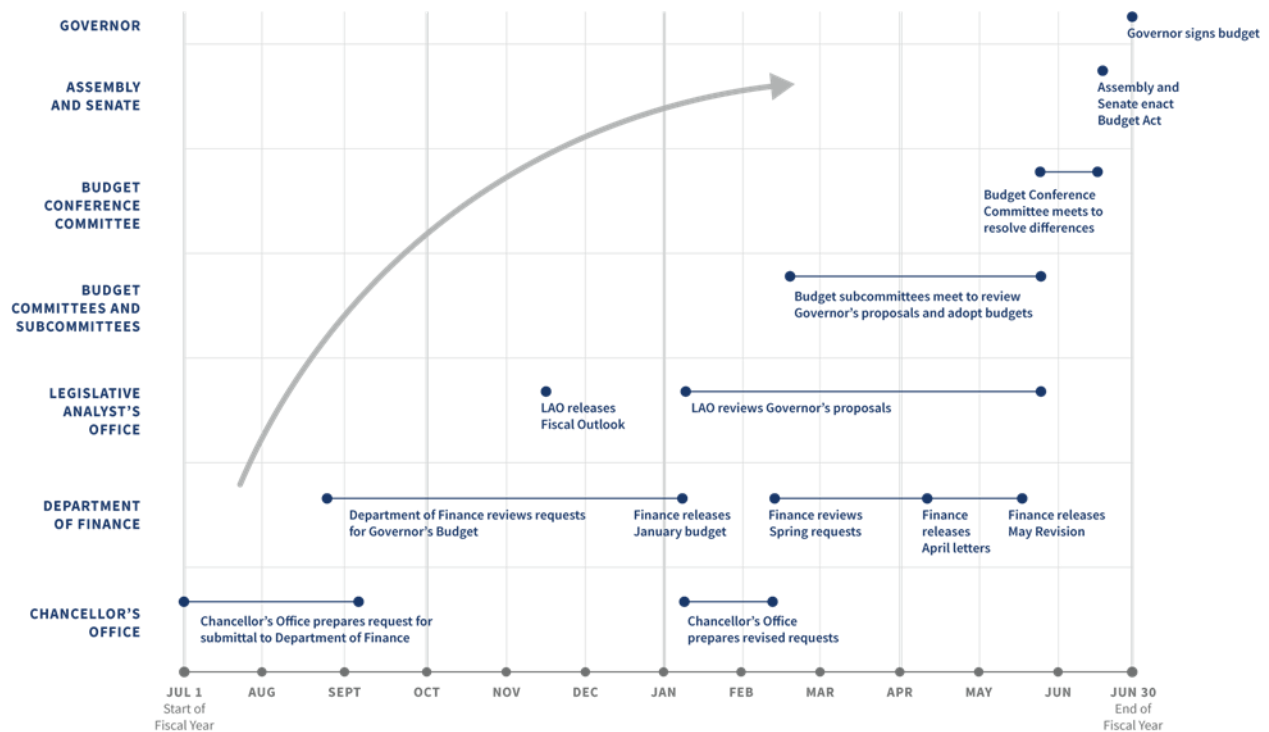
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can adopt, reject, or modify the proposal. Any January proposals not acted on remain in the budget by default. May proposals, in contrast, must be acted on to be included in the budget. In addition to acting on the Governor’s budget proposals, subcommittees also can add their own proposals to the budget.

When a subcommittee completes its actions, it reports its recommendations back to the full committee for approval. Through this process, each house develops a version of the budget that is a modification of the Governor’s January budget proposal.

A budget conference committee is then appointed to resolve differences between the Senate and Assembly versions of the budget. The administration commonly engages with legislative leaders during this time to influence conference committee negotiations. The committee's report reflecting the budget deal between the houses is then sent to the full houses for approval.

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

SEQUENCE OF THE ANNUAL STATE BUDGET PROCESS



Appendix B: Board of Governors' Budget and Legislative Request Compared to Governor's Budget Proposal

The system budget request considered needs over multiple years to achieve *Vision 2030* and Roadmap goals, and support students' economic mobility.

Board of Governor's Request	Governor's Budget Proposal
Ongoing Investments	
Foundational Resources. \$500 million for base funding increase.	Provides \$69.1 million for a COLA of 0.76% and \$29.6 million for 0.5% enrollment growth.
Pathways and Student Supports. \$60 million increase for DSPS; \$40 million for Childcare Expansion Fund; \$30 million for California Apprenticeship Initiative; \$6 million to expand Military Articulation Platform. Extension of deadline for common course numbers from 2024 to 2027. Policy changes to provide equitable access to dual enrollment pathways.	See one-time funds for nursing program expansion below.
Support for Faculty. \$50 million for faculty supports (office hours, professional development, curriculum development) and full-time faculty hiring69..	Not included.
Technology and Data Sharing. \$24.9 million to launch Phase 1 of Common ERP transition	Not included.
One-Time Investments	
Pathways and Student Supports.	Provides \$60 million per year for five years to expand nursing program capacity.
Technology and Data Sharing. \$310.1 million for Phase 1 of Common ERP transition (specifies plan to request another \$214 million in 2027-28 for Phase 2).	Not included.
Non-Proposition 98 Investments	
College Affordability and Supports. State-issued lease revenue bonds to support 19 approved and 5 new student housing projects. Policy changes for flexibility in the SSCG program for DSPS students, and study of structural barriers to residency.	Redirects current year funds and commits to pursuing a statewide lease revenue bond program in the May Revision.
Capacity to Support the System. General Fund support for a new Vice Chancellor of Information Security, Assistant Vice Chancellor of Workforce Development, and Director of Operations and Special Initiatives. Policy changes to streamline legislative reporting requirements.	Not included.
Workforce Education. Policy changes to better align EWD program with Strong Workforce, and to extend use	Not mentioned.

of multi-criteria screening factors for limited enrollment healthcare program admissions.	
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Appendix C: Local Budgets and State Requirements

BUDGET PLANNING AND FORECASTING

Based on the information used in developing the state budget, it would be reasonable for districts to plan their budgets using information shown in Table C-1 below.

