



GAVILAN
COLLEGE



Gavilan Joint Community College Adopted Budget

2023-2024



2023/2024
ADOPTED BUDGET
REPORT

Presented to the Board of Trustees

September 12, 2023

Marilyn Morikang, Vice President, Administrative Services

Michelle Anaya, Director Fiscal Services

Laura Montes, Interim Supervisor, Budget & Accounting

Prepared in collaboration with Business Services Staff

ADOPTED BUDGET

**FISCAL YEAR 2023 - 2024
JULY 1, 2023 THROUGH JUNE 30, 2024**

**Gavilan Joint Community College District
5055 Santa Teresa Boulevard
Gilroy, CA 95020**

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JULY 1, 2023 – JUNE 30, 2024

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Vacant	Academic Senate
Ozzy Zamora	Academic Senate
Vacant	Directors/Confidential
Vacant	Directors/Confidential
Laura Montes	Professional Support Staff
Kim Benjamin	Professional Support Staff
Michelle Anaya	Ex Officio (Resource)
Wade Grant	Ex Officio (Resource)

**2023-2024
ADOPTED BUDGET**

TABLE OF CONTENTS

	PAGE
I Introduction.....	7
II General Information about Gavilan College.....	10
III Budget Development at Gavilan College.....	14
IV 2023-2024 Budget Overview.....	16
V 2023-2024 – Adopted Budget Assumptions.....	20
VI Unrestricted General Fund.....	26
VII Restricted General Fund.....	29
VIII Capital Outlay Fund.....	36
IX General Obligation Bond Fund.....	38
X Debt Service Fund.....	44
XI Proprietary Fund.....	48
XII Student Financial Assistance Fund.....	51
XIII Associated Students of Gavilan College (ASGC).....	53
XIV Student Center Fee Fund.....	55

**TABLE OF CONTENTS
(CONTINUED)**

Attachments:

Board Budget Guidelines.....A1
Budget Calendar.....B1
Joint Analysis.....C1

I. INTRODUCTION

The budget is not merely a financial document; it is a comprehensive management tool that bridges the gap between an organization's long-term vision and its immediate operational objectives. Serving as a blueprint, the budget facilitates achieving predetermined District goals and outlines the criteria for allocating and deploying of available resources for ongoing activities. It is a strategic instrument that demands careful planning, thoughtful analysis, and prudent decision-making.

The budget takes on an added layer of significance for Gavilan Joint Community College District. It serves as a road map for fiscal responsibility and sustainability and supporting our educational aspirations and commitments to our students, faculty, classified professionals, and community stakeholders.

The 2023-2024 budget for the Gavilan Joint Community College District functions as a financial plan and a vital expression of our institutional priorities. In monetary terms, this budget serves as the financial framework that supports the necessary activities to implement the district's educational objectives for the fiscal year spanning July 1, 2023, through June 30, 2024. This budget quantifies our institutional vision, translating abstract goals into actionable strategies and concrete resource allocations.

As you review this budget, you will find a conscientious balance between academic excellence, operational efficiency, and fiscal responsibility. It provides the means for optimizing resource distribution, enhancing program effectiveness, and facilitating strategic initiatives that advance our mission to provide quality education.

