



February 10, 2023, 9:00 am to 11:00 am
Meeting Location: Zoom Video Conference ID: 769-987-656

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

Guests

Albert Maniaol, Director of Academic Affairs, District	
Jamille Teer, Facilities Project Coordinator, District	
Jeffrey Sanceri, District Academic Senate, COA	
Joseph J. Bielanski, Jr., DAS Representative, District	
Lowell Bennett, Faculty, Merritt College	
Marie Amboy, Acting Vice President of Academic Svcs., Merritt College	
Mark Johnson, Executive Director Marketing, Comm. & Public Relations	
Marla Williams-Powell, Acting Director of Purchasing Services	
Michael Lin, Faculty, BCC	
Sean Brooks, Vice President of Administrative Services, BCC	
Dr. Stephanie Droker, Deputy Chancellor & COO, District	
Dr. Tina Vasconcellos, Assoc. Vice Chancellor of Ed. Services, District	

Planning & Budgeting Committee (PBC) Minutes

Agenda Item	Committee Goal	Strategic Plan Goal	Outcome	Action Items	Follow Up on Action Items
I. Standing Items					
A. Call to Order			The PBC meeting was called to order at 9:02 am. Quorum was met.		
B. Adoption of the Agenda			Motion and seconded to accept the Agenda. Motion approved unanimously.		
C. Approval of Minutes			Motion and seconded to accept the Minutes from the December 9, 2022. Motion approved unanimously.		
D. Report of Action Taken			Dr. Jones reported that the Board of Trustees approved the 2023-24 Budget Development Calendar at the meeting on January 24, 2023.		
E. Report of College Budget Committee			Merritt College VPSS turnover. College Budget met first time in December outlined what they plan to do for the year.		
F. Public Comments			There is a concern regarding if the PBC March meetings is going to be in person, hybrid or Zoom. There will be Executive Summary next week about in person meetings. There is a question as to which Committees fall under the Brown Act AB 1725 standards and would meet in person.		

Planning & Budgeting Committee (PBC) Minutes

			<p>Recommendation made that the committees receive training on how meetings should be conducted.</p> <p>Recommendation made that the committee stay in line with the Budget Development Calendar.</p> <p>Recommendation made that the committee take the opportunity to aligned with the Budget Development Calendar.</p>		
II. Carried-Over and New Items	Committee Goal	Strategic Plan Goal	Outcome	Action Items	Follow Up on Action Items
A. Committee Membership Clarify Positions			<p>Recommended that we indicate the roles in the committee and the person holding the roles. The position spells out and the names that fill that role.</p> <p>Institutional Research Designee member is Dr. Francisco Herrera.</p> <p>Vice President of Student Services, COA (Vacant)</p> <p>Dr. Tina Vasconcellos is no longer a voting member based on the position at the District. Thank you Dr. Vasconcellos for your contributions and congratulations on your promotion.</p> <p>Everyone is welcome to attend the PBC meetings.</p>		

Planning & Budgeting Committee (PBC) Minutes

<p>B. 2023-24 Budget Development Calendar</p>		<p>E.3 — Fiscal Oversight</p>	<p>Remove the Draft Watermark and post the 2023-24 Budget Development Calendar on the Finance Department website.</p> <p>The Governor’s Budget came out on February 10, 2023.</p> <p>The 2023-24 Budget Development Calendar was approved by the Board of Trustees on January 24, 2023.</p>		
<p>C. Governor’s Proportion Budget Overview</p>		<p>E.3 — Fiscal Oversight</p>	<p>Dr. Jones provided a presentation on the FY 2024 Governor’s Proportion Budget Overview. Information included:</p> <p>Proposition 98 net increase of \$461M (=\$778M-\$314M).</p> <p>PCCD Projected Revenues</p> <p>Total Computational Revenues estimated to increase from \$136.17M to \$147.24M.</p> <p>Loss of ~\$2.93M in one-time deferred maintenance funds allocated in the FY22-23 Budget Act.</p> <p>No increases in revenues for key Categorical programs/initiatives such as SWP, SEAP, Faculty hiring, Promise, PT faculty Comp. & Health Ins., Next Up, Basic Needs, among others.</p>		

Planning & Budgeting Committee (PBC) Minutes

			<p>PCCD FY23-24 Projected Revenue Implications</p> <p>Increase in revenues due to COLA must be thoughtfully expense budgeted among several constraints/objectives:</p> <p>Cover rises in costs of required expenditures (utilities, cost of goods and services) and on-going liabilities (OPEB, PRS/STRS).</p> <p>Raises for employees (GF vs. Categorical).</p> <p>Modify plans for expending the PPIS (Deferred Maint.) funds.</p> <p>Align expenditures with future revenue projections.</p> <p>Need to cure the budget gap noted in FY22-23 but not permanently addressed.</p>		
D. Agenda Items for next meeting			<p>Possible Agenda items stated throughout the meeting.</p> <p>Preview Preliminary Budget Assumptions for 2023-24.</p> <p>Request to look at the current budget and changes from last year at the next meeting.</p> <p>Review trends analysis. Clarification as to the number of years for review should be agreed upon. Suggested looking at the actuals for the last five years.</p>		

Planning & Budgeting Committee (PBC) Minutes

			Resource Allocation Model implications to the colleges and resources allocation. Presentation on Auxiliaries. Education Code sections 76355, 76360, and 76361 for student health fees.		
III. Next Meetings			March 17, 2023, 9:00 am – 11:00 am April 28, 2023, 9:00 am – 11:00 am May 12, 2023, 9:00 am – 11:00 am May 26, 2023, 9:00 am – 11:00 am		
IV. Adjournment			The meeting was adjourned at 10:39 am.		

