

2019-2020
District Budget Advisory Committee (DBAC)

Meeting Agenda - January 21, 2020
Location: FH 5971 Conference Room
Time: 1:30-3:00 p.m.

Note Taker: Carla Maitland

Time	Agenda Topic	Discussion Leader
1:30-2:15	Governor's Proposed Budget Memo for FY 2020-2021	Cheu
2:15-2:30	Consultant Update	Cheu
2:30-2:45	Enrollment Update	Cheu
2:45-3:00	Proposed Bond and Parcel Tax	Cheu
3:00-3:15	1320 Update	Cheu
3:15-3:30	Other	Cheu
Handouts:	Governor's Proposed Budget Memo for FY 2020-2021 Enrollment Update Table 1320 Comparisons by Campus, Fund and Month as of 12/31/2019	

State Budget Update

Governor's January Budget

Revised edition released January 14, 2020¹



California Community Colleges



¹ This edition supersedes the January 10, 2020 version.

Background

This analysis was prepared jointly by:

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

Its purpose is to provide factual information about the Governor's 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 the proposed trailer bills, the Governor's May Revision, and the enacted budget.

Introduction

This morning, Governor Newsom released his budget proposal for the 2020-21 fiscal year. Under the proposal, the overall state budget would increase 3.5% from the enacted 2019-20 budget, to \$222.2 billion. General Fund spending would increase 3.6%, to \$153.1 billion.

The proposed budget maintains the state's recent commitment to paying down liabilities, building reserves, and increasing spending primarily for one-time initiatives. Major themes of the Governor's budget proposal include:

- Addressing the affordability crisis through health care initiatives focused on cost savings to consumers, and by continuing the Governor's efforts to address both the availability and affordability of housing.
- Investing in emergency response to confront the statewide crisis of homelessness through increased funding and a fundamental shift in the state's role in housing unsheltered persons; and providing funds to combat the continuing threat of wildfires and the climate risk that compounds them.
- Promoting opportunity through increased public school funding, a new Department of Early Childhood Development, continued progress toward universal preschool, and expanded access across all higher education segments.

Budget Overview

The Governor's budget proposal for California Community Colleges (CCC) includes new, ongoing investments in work-based learning and targeted student support services, and streamlines coordination of systemwide initiatives and technical assistance. It also includes routine ongoing adjustments, including enrollment growth and cost-of-living adjustments (COLA), using updated estimates of revenue, enrollment, inflation, and student participation. In addition, the Governor's Budget provides one-time funding for CCC facilities, faculty development and support, and college affordability.

PROPOSITION 98 ESTIMATES

Minimum Guarantee. Each year, the state calculates a “minimum guarantee” for school and community college funding based on a set of formulas established in Proposition 98 and related statutes. To determine which formulas to use for a given year, Proposition 98 lays out three main tests that depend upon several inputs including K-12 attendance, per capita personal income, and per capita General Fund revenue. 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. 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 CCC share of Proposition 98 funding is at or above the traditional share of 10.93% in each of these years. Included in this share is a small amount of pass-through funding for school district-based apprenticeship programs. Prior to calculating the CCC share, funding for the Adult Education, Adults in Correctional Facilities, and K-12 Strong Workforce programs, as well as transfers to the Public School System Stabilization Account, are excluded from the total.

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

Source	2018-19 Revised	2019-20 Revised	2020-21 Proposed	Change From 2019-20 Amount	Change From 2019-20 Percent
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$54,506	\$56,405	\$57,573	\$1,168	2%
Local Property Tax	23,942	25,168	26,475	1,307	5%
Totals	\$78,448	\$81,573	\$84,048	\$2,475	3%
COMMUNITY COLLEGES ONLY					
General Fund	\$5,426	\$5,516	\$5,652	\$136	2%
Local Property Tax	3,077	3,254	3,435	181	6%
Totals	\$8,503	\$8,770	\$9,088	\$318	4%

Updated Estimates for Prior and Current Years. Estimates of the minimum guarantee for 2018-19 and 2019-20 have changed slightly compared to projections when the 2019-20 budget was enacted in June of last year. Such increases can occur if school enrollment, economic growth, or state revenues turn out to be different than expected. Specifically,

the revised estimate for 2018-19 is higher than was projected in June. As a result, the state is required to make a “settle-up” payment to fully fund the guarantee. (The settle-up payment for 2018-19 affects K-12 funding only, but the CCC share of funding for 2018-19 remains above the traditional share.) In addition, the revised estimate for 2019-20 is higher than projected in June. The Governor’s Budget adjusts funding to match the revised guarantee in 2019-20.

