

COUNCIL ON BUDGET AND FACILITIES

February 13, 2023

2:00 p.m.

Dial: +1 669 444 9171

Zoom Teleconference | Meeting ID: 873 2285 3163

<https://noccd-edu.zoom.us/j/87322853163>

AGENDA

- | | | |
|--|-----------------|-------------|
| 1. Resolution No. 22/23-04, Authority to hold Virtual Meetings | Irma Ramos | Action |
| 2. Approval of December 12, 2022 Summary Notes | Irma Ramos | Action |
| 3. Budget Update | | |
| ➤ Governor's Proposed Budget | Fred Williams | Information |
| ➤ Budget Assumptions for the Tentative Budget | Kashu Vyas | Information |
| 4. One-Time Funding | Fred Williams | Information |
| 5. Facilities Updates | Budget Officers | Information |
| 6. Future Meeting Dates: | | |
| ➤ March 13, 2023 | | |
| ➤ April 10, 2023 | | |
| ➤ May 8, 2023 | | |
| ➤ June 12, 2023 | | |

NOTE: The numerical order of items on this agenda is for convenience of reference. To promote efficiency and as an accommodation to the parties involved, agenda items may be taken out of order upon request of the Chair or Members of the CBF.

**RESOLUTION OF THE COUNCIL ON BUDGET AND FACILITIES
OF THE NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT**



**Resolution No. 22/23-04, Continuing Authority to Hold Virtual Meetings Pursuant
to AB 361 – Open Meetings: State and Local Agencies: Teleconferences**

WHEREAS, on March 4, 2020, pursuant to the California Emergency Services Act and Government Code Section 8625, Governor Gavin Newsom declared a statewide emergency arising from the coronavirus (COVID-19); and

WHEREAS, the aforementioned declaration of emergency has not been rescinded, and, thus, remains in effect; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20 suspending certain provisions of the Brown Act pertaining to teleconferenced meetings; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21 which indicated that Executive Order N-29-20's authorization for holding virtual meetings would expire on September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 (Rivas) as urgency legislation effective immediately, which provides that legislative bodies may continue to meet remotely during a declared State of Emergency subject to certain conditions; and

WHEREAS, AB 361 amends the Brown Act (Government Code section 54953) to add the following provision:

(e)(1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

[-OR-]

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

[-OR-]

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, that, as a result of the emergency, meeting in

person would present imminent risks to the health or safety of attendees.

WHEREAS, AB 361 further amends the Brown Act (Government Code section 54953) to add the following provision:

(e)(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

[-AND-]

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person; [-OR-] (ii) state or local officials continue to impose or recommend measures to promote social distancing.

WHEREAS, according to the Orange County Health Care Agency (OCHCA) COVID-19 data page, as of February 6, 2023 there were 1,400 positive cases reported over a seven-day period and 170 current hospitalizations¹;

WHEREAS, the CDC has established a “Community Transmission” metric with 3 tiers designed to reflect a community’s COVID-19 case rate and percent positivity;

WHEREAS, Orange County currently has the community transmission metric of “low”²; and

THEREFORE, BE IT RESOLVED that the Council on Budget and Facilities of the North Orange County Community College District hereby makes the following findings:

(1) The Council on Budget and Facilities has reconsidered the circumstances of the Governor’s March 4, 2020 declaration of a state of emergency due to the COVID-19 pandemic, and the Council on Budget and Facilities finds that the declared state of emergency remains active, and continues to directly impact the ability of the Council on Budget and Facilities members to meet safely in person.

BE IT FURTHER RESOLVED, that based on the findings herein, the Council on Budget and Facilities shall hold meetings via teleconference as permitted by Government Code section 54953(e) for the next thirty (30) days from the date of this Resolution;

BE IT FURTHER RESOLVED, that any meetings held via teleconference pursuant to this Resolution shall comply with all requirements of Government Code section 54953(e)(2), including, but not limited to, Government Code section 54953(e)(2)(E), which provides:

¹ OCHCA COVID-19 Case Counts and Testing Figures

² CDC COVID-19 County Check

“The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.”

BE IT FURTHER RESOLVED, that not more than thirty (30) days from the date of this Resolution, the Council on Budget and Facilities shall again reconsider the circumstances of the state of emergency declared by the Governor on March 4, 2020, in order to determine whether such circumstances warrant the Council on Budget and Facilities continuing to hold teleconference meetings as permitted by Government Code section 54953(e).

PASSED AND ADOPTED by the Council on Budget and Facilities of the North Orange County Community College District on this 13th day of February 2023.

Irma Ramos, Chair
Council on Budget and Facilities of the
North Orange County Community
College District

**COUNCIL ON BUDGET AND FACILITIES
December 12, 2022**

UNAPPROVED SUMMARY

Members Present: Jennifer Combs, Rodrigo Garcia, Raine Hambly, Elaine Loayza, Marwin Luminarias, Kathleen McAlister (Academic Senate rep), Fola Odebunmi, Stephen Schoonmaker, Marlo Smith, Gabrielle Stanco (alternate for Cherry Li-Bugg), Leslie Tsubaki, Kashu Vyas, and Fred Williams

Members Absent: Terry Cox, Damon de la Cruz, Cherry-Li-Bugg, Jennifer Oo, and Irma Ramos

Guests Present: Jeanette Rodriguez, Geoff Hurst

Call to Order: The meeting was called to order at 2:02 p.m.

1. **Summary:** The summary of the November 14, 2022 were inadvertently left out of the original agenda packet. A copy of the summary notes were reviewed during the meeting with no oppositions. A copy of the summary notes were emailed to the committee members proceeding adjournment for any additional questions or comments. No questions or comments were received.
2. **DCC Updates:** The recommendation to add a student leader from NOCE to CBF was approved at the November 28, 2022 DCC meeting. Vice Chancellor Williams also confirmed with HR that student representatives would be compensated for their participation on District Governance Groups and councils. The environmental sustainability funding request was also approved at the November 28, 2022 DCC meeting. The District is currently working on the RFP for a consultant to oversee the entire program.
3. **Budget Update:** Vice Chancellor Williams provided the committee with a copy of the Legislative Analyst Office's Fiscal Outlook for Schools and Community Colleges and provided a brief summary of the information in the document. The same information was also shared with DCC.

Some of the highlights included the estimated COLAs for the next several years at the following rates:

2023-24	8.73%	
2024-25	5.3%	With an average COLA for the past 20 years at 2.8%
2025-26	4.5%	
2026-27	4.2%	

The report also shows that while 2023-24 will likely have a significant deficit, using reserves should be able to cover on-going commitments and partly fund the COLA at 8.38%. Current economic conditions point to an elevated risk of a recession starting in 2023-24 with sluggish growth in 2024-25 and some improvements in 2025-26 and 2026-27.

The January budget will provide more detailed information and will be shared with the committee when received.

4. **One-Time Funding Request:** With inflation and cost escalation, there has been a significant cost increase in construction projects. District staff and campus facility groups meet twice a month and meet with the bond program monthly to discuss project updates and funding. Dollars have already been moved from other projects to cover any shortfalls,

however there are still significant dollars needed at the campuses for projects that are coming in costlier than expected.

It was recommended that \$5.5 million of one-time dollars be appropriated for capital facilities as follows:

<u>Cypress College</u>	\$2.0 million
<i>Culinary Swing Space</i>	
<i>Phase III for the LLRC Data Center</i>	
<u>Fullerton College</u>	\$2.0 million
<i>Performing Arts Complex New ADA</i>	
<i>Building 100 elevator</i>	
<u>Anaheim Campus</u>	\$1.5 million
<i>NOCE Swing Space</i>	
<hr/>	
TOTAL	\$5.5 million

Questions/Comments:

1. *Have there been any other requests from the campuses?* The campuses probably have a list of requests, but the facilities groups at the campuses have discussed these major shortfalls and proposed this recommendation at this time.
2. *How much longer do you think we will need to keep the Financial Aid payment as a placeholder?* No additional information has been shared and the auditors have not required us to hold the funds. It is a possibility we will remove the placeholder after this year, if we do not hear anything.

By consensus, it was approved to submit the recommendation to allocate one-time dollars to the campuses as follows: \$2M to Cypress, \$2M to Fullerton, and \$1.5M to the Anaheim Campus, at the next DCC meeting for further approval.

5. **Facilities Updates:** Previously, a summary of all the scheduled maintenance projects at each of the campuses was provided. An updated recap will be provided next fall to show all monies and expenditures at the campuses.

Cypress College – Stephen Schoonmaker provided an update on behalf of the campus.

- Fine Arts Swing Space (old SEM Building) – staff meet with the contractors on a weekly basis and continue to work through some delays. Overall project is still on target to move in during summer 2023.
- Secondary Main Distribution Frame for the Technology and Computer Systems – the project is well underway and continues to make headway.
- EV Charging station with Southern California Edison (SCE) – SCE is responsible for the design work with DSA and looking to submit plans to DSA by mid-January.
- Scheduled Maintenance Projects – the campus is looking forward to completing some projects around campus during the winter break, some include the 3rd floor patio area tarping and repair work/preventative maintenance on the elevator in the complex.

Fullerton College – Rodrigo Garcia provided an update on behalf of the campus.

- 300 Building Renovation – currently working on the preliminary segmental plans with the Chancellor’s Office and plan to submit to DSA in January. Staff expect to hear back from DSA mid-year. The key date is to get plans approve and go through the

bidding process and award the project by November 2023 to still qualify for state funding.

- Chapman Newell and M&O Building - both were submitted to DSA in October. Staff are working on obtaining the Guaranteed Maximum Price by August 2023 and will take the GMP to the Board for approval.
- Performing Arts Complex – is a multi-phase project which includes the building of the Performing Arts Center, the relocation of the Wilshire chiller plant and the demolition of the 1100 and 1300 Building. As previously mentioned, an ADA elevator will need to be installed in the 100 building before demolition of the 1100 Building. DSA submittal will be sometime next year. Anticipated completion is 2025. Project is significantly over budget due to its complexity.
- Scheduled Maintenance Projects – Phase 1 of the ADA plan was awarded to a contractor to address some of the issues. Phase 2 will be the tunnel repairs.
- Non-ADA/Scheduled Maintenance Projects – lights have been installed at Sherbeck Field and the foundation for the bleachers are currently being worked on. Anticipated completion is March-April 2023.

Anaheim Campus – Fred Williams provided an update on behalf of the campus.

- Upper Deck Swing Space – Involves relocating the 1st and 2nd floors of NOCE and having Culinary Arts temporarily move back to Cypress. Delays with DSA has pushed back the move date (mid-spring 2023 semester) to 2024.
- Destructive Testing for Upper Deck/Replacement – testing results will provide staff a better understanding of the project scope. Water is a major issue at this point. This is a state funded project.
- Interior and Exterior Signage – project came in significantly higher than budgeted, however, additional monies found in other programs will be used to cover the cost.
- Charging Stations - almost complete, stations will be installed and ready by early 2023. This project was a partial grant from Anaheim Power. There are a few stations in the front of the building by the handicap spaces and eight additional spaces by the culinary arts area.

Network Refresh Project – Geoff Hurst provided an update.

- Staff are working on an accelerated time frame to get a bulk of the refresh done by the end of January 2023.
- Campus Updates – currently moving the old network to the new network and installing the new Voice over IP system at FC and CC. There were some gaps in the Wi-fi coverage at all the campuses, however new systems were delivered last week which should help with those gaps. Plan is to work at the campuses during break to finish before classes reconvene.

6. Future Meetings

- January 9, 2023
- February 13, 2023
- March 13, 2023
- April 10, 2023
- May 8, 2023
- June 12, 2023

Meeting was adjourned at 2:41 p.m.

COUNCIL ON BUDGET & FACILITIES

Agenda Item Submittal Form

Date: February 7, 2023

From: Fred Williams, Vice Chancellor, Finance and Facilities

Re: Agenda Item for Council on Budget and Facilities of February 13, 2023

1. AGENDA ITEM NAME

Governor's 2023-24 Budget Proposal

2. AGENDA ITEM ACTION (Please check all that apply.)

- Information Only
- Review/Discussion
- Action

3. ESTIMATED TIME REQUIRED FOR PRESENTATION/DISCUSSION:

10 minutes

4. BRIEF NARRATIVE SUMMARY OF AGENDA ITEM:

On January 10, 2023, the Governor introduced the 2023-24 budget proposal. Attached is the Joint Analysis provided by the State Chancellor's Office and an economic overview provided by School Services of California. While staff continue to review the details of the proposal, some highlights include:

- **The proposal tackles a budget deficit while seeking to keep prior year promises without touching the Rainy Day Funds**
- **Very few new programs**
- **8.13% COLA for the Student Centered Funding Formula and categorical programs, including adult education**
- **A portion of deferred maintenance funds allocated in FY 2022-23 will be reinvested in retention and enrollment efforts.**

5. RECOMMENDATION:

Members are asked to receive and review the information on the Governor's 2023-24 budget proposal.

Joint Analysis

Governor's January Budget

January 10, 2023



California Community Colleges



ACBO.ORG
ASSOCIATION OF CHIEF BUSINESS OFFICIALS



ASSOCIATION OF CALIFORNIA
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).

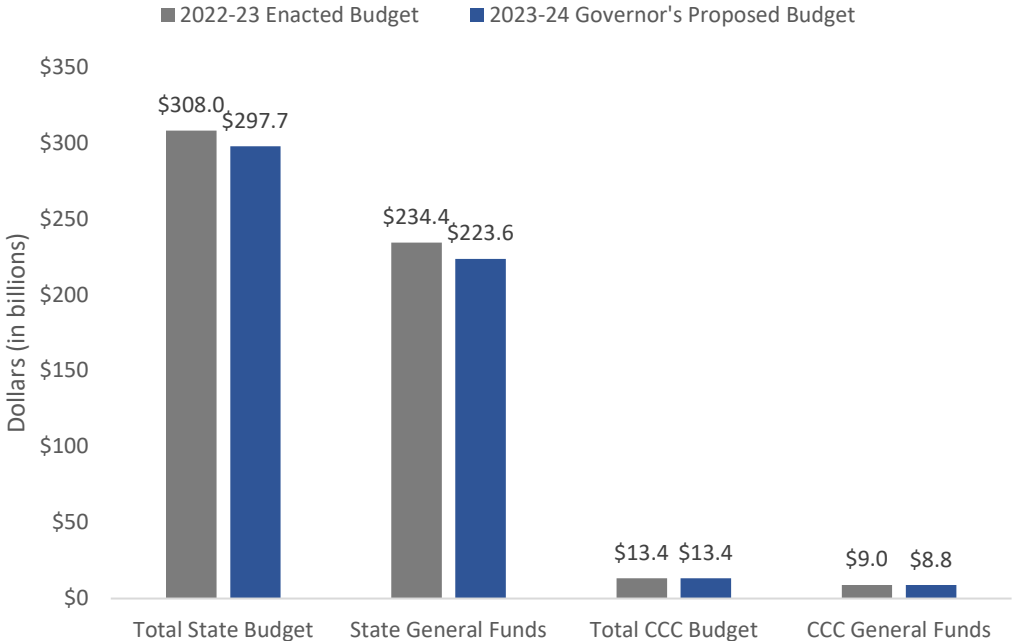
Its purpose is to provide information about the Governor’s January budget proposal as a common resource for each organization’s further analyses and advocacy efforts. Over the next several months, updated analyses will describe the proposed trailer bills, the Governor’s May Revision, and the enacted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

Summary of Key Budget Changes

Today, Governor Newsom released his budget proposal for the 2023-24 fiscal year. Following are some key changes in the proposal compared to the enacted budget for 2022-23.

- Under the proposal, the overall state budget would be lower than in 2022-23, decreasing by about 3% to \$297.7 billion, affected by a substantial decline in the share of personal income tax revenues from capital gains. General Fund spending would decrease by over \$10 billion (4.6%) to \$223.6 billion.

Figure 1: Proposed 2023-24 budget reflects projected deficit of \$22.5 billion (dollars in billions).

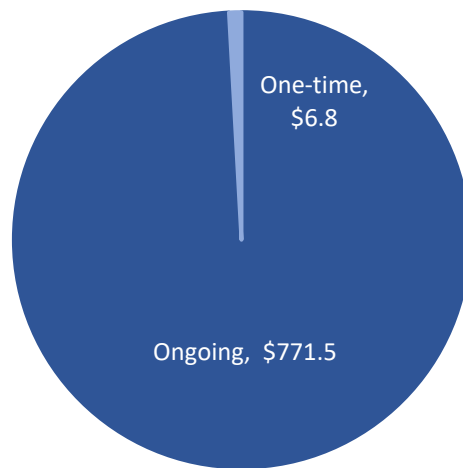


- The budget proposal for the California Community Colleges continues to be shaped by the [Roadmap for the Future](#), introduced in 2022-23 and intended to

advance equity, student success and the system’s ability to prepare students for California’s future. The Roadmap is part of the Administration’s agenda to help the state reach a goal of having 70% of working-age Californians possess a degree or credential by 2030. Budget investments across higher education aim to support students to improve educational outcomes, close equity gaps, address basic needs, and increase affordability.

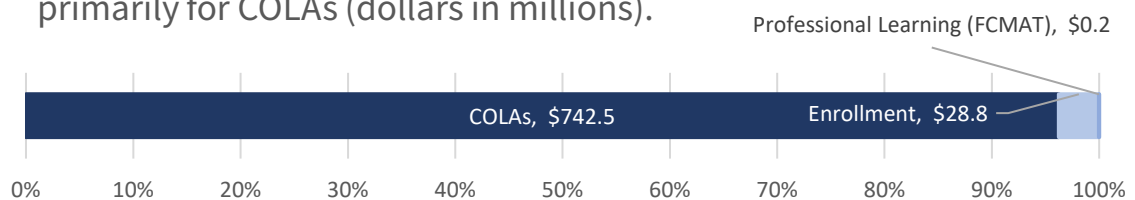
- The proposed budget for 2023-24 provides about \$778 million in Proposition 98 augmentations over the prior year, nearly all of it as ongoing spending.

Figure 2: Most new Proposition 98 funding for 2023-24 represents ongoing funds for COLAs (dollars in millions).



- The proposal for additional ongoing spending includes \$652.6 million for an 8.13% cost-of-living adjustment (COLA) for community college apportionments, about \$90 million for COLAs and adjustments to certain categorical programs, and \$28.8 million for systemwide enrollment growth of 0.5%.

Figure 3: Proposed new ongoing spending in 2023-24 is primarily for COLAs (dollars in millions).



- One-time funding in the proposal is largely dedicated to student retention and enrollment efforts in the context of enrollment that has dropped by over 16% since the beginning of the pandemic. The \$200 million proposed for that purpose is offset by a proposal to reduce that approximate amount of one-time funding for deferred maintenance included in the 2022-23 budget.

- The Governor’s proposal includes a total \$143.8 million in capital outlay funds to support the construction phase for 10 continuing projects. Four of the projects would be funded with \$53.6 million from Proposition 55 and the other six projects with \$90.1 million from Proposition 51.

State Budget Overview

The Governor’s Budget proposes additional ongoing resources of approximately \$770 million to California Community Colleges appropriations and categorical programs, as compared to the 2022 Budget Act.

BUDGET REFLECTS CONCERNS ABOUT ECONOMY AND REVENUES

The 2022 Budget Act was enacted in the context of strong revenues combined with concerns about a downturn in the stock market, increased interest rates, and the possibility of a recession. The state’s investments for the current year focused on supporting pandemic recovery, providing middle class tax rebates, and one-time spending on the environment, education, transportation, and housing.

Priorities in the Governor’s proposed budget for 2023-24 focus on key investments made in recent budgets. The proposal includes:

- Funding for key education priorities of implementing universal transitional kindergarten, increasing subsidized child care availability, implementing universal school meals, and maintaining higher education compacts with the University of California (UC) and California State University (CSU) and the multi-year roadmap with the California Community Colleges;
- Maintenance of most funding allocated in the two prior budgets for advancing the Administration’s climate agenda, with plans to pursue additional federal funds;
- Continuing investment in the expansion of health care access, including reproductive health care and behavioral health services; and
- Maintenance of recent budgets’ investments to address homelessness and most of the planned allocations for housing production incentives.

Economic Conditions Create a Budget Deficit

The budget outlook has declined since the 2022 Budget Act, with revenues falling behind budget act projections across 2021-22, 2022-23 and 2023-24 by over \$40 billion according to the [Legislative Analyst’s Office](#) (LAO). The 2022 Budget Act assumed that the state would end 2023-24 with a deficit of nearly \$3 billion, a problem that is compounded by revenue shortfalls related to a downturn in the stock market. The revenue losses are partially offset by reductions to required formula-driven spending (such as Proposition 98 spending and deposits to the Budget Stabilization Account), but the LAO’s analysis may understate the overall state budget problem as it did not consider the impact of persistent high inflation. According to the [LAO](#), required withdrawals from the Proposition 98 reserve in response to the shortfall in revenues should cover the costs of existing K-14 programs adjusted by COLA through 2025-26, but it leaves no money for additional spending beyond current programs.

The Governor’s Budget largely aligns with the LAO’s analysis, although it projects a slightly lower deficit of \$22.5 billion for 2023-24 (compared to LAO’s projection of \$25 billion). The budget reflects \$35.6 billion in reserves, including \$22.4 billion in the state’s Rainy Day Fund. The state’s efforts to build reserves over the last couple of years will somewhat mitigate the impact of the expected budget deficit for 2023-24. The plan uses several mechanisms to close the projected shortfall, including some funding delays and reductions from the 2021-22 and 2022-23 budgets, fund shifts, and limited borrowing. Some reductions are included in a trigger that would restore the funds in January 2024 if sufficient General Fund revenues are available.

District Revenue Protections

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.” 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. 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, so a district’s hold harmless amount would not grow.

PROPOSITION 98 ESTIMATE INCREASES

Minimum Guarantee for Community Colleges Increases by about 2%

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 10.93% 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	2021-22 Revised	2022-23 Revised	2023-24 Proposed	Change From 2022-23 Amount	Change From 2022-23 Percent
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$83,630	\$79,103	\$79,613	\$510	1%
Local property tax	26,785	27,889	29,204	1,315	5%
Totals	\$110,415	\$106,991	\$108,816	\$1,825	2%
COMMUNITY COLLEGES ONLY ^a					
General Fund	\$8,790	\$8,713	\$8,758	\$45	1%
Local property tax	3,512	3,648	3,811	164	4%
Totals	\$12,301	\$12,360	\$12,569	\$209	2%

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

Estimate for Current Year Has Decreased

The estimate of the Proposition 98 minimum guarantee for 2021-22 increased very slightly but the estimate for 2022-23 decreased as compared to projections when the 2022-23 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 estimate for 2022-23 is lower than was projected in June because of weaker than expected revenues.

Revised Deposits 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 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 reflects revised 2021-22 and 2022-23 payments, and a 2023-24 payment of \$3.7 billion, \$1.1 billion, and \$365 million, respectively, for a total revised account balance of more than \$8.5 billion at the end of 2022-23 (compared to the projected \$9.5 billion in the 2022 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, 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.

California Community Colleges Funding

The Governor’s Budget includes \$771 million in ongoing policy adjustments for the community college system, compared to 2022-23 expenditure levels, as reflected in Table 2. Considering technical adjustments along with changes to funding, the system would receive approximately \$461 million in additional funding.

Table 2: Proposed 2023-24 Changes in Proposition 98 Funding for the System (In Millions)

POLICY ADJUSTMENTS	
Ongoing (Proposition 98)	
Provide 8.13% COLA for SCFF	\$652.6
Provide 8.13% COLA for Adult Education Program	\$48.5
Provide 0.5% for SCFF growth	\$28.8
Provide 8.13% COLA for Extended Opportunity Programs and Services (EOPS)	\$13.8
Provide 8.13% COLA for Disabled Students Programs and Services (DSPS)	\$13.0
Provide COLA and a technical adjustment for Apprenticeship (community college districts)	\$4.7
Provide 8.13% COLA for CalWORKs student services	\$4.1
Provide 8.13% COLA and an enrollment-based adjustment for Mandates Block Grant and reimbursements	\$3.0
Provide 8.13% COLA for Cooperative Agencies Resources for Education (CARE)	\$2.5
Provide 8.13% COLA for Childcare tax bailout	\$0.3
Increase FCMAT funding for Professional Learning Opportunities	\$0.2
Subtotal Ongoing (Proposition 98) Policy Adjustments	\$771.5
One-Time (Proposition 98)	
Support retention and enrollment strategies	\$200.0
Workforce Training Grants	\$14.0
Prior year SCFF funding	\$5.7
FCMAT Professional Learning Opportunities	\$0.1
Reduce prior year deferred maintenance funding	-\$213.0
Subtotal One-Time Policy Adjustments	\$6.8
TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth)	-\$314.4
Subtotal Technical Adjustments	-\$314.4
TOTAL CHANGES	\$463.9

The estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by \$367 million from \$8.7 billion to \$9.1 billion. This reflects a proposed COLA of 8.13% (\$652.6 million) and FTES growth of 0.5% (\$28.8 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 2022-23 Budget Act to the 2023-24 Governor’s Budget proposal):

- Property tax revenues are estimated to increase by \$158.6 million from \$3.653 billion to \$3.811 billion.
- Enrollment Fee revenues are estimated to increase by \$3 million from \$399.5 million to \$402.5 million.
- Education Protection Account funding is estimated to increase by \$186.7 million from \$1.43 billion to \$1.62 billion.

Table 3 reflects the 2022-23 Advance rates, along with the projected rates for 2023-24, as modified by COLA.

Table 3: Proposed 2023-24 Student Centered Funding Formula Rates (rounded)

Allocations	2022-23 Advance Rates	Estimated Proposed 2023-24 Rates**	Estimated Change from 2022-23 Advance	Estimated Change from 2022-23 (Percent)
Base Credit*	\$ 4,840	\$ 5,234	\$ 394	8.13%
Incarcerated Credit*	6,788	7,340	552	8.13%
Special Admit Credit*	6,788	7,340	552	8.13%
CDCP	6,788	7,340	552	8.13%
Noncredit	4,082	4,414	332	8.13%
Supplemental Point Value	1,145	1,238	93	8.13%
Student Success Main Point Value	675	730	55	8.13%
Student Success Equity Point Value	170	184	14	8.13%
Single College District				
Small College	5,950,421	6,434,191	483,769	8.13%
Medium College	7,933,899	8,578,925	645,026	8.13%
Large College	9,917,373	10,723,656	806,282	8.13%
Multi College District				
Small College	5,950,421	6,434,191	483,769	8.13%
Medium College	6,942,161	7,506,559	564,398	8.13%
Large College	7,933,899	8,578,925	645,026	8.13%
Designated Rural College	1,892,601	2,046,469	153,868	8.13%
State Approved Centers	1,983,474	2,144,731	161,256	8.13%

Grandparented Centers				
Small Center	247,936	268,093	20,157	8.13%
Small Medium Center	495,869	536,183	40,314	8.13%
Medium Center	991,736	1,072,365	80,628	8.13%
Medium Large Center	1,487,605	1,608,548	120,942	8.13%
Large Center	1,983,474	2,144,731	161,256	8.13%

*Ten districts receive higher credit FTES rates, as specified in statute.

**Estimated 2023-24 rates will change based on updated 2022-23 data and revenues.

Appendix B compares the Governor’s proposed funding adjustments for the system in 2023-24 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 CONTINUE STATE’S FOCUS ON ROADMAP

The multi-year [Roadmap](#) introduced in the 2022-23 budget continues to shape the Administration’s proposed budget. The roadmap builds on existing efforts toward achieving the *Vision for Success* goals, with some additional expectations for the system over the next several years. The proposed budget provides funding for a COLA and enrollment growth, targets more one-time funds for enrollment and retention efforts, and allows districts more flexibility in the use of funds in pursuit of the roadmap’s goals.

Apportionments Receive 8.13% COLA and 0.5% Growth

The proposal includes an increase of \$28.8 million **ongoing** to fund 0.5% enrollment growth and \$652.6 million **ongoing** to support a COLA of 8.13% for apportionments, the same COLA proposed for K-12. Another \$92.5 million **ongoing** would support a COLA of 8.13% for selected categorical programs and the Adult Education program.

District Flexibility Increases

To support the roadmap and provide districts with an opportunity to maximize use of their funds, the Administration intends to introduce a mechanism as part of the May Revision to provide additional flexibility in the spending of certain categorical dollars to community college districts that are making progress toward the roadmap goals. Under the proposal, districts would have the option to submit a streamlined report for the specified programs and to spend funds flexibly across them.

