

# COMMUNITY COLLEGE FINANCE

**Past**  
Present  
**Future**



# Introduction

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**Executive Vice Chancellor**

**Yosemite Community College District**  
**Modesto Junior College**  
**Columbia College**

[www.yosemite.edu/fiscalservices/budget.htm](http://www.yosemite.edu/fiscalservices/budget.htm)

# Overview

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- History in the Making
- Community college funding sources
- Proposition 98
- Funding Model – SB 361
- Growth Allocation Model
- Student Success Taskforce Initiative
- Financial Aid Regulation Changes 2011-2012
- Computing FTES
- Full-Time Faculty Obligation – AB 1725
- 50 percent law
- Fiscal Management-Self Assessment
- Budget and accounting-YCCD

# California Community College History

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- 1921-22—District Tax Authorized
  - District tax authorized for junior colleges
  - State fund for junior colleges established from federal funds
  - Funds apportioned--\$2,000 per junior college plus \$100 per ADA on an equal matching basis

# 1935-36—ADA Measured

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- Method established for measuring junior college ADA
  - 175 days minimum
  - 35 weeks
  - Based on 15 hours per week
  - No more than one ADA per student
  - One ADA = 525 hours

# 1949-50—ADA Defined

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- One ADA equals
  - Total number of hours of student attendance
  - Divided by 525





# 1961-62—50 Percent Law

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- 50% law implemented in 1961 for K-12 class-size reductions
- Applies to community colleges



# 50 Percent Law

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- 50% law implemented in 1961 for K-12 class-size reduction
- 50% of General Fund unrestricted expenditure on faculty in the classroom
- Implemented when community colleges were tied to K-12 system
- Class size is not a Higher Education issue
- Since 1961 new regulations, established that contradict law, including AB 1725



# 50 Percent Law

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- Education has evolved – Advances in Technology, Student Learning
- Student Success Initiative
- Student Success and Support Program (SSSP)
- Student Equity
- Does not include Counselors and Librarians



# 50 Percent Law

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- Does not include faculty assignments outside the classroom:
  - Program review
  - Development and assessment of Student Learning Outcomes
  - Basic Skills
  - Curriculum development
  - Professional development
  - EOPS, DSPS, Tutoring, Articulation
- Does not include instructional supplies , technology, and equipment
- No similar law in the nation



# 1975-76—ADA Growth Cap

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- Five percent cap set on ADA growth
- Local districts kept authority to increase local property taxes for additional revenue



## 1978-79—Proposition 13

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- Approved by California voters
- “People’s Initiative to Limit Property Taxation”
- Changed CC funding
- “Bail Out” legislation provided block grants from state surplus
- Funding 7% below prior year

# Before Proposition 13

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- CCs received about 55 % of revenue from local property taxes
- Tax rate was under local control, within limits



# After Proposition 13

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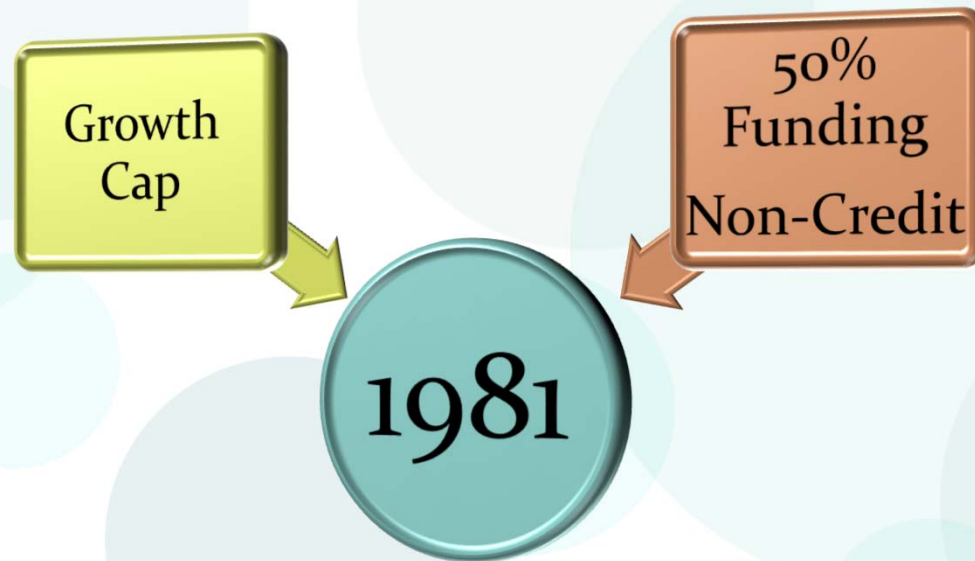
- CCs “state-funded” with portion of support from the local property tax
- Local share no longer set/controlled by local district boards of trustees
- Statewide, local share of support dropped to between 20% and 32%



## 1981-82—ADA Growth Cap

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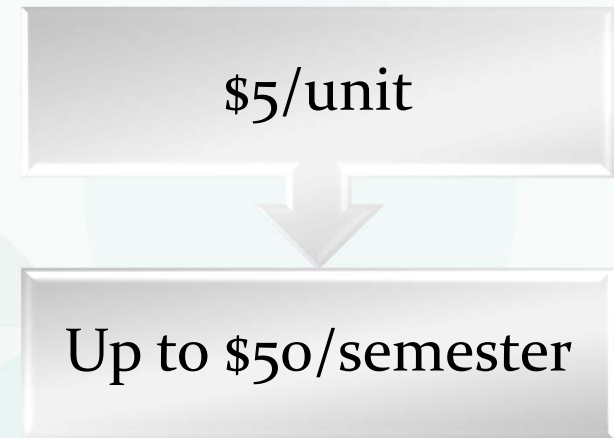
- Each district assigned ADA growth cap
- Growth/decline in noncredit ADA funded at approximately 50% of full credit rate



## 1984-85—Student Fees Imposed For First Time

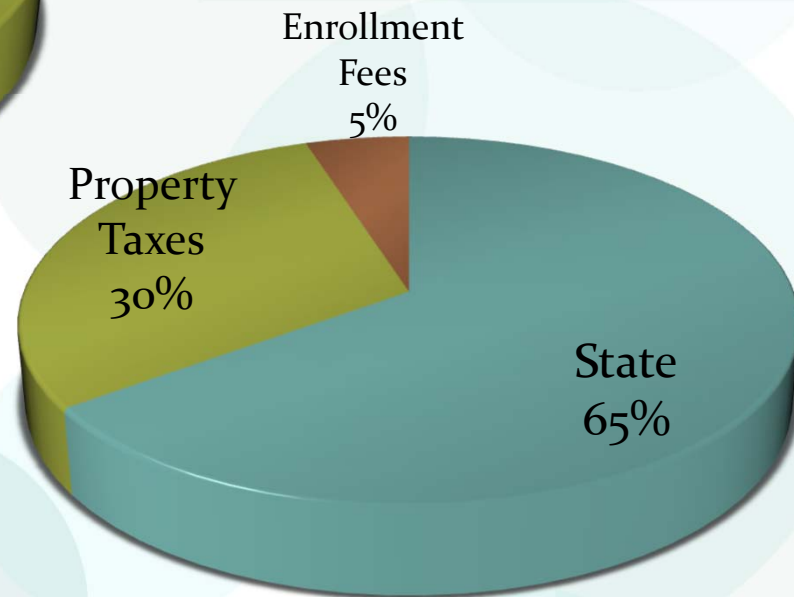
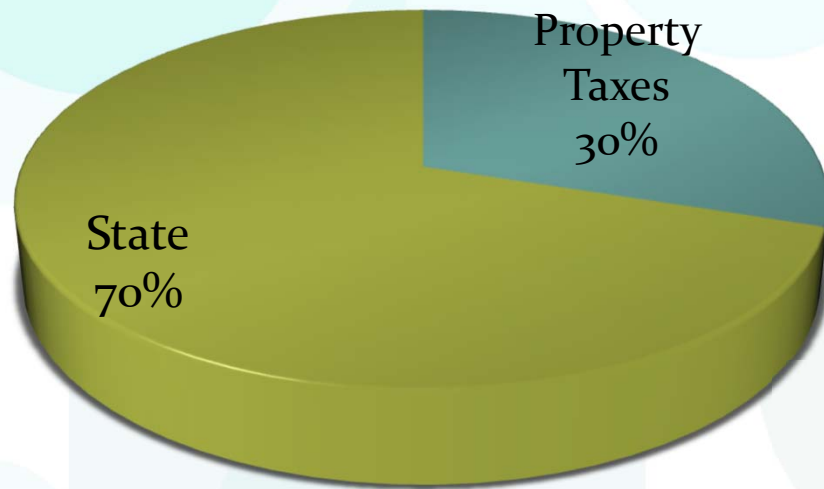
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- \$50 per semester for enrollment in six or more credit semester units
- \$5 per unit for enrollment in less than six credit semester hours
- Student fees treated as the local property tax share of state apportionment
- Fees not used to increase general apportionment



# 1984-85—Student Fees Imposed For First Time

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## 1988-89—AB 1725 / Program Based Funding

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- AB 1725, comprehensive community college reform proposal enacted
- Included “trigger mechanism”
- New state allocation model
- Provided program-based funding
- Implemented Full-Time/Part-Time Obligation



AB 1725

- Program Based Funding

# Program Based Funding

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- Fiscal Year 1991-92
- AB 1725 Community College Reform
- Designed as revenue-allocation method
- Five Workload Measures

Note: New funding formula implemented 2006-07 (SB 361).  
New growth formula implemented 2015-16.