Required Transfer to 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 only if several conditions are satisfied. That is, 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 be above average.

The 2019 Budget Act made the first transfers into the PSSSA, totaling \$389 million for 2019-20. Subsequent estimates have increased the required transfer for the current year by \$135 million. For 2020-21, the Department of Finance (Finance) estimates the state will make a small withdrawal from the reserve, totaling \$38 million, to support Proposition 98 programs.

Though these transfers change *when* the state spends money on schools and community colleges, it does not directly change the *total amount* of state spending for schools and community colleges across fiscal years. Specifically, required 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, the amount transferred back to schools and community colleges is over and above the Proposition 98 amount otherwise required for that year.

CHANGES TO CCC FUNDING

The Governor’s Budget includes \$272 million in ongoing policy adjustments for the CCC system, compared to revised 2019-20 expenditure levels, as reflected in Table 2.

Table 2: Proposed 2020-21 Changes in CCC Proposition 98 Funding (in Millions)

2019-20 Revised Budget ^a	\$8,770
TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula base adjustments	\$ 9.7
Remove one-time spending	-28.6
Other technical adjustments	1.6
Subtotal Technical Adjustments	-\$ 17.3

POLICY ADJUSTMENTS	
Ongoing	
Provide 2.29% COLA for Student Centered Funding Formula	\$ 167.2
Fund 0.5% enrollment growth	31.9
Support existing apprenticeship coursework	27.8
Expand California Apprenticeship Initiative	15.0
Support districts' food pantry services	11.4
Continue legal services support for immigrant students, faculty, and staff	10.0
Provide 2.29% COLA for certain categorical programs ^b	9.2
Fund Dreamer Resource Liaisons and related support services	5.8
Fund instructional materials for dual enrollment students	5.0
Adjust California College Promise for recipients	-1.5
Adjust Student Success Completion Grant funding for recipients	-9.4
Subtotal Ongoing Policy Adjustments	\$ 272.4
One-Time	
Expand work-based learning within Guided Pathways	\$20.0
Create statewide pilot fellowship program for diverse hiring	15.0
Augment support for part-time faculty office hours	10.0
Expand Zero Textbook Cost Pathways	10.0
Fund deferred maintenance and instructional equipment (one-time) ^c	7.6
Subtotal One-Time Policy Adjustments	\$ 62.6
TOTAL CHANGES	\$317.7
2020-21 Proposed Budget^a	\$9,088

^a Amounts exclude Adult Education Program and K-12 Strong Workforce Program funding.

^b Applies to CalWORKS, Campus Childcare, DSPS, EOPS, apprenticeships, and Mandates Block Grant programs.

^c In addition, the budget provides \$8.1 million in 2019-20 funds and \$1.5 million in reappropriations, which combined with \$7.6 million in one-time funds provides a total of \$17.2 million for deferred maintenance and instructional equipment.

COLA = Cost-of-living adjustment

Appendix B compares the Governor’s proposed CCC adjustments for 2020-21 to the Board of Governors’ budget and legislative request. Below we highlight a few of the administration’s more significant policy decisions and related information. Later in this analysis, we detail local support funding by program, capital outlay funding, and state operations.

MAJOR POLICY DECISIONS

Apportionments

No Change to Student Centered Funding Formula for 2020-21. Although the budget makes no change to the formula at this time, the administration states that it supports the recent recommendation of the Student Centered Funding Formula Oversight Committee to include a metric reflecting first-generation college students within the formula. The administration notes that incorporating this metric first requires the collection of first-generation student data aligned with the Committee's recommended definition, and indicates that it expects the Chancellor's Office to develop guidance and work with districts to collect this data for inclusion in the formula in the future. A minimum of two years of data would be needed for Finance to produce reliable projections.

Growth and Cost-of-Living Adjustment (COLA) Provided. The proposal includes 0.5% growth in access, and a 2.29% COLA for apportionments and selected categorical programs.

Draft Rates Expected in February. The 2019 Budget Act tasks the Chancellor's Office with determining the formula's final 2019-20 funding rates based on total computational revenue of \$7.43 billion as determined by Finance. The Chancellor's Office anticipates calculating and publishing preliminary rates by mid-February. This timing is due to a lag in reporting the data—such as enrollment and student outcomes—needed to set the rates. Following submission of districts' second enrollment reports in April, the rates will again be adjusted prior to budget enactment.