Peralta Community College District
Budget Development Calendar
Fiscal Year 2023-24

Tentative Budget		
Date	Responsible	Action Item
January 09, 2023	Vice Chancellor for Finance and Administration	Governor Proposed Budget releases.
January 16, 2023	Vice Chancellor for Finance & Administration and Chancellor	Review Budget Development Calendar with Chancellor.
January 20, 2023*	Vice Chancellor for Finance & Administration and Budget Director	District Office Presentation at the Colleges Level Budget Committees meeting to present the Governor's Proposed Budget.
January 23, 2023	Vice Chancellor for Finance and Administration	Projected Funds for 2023-24 fiscal year based upon Governor's budget proposal reviewed with the Planning and Budgeting Council and Chancellor's Cabinet. Draft budget assumptions for the Tentative Budget.
January 24, 2023	Vice Chancellor for Finance and Administration	Budget calendar to Board of Trustees for adoption (AP 6250).
January 27, 2023	Vice Chancellor for Finance & Administration and Chancellor	Review Budget Development Calendar with Chancellor.
February 02, 2023	Budget Director	Round 1 positions control for 2023-24 fiscal year distribution to colleges.
February 03, 2023	Chancellor Vice Chancellors College Presidents Business Directors Budget Director	Prior and current year line item budgets, instruction packets, and due dates are distributed to Campus Presidents, Business Directors, and Vice Chancellors for distribution to managers with budget responsibility. Campus and DAC budget processes determine priorities, reallocation of funds (within college), and responsibility managers prepare budget forms for submittal to Budget Director.
February 17, 2023	Planning and Budgeting Council	Review Governor's 2023-24 Proposed Budget. Review Tentative Budget Assumptions. Review the Budget Allocation Model (Student Centered Funding Formula).
February 24, 2023	Vice Chancellor for Finance & Administration and Chancellor	Review Tentative Budget Assumptions and Allocation.
March 03, 2023	College Presidents Vice Chancellors Business Directors	Submit discretionary budget worksheets to Budget Director. Submit round 1 positions control worksheets with any changes to the Budget Director.
March 17, 2023*	Vice Chancellor for Finance and Administration Budget Director	2023-24 preliminary budgets submissions are presented to the Planning and Budgeting Council.

		Round 2 position control worksheets are sent to the College Presidents, Business Directors, and Vice Chancellors.
March 24, 2023	Vice Chancellor for Finance and Administration Budget Director Planning & Budgeting Council	Discussion and review of the FTES allocation and enrollment numbers to make a recommendation for the Chancellor's Cabinet in the upcoming year. (Note: to be completed earlier in the future.)
March 31, 2023	College Presidents Vice Chancellors Business Directors	Submit round 2 positions control worksheets revisions to Budget Director.
April 03, 2023	Budget Director	Load positions control and discretionary budgets into Peoplesoft.
April 17, 2023	Vice Chancellor for Finance and Administration	Chancellor's Cabinet updated on status of Preliminary Budget. Review, discussion, and recommended adjustments brought forward.
May 05, 2023*	Vice Chancellor for Finance and Administration	Governor May Revision releases.
May 26, 2023	Vice Chancellor for Finance and Administration	Finalizes budget assumptions for the Tentative Budget. Preliminary budget is presented to the Planning and Budgeting Council.
June 02, 2023*	Vice Chancellor for Finance & Administration and Budget Director	District Office Presentation at the Colleges Level Budget Committees meeting to present the Governor's May Revised Budget.
June 13, 2023	Vice Chancellor for Finance and Administration	Tentative Budget is presented to the Board of Trustees for the first read.
June 27, 2023	Vice Chancellor for Finance and Administration	Tentative Budget is presented to the Board of Trustees for approval.
Adopted Budget		
August 21, 2023	Vice Chancellor for Finance & Administration and Chancellor	Review Adopted Budget Assumptions and Allocation.
August 25, 2023*	Vice Chancellor for Finance & Administration and Budget Director	District Office Presentation at the Colleges Level Budget Committees meeting to present the Adopted Budget/changes from the May Revise.
September 1, 2023	Planning and Budgeting Council	Review draft of the Adopted Budget.
September 12, 2023	Vice Chancellor for Finance and Administration	Present the Adopted Budget to the Board for approval.

*Estimated date(s).



Governor's FY23-24 Budget Proposal Overview

Planning & Budget Council Meeting
February 10, 2023

Presenters:

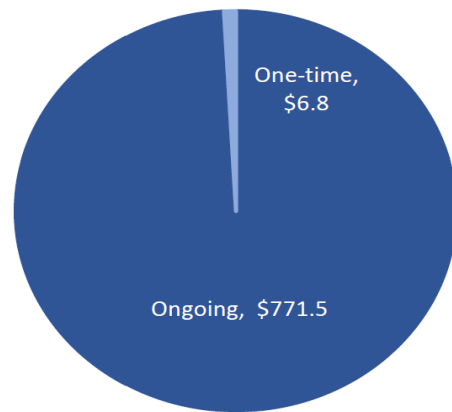
Dr. Nathaniel Jones III, Acting Vice Chancellor, Finance & Administration



California Community College System

- Budget for CCCS is shaped by Roadmap for the Future
- Proposition 98 net increase of \$461M ($=\$778\text{M}-\314M)

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





On-going Resources

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Cost of Living Adjustment

CCC Apportionments—An increase of \$652.6 million ongoing Proposition 98 General Fund

Or 8.13-percent cost-of-living adjustment (COLA) for Student Centered Funding Formula apportionments and



\$28.8 million ongoing Proposition 98 General Fund

Or 0.5-percent enrollment growth.