# Old Formula – Program Based Funding Workload Measures

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- Instructional Services
  - Credit FTES
- Instruction
  - Credit FTES
- Student Services
  - New Credit Enrollment
  - Continuing Credit Enrollment
- Maintenance/Operations
  - Gross square footage
  - FTES in less than 100% leased space
- Noncredit activities
  - Noncredit FTES
- Institutional support
  - % of all other categories



# 1989-90—Program Improvement

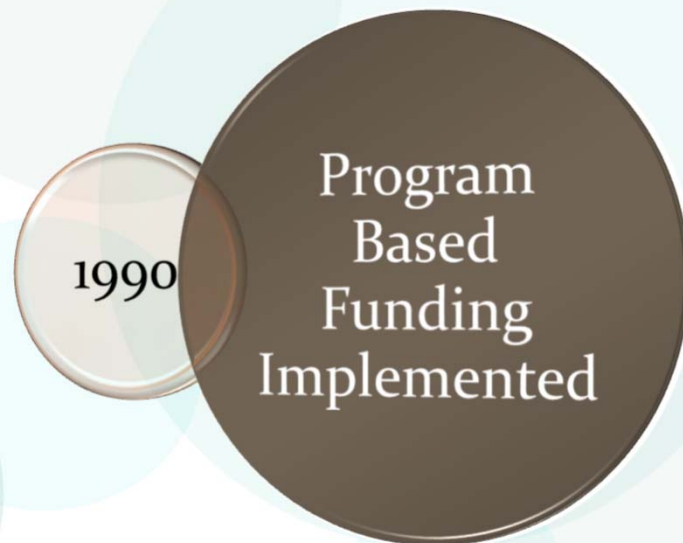
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- \$70 million provided for program improvement, trigger 1
- 33-1/3% to 40% of money to transition part-time faculty to full-time
- \$45 million provided on one-time basis
- Established statutory split of Proposition 98 funds between CCs and K-12

## 1990-91—Add'l Program Improvement Funds

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- \$70 million additional program improvement funds
- Triggered Phase II reforms, including implementation of program-based funding



# AB 1725 Full-Time/Part-Time

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- Full-Time/Part-Time Faculty
  - 75/25
- Full-Time Faculty Obligation
  - Base + Growth



## 1991-92 through 1995-96

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- No cost-of-living adjustment (COLA) for four years
- Program-based funding implemented
  - ADA no longer measured
  - Based on 5 measures instead of 1
- Enrollment fees increased from \$5 to \$13
- \$50 per unit differential fee for Bachelor's degree holders
- Over \$300 million in property tax shortfalls

## 1996-97 through 1998-1999

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- Equalization funding \$23 million over two years
- Welfare Reform (CalWORKS) \$65 million
- Partnership for Excellence \$100 million (COLA's not applied to PFE)



## 2001-2002 and 2002-2003

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- \$4.5 billion state budget shortfall
- \$12 billion state budget shortfall
- Categorical programs cut, ranging from 20% to 100%

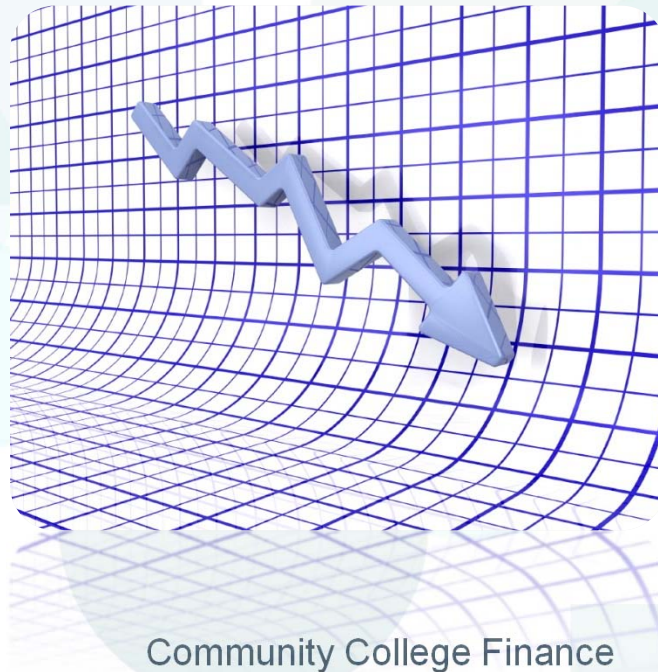




# 2003-04—Revenue Deferral to 2004

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- Community College Budget cut \$86.8 million
- Student fees raised from \$11 to \$18 per unit
- First cash deferral of \$200 million
- Additional cuts to Categorical Programs



# 2006-07—New Funding Model Proposed/SB 361

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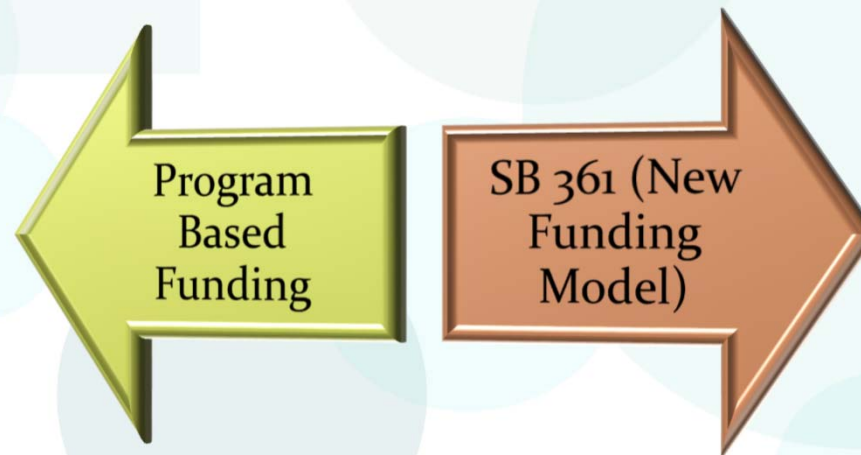
- New Community College Funding Model (Senate Bill 361), effective October 1, 2006
- Student fees reduced from \$26 per unit to \$20 a unit, effective January 1, 2007
- COLA 5.92%
- Enrollment Growth 2%
- Equalization rolled into the new funding formula \$130,000,000



# 2007-08—New Funding Model—SB 361

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- Student fees remain at \$20 a unit
- COLA 4.04%
- Enrollment Growth 2%
- Funds redirected to Basic Skills



# SB361 -Community College Funding 2006-07

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## ● Background

- Numerous statewide efforts made to improve general apportionment and enrollment growth funds
- 12 Chief Business Officers selected to develop recommendations to restructure community college funding model
- Work culminated in the Report of the Workgroup on Community College Finance
- Former Senator Jack Scott –California Community Colleges Chancellor at the time – carried the bill

## SB361 -Community College Funding 2006-07

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- Replace program-based funding (AB 1725) with a simpler, more equitable method
- One workload driver Full-Time Equivalent Students (FTES)
- Introduced new Career Development/College Prep FTES (CDCP)

# Career Development and College Preparation (CDCP) Noncredit

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- New category of FTES
- FTES must meet certain new standards and criteria – course must be:
  - Part of a program or sequence of courses approved by the Chancellor or
  - Part of a short-term vocational program providing at least 288 hours of instruction



# Career Development and College Preparation (CDCP) Noncredit

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- Leads to:
  - A certificate of completion
  - Improved employability or job placement
  - A certificate of competency in a recognized career field
  - Articulate with college-level coursework
  - Completion of an associate of arts degree
  - Transfer to a four-year degree program



# SB361 - Community College Funding 2006-07

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- Single College Districts

- Each district receives a basic allocation based on the number of colleges and centers in the district

|                          |             |
|--------------------------|-------------|
| Greater than 20,000 FTES | \$5 million |
| Greater than 10,000 FTES | \$4 million |
| Less than 10,000 FTES    | \$3 million |

# SB361 - Community College Funding 2006-07

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- Multi-College Districts

- Each district receives a basic allocation based on the number of colleges and centers in the district

|                          |               |
|--------------------------|---------------|
| Greater than 20,000 FTES | \$4 million   |
| Greater than 10,000 FTES | \$3.5 million |
| Less than 10,000 FTES    | \$3 million   |

# SB361 - Community College Funding 2006-07

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- Centers (under 500 FTES grandfathered in)

|   |             |
|---|-------------|
| Greater than 1,000 FTES                   | \$1 million |
| Greater than 750 but less than 1,000 FTES | \$750,000   |
| Greater than 500 but less than 750 FTES   | \$500,000   |
| Greater than 250 but less than 500 FTES   | \$250,000   |
| Less than 250 FTES                        | \$125,000   |

# State Approval of Educational Centers – Regulations Subsequent to SB361

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- Center must generate at least 500 FTES to be recognized as an Educational Center
  - Eligible to compete for state capital outlay funds
- Once Educational Center generates 1,000 FTES
  - Eligible for an increase in its base apportionment allocation

**Note:** December 2014, State Chancellor's Office suspends new Educational Centers until further notice.

## SB361 - Community College Funding 2006-07

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- Credit FTES funded uniformly systemwide
- Noncredit FTES funded uniformly systemwide
- Enhanced noncredit rate
- Provides enrollment stability and decline mechanism



## SB361 - Community College Funding 2006-07

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- Provides \$500,000 rural access grants to colleges that face unusual geographical and demographic challenges in single college districts

# SB361 - Community College Funding 2006-07

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- COLA will be applied to college allocations, credit and noncredit funding rates, and applicable categorical programs



