

Membership**Academic Senate**

Glen Baghdasarian
 Angela Echeverri
 Jeff Hernandez
 Robert L Stewart Jr.
 Eddie Tchertchian
 Joshua Wentz

Faculty Guild

Ruby Christian Brougham
 Joseph Guerrieri
 Sandra Lee
 John McDowell
 Olga Shewfelt
 Joanne Waddell*

Unions/Association

Mary-Jo Apigo
 Arif Ahmed
 Kathleen Becket
 Suleman Ishaque
 Steve Paine
 Vacant-Build & Trade

College Presidents

Seher Awan
 Luis Dorado **
 Mary Gallagher
 Barry Gribbons
 James M. Limbaugh
 Alexis Montevirgen
 Monte Perez*
 Albert Román
 Katrina VanderWoude

STUDENT TRUSTEE REPRESENTATIVE

vacant

* Co-chairs

**Interim

District Budget Committee

Jan 13, 2021

1:30 pm – 3:30 pm

Zoom Meeting

<https://laccd.zoom.us/j/91228329682>

Meeting ID: 912 2832 9682

One tap mobile

+16699006833,,95257672981# US (San Jose)

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Dial by your location

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+1 312 626 6799 US (Chicago)

Find your local number: <https://laccd.zoom.us/j/91228329682>

1. Call to Order (*Joanne Waddell*)
2. Approval of Agenda
3. Approval of Minutes for Dec 9, 2020
4. Chancellor's Remarks/Updates
5. ECDBC Reports and Recommendations
 - Districtwide Detail
6. Enrollment Update & Reporting (Cornner)
7. FON Update (Gutierrez)
8. Federal COVID-19 Relief Bill (Gordon)
9. 2021-22 Governor's Budget (Gordon)
10. DBC Recommendations to the Chancellor
11. Items to Be Addressed by ECDBC
12. Other Business

Future DBC Meetings: Feb 10, Mar 10, Apr 14, May 12, Jun 9

Future ECDBC Meetings: Jan 20, Feb 17, Mar 17, Apr 21, May 25, June 22

Archived documents can be found on the DBC website:

<http://laccd.edu/Departments/DistrictLevelGovernance/DBC/Pages/default.aspx>

District Budget Committee Meeting Minutes
 December 9, 2020
 1:30-3:30 p.m., Zoom Meeting

Roll Call X Indicates Present

Academic Senate

Glen Baghdasarian	X
Angela Echeverri	X
Jeffrey Hernandez	X
Robert L. Stewart Jr.	X
Eddie Tcherchian	X
Joshua Wentz	X

L.A. Faculty Guild

Ruby Christian Brougham	X
Joseph Guerrieri	X
Sandra Lee	X
John McDowell	X
Olga Shewfelt	X
Joanne Waddell*	X

Unions/Association

Arif Ahmed; Local 721	
Mary-Jo Apigo; Local 911 Teamster	X
Kathleen Becket; SEIU Local 99	
Suleman Ishaque; Local 1521A	X
Steve Paine; Class Mgmt. Rep	X
Vacant-Build & Cost Trade	

College Presidents

Seher Awan	X
Mary Gallagher	X
Barry Gribbons	X
Otto W. Lee	X
James M Limbaugh	X
Alexis Montevirgen	X
Monte E. Perez*	X
Albert Roman**	X
Katrina VanderWoude	

Student Trustee Rep

Elias Geronimo	X
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* DBC CO-chairs

** Interim

Also Present

Resource Persons

Ryan Cornner
 Jeanette L. Gordon
 Mercedes Gutierrez
 Deborah La Teer
 Gregory Mazzarella
 Melinda Nish
 Francisco C. Rodriguez
 Maria Luisa Veloz

Guests

Violet Amrikhas
 Myeshia Armstrong
 Kristine Ayvazyan
 Silvia Barajas
 Kristi Blackburn
 Daniel Charles
 Grace Chee
 John Clark
 Daniel Hall
 Kevin Jeter
 Mike Lee
 Rasel Menendez

Guests

Erika Miller
 Valencia Moffett
 Maury Pearl
 Laura Ramirez
 Jim Reeves
 Reagan Romali
 Pamela Sanford
 Rolf Schleicher
 Bob Suppelsa
 Jason Zhu

1. **Call to Order** - at 1:35 p.m. by Joanne Waddell
2. **Approval of Agenda** – The items on the Agenda were approved
3. **Approval of Minutes** - The minutes of the October 14, 2020 meeting were approved.
4. **Chancellor’s Remarks/Updates**
 - Addressed two items on the agenda:
 - College Budgets- working with CFO to find funds to provide fiscal relief.
 - FON- while we are on track for meeting our requirement, critical hires for licensing, compliance reasons and program continuity will be considered.
 - In January and February virtual meetings conducted in Sacramento and Washington DC to discuss the legislative agenda emphasizing student success student success including food insecurity and emergency assistance during the pandemic, internet access for all students, ethnic studies and conversation related to racial equity and social justice.
 - There will be a Special Board of Trustees meeting on December 12, 2020 to address:
 - Board Goals - of Mr. Brown, President of the Association for Community College Trustees and the Community College Trustees will review its goals from last year.
 - Campus safety – Board will consider two proposals.
 - Announcement of the next President at East Los Angeles College.
 - On Wednesday, December 16, 2020 another Board Meeting will be held to conduct formal oath of office for incoming Board members.
 - Special recognition to Dr. Otto Lee for his years of excellent service and congratulating him in his retirement.
5. **ECDBC Reports and Recommendation**
 - ECDBC was tasked with review College assessments, Deferrals, TRANs, Ending Balances and Reserves. Detailed documents shared at that meeting were distributed and discussed.
6. **Enrollment Update & Reporting (Cornner)**
 - Winter 2021 enrollment is tracking 10% down on enrollment.
 - Enrollment will not have a fiscal impact due to the District’s hold harmless status.
 - An enrollment summit was held with College teams looking at detailed enrollment data and collaborated to begin developing enrollment plans.
7. **FON Update (Gutierrez)**
 - There is a total of 27 late separations and 113 SRP early separations 2021 as of December 1, 2020.
 - There are 5 projected College Credit Hires; at this time the District is projecting 10 above the FON.
8. **2020-21 1st Qtr. Results by location (Gordon)**
 - A schedule of 1st Qtr College and ESC projected ending balances was distributed and discussed.
9. **DBC Recommendation to the Chancellor**
 - None
10. **Item to Be Addressed by ECDBC**
 - Analysis of Districtwide expenditures
 - ESC expenditures
 - Assessment criteria and process
11. **Other Business**

The meeting was adjourned at 3:07 p.m.