FUND SUMMARY BY FUND TYPE

FY2022-2023 UnAudited Actuals

	Governmental Funds Group						Proprietary Funds Group		Fiduciary Funds Group			TOTAL ALL FUNDS
	General Unrestricted F100	Grants & Category F270	Parking Fund F260	Capital Outlay F340	Bond Funds F800, 820,830	Debt Services F210/920	Enterprise Fund F590	Self Insurance F610	Student Financial Aid F480	Associated Students F470	Student Center Fee F660	
Revenues:												
8100 - Federal Revenues	\$ -	\$ 3,140,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,550,191	\$ -	\$ -	\$ 9,691,014
8600 - State Revenues	20,624,119	10,346,244	-	2,557,493	-	-	-	-	1,070,489	-	-	\$ 34,598,345
8800 - Local Revenues	26,787,808	295,229	-	106,044	4,743,920	69,495	949,377	3	-	13,903	\$ 35,675	\$ 33,001,454
8900 - Other Revenues	-	-	-	-	-	18,442,520	-	-	-	-	-	\$ 18,442,520
8900 - Transfers In	49,701	637,871	643,628	4,000,000	-	-	-	257,280	-	-	-	\$ 5,588,480
Total Revenues	\$ 47,461,628	\$ 14,420,168	\$ 643,628	\$ 6,663,537	\$ 4,743,920	\$ 18,512,015	\$ 949,377	\$ 257,284	\$ 7,620,680	\$ 13,903	\$ 35,675	\$ 101,321,814
Expenditures:												
1000: Academic Salaries	\$ 13,790,761	\$ 2,679,568	\$ -	\$ -	\$ -	\$ -	\$ 36,242	\$ -	\$ -	\$ -	\$ -	\$ 16,506,572
2000: Non-Instructional Salaries	7,770,081	2,673,942	402,095	-	21,917	-	77,848	-	-	-	\$ 29,113	\$ 10,974,996
3000: Employee Benefits	10,573,663	2,419,768	226,391	-	7,473	-	60,234	-	-	-	\$ 17,105	\$ 13,304,634
4000: Books and Supplies	422,230	204,018	1,926	-	-	-	38,861	-	-	16,542	\$ -	\$ 683,577
5000: Other Operating Expense	5,466,954	1,794,454	13,185	57,087	1,628,056	4,134	248,697	257,357	-	22,854	\$ 30,008	\$ 9,522,786
6000: Capital Outlay	392,113	642,395	-	321,407	4,479,002	-	1,094	-	0	-	\$ -	\$ 5,836,011
7000: Other Outgo	-	3,470,762	-	-	-	18,233,758	13,576	-	7,620,680	32,604	\$ -	\$ 29,371,379
7000: Transfers Out	5,581,473	49,701	-	-	-	-	-	-	-	-	\$ -	\$ 5,631,175
Total Expenditures	\$ 43,997,276	\$ 13,934,608	\$ 643,597	\$ 378,494	\$ 6,136,448	\$ 18,237,892	\$ 476,552	\$ 257,357	\$ 7,620,680	\$ 72,000	\$ 76,226	\$ 91,831,130
Net Change to Fund Balance	3,464,352	485,560	31	6,285,043	(1,392,528)	274,123	472,825	(73)	(0)	(58,097)	(40,551)	9,490,684
Beginning Fund Balance	12,026,446	(485,560)	(31)	1,917,554	108,699,149	-	-	73	0	286,322	79,908	122,523,862
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	\$ 15,490,797	\$ 0	\$ (0)	\$ 8,202,597	\$ 107,306,621	\$ 274,123	\$ 472,825	\$ 0	\$ 0	\$ 228,225	\$ 39,357	\$ 132,014,545