2019-20 Proposition 98 Adjustments Limited. The administration makes no change to CCC Proposition 98 apportionment funding for the current year, but shifts funding among Proposition 98 General Fund, local property taxes, and enrollment fee revenues. The administration provides \$28.5 million in one-time current-year funding outside of apportionments, including \$20.4 million for apprenticeship reimbursement and \$8.1 million for deferred maintenance. (Note that additional deferred maintenance funding is included in budget year funds and reappropriations, such that the total proposed funding is \$17.2 million.)

Increased Local Property Tax Collections for 2018-19. Although property tax revenues are higher than projected for the prior year, the budget makes no corresponding changes in Proposition 98 General Fund. This is consistent with 2019 trailer legislation that prohibits downward adjustments to appropriations once a fiscal year has ended. As a result, districts would be able to use the higher collections to cover the majority of a prior year deficit that was anticipated in June 2019.

College Affordability

Expands Zero Textbook Cost Pathways. The Governor's Budget includes \$10 million in one-time funds to expand zero textbook cost (ZTC) pathways using open educational resources (OER) and other materials that are free of charge to students. This proposal builds on \$5 million provided to 23 colleges in 2016 to create degree and certificate

programs that eliminate conventional textbook costs. The Chancellor's Office estimates that programs created under this earlier funding will have generated \$42 million in textbook cost savings for more than 23,000 students by 2022. The proposal would support two additional \$5 million rounds of competitive grants.

Student Financial Aid. The budget does not include major proposals related to state financial aid. However, the administration indicates it will review a forthcoming report from a work group convened by the California Student Aid Commission on how the state's financial aid programs could better serve the needs of students. Specifically, the report is expected to address strategies for mitigating students' total costs of attendance, including non-tuition costs. The budget also provides \$5 million to the California Student Aid Commission for a work group and outreach related to student loan debt.

Diversity, Equity, and Inclusion

Creates a Statewide Fellowship Pilot Program. The proposed budget includes \$15 million one-time to create and implement, on a pilot basis, a fellowship for current and recent graduate students. The purpose of the fellowship program is to improve faculty diversity at community colleges through recruitment and mentorship.

Student Needs

Expands Work-Based Learning. The proposed budget includes \$20.4 million one-time in the current year and \$27.8 million ongoing in the budget year to support projected increases in apprenticeship instructional hours. The budget also includes \$15 million ongoing to expand the California Apprenticeship Initiative, which supports the development of new and innovative apprenticeship and pre-apprenticeship programs through competitive grants.

In addition, the Governor's Budget provides \$20 million one-time for grants to expand access to work-based learning models and programs at community colleges, including working with faculty and employers to incorporate work-based learning into the curriculum.

Assists Undocumented Students. The proposed budget provides \$5.8 million ongoing to fund a Dreamer Resource Liaison and associated support services at each campus, as required by Assembly Bill 1645 (Blanca Rubio). Liaisons would help qualifying students access financial aid, social services, legal services, and academic opportunities for which they are eligible. In addition, the Governor proposes \$10 million in ongoing Proposition 98 support, to be administered by the California Department of Social Services, for legal services to immigrant students, faculty, and staff. This proposal builds on a 2018 appropriation of one-time funds for the same purpose.

Additional Proposals. Other proposals addressing student needs include \$11.4 million ongoing to support food pantry programs at colleges and \$5 million ongoing for instructional materials for dual enrollment students.

CCC System Support Program

Proposal Consolidates Dispersed Support Appropriations into a Single Program. The Governor proposes budget bill and trailer bill language to shift \$125 million in funding from existing categorical set-asides and statewide programs to a new CCC System Support Program.

Currently, the state funds several statewide activities through direct local assistance appropriations or through set-asides in various categorical programs. In general, those funds are administered through contracts and grants between the Board of Governors and particular community college districts. Those districts often use a percentage of the set-asides for their own administrative costs associated with these services. Further, the Chancellor's Office administers several programs that are for statewide purposes—often with goals that are similar to the goals of the set-asides. Because these statewide programs are budgeted separately, they are not always well aligned with each other and with the *Vision for Success*.