Retention and Enrollment Receives Additional Support

The proposed budget reflects continuing concern about the significant loss of enrollment across the community colleges, which has declined by more than 16% since the beginning of the pandemic. Building on prior investments of \$120 million in 2021-22 and \$150 million in 2022-23, the proposal includes \$200 million **one-time** to continue supporting community college efforts and focused strategies to increase student retention rates and overall enrollment. Districts have used the prior funding for a variety of efforts to recruit, retain, and re-enroll students, including to:

- Increase outreach and marketing efforts via mail, email, text, phone and social media, and through participation in virtual and in-person community events;
- Expand financial supports for students through emergency grants, book and transportation vouchers, and support for technology, food, housing, childcare and other needs;
- Remove financial holds, relax payment policies, and streamline burdensome administrative procedures;
- Offer alternative course schedules and modalities;
- Implement online student services and expand hours of service for virtual and in-person services;
- Increase training and resources for faculty and staff; and
- Expand and deepen collaboration both on campus and with external partners to provide enhanced student services and improved educational options.

Deferred Maintenance Funds are Redirected

The 2022 Budget Act included approximately \$840 million in **one-time** funds for 2022-23 to address deferred maintenance and energy efficiency projects across the system. The Governor’s Budget proposes to decrease that amount by \$213 million, providing a source of funding to support the additional investment for retention and enrollment efforts in the budget year.

Currently, all \$840 million in one-time deferred maintenance funds allocated in FY 2022-23 are scheduled to be distributed to districts via the Apportionment process by June 2023, prior to the expected enactment of the 2023-24 budget. As of January 2023, \$504 million has been distributed.

Since the approval of the 2022 Budget Act, 71 districts have certified how they will spend their allocated funds. The 71 districts that have a certified plan have allocated \$829 million to address the following needs on their campuses:

- \$199 million for instructional equipment and library materials;
- \$534.4 million for deferred maintenance projects;
- \$34.6 million for water conservation projects; and
- \$61 million for energy efficiency projects.

Increasing Fiscal Accountability is a Priority

The Governor’s proposed budget includes \$275,000 (\$75,000 **one-time** and \$200,000 **ongoing**) to develop and maintain a community college district leadership and fiscal accountability program, through the Fiscal Crisis and Management Assistance Team (FCMAT). FCMAT provides services to help local TK-14 educational agencies identify, prevent, and resolve financial, operational and data management challenges through management assistance and professional learning opportunities, and the proposed funding would be intended to provide services targeted to the needs of community college districts.

Fire Protection is a Focus

The Governor's proposed budget includes \$14 million **one-time** Proposition 98 funds for workforce training grants focused on meeting workforce needs to fight wildfires, to be administered in collaboration with the California Department of Forestry and Fire Protection.

Dual Enrollment and Service Learning are Encouraged

The Governor's budget proposal includes language requesting that community colleges establish dual enrollment agreements with all applicable local educational agencies (LEAs) within their community college districts' service area. It also requests that colleges develop and offer a one-unit service-learning course that all high school students can access through dual enrollment.

Affordable Student Housing Funding Extended by One Year

As part of the Budget Act of 2021, the state created the Higher Education Student Housing Grant Program to support the construction of affordable student housing across the three public higher education segments. The program was to receive funding over three years for three rounds of grants, with an investment of \$750 million one-time expected in FY 2023-24. The Governor's budget proposes to reduce that investment to \$500 million **one-time** and extend the remaining \$250 million to FY 2024-25, which will provide an opportunity for a fourth round of awards.

Cal Grant Reforms Targeted for 2024-25

The Fiscal Year 2022-23 State Budget enacted the Cal Grant Reform Act, a longstanding priority of the California Community Colleges system and our student-led organizations, overhauling and modernizing the state Cal Grant program for community college students. When it goes into effect in the 2024-25 academic year, the Cal Grant Reform Act would entitle *all* community college students with financial need to a revised "Cal Grant 2" financial aid award that would increase with inflation over time and continue to support students' total cost of attendance beyond tuition. The Cal Grant Reform Act depends on the Department of Finance determining, in the spring of 2024, that there will be sufficient revenues in the 2024-25 fiscal year to support this expansion of financial aid.

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.

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

Program	2022-23 Revised	2023-24 Proposed	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$8,734.0	\$9,101.0	\$367.0	4.2%	COLA, growth, and other base adjustments (estimated based on available info)
Adult Education Program – Main ^b	603.1	651.7	48.5	8.0%	COLA
Student Equity and Achievement Program	524.0	524.0	0.0	0.0%	
Student Success Completion Grant	412.6	412.6	0.0	0.0%	
Strong Workforce Program	290.4	290.4	0.0	0.0%	
Part-time faculty health insurance	200.5	200.5	0.0	0.0%	
Extended Opportunity Programs and Services (EOPS)	169.2	182.9	13.8	8.13%	COLA
Disabled Students Programs and Services (DSPS)	159.7	172.7	13.0	8.13%	COLA
Full-time faculty hiring	150.0	150.0	0.0	0.0%	
California College Promise (AB 19)	91.2	91.2	0.0	0.0%	
Integrated technology	89.5	89.5	0.0	0.0%	
Financial aid administration	81.6	81.6	0.0	0.0%	
Apprenticeship (community college districts)	69.2	73.9	4.7	6.7%	COLA and technical adjustment
CalWORKs student services	50.9	55.0	4.1	8.13%	COLA
NextUp (foster youth program)	50.0	50.0	0.0	0.0%	
Basic needs centers	40.0	40.0	0.0	0.0%	
Mathematics, Engineering, Science Achievement (MESA)	36.4	36.4	0.0	0.0%	

Mandates Block Grant and reimbursements	36.1	39.1	3.0	8.39%	COLA and enrollment-based adjustment
Cooperative Agencies Resources for Education (CARE)	30.9	33.5	2.5	8.13%	COLA
Student mental health services	30.0	30.0	0.0	0.0%	
Institutional effectiveness initiative	27.5	27.5	0.0	0.0%	
Part-time faculty compensation	26.5	26.5	0.0	0.0%	
Rising Scholars Network	25.0	25.0	0.0	0.0%	
Part-time faculty office hours	23.6	23.6	0.0	0.0%	
Economic and Workforce Development	22.9	22.9	0.0	0.0%	
California Virtual Campus	20.0	20.0	0.0	0.0%	
Homeless and Housing Insecurity Program ("Rapid Rehousing")	19.0	19.0	0.0	0.0%	
California Online Community College (Calbright College)	15.0	15.0	0.0	0.0%	
Nursing grants	13.4	13.4	0.0	0.0%	
Lease revenue bond payments	12.8	12.8	0.0	0.0%	
Equal Employment Opportunity Program	12.8	12.8	0.0	0.0%	
Puente Project	12.3	12.3	0.0	0.0%	
Dreamer Resource Liaisons	11.6	11.6	0.0	0.0%	
Immigrant legal services through CDSS	10.0	10.0	0.0	0.0%	
Veterans Resource Centers	10.0	10.0	0.0	0.0%	
Classified Employee Summer	10.0	10.0	0.0	0.0%	

Assistance Program					
Umoja	8.5	8.5	0.0	0.0%	
Asian American and Native Hawaiian and Pacific Islander (AANHPI) Student Achievement Program	8.0	8	0.0	0.0%	
Foster Parent Education Program	6.2	6.2	0.0	0.0%	
Childcare tax bailout	4.0	4.3	0.3	8.13%	COLA
Digital Course Content for Inmates	3.0	3.0	0.0	0.0%	
Middle College High School Program	1.8	1.8	0.0	0.0%	
Academic Senate	1.8	1.8	0.0	0.0%	
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.4	1.4	0.0	0.0%	
African American Male Education Network and Development (A2MEND)	1.1	1.1	0.0	0.0%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.7	0.7	0.0	0.0%	
FCMAT	0.6	0.8	0.2	35.1%	Increase for FCMAT Professional Learning Opportunities

^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.

Table 5 shows proposed one-time local assistance funding by program for 2023-24. Given the expected state budget deficit, the budget proposal for community colleges includes only a few one-time investments.

Table 5: California Community Colleges One-Time Funding by Program^a (In Millions)

Program	2022-23 Revised	2023-24 Proposed	Explanation of Change
Retention and enrollment strategies	150.0	200.0	One-time funds added
Workforce Training Grants	0.0	14.0	One-time funds added
FCMAT Professional Learning Opportunities	0.0	0.08	One-time funds added
Deferred maintenance	627.7	N/A	Reduce prior year funding by \$213 million (from \$840.7)

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

CAPITAL OUTLAY INVESTMENTS ARE LOWER

The Governor’s proposal includes \$143.8 million in total capital outlay funding from both Proposition 55 and Proposition 51, substantially lower than in the 2021-22 and 2022-23 budgets. Voters approved Proposition 55 in 2004 and Proposition 51 approved by voters in 2016. The funding is to support the construction phase for 10 continuing projects, as listed in Table 6.

Table 6: Governor’s Proposed Capital Outlay Projects in the California Community Colleges (In Millions)

District, College	Project	2023-24 State Cost	2023-24 Total Cost	All Years State Cost	All Years Total Cost
CONTINUING PROJECTS					
Proposition 55					
Compton, Compton College	Visual and Performing Arts	\$12.53	\$16.68	\$13.33	\$17.79
Desert, College of the Desert	Science Building Renovation	\$6.85	\$13.71	\$7.44	\$14.88
Grossmont-Cuyamaca, Cuyamaca College	Instructional Building 1	\$15.93	\$31.51	\$16.93	\$33.51
Sierra Jt., Sierra College	Applied Technology Center Modernization	\$18.30	\$34.19	\$19.68	\$36.89
Proposition 51					
Chabot-Las Positas, Chabot College	Building 3000 Maintenance Operations Warehouse & Garage	\$10.06	\$27.63	\$10.73	\$28.98

Los Angeles, Los Angeles Mission College	Plant Facilities Warehouse & Shop Replacement	\$7.32	\$24.16	\$7.83	\$25.92
Riverside, Norco College	Center for Human Performance and Kinesiology	\$28.56	\$51.49	\$30.21	\$54.19
Shasta/Tehama/Trinity, Shasta College	Building 800 Renovation	\$5.97	\$11.03	\$6.46	\$12.00
Sierra Jt., Sierra College	New Science Building	\$27.47	\$54.97	\$29.81	\$58.72
West Valley-Mission, West Valley College	Theater Renovation/Expansion	\$10.81	\$29.02	\$11.63	\$30.66
Total		\$143.79	\$294.38	\$154.05	\$313.54

STATE OPERATIONS RECEIVES LEVEL FUNDING

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. In addition, the Chancellor’s Office provides technical assistance to districts and conducts regional and statewide professional development activities. The current-year (2022-23) budget provided an increase of \$3.9 million over the prior year to support 26 new positions to better support curriculum-related reforms and technology modernization efforts across the system as well as improved operational capacity in general. The Governor’s budget proposal for 2023-24 keeps funding level at about \$25.7 million in non-Proposition 98 General Fund and \$12.2 million in special funds and reimbursements for Chancellor’s Office operations.

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.

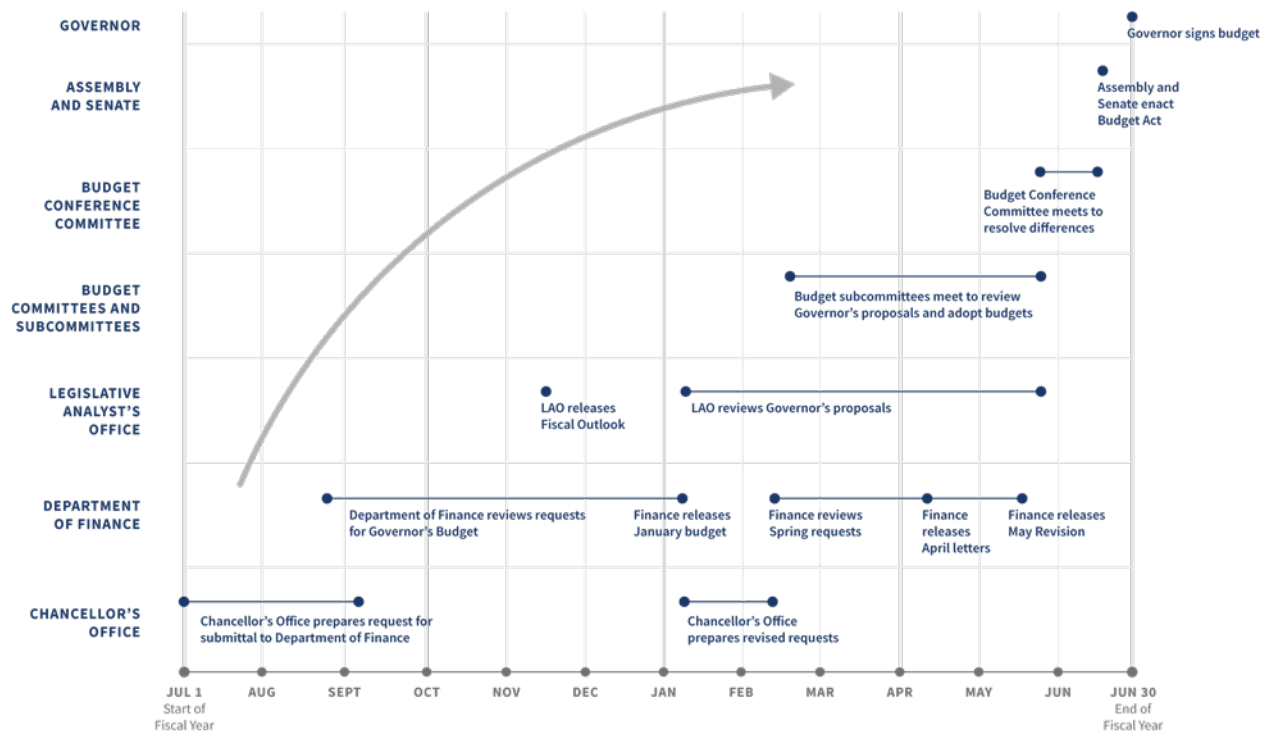
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can 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 fiscal needs over multiple years to support the system in achieving the *Vision for Success* and Roadmap goals; it focused on leveraging prior year investments and furthering recent reforms.

Board of Governor’s Request	Governor’s Budget Proposal
Ongoing Investments	
Foundational Resources. \$400 million for base funding increase.	Provides \$652.6 million for a COLA of 8.13% and \$28.8 million for 0.5% enrollment growth.
Diversity, Equity and Inclusion. \$2 million to leverage federal match for Foster and Kinship Care Education program; \$80 million for expanded campus childcare; \$60 million increase to DSPS.	Not funded.
Pathways and Student Supports. \$70 million for implementation of corequisite support models.	Provides \$92.5 million for 8.13% COLA for selected categorical programs and the Adult Education Program.
Support for Faculty and Staff. \$50 million for faculty supports across hiring, parity, curriculum development and office hours; \$10 million for CCC Teacher Preparation Program	Instead, it includes \$200,000 for operation of a district leadership and fiscal accountability program with FCMAT.
Technology and Data Sharing. \$30 million for technology capacity to support flexible and online learning modalities; \$200,000 for streamlined reporting process; \$92 million for Common ERP (beginning in 2024-25).	Instead, it offers streamlined reporting and district spending flexibility for certain categorical programs to districts making progress toward Roadmap goals.
College Affordability and Supports. \$10 million for structural reforms to financial aid administration; policy changes to cover Student Success Completion Grants for student Board of Governors members and to extend eligibility for AB 540 tuition exemption to students who have completed 60 units or an ADT.	Not funded.
One-Time Investments	
Pathways and Student Supports. \$150 million to establish Childcare Expansion Fund for upgrading facilities and enhancing partnerships for campus childcare; \$23 million to incentivize colleges to identify and implement changes to structures and processes to reduce excess units; \$2.7 million for Intersegmental Transfer Success Collaborative of cross-segment disciplinary faculty; \$231,000 for analysis of online learning innovations; \$20 million for infrastructure for students with disabilities.	Instead, it provides \$200 million to support college efforts and strategies to increase student retention rates and enrollment, and \$14 million for workforce training grants related to forestry and fire protection.

Technology and Data Sharing. \$2.2 million for creation of streamlined reporting tool; \$300 million for Common ERP (in 2024-25)	Not mentioned.
Institutional Quality and Capacity. \$150 million one-time for deferred maintenance.	Decreases 2022-23 funds for deferred maintenance by \$213 million to cover the cost of additional investment in retention and enrollment strategies described above. Provides \$75,000 to develop the leadership and fiscal accountability program with FCMAT (see ongoing funding above).
Non-Proposition 98 Investments	
College Affordability and Supports. \$900 million one-time for construction grants for student housing	Delays \$250 million of the anticipated support for housing projects to 2024-25 (so provides \$500 million rather than \$750 million in 2023-24).
Pension Relief. Unspecified one-time investment to allow redirection of resources toward student success goals.	Not funded.
Capacity to Support the System. \$963,000 ongoing for 5 additional Chancellor's Office staff to support NOVA platform	Not funded.
Workforce Education. Policy changes to revise Economic Workforce Development program to emphasize collaboration, coordination, and expanded work-based learning.	Not mentioned.

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 2023-24 Budget

Factor	2021-22	2022-23	2023-24
Cost-of-living adjustment (COLA)	5.07%	6.56%	8.13%
State Lottery funding per FTES ^a	\$228	\$237	TBD
Mandated Costs Block Grant funding per FTES ^b	\$30.16	\$32.68	\$32.68
RSI reimbursement per hour ^b	\$6.44	\$8.82	\$8.82
Financial aid administration per College Promise Grant ^b	\$0.91	\$0.91	\$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	22.91%	25.37%	25.20%
State Teachers' Retirement System (CalSTRS) employer contribution rates	16.92%	19.10%	19.10%

^a 2023-24 estimate not 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 2023-24

Activity	Regulatory Due Date	Title 5 Section
Submit tentative budget to county officer.	July 1, 2023	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2023	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2023	58301
Complete the adopted annual financial and budget report and make public.	September 30, 2023	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2023	58305(d)
Submit an audit report to the Chancellor's Office.	December 31, 2023	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).

Deferrals: Late payments to districts when the state cannot meet its funding obligations. Deferrals allow districts to budget for more money than the state will provide in a given year. A district is permitted to spend as if there is no deferral. Districts typically rely on local reserves or short-term loans (e.g., TRANS) to cover spending for the fiscal year.

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.

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.

Tax and Revenue Anticipation Notes (TRANS): Short-term debt instruments issued in anticipation of taxes or other revenues to be collected at a later date.

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

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

An Overview of the 2023–24 Governor's Budget Proposals



BY SSC TEAM

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posted January 10, 2023

Overview of the Governor's Budget Proposals

Today, California seemed to turn the page in State Budget development: from COVID-19 pandemic budgeting since May 2020 to more business as usual. And unfortunately for Governor Gavin Newsom, business as usual comes with a softening economy.

Thankfully, California is better prepared to weather the proverbial storm due to the significant rainy-day deposits and investments made during the good years that allows the state to address an estimated budget gap of \$22.5 billion with relatively little disruption through funding delays, shifts, and some reductions. Perhaps foreshadowing a more gloomy May Revision on the horizon, Governor Newsom purposefully chose *not* to draw from the state's reserve accounts to close the budget gap. He is likely holding that option back in case the economic dam breaks.

For education, Governor Newsom proposes a State Budget to preserve investments made during the boom years; the number of significant changes for 2023–24 can be counted on one hand. However, the changes proposed, as we will detail in this article, are significant for community college districts across the state and include a proposed mid-year cut to previously budgeted one-time funds. But at least for now, gone are the litany of new ongoing and one-time categorical programs that have filled the Proposition 98 guarantee during those years.

The Economy and Revenues

Governor Newsom assumes a slowing but still growing economy at the national and state level; however, identified risks to his assumptions are strewn throughout his budget proposal. In fact, the Governor began his press conference standing beside a chart showing a sharp decline in capital gains revenues as a percentage of personal income, which he referred to as the California economy's electrocardiogram, or EKG. This is because the largest source of state General Fund revenues is derived from taxes on personal income, including capital gains. One percent of the state's highest income earners generated over 26% of all gross income and they paid 49% of all personal income taxes in 2020. According to the Governor's Budget Summary, "[t]hese two related phenomena—significant reliance of the General Fund on capital gains and on taxes paid by a small portion of the population—underscore the difficulty in forecasting personal income tax revenue" and, by extension, General Fund revenues.

To underscore the state's reliance on its richest residents, capital gains revenue has made up between 8.5% and 12.6% of total annual General Fund revenues over the last decade. The Governor's Budget assumes a modest reduction in the share of revenues that come from stock market investments in 2023 to 8.3%, consistent with the assumption that the overall economy is cooling (while avoiding a recession). Importantly, the Newsom Administration assumes that Wall Street investors will remain cool-headed and that each of the major market indexes will not decline and instead will grow modestly from their November 2022 levels.

This may prove to be a risky assumption. As it is, the Governor's Budget recognizes a budget shortfall of \$29.5 billion over the three-year budget window (2021–22, 2022–23, and 2023–24). Despite this somber picture, Governor Newsom manages to present a balanced budget proposal without dipping into reserves. If the economy worsens from the assumptions he uses to build his budget—such as protracted and sustained inflation, slower growth in personal income, and contracting employment—he and lawmakers may need to dip their hands into rainy day funds to avoid untenable budget reductions to programs and services, including public education, that they value.

Relative to the key General Fund drivers, the Governor's Budget makes significant reductions to the "Big Three" tax revenues relative to the 2022–23 Enacted Budget across the three-year budget window, for a total downward adjustment of \$31.7 billion.

Big Three Tax Revenues
(in millions)

	2021-22		2022-23		2023-24	
	2022-23 Enacted Budget	Governor’s Budget	2022-23 Enacted Budget	Governor’s Budget	2022-23 Enacted Budget	Governor’s Budget
Personal Income Tax	\$136,497	\$136,762	\$137,506	\$128,905	\$143,755	\$126,695
Corporation Tax	\$46,395	\$45,298	\$38,464	\$38,482	\$42,013	\$39,308
Sales and Use Tax	\$32,750	\$32,915	\$33,992	\$32,851	\$35,145	\$33,599

Again, the Governor’s Budget revenue estimates do not forecast a recession—even a mild one—and contain underlying assumptions that would significantly impact state revenues, particularly personal income tax revenues.

The 2022-23 Enacted Budget’s reliance on one-time spending (93% of new money was committed to one-time expenses) provides some budget resilience moving into 2023-24. Additionally, reserves will cushion further declines in state revenues. But the Governor’s Budget is balanced delicately on what some may say are risky assumptions.

Proposition 98 Minimum Guarantee and Reserve

As expected, given trends in state General Fund revenues, the Proposition 98 minimum guarantee for K-12 and community college education has declined relative to the 2022-23 Enacted Budget. Specifically, the Governor estimates the minimum guarantee for fiscal year 2023-24 to be \$108.8 billion, representing a \$1.5 billion reduction compared to Enacted Budget estimates. Test 1 remains operative through the budget window (2021-22, 2022-23, and 2023-24), meaning that public education funding is a simple percentage of General Fund revenues (approximately 38%). The Proposition 98 minimum guarantee decreases by \$4.7 billion over the three-year period.

Proposition 98 Minimum Guarantee

2021-22		2022-23	
2022-23 Enacted Budget	Governor’s Budget	2022-23 Enacted Budget	Governor’s Budget
\$110.2 billion	\$110.4 billion	\$110.4 billion	\$106.9 billion
Change	(\$200 million)	Change	(\$3.5 billion)

General Fund expenditures toward the minimum guarantee decrease in the Governor’s Budget due to offsetting increases in local property taxes. For 2022-23, the General Fund portion of Proposition 98 is estimated to decrease by \$153 million. Additionally, General Fund expenditures for Proposition 98 decrease by \$1.3 billion in 2023-24. Together, these adjustments result in a General Fund savings of approximately \$1.5 billion, which will be partially encumbered by a required adjustment to the minimum guarantee from the expanded eligibility of transitional kindergarten (TK).

The Governor’s Budget maintains the commitment to expand TK, requiring a “rebench” of the Test 1 minimum guarantee percentage for the increased cost of serving more TK students. The TK rebench increases public education’s share of General Fund revenues from 38.3% to 38.6%.

Proposition 98 Reserve

Deposits to and withdrawals from the Public School System Stabilization Account (Proposition 98 Reserve) are formula-driven and reliant on trends in state General Fund revenues inclusive of capital gains. The Governor’s Budget revises prior-year deposits based on updated revenues, and estimates a required \$365 million deposit in 2023-24. The revised and estimated deposits result in an account balance of \$8.5 billion (down from \$9.5 billion in the 2022-23 Enacted Budget).

2021-22		2022-23	
2022-23 Enacted Budget	Governor’s Budget	2022-23 Enacted Budget	Governor’s Budget
\$4.0 billion	\$3.7 billion	\$2.2 billion	\$1.1 billion
Change	(\$300 million)	Change	(\$1.1 billion)

Student Centered Funding Formula and Enrollment

The Governor’s Budget proposes \$652.6 million to fund the 8.13% cost-of-living adjustment (COLA) for apportionments, which is applied to the rates within the Student-Centered Funding Formula (SCFF).

The Governor’s Budget Summary highlights the financial support that the state has given to the California Community Colleges (CCCs) over the past several years, including providing a funding floor for the SCFF’s hold harmless provision beginning in fiscal year 2025-26; the Governor does not propose changing this date nor mentioned the current emergency conditions allowance. Additionally, the Administration says that it will be monitoring district-level enrollment trends as we move past the COVID-19 Pandemic and highlights the importance for districts to begin regaining some of the enrollment lost during the COVID-19 pandemic. To address the enrollment issue, the Administration plans on working with stakeholders to consider options to adjust district budgets should a district not display that they are regaining enrollment lost during the COVID-19 pandemic entering the 2024-25 academic year.

The Governor proposes to provide \$28.8 million to fund student enrollment growth of 0.5%. The estimate for local property tax collections for the community colleges has increased by \$164 million, which reduces state aid accordingly in 2023-24.

CCC Roadmap to California’s Future

In the 2022-23 Enacted Budget, the Governor established a multiyear Roadmap with the CCCs that continues to shape the Administration’s approach to its Budget proposal. In the Governor’s Budget Summary, the Administration states its intent to introduce a mechanism in the May Revision to provide community college districts that are making progress toward the CCC roadmap goals with additional categorical program spending flexibilities, which would include the ability to consolidate reporting requirements across specified and to-be-determined categorical programs. There is no more information on this proposal at the moment, but the details will likely be discussed and fleshed out as we get closer to the May Revision.

Student Retention

The Governor cites that enrollment has dopped by 16% at CCCs since the beginning of the COVID-19 pandemic and thus implores community colleges to continue their outreach, recruitment, reengagement, and retention efforts. To assist with enrollment, the Governor proposes \$200 million in one-time funding to support CCC efforts to increase student retention rates and enrollment. This investment builds on the \$150 million and \$120 million in one-time dollars included in the 2022 and 2021 State Budget Acts, respectively.

CCC Facilities and Deferred Maintenance Cut

The 2022-23 Enacted Budget included approximately \$840 million in one-time funds for deferred maintenance and energy efficiency projects across the system. To address the budget deficit, Governor Newsom proposes to decrease this amount by approximately \$213 million.

It is important to note that all of the \$840 million allocated for deferred maintenance in the 2022–23 Enacted Budget is scheduled to be distributed to districts by June 2023, which is prior to the enactment of the 2023–24 State Budget, making the timing of the proposed \$213 million decrease complicated unless the Governor proposes an early action budget package.

Other CCC Apportionments and Programs

Other community college programs that are funded outside of the SCFF that would also receive an 8.13% COLA under the Governor’s Budget proposal are: Adult Education, Extended Opportunity Programs and Services, Disabled Students Programs and Services, Apprenticeship, CalWORKs Student Services, Mandates Block Grant and reimbursements, Cooperative Agencies Resources for Education, and the childcare tax bailout.

Additionally, the Governor proposes the following investments into other CCC programs:

- \$14 million one-time to support the administration of workforce training grants in collaboration with the California Department of Forestry and Fire Protection
- \$275,000, of which \$200,000 is ongoing, to develop a community college chief business officer professional learning program run through the Fiscal Crisis and Management Assistance Team to improve community college district leadership capacity and fiscal accountability

Dual Enrollment

The Governor’s Budget Summary includes a narrative that the Administration requests community colleges establish dual enrollment agreements with all applicable local educational agencies within their community college districts’ service area. Additionally, the Administration requests that all community colleges develop and offer a one-unit service-learning course that all high school students would have the ability to access through dual enrollment opportunities. There are no specifics on whether there would be financial incentives for expanding dual enrollment or providing this course.