FUND SUMMARY BY FUND TYPE

FY2023-2024 FINAL Budget

	Governmental Funds Group							Proprietary Funds Group		Fiduciary Funds Group			TOTAL ALL FUNDS
	General Unrestricted F100	ECA One-Time F110	Grants & Categoricals F270	Parking Fund F260	Capital Outlay F340	Bond Funds F800, 820,830	Debt Services F210/920	Enterprise Fund F59	Self Insurance F610	Student Financial Aid F480	Associated Students F470	Student Center Fee F660	
Revenues:													
8100 - Federal Revenues	\$ -	\$ -	\$ 5,884,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,281,500	\$ -	\$ -	\$ 11,165,836
8600 - State Revenues	21,383,994	-	\$ 23,396,856	-	43,035	-	-	\$ -	-	1,453,060	-	-	\$ 46,276,945
8800 - Local Revenues	26,787,808	-	\$ 688,919	-	47,525	833,361	76,000	\$ 1,002,704	-	-	54,100	28,264	\$ 29,518,681
8900 - Other Revenues	-	-	\$ -	-	-	-	17,950,000	\$ -	-	-	-	-	\$ 17,950,000
8900 - Transfers In	-	2,000,000	\$ 388,034	1,051,861	-	-	-	\$ -	213,589	-	-	17,398	\$ 3,670,882
Total Revenues	\$ 48,171,802	\$ 2,000,000	\$ 30,358,145	\$ 1,051,861	\$ 90,560	\$ 833,361	\$ 18,026,000		\$ 213,589	\$ 6,734,560	\$ 54,100	\$ 45,662	\$ 108,582,344
Expenditures:													
1000: Academic Salaries	\$ 15,088,794	\$ -	\$ 6,354,837	\$ -	\$ -	\$ -	\$ -	\$ 38,859	\$ -	\$ -	\$ -	\$ -	\$ 21,482,490
2000: Non-Instructional Salaries	8,938,114	-	\$ 4,719,481	527,750	-	257,306	-	263,198	-	-	-	30,808	\$ 14,736,657
3000: Employee Benefits	11,066,993	-	\$ 3,688,618	374,371	-	143,285	-	166,313	-	-	-	17,870	\$ 15,457,449
4000: Books and Supplies	529,306	-	\$ 875,196	4,275	-	-	-	41,667	-	-	13,675	-	\$ 1,464,119
5000: Other Operating Expenses	7,215,855	-	\$ 7,294,334	145,465	1,527,500	14,600,509	27,020	266,653	213,589	-	95,886	35,505	\$ 31,422,316
6000: Capital Outlay	598,950	-	\$ 1,741,568	-	822,500	42,897,707	-	1,173	-	-	-	-	\$ 46,061,898
7000: Other Outgo	-	-	\$ 5,684,111	-	-	-	6,241,350	14,556	-	6,737,661	36,190	-	\$ 18,713,868
7000: Transfers Out	3,670,882	-	\$ -	-	-	-	-	-	-	-	-	-	\$ 3,670,882
Total Expenditures	\$ 47,108,893	\$ -	\$ 30,358,145	\$ 1,051,861	\$ 2,350,000	\$ 57,898,807	\$ 6,268,370		\$ 213,589	\$ 6,737,661	\$ 145,751	\$ 84,183	\$ 153,009,679
Net Change to Fund Balance	1,062,909	2,000,000	(0)	-	(2,259,440)	(57,065,446)	11,757,630	-	-	(3,101)	(91,651)	(38,521)	(44,427,336)
Beginning Fund Balance	15,490,797	-	0	(0)	8,202,597	107,306,621	20,150,396	472,825	-	3,101	228,225	39,357	151,893,919
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	\$ 16,553,706	\$ 2,000,000	\$ 0	\$ (0)	\$ 5,943,157	\$ 50,241,175	\$ 31,908,026	\$ 472,825	\$ -	\$ -	\$ 136,574	\$ 836	\$ 107,466,584

II. GENERAL INFORMATION ABOUT GAVILAN COLLEGE

Gavilan Joint Community College District has a rich history in Santa Clara and San Benito Counties. Gavilan College was originally established in 1919 as San Benito County Junior College. It operated under this title until 1963, when a new community college district was formed that included both San Benito and southern Santa Clara Counties. The successful passage of a local bond in 1966 provided the needed funds to construct the present campus at Santa Teresa Boulevard and Castro Valley Road in Gilroy, California. In the fall of 2019, Gavilan College celebrated its 100th year of service as a community college.

Gavilan College is one of 116 California Community Colleges organized into 73 districts with district boundaries that are political subdivisions authorized by the Constitution of the State of California. A seven-member board of trustees governs the Gavilan Joint Community College District. The voters of the communities served by the district elect board members to office. The Board of Trustees is responsible for the overall direction and control of the district to best meet the needs of the community it serves.