An increase of \$92.5 million ongoing Proposition 98 General Fund to provide an 8.13-percent COLA for select categorical programs and the Adult Education Program.



One-time Resources

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Student Enrollment & Retention



An increase of \$200 million one-time Proposition 98 General Fund to continue to support community college efforts and focused strategies to increase student retention rates and enrollment,

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA

Deferred Maintenance



A decrease of approximately \$213 million one-time Proposition 98 General Fund for deferred maintenance needs.



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.



One-time Resources

Workforce Training Grants



An increase of \$14 million one-time Proposition 98 General Fund to support the administration of workforce training grants



In collaboration with the California Department of Forestry and Fire Protection.



PCCD Projected Revenues

- Total Computational Revenues estimated to increase from \$136.17M to \$147.24M
- Loss of ~\$2.93M in one-time deferred maintenance funds allocated in the FY22–23 Budget Act
- No increases in revenues for key Categorical programs/initiatives such as SWP, SEAP, Faculty hiring, Promise, PT faculty Comp. & Health Ins., Next Up, Basic Needs, among others



PCCCD FY23-24 Projected Revenue Implications

- Increase in revenues due to COLA must be thoughtfully expense budgeted among several constraints/objectives:
 - Cover rise in costs of required expenditures (utilities, cost of goods and services) and on-going liabilities (OPEB, PRS/STRS)
 - Raises for employees (GF vs. Categorical)
 - Modify plans for expending the PPIIS (Deferred Maint.) funds
 - Align expenditures with future revenue projections
 - Need to cure the budget gap noted in FY22-23 but not permanently addressed



Questions?



Thank You!

Reach out to us at info@Peralta.edu



@PeraltaColleges



@PeraltaColleges



@peraltacolleges

MULTI-YEAR ROADMAP BETWEEN THE NEWSOM ADMINISTRATION AND THE CALIFORNIA COMMUNITY COLLEGES MAY 2022

This multi-year roadmap between the Administration and the California Community College (CCC) system outlines mutually prioritized goals, expectations, and accompanying outcome measures. These expectations are modeled after the [Vision for Success](#) and shall not be construed to create reimbursable state mandates, but rather propose investments that support or create fiscal, policy, and programmatic incentives.

This roadmap offers the CCCs the Administration's commitment toward investing available Proposition 98 resources to aid the system in meeting the goals and expectations set forth below, and providing additional fiscal resources to the Chancellor's Office to support the state's colleges.

ROADMAP TERM:

From the 2022-23 through 2026-27 fiscal and academic years.

PROGRESS REPORTING:

By August 30 of each year for the term of the agreement, the California Community Colleges Chancellor's Office (Chancellor's Office) will furnish a report to the Administration and the Legislature describing what specific actions are planned to achieve each goal.

- Annual reports from 2023-2026 will describe actions taken, quantify progress in achieving each goal, and describe planned actions for the next year.
- The requested information may be reported as part of the annual State of the System report.
- Community college districts are encouraged to provide timely data as requested by the Chancellor's Office to facilitate statewide assessment and reporting.

PRINCIPLES AND TENETS OF THE ROADMAP:

The roadmap represents an unwavering commitment to continue to increase support and socialize existing reforms—such as Guided Pathways, equitable placement, the Student Centered Funding Formula, and competency-based education, among others—aimed at improving student success and making that success equitable for all students served by the CCCs.

It is recognized that CCCs serve the most diverse students in the state and as such, the roadmap serves as a vehicle to remedy structural and funding inequities that disproportionately affect students of color.

The roadmap includes a commitment to build operational capacity within the Chancellor's Office to effectively advance the agreed upon goals and initiatives.

The roadmap also serves to continue and facilitate implementation of AB 705 (Chapter 745, Statutes of 2017) assessment/placement reforms and to support the transfer reforms enacted pursuant to AB 928 (Chapter 566, Statutes of 2021).

PLANNED INVESTMENTS FOR NECESSARY STATE SUPPORT:

The CCC system plays a critical role in supporting the state's goal of achieving 70-percent postsecondary degree and certificate attainment among working-aged Californians by 2030. With the largest and most diverse student body among California's postsecondary systems, serving approximately 1.8 million students, the ability of the state's 116 community colleges in meeting the annual expected outcomes detailed within this roadmap is pivotal to student success and equity. To achieve these goals, the CCC system needs to advance key reforms designed to transform the structural operations of the colleges to strengthen outcomes for all students. The following elements are critical to achieving the targeted impact:

FUTURE OF WORK/FUTURE OF LEARNING TO SUPPORT SOCIO-ECONOMIC MOBILITY

To ensure California Community Colleges effectively serve working adults and post-traditional learners, the system needs to enable innovations related to instructional delivery modalities that improve support for working adults. These methods include competency-based education, credit for prior learning, and flexible program pathways, and strengthen equitable classroom environments through vehicles such as culturally relevant curriculum and classroom climate audits. The Administration recognizes Calbright College as an essential component of that effort.