Higher Education Student Housing Grant Program

The 2021–22 Enacted Budget established the Higher Education Student Housing Grant Program to provide grants for the CCCs, California State University (CSU), and University of California (UC) to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. In addition to \$2 billion one-time (non-Proposition 98) set-aside by the 2021–22 Enacted Budget (\$500 million in 2021–22, \$750 million in 2022–23, and \$750 million in 2023–24), the 2022–23 Enacted Budget provided an additional \$200 million one-time (non-Proposition 98) for this program, bringing the total allotment to \$2.2 billion for student housing grants over the three-year period. The Governor’s Budget proposes to reduce that investment to \$500 million one-time for the 2023–24 fiscal year and extend the remaining \$250 million to the 2024–25 fiscal year, which will provide an opportunity for a fourth round of awards.

Additionally, the 2022–23 Enacted Budget included intent language to provide \$1.8 billion one-time (non-Proposition 98) over a two-year period in 2023–24 and 2024–25, to establish a student housing revolving loan program for the higher education segments. Governor Newsom is proposing to delay \$900 million planned in 2023–24 to the 2025–26 fiscal year and delay \$250 million from the 2024–25 fiscal year to the 2025–26 fiscal year. This delay would result in \$650 million in 2024–25 and \$1.15 billion in 2025–26 being available for the program.

Retirement Systems

Governor Newsom does not propose additional funding for the California State Teachers’ Retirement System (CalSTRS) or the California Public Employees’ Retirement System (CalPERS) employer contribution rate relief. Based on current assumptions, CalSTRS employer contributions stay constant at 19.10% for 2023–24, while CalPERS employer contributes rates increase from 25.37% to 27.00%.

The Rest of Higher Education

The Administration maintains its multiyear compacts between the UC and CSU reflecting substantial and sustained funding increases for the UC and CSU, in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. This includes \$227.3 million ongoing to support a 5% base increase for the CSU and \$215.5 million ongoing to support a 5% base increase for the UC.

The Governor’s 2023–24 State Budget proposal also expands these investments in college affordability with the following investments:

- \$227 million one-time to support a modified version of the Middle-Class Scholarship that will focus resources toward reducing a student's total cost of attendance
- \$1.4 million one-time, \$469,000 of which is ongoing, to assess the California Student Aid Commission's (CSAC) current information technology system, address cybersecurity issues, and support two positions
- \$241,000 ongoing for one position at CSAC to support human resources and to distribute toolkits to high schools to help students complete their financial aid applications
- Finally, the budget summary notes that it remains “attentive” to the 2022–23 Enacted Budget provisions that would activate the Cal Grant Reform Act.

K-12 Education Proposals

The Governor’s Budget proposes providing \$4.2 billion ongoing for the K-12 Local Control Funding Formula (LCFF), which reflects the 8.13% statutory COLA. The Budget utilizes \$613 million in one-time resources to support the ongoing cost of the LCFF in 2022–23 and approximately \$1.4 billion in one-time resources to support the ongoing cost of the LCFF in 2023–24. The Governor’s Budget also includes \$300 million ongoing to establish an “equity multiplier” as an add-on to the LCFF for low-income students.

Analogous to the reduction in Deferred Maintenance funds, the Administration proposes to reduce the Arts, Music, and Instructional Materials Discretionary Block Grant from \$3.5 billion to approximately \$2.3 billion.

To help address the current budget gap, the Administration proposes to delay/reduce two K-12 facilities funds: the 2023–24 planned \$550 million California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program investment would be delayed to 2024–25, and the School Facility Program planned allocation in 2023–24 would be reduced from \$2.1 billion to \$2.0 billion.

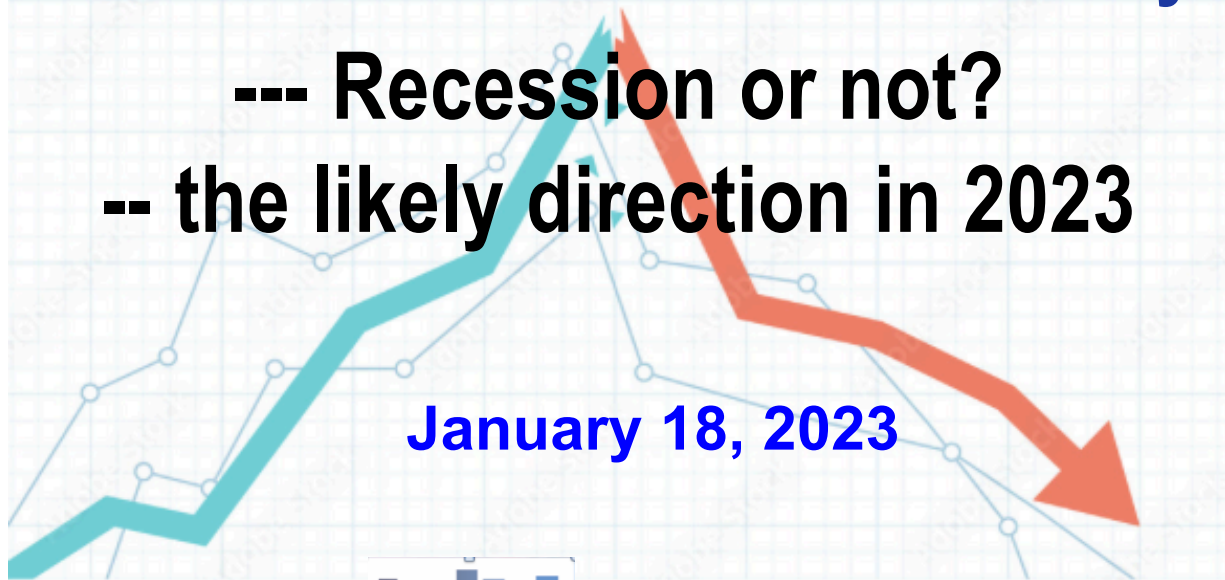
In Closing

The Governor’s proposals are largely to be expected in a softening economy, with a focus on maintaining programs instead of creating new ones. That said, community colleges are continuing to face local challenges head on, and, with a notable exception to continue focus on student retention, the Governor proposes to utilize Proposition 98 funding in a discretionary manner to meet local needs.

The U.S. & California Economy

--- Recession or not?

-- the likely direction in 2023



January 18, 2023



Mark Schniepp
Director

Agenda

(1) The U.S. economy

- recession or not ?
- goods and bads, and one ugly

(2) The California economy

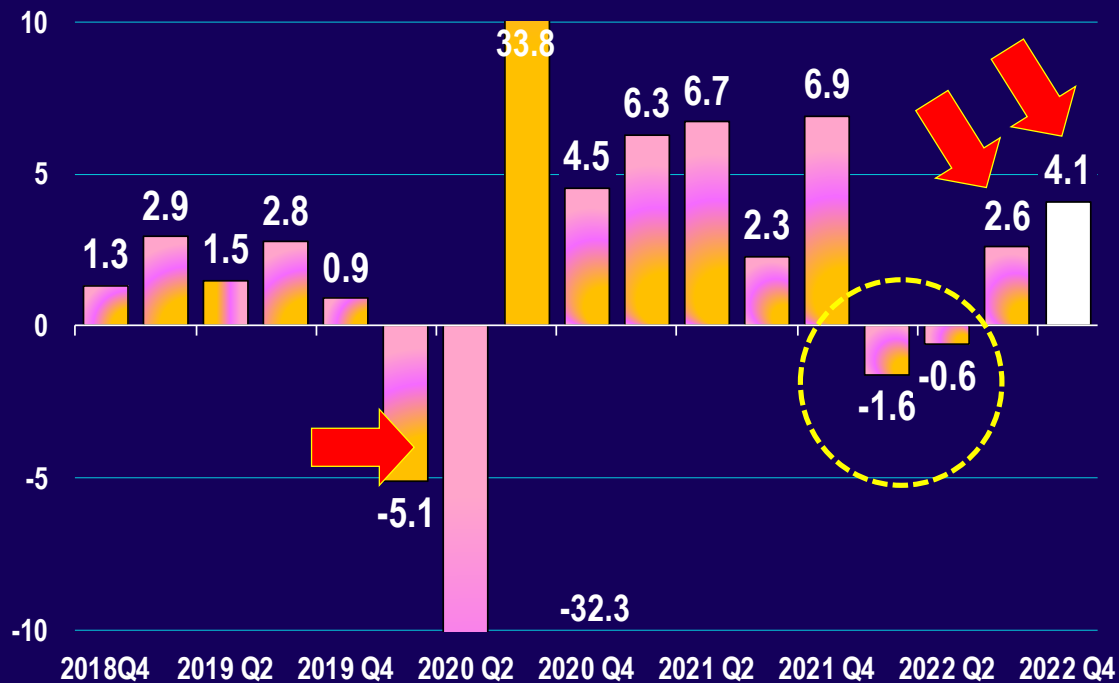
(3) Community College update

(4) The 2023 outlook for California

percent
change

Real Gross Domestic Product Growth / U.S.

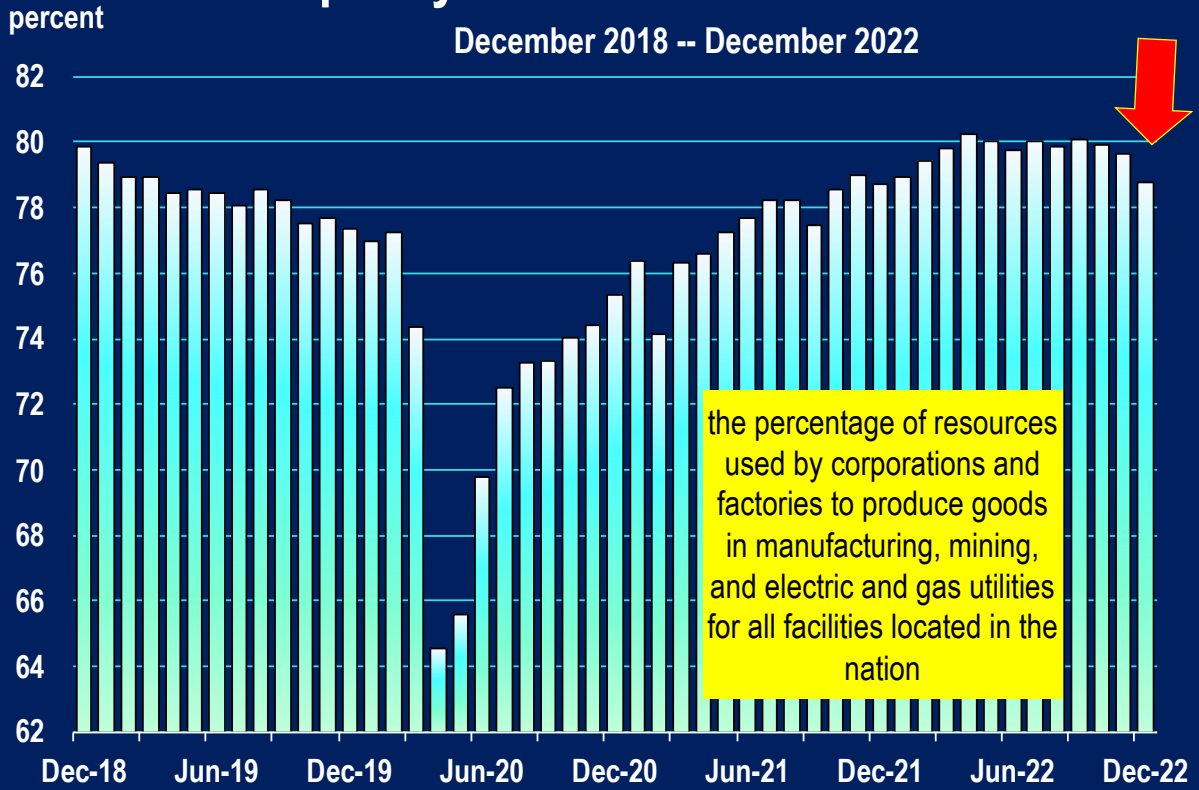
2018 Q3 - 2022 Q4



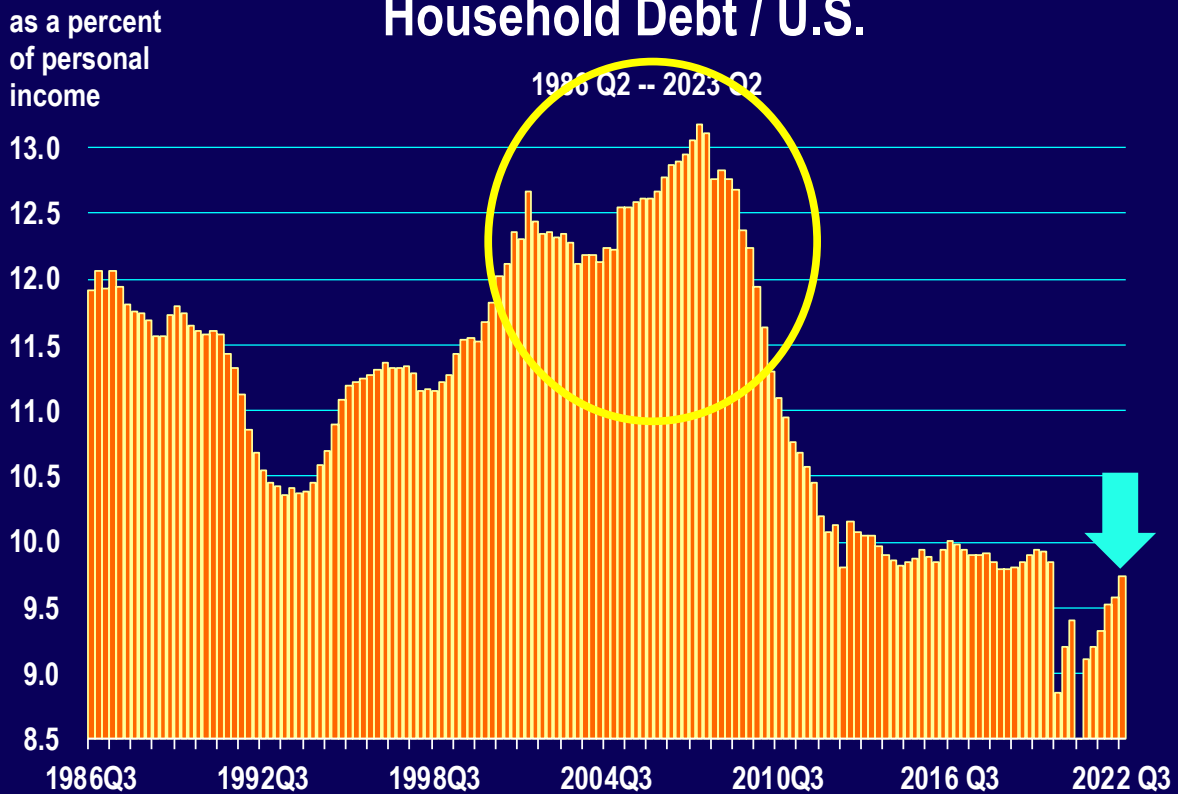
Recent Economic Evidence / The Good January 2023

- ❑ Fully employed labor market
- ❑ Factories are still running near capacity
- ❑ Consumers continue to spend more every month
- ❑ And household debt remains contained
- ❑ Business investment remains high
- ❑ Inflation appears to be deflating

Capacity Utilization / U.S. Factories



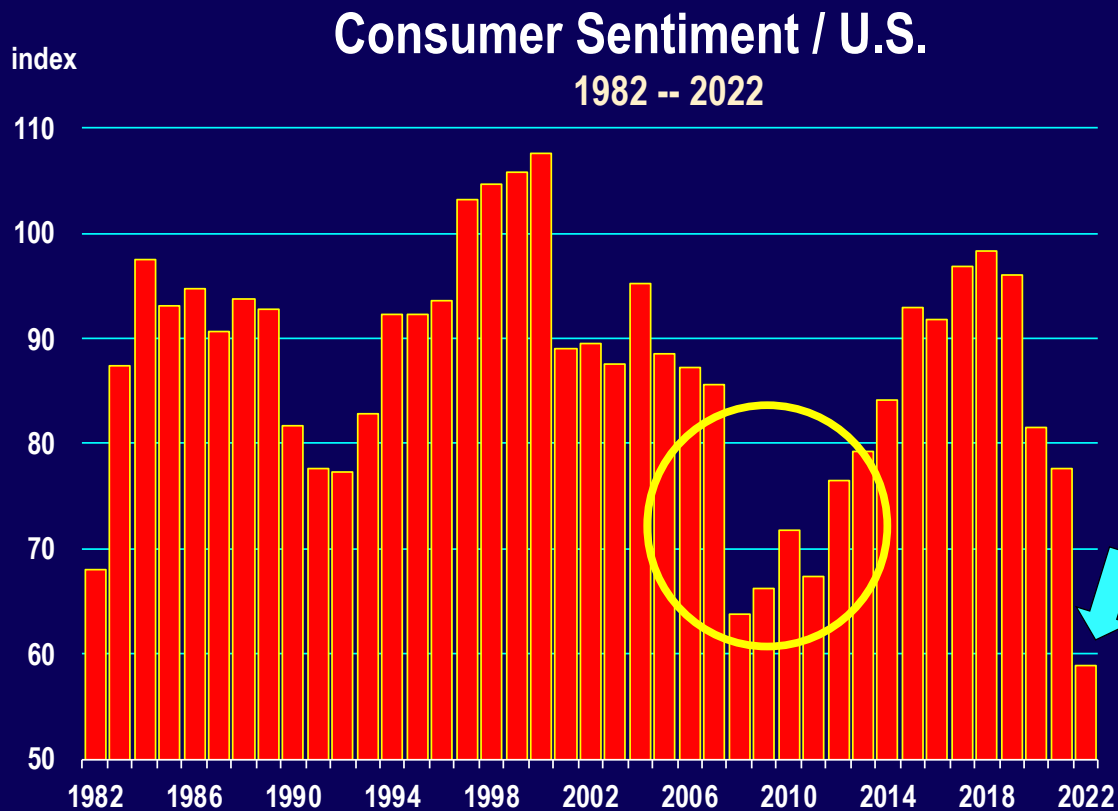
Household Debt / U.S.

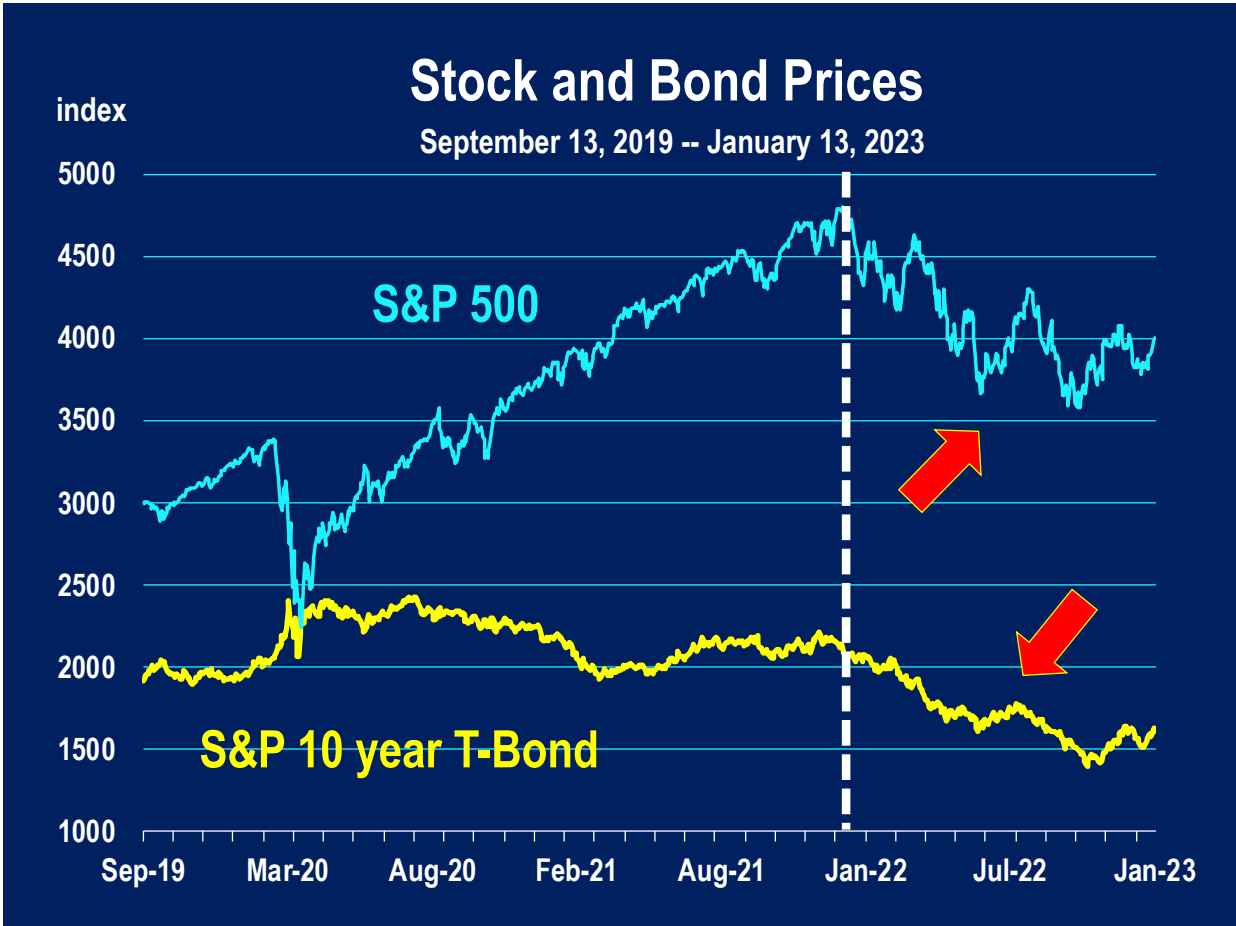
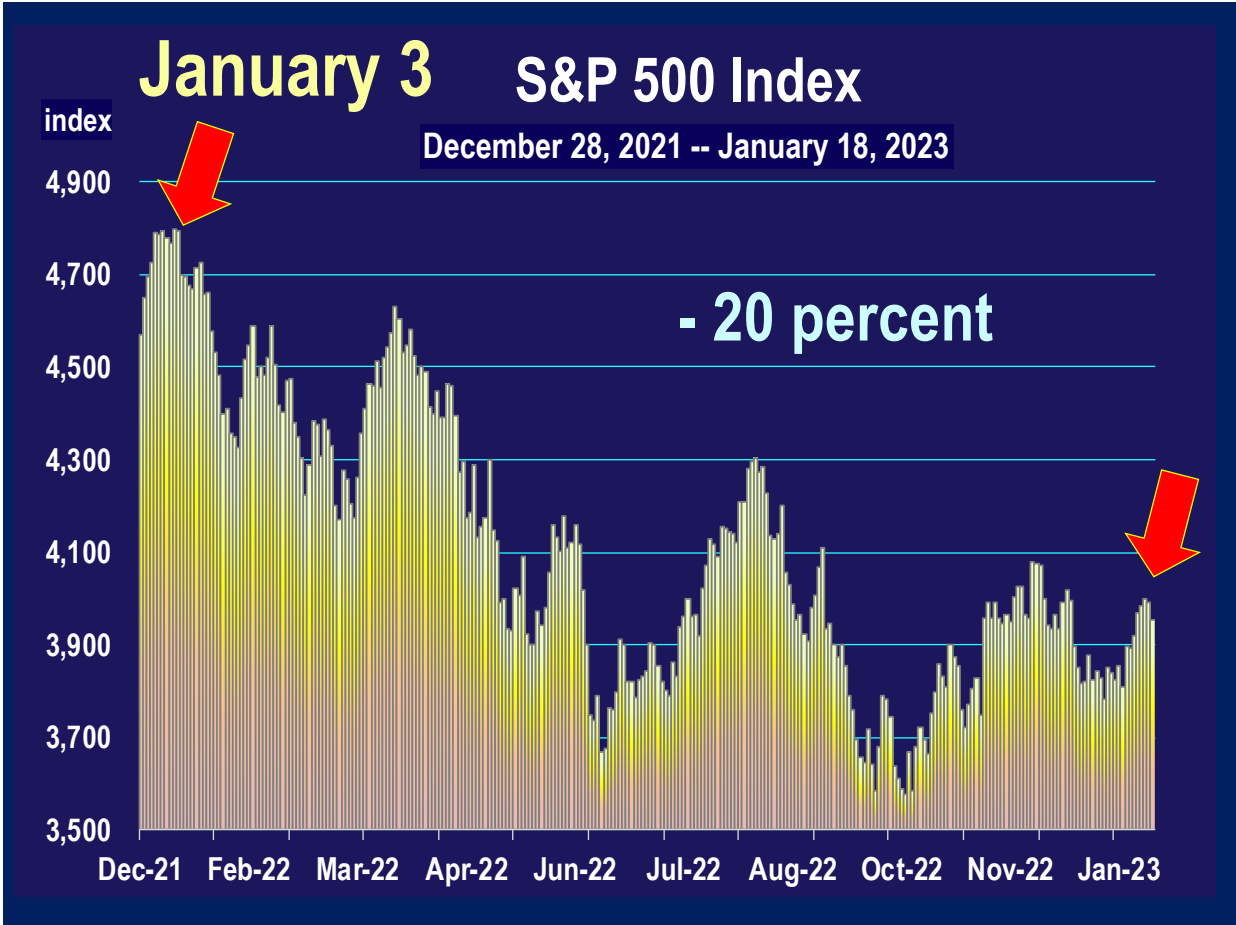


Recent Economic Evidence / The Bad

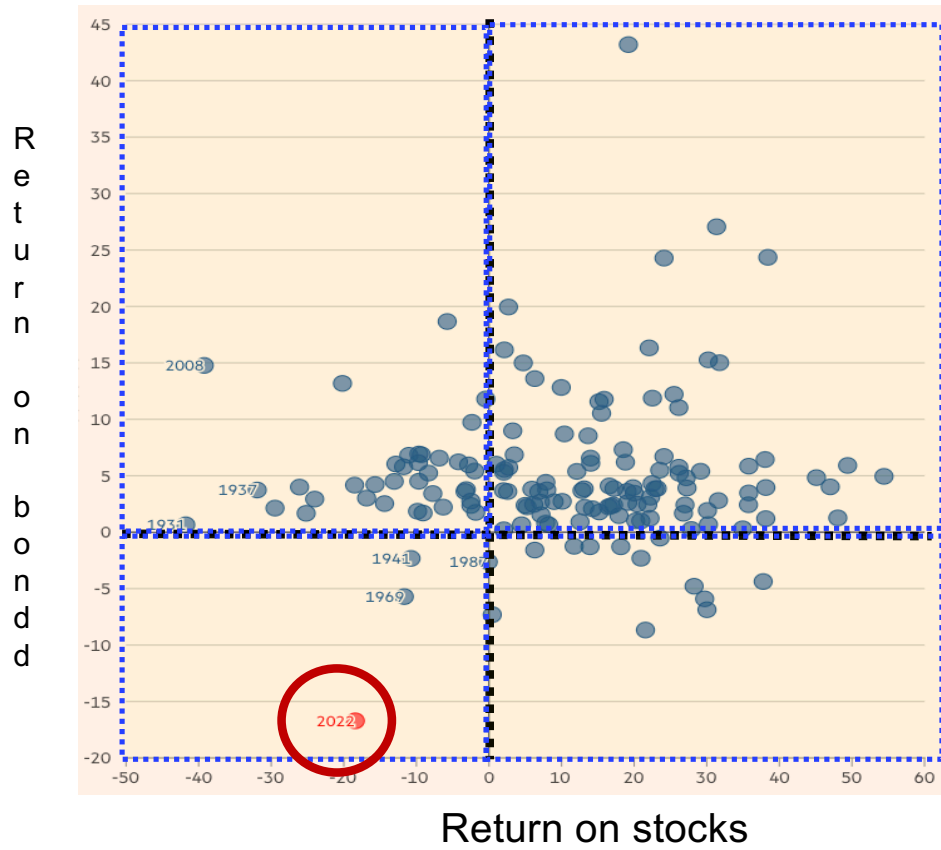
January 2023

- ❑ Stock Market trending flat, after 20 percent collapse
- ❑ Industrial production in steady decline
- ❑ Existing housing market in freefall
- ❑ Demand for new homes has evaporated
- ❑ U.S. Manufacturing sector now in decline
- ❑ Supply chain issues persist; more coming
 - due to China's zero tolerance COVID-19 policy
- ❑ The R/U war has created a global food crisis
- ❑ U.S. Consumers are extraordinarily pessimistic