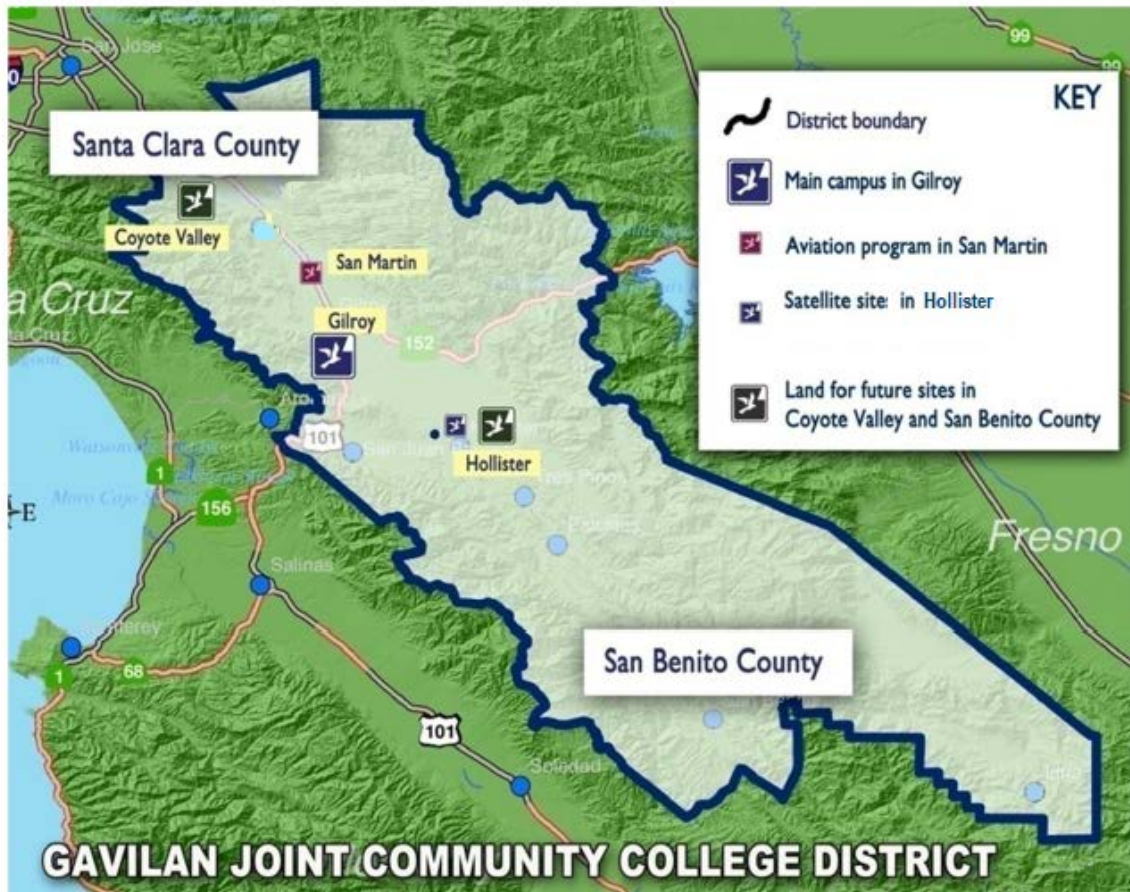
The district operates instructional sites in Hollister, San Martin, and Coyote Valley to augment their course offerings at the main (Gilroy) campus. Gavilan College is a comprehensive public community college offering a wide range of services, including programs in liberal arts, pre-professional, business, vocational and technical fields, dual-enrollment, and adult education. Courses are offered in the day, evening and on weekends. In FY 22/23, Gavilan College served an estimated 8,698 un-duplicated students. Gavilan College employs 202 full time permanent employees and approximately 297 part time faculty and staff employees each semester.

The main campus in Gilroy rests against the foothills that form the western boundary of the Santa Clara Valley. The district is 35 miles south of San Jose, 80 miles south of San Francisco, and 40 miles northeast of the Monterey Coast. The main campus was initially master-planned to accommodate an enrollment of 5,000 students and rests on a 150-acre site that has been carefully planned to take advantage of the beautiful, natural and tranquil setting.

Gavilan College offers a lower division college program that prepares students for transfer to a four-year college or university. The college also offers a variety of technical, occupational and pre-professional courses of study that lead to employment. As of May 2023, students can choose among 147 degrees and certificates, including 28 Associate Degrees for Transfer (ADTs) which

provides a direct pathway for students to transfer with junior standing into the California State University system.

Gavilan Joint Community College District serves residents of the Gilroy Unified, Morgan Hill Unified, Aromas-San Juan Unified, and San Benito Joint Union High School Districts. The district comprises of approximately 2,700 square miles in southern Santa Clara County and a large portion of San Benito County (see map).



**Provided by Public Information Office*

San Benito County

San Benito County is located at the southern end of Santa Clara Valley between the Gavilan and Diablo Mountain Ranges. San Benito County is a 1,396 square mile section bordered by Fresno, Merced, Monterey, and Santa Clara Counties. San Benito County’s population has been increasing steadily.

San Benito has a varied economic base dominated by government, retail trade, and manufacturing industries. Agriculture, by acreage, is San Benito County’s most prominent industry with fertile valley soil supporting some of the most productive farmland in the state. The total population of San Benito County in 2022 is 66,831, with approximately 43,710 residents residing in the Hollister limits.