# SB361 - Community College Funding 2006-07

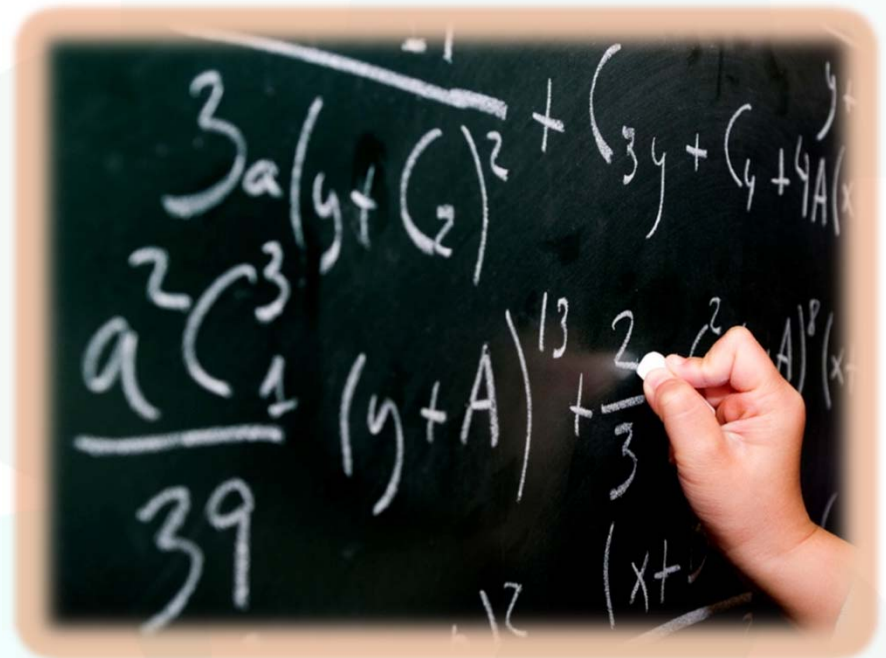
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- Each district receives equalized rates for its Full-Time Equivalent Students
- Revises growth rate formula to better reflect local needs
- Introduces local unemployment rate
- Intended to adjust CAPS that are consistently below enrollment demand
- Intended to provide a stable funding stream of ongoing funds for scheduled maintenance of facilities and for instructional equipment
- ***It should be noted that due to the great economic recession, the SB 361 components have not been fully implemented***

# SB 361 Highlights

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- Comprehensive Reform to Apportionment Allocation Formulas
- Replaces Program Based Funding
- Basic Allocations Based on Number and Size of Colleges and Centers



# SB 361 Highlights

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## 2016-2017 Rates

- Credit Funding Rate - \$5,004
- Career Development College Prep (CDCP) - \$5,004
- Noncredit Funding Rate - \$3,009



# SB 361 Highlights

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- Rural Access Grant - \$500,000  
Single college districts only





# Basics of SB 361

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## ● District's Allocation – Apportionment



# Apportionment Revenue SB 361 Funding Formula

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## Example 2016-17

### Base Apportionment

|                                       |                                 |
|---------------------------------------|---------------------------------|
| Base Revenue Allocation               | \$7,802,803                     |
| Base Credit Revenue                   | 81,211,176                      |
| Base Non-Credit Revenue               | 662,294                         |
| Base CDCP                             | 614,422                         |
| <b>Calculated Base Revenue SB 361</b> | <hr/> <b>\$90,290,695</b> <hr/> |
| <b>Inflation 0.0%</b>                 | 0                               |
| <b>Enrollment Restoration 0%</b>      | 0                               |
| <b>Base Increase</b>                  | 1,141,439                       |
| <b>Estimated Apportionment SB 361</b> | <hr/> <b>\$91,432,134</b> <hr/> |

# 2008-09 – Proposed Mid-Year Budget Cuts

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- Enrollment growth – 2% (actual growth 10%)
- Prior year unspent growth – base reduction - \$80 million
- Estimated property tax shortfall of 1.2% – \$84 million
- Deferred \$340 million in apportionment payments to 2009-2010



## 2009-10—Historically EARLY Budget Adopted February 20, 2009

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- Zero COLA (statutory 5.66%)
- Elimination of growth funding (initially 3% included)
- \$754 million in cuts to state support
  - Property tax, enrollment fee shortfall, structural deficits, other state
- \$115 million in new estimated revenue
  - \$35 million American Recovery Reinvestment Act (ARRA) funds (reduced from \$130 million)
  - \$80 million student fee increase (from \$20 to \$26 per unit)

## 2009-10—Historically EARLY Budget Adopted Early February 20, 2009 (continued)

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- 250,000 estimated lost students
- Base workload measures reduced by 3.34%
- Intent to reduce courses in areas other than
  - Workforce training, transfer, basic skills
- Budget includes \$903 million in cash deferrals
  - Budget includes inter-fiscal year deferrals in the amount of \$703 million
  - Budget includes \$200 million intra-fiscal year deferrals

## 2010-11—Historically LATE Budget Adopted

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### Statewide Priorities – Career Tech Ed (CTE), Transfer, Basic Skills

- Latest budget ever signed, October 8, 2010, 100 days late
- \$126 million to fund 2.21% enrollment growth (26,000 new students)
- Partially restored workload reduction of 3.3% from 2009-10
- No cost-of-living adjustment
- No increase in student fees
- Categorical funding remains at 2009-2010 level
- Total cash deferral \$832 million



# 2011-12 January Budget Proposal

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## If Tax Extensions Pass in June 2011

- \$400 million cut to base apportionments
- \$110 million increase in enrollment fee income
  - Increase from \$26 per credit unit to \$36 per credit unit
- \$290 million net cut to base apportionment
- No COLA
- No Growth

# 2011-12 January Budget Proposal

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## If Tax Extensions Don't Pass in June 2011

- \$899 million cut to base apportionments
- \$110 million increase in enrollment fee income
  - Increase from \$26 per credit unit to \$36 per credit unit
- \$110 million enrollment growth funded/offset to fee income
- No COLA
- No Growth

# 2011-12 January Budget Proposal

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- \$26 billion statewide budget gap
- Balanced approach Governor Brown proposal
- Tax extensions
  - Vehicle license .50%
  - Personal income 1%
  - Sales tax .25%
- Expenditure cuts



# 2011-12 Seminal Moment in Modern California History

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- Allow voters to consider balanced approach
- Extend taxes for five years
- Greater Impact on CCCs than
  - 1978 Proposition 13
  - 1989 AB 1725 CC Reform
  - 2002 Prop 92 CC Reform (*did not pass*)
  - 2007 SB 361 CC Funding Model
  - Not enough support for June vote on tax extension

# 2011-2012 Adopted State Budget

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- Signed by Governor June 30, 2011
- Passed exclusively with Democratic votes
- On-time budget! Rare feat for California!
- Total state General Fund expenditures = \$86 billion
- State General Fund spending at lowest level since 1972 when measured as a share of the state's economy
- \$4 billion gap “phantom revenue” to balance state budget
- Two budget cut “triggers” if \$4 billion does not materialize

# Effect to Community Colleges

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- \$400 million base cut to apportionments
- Student fee increase from \$26 to \$36 = \$110 million
- Additional \$15+ million cash payment deferral
  - \$961 million total cash payment deferrals
- No COLA
  - Last COLA was 2007-2008
- No growth



# 2011-2012 Budget Triggers and Midyear Cuts Included in Budget Language

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- Worst case scenario
- Two trigger cuts due to \$3.7 billion statewide revenue shortfall
- \$102 million cut to community colleges
- FTES workload reduction 7.6%



2011-2012

## New Midyear Budget Cuts “February Surprise”

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- **Worse** than Worst Case Scenario
- Additional \$149 million shortfall
  - Enrollment fees..... \$106 million
  - Property taxes..... \$40 million
  - Other technical shortfall..... \$3 million
- Total 2011-2012 cuts to date = **11%**
- Possibility of an additional \$2.5 billion state revenue shortfall (as of February 2012)

# 2012-2013 January Budget Proposal

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- November 2012 Tax Package on ballot (Prop 30)
- If Tax Package passes, then revenue neutral budget for community colleges – with the exception of about 1% restoration dollars
- If Tax Package does **not** pass, then
  - Apportionment cut \$264 million
  - Funded FTES workload reduction 5.6%

# 2012-2013 January Budget Update

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- Prop 30 passed
  - \$50 million restoration funds
  - Sustains 2012 state support
  - Increased sales tax to sunset in 4 years
  - Increased income tax to sunset in 7 years

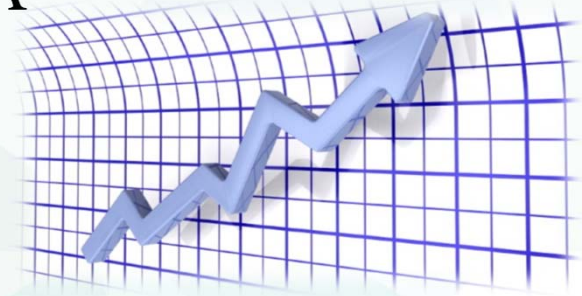


Prop  
30  
Passed

# 2013-14 Budget Passed On Time

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- \$87.5 million to fund 1.57% COLA
- \$88.2 million to fund 1.63% enrollment restoration/access
- \$99.2 million Student Success
- Additional deferral buy down to \$591 million
- \$48 million for Proposition 39 energy projects
- \$15 million each to EOPS and DSPS to restore cuts
- \$30 million in deferred maintenance



