Budget Glossary

Apportionments:
The state general apportionment is the main source of unrestricted general fund revenue for most community college districts. It is calculated under the Student Centered Funding Formula to arrive at a district's Total Computational Revenue or TCR. The TCR is funded by various sources that include local property taxes, student fees, education protection act and other state funds.

Assessed Value:
The value of land, residential or business property set by the county assessor for property tax purposes. The value is the cost of any newly built or purchased property, or the value on March 1, 1975, of continuously owned property plus an annual increase of 2% (see Proposition 13). The assessed value is not equivalent to the market value, due to limitations of annual increases.

Basic Aid District:
A community college or K-12 district that does not receive state funds because its revenues from local property taxes and student enrollment fees provide more than it would receive based on state calculation, for community colleges this calculation is done under the Student Centered Funding Formula (SCFF).

Deficit:
Circumstance where expenses exceed revenues. In this case, an institution may be exceeding its established resources. Under certain circumstances, an entity may strategically plan to deficit spend, but it is a situation that should be rectified as soon as possible.

Deficit Factor:
A financial process used by the state chancellor's office to apply a system-wide reduction in revenue when funding sources, such as property tax or enrollment income, come in at lower levels than originally budgeted. In the K-12 system these deficits are automatically backfilled, but backfills for community college funding require special action by the legislature.

Enrollment Fees:
Enrollment Fees are authorized by Education Code 76300 and 76140(k) and California Code of Regulations Section 58500 et seq. This fee amount is set by legislative statute as a mandatory fee charged on a per unit basis for semester or quarter.

Fiscal Year:
A period of twelve months that may or may not correspond with the calendar. In California, it is the period beginning July 1 and ending June 30. Some special projects use a fiscal year beginning October 1 and ending September 30, which is consistent with the federal government's fiscal year.

Full-time Equivalent Students (FTES):
The number of students in attendance as determined by actual count for each class hour of attendance or by prescribed census periods. Every 525 hours of actual attendance counts as one FTES. The number 525 is derived from the fact that 175 days of instruction are required each year, and students attending classes three hours per day for 175 days will be in attendance for 525 hours. Districts complete Apportionment Attendance Reports (CCFS-320) and Apprenticeship Attendance Reports (CCFS-321) to report attendance. These reports are carefully reviewed by auditors. The importance of these reviews lies in the fact that the two reports serve as the basis for allocating state general apportionment to community college districts.

Hold Harmless:
The temporary Hold Harmless provision under Student Centered Funding Formula, allows the college/district to continue to receive state funds based on 2017-2018 funding adjusted for cost-of-living adjustments (COLAs). This funding is above what the district would have generated under the SCFF metrics. Currently, the Hold Harmless provision has been extended through 2024-25.

Non-resident Tuition:
A student who is not a resident of California is required, under the uniform student residency requirements, to pay a tuition fee as prescribed by Education Code Section 76140. The nonresident tuition fee rate is required to be established annually by March 1 for the subsequent academic year. Education Code Section 76140 provides the parameters including a minimum and maximum to set a District's nonresident tuition rate based on recent standardized financial data adjusted for inflation. Education Code Section 76141 also allows for an optional additional capital outlay fee to offset costs associated with capital, maintenance and equipment costs as outlined in statute.

Objects of Expenditure:
Objects of expenditure are salaries, purchases or services obtained by a school district, such as:

- Certificated (Instructional) Salaries (account series 1000): Includes expenditures for full-time, part-time and prorated portions of salaries for all certificated personnel.
- Classified Salaries (account series 2000): Includes expenditures for full-time, part-time and prorated portions of salaries for all classified personnel.
- Employee Benefits (account series 3000): Includes all expenditures for employers' contributions to retirement plans, and for health and welfare benefits for employees or their dependents, retired employees and Board members.
- Other Outgo (account series 7000): Includes expenditures for retirement of debt, interfund transfers, other transfers, appropriations for contingencies, and student financial aid.

It's important to delineate if expenses are ongoing or one-time or temporary.

Restricted Funds:
Restricted funds are monies designated by law or a donor agency for specific purposes. Some restricted fund monies which are unspent may be carried over to the next fiscal year. The use of the carryover funds is usually limited by law to the specified purpose(s) for which the funds were originally collected.

Revenue/Income/Proceeds:
In the corporate world, these three terms have significantly different meanings. They also do in the community college world, but are often treated, albeit incorrectly as interchangeable terms.

- Revenue is an addition to assets not accompanied by an obligation to perform services or deliver products. General apportionment is generally regarded as revenue.
- Income is generally accompanied by an obligation to perform services or deliver products. Categorical funds are treated as income.
- Proceeds are cash receipts that are recorded appropriately as revenue or income.

It is important to delineate whether revenue is ongoing – will continue to be received every year going forward – or one-time/temporary.

Student Centered Funding Formula (SCFF):
The Student Centered Funding Formula (SCFF) was implemented in 2018-19 and allocates funding to community college districts to meet the goals and commitments set forth in the California Community College's Vision for Success with the aim to close the achievement gaps and boost key student success outcomes. The SCFF supports access to funding through enrollment-based funding, as well as student equity. The SCFF targets funds to districts that serve low income students and student success equitably by providing districts with additional resources for successful student outcomes. The SCFF includes the following three allocations: Base Allocation, Supplemental Allocation and Student Success Allocation. There is also a temporary Hold Harmless provision category effective through 2024-25.

SCFF Cliff:
The Student Centered Funding Formula provision for Hold Harmless funding (minimum revenue) expires in 2024-25 and the difference between the Hold Harmless funding and the new SCFF Funding formula could result in a SCFF Cliff that could occur in 2025-26.

Surplus:
Circumstance where revenue exceed expenses. Where a surplus might be considered a benefit in private industry, in a government situation you want to fully utilize your resources to offer the promised services. However, given the vagaries of funding, it is not unusual to see a surplus, often unexpected, at year end.

Total Computational Revenue (TCR):
TCR is a term used by the Community College Chancellor's Office to describe the calculation of a district's total entitlement based on Student Centered Funding Formula (SCFF), infrastructure

factors, and the number of colleges and centers a district operates. The TCR provides the basis for general apportionment funding to be distributed throughout the community college system.

Unrestricted Funds:
Unrestricted funds are monies not designated by law or a donor agency for a specific purpose, and as such are considered unrestricted. Unrestricted funds may need to be accounted for separately or may have been designated by the Board for a specific purpose, but they are still legally regarded as unrestricted since the designation may be changed at the Board's discretion.