The Governor's proposal addresses this concern by establishing the new program. Specifically, the new program would absorb all or a portion of existing budgetary set-asides for administrative and statewide activities from the following programs:

- Student Equity and Achievement Program
- Cooperating Agencies Foster Youth Educational Support
- CCC Strong Workforce Program

The new program also would absorb all or a portion of existing funding from the following statewide programs:

- Institutional Effectiveness Partnership Initiative
- Integrated Technology
- Transfer Education and Articulation
- Expand Delivery of Courses through Technology
- Statewide media campaigns (from Financial Aid Administration)

Pending trailer bill language would require the Board of Governors to annually adopt a budget for the new program and report on expenditures for the prior fiscal year. Initially, many statewide programs would remain in place, and would undergo review for possible improvements as their existing contract terms expire.

LOCAL SUPPORT FUNDING BY PROGRAM

Table 3 (next page) shows proposed local assistance funding by program for the current and budget years. As the table shows, most categorical programs received level or workload funding in the Governor's proposal, with certain programs receiving cost-of-living adjustments consistent with recent practices. Decreases in funding are primarily due to removing one-time funding allocated in 2019-20.

Table 3: CCC Funding by Program^a (In Millions)

Program	2019-20 Revised	2020-21 Proposed	Change Amount	Change Percent	Explanation of change
Student Centered Funding Formula	\$7,430	\$7,631	\$ 201	2.70%	COLA, enrollment growth, minimum revenue provision
Student Equity and Achievement Program	475	459	-17	-3.50%	Shift program set-aside to System Support Program
CCC Strong Workforce Program	248	236	-12	-5.00%	Shift program set-aside to System Support Program
Student Success Completion Grant	150	141	-9	-6.23%	Adjust for revised estimates of recipients
Adult Education Program - CCC Districts ^b	63	64	1	2.29%	COLA
Disabled Students Programs and Services (DSPS)	124	127	3	2.29%	COLA
CCC System Support Program	-	125	125	-	Consolidate set-aside and infrastructure funds from multiple programs
Extended Opportunity Programs and Services (EOPS)	116	119	3	2.29%	COLA
California College Promise (AB 19)	85	84	-1	-1.72%	Adjust for revised estimates of first-time, full-time students
Apprenticeship (CCC districts)	44	72	29	65.68%	COLA, expand CAI, support projected increase in RSI hours
Financial aid administration	76	69	-7	-9.09%	Adjust for revised estimates of fee waivers, shift statewide media campaign to System Support Program
Full-time faculty hiring	50	50	0	0.0%	
CalWORKs student services	47	48	1	2.29%	COLA
Mandates Block Grant and reimbursements	34	35	1	2.32%	COLA, revised enrollment estimates

Part-time faculty compensation	25	25	0	0.00%	
Economic and Workforce Development	23	23	0	0.00%	
California Online Community College	20	20	0	0.00%	
Part-time faculty office hours	12	22	10	82.16%	Add one-time funding
NextUp (foster youth program)	20	19	-1	-3.75%	Shift program set-aside to System Support Program
Deferred maintenance and instructional equipment (one-time)	13	17	4	27.87%	Add one-time funding, includes reappropriated funds
Cooperative Agencies Resources for Education (CARE)	17	17	0	2.29%	COLA
Lease revenue bond payments	16	13	-4	21.62%	Adjust for actual obligations
Nursing grants	13	13	0	0.0%	
District food pantries	-	11	11	-	Add new, ongoing program
Immigrant legal services through DSS	-	10	10	-	Make funding ongoing
Veterans Resource Centers	10	10	0	0.00%	
Student Housing Program	9	9	0	0.00%	
Dreamer Resource Liaisons	-	6	6	-	Add new, ongoing program per Assembly Bill 1645 of 2019 (Blanca Rubio)
Foster Parent Education Program	6	6	0	0.00%	
Instructional materials for dual enrollment students	-	5	5	-	Add new, ongoing program

