COMMUNITY COLLEGE
FINANCE

Past
Present
Future
Introduction

Teresa M. Scott
Executive Vice Chancellor
Yosemite Community College District
Modesto Junior College
Columbia College

www.yosemite.edu/fiscalservices/budget.htm
Overview

- 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
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

- 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

- One ADA equals
  - Total number of hours of student attendance
  - Divided by 525
1961-62—50 Percent Law

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

- 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 where 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

- 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

- 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

- Five percent cap set on ADA growth
- Local districts kept authority to increase local property taxes for additional revenue
1978-79—Proposition 13

- 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

- CCs received about 55% of revenue from local property taxes
- Tax rate was under local control, within limits
After Proposition 13

- 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

- 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

- $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

- State: 70%
- Property Taxes: 30%
- Enrollment Fees: 5%
- State: 65%
- Property Taxes: 30%
1988-89—AB 1725 / Program Based Funding

- 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

- 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

<table>
<thead>
<tr>
<th>Instructional Services</th>
<th>Maintenance/Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit FTES</td>
<td>Gross square footage</td>
</tr>
<tr>
<td>Instruction</td>
<td>FTES in less than 100%</td>
</tr>
<tr>
<td>Credit FTES</td>
<td>leased space</td>
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<tr>
<td>Student Services</td>
<td>Noncredit activities</td>
</tr>
<tr>
<td>New Credit Enrollment</td>
<td>Noncredit FTES</td>
</tr>
<tr>
<td>Continuing Credit</td>
<td>Institutional support</td>
</tr>
<tr>
<td>Enrollment</td>
<td>% of all other categories</td>
</tr>
<tr>
<td>Date</td>
<td>Program Improvement</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1989-90</td>
<td>$70 million provided for program improvement, trigger 1</td>
</tr>
<tr>
<td></td>
<td>$33-1/3% to 40% of money to transition part-time faculty to full-time</td>
</tr>
<tr>
<td></td>
<td>$45 million provided on one-time basis</td>
</tr>
<tr>
<td></td>
<td>Established statutory split of Proposition 98 funds between CCs and K-12</td>
</tr>
</tbody>
</table>
1990-91—Add’l Program Improvement Funds

- $70 million additional program improvement funds
- Triggered Phase II reforms, including implementation of program-based funding
AB 1725 Full-Time/Part-Time

- Full-Time/Part-Time Faculty
  - 75/25
- Full-Time Faculty Obligation
  - Base + Growth
1991-92 through 1995-96

- 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

- 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

- $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

- 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

- 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

- Student fees remain at $20 a unit
- COLA 4.04%
- Enrollment Growth 2%
- Funds redirected to Basic Skills
SB361 - Community College Funding 2006-07

**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

- 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

- 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

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
Single College Districts

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

<table>
<thead>
<tr>
<th>FTES Range</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 20,000 FTES</td>
<td>$5 million</td>
</tr>
<tr>
<td>Greater than 10,000 FTES</td>
<td>$4 million</td>
</tr>
<tr>
<td>Less than 10,000 FTES</td>
<td>$3 million</td>
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</tbody>
</table>
Multi-College Districts

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

<table>
<thead>
<tr>
<th>FTES Description</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 20,000 FTES</td>
<td>$4 million</td>
</tr>
<tr>
<td>Greater than 10,000 FTES</td>
<td>$3.5 million</td>
</tr>
<tr>
<td>Less than 10,000 FTES</td>
<td>$3 million</td>
</tr>
</tbody>
</table>
## SB361 - Community College Funding 2006-07

**Centers (under 500 FTES grandfathered in)**

<table>
<thead>
<tr>
<th>FTES Range</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 1,000 FTES</td>
<td>$1 million</td>
</tr>
<tr>
<td>Greater than 750 but less than 1,000 FTES</td>
<td>$750,000</td>
</tr>
<tr>
<td>Greater than 500 but less than 750 FTES</td>
<td>$500,000</td>
</tr>
<tr>
<td>Greater than 250 but less than 500 FTES</td>
<td>$250,000</td>
</tr>
<tr>
<td>Less than 250 FTES</td>
<td>$125,000</td>
</tr>
</tbody>
</table>
State Approval of Educational Centers – Regulations Subsequent to SB361

- 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.
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

- Provides $500,000 rural access grants to colleges that face unusual geographical and demographic challenges in single college districts
COLA will be applied to college allocations, credit and noncredit funding rates, and applicable categorical programs
SB361 - Community College Funding 2006-07