**Los Angeles Community College District
Districtwide Accounts**

Item#	Description	Actual	Actual	Actual	Actual	Budget	1 year change		5 year change		Comments
		2016-17	2017-18	2018-19	2019-20	2020-21	amt	%	amt	%	
1	ACADEMIC SENATE	536,313	597,714	685,445	797,310	760,747	(36,563)	-4.6%	224,434	41.8%	salary increase plus increase in allowable release time
2	ACCREDITATION	54,361	7,198	568	25,552	17,000	(8,552)	-33.5%	(37,361)	-68.7%	cost varies depending on accreditation cycle
3	AUDIT EXPENSE	492,700	496,500	458,000	607,845	700,000	92,155	15.2%	207,300	42.1%	cost escalation
4	BENEFITS-RETIREE	22,282,181	26,489,626	26,475,574	23,976,929	25,570,015	1,593,086	6.6%	3,287,834	14.8%	cost escalation, SRP additions
5	CENTRAL FINANCIAL AID UNIT (CFAU)	1,550,132	1,480,908	1,514,498	1,605,435	1,728,408	122,973	7.7%	178,276	11.5%	salary increase
6	COMPLIANCE OFFICERS	485,020	495,906	370,734	-	-	-	n/a	(485,020)	-100.0%	staff reassigned into ESC budgets
7	DOLORES HUERTA CENTER	280,965	280,965	303,821	321,186	341,449	20,263	6.3%	60,484	21.5%	salary increase
8	DW MANDATORY MEMBERSHIPS					529,506	529,506	n/a	529,506	n/a	ACCJC, AACC, CCLC
9	DW MARKETING (PUBLIC RELATIONS)	348,702	596,317	530,602	450,946	1,809,500	1,358,554	301.3%	1,460,798	418.9%	dw marketing and advertising contract
10	EMPLOYEE ASSISTANCE PROGRAM	226,556	187,805	173,365	140,955	153,500	12,545	8.9%	(73,056)	-32.2%	
11	ENVIRONMENTAL HEALTH AND SAFETY	429,155	519,354	320,176	427,687	957,500	529,813	123.9%	528,345	123.1%	TB risk assessment project
12	FRAMEWORK FOR RACIAL EQUITY					1,700,000	1,700,000	n/a	1,700,000	n/a	new
13	GOLD CREEK	111,695	99,679	114,256	78,002	139,395	61,393	78.7%	27,700	24.8%	salary increase
14	HR TRAINING & DEVELOPMENT				70,865	242,000	171,135	241.5%	242,000	n/a	consolidation of leadership development, increase need to provide training
15	LEADERSHIP DEVELOPMENT	67,292	64,828	-	-	-	-	n/a	(67,292)	-100.0%	consolated above
16	METRO RECORDS	83,379	85,328	90,693	93,324	97,834	4,510	4.8%	14,455	17.3%	salary increase
17	SOUTHWEST BASEBALL FIELDS	83,020	89,482	76,397	-	-	-	n/a	(83,020)	-100.0%	SW now covers cost from rental income
18	SPECIAL PROJECTS	211,411	31,491	-	-	595,000	595,000	n/a	383,589	181.4%	project in FY17 include;applicant tracking system & new budget system
19	COLLECTIVE BARGAINING	1,189,672	912,888	437,934	822,527	1,131,000	308,473	37.5%	(58,672)	-4.9%	FY17, FY18 included tuition (see line 35);
20	INSURANCE	6,238,928	3,794,587	5,006,245	4,694,174	5,792,786	1,098,612	23.4%	(446,142)	-7.2%	cost escalation, variable settlement needs
21	LEGAL EXPENSE	2,758,965	2,867,804	5,375,672	3,798,167	3,380,000	(418,167)	-11.0%	621,035	22.5%	variable legal needs
22	RESERVE FOR INSUR/LEGAL/WC	-	-	-	-	2,901,638	2,901,638	n/a	2,901,638	n/a	reserve only, budget is transfer as needed
23	STAFF TRAINING - LEGAL				-	165,000	165,000	n/a	165,000	n/a	Diversity required training
24	WORKER'S COMPENSATION	5,074,082	5,400,534	4,467,258	4,689,327	6,275,750	1,586,423	33.8%	1,201,668	23.7%	cost escalation, variable settlement needs
25	BOARD ELECTION	3,193,410	-	-	-	-	-	n/a	(3,193,410)	-100.0%	assess \$3m each year, expenditures occur every 2 yrs
26	DISTRICT/CAMPUS SAFETY	20,519,973	21,470,391	22,511,400	23,423,923	21,875,716	(1,548,207)	-6.6%	1,355,743	6.6%	change in contract
27	DISTRICTWIDE BENEFITS	51,648	58,643	53,247	39,182	70,000	30,818	78.7%	18,352	35.5%	increase due to college technology staff reassignment
28	EMERGENCY PREPAREDNESS	-	-	-	89,556	137,000	47,444	53.0%	137,000	n/a	Emergency alerting app
29	GASB	53,500	6,900	43,500	15,890	60,100	44,210	278.2%	6,600	12.3%	Financial Stmt disclosures, biennial OPEB actuarial
30	HEALTH BENEFITS ADMINISTRATION				346,274	425,000	78,726	22.7%	425,000	n/a	previously unbudgeted
31	LA COLLEGE PROMISE					50,000	50,000	n/a	50,000	n/a	sfp funds utilized first, budget ensures enough to pay for graduation
32	PROJECT MATCH	101,550	100,061	91,079	102,019	123,700	21,681	21.3%	22,150	21.8%	salary increase
33	PUBLIC POLICY (STATE & FEDERAL ADVOCATES)	572,914	337,799	475,847	621,029	781,800	160,771	25.9%	208,886	36.5%	4 firms in FY17; added local advocacy in recent years
34	STAFF DEVELOPMENT	4,610	3,540	33,290	2,917	30,000	27,083	928.4%	25,390	550.8%	\$1,000 per year per site, 1521a, local 721, local 99
35	TUITION REIMBURSEMENT	169,002	121,879	441,134	302,908	473,000	170,092	56.2%	303,998	179.9%	FY 17, FY18 does not include AFT tuition (see line 19)
36	VACATION BALANCE	858,441	2,931,101	623,475	773,284	900,000	126,716	16.4%	41,560	4.8%	variable based upon usage
37	WELLNESS PROGRAM	48,019	157,592	184,016	183,543	153,000	(30,543)	-16.6%	104,982	218.6%	ramp up of program

**Los Angeles Community College District
Districtwide Accounts**

Item#	Description	Actual	Actual	Actual	Actual	Budget	1 year change		5 year change		Comments
		2016-17	2017-18	2018-19	2019-20	2020-21	amt	%	amt	%	
38	IT-ACADEMIC & STUDENT APPLICATIONS	21,627	22,395	332,623	1,163,866	2,117,351	953,485	81.9%	2,095,724	9690.3%	academic software needs increase due to pandemic
39	IT-COLLEGE TECHNOLOGY SERVICES					13,865,432	13,865,432	n/a	13,865,432	n/a	centralization of Info Tech
40	IT-CYBER SECURITY			350,000	275,916	480,000	204,084	74.0%	480,000	n/a	centralization of Info Tech
41	IT-ERP/SAP				523,370	3,265,162	2,741,792	523.9%	3,265,162	n/a	centralization of Info Tech
42	IT-INFORMATION SECURITY					235,000	235,000	n/a	235,000	n/a	centralization of Info Tech
43	IT-NETWORK				93,801	372,000	278,199	296.6%	372,000	n/a	centralization of Info Tech
44	IT-SERVICE CENTER				446,683	716,000	269,317	60.3%	716,000	n/a	centralization of Info Tech
45	IT-SIS MODERNIZATION PROJECT	1,280,921	1,043,308	5,326,179	2,324,622	-	(2,324,622)	-100.0%	(1,280,921)	-100.0%	centralization of Info Tech
46	IT-SOFTWARE SYSTEMS					1,362,347	1,362,347	n/a	1,362,347	n/a	centralization of Info Tech
47	IT-STUDENT SYSTEMS AND WEB SERVICES				1,061,272	2,404,592	1,343,320	126.6%	2,404,592	n/a	centralization of Info Tech
	Grand Total	69,380,142	70,752,524	76,867,029	74,390,285	104,885,228	30,494,943	41.0%	35,505,086	51.2%	

APPENDIX B

DISTRICTWIDE ACCOUNTS

A Operating Budgets:

- 1 **Academic Senate** – funding for District academic senate operations and release time.
- 2 **Accreditation** – funding for assignments, contracts, travel expense, and other logistical support pertaining to accreditation efforts for the nine colleges.
- 3 **Audit Expense** – cost of annual and special audits.
- 4 **Benefits-Retiree** – cost of retirees’ medical/dental benefits.
- 5 **Central Financial Aid Unit (CFAU)** – the Central Financial Aid Unit operates at the Educational Services Center and is associated with loan collection and districtwide financial aid administration.
- 6 **Compliance Officers** – Regional Compliance Officers
- 7 **Dolores Huerta Center** – funding for the Dolores Huerta Labor Institute.
- 8 **Districtwide Mandatory Memberships** – funds for mandatory institutional memberships for the colleges. Mandatory memberships budgeted in Districtwide Accounts include the Accrediting Commission for Community and Junior Colleges (ACCJC), American Association of Community Colleges (AACC), and Community College League of California (CCLC).
- 9 **Districtwide Marketing (Public Relations)** – funds for districtwide recruitment of prospective students and public relations.
- 10 **Employee Assistance Program** – funds for this program are based on contractual agreements and used to cover costs for service fees and supplies supporting the coordination of professional counseling, work/life programs, employee development workshops, and other employee support services.
- 11 **Environmental Health & Safety** – districtwide costs of safety and emergency supplies, equipment, tuberculosis testing of employees, and renewal of existing contract in compliance with the Division of Occupational Safety and Health (DOSH) asbestos screenings, respirator physicals, blood chemistry panels, and blood-borne pathogens standard for employees exposed to regulate hazardous substances and “select carcinogens.”
- 12 **Framework for Racial Equality & Social Justice** – funds to support the identification of structural and systemic barriers to the recruitment, hiring, onboarding, supervision, and promotion of historically underrepresented and marginalized communities; to construct and redesign curriculum to support and build upon equitable, anti-racist classroom environments; to establish mandated cultural proficiency, anti-bias, and cultural responsiveness training

germane to community policing and de-escalation techniques; and to engage and invest in Districtwide advocacy efforts aimed at introducing and supporting state and national legislation focused on racial equity, inclusion, and diversity.

- 13 **Gold Creek** – funds for the maintenance of the District’s instructional laboratory in the San Gabriel Mountains.
- 14 **HR Training & Development** – funding for contracts for professional development.
- 15 **Leadership Development** – funding for leadership training.
- 16 **Metro Records** – funding to cover the costs of record keeping and transcripts for the District’s defunct Metropolitan College.
- 17 **Southwest Baseball Fields** – funds for maintenance of the baseball fields at Los Angeles Southwest College.
- 18 **Special Projects** – funding to cover expenses for special projects. Current special projects include Client Advantage Group consulting services for the District’s purchase of a new fleet of multifunction devices (MFDs) and their associated software and print services, as well as a Title IX workgroup tasked with ensuring District compliance with new Title IX regulations.

B Operating Budgets with Variables:

- 19 **Collective Bargaining** – funds for Labor Union representatives’ release time, faculty travel, Local 99 equipment, and negotiation expenses.
- 20 **Insurance** – funds for insurance premiums for athletics, property, and excess worker’s compensation liability and costs of claims, litigation, and settlements related to District property.
- 21 **Legal Expense** – funds for districtwide legal expenses including outside counsel and case settlement.
- 22 **Reserve for Insurance/Legal/Worker’s Compensation** – funds set aside as Reserve for any claim associated with Collective Bargaining, Liability, Legal Expense, and Worker’s Compensation which is based on 20% increase of the 3-year average expenditures.
- 23 **Staff Training, Legal** – funds for diversity training.
- 24 **Worker’s Compensation** – payments of worker’s compensation claims and administration.

C Other Centralized Accounts:

- 25 **Board Election Expense** – funds to cover costs incurred in the election of the District’s Board member(s) that are conducted every other year.