STUDENT & EQUITY CENTERED INSTITUTIONS

To ensure that colleges are proactively examining and re-structuring their delivery and operations to maximize equitable student success, the Administration will:

- Address the Student Centered Funding Formula (SCFF) hold harmless provision, which ends after 2024-25, by proposing amendments to create a funding floor for community college districts that allows them to transition to the core formula over time. Specifically, the 2022-23 Governor's Budget includes proposed language to eliminate the ongoing cost-of-living adjustment applied to the SCFF hold harmless provision after 2024-25, thereby establishing a new funding floor for community college districts and allowing the SCFF to operate as intended, with all CCCs inevitably transitioning to the core formula.
- Propose fiscal resources to districts to help weather increased operating costs, including to accommodate long-term shifts in student learning modality demand. Specifically, the May Revision proposes a base increase for the SCFF of \$375 million ongoing Proposition 98 General Fund, consisting of an increase of \$250 million to increase the SCFF's funding rates for the base, supplemental, and success allocations, and an increase of \$125 million to augment the SCFF's basic allocation within the base allocation. In addition, the May Revision proposes \$750 million one-time Proposition 98 General Fund for discretionary block grants to address issues related to the pandemic and to reduce long-term obligations.
- Address the deferred maintenance backlog and help to modernize CCC campuses. Specifically, the May Revision includes \$1.1 billion one-time Proposition 98 General Fund to support deferred maintenance and energy efficiency projects. Combined with the Governor's Budget investments, this augmentation proposes over \$1.5 billion for this purpose.
- Propose resources to support part-time faculty. Specifically, the Governor's Budget includes \$200 million ongoing Proposition 98 General Fund to augment the Part-Time Faculty Health Insurance Program to expand healthcare coverage for part-time faculty.
- Propose support for community college classified employees. Specifically, the May Revision includes \$10 million ongoing Proposition 98 General Fund to establish the Classified Employee Summer Assistance Program.
- Subject to the availability of a stable and reliable data source, consider including the use of an unduplicated first-generation student metric within the SCFF's supplemental allocation, as recommended by the Student Centered Funding Formula Oversight Committee.

- Continue to support the implementation of Guided Pathways, common course numbering, and AB 705 (Chapter 745, Statutes of 2017) reforms and direct system investments toward services supporting underserved and disproportionately impacted students.
- Continue support for equity-focused categorical programs. Specifically, building off the Governor's Budget proposal of \$10 million, the May Revision proposes an additional \$10 million ongoing Proposition 98 General Fund for the NextUp program—for a total proposed investment of \$20 million—to expand the availability of foster youth support services offered at community colleges. In addition, the May Revision proposes \$25 million ongoing Proposition 98 General Fund for an approximately five-percent increase to the Student Equity and Achievement Program.
- Expand support for apprenticeship programs. Specifically, the May Revision provides \$45 million one-time Proposition 98 General Fund to support the implementation of the California Healthy School Meals Pathway Program, which is a pre-apprenticeship, apprenticeship, and fellowship workforce training pipeline pilot program for school food service workers. Additionally, the May Revision includes \$16.9 million ongoing Proposition 98 General Fund to align the apprenticeship program Related and Supplemental Instruction rate with the SCFF credit rate, as opposed to the noncredit rate.
- Continue support for the system's Diversity, Equity and Inclusion Integration Plan.
- Continue support for the CCC Board of Governors' Resolution Declaring Support for Student Basic Needs, and the Call to Action agenda.

The Administration's commitments will have a particular focus toward investments that align with the February 2021 Recovery with Equity Report:

INTERSEGMENTAL EQUITY AND COLLABORATION

To ensure equitable outcomes for historically under-represented students and regions, the Administration will strive to equitably improve transfer and pursue student-centric measures that require intersegmental collaboration with TK-12 local educational agencies, the California State University (CSU), the University of California (UC), and other state agencies, with the intent to make the navigation of intersegmental transitions far easier and more transparent to students, parents, and their communities. As part of this work, the Administration will support efforts for all public segments of postsecondary education to implement the Associate Degree for Transfer (ADT), common General Education components required by AB 928 (Chapter 566, Statutes of 2021), and upon implementation of a common course numbering system across the Community College System, support cross-segment collaboration to facilitate the consideration of a

common course numbering system across all general education courses and transfer pathway courses. The Governor's Budget includes \$65 million one-time Proposition 98 General Fund for community colleges to implement the transfer reform provisions required by this legislation. Additionally, the Administration supports enhanced student-level data sharing among the public segments of postsecondary education to facilitate seamless transfers of students between segments.

- **Systemwide Common Data System and Degree Mapping Technologies:** Subject to the availability of Proposition 98 General Fund resources, the Administration will collaborate with the Chancellor's Office to develop a phased approach to implement a common data collection system that can be used by each community college to submit data to the Chancellor's Office and to the Cradle-to-Career Data system. Additionally, the Governor's Budget includes \$25 million one-time Proposition 98 General Fund to assist community colleges with implementing a cohesive systemwide approach that maps intersegmental curricular pathways to help students choose their pathway, facilitate streamlined transfer between segments, and reduce excess units taken on the path to degree or program completion.
- **Transformational Leadership:** To ensure that there is consistent and effective leadership to carry out the intent of this agreement, the Administration will propose additional non-Proposition 98 General Fund support for the Chancellor's Office. Specifically, building off the Governor's Budget investment, the May Revision includes \$2.6 million ongoing non-Proposition 98 General Fund to support shifting 10 positions proposed in the Governor's Budget for 2023-24 to 2022-23, as well as 7 additional positions to support the implementation of the Cradle-to-Career Data System, assist colleges with affordable student housing, and build capacity to accommodate the increase in contracts and reporting requirements. Combined with the Governor's Budget investments, these augmentations provide the CCC Chancellor's Office a total of \$3.9 million ongoing non-Proposition 98 General Fund for 26 positions in 2022-23, bolstering capacity to support the system, including to support curriculum-related reforms, technology modernization, data analysis, research, legal affairs, districts' fiscal health monitoring, and government relations.