## 2014-15 Budget

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- Cost-of-living adjustment – .85%
- Enrollment growth – 2.75%
- Student Success and Support Program - \$299,000

## One-Time Funds

- Deferred maintenance and instructional equipment - \$148,000



# 2015-16 Final Budget

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## Ongoing Funding Proposals

|  |               |
|--|---------------|
| ● Allocation to Base Apportionment                     | \$267,000,000 |
| ● Access 3%  | \$156,500,000 |
| ● COLA 1.02%   | \$61,000,000  |
| ● Equalize CDCP rate                                   | \$49,500,000  |
| ● Student Success & Support Program                    | \$100,000,000 |
| ● Student Equity Plans and Institutional Effectiveness | \$100,000,000 |

# 2015-16 Final Budget

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## One-Time Funding Proposals

|   |               |
|---|---------------|
| ● Career Technical Education                  | \$48,000,000  |
| ● Apprenticeship programs                     | \$29,100,000  |
| ● Proposition 39 funding                      | \$39,600,000  |
| ● Retire cash deferrals                       | \$94,500,000  |
| ● Pay down outstanding mandate claims         | \$626,000,000 |
| ● Career Technical Education Pathways Program | \$49,000,000  |
| ● Physical Plant and Instructional Equipment  | \$148,000,000 |

# 2016-17 Proposed Budget

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## Ongoing Funding Proposals

|               |               |
|---------------|---------------|
| ● Access – 2% | \$114,700,000 |
| ● COLA - .47% | \$29,300,000  |
| ● Workforce   | \$200,000,000 |

## One-Time Funding Proposals

|  |               |
|--|---------------|
| ● Maintenance and Instructional<br>Equipment | \$289,000,000 |
| ● Mandate Reimbursement                      | \$76,000,000  |

# State Budget Cycle

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- Fiscal year July 1 through June 30
- Governor submits budget to Legislature in January for next fiscal year
- January through May legislative hearings
- Budget May Revise – Update revenues and policy proposals
- Constitutional deadline for Legislature to send budget to Governor is June 15
- Local districts adopt Tentative Budgets – June
- Fiscal year begins July 1
- Local districts adopt Final Budgets – September

# Statewide Summary - Growth

- Growth appropriations provided by the state
  - Median Rate = 3%   Average Rate = 2.56%

|                               |              |                       |
|-------------------------------|--------------|-----------------------|
| <b>2017-18<br/>(proposed)</b> | <b>1.34%</b> | <b>\$79.3 million</b> |
| 2016-17                       | 2.0%         | \$114 million         |
| 2015-16                       | 2.0%         | \$107 million         |
| 2014-15                       | 2.75%        | \$140.4 million       |
| 2013-14                       | 1.63%        | \$89.4 million        |
| 2012-13                       | 1.0%         | \$50 million          |
| 2011-12                       | 0%           | \$0                   |
| 2010-11                       | 2.21%        | \$126 million         |
| 2009-10                       | 0%           | \$0                   |
| 2008-09                       | 2.0%         | \$113.5 million       |
| 2007-08                       | 2.0%         | \$97.5 million        |
| 2006-07                       | 2.0%         | \$97.5 million        |

# Statewide Summary - COLA

- Cost-of-Living Adjustment appropriations provided by the state

|                           |              |
|---------------------------|--------------|
| <b>2017-18 (proposed)</b> | <b>1.48%</b> |
| 2016-17                   | 0%           |
| 2015-16                   | 1.58%        |
| 2014-15                   | .85%         |
| 2013-14                   | 1.57%        |
| 2012-13                   | 0%           |
| 2011-12                   | 0%           |
| 2010-11                   | 0%           |
| 2009-10                   | 0%           |
| 2008-09                   | 4.53%        |
| 2007-08                   | 4.04%        |
| 2006-07                   | 5.92%        |



# Student Fee History

| Fiscal Year  | Fee Per Unit | Differential Fee  |
|--|--------------|-------------------|
| 2012-13  | \$46         |                   |
| 2011-12  | \$36         |                   |
| 2009-10  | \$26         |                   |
| 2006-07  | \$20         |                   |
| 2004-05  | \$26         |                   |
| 2003-04  | \$18         |                   |
| 1999-00  | \$11         |                   |
| 1998-99  | \$12         |                   |
| 1994-95  | \$13         |                   |
| 1993-94  | \$10         |                   |
| 1991-92  | \$6          | \$50 BA/BS degree |
| 1984-85  | \$5          |                   |
| Prior to 1984, California community colleges charged no fee. |              |                   |

# Community College Students and Budget

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- 2015-2016 Community College FTES... 1,185,558
  - Credit.....1,118,727
  - Noncredit..... 66,831
- Drop-in student enrollment between 2008-2009 and 2012-2013 due to lack of funding... 588,000



California community colleges serve one-third of all community college students in the United States.

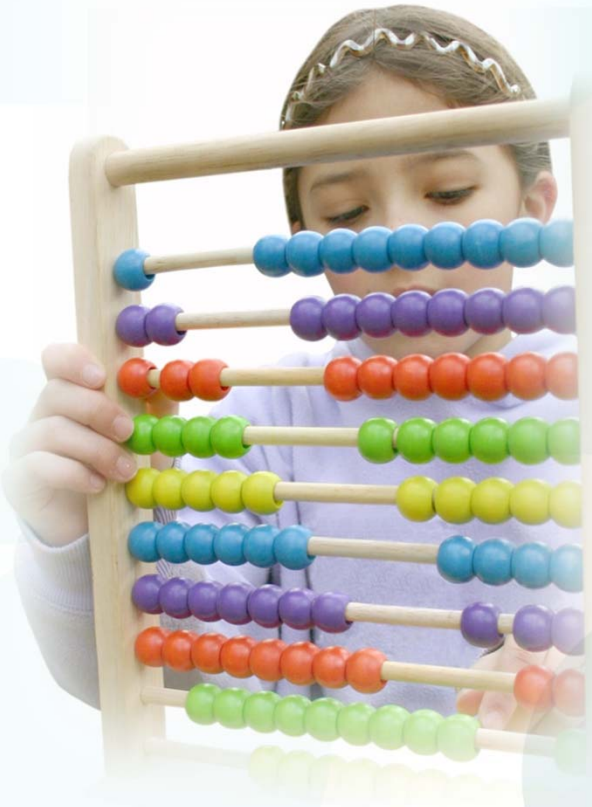
# Community College Funding

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- Proposition 98 – Adopted by voters in 1988
- Established minimum funding level for K-12 and community colleges
  - State General Fund
  - Local Property
- Other
  - Enrollment Fee
  - Lottery
  - Federal Revenue



# Proposition 98



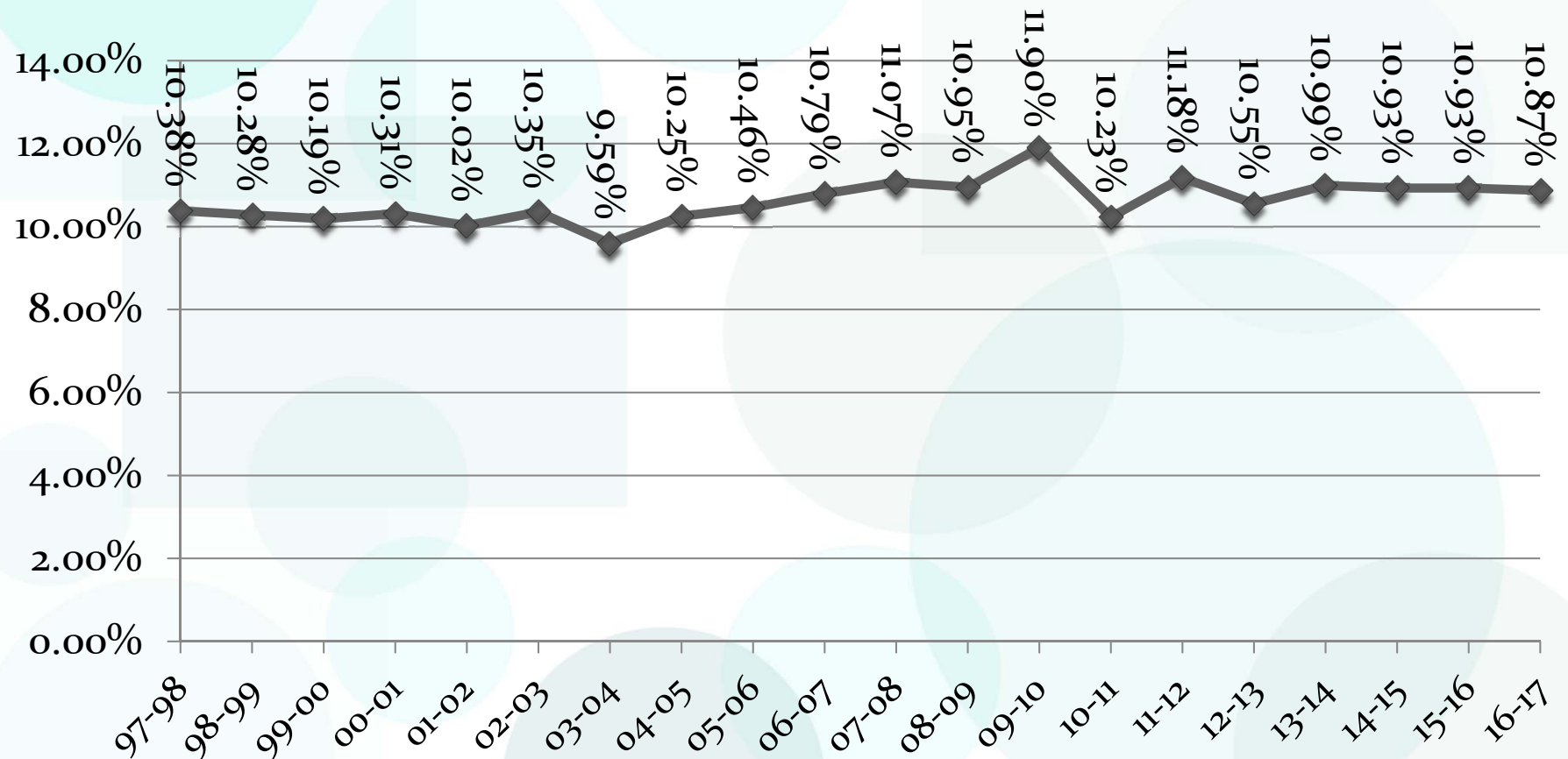
- Guaranteed Revenue for K-12 and Community Colleges