- 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

- Comprehensive Reform to Apportionment Allocation Formulas
- Replaces Program Based Funding
- Basic Allocations Based on Number and Size of Colleges and Centers
SB 361 Highlights

2016-2017 Rates
- Credit Funding Rate - $5,004
- Career Development College Prep (CDCP) - $5,004
- Noncredit Funding Rate - $3,009
SB 361 Highlights

- Rural Access Grant - $500,000
  Single college districts only
Basics of SB 361

District’s Allocation – Apportionment

- Base Allocation
- Credit FTES at equalized rate
- Noncredit FTES at equalized rate
- Enhanced noncredit at equalized rate

= Allocation
### Apportionment Revenue SB 361 Funding Formula Example 2016-17

**Base Apportionment**

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Base Revenue Allocation</td>
<td>$7,802,803</td>
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<tr>
<td>Base Credit Revenue</td>
<td>81,211,176</td>
</tr>
<tr>
<td>Base Non-Credit Revenue</td>
<td>662,294</td>
</tr>
<tr>
<td>Base CDCP</td>
<td>614,422</td>
</tr>
<tr>
<td><strong>Calculated Base Revenue SB 361</strong></td>
<td><strong>$90,290,695</strong></td>
</tr>
</tbody>
</table>

**Inflation 0.0%**

**Enrollment Restoration 0%**

<table>
<thead>
<tr>
<th>Increase</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Base Increase</td>
<td>1,141,439</td>
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<tr>
<td><strong>Estimated Apportionment SB 361</strong></td>
<td><strong>$91,432,134</strong></td>
</tr>
</tbody>
</table>
2008-09 – Proposed Mid-Year Budget Cuts

- 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

- 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)

- 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

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

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

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

- $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

- 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

- 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

- $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

- 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%
New Midyear Budget Cuts “February Surprise”

- **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

- 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

- 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
2013-14 Budget Passed On Time

- $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

- 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

#### Ongoing Funding Proposals

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation to Base Apportionment</td>
<td>$267,000,000</td>
</tr>
<tr>
<td>Access 3%</td>
<td>$156,500,000</td>
</tr>
<tr>
<td>COLA 1.02%</td>
<td>$61,000,000</td>
</tr>
<tr>
<td>Equalize CDCP rate</td>
<td>$49,500,000</td>
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<tr>
<td>Student Success &amp; Support Program</td>
<td>$100,000,000</td>
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<tr>
<td>Student Equity Plans and Institutional</td>
<td>$100,000,000</td>
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<tr>
<td>Effectiveness</td>
<td></td>
</tr>
<tr>
<td>One-Time Funding Proposals</td>
<td>Amount</td>
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<tr>
<td>--------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Career Technical Education</td>
<td>$48,000,000</td>
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<tr>
<td>Apprenticeship programs</td>
<td>$29,100,000</td>
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<tr>
<td>Proposition 39 funding</td>
<td>$39,600,000</td>
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<tr>
<td>Retire cash deferrals</td>
<td>$94,500,000</td>
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<tr>
<td>Pay down outstanding mandate claims</td>
<td>$626,000,000</td>
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<tr>
<td>Career Technical Education Pathways Program</td>
<td>$49,000,000</td>
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<tr>
<td>Physical Plant and Instructional Equipment</td>
<td>$148,000,000</td>
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<tr>
<td>Funding Proposal</td>
<td>Amount</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td><strong>Ongoing Funding Proposals</strong></td>
<td></td>
</tr>
<tr>
<td>Access – 2%</td>
<td>$114,700,000</td>
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<tr>
<td>COLA - .47%</td>
<td>$29,300,000</td>
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<tr>
<td>Workforce</td>
<td>$200,000,000</td>
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<tr>
<td><strong>One-Time Funding Proposals</strong></td>
<td></td>
</tr>
<tr>
<td>Maintenance and Instructional Equipment</td>
<td>$289,000,000</td>
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<tr>
<td>Mandate Reimbursement</td>
<td>$76,000,000</td>
</tr>
</tbody>
</table>
State Budget Cycle