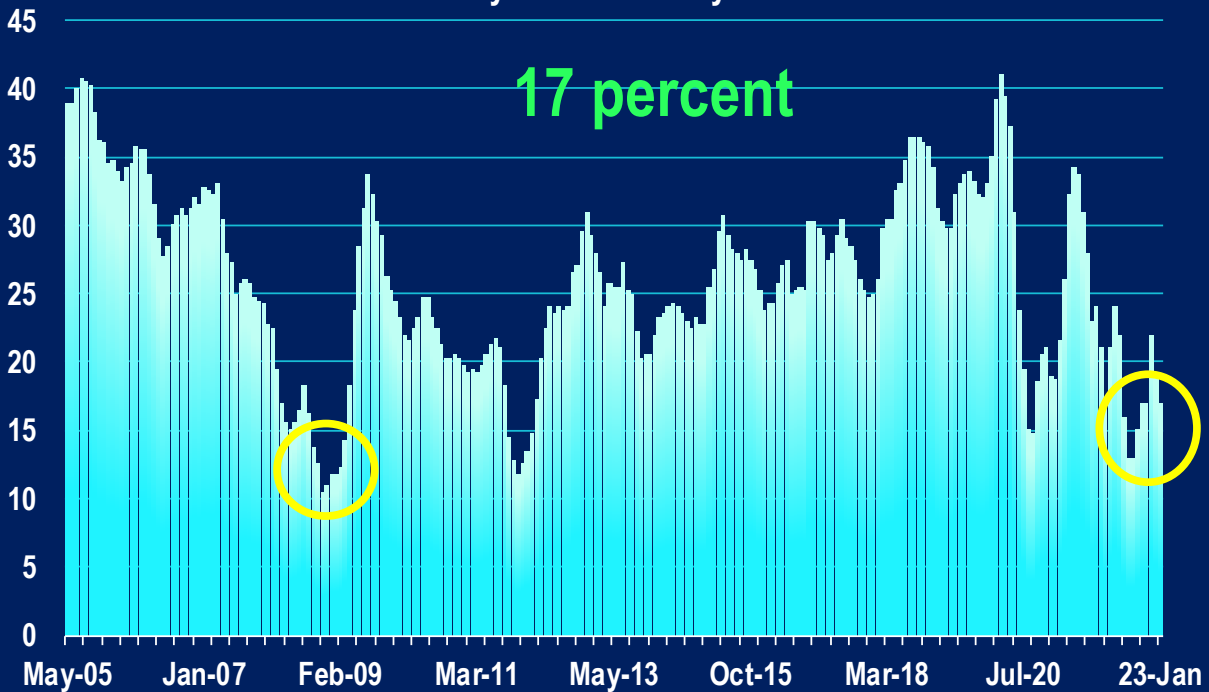
Return on Stocks and Bonds by Year: 1871- 2022



American Satisfaction with the Direction of the Country Monthly Gallup Poll

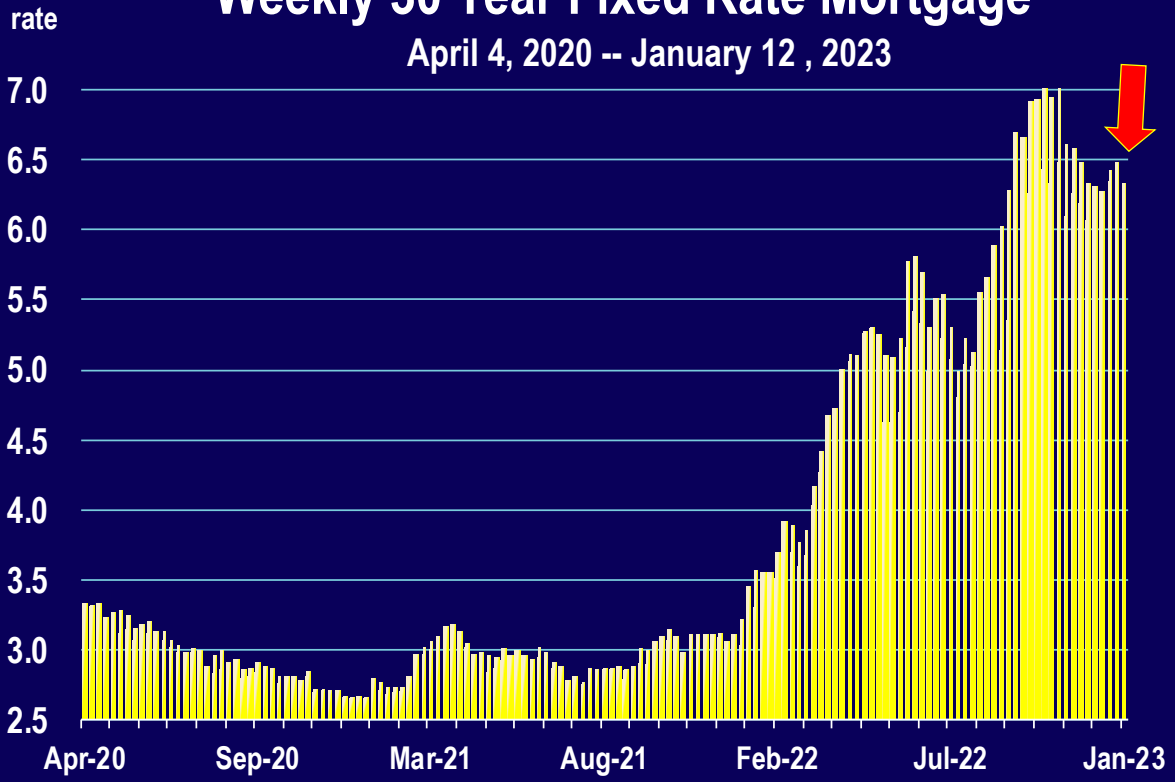
percent satisfied

May 2005 -- January 2023



Weekly 30 Year Fixed Rate Mortgage

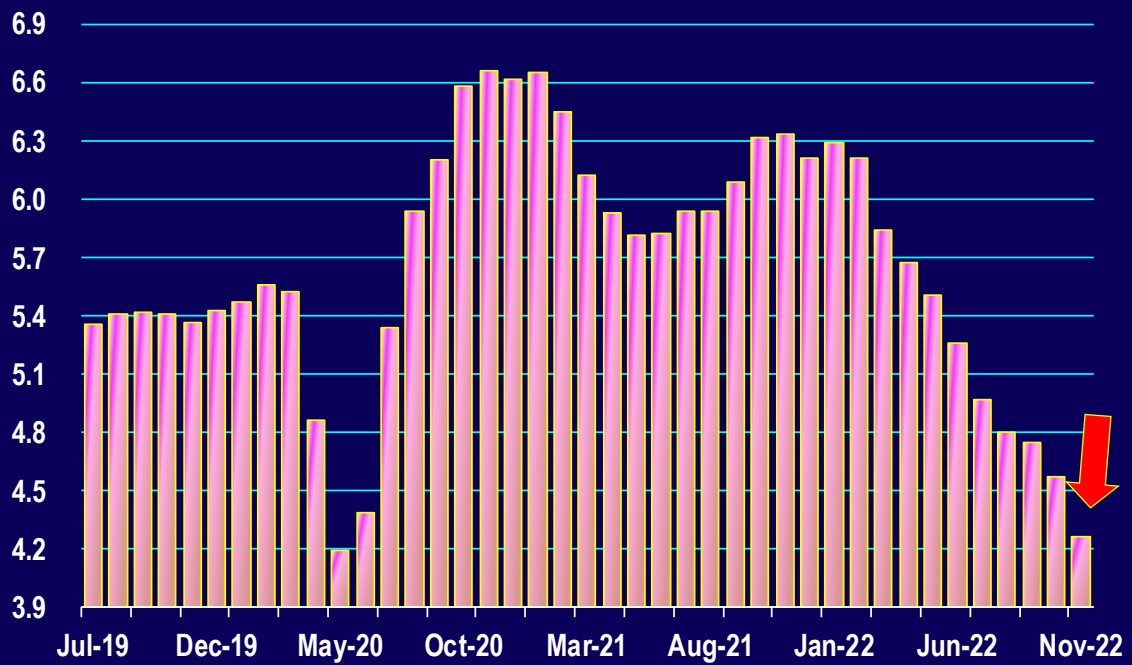
April 4, 2020 -- January 12, 2023



Existing Home Sales / U.S.

July 2019 -- November 2022

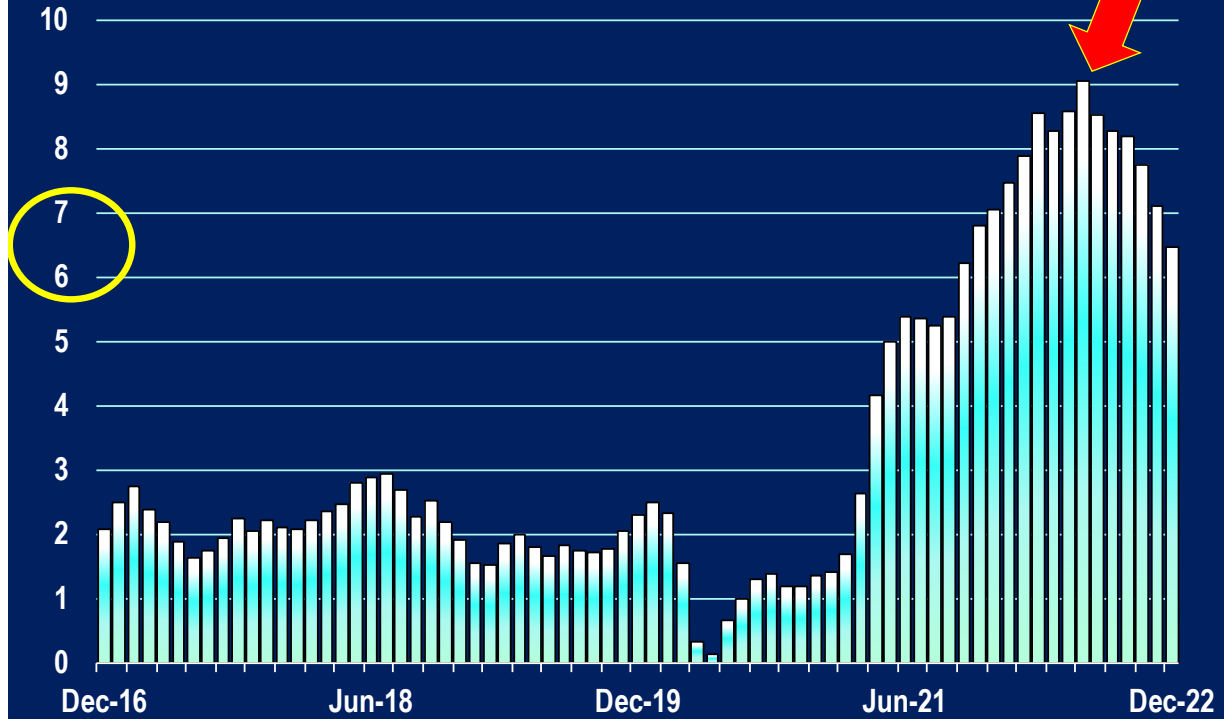
millions of sales, SAAR



percent
change in the
price level

General Consumer Price Inflation / U.S.

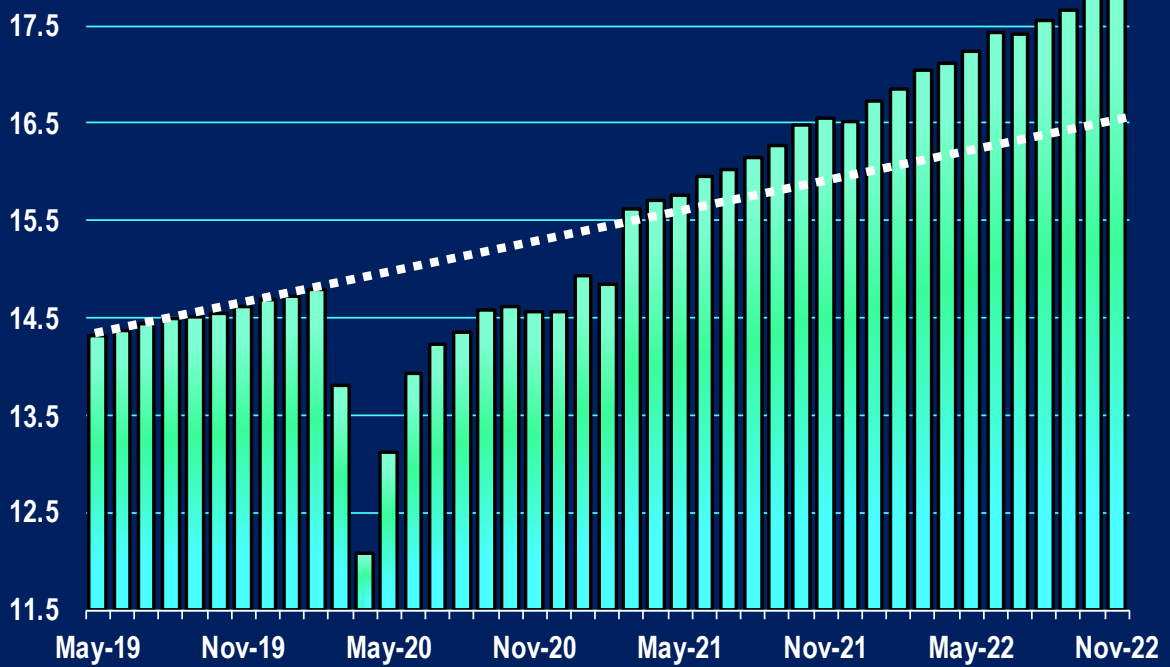
December 2018 -- December 2022

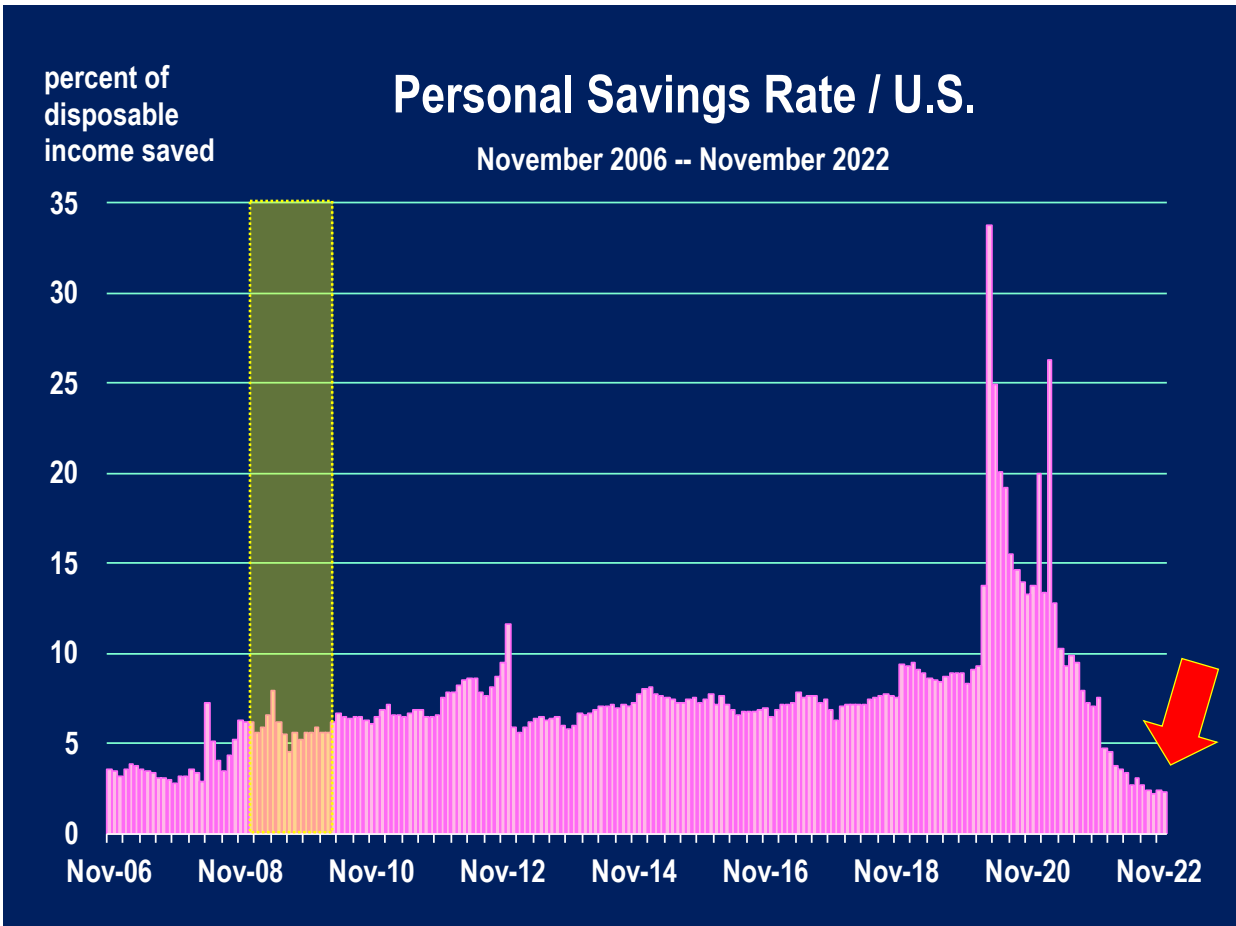
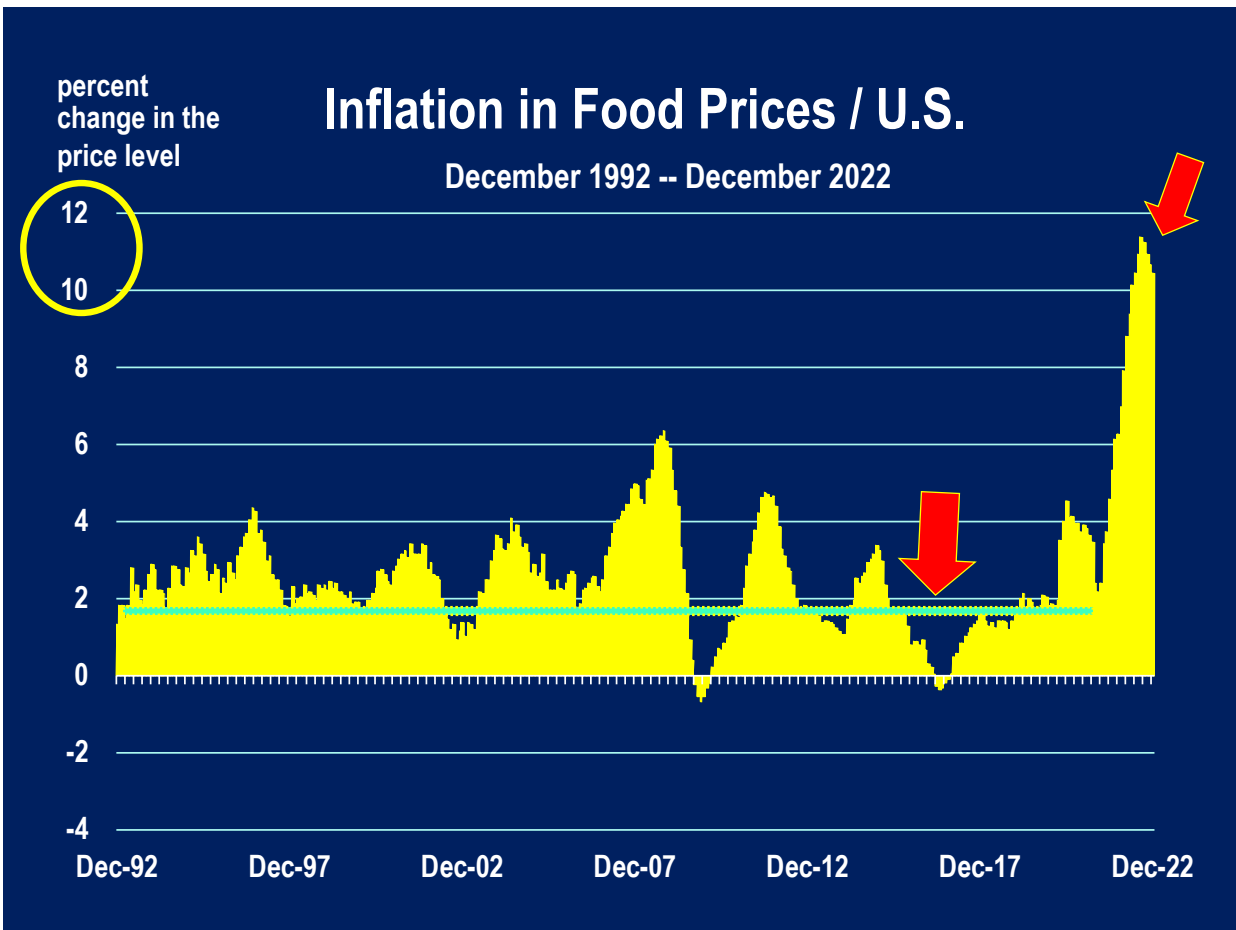


trillions
of dollars
(SAAR)

Personal Consumption Expenditures / U.S.

May 2019 -- November 2022

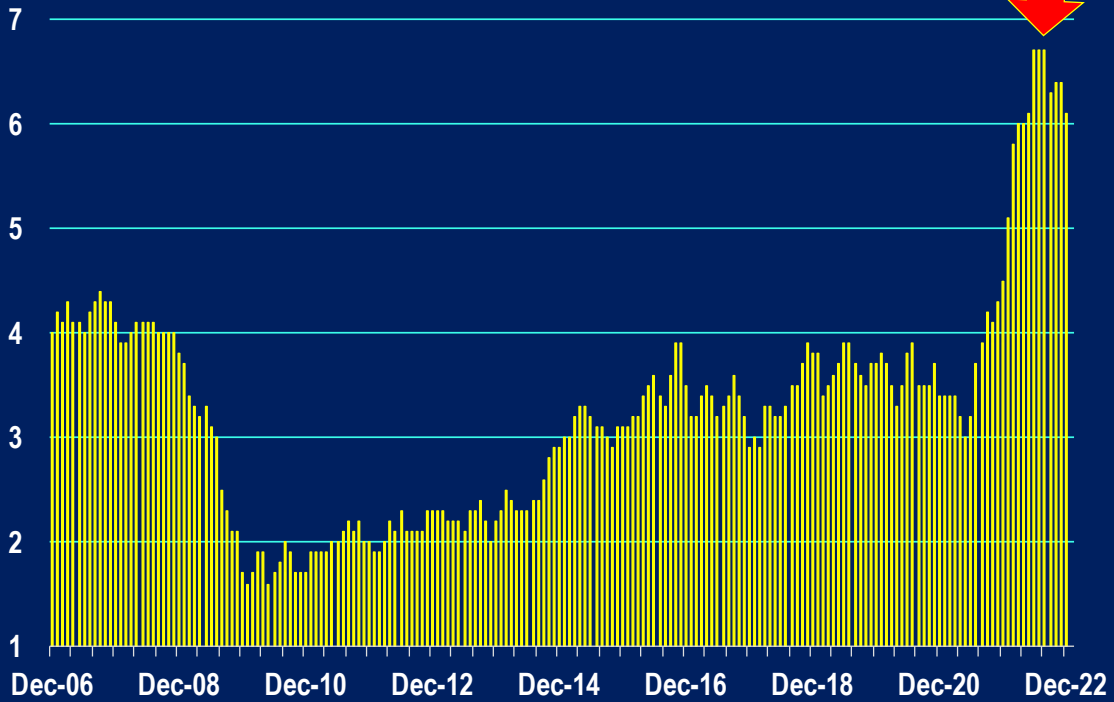




percent
change
year ago

Wage Inflation / U.S.

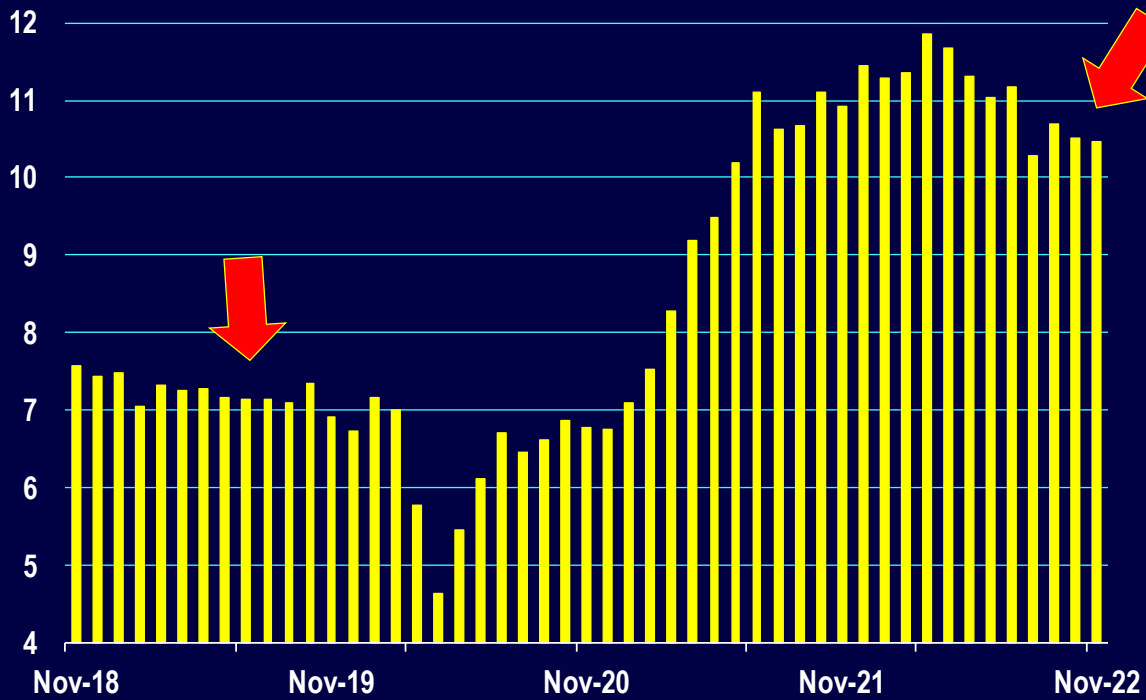
December 2008 -- December 2022

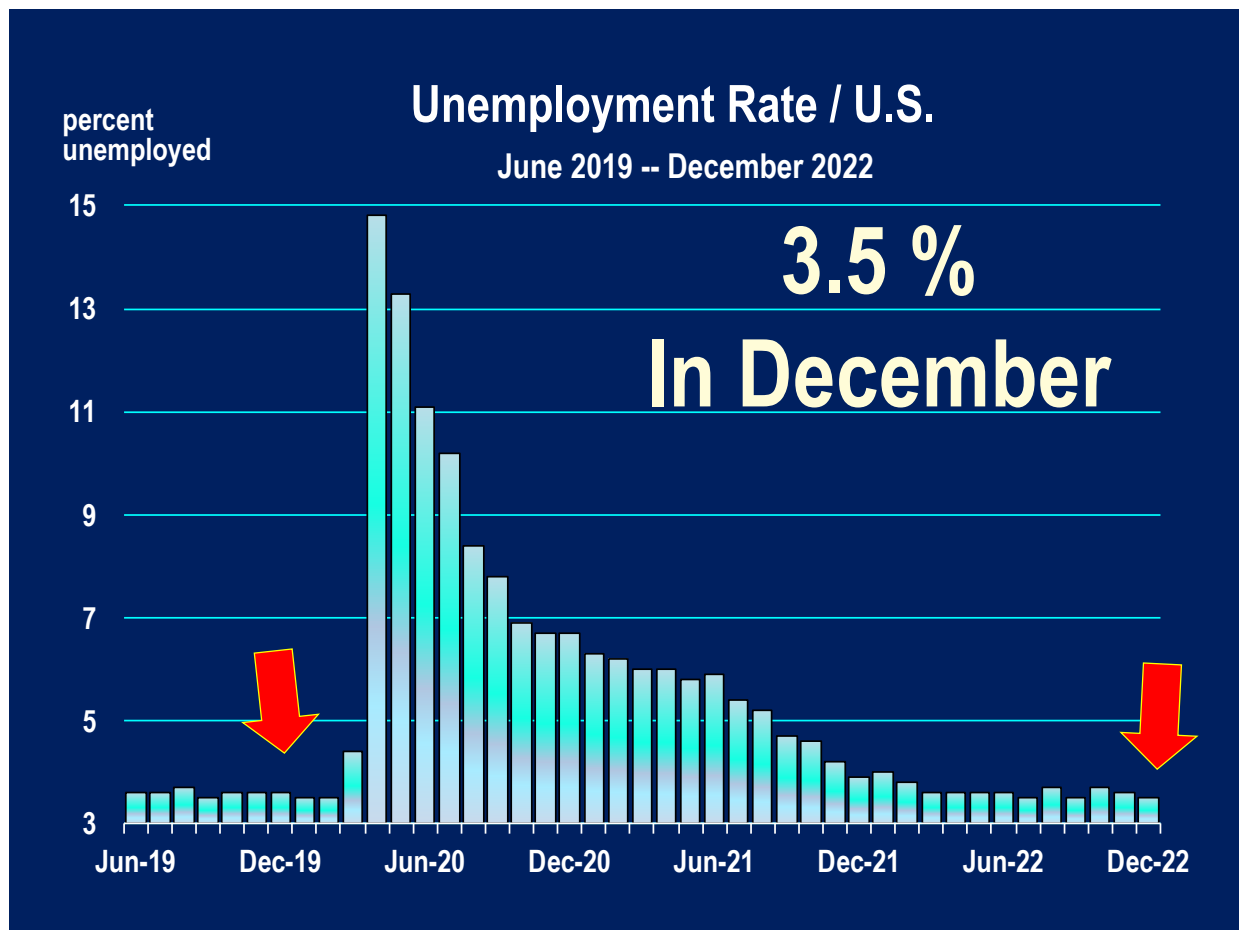


millions
of jobs

Job Openings / U.S.