- Methods for Calculating Funding

- Test 1
- Test 2
- Test 3

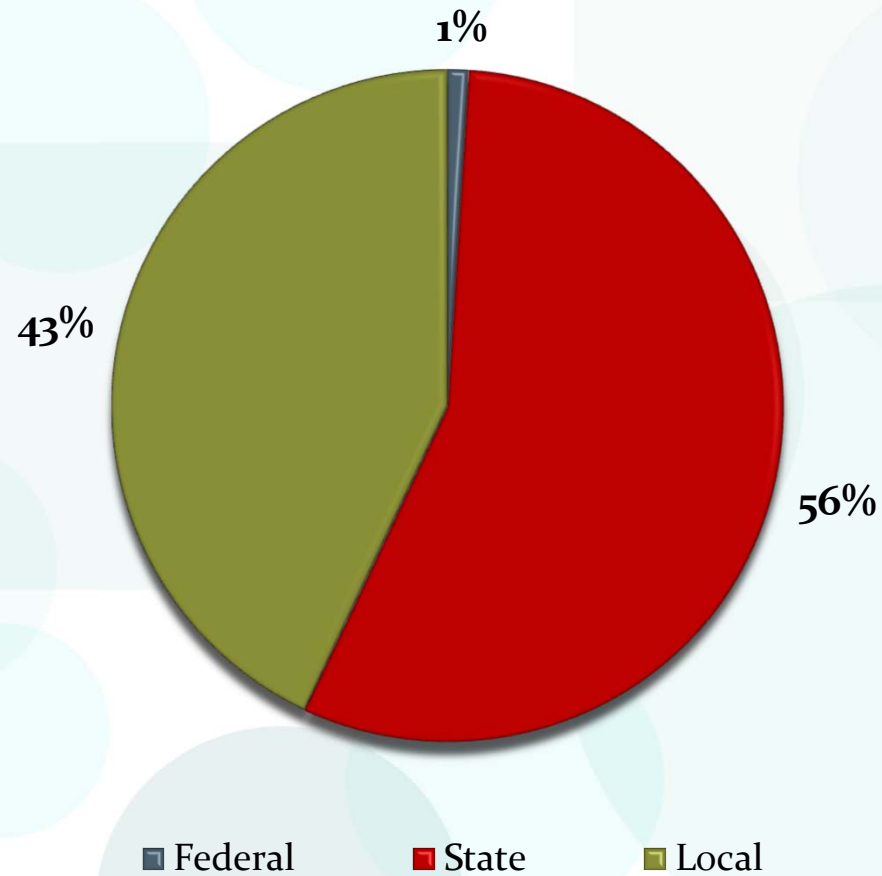
Current Method -  
Change in per capita  
General Fund reserves  
plus .5% and the  
change in K-12 ADA.

# CCC Proposition 98 Percent Share



# Revenue Sources

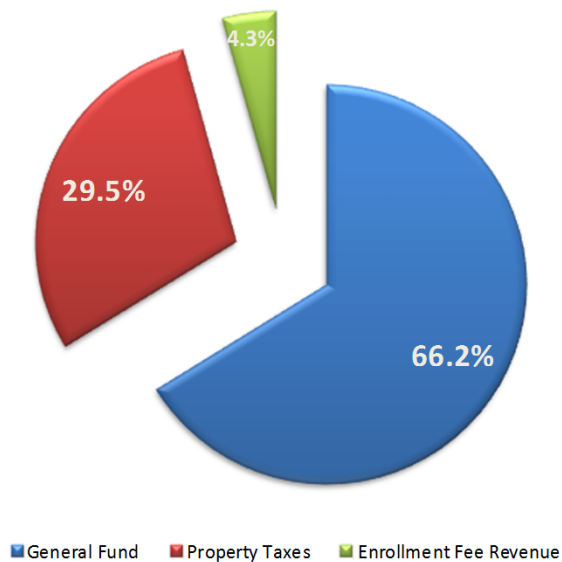
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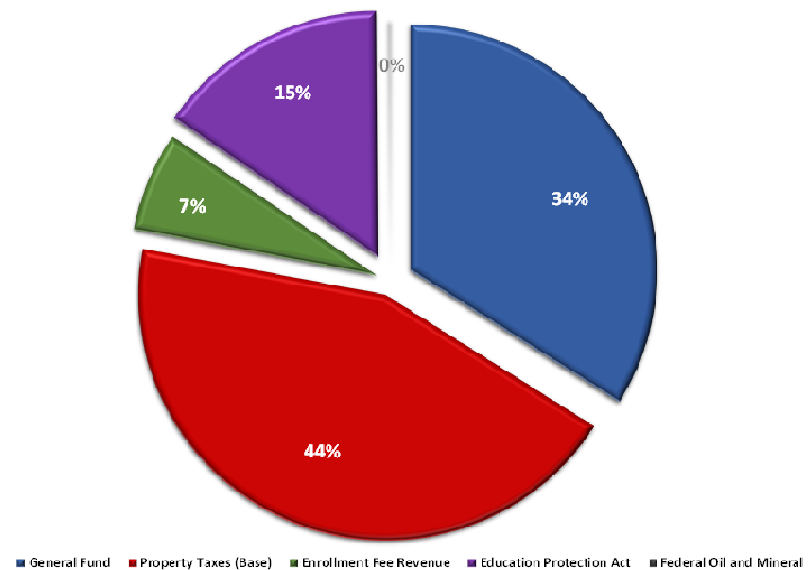


# Community College Funding

CCC Funding by Source in 2008-2009



CCC Funding by Source in 2016-2017



# 2014-15 YCCD Sources of Revenue

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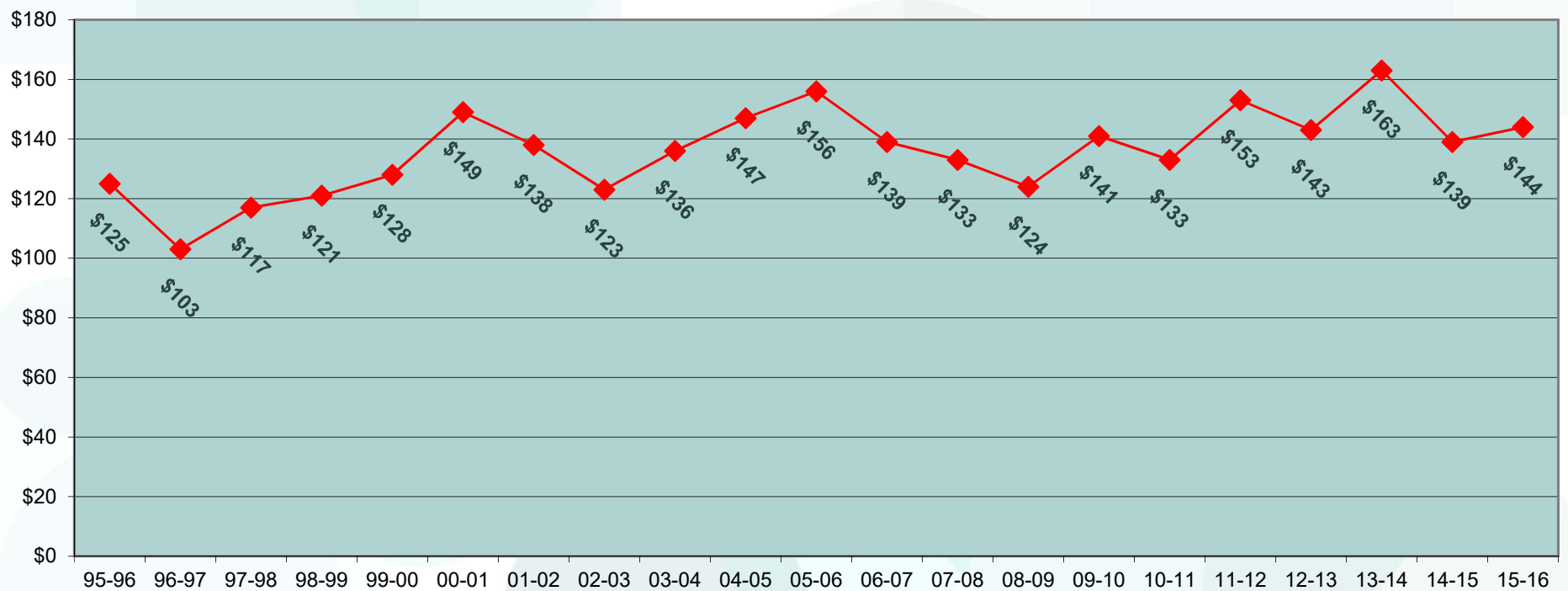
- State Apportionment

|                                 |          |               |
|---------------------------------|----------|---------------|
| ■ Apportionment.....            | 40%..... | \$31,044,154  |
| ■ Property Taxes .....          | 36%..... | \$31,796,882  |
| ■ Enrollment Fees.....          | 5%.....  | \$4,444,084   |
| ■ Education Protection Act..... | 16%..... | \$ 13,128,180 |