- 26 **District/Campus Safety** – funds for Sheriff’s contract with the County of Los Angeles.
- 27 **Districtwide Benefits** – funds to cover the annual OPEB contribution of District employees charged to Districtwide Accounts.
- 28 **Emergency Preparedness** – funds to cover costs for conducting emergency exercises and drills, update all college emergency plans, creating online floor warden training and certification for Educational Services Center employees, developing a standard for Safety and Security Technologies to be deployed throughout the District.
- 29 **GASB** – funds to cover the actuarial services needed to implement GASB Statement No. 75, Accounting and Financial for Postemployment Benefits Other Than Pensions and to provide reporting information to CALPERS.
- 30 **Health Benefits Administration** – funds cover contracts pertaining to health benefits administration.
- 31 **Los Angeles College Promise** – funds provide admin support to the Los Angeles College Promise program.
- 32 **Project Match** – funds for an instructional development program designed to promote quality instruction and diversity in community college teaching.
- 33 **Public Policy** – funds for services provided by lobbyists who advocate and communicate legislation, policy, and regulatory developments and activities to the state and federal legislatures that may impact the District operations, priorities, and goals.
- 34 **Staff Development** – funds for the enhancement and developmental activities of staff based on contractual agreements.
- 35 **Tuition Reimbursement** – funds for tuition reimbursement of District employees as specified in the collective bargaining contract and Board authorization.
- 36 **Vacation Balance** – funds for accrual lump sum vacation payments for employees who leave the Los Angeles Community College District.
- 37 **Wellness Program** – funds to provide health and wellness awareness and intervention programs for Los Angeles Community College District employees and their families through districtwide health promotions that support initiatives identified by the Joint Labor-Management Benefits Committee (JLMBC) and the Board of Trustees.

D Districtwide Information Technology:

- 38 **Academic and Student Applications** – cost of various academic software support applications, including Mathematica, VoteNet, and CurriQnet.

- 39 **College Technology Services** – funds for Information Technology personnel, supplies, and equipment that directly support operations within the three college regions.
- 40 **Cyber Security** – funds to recover from Information Technology security compromises and to protect against unauthorized access.
- 41 **ERP/SAP** – funds set aside for support and maintenance of SAP enterprise resource planning (ERP) software.
- 42 **Information Security** – funds for anti-phishing software and security consulting services pertaining to technology.
- 43 **Network** – funds for the support and maintenance of the District’s data transmission and network resources.
- 44 **Service Center** – funds for the support and maintenance of various districtwide information systems, including email servers and cloud services, licenses for Adobe and other electronic signature software, remote desktop access and support, and other management software.
- 45 **SIS Modernization Project** – funds for the implementation of the new Student Information System, a district-wide online computer system for students.
- 46 **Software Systems** – funds for support and maintenance of server hardware and related software at Educational Services Center and regional data centers.
- 47 **Student Systems and Web Services** – funds for support and maintenance of various districtwide information systems, including cloud hosting for college websites, licenses for Zoom, and PeopleSoft support.

WINTER 2021: Credit Enrollment Comparison

Census day for most classes in Winter 2021 is January 7 or 10, but varies depending on course start date.

Day	Day relative to beginning of instruction
6	Sunday, January 10, 2021
	Sunday, January 12, 2020

HEADCOUNT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Winter 2021	4,738	9,125	1,967	2,708	3,769	1,817	3,261	4,495	4,890	36,770
Winter 2020	4,331	7,632	1,704	2,783	4,966	2,129	3,599	4,837	5,042	37,023
2021 % of 2020	109%	120%	115%	97%	76%	85%	91%	93%	97%	99%

ENROLLMENT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Winter 2021	5,764	11,606	2,380	3,293	4,570	2,260	3,842	5,560	6,115	45,390
Winter 2020	5,225	9,387	2,074	3,446	6,070	2,725	4,243	5,970	6,466	45,606
2021 % of 2020	110%	124%	115%	96%	75%	83%	91%	93%	95%	100%

SECTION COUNT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Winter 2021	175	369	59	92	143	69	154	170	169	1,400
Winter 2020	167	336	56	94	173	85	174	174	168	1,427
2021 % of 2020	105%	110%	105%	98%	83%	81%	89%	98%	101%	98%

Enrollment divided by Section	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Winter 2021	32.9	31.5	40.3	35.8	32.0	32.8	24.9	32.7	36.2	32.4
Winter 2020	31.3	27.9	37.0	36.7	35.1	32.1	24.4	34.3	38.5	32.0
2021 % of 2020	105%	113%	109%	98%	91%	102%	102%	95%	94%	101%

¹ Source: LACCD Student Information System, PS_CLASS_TBL, PS_STDNT_ENRL tables.

² Enrollment and Section count: Includes Credit PA, WSCH (if applicable), DSCH, Ind Study, and Work Exp. Excludes Non-Credit Adult Ed and Non-Credit Tutoring. 2020 Section count reflects the information as of the end of the term (instead of the relative day listed above).

³ Headcount, Enrollment and Section Count numbers for East exclude In-Service Training (IST) classes.

⁴ Headcount and Enrollment numbers exclude students with Waiting status and drops from waitlists.

SPRING 2021: Credit Enrollment Comparison

Census day for Spring 2021 (WSCH) is February 22

Day
-29

Day relative to beginning of instruction

Sunday, January 10, 2021

Sunday, January 12, 2020

HEADCOUNT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Spring 2021	8,743	14,062	4,642	5,036	11,491	2,776	5,677	9,624	5,674	67,725
Spring 2020	8,930	15,474	5,964	6,107	14,029	3,563	7,119	11,428	6,869	79,483
2021 % of 2020	98%	91%	78%	82%	82%	78%	80%	84%	83%	85%

ENROLLMENT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Spring 2021	19,290	31,819	10,255	10,392	28,145	5,139	12,059	20,897	11,504	149,500
Spring 2020	21,565	39,150	14,059	13,704	36,645	7,473	16,125	26,884	14,805	190,410
2021 % of 2020	89%	81%	73%	76%	77%	69%	75%	78%	78%	79%

SECTION COUNT	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Spring 2021	1,210	2,053	639	645	1,522	444	1,032	1,346	863	9,754
Spring 2020	1,267	2,139	674	680	1,596	492	1,195	1,412	893	10,348
2021 % of 2020	96%	96%	95%	95%	95%	90%	86%	95%	97%	94%

Enrollment divided by Section	City	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West	Total
Spring 2021	15.9	15.5	16.0	16.1	18.5	11.6	11.7	15.5	13.3	15.3
Spring 2020	17.0	18.3	20.9	20.2	23.0	15.2	13.5	19.0	16.6	18.4
2021 % of 2020	94%	85%	77%	80%	81%	76%	87%	82%	80%	83%

¹ Source: LACCD Student Information System, PS_CLASS_TBL, PS_STDNT_ENRL tables.

² Enrollment and Section count: Includes Credit PA, WSCH (if applicable), DSCH, Ind Study, and Work Exp. Excludes Non-Credit Adult Ed and Non-Credit Tutoring. 2020 Section count reflects the information as of the end of the term (instead of the relative day listed above).

³ Headcount, Enrollment and Section Count numbers for East exclude In-Service Training (IST) classes.

⁴ Headcount and Enrollment numbers exclude students with Waiting status and drops from waitlists.

2020-21 First Period FTES Report

Apportionment FTES

	<u>City</u>	<u>East</u>	<u>Harbor</u>	<u>Mission</u>	<u>Pierce</u>	<u>Southwest</u>	<u>Trade-Tech</u>	<u>Valley</u>	<u>West</u>	<u>Total</u>
credit	376	1,258	358	134	592	196	307	393	276	3,891
non-credit	1	121	3	25	84		9	4	1	249
ncr enhanced	110	584	8	11	1	28	33	59	58	891
special admit credit	20	57	29	11	50	15	32	29	21	264
incarcerated credit										
Summer 2020/2	507	2,021	398	181	727	239	382	484	356	5,295
credit	3,888	8,243	2,216	2,214	5,091	1,124	3,555	4,176	2,691	33,198.14
non-credit	23	413	15	52	163	25	123	44	54	912.11
ncr enhanced	302	195	20	32	2	211	165	217	48	1,192.28
special admit credit	233.07	265.51	131.64	173.10	218.64	101.80	113.66	204.56	149.58	1,591.55
incarcerated credit										
Fall 2020	4,446.77	9,116.93	2,382.70	2,471.09	5,474.99	1,460.74	3,956.96	4,641.31	2,942.59	36,894.07
credit	561.04	1,364.57	172.38	408.73	507.09	189.86	495.08	614.25	593.44	4,906.44
non-credit	0.35	26.28		8.69	32.95	0.22	2.90	2.38		73.76
ncr enhanced	52.00	42.72	0.64		0.38	2.17	31.71	39.68	26.81	196.11
special admit credit	17.67	5.46	18.84	37.47	19.38	22.84	2.80	42.61	13.12	180.19
incarcerated credit										
Winter 2021	631.05	1,439.03	191.87	454.89	559.80	215.07	532.49	698.92	633.37	5,356.50
credit	3,622.63	8,778.69	2,291.43	2,178.24	5,184.42	1,222.11	3,823.41	4,484.31	2,674.77	34,260.02
non-credit	20.74	135.14	8.39	42.02	194.36	7.77	1.93	2.15		412.50
ncr enhanced	204.02	155.80	24.03	58.72	4.11	162.39	49.89	186.63	75.81	921.41
special admit credit	260.64	236.76	158.26	168.45	220.80	126.80	68.20	204.00	149.46	1,593.37
incarcerated credit										
Spring 2021	4,108.04	9,306.39	2,482.11	2,447.43	5,603.69	1,519.08	3,943.44	4,877.09	2,900.04	37,187.30
credit	688.54	1,326.16	43.26	323.87	448.77	210.26	553.34	551.97	689.50	4,835.67
non-credit					2.82					2.82
ncr enhanced	2.65	1.87	0.08						2.36	6.96
special admit credit	90.68	38.78	17.73	46.80	62.83	12.41	11.16	108.98	48.24	437.60
incarcerated credit										
Summer 2021/1	781.87	1,366.81	61.07	370.66	514.42	222.67	564.50	660.95	740.10	5,283.05
Total 2020-21	10,475.23	23,249.92	5,515.36	5,924.93	12,879.74	3,656.57	9,379.17	11,362.45	7,572.53	90,015.90
Total Credit (excl K12)	9,136.88	20,971.13	5,081.59	5,258.14	11,823.69	2,942.12	8,733.72	10,219.83	6,924.53	81,091.64
Total Non-Cr Regular	46.07	696.21	25.77	127.37	477.50	32.59	137.53	52.11	54.94	1,650.10
Total Non-Cr Enhanced	670.46	978.92	52.89	102.17	7.02	403.12	280.12	501.80	211.18	3,207.67
Special Admit Credit	621.82	603.66	355.11	437.25	571.53	278.74	227.80	588.71	381.88	4,066.49
Incarcerated Credit										
Basic Skills Credit	181.82	119.42	76.01	56.31	86.75	11.20	82.07	91.36	12.80	717.74
Basic Skills Non-Credit	816.08	1,857.54	80.18	423.21	26.19	427.38	523.13	662.59	303.92	5,120.22