November 2018 -- November 2022





Recent Economic Evidence

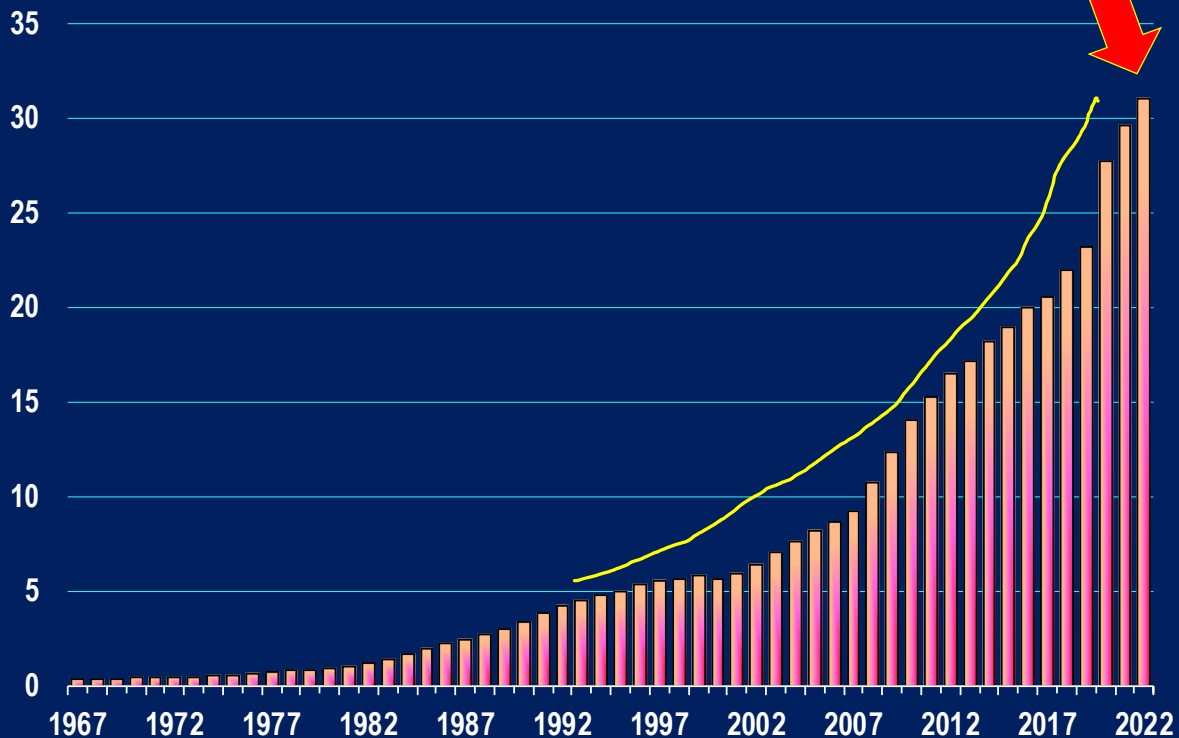
The Ugly

- ❑ **We are \$31 trillion in debt**
 - Money the Fed Gov has borrowed to cover expenses over time
- ❑ **Debt limit wrangling is coming in 2023**
 - Money the Fed Gov is authorized to borrow to meet obligations
 - SS, Medicare, military, tax refunds, interest, everything else
 - Limit must be raised to fund all obligations
- ❑ **Janet Yellen letter on 1-13-23 informing Speaker McCarthy that ceiling will be reached on 1-19-23**
- ❑ **“Extraordinary measures” can be adopted to bide time, realistically for 3 to 6 months**
- ❑ **What happens with these are exhausted ?**

trillions of
dollars

Total National Debt / U.S.

1967-- 2022



Janet Yellen: Chaos & Calamity

- *"Default could trigger a spike in interest rates, a steep drop in stock prices and other financial turmoil. Our current economic recovery would reverse into recession, with billions of dollars of growth and millions of jobs lost."*
- **Actually no one really knows since this has NEVER happened**
- **There is debate as to whether Treasury can pick and choose which obligations to cover first**

In the past

- We have seen National Parks close, Postal service delivery days cut, federal workers furloughed, minor K-12 funding deferments
- But the debt ceiling ultimately always gets raised before a default scenario can occur
- So it is used as a leverage when government is so divided by policy differences
- This will become an issue in the Spring / Summer

Biggest Risks Right Now

- The continued monetary tightening by the Fed does not bring down inflation fast enough
 - more hikes would be forthcoming
- which is a sure route into the fiery gates of recession
- Problems deepening in Europe and China
 - coronavirus and real estate crisis in China
 - recession and more supply interrupts
 - but the energy crisis in Europe has abated

Is the California Economy Different ?



CALIFORNIA REPUBLIC

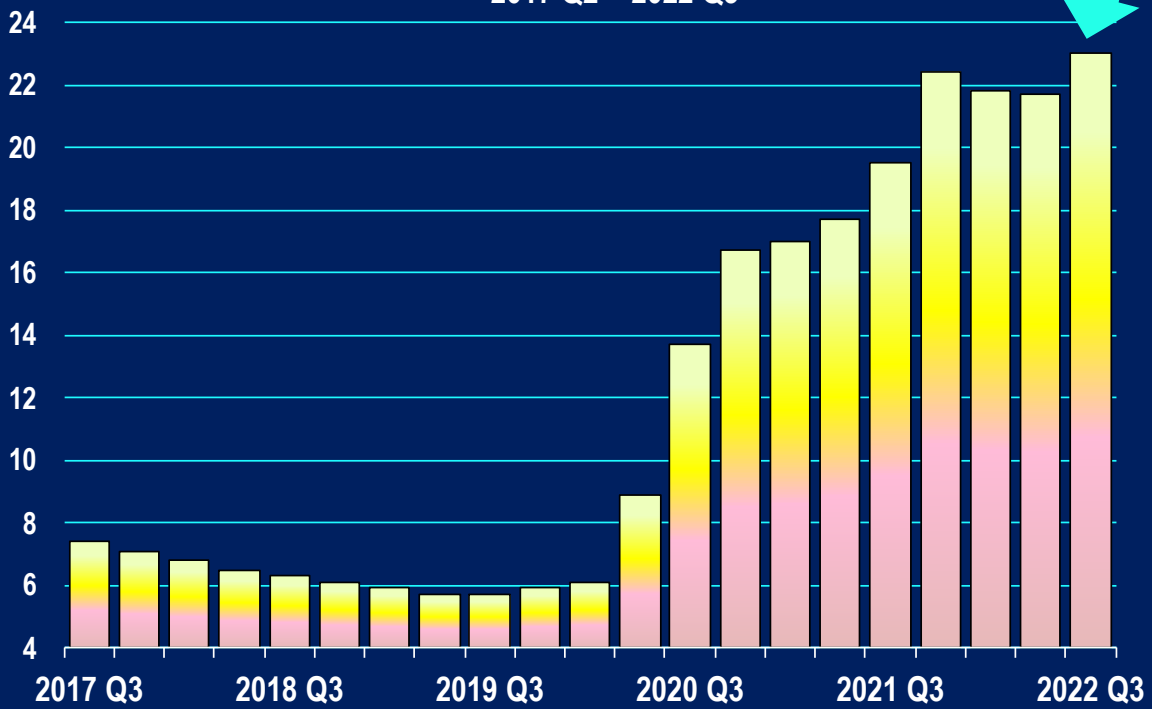
Status of the California Economy / January 2023

	<u>Status</u>
<input type="checkbox"/> Labor Markets	Fully employed
<input type="checkbox"/> Tech layoffs	invisible
<input type="checkbox"/> New development	Hot
<input type="checkbox"/> Tourism	Hot
<input type="checkbox"/> Industrial market	Fully utilized
<input type="checkbox"/> Residential real estate	sales ↓ values ↓
<input type="checkbox"/> Office market (vacancy)	generally in decline

Office Vacancy Rate / San Francisco

2017 Q2 - 2022 Q3

percent



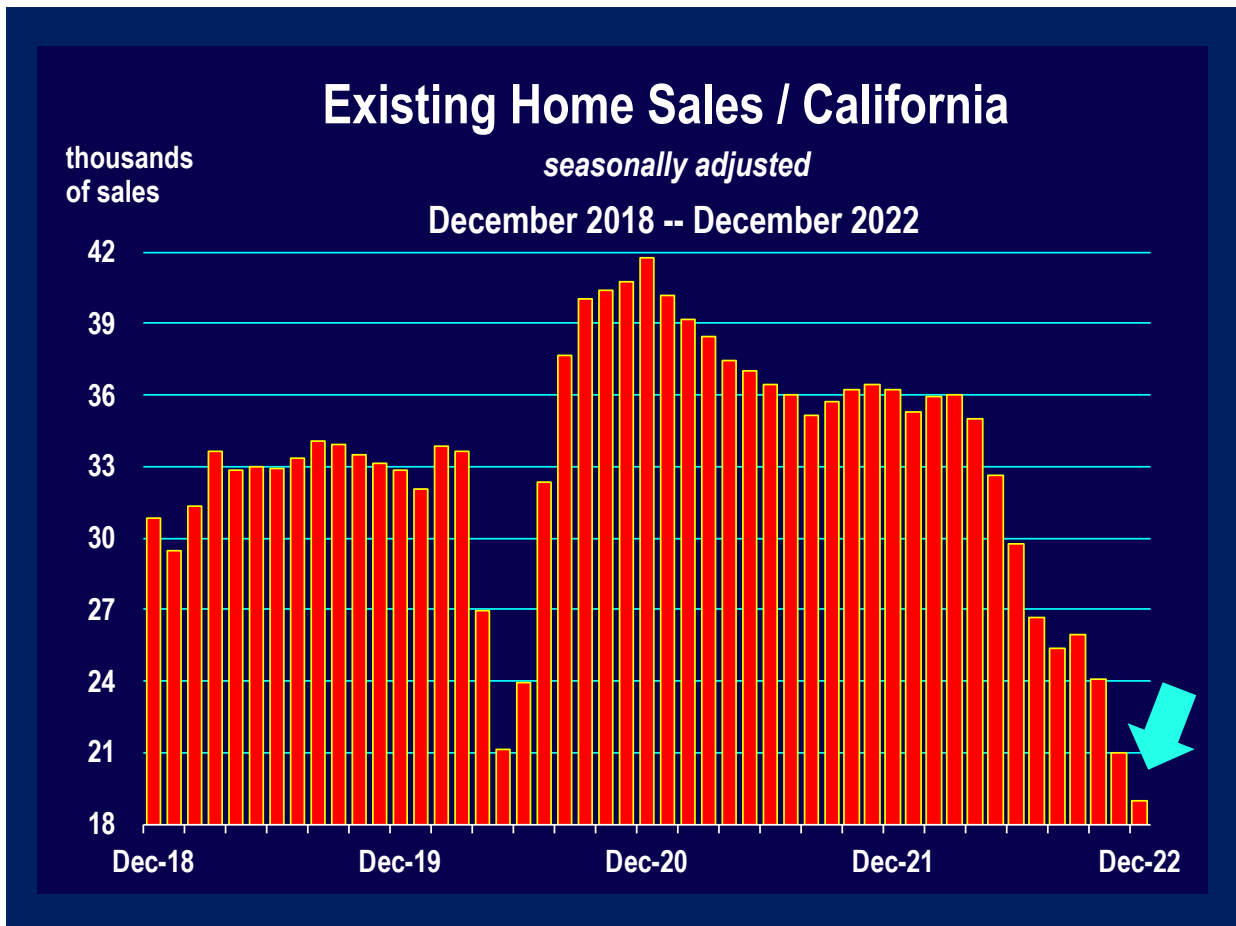
Share of employed people who work from home by city

SF Chronicle, 10-3-22

Rank	Place	2019	2021
1	Mountain View	4%	50%
2	Fremont	7%	49%
3	Sunnyvale	4%	47%
4	Berkeley	13%	46%
5	San Francisco	7%	46%
6	Santa Monica	14%	45%
7	Folsom	12%	41%
8	Santa Clara	3%	40%
9	Redwood City	6%	39%
10	Burbank	10%	38%
11	Carlsbad	13%	37%
12	San Mateo	6%	35%
13	Irvine	11%	34%

Share of employed people who work from home by city in

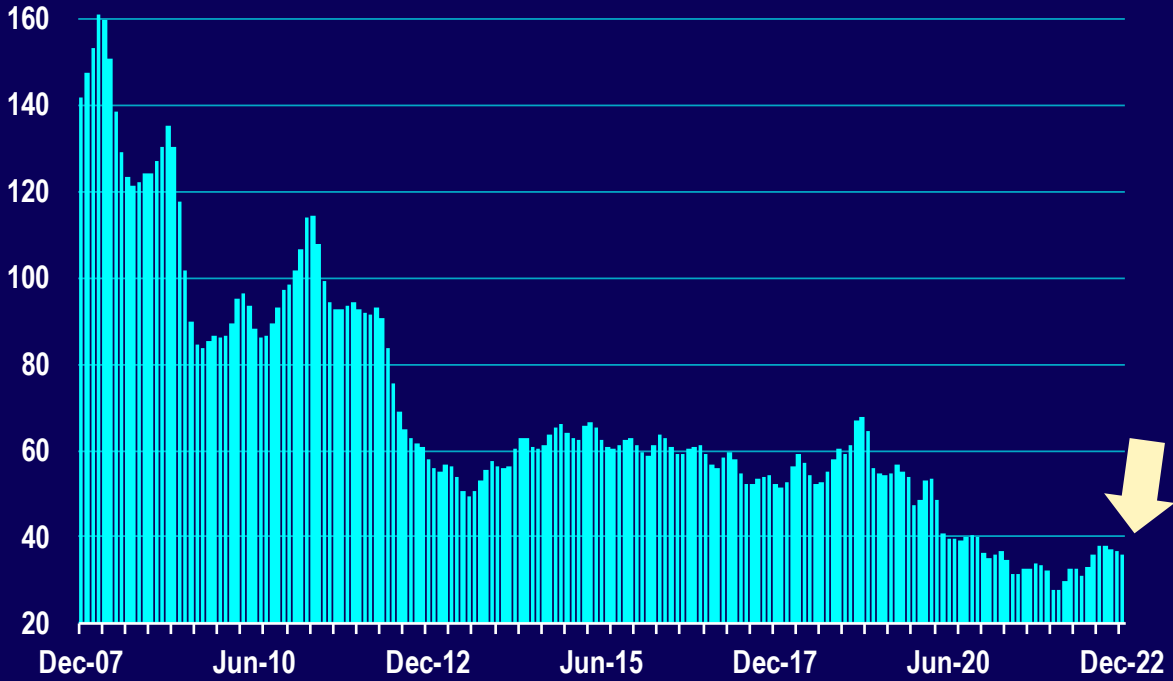
94	Palmdale	3%	10%
95	Visalia	3%	10%
96	Moreno Valley	3%	10%
97	Ontario	2%	9%
98	Indio	5%	9%
99	San Bernardino	4%	9%
100	Modesto	3%	9%
101	Jurupa Valley	6%	8%
102	El Monte	3%	8%
103	Stockton	3%	8%
104	Oxnard	3%	8%
105	Salinas	3%	4%
106	Santa Maria	4%	4%
107	Compton	2%	2%



Unsold Housing Inventory / California

thousands of homes

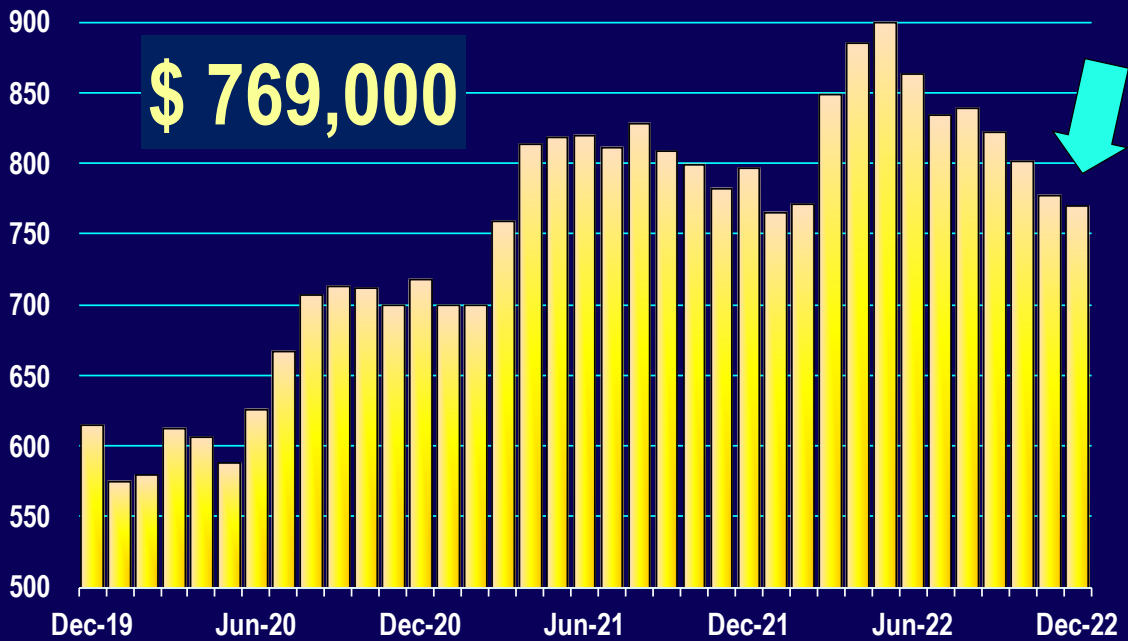
December 2007 -- December 2022



Median Home Selling Price / California

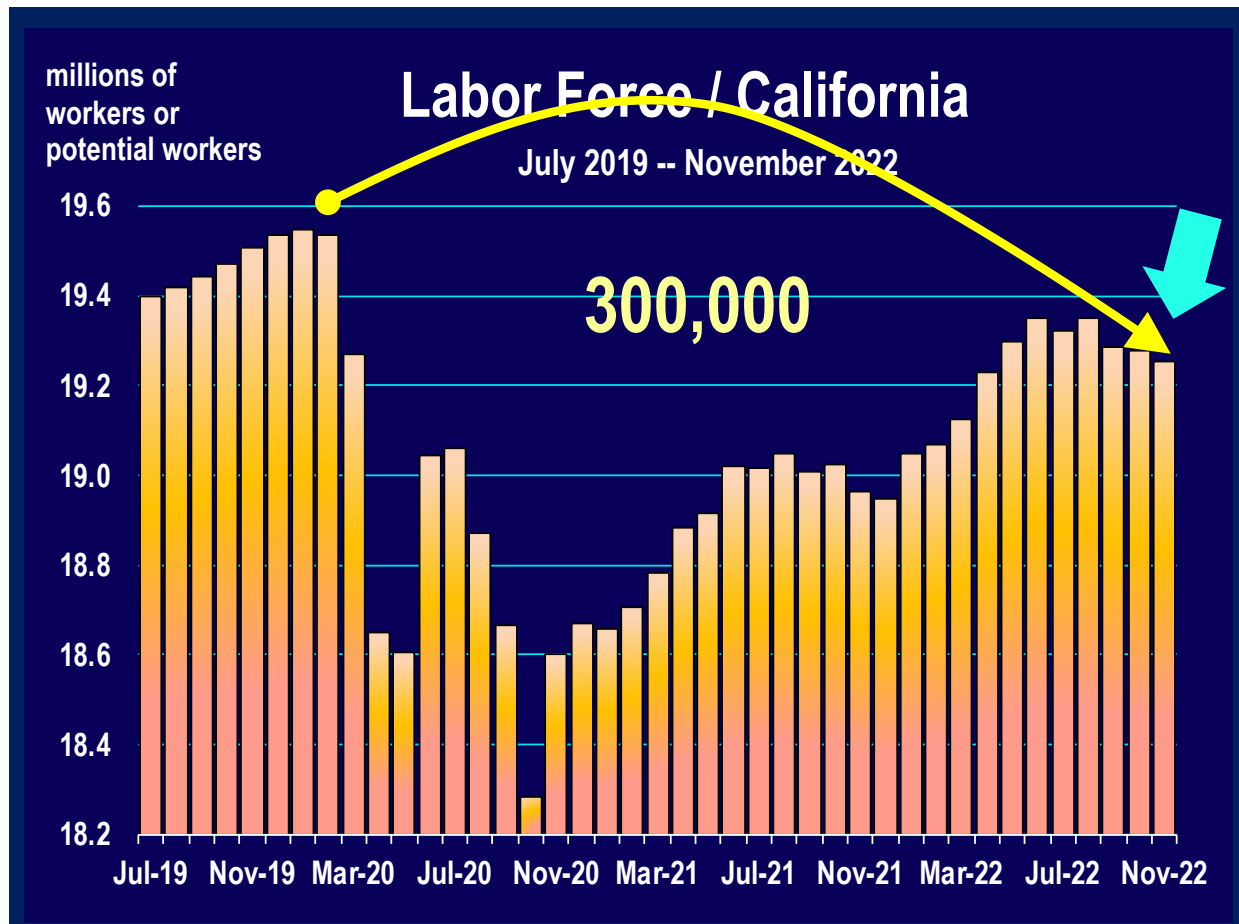
thousands of dollars

December 2019 -- December 2022



The California Economy Now

- ❑ There are few compelling signs that the California economy is broadly weakening, let alone collapsing into recession.
- ❑ Anyone can get a job, now, but conditions are changing
- ❑ 901,350 jobs advertised on Indeed.com
-- on October 15, 2022
- ❑ 777,367 today
- ❑ The labor force remains a principal issue at the moment



Labor Force Issues

- Where are these workers ?
 - They are drop-outs, retirees, or defectors
- Originally, they dropped out of the labor force to
 - Be sick, be a caretaker, to home-school, to goof off
- By 2020, the stock market was a record levels.
Home prices were at record highs. Interest rates were at record lows and everyone had refinanced with a 3 percent fixed rate mortgage.
- You were in great shape 2019 going into 2020.
It was a good time to retire

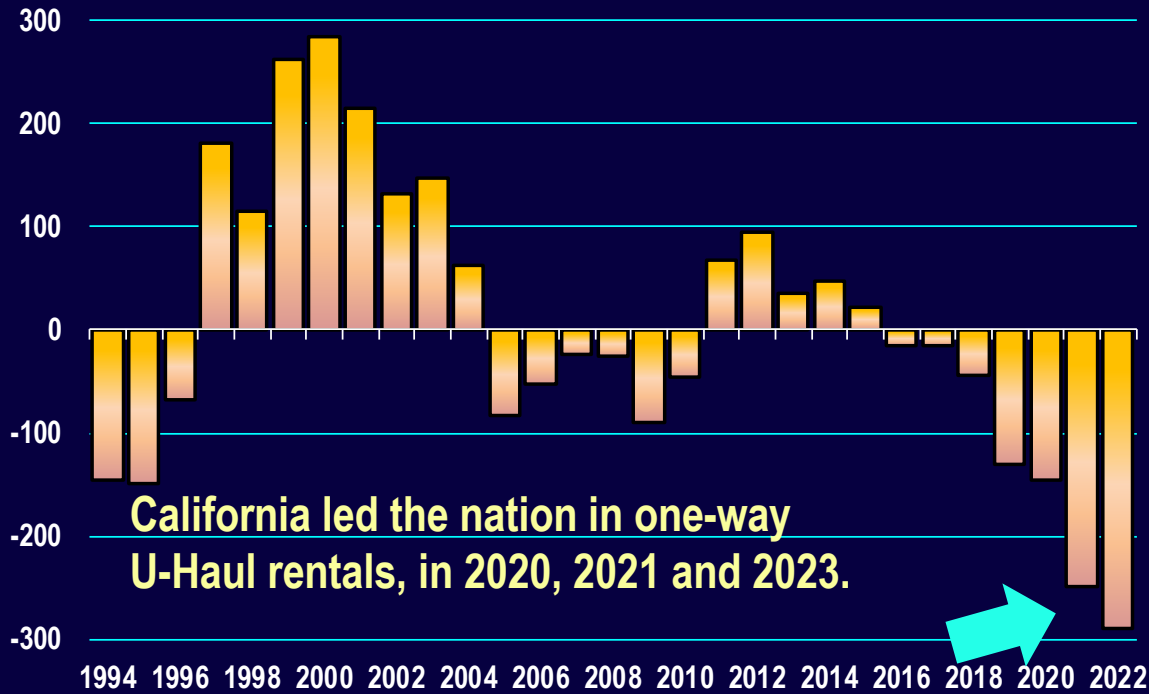
Labor Force Issues

- Consequently, a million + more retired in 2020 and 2021 than usual, to avoid the hassles of pandemic sheltering, working remotely, or risking infection
- Runaway home prices pushed record numbers of Californians fleeing to other states
- Nevertheless, over the next few years, the labor force is expected to recover some
- Especially as Generation Z graduates from higher education institutions

thousands of persons

Net In-migration / California

1994 - 2022

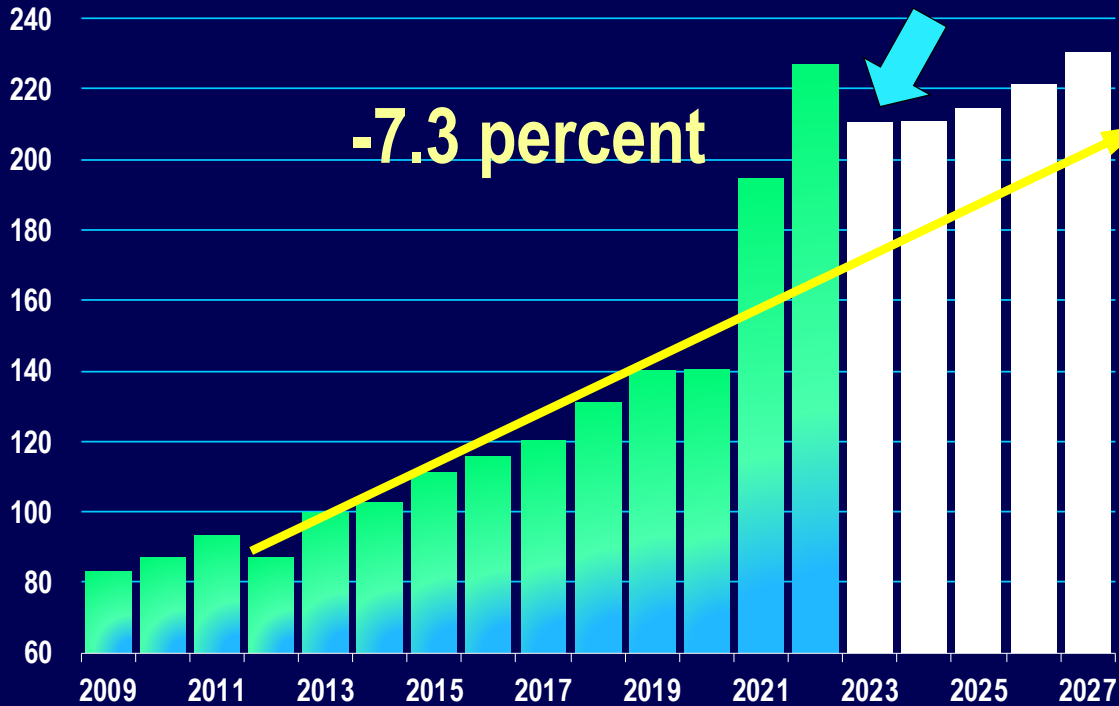


California led the nation in one-way U-Haul rentals, in 2020, 2021 and 2023.