Gilroy

Gilroy is located in southern Santa Clara County and is comprised of 9,376 acres of land located 30 miles south of San Jose and 15 miles northwest of Hollister. Gilroy developed from a rural, agricultural community to a community composed of agriculture, manufacturing, and service industries, along with many commuters to Silicon Valley. Growth in Gilroy has centered on high tech software and support industries as well as several manufacturing and production industries. Gilroy's industrial base includes for sophisticated food processing, high tech software and semiconductors, wood, paper and metal fabrication and wine production. Gilroy's estimated population in 2022 is 60,364.

Morgan Hill

Morgan Hill is located at the southern end of Santa Clara Valley and is 13 miles north of the College. Morgan Hill is 10 miles south of San Jose and 70 miles south of San Francisco. The city limits of Morgan Hill cover approximately 12 square miles. Morgan Hill's desirable location has made the city one of the fastest growing communities in Santa Clara County. Morgan Hill's population was estimated at 48,556 for 2022. There are approximately 7,280 residents in San Martin, Morgan Hill's Southern neighbor.

Coyote Valley

Coyote Valley is north of Morgan Hill and South of Bernal Road in San Jose. Coyote Valley resides within the Gavilan College service area. Classes were held for the first time at this location in the spring of 2017. This site is currently the home of the South Bay Regional Police Academy and JPA.

Accreditation

Gavilan College is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges. Gavilan College went through the accreditation process in March 2019. The Commission has affirmed the district's accreditation for seven years.

Programs and Services

Gavilan College offers an associate of arts degree, an associate of science degree, certificate programs, and comprehensive student support services. Transfer agreements exist between

the University of California and California State systems, and the college has completed associate degrees for Transfer (ADTs) per state requirements. These agreements allow students to complete the first two years of a four-year college program at Gavilan. Certificate and career programs are also offered to provide instruction in the skills and knowledge needed to enter a skilled or semi-professional occupation.

III. BUDGET DEVELOPMENT at GAVILAN COLLEGE

Introduction

Gavilan College is subject to the provisions of the California Code of Regulations and other laws that regulate the operations of public agencies. The California Code of Regulations requires that the governing board of a public agency adopt a Tentative Budget on or before July 1 and an Adopted Budget no later than September 15 of each year.

This Budget is prepared to comply with the California Code of Regulations. The governing board and district administration uses it in planning for the district's operations for the fiscal year period July 1, 2023, through June 30, 2024. This budget uses assumptions to develop revenue and expenditure projections. The assumptions are based upon information from the May Revise, California Community Colleges Chancellor's Office, and judgments made by district staff and The Planning Integrated Program Review and Resource Allocation Process (PIPR-RAP) Committee as to the financial implications of anticipated district operations.

The Board of Trustees provides budget guidance to the Superintendent/President who in turn formulates goals and objectives for the operating divisions. The board communicates its goals and objectives to the Superintendent/President. The three-year Strategic Plan and the Educational Master Plan are used to implement actions necessary to accomplish the board's goals and the goals identified during the annual planning process at the college. The Board of Trustees adopts a Budget Calendar each year. Budget guidelines are also adopted annually and are used to provide specific directions regarding the allocation of resources to ensure the objectives of the Strategic Plan are achieved. In addition to the governing board's actions, the district's internal participatory governance process operates concurrently to inform all members of the district constituencies about resources expected and allocations of resources consistent with the Strategic Plan, goals, mission, and the Board's Budget Guidelines. The PIPR-RAP Committee is provided full information about the district's operations and financial position.

Impact of College Planning

The Strategic Plan states broad values that allow the administration to define implementation activities. The Strategic Planning Committee reviews new initiatives (such as the Vision for Success and Guided Pathways). It provides direction to the administration in

identifying programs and activities that it feels will support strategic planning initiatives. The inclusive budget process is used to allocate available resources in a manner that will ensure funds required to implement action plans are provided.

As part of the strategic plan update process, the Educational Master Plan was assessed for completion of activities. In spring 2017 the Plan was updated. It consists of the program plans developed by the departments, programs, and services at the district, along with the activities that support the Strategic Plan. Program reviews are updated yearly for budget development, every three years when reviewed by the PIPR-RAP (Planning Integrated Program Review and Resource Allocation Process), and every seven years for accreditation. This process meets accreditation standards that require integrated resource planning. The Educational Master Plan focuses on the district's instructional and student services programs and the support services and facilities that will be necessary to provide the instruction and student service programs.