2019-20 Annual FTES Report

Summer 2019/2	434.89	2,140.55	54.35	250.98	698.22	251.29	332.31	440.63	452.38	5,055.59
Fall 2019	4,685.43	10,373.62	2,769.22	2,996.92	6,179.86	2,000.13	5,114.45	5,234.78	3,500.35	42,854.75
Winter 2020	676.45	1,347.38	213.86	366.70	717.17	294.44	571.68	743.40	695.07	5,626.15
Spring 2020	4,502.11	9,853.01	2,479.03	2,733.38	5,815.18	1,763.99	4,718.89	4,888.45	3,135.22	39,889.26
Summer 2020/1	781.87	1,266.81	61.07	370.66	668.22	222.67	562.14	693.08	740.10	5,366.61
Total 20179-20	11,080.74	24,981.37	5,577.51	6,718.66	14,078.63	4,532.52	11,299.46	12,000.34	8,523.13	98,792.36
Total Credit	9,193.37	21,528.44	5,145.29	5,685.45	13,065.95	3,527.84	10,249.32	10,595.96	7,699.53	86,691.15
Total Non-Credit Regular	92.83	959.99	61.72	258.69	460.15	56.73	316.42	115.04	155.57	2,477.14
Total Non-Credit Enhanced	1,076.04	1,451.09	61.35	247.31	17.79	560.56	398.62	717.07	276.58	4,806.41
Special Admit Credit	718.50	1,041.85	309.15	517.85	534.74	387.39	335.10	572.27	391.45	4,808.31
Incarcerated Credit				9.35						9.35
Basic Skills Credit	181.82	119.42	76.01	56.31	86.75	11.20	82.07	91.36	12.80	717.74
Basic Skills Non-Credit	816.08	1,857.54	80.18	423.21	26.19	427.38	523.13	662.59	303.92	5,120.22
Total K-12 adjustment	0.82	4.21	5.20	0.80	0.46	3.08	4.76	1.30	1.17	21.80
Athletics adjustment		4.24	7.11	1.83	6.13	0.63	0.58	2.53	12.11	35.17
Total Credit Non-Resident	430.72	713.34	90.87	74.58	341.09	57.73	221.39	157.26	206.50	2,293.48

Estimated Fall 2021 Regular Faculty FTEF Hires Required [^] (January 12, 2021)

<u>Line</u>		<u>Total</u>
1	Fall 20 FON Full-Time Faculty FTE	1557.1
2	"Late" Separations applied to Fall 20 FON	27.0
3	SRP "Early" 2021 Separations (as of January 12, 2021)*	112.0
4	Estimated FTEF Adjusted for Separations (Line 1 minus Line 2 & 3)	1418.1
5	Current Projected Spring/Fall 2021 College Credit Hires †	7.0
6	Estimated FTEF Fall 2021 FTEF (Lines 4 plus 5)	1425.1
7	State Fall 2021 Advance Amount FTEF (As of August 3, 2020) [^]	1411.8
8	Projected Hires Over Projected Required (Line 7 minus line 6)	13.3

† Currently 2 of the 7 hired for Spring 2021.

Notes:

[^] Memo from the CCCCCO State Director of Fiscal Standards and Accountability on Fall 2021 Advance dated August 3, 2020. May change due to increase/decrease enrollment.

† Needs to be finalized. Currently, projected hires as follows: 2 City, 1 East, 1 Harbor and 3 Valley

* Based on list from PARS dated 11/19/2020 and assumes all faculty are credit. Deleted duplicate record.

Joint Analysis

Governor's January Budget

January 8, 2021



California Community Colleges



ACBO.ORG
ASSOCIATION OF CHIEF BUSINESS OFFICIALS



ASSOCIATION OF CALIFORNIA
COMMUNITY COLLEGE ADMINISTRATORS



COMMUNITY COLLEGE
LEAGUE OF CALIFORNIA

Background

This analysis was prepared by the California Community Colleges Chancellor's Office (Chancellor's Office) with support from the:

- Association of California Community College Administrators (ACCCA)
- Association of Chief Business Officials (ACBO)
- 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.

Introduction

Today, Governor Newsom released his budget proposal for the 2021-22 fiscal year. Under the proposal, the overall state budget would remain fairly flat compared to the enacted 2020-21 budget, increasing slightly to \$227.2 billion. General Fund spending would increase by about \$8.6 billion (5.5%) to \$164.5 billion.

The proposed budget maintains the state's recent commitment to paying down liabilities, maintaining reserves, and increasing spending primarily for one-time initiatives. Major themes of the Governor's Budget involve addressing urgent needs in the context of the coronavirus disease 2019 (COVID-19) and related economic impacts, including:

- Offering relief to low-income Californians from the impact of COVID-19, including an immediate "Golden State Stimulus" that would provide \$600 payments to individuals.
- Focusing on economic recovery through grants to small businesses; tax credits, grants and other incentives for job creation; and investments in workforce development strategies that encourage collaboration among higher education institutions and their local workforce partners.
- Providing support to facilitate re-opening schools for in-person learning, with a focus on younger students and on ensuring support for low-income students, English language learners, and foster youth.

Budget Overview

The Governor's budget proposal for the California Community Colleges includes one-time investments in emergency student financial assistance, work-based learning, mental health, and student retention and (re)enrollment, along with new, ongoing investments in online education infrastructure and expansion of apprenticeships. It includes ongoing adjustments, including enrollment growth and cost-of-living adjustments (COLA), using updated estimates of revenue, enrollment, inflation, and student participation. The Governor's Budget also proposes to buy down a significant portion of the 2020-21 deferrals.

BUDGET SHAPED BY CONTINUING HEALTH CRISIS AND ECONOMIC UNCERTAINTY

The 2020 Budget Act was affected by the public health emergency associated with the COVID-19 pandemic, and subsequent seismic shift in the state's economic conditions. The resulting recession led to a \$54.3 billion shortfall in the state budget and a \$13.6 billion drop in the Proposition 98 guarantee (across 2019-20 and 2020-21). The budget prevented immediate cuts to community college apportionments and categoricals by deferring approximately \$1.5 billion in funding for the system to 2021-22, with the hope that a significant share of the deferrals would be rescinded if Congress approved a fourth stimulus package with sufficient funding by October 15, 2020. That relief did not come until December, leaving the full deferral in place for 2020-21.

Economic and Budget Outlook Improved; Yet Caution Reigns

The budget outlook has improved since the 2020 Budget Act despite the dramatic increase in COVID-19 cases and continuing shutdowns across most of the state. State revenues continue to outperform earlier projections related to improving employment in many sectors, a growing housing market due to low interest rates and high demand, and sales of taxable goods replacing some of the resources previously spent on untaxed services. However, the economic recovery has been unequal, with the wealthy benefitting from a strong stock market and comparatively low unemployment in professional industries while the state's low-wage workers in industries most affected by the pandemic are left behind, exacerbating inequality. The Governor's Budget summary notes that, despite higher-than-expected revenues, the State faces an operating deficit as General Fund expenditures grow faster than the "big three" revenues, projected to grow to over \$11 billion by 2024-25, constraining the ability to undertake expanded ongoing commitments.

More COVID-19 Relief Funds

In December 2020, Congress approved an additional \$900 billion economic relief package, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA - H.R. 133), which allocates \$22.7 billion to the Higher Education Emergency Relief Fund. While the funds will be allocated similarly to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the new relief bill uses a formula that considers headcount enrollment in addition to FTES, which benefits the California Community Colleges. The California Community Colleges are scheduled to receive about \$1.286 billion, not including additional allocations for minority serving institutions or those with the most need. The flexible funds can be used to defray expenses associated with COVID-19, carry out authorized student support activities, and provide financial aid grants to students (including those exclusively enrolled online, and without regard for students' immigration status).

District Revenue Protections

In response to COVID-19 and its budgetary impacts, the system rapidly adapted its priorities to focus on the fundamental needs of students, faculty, staff, and college administrators, by seeking to support colleges while mitigating disruption to instruction, the system's focus on equity, and momentum toward the *Vision for Success*. As the COVID-19 pandemic and resulting economic recession continue to challenge the system, providing fiscal stability remains a top priority.

Throughout 2020-21, emergency conditions under Title 5, Section 58146 will continue to be in effect. This section provides funding allowances due to emergency conditions such as the COVID-19 pandemic. The intent behind this section is to prevent districts from losing apportionment as a result of emergency conditions. For districts participating in the COVID-19 Emergency Conditions Allowance, FTES protections are applied to the base allocation of the Student Centered Funding Formula.