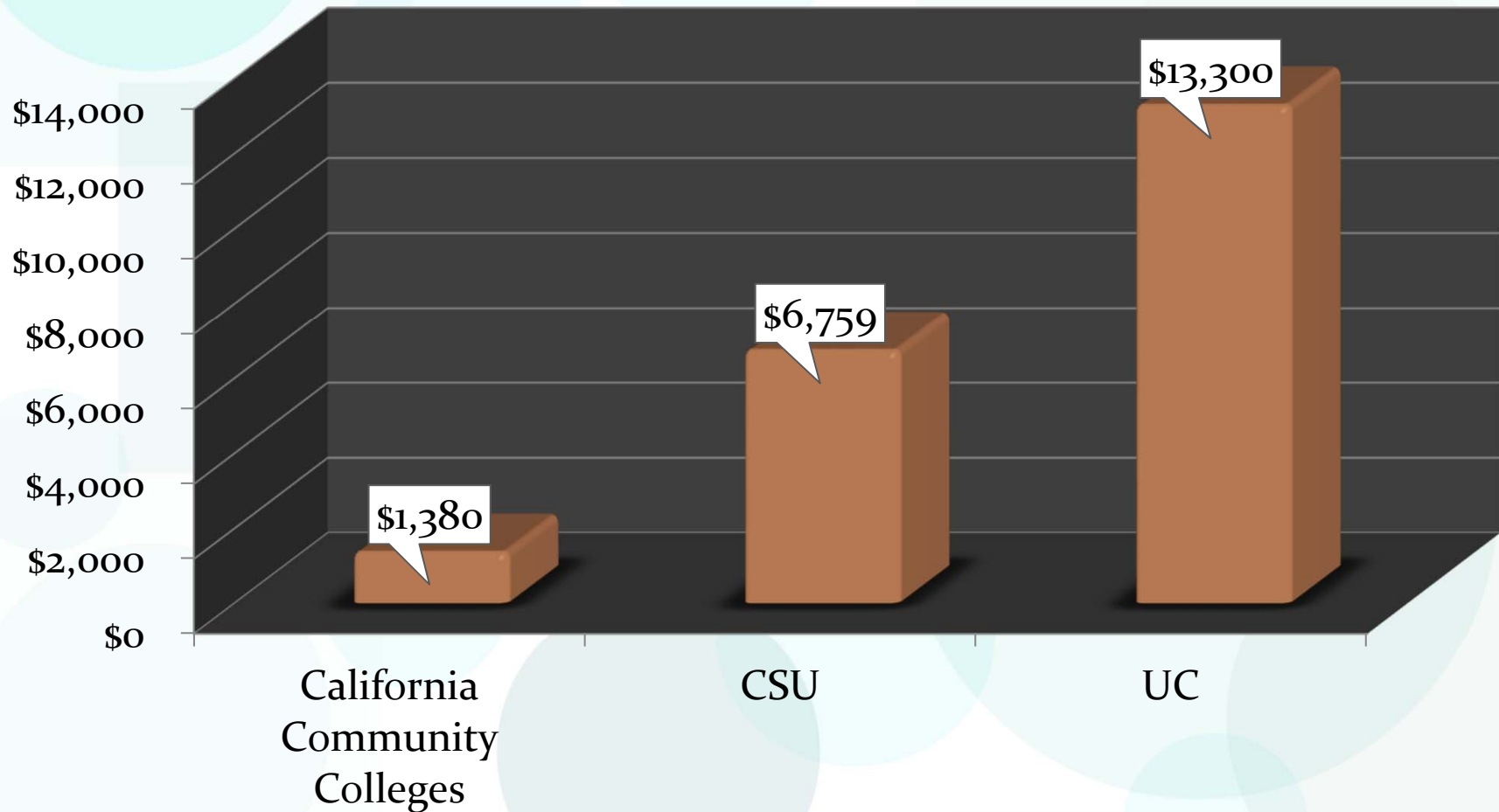
- Lottery (2%)

- Other (1%)

# Lottery Revenue



# Resident Tuition and Fees for Higher Education – Undergraduate 2015-2016



# New Growth Allocation Model – Implementation 2015-2016

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- State Chancellor's Advisory Workgroup on Fiscal Affairs
- Charged with providing a revised apportionment growth formula
- The growth allocation formula includes five factors
  - Educational Attainment – Percentage in the district without a college degree
  - Unemployment – Percentage in the district who are unemployed
  - Pell – Percentage of students residing within district boundaries receiving a Pell grant
  - Participation Rate – Percentage of students within district boundaries attending a California community college
  - Unfunded FTES – Three-year average for districts that had more than 1% in all three years
- All five factors evenly weighted and constrained using a minimum of 1 and maximum of 10

# Student Success Taskforce Initiative

2010-2011, 2011-2012

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- Purpose

- Improve educational outcome of students
- Prepare students for the workforce

- Primary goals

- Degree and certificate attainment
- Close the achievement gap for historically underrepresented students
- Refocus policies and investments to support priorities

- Vehicles for implementation:

- Collaboration and best practices
- Coordination between K-12 and community colleges
- Legislation
- Regulatory changes

# Student Success Taskforce Initiative

2010-2011, 2011-2012

---

- Recommendations

- 22 recommendations

- Status

- Student Success Taskforce Final Report 1/17/2012
- Board of Governors approved 2/24/2012
- Presented to Legislature March 2012



# Student Success Act and Student Success and Support Program (SSSP) and Equity

---

- SSSP formerly matriculation
- Three funded core services:
  - Orientation
  - Assessment
  - Counseling, advising, and other educational planning services
- SSSP funded formula goes into effect FY 2015-16
- Funding for 2013-14 and 2014-15 will be based on the existing matriculation formula
- Funding increased in 2015-16 by \$200,000,000

# Student Equity

---

- Requires districts to maintain a Student Equity Plan as condition for receiving all SSSP funding
- Student Equity is broader than SSSP
- Student Equity identifies underrepresented groups needing more help and focuses on access and achievement
- Student Equity focuses on services and instruction for new and continuing students through completion
- Student Equity defines criteria and methodology for determining high-need students
- Requires that districts with a greater proportion of high-need students receive greater resources

# Strong Workforce - 2016

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- \$200 million ongoing to spur Career Technical Education (CTE)
- Targeting student success and career pathways
- Focuses on data driven outcomes
- Funding 60% local allocation, 40% regional allocation

# Guided Pathways - 2017

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- \$150 million one-time funds
- Provides grants
- Focused on improving student success



# Student Financial Assistance Programs

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- SFAP unit provides coordination, technical assistance, and policy leadership with respect to federal, state, and institutional financial aid programs
- Programs served more than 1 million students in 2012-2013
- Programs totaled more than \$2.8 billion statewide in 2012-2013

# Computing FTES

---

## ● Three Formulas

1. Weekly Census
2. Positive Attendance
3. Daily Census
4. Alternative Attendance



Note:  
Independent  
Study, Work  
Experience,  
Distance Learning  
Credit all can be  
computed using  
formulas 1-4,  
whichever is  
applicable.

# Computing FTES—Weekly Census Formula

---

Enrollment fourth week

40

25

Class meets 3 hrs./wk

For 17.5 weeks-Contact Hrs. (52.5)

2100

1312.5

Divided by 525 = FTES

4

2.5

Apportionment Earned

\$4,676

\$4,676

4

2.5

\$18,704

\$11,960



## Computing FTES—Positive Attendance

|                           |                        |                        |
|---------------------------|------------------------|------------------------|
| Total Hours of Attendance | <u>2100</u>            | <u>1600</u>            |
| Divided by 525            | <u>525</u>             | <u>525</u>             |
| Total ADA/FTES            | <u>4</u>               | <u>3.04</u>            |
| Apportionment Earned      | \$4,676                | \$4,676                |
|                           | <u>4</u>               | <u>3.04</u>            |
|                           | <u><u>\$18,704</u></u> | <u><u>\$14,215</u></u> |

# Computing FTES — Daily Census

---

Enrollment 20% through session

45

Class meets 2 hr/day for 24 days  
(enrollment hours)