billions of dollars

General Fund Revenues / California

FY 2009 - FY 2027



-7.3 percent

From the 2023-2024 Budget

Long-Term Revenue Forecast - Three Largest Sources

(General Fund Revenue - Dollars in Billions)

	2020-21	2021-22 ^{e/}	2022-23 ^{e/}	2023-24 ^{e/}	2024-25 ^{e/}	2025-26 ^{e/}	2026-27 ^{e/}
Personal Income Tax	\$128.9	\$136.8	\$128.9	\$126.7	\$127.6	\$138.5	\$156.2
(Year-over-Year Change)	29.4%	6.1%	-5.7%	-1.7%	0.7%	8.6%	12.7%
Corporation Tax	\$22.6	\$45.3	\$38.5	\$39.3	\$40.9	\$35.1	\$25.3
(Year-over-Year Change)	61.9%	100.5%	-15.0%	2.1%	4.0%	-14.3%	-27.8%
Sales and Use Tax	\$29.1	\$32.9	\$32.9	\$33.6	\$34.6	\$35.8	\$36.6
(Year-over-Year Change)	14.0%	13.2%	-0.2%	2.3%	2.9%	3.7%	2.2%
Total	\$180.5	\$215.0	\$200.2	\$199.6	\$203.1	\$209.5	\$218.1
(Year-over-Year Change)	29.8%	19.1%	-6.9%	-0.3%	1.7%	3.1%	4.1%

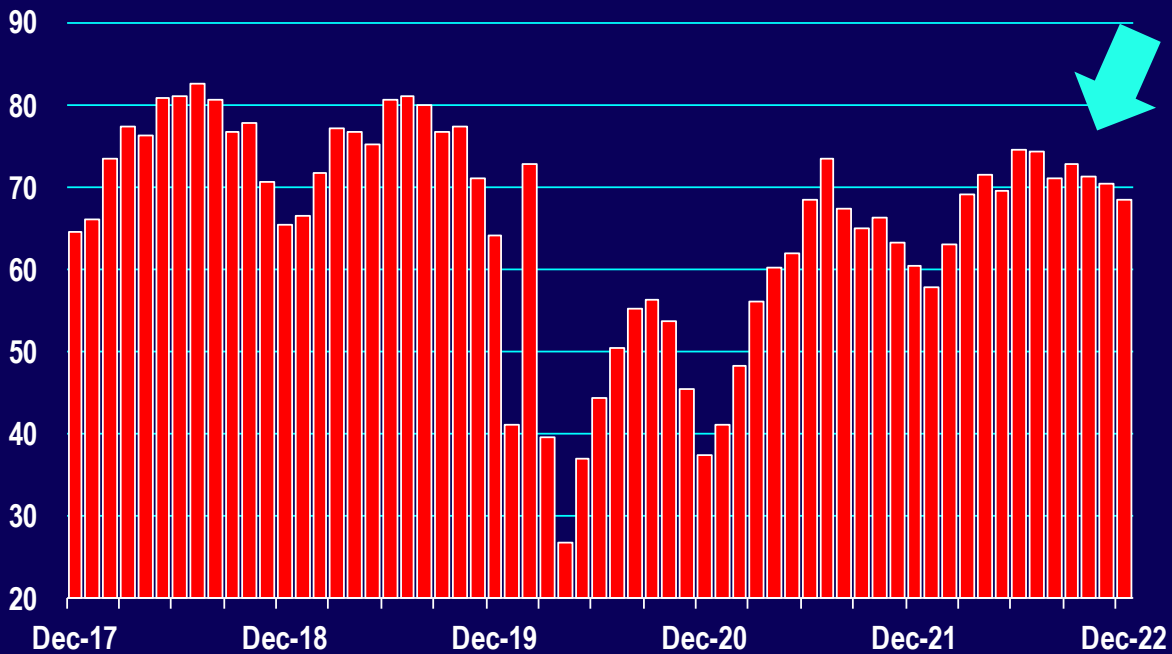


Hotel-Motel Occupancy Rate / California

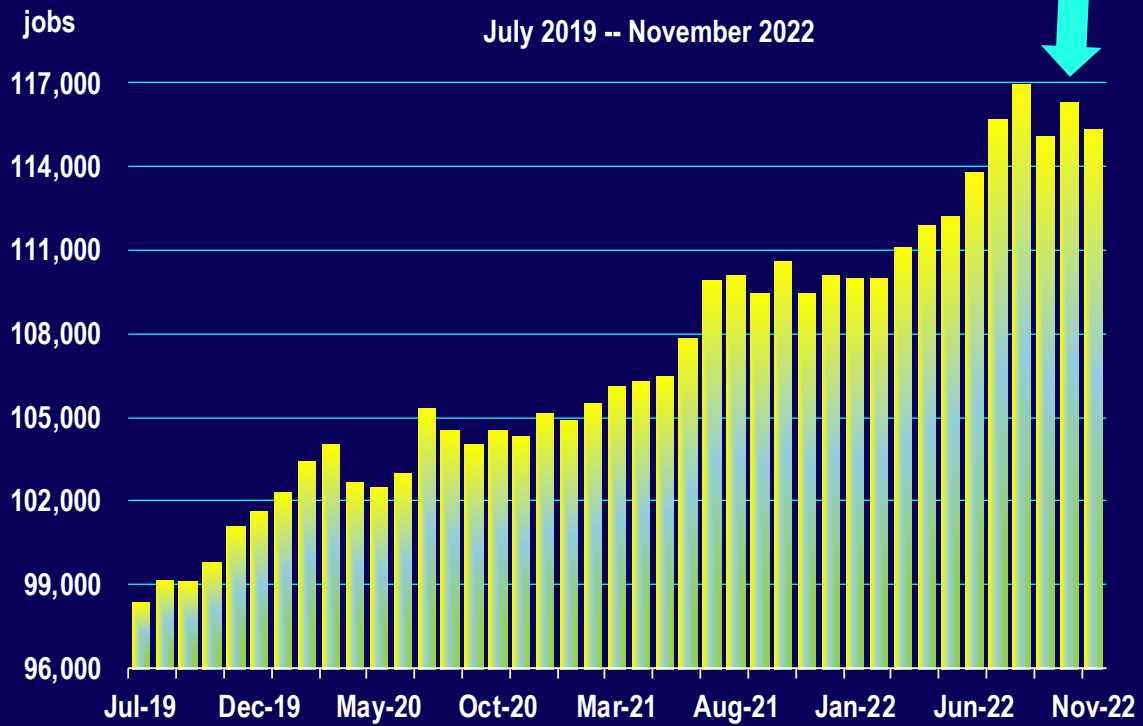
seasonally adjusted

December 2017 -- December 2022

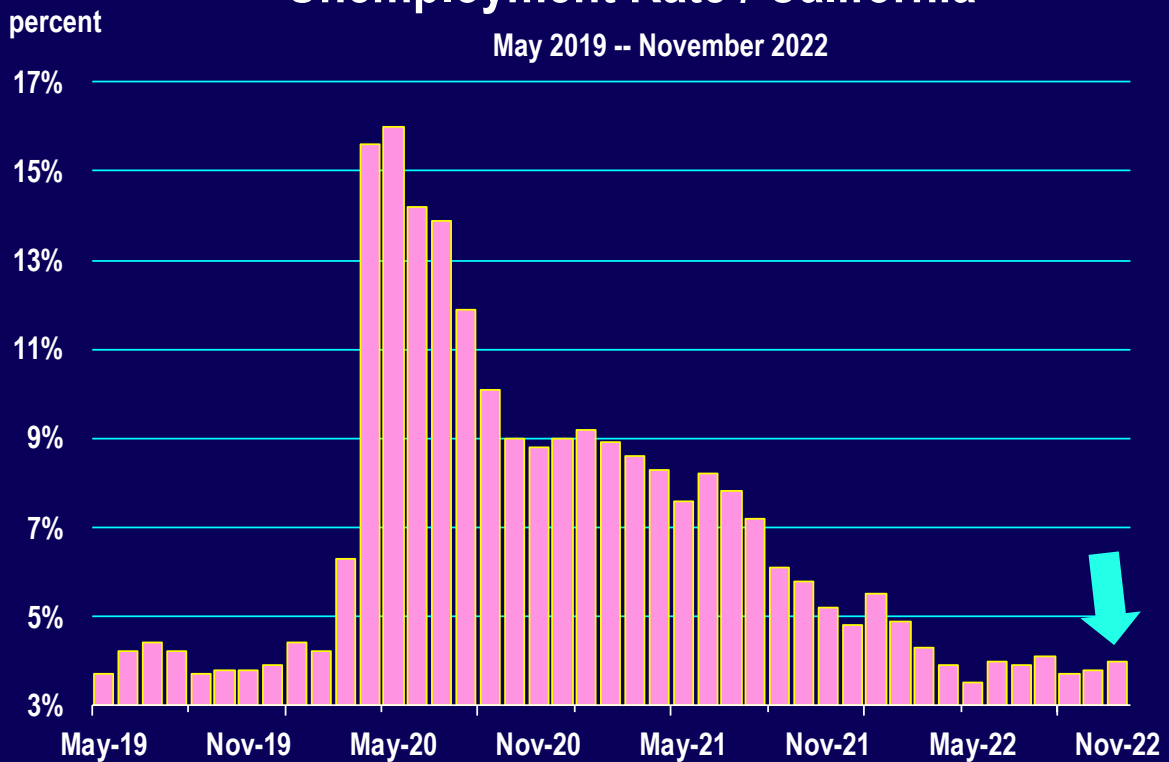
percent

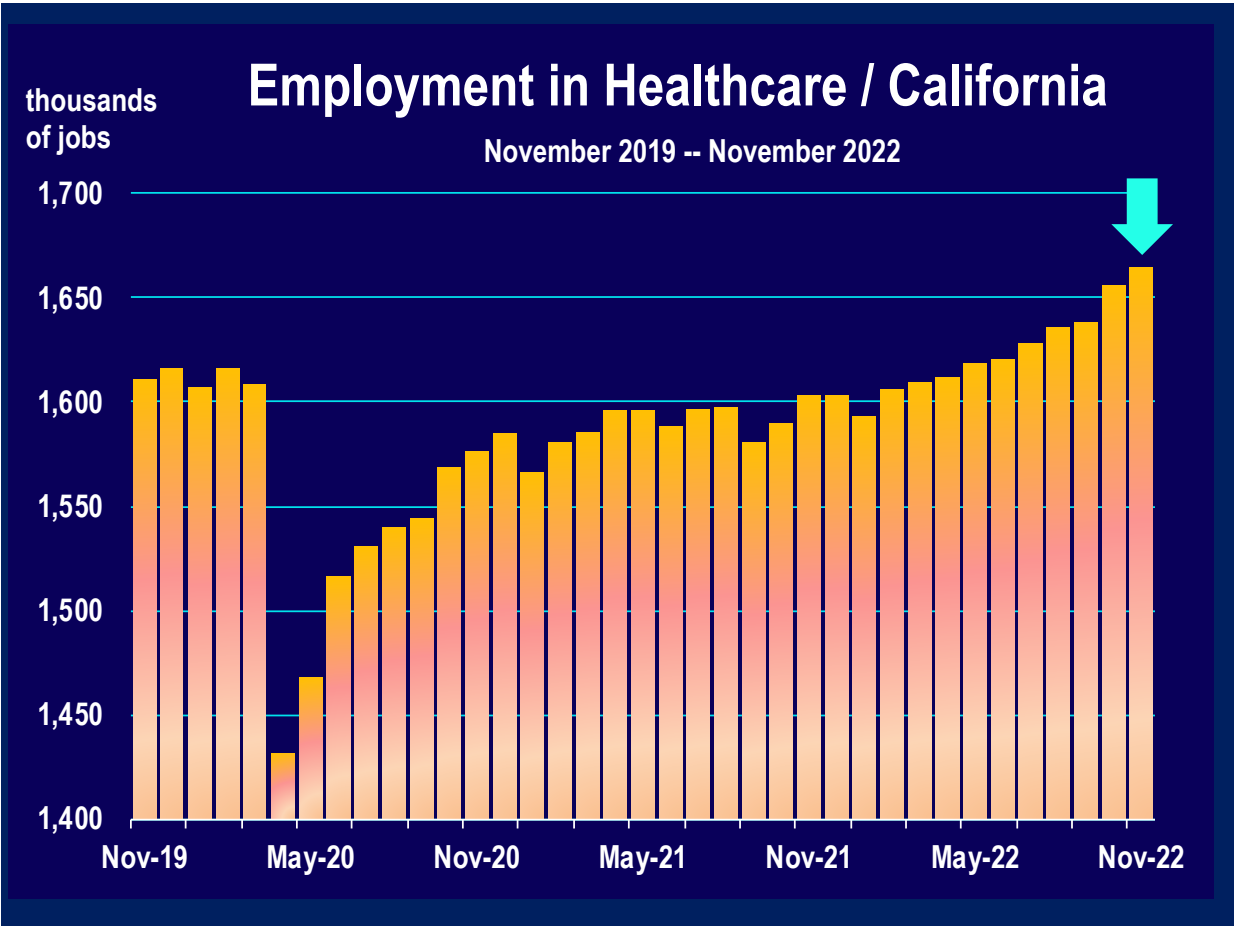
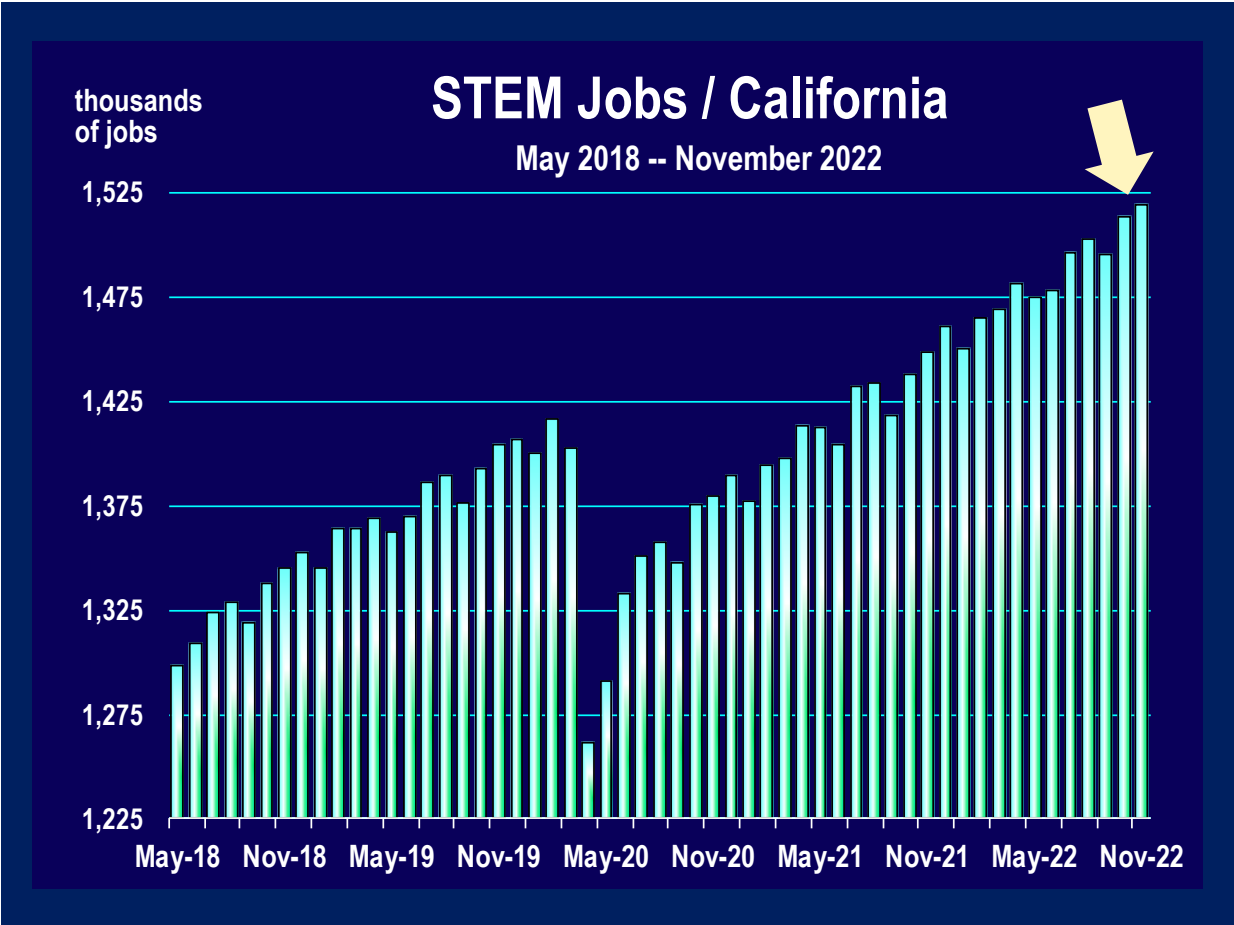


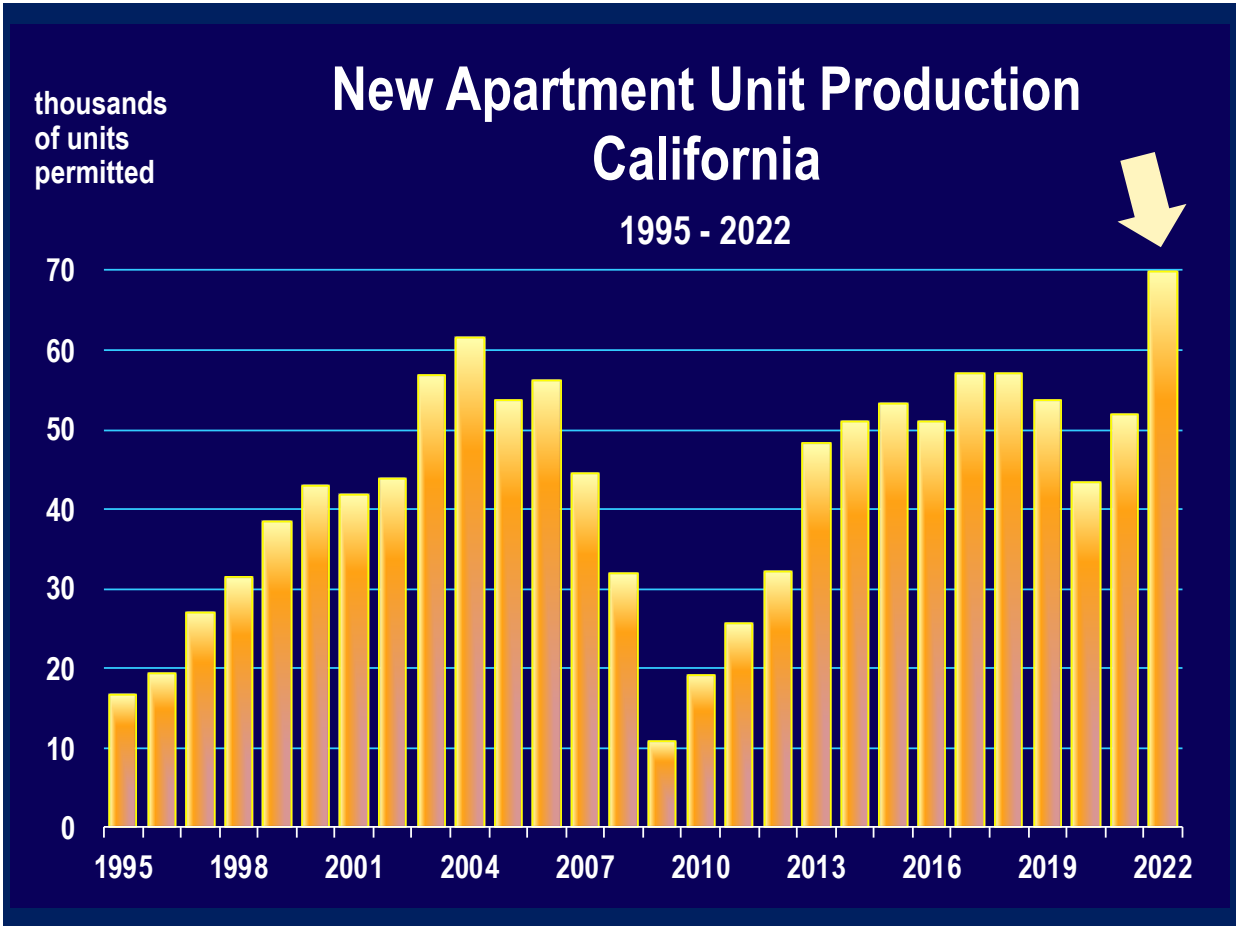
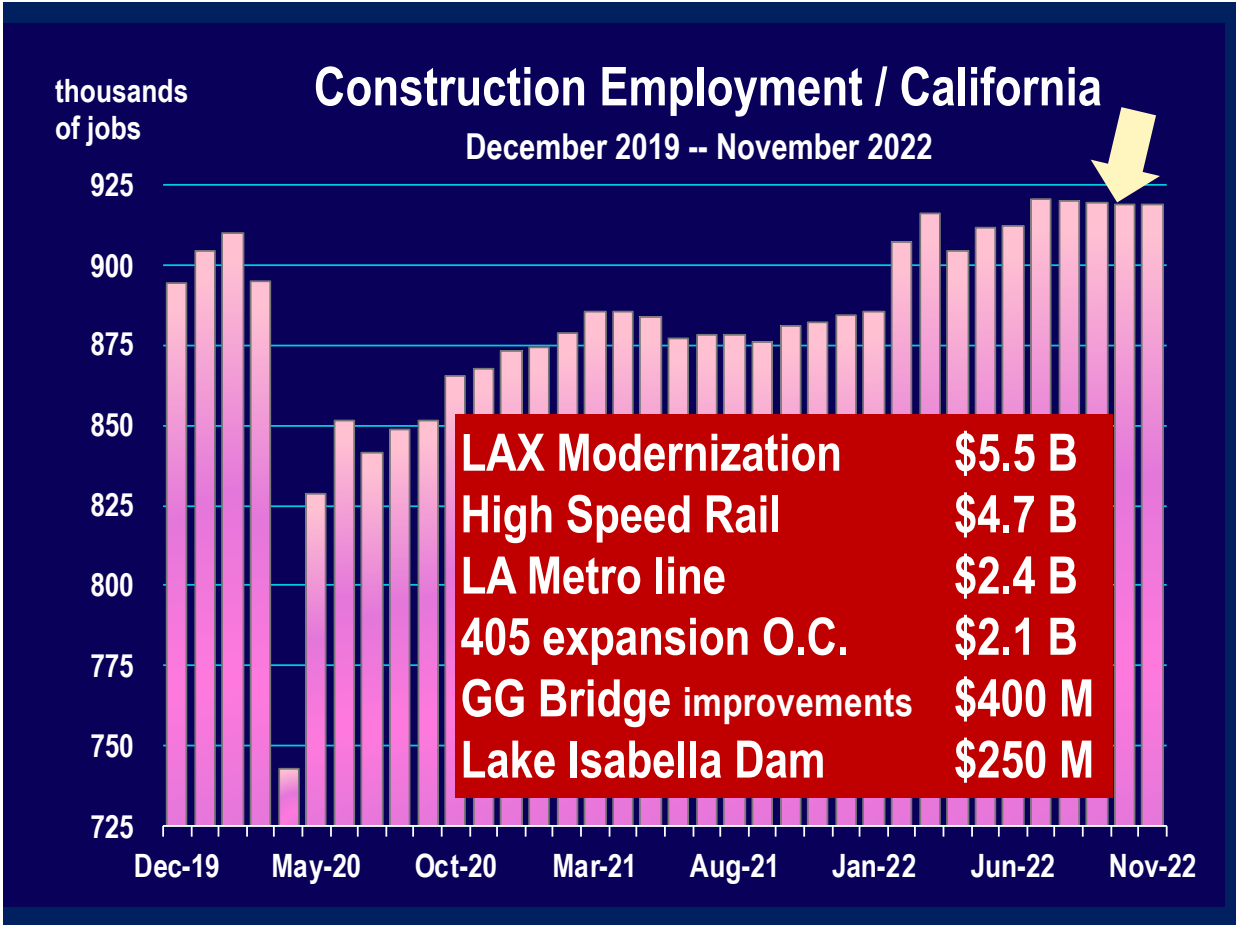
Employment in Software Development / California



Unemployment Rate / California









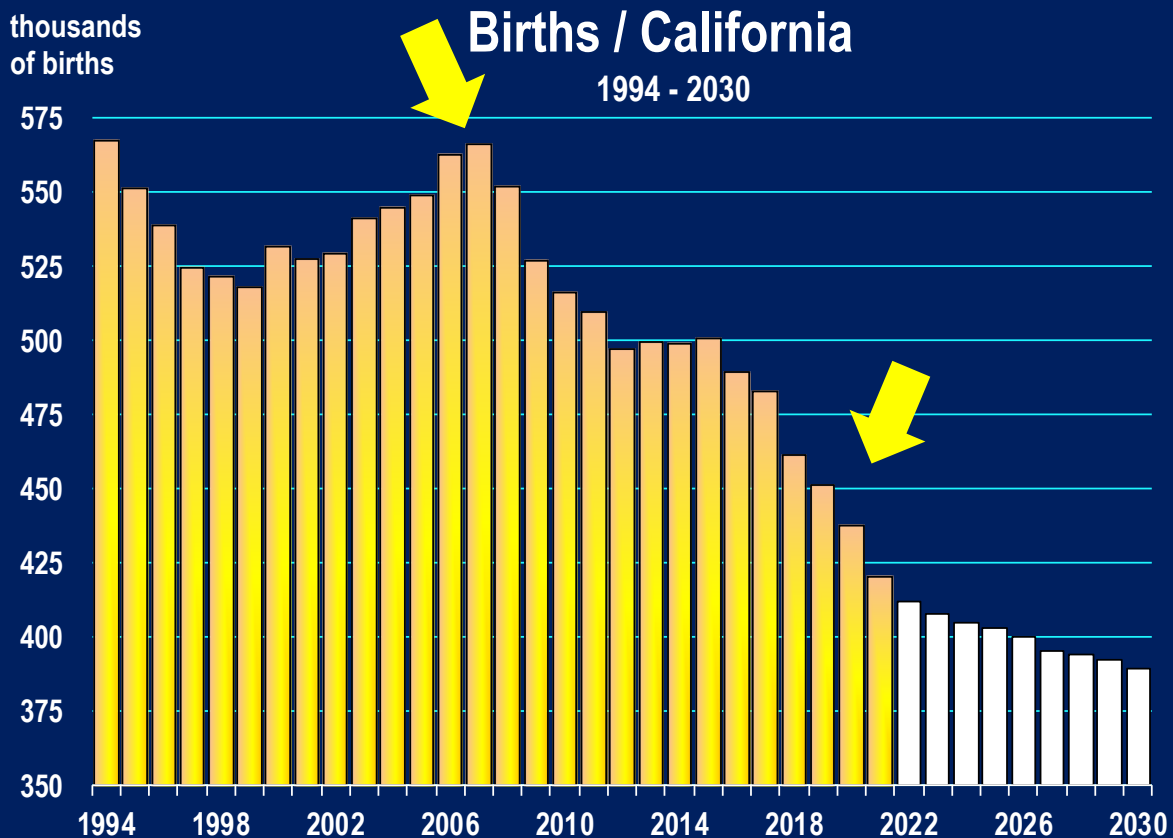
Community College Update

*Current Enrollment
& Future Demand*

Demand for higher education

Slide from January 2020

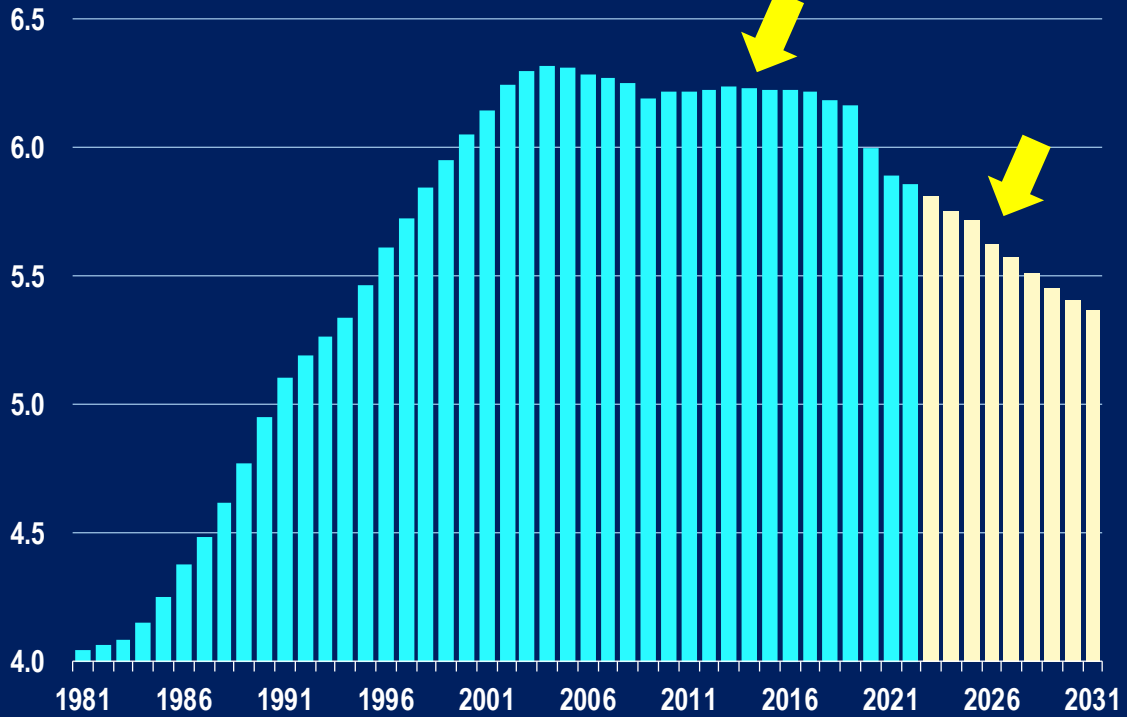
- ❑ Expect modest increase in enrollment for 2 and 4 year colleges over next few years . . .
- ❑ Stability through 2023, then the models show a steady decline as “the weight of the current birth dearth reduces enrollment by more than 15 percent ”
- ❑ So after 60 years of steady growth in demand, the future suggests challenges for many 2 and 4 year higher learning institutions