SHARED GOALS:

The Administration and the CCC system mutually agree to prioritize advancement of student-focused, shared goals over the five-year term of this roadmap. The shared goals articulated herein are designed to build upon the system's Vision for Success goals, indicated below, to close equity gaps and promote student success; expand opportunities for transfer students; increase intersegmental collaboration to benefit students; and support workforce preparedness and high-demand career pipelines.

VISION FOR SUCCESS GOALS	THE GOVERNOR'S CCC ROADMAP
<p>Increase completion of degrees, credentials, certificates, and job-specific skill sets by 20% by 2022</p> <p>Baseline: 145,218 (Source: 2019-20)</p>	<ul style="list-style-type: none"> • Increase the percentage of students earning degrees, certificates and specific skill sets for in-demand jobs by 20% by 2026; • Increase the percentage of TK-12 students who graduate with 12 or more college units earned through dual enrollment by 15%; • Focus on establishing or expanding programs that address workforce needs in healthcare, climate action, education and early education.
<p>Increase transfers to UC and CSU by 35% by 2022</p> <p>Baseline: 91,584 (Source: 2019-20)</p> <p>ADT: 58,471 (2019-20)</p>	<ul style="list-style-type: none"> • Increase the number of transfers to the UC or CSU in proportion to enrollment growth in those systems; • Annually publish, for all colleges, the 2-year associate degree graduation rate and the share of first-time students who have successfully completed at least 30 units before entering their second year, disaggregated for underrepresented and Pell students; • Establish pathways in those fields from high school through university, including development of Associate Degree for Transfer and transfer pathways along with dual enrollment opportunities that ensure transfer of community college credits toward degree programs.
<p>Decrease the average number of units accumulated by associate degree earners to 79 units by 2022 (down from an average of 87 units in 2017)</p> <p>Baseline: 83 units (2019-20)</p>	<ul style="list-style-type: none"> • Decrease the median units to completion in excess of 60 by 15% of the units, and establish systemwide stretch goals regarding the number of students completing or transferring within the minimum amount of time necessary.
<p>Increase the number of exiting CTE students employed in their field of study to 76% by 2022 (up from 60% in 2017)</p> <p>Baseline: 70% (2019-20)</p>	<ul style="list-style-type: none"> • Establish a baseline for credit for prior learning (CPL) offerings and increase these offerings annually. Increase systemwide access and enrollment into direct-assessment competency based education (CBE) programs by 15 percent.
<p>Reduce equity gaps by 40% across all the above measures by 2022, and fully close those gaps by 2027; including regional gaps</p> <p>Baseline varies by group, see the Student Success Metric dashboard for the 2019-20 data.</p>	<ul style="list-style-type: none"> • Improve systemwide graduation rates, transfer rates, and time to completion among underrepresented, Pell Grant recipients, and disabled students to meet the average of all students by 2026; • Close equity gaps in access to dual enrollment programs • Increase the percentage of completing students who earn a living wage by 15%.

IMPROVING EDUCATIONAL OUTCOMES FOR CCC STUDENTS:

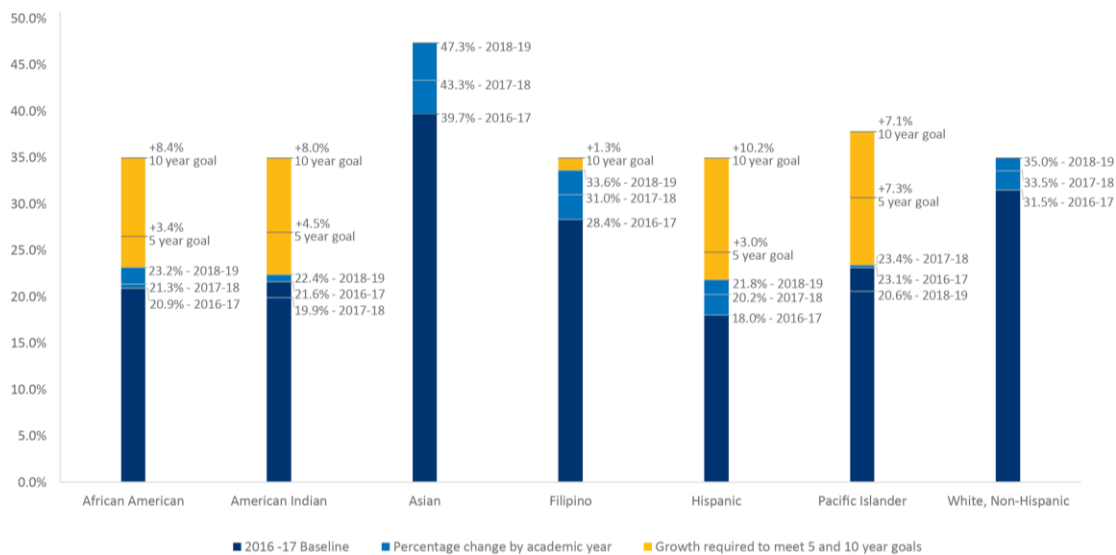
The Administration and the CCCs share the following goals to significantly improve degree and credential attainment, time to completion, and transfer rates between now and 2026:

- Increase the percentage of CCC students who acquire associate degrees, credentials, certificates, and specific skill sets that prepare them for an in-demand job by 20 percent by 2026.
 - Baseline: 145,218 (Source: 2019-20, Student Success Metrics)
- Decrease the median units to completion in excess of 60 by 15 percent and establish systemwide stretch goals regarding the number of students completing their educational program or transferring to a four-year institution within the minimum amount of time necessary (e.g., completion of an associate degree within two years).
 - Baseline: 83 units (Source: 2019-20, Student Success Metrics)
- Improve the placement and completion of students into transfer-level mathematics and English that satisfies a requirement of the student's intended certificate, degree, or intended major of transfer within one-year.
- Proportionally increase the number of CCC students transferring annually to a UC or CSU by 35% or relative to enrollment growth at the UC and CSU. (Vision Goal: Increase the number of CCC students transferring to UC and CSU by 35%)
 - Baseline: 91,584 (Total, Reporting Year: 2019-20, Source: Student Success Metrics)
- Beginning with the 2023 annual report, annually publish the two-year associate degree graduation rates for all community colleges, the average units to degree for those graduating with an associate degree, and the percentage of first-time students who have completed at least 30 units prior to entering their second year, disaggregated to reflect underrepresented students, Pell Grant recipients, and disabled students to facilitate evaluations of equity gaps. This data will be published on the Student Success Metrics dashboard and annually updated in the State of the System report issued each May.

IMPROVING STUDENT SUCCESS AND ADVANCING EQUITY:

The Administration and the CCCs share the following goals to improve student success and advance equity:

- As aligned with the Vision for Success, improve systemwide completion rates, transfer rates, and units to degree completion among Pell Grant recipient, underrepresented minority, and disabled students such that they meet the average of all students by 2026.
 - Baseline: (Vision Goal 5, 2018-19)



- Detailed baseline is available on the Student Success Metrics dashboard.
- The CCC Chancellor's Office will work with colleges to compile reasonable baseline data regarding any existing equity gaps between the types of students able to access a dual enrollment program, and will include this information and annual metrics for improvements to close any such equity gaps in the 2023 annual report.

INCREASE INTERSEGMENTAL COLLABORATION TO BENEFIT STUDENTS:

The Administration and the CCCs share the following goals to improve intersegmental collaboration to support seamless student experiences across the UC, CSU, and CCC campuses:

- Fully participate in implementation of the Cradle-to-Career Data System, including support for the System's proposed California College Guidance Initiative (CCGI) operating tool.
- Continue efforts for CCCs to adopt a common learning management system with the CSU and UC systems.
- Using systemwide data collected for purposes of the Cradle-to-Career Data System, collaborate with the CSU and the UC to utilize the CSU Student Success Dashboard, or a similar tool, to identify granular equity data trends that can be used to address equity gaps.
- Support efforts to establish an integrated admissions platform common to the UC, CSU, and CCCs. Such a platform should be integrated with, and informed by, the Cradle-to-Career Data System.
- The CCC system will collaborate with the UC and CSU to redesign data sharing agreements as needed to more comprehensively uphold the commitment to enable, sustain, increase, and seamlessly support transfer students; to create standards, processes, and conditions to facilitate analysis of transfer data and understand CCC successes and improvement points. Such data is critical to meaningfully fulfilling the promise of the Associate Degree for Transfer (ADT) and the intent of Chapter 566, Statutes of 2021 (Assembly Bill 928). Specifically, the CCC system will collaborate with the UC and CSU to redesign data-sharing agreements, as needed, to facilitate the provision of information on CCC transfer students, including but not limited to the following:
 - Student-level data on CCC students who upon matriculation indicate intent to transfer, and students who matriculate into and complete an Associate Degree for Transfer or the Intersegmental General Education Transfer Curriculum (IGETC) pathway.
 - Student-level data on CCC applicants to UC and CSU annually, including academic and demographic profiles, and admissions decisions by campus per year.
 - Student-level data on CCC students enrolled at UC and CSU, including academic profiles, and academic persistence and performance.

SUPPORTING WORKFORCE PREPAREDNESS AND HIGH-DEMAND CAREER PIPELINES:

The Administration and the CCCs share the following goals to better align with TK-12 and workforce needs:

- Increase the percentage of TK-12 students who graduate with 12 or more college units earned through dual enrollment by 15 percent. In the 2023 annual report, the CCC Chancellor's Office will detail how it will establish a reliable dataset and infrastructure for dual enrollment reporting. In the 2024 annual report, the CCC Chancellor's Office will include baseline information and the timeline, including annual targets, and approach for meeting this goal.
- In partnership with local educational agencies and the California Department of Education, the Chancellor's Office will work with districts to establish consistent guidance and practices to support districts in closing any existing equity gaps between the types of students able to access a dual enrollment program.
- Establish a baseline for credit for prior learning (CPL) offerings and increase these offerings annually. Increase systemwide access and enrollment into direct-assessment competency based education (CBE) programs by 15 percent. In the 2023 annual report, the CCC Chancellor's Office will detail how it will establish a reliable dataset and infrastructure for CPL and CBE reporting. In the 2024 annual report, the CCC Chancellor's Office will include baseline information and the timeline, including annual targets, and approach for meeting this goal.
- Increase by 15 percent the percentage of exiting students who earn a living wage (attained the district's county living wage for a single adult following the year of exit using the Insight Center for Community Economic Development).
 - Baseline: 179,656 (Reporting Year: 19-20, Source: Student Success Metrics)
- Within these increases, the Chancellor's Office should focus the CCCs toward establishing or expanding programs that address California's workforce needs in healthcare, climate action, education and early education.
- Establish coordinated educational pathways from high school through four-year institutions in the high-need fields of education, healthcare, technology, and climate action. These pathways should include collaborating with UC and CSU to develop Associate Degree for Transfer pathways and transfer pathways for transfer students entering these fields and encouraging a greater number of campuses to offer these pathways. Dual enrollment opportunities should