Equal Employment Opportunity Program	3	4	1	51.90%	Add available EEO fund resources
Childcare tax bailout	4	4	0	2.29%	COLA
Other ^c	4	3	-1	-19.81%	Shift Transfer Education and Articulation funds to System Support Program
Umoja	3	3	0	0.00%	
Mathematics, Engineering, Science Achievement (MESA)	3	3	0	0.00%	
Puente Project	2	2	0	0.00%	
Middle College High School Program	2	2	0	0.00%	
Online education initiative	23	13	-10	-43.48%	Shift statewide infrastructure to System Support Program; add one-time investment for ZTC degree programs (\$10)
Integrated technology	42	-	-42	-100.00%	Shift statewide infrastructure to System Support Program
Institutional effectiveness initiative	28	-	-28	-100.00%	Shift statewide technical assistance to System Support Program
One-time program funding ^d	9	35	26	272.34%	Removes one-time funds, adds funds for work-based learning (\$20), faculty fellowship (\$15)
College-specific allocations	11	-	-11	-100.00%	Remove one-time funding
K-12 pass-throughs (adult ed, K-12 apprenticeship, workforce)	608	638	30	3.97%	Remove one-time funding, COLA
Totals	\$9,940	\$10,261	\$321	3.2%	

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

^b Amounts represent share received by CCC districts. For the overall adult education program, \$423 million (76.7%) is distributed through school district fiscal agents or funded directly to school districts and K-12 agencies, and \$128 million (23.3%) is distributed by community college district fiscal agents or funded directly to community college districts.

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

^d 2018-19 includes one-time allocations for hunger-free campus, mental health services and training, re-entry grant program, and open educational resources. 2019-20 includes one-time allocations for hunger-free campus, mental health services and training, and teacher credentialing partnership.

COLA = cost-of-living adjustment. CAI = California Apprenticeship Initiative. RSI = Related Supplemental Instruction. ZTC = zero textbook cost.

CAPITAL OUTLAY

Governor's Proposals. The Governor's Budget provides \$27.6 million in capital outlay funding from Proposition 51, approved by voters in 2016. The funding is to support 24 new projects, as listed in Table 4. The administration is in the process of reviewing CCC's 39 continuing bond projects for inclusion in its spring proposals. In addition, the budget reappropriates previously approved funding for 10 existing CCC projects due to delays in their design phases.

Table 4: Governor's Proposed CCC Capital Outlay Projects

College/Location	Project	2020-21 State Cost	2020-21 Total Cost	All Years State Cost	All Years Total Cost
NEW PROJECTS					
Antelope Valley College	Gymnasium Renovation	\$ 870,000	\$ 1,739,000	\$ 12,560,000	\$ 20,631,000
Barstow College	Hydronic Loop and Water Infrastructure	741,000	741,000	9,920,000	9,920,000
Chabot College	Bldg 3000 Maintenance Operations Warehouse & Garage	674,000	1,348,000	8,846,000	17,529,000
Orange Coast College	Chemistry Building Project	1,400,000	2,800,000	20,556,000	40,547,000
Compton College	Physical Education Complex Replacement	1,548,000	3,365,000	23,326,000	46,037,000
El Camino College	Music Building Replacement	1,969,000	3,938,000	27,175,000	54,696,000
Cuyamaca College	Instructional Building Ph 1	1,005,000	2,009,000	14,513,000	28,555,000
Grossmont College	Liberal Arts/Business/Computer Science Information Systems	941,000	1,882,000	11,257,000	22,049,000
Pacific Coast Campus	Construction Trades II	1,268,000	1,585,000	16,238,000	20,298,000
East Los Angeles College	Facilities Maintenance & Operations Replacement	829,000	1,657,000	12,170,000	23,336,000

Los Angeles Pierce College	Industrial Technology Replacement	1,182,000	2,363,000	16,737,000	33,090,000
Los Angeles Trade-Tech College	Design and Media Arts	2,410,000	4,819,000	35,317,000	69,741,000
Los Angeles Valley College	Academic Building 2	1,637,000	3,274,000	23,852,000	47,131,000
West Los Angeles College	Plant Facilities/Shops Replacement	445,000	889,000	5,788,000	11,505,000
Rancho Cordova Educational Center	Rancho Cordova Ph 2	389,000	1,296,000	8,979,000	17,384,000
Napa Valley College	Modernize Industrial Tech Bldg 3100	245,000	489,000	3,024,000	5,916,000
Cypress College	Fine Arts Renovation	1,512,000	2,520,000	18,133,000	29,801,000
Riverside City College	Life Science/Physical Science Reconstruction	1,623,000	2,706,000	27,356,000	35,201,000
Crafton Hills College	Performing Arts Center Renovation	600,000	1,200,000	7,361,000	14,415,000
Sierra College	Gymnasium Modernization	2,409,000	3,212,000	27,865,000	37,183,000
College of the Siskiyous	Theatre Arts Bldg Remodel/Addition	1,633,000	2,041,000	21,985,000	27,482,000
Public Safety Training Center	PSTC Expansion	398,000	664,000	4,975,000	7,427,000
Santa Rosa Junior College	Tauzer Gym Renovation	887,000	1,776,000	10,249,000	20,131,000
Mission College	Performing Arts Building	1,024,000	2,047,000	14,089,000	30,686,000
CONTINUING PROJECTS					
The administration has deferred funding decisions for continuing projects to better align appropriations with project schedules, and indicates that projects with preliminary plans completed prior to April 1, 2020 will be considered during the spring.					
Totals		\$27,639,000	\$50,360,000	\$382,271,000	\$670,691,000