2160

Divided by 525=FTES

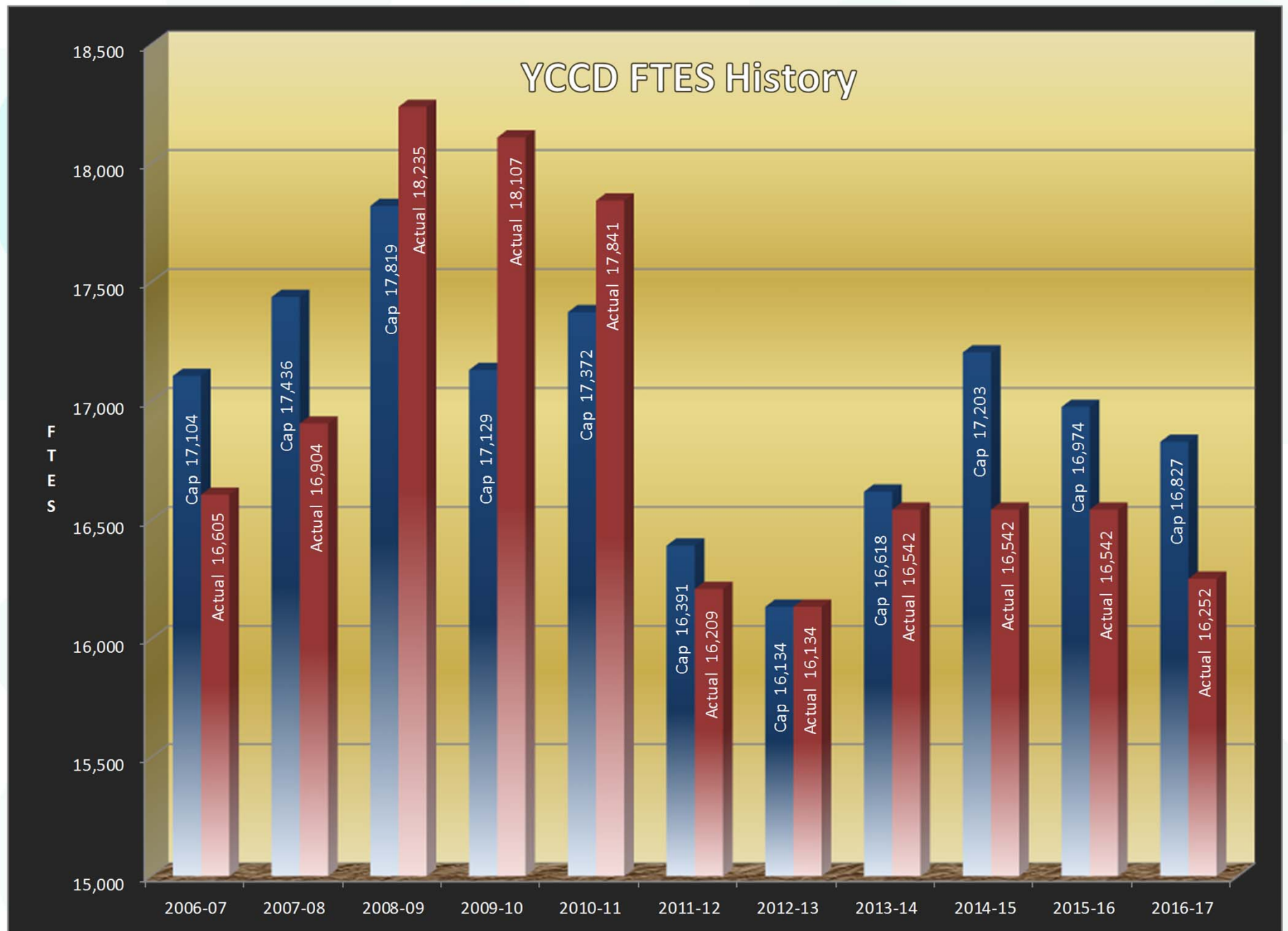
4.11

Apportionment Earned

\$4,676

4.11

\$19,218



# Fiscal Management-Self-Assessment

---

- **Deficit Spending** – Is this area acceptable?

**Yes / No**

- Is the district spending within their revenue budget in the current year?
- Has the district controlled deficit spending over multiple years?
- Is deficit spending addressed by fund balance, ongoing revenue increases, or expenditure reductions?
- Are district revenue estimates based upon past history?
- Does the district automatically build in growth revenue estimates?

# Fiscal Management-Self-Assessment

---

## ● **Fund Balance** – Is this area acceptable?

**Yes / No**

- Is the district's fund balance stable or consistently increasing?
- Is the fund balance increasing due to ongoing revenue increases and/or expenditure reductions?

# Fiscal Management-Self-Assessment

---

- **Enrollment** – Is this area acceptable? **Yes / No**
  - Has the district's enrollment been increasing or stable for multiple years?
  - Are the district's enrollment projections updated at least semiannually?
  - Are staffing adjustments consistent with the enrollment trends?
  - Does the district analyze enrollment and full-time equivalent students (FTES) data?
  - Does the district track historical data to establish future trends between P-1 and annual for projection purposes?
  - Has the district avoided stabilization funding?

# Fiscal Management-Self-Assessment

---

- **Unrestricted General Fund Balance – Is this area acceptable? Yes / No**
  - Is the district's unrestricted general fund balance consistently maintained at or above the recommended minimum prudent level (5% of the total unrestricted general fund expenditures)?
  - Is the district's unrestricted fund balance maintained throughout the year?



# Fiscal Management-Self-Assessment

---

## ● **Cash Flow Borrowing** – Is this area acceptable?

**Yes / No**

- Can the district manage its cash flow without interfund borrowing?
- Is the district repaying TRANS and/or borrowed funds within the required statutory period?

# Fiscal Management-Self-Assessment

---

## ● **Bargaining Agreements** – Is this area acceptable? **Yes / No**

- Has the district settled bargaining agreements within new revenue sources during the past three years?
- Did the district conduct a presettlement analysis identifying an ongoing revenue source to support the agreement?
- Did the district correctly identify the related costs?
- Did the district address budget reductions necessary to sustain the total compensation increase?

# Fiscal Management-Self-Assessment

---

- **Unrestricted General Fund Staffing – Is this area acceptable? Yes / No**
  - Is the district ensuring it is not using one-time funds to pay for permanent staff or other ongoing expenses?
  - Is the percentage of district general fund budget allocated to salaries and benefits at or less than the statewide average of 85%?

# Fiscal Management-Self-Assessment

---

## ● **Internal Controls** – Is this area acceptable?

**Yes / No**

- Does the district have adequate internal controls to insure the integrity of the general ledger?
- Does the district have adequate internal controls to safeguard the district's assets?

# Fiscal Management-Self-Assessment

---

- **Management Information Systems – Is this area acceptable? Yes / No**
  - Is the district data accurate and timely?
  - Are the county and state reports filed in a timely manner?
  - Are key fiscal reports readily available and understandable?

# Fiscal Management-Self-Assessment

---

## ● **Position Control** – Is this area acceptable?

**Yes / No**

- Is position control integrated with payroll?
- Does the district control unauthorized hiring?
- Does the district have controls over part-time academic staff hiring?

# Fiscal Management-Self-Assessment

---

- **Budget Monitoring** – Is this area acceptable? **Yes / No**
  - Is there sufficient consideration to the budget, related to long-term bargaining agreements?
  - Are budget revisions completed in a timely manner?
  - Does the district openly discuss the impact of budget revisions at the board level?
  - Are budget revisions made or confirmed by the board in a timely manner after the collective bargaining agreements are ratified?
  - Has the district's long-term debt decreased from the prior fiscal year?
  - Has the district identified the repayment sources for the long-term debt?
  - Does the district compile annualized revenue and expenditure projections throughout the year?



# Fiscal Management-Self-Assessment

---

## ● **Retiree Health Benefits** – Is this area acceptable?

**Yes / No**

- Has the district completed an actuarial calculation to determine the unfunded liability?
- Does the district have a plan for addressing the retiree benefits liabilities?

# Fiscal Management-Self-Assessment

---

- **Leadership/Stability** – Is this area acceptable?

**Yes / No**

- Has the district experienced recent turnover in its management team (including the Chief Executive Officer, Chief Business Officer, and Board of Trustees)?

# Fiscal Management-Self-Assessment

---

## ● **District Liability** – Is this area acceptable?

**Yes / No**

- Has the district performed the proper legal analysis regarding potential lawsuits that may require the district to maintain increased reserve levels?
- Has the district set up contingent liabilities for anticipated settlements, legal fees, etc.?

# Fiscal Management-Self-Assessment

---

## ● **Reporting** – Is this area acceptable?

**Yes / No**

- Has the district filed the annual audit report with the System Office on a timely basis?
- Has the district taken appropriate actions to address material findings cited in their annual audit report?
- Has the district met the requirements of the 50 percent law?
- Have the Quarterly Financial Status Reports (CCFS-311Q), Annual Financial and Budget Reports (CCFS-311), and Apportionment Attendance Reports (CCFS-320) been submitted to the System Office on or before the stated deadlines?

# YCCD Budget Planning Timeline

---

October - January

Prepare Draft Permanent Employee Salary File.

Colleges begin identifying Budget Priorities.

Central Services Units begin identifying Budget Priorities.

Establish Districtwide Budget Assumptions:

1. FTES Growth
2. Full-Time Faculty Obligation/Faculty Staffing
3. COLA
4. Estimated Benefit Cost increase
5. Estimated Cost of Step-and-Column Adjustments
6. Estimated Energy Cost increase
7. General Fund Reserve
8. Categorical Funding/Restricted Funds
9. Other

February

Permanent Employee Salary File updated in Central Services and distributed to Colleges and Central Services Unit.

# YCCD Budget Planning Timeline

---

## March

Districtwide Budget Targets distributed to Colleges and Central Services.

Targets generally include:

- Prior Year Base Budget
- Growth (based on district budget assumptions)
- Step-and-Column costs
- Encumbrances
- Other (budget assumptions)

Colleges establish budget priorities.

Central Services Units establish budget priorities.

# YCCD Budget Planning Timeline

---

April/May

State Budget May Revision.  
Revise Budget Targets/prepare Tentative Budget.  
Final Permanent Employee Salaries reconciled.

June

Tentative Budget submitted to Board of Trustees.

July/August

Final State Budget.  
Year-end Closing – Adjust Tentative Budget to Final Budget for submission to the Board.