ensure that CCC course credits earned by high school students are accepted for transfer credit and apply toward degree programs. Investments included in the 2022-23 Governor's Budget for common course numbering, and systemwide software enabling campuses to design degree maps from high school through a four-year institution, could assist with this endeavor.

ANNUAL TARGETS AND REPORTING REQUIREMENTS:

By August 30 of each year, the Chancellor's Office will furnish a report to the Administration and the Legislature describing the progress the system has made toward the Vision for Success and each roadmap target. The annual report may be provided as part of the State of the System report, and shall include the following:

- Progress attained on each of the performance metrics, including baseline metrics, reporting year outcomes, and updated targeted annual projections for meeting the 2026 goals.
- Summary overview of the key implementation strategies deployed, including how they contributed to advancing the performance outcomes, how they will be adapted or leveraged for further improvements, and select college implementation examples that illustrate promising practices and lessons learned.
- Summary updates on strategic collaborations with intersegmental partners, including how the partnerships contributed to advancing the performance outcomes, structural or process changes achieved and needed, and projected annual priority focus areas for collaboration.
- It is expected that the CCC systemwide budget request will include requested support for achievement of the goals articulated in the roadmap.

Joint Analysis

Governor's January Budget

January 10, 2023



California Community Colleges



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ASSOCIATION OF CHIEF BUSINESS OFFICIALS



ASSOCIATION OF CALIFORNIA
COMMUNITY COLLEGE ADMINISTRATORS



COMMUNITY COLLEGE
LEAGUE OF CALIFORNIA

Table of contents

JOINT ANALYSIS GOVERNOR’S JANUARY BUDGET	1
TABLE OF CONTENTS	2
PURPOSE OF REPORT	3
SUMMARY OF KEY BUDGET CHANGES	3
STATE BUDGET OVERVIEW	5
Budget REFLECTS CONCERNS ABOUT ECONOMY AND REVENUES	5
Proposition 98 Estimate increases	6
CALIFORNIA COMMUNITY COLLEGES FUNDING	8
Major Policy Decisions continue state’s focus on roadmap	10
Local Support Funding is largely stable for ongoing programs	12
Capital Outlay investments are lower	16
State Operations receives level funding	17
NEXT STEPS	17
APPENDIX A: OVERVIEW OF THE STATE BUDGET PROCESS	18
APPENDIX B: BOARD OF GOVERNORS’ BUDGET AND LEGISLATIVE REQUEST COMPARED TO GOVERNOR’S BUDGET PROPOSAL	19
APPENDIX C: LOCAL BUDGETS AND STATE REQUIREMENTS	22
Budget Planning and Forecasting	22
State Requirements for District Budget Approval	22
State Requirements Related to Expenditures	23
APPENDIX D: DISTRICTS’ FISCAL HEALTH	24
APPENDIX E: GLOSSARY	25

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).

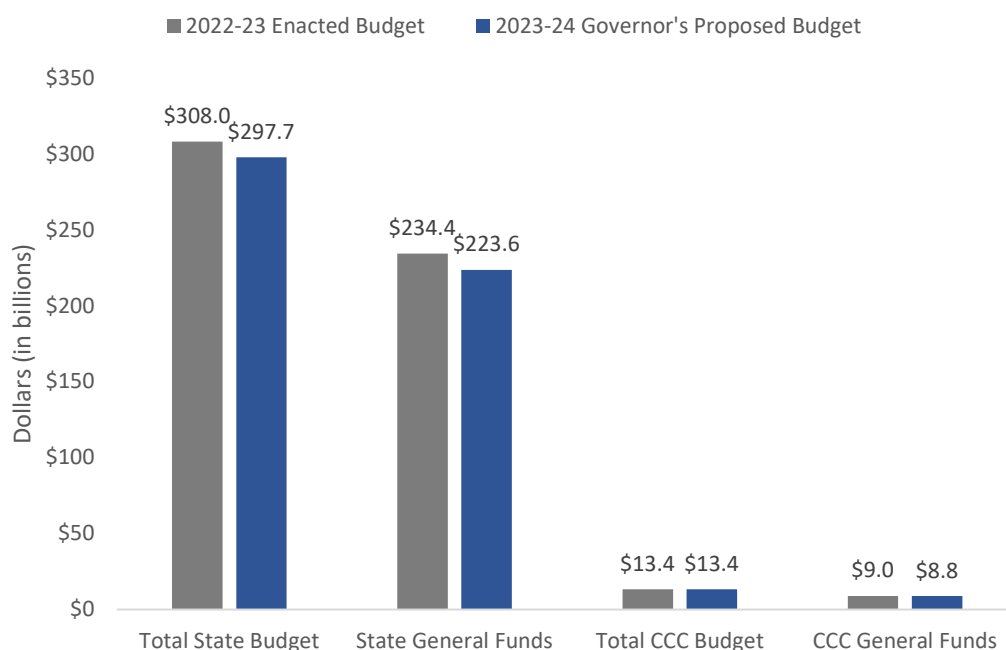
Its purpose is to provide information about the Governor's January budget proposal as a common resource for each organization's further analyses and advocacy efforts. Over the next several months, updated analyses will describe the proposed trailer bills, the Governor's May Revision, and the enacted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