In addition, the 2020 Budget Act extended the Student Centered Funding Formula's existing minimum revenue (hold harmless) provision by two years, through 2023-24. Under this provision, districts will earn at least their 2017-18 total computational revenue, adjusted by COLA each year, if applicable.

EARLY ACTION PACKAGE

Aided by improved budget conditions, the Governor and Legislature have begun conversations focusing on immediate actions that could support the health and economic recovery of Californians. Possible considerations include an advanced spending plan, or Early Action Package, providing targeted investments for affected populations. For California Community Colleges, such a plan is expected to include:

- One-time investment of \$100 million in emergency student financial assistance grants, and
- One-time resources of \$20 million for retention and re-enrollment strategies, including engaging with former students who may have withdrawn or prospective students who are hesitant to enroll due to the impacts of COVID-19.

Potential consideration of an Early Action Package is expected in early Spring.

PROPOSITION 98 ESTIMATES

Minimum Guarantee. 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. 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 or above the traditional share of 10.93% in each of these years. Included in this share is a small amount of pass-through funding for school district-based apprenticeship programs. Prior to calculating the community college share, funding for the Adult Education, Adults in Correctional Facilities, and K-12 Strong Workforce programs, as well as transfers to the Public School System Stabilization Account, are excluded from the total.

The funding for 2021-22 includes a one-time supplemental payment of \$2.3 billion, as required by the 2020-21 Budget Act. That statute requires the state to make temporary payments equal to 1.5% of annual General Fund beginning in 2021-22 and continuing until the state has paid \$12.4 billion (the difference between the June 2020 estimates of the Proposition 98 guarantee for 2019-20 and 2020-21 and the amount of funding schools and community colleges could have received if state revenues had continued to grow). The act also requires the state to increase the minimum share of General Fund revenue allocated to schools and community colleges from 38% to 40% on an ongoing basis, with the increase phasing in over the 2022-23 and 2023-24 fiscal years.

A notable aspect of Proposition 98 funding for 2021-22 is the substantially different cost-of-living adjustments (COLA) provided to K-12 and to the community colleges. The Governor’s Budget provides a COLA of 3.84% to the Local Control Funding Formula to make up for the lack of COLA in 2020-21. However, the proposed COLA for the Student Centered Funding Formula is 1.5%. In addition, the proposal continues, and even increases, dollars from the community college share of Proposition 98 funding that are passed through to the K-12 system.

Table 1: California Community Colleges Proposition 98 Funding by Source (In Millions)

Source	2019-20 Revised	2020-21 Revised	2021-22 Proposed	Change From 2020-21 Amount	Change From 2020-21 Percent
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$54,470	\$56,942	\$60,835 ^a	\$3,894	6.8%
Local property tax	25,073	25,887	27,270	\$1,383	5.3%
Totals	\$79,544	\$82,828	\$88,105	\$5,277	6.4%
COMMUNITY COLLEGES ONLY ^b					
General Fund	\$5,355	\$5,467	\$5,697	\$230	4.2%

Local property tax	\$3,252	\$3,414	\$3,598	\$184	5.4%
Totals	\$8,606	\$8,881	\$9,295	\$414	4.7%

^a This amount includes one-time supplemental Proposition 98 funding for 2021-22.

^b This amount reflects the Proposition 98 funding received by CCCs excluding adult education funding.

Updated Estimates for Prior and Current Years. Estimates of the minimum guarantee for 2019-20 and 2020-21 have changed slightly compared to projections when the 2020-21 budget was enacted in June of last year, which can occur if school enrollment, economic growth, or state revenues turn out to be different than expected. Specifically, the revised estimates for 2019-20 and 2020-21 are higher than was projected in June related to stronger revenues.

Required Transfer 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 only if several conditions are satisfied. That is, 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. The Governor’s Budget proposes a deposit of \$3 billion into the fund, including \$2.2 billion for 2021-22 and \$747 million for 2020-21.

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.

CHANGES TO FUNDING FOR THE CALIFORNIA COMMUNITY COLLEGES

The Governor’s Budget includes \$204 million in ongoing policy adjustments for the community college system, compared to revised 2020-21 expenditure levels, as reflected in Table 2. The system would receive around \$600 million in funding for one-time and ongoing programs and initiatives. Net new resources for community colleges are limited as the proposal would pay back about \$1.1 billion in outstanding deferrals but leave in place a deferral of about \$327 million.

Table 2: Proposed 2021-22 Changes in Proposition 98 Funding for the System (In Millions)

2020-21 Revised Budget^a	\$8,698
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TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth)	\$97.6
Other technical adjustments	-\$48.6
Subtotal Technical Adjustments	\$49.0
POLICY ADJUSTMENTS	
Ongoing	
Provide 1.5% COLA for SCFF	\$111.1
Increase access to online technology as well as mental health services	30.0
Fund 0.5% enrollment growth for SCFF	23.1
Expand California Apprenticeship Initiative	15.0
Invest in online education ecosystem and infrastructure	10.6
Provide 1.5% COLA for certain categorical programs ^b	6.1
Cover increased costs for broadband access provided by CENIC	8.0
Subtotal Ongoing Policy Adjustments	\$203.9
One-Time	
Provide emergency financial assistance grants for students ^d	250.0
Address students' basic needs related to food and housing insecurity	100.0
Support retention and enrollment strategies ^d	20.0
Expand work-based learning	20.0
Increase faculty professional development	20.0
Expand Zero-Textbook Cost pathways	15.0

Provide instructional materials for dual enrollment students	2.5
AB 1460 implementation and anti-racism initiatives	0.6
Subtotal One-Time Policy Adjustments	\$428.1
TOTAL CHANGES	\$681.0
2021-22 Proposed Budget^a	\$9,379

^a Amounts exclude Adult Education Program and K-12 Strong Workforce Program funding.

^b Applies to CalWORKS, Campus Childcare, DSPS, EOPS, apprenticeships, and Mandated Costs Block Grant programs.

^c This repayment toward the \$1.453 billion deferral from 2020-21 leaves a remaining deferral of \$326.5 million.

^d A portion (\$100 million) of the emergency financial grants for students as well as the funding to support retention and enrollment strategies (\$20 million) are proposed to be included in the Early Action Package described earlier in the report.

COLA = cost-of-living adjustment

The estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by \$231.8 million from \$7.435 billion to \$7.667 billion. This reflects a proposed COLA of 1.5% (\$111.1 million) and FTES growth of 0.5% (\$23.1 million) and modified estimates for hold harmless and other underlying estimation factors of \$97.6 million. Further, the following adjustments are reflected in associated offsetting revenues (all comparisons are from the 2020-21 Budget Act to the 2021-22 Governor’s Budget proposal):

- Property tax revenues are estimated to increase by \$292.7 million from \$3.305 billion to \$3.598 billion.
- Enrollment Fee revenues are estimated to increase by \$10.7 million from \$448.4 million to \$437.7 million.
- Education Protection Account funding is estimated to decrease by \$61.4 million from \$1.088 billion to \$1.027 billion.

The 2019 Budget Act tasked the Chancellor’s Office with determining the SCFF formula’s final 2019-20 funding rates based on total computational revenue of \$7.43 billion as determined by the Department of Finance. Because no COLA was provided in the 2020 Budget Act, those 2019-20 rates remain in place for 2020-21. Table 3 reflects the final rates for the last several years, along with the projected rates for 2021-22, as modified by COLA and other base adjustments. The distribution of funds across the three allocations (base, supplemental, and student success) is determined by changes in the underlying factors.

Table 3: Proposed 2021-22 Student Centered Funding Formula Rates (rounded)

Allocations	2018-19 Rates	2019-20 and 2020-21 Rates	2021-22 Rates	Change From 2020-21	Percent Change
Base Credit ^a	\$3,727	\$4,009	\$4,069	\$60	1.5%
Supplemental Point Value	919	948	962	14	1.5%

Student Success Main Point Value	440	559	567	8	1.5%
Student Success Equity Point Value	111	141	143	2	1.5%
Incarcerated Credit ^a	5,444	5,622	5,706	84	1.5%
Special Admit Credit ^a	5,444	5,622	5,706	84	1.5%
CDCP	5,444	5,622	5,706	84	1.5%
Noncredit	3,274	3,381	3,432	51	1.5%

^a Ten districts receive higher credit FTE rates, as specified in statute.

Appendix B compares the Governor’s proposed adjustments in funding for the system in 2021-22 to the Board of Governors’ budget and legislative request. Below we highlight a few of the administration’s more significant policy decisions and related information. Later in this analysis, we detail local support funding by program, capital outlay funding, and state operations.

MAJOR POLICY DECISIONS

Apportionments

Provides for Growth and Cost-of-Living Adjustment (COLA). The proposal includes 0.5% growth in access, and a 1.5% COLA for apportionments and selected categorical programs. Decisions about any COLA were historically made by the Legislature during the annual budget process. However, the budget plan in 2019-20 implemented a new policy for the K-12 system’s Local Control Funding Formula (LCFF). Under this policy, LCFF receives an automatic COLA unless the minimum guarantee is insufficient to cover the associated costs. In that case, the COLA would be reduced to fit within the guarantee. As a result, K-12 is receiving a compounded COLA to cover both 2020-21 and 2021-22. Unfortunately, since the statute is silent on community college programs, community colleges have only been provided the 1.5% COLA for 2021-22.