IV. 2023-2024 BUDGET OVERVIEW

California State Budget

This year has experienced two significant unexpected changes in the state budget. The first change happened between the Tentative Budget approved by the Board of Trustees in June and the adoption of state's budget several weeks later. In January 2023, community colleges, after receiving a record budget for the 22/23 fiscal year, were hit with the news of a decline in state revenues, meaning that the 22/23 budget was no longer sustainable. This was reaffirmed in the May Revise, resulting in the reduction of several 22/23 funding allocations even after being distributed and, in some cases, utilized. The second unexpected change was the receipt of the state's Second Period Report, revealing a \$1 billion overestimation by the State Controller in the Education Protection Act (EPA) funds designated for community colleges. Unlike K-12 schools, community colleges are not automatically compensated for revenue deficits, leading to an anticipated 10% deficit factor, or only 90% of the promised funds being received by colleges. Fortunately, the legislature agreed to backfill most of the funds, reducing the projected deficit to under 1%.

Despite the upheaval, the 8.22% State Revenue Cost of Living Adjustment (COLA) remained in the budget. This was one of the few increases that endured, resulting in an increase in the rates of the Student-Centered Funding Formula (SCFF) by this COLA, allowing colleges to earn more for each Full-Time Equivalent Student (FTES) served. However, while the legislature maintained the proposed COLA, the funds allocated for Physical Plant and Instructional Support (PPIS) in the 22/23 budget were cut from \$840.7 million to \$340.7 million. The state permitted some flexibility using PPIS, COVID Block Grant, and Retention and Enrollment Grants, allowing them to be used for any of the three programs, helping to mitigate the PPIS cuts.

In addition to the cuts in the PPIS funding, the state reformulated the funding for low-income student housing. Instead of providing state grants for housing, the state has committed to supporting the costs of local lease revenue bonds for housing. This change, effective retroactively from the 22/23 awards, necessitates colleges to reevaluate their plans to ensure housing afford-ability while covering both ongoing housing costs and lease revenue bond costs. A coalition of colleges is actively lobbying the legislature to switch from local lease revenue bonds to state bonds.

Student Center Funding Formula (SCFF)

The Student-Centered Funding Formula (SCFF) sets the framework for financing community colleges. The foundational funding for each institution is determined by a "base allocation," essentially the financial baseline required to operate the college. Gavilan College additionally benefits from a rural college bonus, amounting to \$1.89 million. Beyond this base funding, colleges receive variable amounts based on different Full-Time Equivalent Student (FTES) categories. Special types of enrollments, such as dual enrollment programs, incarcerated students, and non-credit career development classes, qualify for higher allocations. The FTES count is averaged over a rolling three-year period and comprises approximately 80% of our total funding.

Moreover, there's a "supplemental allocation" aimed at supporting disadvantaged students. This additional funding is granted per student who is a recipient of either a federal PELL Grant or a state CCPG award. The "success allocation" further complements this by incorporating various performance metrics like degree completions, transfers, and certifications, with additional funding for students who meet both the supplemental and success criteria.

The new Student Center Funding Formula (SCFF) utilizes a three-year FTES average for funding. The impact of the COVID-19 pandemic led to the introduction of an Emergency Conditions Allowance (ECA), allowing colleges to maintain funding at 2018-2019 FTES levels despite a significant drop in actual enrollment. The ECA expires in the 2022-2023 academic year. This means that for the 2023-2024 fiscal year, Gavilan's funding will be calculated using a blend of two years at the 2018-2019 FTES levels and one year at the actual 2023-2024 FTES level. This will transition over subsequent years until the 2025-2026 fiscal year when funding will be based solely on the actual three-year average of FTES generated.

Two "hold harmless" clauses exist within the SCFF framework. The first calculates the previous year's SCFF funding and incorporates the current year's Cost of Living Adjustment (COLA). The second will lock in the 2024-2025 funded level as a floor for future allocations with no increases in COLA. Consequently, the highest of these three amounts—calculated current year SCFF, prior year plus COLA, or the 2024-2025 funding level—will be the revenue received. A notable caveat is that if a district is placed into the 2024-2025 funding level (floor), this funding level is static, offering no future COLA until it recovers FTES. This could pose challenges for colleges that fail to reach the 2018-2019 funding thresholds, necessitating continuous expenditure reductions to keep pace with inflation.