September

Final Budget submitted to Board of Trustees.



# Budget/Accounting

- Develop/Understand Account Code Structure

- Fund
- Subfund
- Location
- Responsibility
- Activity (TOP Code)
- Object



# Budget/Accounting--Funds

---

## Fund 11

- General Purpose-Unrestricted
- Records operations associated with the institutions educational objectives

## Fund 12

- General Purpose-Restricted
- Records operations associated with the institutions educational objectives that are specifically restricted by law

# Budget/Accounting--Funds

---

## Fund 12

- General Purpose-Restricted
- Community Education

## Fund 13

- General Auxiliary Accounts
- YFA

## Fund 14

- General Purpose
- Health Fees

# Budget/Accounting--Funds

---

## Fund 41

- Capital Outlay Projects
- Accounts for financial resources to be used for the acquisition or construction of capital outlay sites, improvements, buildings, and equipment

## Fund 42

- General Obligation Bond Construction
- Measure E

## Fund 74

- Financial Aid
- Trust fund designated to account for the deposit and direct payment of governmental funded student financial aid

# Budget/Accounting--Funds

---

## Fund 20

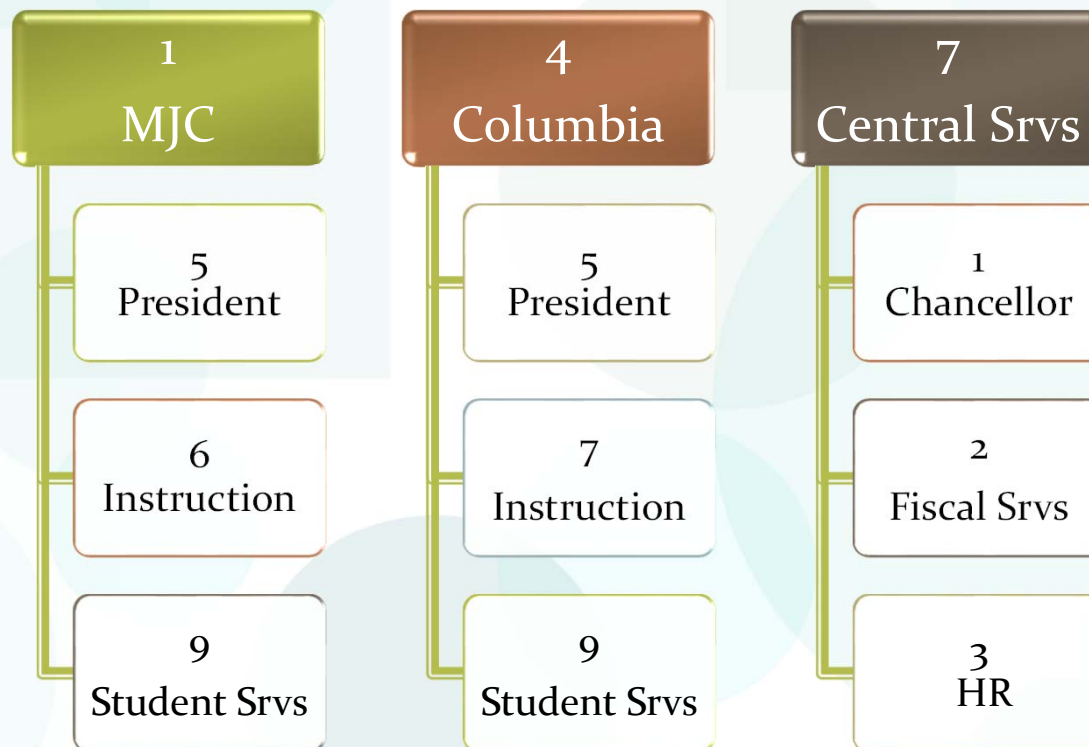
- Debt Service
- Accounts for long-term debt

## Fund 61

- Self Insurance
- Internal Service--accounts for income and expenditures of self-insurance programs

# Location and Responsibility

- Location—Campus
- Responsibility—General Area



# Activity/Top Code

---

- Taxonomy of Programs (TOP)
- Indicates specific descriptive categories

120100

• Health Professions

660000

• Planning/Policies

710000

• Physical Property

601000

• Academic Admin.



# Major Expenditure/Budget Categories

---

- Certificated Salaries
- Classified Salaries
- Fringe Benefits
- Supplies
- Services and Other Operating Costs
- Capital
- Other Outgo

# Object Code

---

- Indicates Purpose of Expenditure/Revenue

|    |                           |
|----|---------------------------|
| 51 | • Certificated Salaries   |
| 52 | • Classified Salaries     |
| 53 | • Benefits                |
| 54 | • Supplies                |
| 55 | • Operating Expenses      |
| 56 | • Equipment               |
| 57 | • Other Outgo - Transfers |

## Exercise (Page 83)

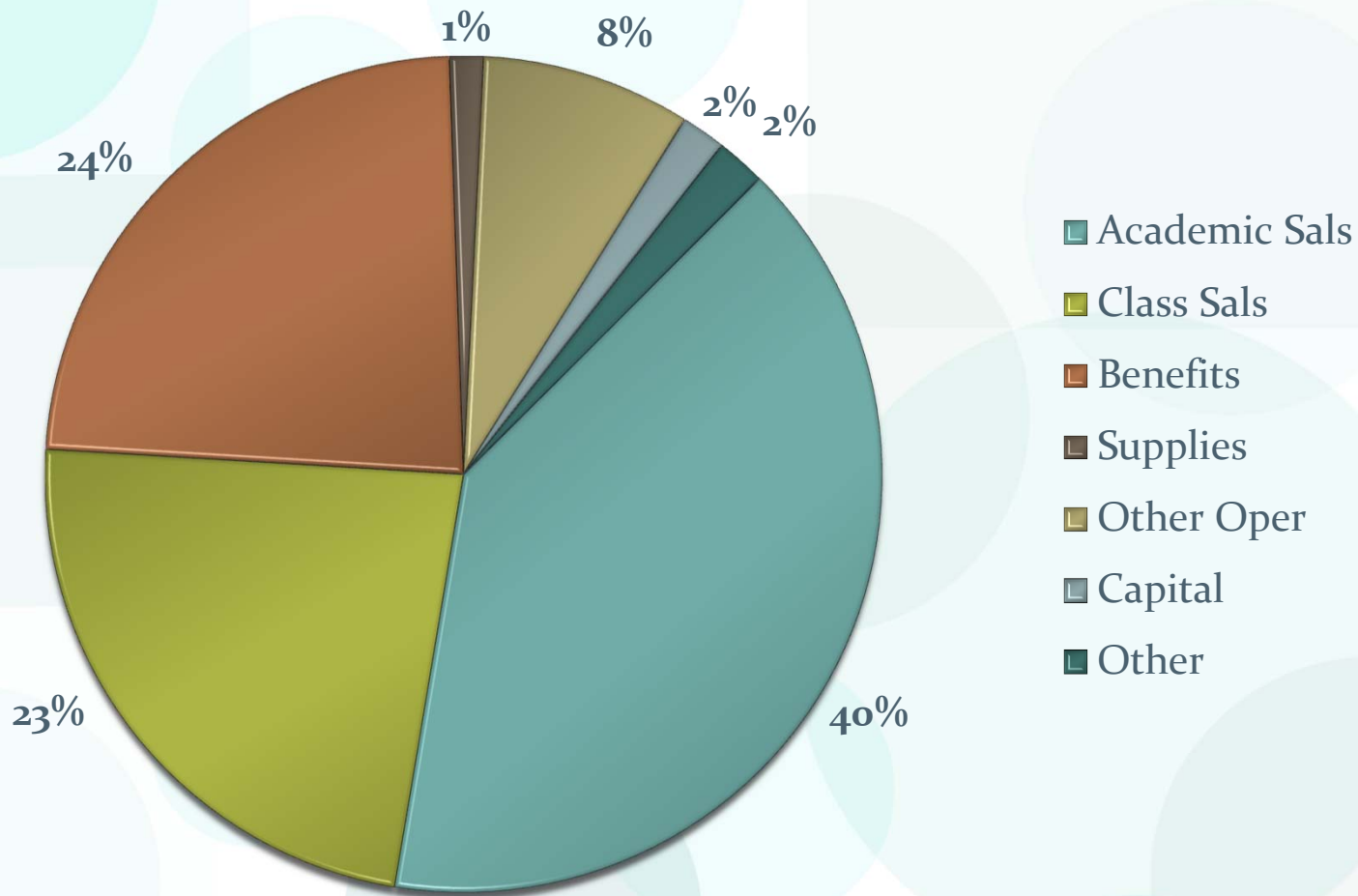
# Build Account Numbers

1 1 - 0 0 0 0 - 1 6 7 5 - 1 2 0 1 0 0 - 5 1 1 1 0

1 2 - 8 0 4 2 - 4 7 3 0 - 6 0 1 0 0 0 - 4 8 1 7 0

4 1 - 0 0 0 0 - 7 1 5 0 - 7 1 0 0 0 0 - 5 6 2 4 0

# YCCD Major Expenditure/Budget Categories



# Summary

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- History in the Making
- Community College Funding Sources
- Proposition 98
- Funding Model – SB 361
- Community College Initiative
- Computing FTES
- Full-Time Faculty Obligation – AB 1725
- 50 Percent Law
- Fiscal Management-Self Assessment
- Budget and Accounting-YCCD



*Thank you!*

[www.yosemite.edu/fiscalservices/budget.htm](http://www.yosemite.edu/fiscalservices/budget.htm)