Table C-1: Planning Factors for Proposed 2024-25 Budget

Factor	2022-23	2023-24	2024-25
Cost-of-living adjustment (COLA)	6.56%	8.13%	0.76%
State Lottery funding per FTES ^a	\$237	\$249	TBD
Mandated Costs Block Grant funding per FTES ^b	\$32.68	\$32.68	TBD
RSI reimbursement per hour ^b	\$8.82	\$8.82	TBD
Financial aid administration per College Promise Grant ^b	\$0.91	\$0.91	\$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	25.37%	26.28%	27.80%
State Teachers' Retirement System (CalSTRS) employer contribution rates	19.10%	19.10%	19.10%

^a2024-25 estimate not available

^bEstimates will be updated when budget bill language becomes available.

STATE REQUIREMENTS FOR DISTRICT BUDGET APPROVAL

Existing law requires the governing board of each district to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues by specified deadlines. Financial reporting deadlines are shown in Table C-2.

Table C-2: Standard Financial Reporting Deadlines in Place for 2024-25

Activity	Regulatory Due Date	Title 5 Section
Submit tentative budget to county officer.	July 1, 2024	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2024	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2024	58301
Complete the adopted annual financial and budget report and make public.	September 30, 2024	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2024	58305(d)
Submit an audit report to the Chancellor's Office.	December 31, 2024	59106

If the governing board of any district fails to develop a budget as described, the chancellor may withhold any apportionment of state or local money to the district for the current fiscal year until the district makes a proper budget. These penalties are not imposed on a district if the chancellor determines that unique circumstances made it

impossible for the district to comply with the provisions or if there were delays in the adoption of the annual state budget.

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

STATE REQUIREMENTS RELATED TO EXPENDITURES

State law includes two main requirements for districts' use of apportionments. The Chancellor's Office monitors district compliance with both requirements and annually updates the Board of Governors.

Full-Time Faculty Obligation

Education Code Section 87482.6 recognizes the goal of the Board of Governors that 75% of the hours of credit instruction in the California Community Colleges should be taught by full-time faculty. Each district has a baseline reflecting the number of full-time faculty in 1988-89. Each year, if the Board of Governors determines that adequate funds exist in the budget, districts are required to increase their base number of full-time faculty over the prior year in proportion to the amount of growth in funded credit full-time equivalent students. Funded credit FTES includes emergency conditions allowance protections, such as those approved for fires and for the COVID-19 pandemic. Districts with emergency conditions allowances approved per regulation will not have their full-time faculty obligation reduced for actual reported FTES declines while the protection is in place. The target number of faculty is called the Faculty Obligation Number (FON). An additional increase to the FON is required when the budget includes funds specifically for the purposes of increasing the full-time faculty percentage. The chancellor is required to assess a penalty for a district that does not meet its FON for a given year.

Fifty Percent Law

A second requirement related to budget levels is a statutory requirement that each district spend at least half of its Current Expense of Education each fiscal year for salaries and benefits of classroom instructors. Under existing law, a district may apply for an exemption under limited circumstances.

Appendix D: Districts' Fiscal Health

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

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

The Chancellor's Office believes that the evaluation of fiscal health should not be limited to times of crisis. Accordingly, the Fiscal Forward Portfolio has been implemented to support best practices in governance and continued accreditation, and to provide training and technical assistance to new chief executive officers and chief business officers through personalized desk sessions with Chancellor's Office staff.

The Chancellor's Office's ongoing fiscal health analysis includes review of key financial indicators, results of annual audit reports, and other factors. A primary financial health indicator is the district's unrestricted reserves balance. **The Chancellor's Office recommends that districts adopt policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of general fund operating expenditures or revenues, consistent with Budgeting Best Practices published by the Government Finance Officers Association.**

Districts are strongly encouraged to regularly assess risks to their fiscal health. The Fiscal Crisis and Management Assistance Team has developed a Fiscal Health Risk Analysis for districts as a management tool to evaluate key fiscal indicators that may help measure a district's risk of insolvency in the current and two subsequent fiscal years.

Appendix E: Glossary

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

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

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

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

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

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

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

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

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

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

Education Protection Account (EPA): The Education Protection Account (EPA) was created in November 2012 by Proposition 30, the Schools and Local Public Safety Protection Act of 2012, and amended by Proposition 55 in November 2016. Of the funds in the account, 89 percent is provided to K-12 education and 11 percent to community colleges. These funds are set to expire on December 31, 2030.

Expenditure: Amount of an appropriation spent or used.

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

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

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

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

Lease Revenue Bond: Lease-revenue bonds are used in the state's capital outlay program to finance projects. The revenue stream paying the debt service on the bond is created from lease payments made by the occupying entity to the governmental financing entity which constructs the facility or causes it to be constructed.

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

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

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

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

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

Related and Supplemental Instruction (RSI): An organized and systematic form of instruction designed to provide apprentices with knowledge including the theoretical and technical subjects related and supplemental to the skill(s) involved.

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

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

State Operations: Expenditures for the support of state government.

Statute: A law enacted by the Legislature.

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