Bond Measure on March 2020 Ballot. In the March 3 statewide primary election, Californians will have the opportunity to vote on Proposition 13, School and College Facilities Bond. If the measure is approved by voters, community colleges would receive \$2 billion of the measure's total \$15 billion for educational facilities.

STATE OPERATIONS

The Chancellor's Office provides system leadership and oversight to the system, administers dozens of CCC 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, new financial aid programs, and a new apportionment funding formula. In addition, the Chancellor's Office provides technical assistance to districts and conducts regional and statewide professional development activities. The

current-year (2019-20) budget provides \$20.5 million in non-Proposition 98 General Fund and \$11.4 million in special funds and reimbursements for Chancellor's Office operations. The budget authorizes 179.9 full time equivalent, permanent positions and temporary help, of which 139.5 are filled.

The Governor's proposed 2020-21 budget adds one position for the Accounting Office, totaling \$166,000 ongoing, including operating expenses. In addition, the budget provides \$700,000 one-time to support the costs of convening a working group on student athlete compensation in the community colleges, as required by Senate Bill 206 of 2019 (Skinner).

The proposal, along with minor technical adjustments to the office's budget, would result in total budgeted resources for the Chancellor's Office of \$31.8 million in 2020-21 (including \$20.4 million in General Fund).

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>

The ACCCA, ACBO, Chancellor's Office, and the League expect to provide an update in mid-February with projected rates for the Student Centered Funding Formula, any relevant information from proposed budget trailer bills, and other information as it becomes available.

Appendix

Please see the following pages for supplemental information:

- Appendix A: Overview of the State Budget Process
- Appendix B: Board of Governors' Budget and Legislative Request Compared to Governor's Budget Proposal
- Appendix C: Planning Factors
- Appendix D: Glossary

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 making adjustments to 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 proposal (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 CCC budget. Following release of the May Revision, the LAO publishes additional analyses evaluating new and amended proposals.

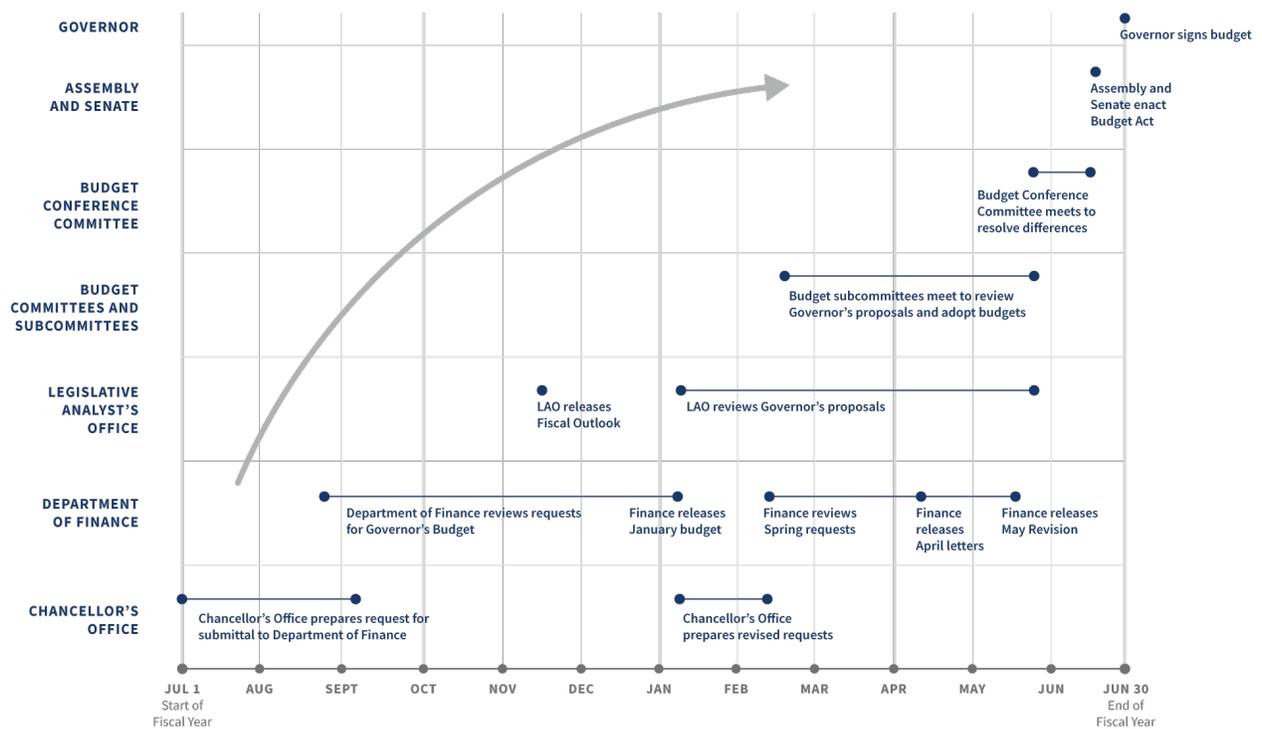
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can 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