Pays Down Deferrals. The 2020 Budget Act did not reduce funding for most community college programs. Instead, the budget deferred apportionment payments into the next fiscal year. Those deferrals provided immediate, one-time budgetary savings for the state, helping to balance the state budget in the context of the COVID-19-induced recession. But deferred payments can cause cash flow problems for districts, requiring them to deplete reserves and use internal and external short-term borrowing to meet ongoing obligations. Moreover, deferrals can permit the state to authorize — and districts to maintain — programmatic levels they can afford only by creating ongoing out-year obligations. These obligations can make future program reductions more likely and more profound. The Governor makes progress on paydown of 2020-21 deferrals. The budget proposal for 2021-22 would repay approximately \$1.13 billion of the \$1.45 billion in deferrals for 2020-21, carrying over a remaining deferral of \$326.5 million. This could improve cash flow for colleges and reduce pressure on future Proposition 98 funding.

Table 4: Apportionment Deferrals for the California Community Colleges in 2021-22 Proposed Budget

Fiscal Year	Deferral Action	Amount	Net Deferral
2020-21 ^a	New deferral	\$1,453.0	\$1,453.0
2021-22	Repayment	-\$1,126.5	\$326.5

^a 2020-21 deferrals are detailed in Senate Bill No. 116, Chapter 25 Statutes of 2020.

College Affordability

Provides Additional Emergency Financial Assistance. The proposal includes \$250 million in one-time funds for emergency financial assistance grants, \$100 million of which would be included in the Early Action Package (discussed earlier in the report) and intended to go out quickly in the spring. The funding would target full-time students who were previously working full time or the equivalent of full time and can demonstrate a financial need, with a self-certification process for students (allocation formula to be based on AB 540 and California College Promise Grant counts). For the remaining \$150 million, students would also have to obtain a 2.0 GPA in one of their last three semesters or four quarters.

Expands Zero Textbook Cost Pathways. The Governor’s Budget includes \$15 million in one-time funds to expand zero textbook cost (ZTC) pathways using open educational resources (OER) and other materials that are free of charge to students. This proposal builds on \$5 million provided to 23 colleges in 2016 to create degree and certificate programs that eliminate conventional textbook costs. The Chancellor’s Office estimates that programs created under this earlier funding will have generated \$42 million in textbook cost savings for more than 23,000 students by 2022. The proposal would support additional rounds of competitive grants and technical assistance for colleges.

Makes Modest Changes to Student Financial Aid. The budget includes a proposal that all high school seniors be required to complete the FAFSA. The budget proposes to increase the number of competitive Cal Grant awards by 9,000, bringing the total to 50,000 annual awards, and establishes a Cal Grant award for foster youth. It delays by one year the requirement that private colleges and universities adopt the Associate Degree for Transfer.

Student Needs

Addresses Basic Needs. The Governor’s Budget proposes \$130 million to address students’ basic needs with investments in the following two areas:

- \$100 million one-time available over three years to address student basic needs at community colleges, including housing and food insecurity.
- \$30 million for targeted basic needs, including supporting students seeking access

to mental health services and helping students acquire electronic devices and access high-speed internet.

Invests in Efforts to Retain and Enroll Students. The budget proposal includes \$20 million in one-time funds for student retention and re-enrollment, to be included in the Early Action Package. The intent is to support college efforts to increase student retention rates and enrollment among students who may have withdrawn or could not enroll due to COVID-19, and among current and prospective students who are hesitant to remain or enroll in college due to the impacts of the pandemic.

Improves Online Education Supports and Infrastructure. Other proposals addressing student needs include \$10.6 million ongoing to provide a more robust and equitable online education ecosystem and infrastructure. The proposal also includes \$2.5 million in one-time funds for instructional materials for dual enrollment students.

Diversity, Equity, and Inclusion

Invests in the “Call to Action.” In the context of several high-profile incidents of racial violence across the country and widespread protests over systemic racial injustices, the Chancellor’s Office hosted a “Call to Action” webinar in June 2020. The chancellor and other system leaders called for the system to actively strategize and take action against structural racism at our colleges. Specifically, the system was asked to review and modify training and curriculum; create inclusive classrooms and improve campus climate; and update Equity Plans to ensure they are designed for action and outcomes rather than compliance. The Governor’s Budget includes \$600,000 for Chancellor’s Office coordination of systemwide antiracism efforts and the implementation of the new ethnic studies course requirement in the California State University (CSU) as it affects community college transfer students.

Requires Action Plans to Close Equity Gaps. The budget states an expectation for each segment of higher education to draft actionable plans to close equity gaps. Community college districts would be required to draft actionable plans as a condition for receiving the COLA included in the 2021-22 budget proposal. Additional details will likely be included in trailer bill language as the budget process moves forward.

Workforce Development

Expands Work-Based Learning. The proposed budget includes \$15 million ongoing to expand the California Apprenticeship Initiative, which supports the development of new and innovative apprenticeship and pre-apprenticeship programs through competitive grants. The proposal revives the program included in the Governor’s Budget for 2020-21, which was excluded from the final budget due to the impact of COVID-19 and the resulting recession.

In addition, the Governor’s Budget provides \$20 million one-time for grants to expand access to work-based learning models and programs at community colleges, including working with faculty and employers to incorporate work-based learning into the curriculum.

The Governor’s budget proposes \$250 million one-time General Fund to support workforce development and better linkages between higher education and gainful employment. The focus will be enhancing opportunities for skill-building and wealth development for communities that have been systemically excluded. Additional details are expected in the forthcoming trailer bills.

Other Actions

Requires More Online Courses. The proposed budget would require that higher education institutions maintain a higher proportion of online courses than in the past. Specifically, districts would be required to maintain a number of online courses in 2021-22 that is 10% higher than the number offered in 2018-19. Additional details will likely be provided in trailer bills.

Seeks Better Cross-Sector Alignment. The proposal calls for several actions to smooth students’ pathways across higher education segments and to create better alignment and efficiency. Specifically, it proposes the establishment of a dual admission process between the California Community Colleges and the public university systems and calls for increased production of Associate Degrees for Transfer (ADT). It indicates that, if the University of California uses an alternative pathway and set of requirements for transfer, it must clearly specify the courses in the pathway that are different from the ADT requirements. In addition, the proposal would require all higher education segments to adopt a common learning management system (such as Canvas), with a goal of increased efficiency that could be achieved by negotiating collectively with a vendor.

Pension Costs

The 2020 Budget Act redirected funds previously designated for a long-term buydown of pension liabilities, and instead used them to reduce local school employer pension contributions in 2020-21 and 2021-22 by about 2% in each year. The 2021-22 Governor’s Budget does not propose further buydowns but continues implementation of the 2021-22 employer contribution reduction. As a result, the CalSTRS employer contribution declines from 17.1% in 2019-20 to 15.92% in 2021-22, as shown in Table 5. The action also mitigates steep increases to the CalPERS estimated employer contribution rate of 24.9%, providing for a rate of 23% in 2021-22.

Table 5: Estimated CalPERS and CalSTRS Rates

Pension System	2019-20	2020-21	2021-22
CalSTRS Employer Rate	17.10%	16.15%	15.92%
CalPERS Employer Rate	19.721%	20.70%	23.00%

LOCAL SUPPORT FUNDING BY PROGRAM

Table 6 shows proposed 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 removing one-time funding allocated in 2020-21 or to revised estimates of underlying factors.

Table 6: California Community Colleges Funding by Program^a (In Millions)

Program	2020-21 Revised	2021-22 Proposed	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$7,435.0	\$7,667.0	232.0	3.1%	COLA and Base Adjustment
Deferrals--Student Centered Funding Formula	-1,453.0	-326.5	1,126.5	77.5%	Paydown of \$1.1B toward 2020-21 deferral, with \$326.5 million.
Emergency Financial Assistance Funding for Students	-	250.0	250.0	-	Add one-time funding
Student Equity and Achievement Program	475.0	475.0	0.0	0.0%	
Strong Workforce Program	248.0	248.0	0.0	0.0%	
Student Success Completion Grant	159.0	135.1	-23.9	-15.0%	Adjust for revised estimates of recipients
Disabled Students Programs and Services (DSPS)	124.3	126.2	1.9	1.5%	1.5% COLA
COVID-19 Response Block Grant (one-time)	120.0	0.0	-120.0	-100%	Remove one-time funding
Extended Opportunity Programs and Services (EOPS)	115.9	117.6	1.7	1.5%	1.5% COLA
California College Promise (AB 19)	81.0	74.7	-6.3	-7.8%	Adjust for revised estimates of first-time, full-time students
Financial aid administration	76.0	72.4	-3.6	-4.7%	Adjust for revised estimates of fee waivers
Adult Education Program – community college districts ^b	62.0	63.0	1.0	1.6%	

Full-time faculty hiring	50.0	50.0	0.0	0.0%	
CalWORKs student services	46.9	47.6	0.7	1.5%	1.5% COLA
Apprenticeship (community college districts)	44.0	45.0	1.0	2.3%	Adjust for revised estimate of related supplemental instruction hours
Integrated technology	42.0	61.0	19.0	45.2%	Augmentation for Online Education Infrastructure and CENIC
Mandates Block Grant and reimbursements	33.4	33.7	0.3	0.9%	Revised enrollment estimates; funded at \$30.61
Institutional effectiveness initiative	47.5	47.5	0.0	0.0%	
Part-time faculty compensation	25.0	25.0	0.0	0.0%	
Online education initiative	23.0	23.0	0.0	0.0%	
Economic and Workforce Development	23.0	23.0	0.0	0.0%	
NextUp (foster youth program)	20.0	20.0	0.0	0.0%	
Cooperative Agencies Resources for Education (CARE)	16.8	17.1	0.3	1.7%	1.5% COLA
California Online Community College (Calbright College)	15.0	15.0	0.0	0.0%	
Lease revenue bond payments	13.0	13.0	0.0	0.0%	
Nursing grants	13.0	13.0	0.0	0.0%	
Part-time faculty office hours	12.0	12.0	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%	
Student Housing Program	9.0	9.0	0.0	0.0%	
Dreamer Resource Liaisons	5.8	5.8	0.0	0.0%	
Foster Parent Education Program	6.0	6.0	0.0	0.0%	
Equal Employment Opportunity Program	4.2	2.8	-1.4	-33.3%	Adjust for available EEO fund resources
Childcare tax bailout	4.0	4.1	0.1	1.5%	1.5% COLA
Other ^c	4.0	4.0	0.0	0.0%	
Umoja	2.6	2.6	0.0	0.0%	
Mathematics, Engineering, Science Achievement (MESA)	2.5	2.4	0.0	0.0%	
Puente Project	2.0	2.0	0.0	0.0%	
Middle College High School Program	1.8	1.8	0.0	0.0%	
Deferred maint. and instructional equip. (one-time)	0.0	0.0	0.0	0.0%	
Student Technological Access and Mental Health Resources	-	30.0	30.0		Adds ongoing funding
Basic Needs for Food and Housing Insecurity (one-time)	-	100.0	100.0		Adds one-time funding
CCC Retention and Enrollment Strategies	-	20.0	20.0		Adds one-time funding
Instructional Materials for Dual Enrollment (one-time)	-	5.0	5.0		Adds one-time funding
Total	\$8,259.8	\$9,501.1	\$1,241.3	15%	