millions of students

K-12 Enrollment / California Public Schools

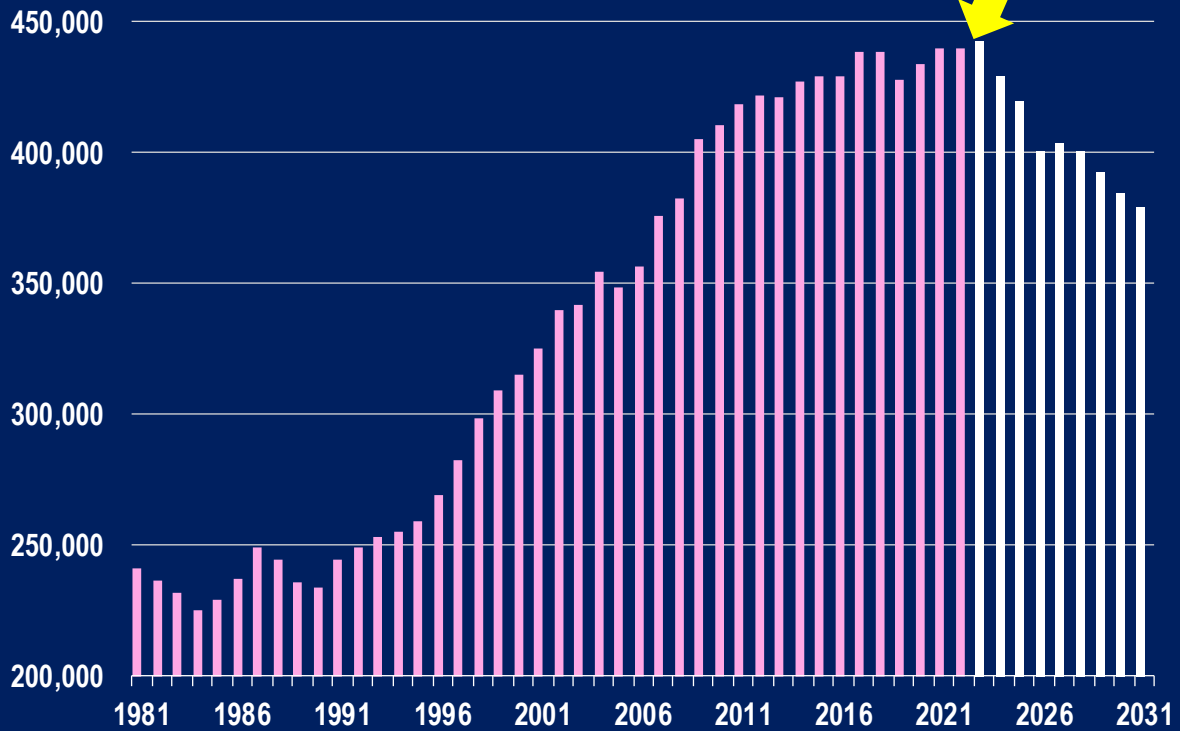
1981 -- 2031



graduates

High School Graduates / California Public Schools

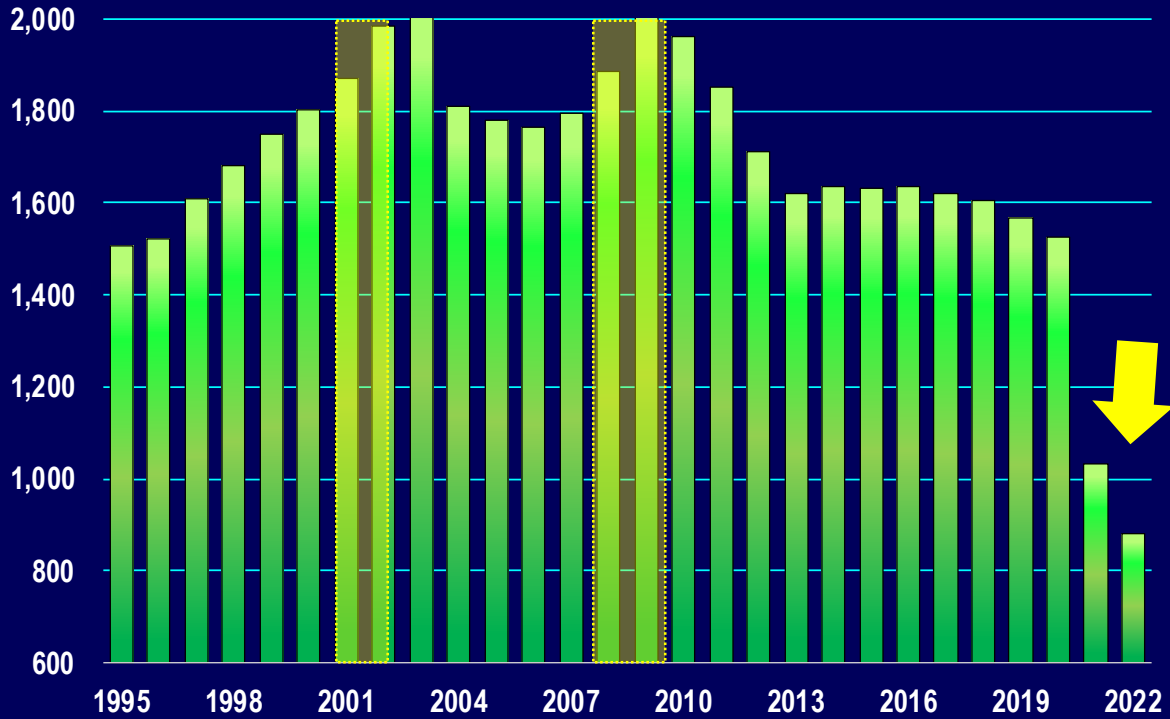
1981 -- 2031



thousands
of students

California Community College Enrollment

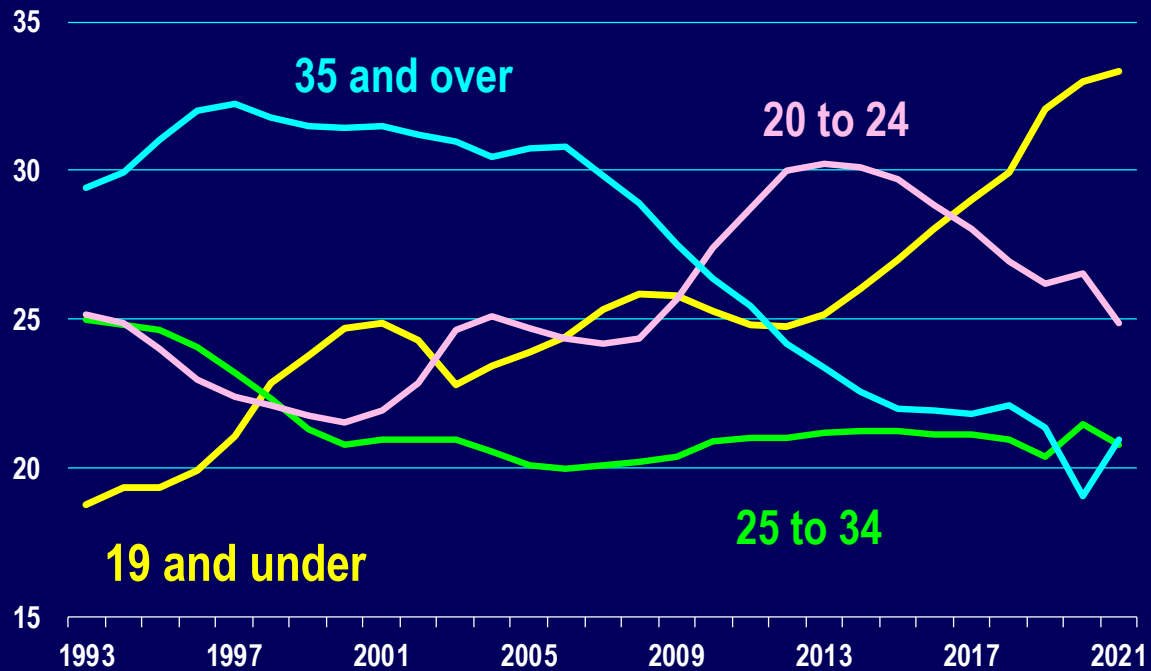
1995 - 2022



percent of
all students

FTES Enrollment by Age California Community Colleges

Fall 1993 - Fall 2021



The 2023 Forecast



Outlook for California in 2023

- The State can't escape impending recession
- But the severity is still unclear
- Two scenarios for 2023
 - no recession, slow growth
 - moderate recession in Q2
 - out of the woods by Q4
- Inflation will continue to improve; either scenario
- Energy issues persist, gas prices remain high
- Housing market values unlikely to meaningfully contract ; new building off 5 percent

Outlook for California in 2023

	No Recession	Recession
Unemployment Rate	4.3 %	4.4 %
Inflation	3.8 %	4.0 %
Real Income growth	-0.2 %	-1.0 %

Thank You

**Economic Update
for ACCCA**

January 18, 2023

COUNCIL ON BUDGET & FACILITIES

Agenda Item Submittal Form

Date: February 7, 2023

From: Kashu Vyas, District Director, Fiscal Affairs

Re: Agenda Item for Council on Budget and Facilities of February 13, 2023

1. AGENDA ITEM NAME

2023-24 Resource Allocation Model Preliminary Budget

2. AGENDA ITEM ACTION (Please check one)

- Information Only
- Review/Discussion
- Action

3. ESTIMATED TIME REQUIRED FOR PRESENTATION/DISCUSSION:

15 minutes

4. BRIEF NARRATIVE SUMMARY OF AGENDA ITEM

To present an early preliminary budget and to allow members to discuss the information.

5. RECOMMENDATION (Required for all action items; encouraged for all review/discussion items)

Members are asked to review the preliminary budget.

North Orange County Community College District
Early Preliminary Budget
2023-24 Resource Allocation Model Budget Summary
February 10, 2023

	DW	DS	CC	FC	NOCE	Total
SCFF Revenues	\$ -	\$ 20,322,527	\$ 81,346,217	\$ 105,014,996	\$ 13,019,261	\$ 219,703,001
Other Revenues	-	2,098,694	7,102,594	8,333,544	1,586,895	19,121,727
Funding for Districtwide Expenses	11,673,623	(1,094,986)	(4,323,910)	(5,540,301)	(714,426)	-
Net Chargebacks	-	868,353	96,920	253,027	(1,218,300)	-
	11,673,623	22,194,588	84,221,821	108,061,266	12,673,430	238,824,728
Expenses	11,548,623	24,339,539	88,947,945	119,576,767	23,809,750	268,222,624
Contingencies	125,000	-	-	100,000	-	225,000
	11,673,623	24,339,539	88,947,945	119,676,767	23,809,750	268,447,624
Net Available Revenue	-	(2,144,951)	(4,726,124)	(11,615,501)	(11,136,320)	(29,622,896)
Net Transfers In/(Out) to Supplement Self-Supporting Operations	-	-	72,873	-	184,920	257,793
Structural Surplus (Deficit)	\$ -	\$ (2,144,951)	\$ (4,653,251)	\$ (11,615,501)	\$ (10,951,400)	\$ (29,365,103)
Additional Sources (Uses)						
Stability Funding based on PY +COLA	-	2,571,246	2,305,022	5,204,810	17,716,179	27,797,257
Subtotal	-	426,295	(2,348,229)	(6,410,691)	6,764,779	(1,567,846)
Amount pulled back to increase Reserves from Emergency Conditions Funding	-	(446,395)	(969,228)	(2,419,096)	(2,280,286)	(6,115,005)
Balance	-	(20,100)	(3,317,457)	(8,829,787)	4,484,493	(7,682,851)

Amount To Pull Back to Increase Required Reserves

2023-24 Est. Max TCR (includes Stability Funding)	265,554,643
Hold Harmless SCFF	259,439,637
Amount to be used to increase reserves	6,115,006

Ratios of SCFF	7.30%	15.85%	39.56%	37.29%	
Allocations of amount to be pulled back, by Center	446,395	969,228	2,419,096	2,280,286	6,115,005

North Orange County CCD
2023-24 Early Preliminary Budget
General Fund Ongoing (11200) & Self-Supported/Local Revenues
February 10, 2023

	Districtwide		District Services		Cypress College		Fullerton College		N. Orange Cont. Education		Total
	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Revenues											
SCFF 2023-24 Estimated State Apportionment	\$ -	0.00%	\$ -	0.00%	\$ 89,652,475	40.81%	\$ 115,659,596	52.64%	\$ 14,390,930	6.55%	\$ 219,703,001
Revenue Allocation to District Services, 9.25%	\$ -	0.00%	\$ 20,322,527	9.25%	\$ (8,306,258)	40.87%	\$ (10,644,600)	52.38%	\$ (1,371,669)	6.75%	\$ -
Subtotal Revenue, 1	\$ -	0.00%	\$ 20,322,527	9.25%	\$ 81,346,217	37.03%	\$ 105,014,996	47.81%	\$ 13,019,261	5.92%	\$ 219,703,001
Other Unrestricted Revenue	\$ -	0.00%	\$ 363,564	1.91%	\$ 7,811,779	40.85%	\$ 9,242,376	48.33%	\$ 1,704,008	8.91%	\$ 19,121,727
Revenue Allocation to District Services, 9.25%	\$ -	0.00%	\$ 1,735,130	9.25%	\$ (709,185)	40.87%	\$ (908,832)	52.38%	\$ (117,113)	6.75%	\$ -
Subtotal Revenue, 2	\$ -	0.00%	\$ 2,098,694	10.98%	\$ 7,102,594	37.14%	\$ 8,333,544	43.58%	\$ 1,586,895	8.30%	\$ 19,121,727
Subtotal Revenue, 3	\$ -	0.00%	\$ 22,421,219	9.39%	\$ 88,448,811	37.04%	\$ 113,348,540	47.46%	\$ 14,606,156	6.12%	\$ 238,824,728
Contribution towards Districtwide Expenditures	\$ 11,673,623	100.00%	\$ (1,094,986)	-9.38%	\$ (4,323,910)	-37.04%	\$ (5,540,301)	-47.46%	\$ (714,426)	-6.12%	\$ -
Subtotal Revenue, 4	\$ 11,673,623	4.89%	\$ 21,326,233	8.93%	\$ 84,124,901	35.22%	\$ 107,808,239	45.14%	\$ 13,891,730	5.82%	\$ 238,824,728
Chargebacks between budget centers											
FC Chargebacks	\$ -						\$ 253,027		\$ (253,027)		\$ -
CC Chargebacks	\$ -				\$ 287,517				\$ (287,517)		\$ -
NOCE Chargebacks	\$ -		\$ (197,933)		\$ (43,619)				\$ 241,552		\$ -
DS Chargebacks	\$ -		\$ 1,066,286		\$ (146,978)				\$ (919,308)		\$ -
Net Chargebacks	\$ -		\$ 868,353		\$ 96,920		\$ 253,027		\$ (1,218,300)		\$ -
Final Revenue Allocation	\$ 11,673,623	4.89%	\$ 22,194,586	9.29%	\$ 84,221,821	35.27%	\$ 108,061,266	45.25%	\$ 12,673,430	5.31%	\$ 238,824,728
Expenditures											
Position Control Expenses	\$ -	0.00%	\$ 19,670,258	9.80%	\$ 71,111,620	35.44%	\$ 92,377,291	46.04%	\$ 17,507,863	8.72%	\$ 200,667,032
Personnel Costs outside of Position Control	\$ -	0.00%	\$ 540,158	0.27%	\$ 11,475,429	5.72%	\$ 20,499,711	10.22%	\$ 5,519,904	2.75%	\$ 38,035,202
Other Operating Expenses	\$ 11,673,623	39.25%	\$ 4,129,123	13.88%	\$ 6,360,896	21.38%	\$ 6,799,765	22.86%	\$ 781,983	2.63%	\$ 29,745,390
Total Expenditures	\$ 11,673,623	4.35%	\$ 24,339,539	9.07%	\$ 88,947,945	33.13%	\$ 119,676,767	44.58%	\$ 23,809,750	8.87%	\$ 268,447,624
Total Net Available Revenue	\$ -	0.00%	\$ (2,144,953)	7.24%	\$ (4,726,124)	15.95%	\$ (11,615,501)	39.21%	\$ (11,136,320)	37.59%	\$ (29,622,896)
Intrafund Transfers In/Out (To supplement Exp.)											
Intrafund Transfer In to 11200	\$ -		\$ -		\$ 72,873		\$ -		\$ -		\$ 72,873
Intrafund Transfer Out from 11200	\$ -		\$ -		\$ -		\$ -		\$ (13,470)		\$ (13,470)
Intrafund Transfer In to Self-Supporting	\$ -		\$ -		\$ -		\$ -		\$ 198,390		\$ 198,390
Intrafund Transfer Out from Self-Supporting	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Total Intrafund Transfers	\$ -		\$ -		\$ 72,873		\$ -		\$ 184,920		\$ 257,793
Final Net Available Revenue	\$ -	0.00%	\$ (2,144,953)	7.30%	\$ (4,653,251)	15.85%	\$ (11,615,501)	39.56%	\$ (10,951,400)	37.29%	\$ (29,365,103)

North Orange County CCD
2023-24 RAM Early Preliminary Budget
SCFF - College Level Allocations - Projected and Actuals
February 10, 2023

	SCFF			Cypress College			Fullerton College			N. Orange Cont. Education			Districtwide	
	Data for Funding	Funding Rate (Est.)	2023-24 State Apportionment Funding	Data	2023-24 Funding	% of District Funding	Data	2023-24 Funding	% of District Funding	Data	2023-24 Funding	% of District Funding	Allocated Data	2023-24 Funding
* Data will be updated at Settle-up based on actual information available														
Basic Allocation			\$ 17,157,854.00		\$ 7,506,561.00			\$ 7,506,561.00			\$ 2,144,732.00			\$ 17,157,854.00
Base Allocation	FTEs			FTEs			FTEs			FTEs			FTEs	
Traditional Credit 3-Year Average	22,939.70	\$ 5,234.02	\$ 120,066,849.00	9,679.93	\$ 50,664,947.00	42.2%	13,259.78	\$ 69,401,954.00	57.8%	-	\$ -	0.0%	22,939.71	\$ 120,066,901.00
Special Admit Credit	433.27	\$ 7,339.82	\$ 3,180,124.00	246.24	\$ 1,807,357.00	56.8%	187.03	\$ 1,372,767.00	43.2%	-	\$ -	0.0%	433.27	\$ 3,180,124.00
Incarcerated Credit	-	\$ 7,339.82	\$ -	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -
Subtotal Credit	23,372.97		\$ 123,246,973.00	9,926.17	\$ 52,472,304.00	42.6%	13,446.81	\$ 70,774,721.00	57.4%	-	\$ -	0.0%	23,372.98	\$ 123,247,025.00
Non-Credit	2,272.86	\$ 4,413.64	\$ 10,031,586.00	72.81	\$ 321,357.00	3.2%	27.78	\$ 122,611.00	1.2%	2,172.27	\$ 9,587,618.00	95.6%	2,272.86	\$ 10,031,586.00
Non Credit CDCP	314.69	\$ 7,339.82	\$ 2,309,768.00	-	\$ -	0.0%	-	\$ -	0.0%	314.69	\$ 2,309,768.00	100.0%	314.69	\$ 2,309,768.00
Non-Credit Incarcerated	-	\$ 7,339.82	\$ -	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -
Subtotal Non Credit	2,587.55		\$ 12,341,354.00	72.81	\$ 321,357.00	2.6%	27.78	\$ 122,611.00	1.0%	2,486.96	\$ 11,897,386.00	96.4%	2,587.55	\$ 12,341,354.00
Subtotal Base	25,960.52		\$ 135,588,327.00	9,998.98	\$ 52,793,661.00	38.9%	13,474.59	\$ 70,897,332.00	52.3%	2,486.96	\$ 11,897,386.00	8.8%	25,960.53	\$ 135,588,379.00
Total Basic + Base			\$ 152,746,181.00		\$ 60,300,222.00	39.5%		\$ 78,403,893.00	51.3%		\$ 14,042,118.00	9.2%		\$ 152,746,233.00
Final Data Source:	22-23 Headcounts			22-23 Headcounts			22-23 Headcounts			22-23 Headcounts			22-23 Headcounts	
Data Used at this Time:	21-22 (Jan)			21-22 (Jan)			21-22 (Jan)			21-22 (Jan)			21-22 (Jan)	
Supplemental Allocation														
AB540 Students (22-23 P1)	1,109.00	\$ 1,237.68	\$ 1,372,587.00	519.00	\$ 642,356.00	42.8%	695.00	\$ 860,188.00	57.2%	-	\$ -	0.0%	1,214.00	\$ 1,502,544.00
Pell Grant Recipients	11,168.00	\$ 1,237.68	\$ 13,822,410.00	5,256.00	\$ 6,505,246.00	46.9%	5,939.00	\$ 7,350,582.00	53.1%	-	\$ -	0.0%	11,195.00	\$ 13,855,828.00
California Promise Grant Recipients	19,947.00	\$ 1,237.68	\$ 24,688,003.00	9,605.00	\$ 11,887,916.00	45.2%	11,660.00	\$ 14,431,349.00	54.8%	-	\$ -	0.0%	21,265.00	\$ 26,319,265.00
Total Supplemental	32,224.00		\$ 39,883,000.00	15,380.00	\$ 19,035,518.00	45.7%	18,294.00	\$ 22,642,119.00	54.3%	-	\$ -	0.0%	33,674.00	\$ 41,677,637.00
Final Data Source:	3-Yr Avg			21-22 Headcounts			21-22 Headcounts			21-22 Headcounts			21-22 Headcounts	
Data Used at this Time:	3-Yr Avg			20-21			20-21			20-21			20-21	
Student Success Allocation														
All Students														
Associate Degrees for Transfer	1,851.00	\$ 2,920.00	\$ 5,404,920.00	669.00	\$ 1,953,480.00	37.8%	1,100.00	\$ 3,212,000.00	62.2%	-	\$ -	0.0%	1,769.00	\$ 5,165,480.00
Associate Degrees	1,334.33	\$ 2,190.00	\$ 2,922,183.00	524.00	\$ 1,147,560.00	37.8%	862.00	\$ 1,887,780.00	62.2%	-	\$ -	0.0%	1,386.00	\$ 3,035,340.00
Baccalaureate Degrees	4.33	\$ 2,190.00	\$ 9,483.00	3.00	\$ 6,570.00	100.0%	-	\$ -	0.0%	-	\$ -	0.0%	3.00	\$ 6,570.00
Credit Certificates	730.00	\$ 1,460.00	\$ 1,065,800.00	479.00	\$ 699,340.00	64.5%	264.00	\$ 385,440.00	35.5%	-	\$ -	0.0%	743.00	\$ 1,084,780.00
Transfer Level Math and English	1,515.33	\$ 1,460.00	\$ 2,212,382.00	558.00	\$ 814,680.00	40.0%	838.00	\$ 1,223,480.00	60.0%	-	\$ -	0.0%	1,396.00	\$ 2,038,160.00
Transfer to Four Year University	2,220.00	\$ 1,095.00	\$ 2,430,900.00	934.00	\$ 1,022,730.00	38.0%	1,521.00	\$ 1,665,495.00	62.0%	-	\$ -	0.0%	2,455.00	\$ 2,688,225.00
Nine or More CTE Units	4,831.67	\$ 730.00	\$ 3,527,119.00	2,083.00	\$ 1,520,590.00	44.9%	2,560.00	\$ 1,868,800.00	55.1%	-	\$ -	0.0%	4,643.00	\$ 3,389,390.00
Achieved Regional Living Wage	3,157.33	\$ 730.00	\$ 2,304,851.00	1,240.00	\$ 905,200.00	35.0%	1,846.00	\$ 1,347,580.00	52.1%	455.00	\$ 332,150.00	12.8%	3,541.00	\$ 2,584,930.00
Subtotal	15,643.99		\$ 19,877,638.00	6,490.00	\$ 8,070,150.00	40.4%	8,991.00	\$ 11,590,575.00	58.0%	455.00	\$ 332,150.00	1.7%	15,936.00	\$ 19,992,875.00
Pell Grant Recipients Bonus														
Associate Degrees for Transfer	1,029.67	\$ 1,104.00	\$ 1,136,756.00	406.00	\$ 448,224.00	41.3%	578.00	\$ 638,112.00	58.7%	-	\$ -	0.0%	984.00	\$ 1,086,336.00
Associate Degrees	708.67	\$ 828.00	\$ 586,779.00	315.00	\$ 260,820.00	42.1%	434.00	\$ 359,352.00	57.9%	-	\$ -	0.0%	749.00	\$ 620,172.00
Baccalaureate Degrees	2.67	\$ 828.00	\$ 2,211.00	1.00	\$ 828.00	100.0%	-	\$ -	0.0%	-	\$ -	0.0%	1.00	\$ 828.00
Credit Certificates	359.67	\$ 552.00	\$ 198,538.00	241.00	\$ 133,032.00	66.2%	123.00	\$ 67,896.00	33.8%	-	\$ -	0.0%	364.00	\$ 200,928.00
Transfer Level Math and English	665.67	\$ 552.00	\$ 367,450.00	264.00	\$ 145,728.00	42.8%	353.00	\$ 194,856.00	57.2%	-	\$ -	0.0%	617.00	\$ 340,584.00
Transfer to Four Year University	1,127.00	\$ 414.00	\$ 466,578.00	497.00	\$ 205,758.00	39.7%	756.00	\$ 312,984.00	60.3%	-	\$ -	0.0%	1,253.00	\$ 518,742.00
Nine or More CTE Units	2,289.33	\$ 276.00	\$ 631,855.00	1,057.00	\$ 291,732.00	47.7%	1,160.00	\$ 320,160.00	52.3%	-	\$ -	0.0%	2,217.00	\$ 611,892.00
Achieved Regional Living Wage	877.00	\$ 276.00	\$ 242,052.00	478.00	\$ 131,928.00	44.1%	579.00	\$ 159,804.00	53.4%	27.00	\$ 7,452.00	2.5%	1,084.00	\$ 299,184.00
Subtotal	7,059.68		\$ 3,632,219.00	3,259.00	\$ 1,618,050.00	44.0%	3,983.00	\$ 2,053,164.00	55.8%	27.00	\$ 7,452.00	0.2%	7,269.00	\$ 3,678,666.00
California Promise Grant Recipients Bonus														
Associate Degrees for Transfer	1,439.00	\$ 736.00	\$ 1,059,104.00	533.00	\$ 392,288.00	38.9%	836.00	\$ 615,296.00	61.1%	-	\$ -	0.0%	1,369.00	\$ 1,007,584.00
Associate Degrees	1,021.00	\$ 552.00	\$ 563,592.00	427.00	\$ 235,704.00	40.1%	638.00	\$ 352,176.00	59.9%	-	\$ -	0.0%	1,065.00	\$ 587,880.00
Baccalaureate Degrees	3.67	\$ 552.00	\$ 2,026.00	2.00	\$ 1,104.00	100.0%	-	\$ -	0.0%	-	\$ -	0.0%	2.00	\$ 1,104.00
Credit Certificates	534.67	\$ 368.00	\$ 196,759.00	357.00	\$ 131,376.00	65.6%	187.00	\$ 68,816.00	34.4%	-	\$ -	0.0%	544.00	\$ 200,192.00
Transfer Level Math and English	995.67	\$ 368.00	\$ 366,407.00	381.00	\$ 140,208.00	41.6%	535.00	\$ 196,800.00	58.4%	-	\$ -	0.0%	916.00	\$ 337,088.00
Transfer to Four Year University	1,576.00	\$ 276.00	\$ 434,976.00	672.00	\$ 185,472.00	38.1%	1,090.00	\$ 300,840.00	61.9%	-	\$ -	0.0%	1,762.00	\$ 486,312.00
Nine or More CTE Units	3,509.00	\$ 184.00	\$ 645,656.00	1,570.00	\$ 288,880.00	46.4%	1,811.00	\$ 333,224.00	53.6%	-	\$ -	0.0%	3,381.00	\$ 622,104.00
Achieved Regional Living Wage	1,605.67	\$ 184.00	\$ 295,443.00	843.00	\$ 155,112.00	43.2%	1,045.00	\$ 192,280.00	53.5%	64.00	\$ 11,776.00	3.3%	1,952.00	\$ 359,168.00
Subtotal	10,684.68		\$ 3,563,963.00	4,785.00	\$ 1,530,144.00	42.5%	6,142.00	\$ 2,059,512.00	57.2%	64.00	\$ 11,776.00	0.3%	10,991.00	\$ 3,601,432.00
Total Student Success Allocation	33,388.35		\$ 27,073,820.00	14,534.00	\$ 11,218,344.00	41.1%	19,116.00	\$ 15,703,251.00	57.6%	546.00	\$ 351,378.00	1.3%	34,196.00	\$ 27,272,973.00
Total SCFF 2023-24 State Apportionment			\$ 219,703,001.00		\$ 90,554,084.00	40.8%		\$ 116,749,263.00	52.7%		\$ 14,393,496.00	6.5%		\$ 221,696,843.00
3-Yr Average Adjustment			\$ -		\$ (22.00)	42.2%		\$ (30.00)	57.8%		\$ -	0.0%		\$ (52.00)
Special Admit Credit Adjustment			\$ -		\$ -	56.8%		\$ -	43.2%		\$ -	0.0%		\$ -
Incarcerated Credit Adjustment			\$ -		\$ -	0.0%		\$ -	0.0%		\$ -	0.0%		\$ -
Non Credit Adjustment			\$ -		\$ -	3.2%		\$ -	1.2%		\$ -	95.6%		\$ -
Non Credit CDCP Adjustment			\$ -		\$ -	0.0%		\$ -	0.0%		\$ -	100.0%		\$ -
Non Credit Incarcerated Adjustment			\$ -		\$ -	0.0%		\$ -	0.0%		\$ -	0.0%		\$ -
Supplemental Adjustment			\$ (819,668.00)		\$ -	45.7%		\$ (974,969.00)	54.3%		\$ -	0.0%		\$ (1,794,637.00)
Student Success Adjustment			\$ (81,919.00)		\$ -	41.1%		\$ (114,668.00)	57.6%		\$ (2,566.00)	1.3%		\$ (199,153.00)
Total SCFF 2023-24 State Apportionment Adjusted			\$ 219,703,001.00		\$ 89,652,475.00	40.8%		\$ 115,659,596.00	52.6%		\$ 14,390,930.00	6.6%		\$ 219,703,001.00