- 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%

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>1.34%</td>
<td>$79.3 million</td>
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<tr>
<td>2016-17</td>
<td>2.0%</td>
<td>$114 million</td>
</tr>
<tr>
<td>2015-16</td>
<td>2.0%</td>
<td>$107 million</td>
</tr>
<tr>
<td>2014-15</td>
<td>2.75%</td>
<td>$140.4 million</td>
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<tr>
<td>2013-14</td>
<td>1.63%</td>
<td>$89.4 million</td>
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<tr>
<td>2012-13</td>
<td>1.0%</td>
<td>$50 million</td>
</tr>
<tr>
<td>2011-12</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td>2010-11</td>
<td>2.21%</td>
<td>$126 million</td>
</tr>
<tr>
<td>2009-10</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td>2008-09</td>
<td>2.0%</td>
<td>$113.5 million</td>
</tr>
<tr>
<td>2007-08</td>
<td>2.0%</td>
<td>$97.5 million</td>
</tr>
<tr>
<td>2006-07</td>
<td>2.0%</td>
<td>$97.5 million</td>
</tr>
</tbody>
</table>
Statewide Summary - COLA

Cost-of-Living Adjustment appropriations provided by the state

<table>
<thead>
<tr>
<th>Year</th>
<th>COLA %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>1.48%</td>
</tr>
<tr>
<td>2016-17</td>
<td>0%</td>
</tr>
<tr>
<td>2015-16</td>
<td>1.58%</td>
</tr>
<tr>
<td>2014-15</td>
<td>.85%</td>
</tr>
<tr>
<td>2013-14</td>
<td>1.57%</td>
</tr>
<tr>
<td>2012-13</td>
<td>0%</td>
</tr>
<tr>
<td>2011-12</td>
<td>0%</td>
</tr>
<tr>
<td>2010-11</td>
<td>0%</td>
</tr>
<tr>
<td>2009-10</td>
<td>0%</td>
</tr>
<tr>
<td>2008-09</td>
<td>4.53%</td>
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<tr>
<td>2007-08</td>
<td>4.04%</td>
</tr>
<tr>
<td>2006-07</td>
<td>5.92%</td>
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## Student Fee History

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fee Per Unit</th>
<th>Differential Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>$46</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>$36</td>
<td></td>
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<tr>
<td>2009-10</td>
<td>$26</td>
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<td>2006-07</td>
<td>$20</td>
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<td>2004-05</td>
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<td>2003-04</td>
<td>$18</td>
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<td>1999-00</td>
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<td>1998-99</td>
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<tr>
<td>1994-95</td>
<td>$13</td>
<td></td>
</tr>
<tr>
<td>1993-94</td>
<td>$10</td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>$6</td>
<td>$50 BA/BS degree</td>
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<tr>
<td>1984-85</td>
<td>$5</td>
<td></td>
</tr>
</tbody>
</table>

Prior to 1984, California community colleges charged no fee.
Community College Students and Budget

- 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

- 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

Community College Finance  March 2017
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.
Revenue Sources

- Federal: 43%
- State: 56%
- Local: 1%
Community College Funding

CCC Funding by Source in 2008-2009

- General Fund: 66.2%
- Property Taxes: 29.5%
- Enrollment Fee Revenue: 4.3%

CCC Funding by Source in 2016-2017

- General Fund: 34%
- Property Taxes (Bond): 15%
- Enrollment Fee Revenue: 7%
- Education Protection Act: 44%
- Natural Oil and Minerals: 0%
2014-15 YCCD Sources of Revenue

- **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

[Diagram showing the revenue from lottery from 1995-96 to 2015-16, with fluctuations between $125 and $163 million]
Resident Tuition and Fees for Higher Education – Undergraduate 2015-2016

- California Community Colleges: $1,380
- CSU: $6,759
- UC: $13,300

- 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

- **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 a 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

- $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

- $150 million one-time funds
- Provides grants
- Focused on improving student success
Student Financial Assistance Programs

- 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

<table>
<thead>
<tr>
<th>Enrollment fourth week</th>
<th>40</th>
<th>25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class meets 3 hrs./wk</td>
<td>2100</td>
<td>1312.5</td>
</tr>
<tr>
<td>For 17.5 weeks-Contact Hrs. (52.5)</td>
<td>4</td>
<td>2.5</td>
</tr>
<tr>
<td>Divided by 525 = FTES</td>
<td>4</td>
<td>2.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Apportionment Earned</th>
<th>$4,676</th>
<th>$4,676</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>$18,704</td>
<td>$11,960</td>
</tr>
</tbody>
</table>
Computing FTES—Positive Attendance