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

^b Excludes share ultimately received by community college districts through the Adult Education Block Grant. For the overall adult education program in 2021-22 (including \$5 million to develop a unified data set and \$1 million for technical assistance), \$428 million (77%) is distributed through school district fiscal agents or funded directly to school districts and K-12 agencies, and \$127 million (23%) is distributed by community college district fiscal agents or funded directly to community college districts.

^c Other programs include Academic Senate, transfer, FCMAT, and part-time faculty health insurance.

CAPITAL OUTLAY

Bond Funding for Continuing and New Projects. The Budget Act includes \$355.8 million in capital outlay funding from Proposition 51, approved by voters in 2016. The funding is to support the construction phase for 17 continuing projects (\$353.6 million) and the preliminary plans and working drawings phase for one new project (\$2.2 million), as listed in Table 7. Over the next few months, as districts obtain State approval of their Preliminary Plans/Working Drawings package, the Governor’s Budget will likely include them as a continuing project.

Table 7: Governor’s Proposed Capital Outlay Projects in the California Community Colleges (In Millions)

District, College	Project	2021-22 State Cost	2021-22 Total Cost	All Years State Cost	All Years Total Cost
NEW PROJECTS					
Riverside, Norco College	Center for Human Performance and Kinesiology	\$2.162	\$2.702	\$27.075	\$33.843
CONTINUING PROJECTS					
Cerritos, Cerritos College	Health Sciences Building #26 Renovation	11.512	22.470	12.566	24.577
Chaffey, Chino Campus	Instructional Building 1	11.764	23.164	12.715	25.065
Kern, Delano Center	Learning Resource Center Multi-Purpose Building	14.411	28.909	15.602	31.312
Kern, Porterville College	Allied Health Building	9.743	19.373	10.578	21.041
Long Beach, Liberal Arts Campus	Music/Theatre Complex (Building G&H)	20.609	40.460	22.290	43.822
Los Angeles, Los Angeles City College	Theater Arts Replacement	14.124	28.040	15.236	30.285
Los Rios, American River College	Technical Building Modernization	28.647	54.121	29.905	58.312
Los Rios, Folsom Lake College	Instructional Buildings Phase 2.1	29.494	55.179	30.774	59.446

Los Rios, Natomas Education Center	Natomas Center Phase 2 and 3	27.632	37.890	28.518	40.625
Peralta, College of Alameda	Replacement of Buildings B and E (Auto and Diesel)	15.291	30.164	16.569	32.719
Peralta, Laney College	Modernize Theatre Building	7.290	23.423	7.999	25.696
Peralta, Merritt College	Horticulture Building Replacement	9.034	20.192	9.789	21.880
Redwoods, College of the Redwoods	Physical Education Replacement	63.839	63.839	69.218	69.218
San Bernardino, San Bernardino Valley College	Technical Building Replacement	31.422	68.960	33.735	74.134
Santa Barbara, Santa Barbara City College	Physical Education Replacement	32.521	40.719	35.072	43.926
Santa Monica, Santa Monica College	Arts Complex Consolidation	9.821	19.307	10.614	20.892
Yuba, Woodland College	Performing Arts Facility	16.472	38.758	17.899	41.664
Total		\$355.788	\$617.670	\$406.154	\$698.457

STATE OPERATIONS

The Chancellor’s Office provides system 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 a new apportionment funding formula. In addition, the Chancellor’s Office provides technical assistance to districts and conducts regional and statewide professional development activities. The current-year (2020-21) budget provides \$19.3 million in non-Proposition 98 General Fund and \$11 million in special funds and reimbursements for Chancellor’s Office operations.

The Governor’s Budget for 2021-22 provides \$600,000 in one-time funds to the Chancellor’s Office for the coordination of systemwide antiracism initiatives and for the implementation of the new ethnic studies requirement in the CSU (AB 1460). The budget makes no other significant adjustments to state operations, and maintains the same number of positions, resulting in total budgeted resources for the Chancellor’s Office of \$31.3 million in 2021-22 (including \$19.7 million in General Fund).

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 8 below.

Table 8: Planning Factors for Proposed 2021-22 Budget

Factor	2019-20	2020-21	2021-22
Cost-of-living adjustment (COLA)	3.26%	0.00%	1.50%
State Lottery funding per FTES ^a	\$191.00	\$199.00	
Mandated Costs Block Grant funding per FTES	\$30.16	\$30.16	\$30.16
RSI reimbursement per hour	\$6.45	\$6.44	\$6.54
Financial aid administration per College Promise Grant	\$0.91	\$0.91	\$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	19.72%	20.70%	23.00%
State Teachers' Retirement System (CalSTRS) employer contribution rates	17.10%	16.15%	15.92%

^a 2021-22 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 9.

Table 9: Standard Financial Reporting Deadlines in Place for 2021-22

Activity	Regulatory Due Date	Title 5 Section
Submit tentative budget to county officer.	July 1, 2021	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2021	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2021	58301 58305(c)
Complete the adopted annual financial and budget report and make public.	September 30, 2021	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2021	58305(d)
Submit an audit report to the Chancellor's Office.	December 31, 2021	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. State law sets a goal that 75% of instructional hours in each district 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. 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. The Board of Governors, at their November 2020 meeting, determined that the Budget Act of 2020 does not provide adequate funding to support full implementation of districts' full-time faculty hiring obligations for Fall 2021. As a result, districts must continue to report actual full-time and part-time faculty data to the Chancellor's Office. While penalties are deferred and not waived, the Chancellor's Office will continue to calculate and publish FON data for the system.

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.

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>

Appendices

Please see the following pages for supplemental information:

- Appendix A: Overview of the State Budget Process
- Appendix B: Board of Governors' Budget and Legislative Request Compared to Governor's Budget Proposal

- Appendix C: Districts' Fiscal Health
- Appendix D: Glossary

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.

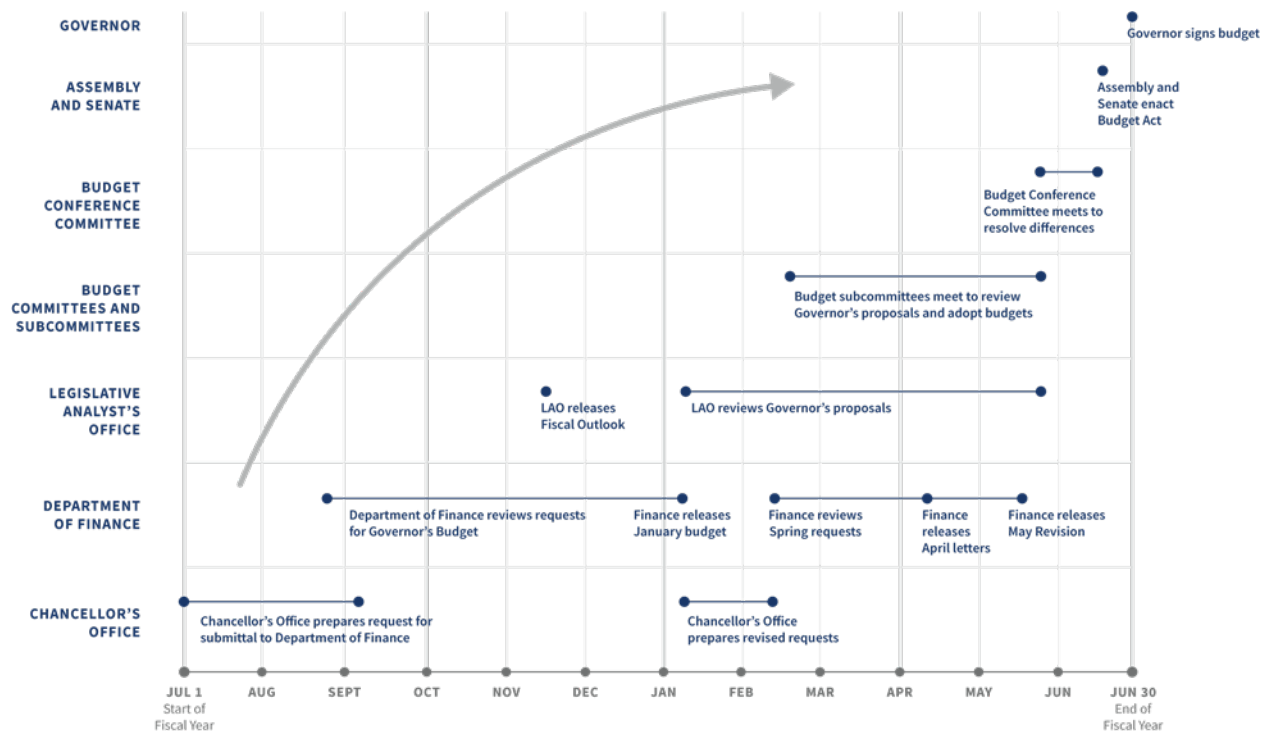
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can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