North Orange County CCD

2023-24 RAM Early Preliminary Budget

SCFF Data - Using Projected and Actuals - Emergency Conditions Applied

February 10, 2023

		SCFF			Cypress College			Fullerton College			N. Orange Cont. Education			Districtwide				
* Data will be updated at Settle-up based on actual information available		Funding Rate	2023-24 State		Data		2023-24 Funding		% of District	Data		2023-24 Funding		% of District	Allocated Data		2023-24 Funding	
Data for Funding		(Est.)	Apportionment	Funding	Data	2023-24 Funding	% of District	Data	2023-24 Funding	% of District	Data	2023-24 Funding	% of District	Allocated Data	2023-24 Funding			
Basic Allocation			\$ 17,157,854.00		\$ 7,506,561.00			\$ 7,506,561.00			\$ 2,144,732.00			\$ 17,157,854.00				
Base Allocation	FTEs			FTEs			FTEs				FTEs			FTEs				
Traditional Credit 3-Year Average	26,389.13	\$ 5,234.02	\$ 138,121,234.00	9,679.93	\$ 50,664,947.00	42.2%	13,259.78	\$ 69,401,954.00	57.8%	-	\$ -	0.0%	22,939.71	\$ 120,066,901.00				
Special Admit Credit	433.27	\$ 7,339.82	\$ 3,180,124.00	246.24	\$ 1,807,357.00	56.8%	187.03	\$ 1,372,767.00	43.2%	-	\$ -	0.0%	433.27	\$ 3,180,124.00				
Incarcerated Credit	-	\$ 7,339.82	\$ -	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -				
Subtotal Credit	26,822.40		\$ 141,301,358.00	9,926.17	\$ 52,472,304.00	42.6%	13,446.81	\$ 70,774,721.00	57.4%	-	\$ -	0.0%	23,372.98	\$ 123,247,025.00				
Non-Credit	2,272.86	\$ 4,413.64	\$ 10,031,586.00	72.81	\$ 321,357.00	3.2%	27.78	\$ 122,611.00	1.2%	2,172.27	\$ 9,587,618.00	95.6%	2,272.86	\$ 10,031,586.00				
Non Credit CDCP	314.69	\$ 7,339.82	\$ 2,309,768.00	-	\$ -	0.0%	-	\$ -	0.0%	314.69	\$ 2,309,768.00	100.0%	314.69	\$ 2,309,768.00				
Non-Credit Incarcerated	-	\$ 7,339.82	\$ -	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -	0.0%	-	\$ -				
Subtotal Non Credit	2,587.55		\$ 12,341,354.00	72.81	\$ 321,357.00	2.6%	27.78	\$ 122,611.00	1.0%	2,486.96	\$ 11,897,386.00	96.4%	2,587.55	\$ 12,341,354.00				
Subtotal Base	29,409.95		\$ 153,642,712.00	9,998.98	\$ 52,793,661.00	38.9%	13,474.59	\$ 70,897,332.00	52.3%	2,486.96	\$ 11,897,386.00	8.8%	25,960.53	\$ 135,588,379.00				
Total Basic + Base			\$ 170,800,566.00		\$ 60,300,222.00	39.5%		\$ 78,403,893.00	51.3%		\$ 14,042,118.00	9.2%		\$ 152,746,233.00				
Final Data Source:	22-23			22-23			22-23			22-23			22-23					
Data Used at this Time:	Headcounts			Headcounts			Headcounts			Headcounts			Headcounts					
	21-22 (Jan)			21-22 (Jan)			21-22 (Jan)			21-22 (Jan)			21-22 (Jan)					
Supplemental Allocation																		
AB540 Students (22-23 P1)	1,109.00	\$ 1,237.68	\$ 1,372,587.00	519.00	\$ 642,356.00	42.8%	695.00	\$ 860,188.00	57.2%	-	\$ -	0.0%	1,214.00	\$ 1,502,544.00				
Pell Grant Recipients	11,168.00	\$ 1,237.68	\$ 13,822,410.00	5,256.00	\$ 6,505,246.00	46.9%	5,939.00	\$ 7,350,582.00	53.1%	-	\$ -	0.0%	11,195.00	\$ 13,855,828.00				
California Promise Grant Recipients	19,947.00	\$ 1,237.68	\$ 24,688,002.00	9,605.00	\$ 11,887,916.00	45.2%	11,660.00	\$ 14,431,249.00	54.8%	-	\$ -	0.0%	21,265.00	\$ 26,319,265.00				
Total Supplemental	32,224.00		\$ 39,883,000.00	15,380.00	\$ 19,035,518.00	45.7%	18,294.00	\$ 22,642,119.00	54.3%			0.0%	33,674.00	\$ 41,677,637.00				
Final Data Source:	3-Yr Avg			22-23			22-23			22-23			22-23					
Data Used at this Time:	Headcounts			Headcounts			Headcounts			Headcounts			Headcounts					
	21-22 (Jan)			21-22 (Jan)			21-22 (Jan)			21-22 (Jan)			21-22 (Jan)					
Student Success Allocation																		
All Students																		
Associate Degrees for Transfer	1,851.00	\$ 2,920.00	\$ 5,404,920.00	669.00	\$ 1,953,480.00	37.8%	1,100.00	\$ 3,212,000.00	62.2%	-	\$ -	0.0%	1,769.00	\$ 5,165,480.00				
Associate Degrees	1,334.33	\$ 2,190.00	\$ 2,922,183.00	524.00	\$ 1,147,560.00	37.8%	862.00	\$ 1,887,780.00	62.2%	-	\$ -	0.0%	1,386.00	\$ 3,035,340.00				
Baccalaureate Degrees	4.33	\$ 2,190.00	\$ 9,483.00	3.00	\$ 6,570.00	100.0%	-	\$ -	0.0%	-	\$ -	0.0%	3.00	\$ 6,570.00				
Credit Certificates	730.00	\$ 1,460.00	\$ 1,065,800.00	479.00	\$ 699,340.00	64.5%	264.00	\$ 385,440.00	35.5%	-	\$ -	0.0%	743.00	\$ 1,084,780.00				
Transfer Level Math and English	1,515.33	\$ 1,460.00	\$ 2,212,382.00	558.00	\$ 814,680.00	40.0%	838.00	\$ 1,223,480.00	60.0%	-	\$ -	0.0%	1,396.00	\$ 2,038,160.00				
Transfer to Four Year University	2,220.00	\$ 1,095.00	\$ 2,430,900.00	934.00	\$ 1,022,730.00	38.0%	1,521.00	\$ 1,665,495.00	62.0%	-	\$ -	0.0%	2,455.00	\$ 2,688,225.00				
Nine or More CTE Units	4,831.67	\$ 730.00	\$ 3,527,119.00	2,083.00	\$ 1,520,590.00	44.9%	2,560.00	\$ 1,868,800.00	55.1%	-	\$ -	0.0%	4,643.00	\$ 3,389,390.00				
Achieved Regional Living Wage	3,157.33	\$ 730.00	\$ 2,304,851.00	1,240.00	\$ 905,200.00	35.0%	1,846.00	\$ 1,347,580.00	52.1%	455.00	\$ 332,150.00	12.8%	3,541.00	\$ 2,584,930.00				
Subtotal	15,643.99		\$ 19,877,638.00	6,490.00	\$ 8,070,150.00	40.4%	8,991.00	\$ 11,590,575.00	58.0%	455.00	\$ 332,150.00	1.7%	15,936.00	\$ 19,992,875.00				
Pell Grant Recipients Bonus																		
Associate Degrees for Transfer	1,029.67	\$ 1,104.00	\$ 1,136,756.00	406.00	\$ 448,224.00	41.3%	578.00	\$ 638,112.00	58.7%	-	\$ -	0.0%	984.00	\$ 1,086,336.00				
Associate Degrees	708.67	\$ 828.00	\$ 586,779.00	315.00	\$ 260,820.00	42.1%	434.00	\$ 359,352.00	57.9%	-	\$ -	0.0%	749.00	\$ 620,172.00				
Baccalaureate Degrees	2.67	\$ 828.00	\$ 2,211.00	1.00	\$ 828.00	100.0%	-	\$ -	0.0%	-	\$ -	0.0%	1.00	\$ 828.00				
Credit Certificates	359.67	\$ 552.00	\$ 198,538.00	241.00	\$ 133,032.00	66.2%	123.00	\$ 67,896.00	33.8%	-	\$ -	0.0%	364.00	\$ 200,928.00				
Transfer Level Math and English	665.67	\$ 552.00	\$ 367,450.00	264.00	\$ 145,728.00	42.8%	353.00	\$ 194,856.00	57.2%	-	\$ -	0.0%	617.00	\$ 340,584.00				
Transfer to Four Year University	1,127.00	\$ 414.00	\$ 466,578.00	497.00	\$ 205,758.00	39.7%	756.00	\$ 312,984.00	60.3%	-	\$ -	0.0%	1,253.00	\$ 518,742.00				
Nine or More CTE Units	2,289.33	\$ 276.00	\$ 631,855.00	1,057.00	\$ 291,732.00	47.7%	1,160.00	\$ 320,160.00	52.3%	-	\$ -	0.0%	2,217.00	\$ 611,892.00				
Achieved Regional Living Wage	877.00	\$ 276.00	\$ 242,052.00	478.00	\$ 131,928.00	44.1%	579.00	\$ 159,804.00	53.4%	27.00	\$ 7,452.00	2.5%	1,084.00	\$ 299,184.00				
Subtotal	7,059.68		\$ 3,632,219.00	3,259.00	\$ 1,618,050.00	44.0%	3,983.00	\$ 2,053,164.00	55.8%	27.00	\$ 7,452.00	0.2%	7,269.00	\$ 3,678,666.00				
California Promise Grant Recipients Bonus																		
Associate Degrees for Transfer	1,439.00	\$ 736.00	\$ 1,059,104.00	533.00	\$ 392,288.00	38.9%	836.00	\$ 615,296.00	61.1%	-	\$ -	0.0%	1,369.00	\$ 1,007,584.00				
Associate Degrees	1,021.00	\$ 552.00	\$ 563,592.00	427.00	\$ 235,704.00	40.1%	638.00	\$ 352,176.00	59.9%	-	\$ -	0.0%	1,065.00	\$ 587,880.00				
Baccalaureate Degrees	3.67	\$ 552.00	\$ 2,026.00	2.00	\$ 1,104.00	100.0%	-	\$ -	0.0%	-	\$ -	0.0%	2.00	\$ 1,104.00				
Credit Certificates	534.67	\$ 368.00	\$ 196,759.00	357.00	\$ 131,376.00	65.6%	187.00	\$ 68,816.00	34.4%	-	\$ -	0.0%	544.00	\$ 200,192.00				
Transfer Level Math and English	995.67	\$ 368.00	\$ 366,407.00	381.00	\$ 140,208.00	41.6%	535.00	\$ 196,880.00	58.4%	-	\$ -	0.0%	916.00	\$ 337,088.00				
Transfer to Four Year University	1,576.00	\$ 276.00	\$ 434,976.00	672.00	\$ 185,472.00	38.1%	1,090.00	\$ 300,840.00	61.9%	-	\$ -	0.0%	1,762.00	\$ 486,312.00				
Nine or More CTE Units	3,509.00	\$ 184.00	\$ 645,656.00	1,570.00	\$ 288,880.00	46.4%	1,811.00	\$ 333,224.00	53.6%	-	\$ -	0.0%	3,381.00	\$ 622,104.00				
Achieved Regional Living Wage	1,605.67	\$ 184.00	\$ 295,443.00	843.00	\$ 155,112.00	43.2%	1,045.00	\$ 192,280.00	53.5%	64.00	\$ 11,776.00	3.3%	1,952.00	\$ 359,168.00				
Subtotal	10,684.68		\$ 265,554,643.00	4,785.00	\$ 1,530,144.00	42.5%	6,142.00	\$ 2,059,512.00	57.2%	64.00	\$ 11,776.00	0.3%	10,991.00	\$ 3,601,432.00				
Total Student Success Allocation	33,388.35		\$ 27,073,820.00	14,534.00	\$ 11,218,344.00	41.1%	19,116.00	\$ 15,703,251.00	57.6%	546.00	\$ 351,378.00	1.3%	34,196.00	\$ 27,272,973.00				
Total SCFF 2023-24 State Apportionment	\$ 237,757,386.00		\$ 90,554,084.00	40.8%	\$ 116,749,263.00	52.7%	\$ 14,393,496.00	6.5%	\$ 221,696,843.00									
3-Yr Average Adjustment	\$ 7,618,435.00		\$ -	0.0%	\$ 10,435,898.00	57.8%	\$ -	0.0%	\$ 18,054,333.00									
Special Admit Credit Adjustment	\$ -		\$ -	56.8%	\$ -	0.0%	\$ -	0.0%	\$ -									
Incarcerated Credit Adjustment	\$ -		\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -									
Non Credit Adjustment	\$ -		\$ -	3.2%	\$ -	1.2%	\$ -	95.6%	\$ -									
Non Credit CDCP Adjustment	\$ -		\$ -	0.0%	\$ -	0.0%	\$ -	100.0%	\$ -									
Non Credit Incarcerated Adjustment	\$ -		\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -									
Supplemental Adjustment	\$ (819,668.00)		\$ (81,919.00)	45.7%	\$ (974,969.00)	54.3%	\$ -	0.0%	\$ (1,794,637.00)									
Student Success Adjustment	\$ -		\$ -	41.1%	\$ (114,668.00)	57.6%	\$ (2,566.00)	1.3%	\$ (199,153.00)									
Total SCFF 2023-24 State Apportionment ECA Adjusted	\$ 237,757,386.00		\$ 97,270,932.00	40.9%	\$ 126,095,524.00	53.0%	\$ 14,390,930.00	6.1%	\$ 237,757,386.00									
Stability Funding to prior year funding + COLA	\$ 27,797,257.00		\$ 3,278,598.00	11.8%	\$ 3,278,598.00	23.3%	\$ 18,030,097.00	64.9%	\$ 27,797,257.00									
2023-24 Est. Max TCR	\$ 265,554,643.00		\$ 100,549,530.00	37.9%	\$ 132,584,086.00	49.9%	\$ 32,421,027.00	12.2%	\$ 265,554,643.00									
Allocation of 9.25% from Stability funds to District Services	\$ 2,571,246.00		\$ (973,576.00)		\$ (1,283,752.00)		\$ (313,918.00)		\$ (2,571,246.00)									

North Orange County Community College District
2023-24 Early Preliminary Budget
Districtwide (DW) Expenses in Fund 11200 (Ongoing Budget only)
February 10, 2023

	Actuals 2021-22	Budget 2022-23	Budget 2023-24
Sabbatical Replacement Costs	\$ 61,205.08	\$ 300,000	\$ 300,000
Related Activity (Additional Duty Days for Faculty)	\$ 391,379.70	350,000	350,000
Subtotal 10000's	<u>\$ 452,584.78</u>	<u>650,000</u>	<u>650,000</u>
Retiree Medical Benefits	\$ 5,439,906.18	5,602,204	5,925,821
Contribution from Retiree OPEB Trust	\$ (3,000,000.00)	-	- *
Net Retiree Medical Benefits Cost	\$ 2,439,906.18	5,602,204	5,925,821
Part-time Faculty Insurance	\$ 168,719.08	215,000	215,000
Fringe Benefits Clearing	\$ 391,471.77	1,000,000	1,000,000
Adjustments/Fees from STRS	\$ 48,228.52	40,000	40,000
Fees from PERS	\$ 11,444.26	10,000	10,000
Load Banking Benefits Accrual Adjustment	\$ 76,730.24	15,000	15,000
Subtotal 30000's	<u>\$ 3,136,500.05</u>	<u>6,882,204</u>	<u>7,205,821</u>
Other (Memberships for Contract Employees)	\$ 4,440.00	6,000	6,000
Recruiting Budget	\$ 54,012.99	40,000	40,000
Fingerprinting	\$ 14,953.50	25,000	25,000
Sabbatical Bond Reimbursements	\$ 866.50	3,000	3,000
Districtwide Memberships	\$ 154,819.05	137,000	137,000
Audit Expenses	\$ 124,200.00	132,000	133,500
Information & Emergency Communication System	\$ 44,375.04	45,706	47,077
Sewer Expenses	\$ 31,924.61	99,000	99,000
Additional Attorney Expenses	\$ -	350,000	350,000
Waste Disposal	\$ 133,615.86	160,000	160,000
Election Expense	\$ -	150,000	150,000
Ride Share (AQMD)	\$ 58,160.84	120,000	120,000
Student Insurance	\$ 212,759.00	223,840	223,840
Employee Assistance Program	\$ 23,225.52	60,000	60,000
Interest	\$ 79,312.39	90,000	90,000
Life insurance	\$ 150,000.00	150,000	150,000
Mandated Fees from PERS (for reports)	\$ 350.00	5,350	5,350
County Payroll Postage Charges	\$ 4,647.71	4,650	4,650
DW IT Expenses	\$ 1,087,853.33	1,442,062	1,498,385
Subtotal 50000's	<u>\$ 2,179,516.34</u>	<u>3,243,608</u>	<u>3,302,802</u>
FC Child Care Center Contribution (B/A 4/14/09)	\$ 250,000.00	250,000	250,000
Hospitality	\$ 98,215.53	140,000	140,000
Subtotal 70000's	<u>\$ 348,215.53</u>	<u>390,000</u>	<u>390,000</u>
EEO Plan Implementation	\$ -	25,000	25,000
Student Success	\$ -	100,000	100,000
Subtotal 79000's (Contingencies)	<u>\$ -</u>	<u>125,000</u>	<u>125,000</u>
Total Districtwide Expenses	<u>\$ 6,116,816.70</u>	<u>\$ 11,290,812</u>	<u>\$ 11,673,623</u>
STRS on behalf payments from the State	<u>9,148,100.00</u>		
Total	<u><u>15,264,916.70</u></u>		

*: Contribution from Retiree OPEB Trust: Expected to be provided from the OPEB Trust towards the cost of the pay as you go retiree medical costs. Zero for 2022-23 as the Trust Asset value has declined below the level of the District's OPEB Liability.

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
2023-24 Proposed Budget - Budget Assumptions
Resource Allocation Model
February 10, 2023

Student-Centered Funding Formula

Estimated COLA	8.13%
Apportionment Base:	<u>2023-24</u>
Basic Allocation	\$ 17,157,854
Credit FTES	120,066,849
Special Admit	3,180,124
Non-Credit FTES	10,031,586
CDCP	<u>2,309,768</u>
Subtotal - 2023-24 Funding from Base Allocation	152,746,181
Supplemental Allocation	39,883,000
Student Success Incentive Allocation	<u>27,073,820</u>
SCFF Earned Allocation	\$ 219,703,001 <A>
Additional funding resulting from applying prior Emergency Conditions Allowances	18,054,385
Stability Funding based on PY Funding + COLA	<u>27,797,257</u>
2023-24 SCFF Total Revenue	\$ 265,554,643
2023-24 SCFF Hold Harmless Allocation	<u>259,439,637</u>
Amount available for backfill and reserves	<u><u>\$ 6,115,006 *</u></u>

*: The District applied to continue with the Emergency Conditions Allowance (ECA) into 2022-23. This resulted in the District's calculated SCFF funding moving above the hold harmless levels for two years, 2022-23 as well as 2023-24. The 2022-23 ECA has several conditions the District must meet, including increasing it's Board Policy reserve levels equal to 2 months of general fund operating expenditures. This would be an increase from the current 5% to ~16-17% of expenses. The additional funding above the hold harmless level that will be received will be used to help meet the required increase to reserves.

State Revenue

Enrollment Fee Waiver

2% fee waiver administration allocation estimate: \$ 516,460 <A>

Full-Time Faculty Hiring Funds 2018-19

Provided separately from SCFF in 2018-19 (no COLA on this since initial allocation): \$ 1,441,228 <A>

Part-Time Faculty Compensation Items

Estimated reimbursement for part-time faculty office hours	\$ 1,150,000
Estimated reimbursement for part-time faculty health insurance benefits	\$ 50,000
Estimated funding towards part-time faculty compensation	<u>\$ 700,000</u>
	\$ 1,900,000 <A>

Lottery Funds

		<u>22-23 Res+N/R</u>	
Unrestricted lottery projection per FTES:	\$ 170.00	34,413.00	\$ 5,850,210 <A>
Restricted lottery projection per FTES:	\$ 67.00	34,413.00	\$ 2,305,671

Mandated Costs

The budget proposal included funding for the Mandated Block Grant. The District will annually reevaluate whether it is prudent to continue selecting this option.

		<u>22-23 Funded</u>		
		<u>P2 FTES</u>		
Mandated cost revenue projection per FTES:	\$ 35.34	33,735.67	\$ 1,192,219	<A>

Local Revenue/Self-Supporting Revenue

Interest & Investment Income

Interest earnings estimate: \$ 1,000,000 <A>

Miscellaneous Districtwide Income

Other miscellaneous income estimate: \$ 10,000 <A>

Budget Center Revenues

Budget Centers have provided for the self-supported activities for each center. Included in this section, Cypress and Fullerton Colleges have budgeted Nonresident Tuition as part of ongoing revenues. \$ 6,211,613 <A>

Interfund Transfer In

Transfer In from Redevelopment Funds: \$ 1,000,000 <A>

Additional Contribution from OPEB Trust

The downturn the stock market is experiencing has reduced the Trust assets below the level of the District's OPEB liability. In the prior year, the Retiree Benefits Trust Board authorized the use of funds to pay current retiree benefit costs, capped at \$3 million. However, due to the change in value of the Trust assets, we do not anticipate having funds available to use from the Trust to offset these expenses for 2023-24. \$ -

Total Revenues **\$ 238,824,731** = sum of <A>

Appropriations and Expenditures

Position Control Budgets (Permanent Positions)

All Permanent Positions have been budgeted based on applicable employee step, grade, and, if applicable, longevity, premium pay, professional growth and education stipends.

\$ 200,667,032

The current rates for benefits have been applied as follows:

STRS: For employer share of contributions towards STRS pension costs.	19.10%
PERS: For employer share of contributions towards PERS pension costs.	25.20%
OASDI: For State Disability Insurance and Medicare required.	6.20% & 1.45%
SUI: State Unemployment Insurance. Rate has significantly increased due to pandemic.	0.50%
WC: Worker's Compensation Rate to contribute towards worker's comp costs.	0.50%
RB: Retiree Benefits Rate to contribute towards ongoing retiree health benefit costs.	1.00%

Health Costs

Health costs have been increased by an expected 4.5% annually. This estimates an annualized increase of 6.8%. The rates increased an average 2.58% for HMO's and 9.92% for PPO's from 2022-23 to 2023-24.

Dependent Care Coverage Costs

All groups' current agreements include a contribution by the District towards dependent care coverage as well as full family coverage. An estimate of these costs has been added, based on employees currently participating.

Other Operating Expenses

The remaining costs outside of position control have been budgeted to help meet departmental needs at each budget center. Included herein are estimated costs for Adjunct faculty.

Adjunct Faculty: Extended Day budgets have been estimated by each campus. Associated benefit costs have been added as an estimate.

\$ 30,790,375

Other Budget Center Expenses: Amounts budgeted to support operations as determined by each budget center.

\$ 25,316,594

Districtwide Expenses

Districtwide expenses include budget for costs that have been approved through CBF and DCC and that will be shared across all budget centers.

\$ 11,673,623

Total Expenses \$ 268,447,624

COUNCIL ON BUDGET & FACILITIES

Agenda Item Submittal Form

Date: 2/11/2022

From: Fred Williams, Vice Chancellor, Finance and Facilities

Re: Agenda Item for Council on Budget and Facilities of February 13, 2023

1. AGENDA ITEM NAME

One Time Fund Allocations

2. AGENDA ITEM ACTION (Please check one)

- Information Only
- Review/Discussion
- Action

3. ESTIMATED TIME REQUIRED FOR PRESENTATION/DISCUSSION:

5 minutes

4. BRIEF NARRATIVE SUMMARY OF AGENDA ITEM

Attached is a summary of the One-Time Funds Allocations as of February 7, 2023.

The request to allocate \$5.5M to the campuses for Capital Projects was approved at the January 23, 2023, DCC meeting and \$400,000 is being used to fund the Part-time Faculty Office hours – Spring Semester, leaving a balance of \$9,943,423 unallocated.

5. RECOMMENDATION (Required for all action items; encouraged for all review/discussion items)

Members are asked to review and discuss current and future allocations.

North Orange County Community College District
One-time Funding Discussion
CBF
February 13, 2023

Districtwide	Districtwide
Sustainability (<i>DCC approval: 11/28/22</i>)	1,000,000
<i>Repayment of Financial Aid Payments to Fraudulent Students</i>	\$ 10,700,000
Contribution for Capital Projects (<i>DCC approval: 1/23/23</i>)	5,500,000
Cypress	2,000,000
Fullerton	2,000,000
Anaheim Campus	1,500,000
Part-time Faculty Office Hours - Spring Semester	400,000
Unallocated	9,943,423
Total	<u><u>\$ 27,543,423</u></u>

Uncommitted Fund Balance	
Unallocated Resources	\$ 17,612,711
2021-22 SCFF Hold Harmless	9,930,712
Total	<u><u>\$ 27,543,423</u></u>

	Placeholder
	New Allocation