Board of Governors' Request	Governor's January Budget Proposal
Foundational Resources	
\$328 million to meet districts' current obligations and provide cost adjustments	Provides \$199.1 million for COLA and growth; \$48.2 million (of which \$20.4 million is one-time) to support projected increases in apprenticeship instructional hours
\$100 million one-time support toward pension contributions	---
\$650 million from Proposition 51 bond funding for Board of Governors' Capital Outlay Program (25 new and 39 continuing projects)	Authorizes \$27.6 million for 24 new projects; construction funding for continuing projects will be considered in spring
Focus on College Affordability	
\$251 million for financial aid reform	No reform proposal; administration will review forthcoming work group report on how state's aid programs could better serve student needs; provides \$5 million to Student Aid Comm. for work group and outreach on student loan debt
\$10 million for textbook affordability	Provides \$10 million one-time to expand zero textbook cost degree pathways
\$350,000 for annual survey of students' basic needs	---
Focus on Faculty and Staff	
\$76 million to implement Faculty and Staff Diversity Task Force recommendations	Provides \$15 million one-time to pilot faculty fellowship program
\$15 million for professional development to improve teaching and student support	---
\$10 million for part-time faculty support	\$10 million one-time for part-time faculty office hours
Targeted Resources to Address Student Needs	
\$20 million to augment the Student Equity and Achievement Program	---
\$10 million to expand mental health services	---
\$10 million to expand educational program for incarcerated students	---
\$20 million one-time to expand work-based learning (WBL) within Guided Pathways (2019-20 Board of Governors Request)	Provides \$20 million one-time for grants to expand WBL models and programs, including working with faculty and employers to incorporate WBL into curriculum
---	Provides additional \$15 million ongoing to expand California Apprenticeship Initiative
---	Adds \$10 million ongoing to continue legal aid services for immigrant students, faculty, and staff
\$2.9 million for Dreamer Resource Liaisons (not in Board's request, but CCC funding need identified through bill analysis and comment process)	Adds \$5.8 million ongoing for Dreamer Resource Liaisons consistent with AB 1645 (2019)
---	Adds \$5 million ongoing to fund instructional materials for dual enrollment high school students participating in College and Career Access Pathways (CCAP) Partnerships
Expansion of State Supports to Serve System Needs	
Legislation to establish a System of Support for CCC	Legislation to consolidate support services as requested
\$945,000 and 6 positions to expand Chancellor's Office Research and Planning Unit	---
\$6.2 million and 2 positions to establish Chancellor's Office Housing Unit	No proposal, however, budget includes \$11.4 million in new, ongoing support for districts' food pantry services
\$200,000 and 2 positions to establish Chancellor's Office Energy and Environmental Sustainability Unit	---
\$4 million for CCC library services platform	---
\$2.5 million for systemwide awareness and outreach	---
\$2.3 million in core support and 13 positions for Chancellor's Office operations	Provides \$166,000 for one position for Chancellor's Office accounting operations

Appendix C: Planning Factors

Budget Planning and Forecasting

Based on the information Finance used in developing the Governor's budget proposal, it would be reasonable for districts to plan their budgets using information shown in the table below.