<table>
<thead>
<tr>
<th>Total Hours of Attendance</th>
<th>2100</th>
<th>1600</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divided by 525</td>
<td>525</td>
<td>525</td>
</tr>
<tr>
<td>Total ADA/FTES</td>
<td>4</td>
<td>3.04</td>
</tr>
<tr>
<td>Apportionment Earned</td>
<td>$4,676</td>
<td>$4,676</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>3.04</td>
</tr>
<tr>
<td></td>
<td>$18,704</td>
<td>$14,215</td>
</tr>
</tbody>
</table>
## Computing FTES — Daily Census

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment 20% through session</td>
<td>45</td>
</tr>
<tr>
<td>Class meets 2 hr/day for 24 days (enrollment hours)</td>
<td>2160</td>
</tr>
<tr>
<td>Divided by 525 = FTES</td>
<td>4.11</td>
</tr>
</tbody>
</table>

Apportionment Earned

<table>
<thead>
<tr>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,676</td>
</tr>
<tr>
<td>4.11</td>
</tr>
<tr>
<td>$19,218</td>
</tr>
</tbody>
</table>
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?
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?
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)?
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

<table>
<thead>
<tr>
<th>October - January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare Draft Permanent Employee Salary File.</td>
</tr>
<tr>
<td>Colleges begin identifying Budget Priorities.</td>
</tr>
<tr>
<td>Central Services Units begin identifying Budget Priorities.</td>
</tr>
<tr>
<td>Establish Districtwide Budget Assumptions:</td>
</tr>
<tr>
<td>1. FTES Growth</td>
</tr>
<tr>
<td>2. Full-Time Faculty Obligation/Faculty Staffing</td>
</tr>
<tr>
<td>3. COLA</td>
</tr>
<tr>
<td>4. Estimated Benefit Cost increase</td>
</tr>
<tr>
<td>5. Estimated Cost of Step-and-Column Adjustments</td>
</tr>
<tr>
<td>6. Estimated Energy Cost increase</td>
</tr>
<tr>
<td>7. General Fund Reserve</td>
</tr>
<tr>
<td>8. Categorical Funding/Restricted Funds</td>
</tr>
<tr>
<td>9. Other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>February</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Employee Salary File updated in Central Services and distributed to Colleges and Central Services Unit.</td>
</tr>
</tbody>
</table>
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.
<table>
<thead>
<tr>
<th>Month</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>April/May</td>
<td>State Budget May Revision.</td>
</tr>
<tr>
<td></td>
<td>Revise Budget Targets/prepare Tentative Budget.</td>
</tr>
<tr>
<td></td>
<td>Final Permanent Employee Salaries reconciled.</td>
</tr>
<tr>
<td>June</td>
<td>Tentative Budget submitted to Board of Trustees.</td>
</tr>
<tr>
<td>July/August</td>
<td>Final State Budget.</td>
</tr>
<tr>
<td></td>
<td>Year-end Closing – Adjust Tentative Budget to Final Budget for submission to the Board.</td>
</tr>
<tr>
<td>September</td>
<td>Final Budget submitted to Board of Trustees.</td>
</tr>
</tbody>
</table>
Budget/Accounting

Develop/Understand Account Code Structure

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

Fund: 11
Subfund: 0000
Location/Responsibility: 7200
Activity (TOP Code): 660000
Object: 54431
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
March 2017

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

- 1 MJC
  - 5 President
  - 6 Instruction
  - 9 Student Srvs

- 4 Columbia
  - 5 President
  - 7 Instruction
  - 9 Student Srvs

- 7 Central Srvs
  - 1 Chancellor
  - 2 Fiscal Srvs
  - 3 HR
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

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>51</td>
<td>Certificated Salaries</td>
</tr>
<tr>
<td>52</td>
<td>Classified Salaries</td>
</tr>
<tr>
<td>53</td>
<td>Benefits</td>
</tr>
<tr>
<td>54</td>
<td>Supplies</td>
</tr>
<tr>
<td>55</td>
<td>Operating Expenses</td>
</tr>
<tr>
<td>56</td>
<td>Equipment</td>
</tr>
<tr>
<td>57</td>
<td>Other Outgo - Transfers</td>
</tr>
</tbody>
</table>
Exercise (Page 83)

Build Account Numbers

11 - 0000 - 1675 - 120100 - 51110

12 - 8042 - 4730 - 601000 - 48170

41 - 0000 - 7150 - 710000 - 56240
YCCD Major Expenditure/Budget Categories

- Academic Sals: 40%
- Class Sals: 24%
- Benefits: 8%
- Supplies: 1%
- Other Oper: 2%
- Other: 2%
- Capital: 23%

Community College Finance

March 2017
Summary

- 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