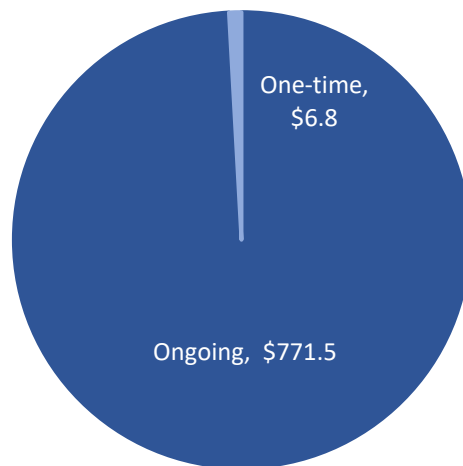


- The budget proposal for the California Community Colleges continues to be shaped by the [Roadmap for the Future](#), introduced in 2022-23 and intended to

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.

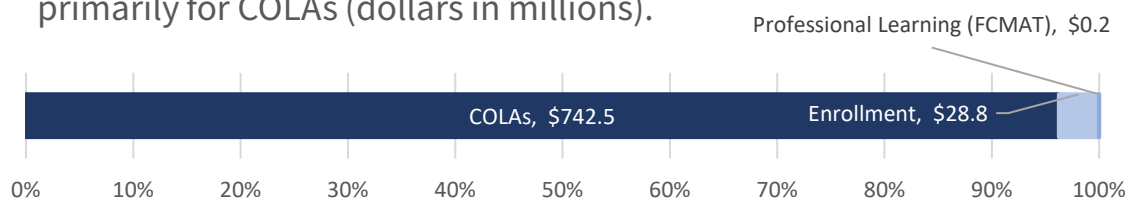
- The proposed budget for 2023-24 provides about \$778 million in Proposition 98 augmentations over the prior year, nearly all of it as ongoing spending.

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.

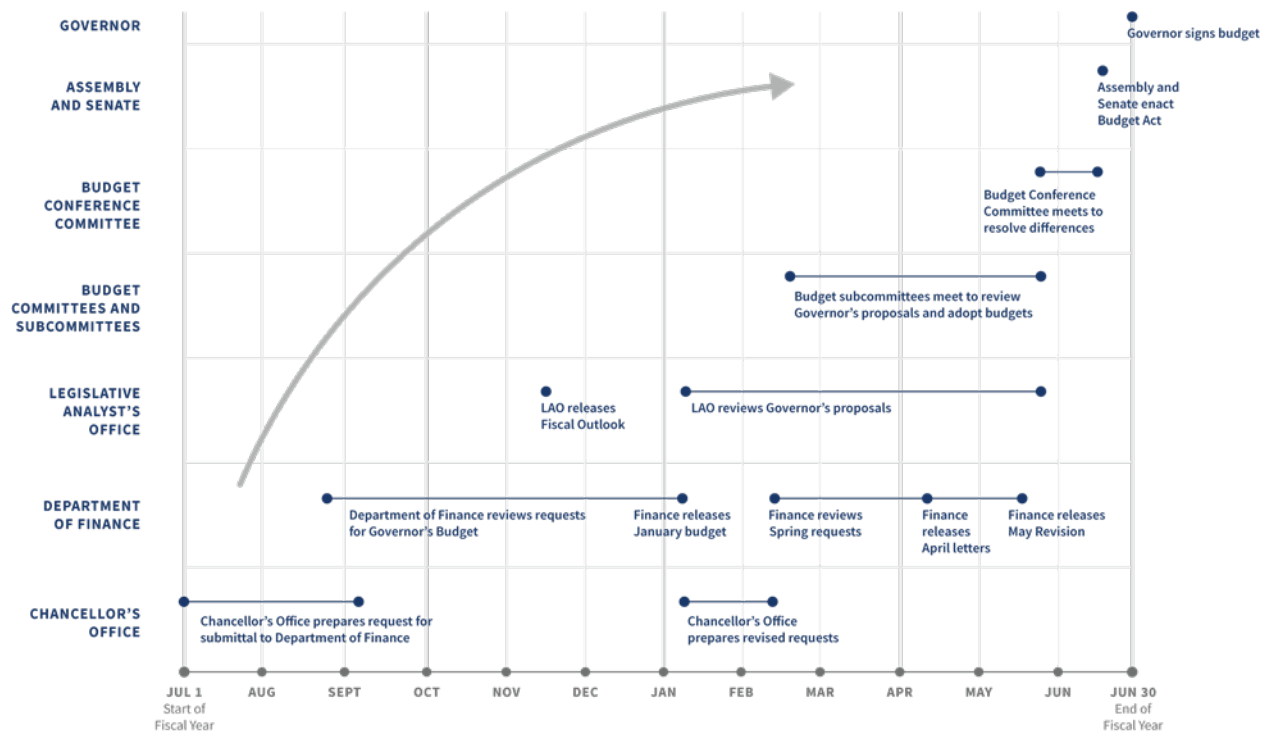
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can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