Table C-1: Planning Factors for Proposed 2020-21 Budget

Factor	2018-19	2019-20	2020-21
Cost-of-living adjustment (COLA)	2.71%	3.26%	2.29%
State Lottery funding per FTES	\$204.00	\$218.91	\$219.42
Mandates Block Grant funding per FTES	29.21	30.16	30.85
RSI reimbursement per hour	6.26	6.45	6.59
Financial aid administration per College Promise Grant	0.91	0.91	0.91
Employer pension contribution rates			
Public Employees' Retirement System (CalPERS)	18.06%	19.7%	22.8%
State Teachers' Retirement System (CalSTRS)	16.3%	17.10%	18.40%

We are not aware of any other changes in allocation methods or match requirements for local support programs, other than the funding formula adjustments described above.

Appendix D: Glossary

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

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

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

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

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

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

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

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

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

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

Expenditure: Amount of an appropriation spent or used.

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

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

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

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

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

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

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

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

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

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

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

State Operations: Expenditures for the support of state government.

Statute: A law enacted by the Legislature.

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

Enrollment Update

	Foothill College	De Anza College	District Total
2018-2019 Recalc Resident	9,745.25	13,589.63	23,334.88
2018-2019 Recalc Non-Resident	1,425.30	2,661.67	4,086.97
2019-2020 P1 Resident	9,533.50	13,582.64	23,116.14
2019-2020 P1 Non-Resident	1,193.35	2,421.75	3,615.10

1320 Comparisons by Campus, Fund and Month
as of 12/31/2019

2019-20

CAMPUS PROJECTIONS																
FOOTHILL	Original Budget	Revised Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Actuals	Budget Balance Available
Fund 114	12,141,434	12,141,434	1,642,431	1,542,907	77,036	1,260,581	1,041,248	1,736,935							7,301,138	4,840,296
Fund 115	160,000	160,000	0	14,888	16,563	26,588	21,773	22,886							102,697	57,303
Fund 121/131	0	0	0	0	0	0	300,228	62,950							363,178	(363,178)
Fund 122	410,991	410,991	22,456	24,046	24,711	35,372	37,035	49,042							192,663	218,328
Total PTF (Acct. 1320)	12,712,425	12,712,425	1,664,887	1,581,841	118,310	1,322,541	1,400,284	1,871,813	-	-	-	-	-	-	7,959,676	4,752,749
			13%	12%	1%	10%	11%	15%							63%	

CAMPUS PROJECTIONS																
DE ANZA	Original Budget	Revised Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Actuals	Budget Balance Available
Fund 114	18,201,642	18,201,642	1,551,100	1,557,498	35,290.60	1,796,661.02	1,885,492.54	2,497,298							9,323,340	8,878,302
Fund 115	0	0	0	0	0	0	0	0							0	0
Fund 121/131	0	0	0	0	0	0	0	0							0	0
Fund 122	279,413	279,413	17,754	18,167	0	13,738.76	13,738.76	19,441.85							82,840	196,573
Total PTF (Acct. 1320)	18,481,055	18,481,055	1,568,854	1,575,665	35,291	1,810,400	1,899,231	2,516,740	-	-	-	-	-	-	9,406,180	9,074,875
			8%	9%	0.2%	10%	10%	14%							51%	

TOTAL PROJECTIONS																
TOTAL FH & DA 1320	Original Budget	Revised Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Actuals	Budget Balance Available
F114	30,343,076	30,343,076	3,193,531	3,100,405	112,327	3,057,242	2,926,741	4,234,233	-	-	-	-	-	-	16,624,477	13,718,599
F115	160,000	160,000	-	14,888	16,563	26,588	21,773	22,886	-	-	-	-	-	-	102,697	57,303
F121/131	-	-	-	-	-	-	300,228	62,950	-	-	-	-	-	-	363,178	(363,178)
F122	690,404	690,404	40,210	42,213	24,711	49,111	50,774	68,484	-	-	-	-	-	-	275,503	414,901
TOTAL 1320	31,193,480	31,193,480	3,233,741	3,157,506	153,600	3,132,940	3,299,515	4,388,553	-	-	-	-	-	-	17,365,856	13,827,624