Board of Governor’s Request	Governor’s Budget Proposal
Ongoing Investments	
<p>Foundational Resources. \$150 million for a cost-of-living adjustment (COLA) to the Student Centered Funding Formula and to increase base resources to meet growing cost obligations</p>	<p>Provides a COLA of 1.5% and 0.5% growth, and defers \$326.5 million in 2021-22.</p>
<p>Diversity, Equity, and Inclusion. \$60.4 million for implementation of Faculty and Staff Diversity, Equity and Inclusion Task Force recommendations, including \$40 million for full-time faculty hiring, \$20 million to expand district EEO implementation, and \$0.4 million for Chancellor’s Office positions to provide leadership on EEO implementation</p>	<p>See one-time funding provided below.</p>
<p>Part-Time Faculty Support. \$15 million to support programs for part-time faculty.</p>	<p>Instead, it provides \$20 million for faculty professional development.</p>
<p>Online Education & Supports Infrastructure. \$31.5 million for online education and supports infrastructure, including Canvas expansion, online tutoring and proctoring, and online delivery of counseling and mental health services</p>	<p>Provides \$10.6 million for online education ecosystem and infrastructure.</p>
One-Time Investments	
<p>Targeted Resources to Address Student Needs. \$50 million for student emergency support and emergency response block grant to address costs related to COVID-19 pandemic</p>	<p>An Early Action Package designed to go out in spring 2021 reappropriates \$100 million for emergency student financial assistance and \$20 million for student retention and (re)enrollment. In the budget year, an additional \$150 million is proposed for emergency financial assistance grants along with \$100 million to address food and housing insecurity. Also provides \$30 million (ongoing) for targeted needs including mental health and access to internet service and devices; \$15 million to expand California Apprenticeship Initiative \$20 million to expand work-based learning; and \$15 million for Zero-Textbook Cost pathways.</p>

<p>Diversity, Equity, and Inclusion. \$16.6 million for implementation of Faculty and Staff Diversity, Equity and Inclusion Task Force recommendations, including \$15 million to establish a Statewide Pilot Fellowship program to improve faculty diversity hiring, \$1 million to modernize the California Community Colleges Registry and add systemwide trainings, and \$0.6 million to implement AB 1460</p>	<p>Provides \$600,000 to the Chancellor’s Office for the coordination of antiracism in curriculum and for alignment of ethnic studies requirement for transfer to CSU.</p>
<p>Non-Proposition 98 Investments</p>	
<p>Targeted Resources to Address Student Needs. \$10 million ongoing from Proposition 63 funds for expansion of mental health services</p>	<p>See one-time Proposition 98 funding above.</p>
<p>Cal Grant Reform. New Cal Grant framework that focuses resources on the most financially vulnerable students by basing aid on the total cost of attendance, and on student need rather than the institution the student is attending</p>	<p>Increases the number of competitive awards by 9,000 and establishes an award for foster youth.</p>
<p>Expansion of State Supports to Serve System Needs. \$850,000 to support six positions at the Chancellor’s Office to provide additional capacity in data and digital communication, oversight of grants and contracts, and implementation of the “Call to Action” to address structural racism</p>	<p>Not funded.</p>

Appendix C: 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. 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's primary focus is the district's unrestricted general fund. The Chancellor's Office reviews the current, historical, and projected fund balances. Specifically, the Chancellor's Office assesses the unrestricted general fund balance as a percentage of all expenditures and other outgo of unrestricted general fund. The minimum prudent percentage of unrestricted general fund balance to all expenditures and other outgo of unrestricted general fund is 5%. This minimum prudent percentage is considered necessary to protect cash flow and respond to uncertainties.

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 D: 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 loans 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.

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.

Los Angeles Community College District
2021-22 Budget Projection Additions/(Deletions)
January 08, 2021

Description	Signed Budget 2020-21		Governor's January Proposal 2021-22	
	System	LACCD	System	LACCD
General Fund				
Increased Access (0.5% in FY 2021-22; 0% in FY20-21) ^[1]	-	-	23,100,000	2,000,000
COLA (1.5% in FY 2021-22; 0% in FY2020-21) ^[1]	-	-	111,100,000	9,600,000
Apprenticeship ^[2]	-	-	15,000,000	139,000
Total Ongoing Base Increase	-	-	149,200,000	11,739,000
Categorical/Restricted				
	-	-	-	-
COLA for certain categoricals ^[1]	-	-	6,100,000	500,000
Access to online tech and mental health ^[1]	-	-	30,000,000	2,600,000
Online ed infrastructure ^[1]	-	-	10,600,000	900,000
Dreamer Resource Liaisons & support services	5,800,000	486,908	-	-
Increased cost for broadband by CENIC	-	-	8,000,000	-
Total Categorical/Restricted	5,800,000	486,908	54,700,000	4,000,000
Other/one time				
	-	-	-	-
	-	-	-	-
Zero Textbook Cost pathways	-	-	15,000,000	-
Instructional Materials-Dual Enrollment ^[1]	-	-	2,500,000	200,000
Emergency Assistance grants for Students	-	-	250,000,000	-
Legal Services for Undocumented	10,000,000	-	-	-
Online College (CalBright College)	(5,000,000)	-	-	-
Student housing/basic needs	-	-	100,000,000	-
Support retention and enrollment ^[1]	-	-	20,000,000	1,700,000
COVID-19 block grant ^[3]	120,000,000	10,682,720	-	-
Expand work-based learning	-	-	20,000,000	-
Faculty professional development ^[1]	-	-	20,000,000	1,700,000
AB1460 implementation and anti-racism initiatives	-	-	600,000	-
Students-College Promise/Student Success Grants	5,300,000	-	-	-
Other Technical Changes	-	-	49,000,000	-
	-	-	-	-
Total Other/One Time	130,300,000	10,682,720	477,100,000	3,600,000
Grand Total ^[4]	136,100,000	11,169,628	681,000,000	19,339,000

^[1] assumes distribution is based on the proportional share of LACCD Total Computational Revenue to the State system, currently 8.6%.

^[2] assumes distribution is based on the proportional share of LACCD apprentice hours to the State system, currently 0.9%.

^[3] \$53.4 million is from Federal Funding

^[4] Budget also includes \$1.13 billion of deferral paydown, leaving \$326.5 million unpaid.

COVID-19 Relief Bill

The COVID-19 relief bill (H.R. 133) is the fourth federal stimulus package in response to the Coronavirus. The stimulus will allocate \$22.7 billion to the Higher Education Emergency Relief Fund of which California Community Colleges are **estimated** to receive \$1.2 billion in one-time resources. A full analysis can be found [here](#).

While the funds will be allocated similarly to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the COVID-19 relief bill applies a new allocation formula which considers both Full-Time Equivalent (FTES) and headcount – an adjustment highly supported by California Community Colleges. *Like the CARES Act, the provisions of this stimulus bill do not appear to restrict colleges' ability to provide aid to students based on their Title IV eligibility or immigration status.*

Allowable Uses

The Higher Education Emergency Relief Fund includes flexible funding to be distributed directly to institutions of higher education to help with immediate needs related to the coronavirus, including:

1. Defraying expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll);
2. Carrying out student support activities authorized by the HEA that address needs related to coronavirus; or
3. Providing financial aid grants to students (including students exclusively enrolled in distance education), which may be used for any component of the student's cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care (including mental health care), or child care.

Emergency Financial Aid to Students

The COVID-19 relief bill requires higher education institutions to **spend at least the same amount they spent on emergency financial aid under the CARES Act**. California Community Colleges are expected to spend at least an estimated \$300 million on emergency financial aid to students. Given the extent of student need, more than the required expenditure is recommended and encouraged.

Also passed along with the stimulus package is a bipartisan higher education agreement that made several changes to current law, most notably to the financial aid application process and around barriers to accessing student aid. Specifically, the agreement does the following:

- Simplifies the Free Application for Federal Student Aid (FAFSA):
 - o Reduces the total number of questions from 108 to a maximum of 36, including the removal of questions about Selective Service registration and drug-related offenses.
 - o Changes the U.S. Department of Education's (USED) financial data verification process by using data from the Internal Revenue Service (IRS), building on the [FUTURE Act](#).
 - o Clarifies Pell Grant eligibility guidelines for maximum and minimum awards, so most applicants will know whether they qualify for the maximum or minimum grant.
 - o Enables an additional 555,000 students to qualify for Pell Grants each year, while allowing an additional 1.7 million students to qualify to receive the maximum Pell Grant award.
- Provides clearer information and earlier outreach about college costs, financial aid, and other benefits available to students.

- Restores Pell Grant eligibility for incarcerated individuals. (The Higher Education Reauthorization Act of 1992 and the Violent Crime Control and Law Enforcement Act of 1994 prohibited students currently incarcerated from receiving Pell Grants and other forms of federal aid.)
- Repeals a 1998 law restricting federal financial aid for college students who were convicted of a drug-related offense.
- Reinstates Pell Grants for students who have been defrauded by for-profit colleges.
- Forgives more than \$1 billion in outstanding debt of HBCUs loans issued under the HBCU Capital Financing Loan Program.
- Repeals a requirement limiting how long students can borrow under the subsidized student loan program.
- Boosts the maximum Pell Grant award by \$150 to \$6,495 for the 2021-2022 school year.