Gavilan and the Student Center Funding Formula (SCFF)

Gavilan has built its plans based on the various SCFF scenarios. In order to restore the funding to SCFF formula allocation, the college will need to grow 1,400 FTES. Fortunately, in 2023-2024, the district grew by 526 FTES, reducing our growth target to 876 FTES. There are several opportunities to achieve that growth through dual enrollment agreements, enrollment growth at public safety training center, our new jail program, and overall enrollment increases from our free tuition program. The district estimates that FTES will take an upswing in 2023-24 with a 10% increase over 2022-2023, and an additional 9% in 2024-25.

Resident Enrollment	Actual FTES	Funded FTES
FY2020-2021	3,919	5,202
FY2021-2022	3,457	5,202
FY2022-2023	3,984	5,202
	Targeted FTES	Funded FTES
FY2023-2024	4,400	4,677
FY2024-2025	4,816	4,677
FY2025-2026	4,816	4,816
FY2026-2027	4,816	4,816

Projected Full-Time Equivalent Student (FTES) growth for the 2023-2024 and 2024-2025 fiscal years remains below the levels recorded for 2018-2019. Consequently, "Prior Year TCR Stability" revenue is anticipated for both of these years. As previously outlined, revenue starting in the 2025-2026 fiscal year will take on a modified form.

However, it's worth noting that we project that if the district reaches its FTES target for fiscal years 2025-2026 and 2026-2027, it will transition off the "Prior Year TCR Stability" status. In that scenario, the district's revenue will be computed based on the Student-Centered Funding Formula (SCFF).

	SCFF Calculated Revenue	Prior Year TCR Stability	Minimum Revenue Commitment	Max TCR
FY2021-2022	\$35,788,922	\$36,680,713	\$35,962,914	\$36,680,713
FY2022-2023	\$42,159,012	\$38,136,675	\$38,322,081	\$42,159,012
FY2023-2024	\$42,986,910	\$45,624,483	\$41,472,156	\$45,624,483
FY2024-2025	\$44,624,410	\$44,680,594	\$43,106,159	\$44,680,594
FY2025-2026	\$46,093,865	\$46,092,553	\$44,680,594	\$46,093,865
FY2026-2027	\$48,368,983	\$47,564,259	\$44,680,594	\$48,368,983

Additional Information

More information about the budget process and the final state budget may be found in the appendix of this document. The Joint Analysis of the Enacted 23/24 Budget is prepared by the State Chancellor's Office, the Community College League of California, the Association of California Community College Administrators and the Association of Chief Business Officials and provides a wealth of detail.

V. 2023-2024 – ADOPTED BUDGET ASSUMPTIONS: Unrestricted General Funds

General Budget Assumptions

The fiscal office has prepared a 5-year budget using the following budget assumptions.

1. Student Centered Funding Formula (SCFF) stays constant. 22/23 last year of Emergency Condition Allowance (ECA) and 24/25 is floor for future years.
2. Assume the following deficit factors:

2022/23	2023/24	2024/25	2025/26	2026/27
0.88%	2.29%	1.50%	1.50%	1.50%

3. State COLA Assumptions from School Services of California Dartboard

2022/23	2023/24	2024/25	2025/26	2026/27
6.56%	8.22%	3.94%	3.29%	3.19%

4. Use the 23/24 Adopted School Services assumptions for inflation, PERS/STRS rates, lottery.
5. No changes to other revenues.
6. Assume compensation increases already negotiated for 22/23 and 23/24.

2023/24	2024/25
7.22%	2.94%

7. Assume increases in step, column, and longevity at 1% per year.
8. Added 6% inflation to medical benefits.
9. Increase operating costs by inflation California Price Index (CPI)

2022/23	2023/24	2024/25	2025/26	2026/27
5.69%	3.55%	3.03%	2.64%	2.90%

10. Increase utilities 5% per year.
11. Assumption for credit FTES change for 5 years. No changes to supplemental or success measures.
12. Added additional positions for future years, deducted for 23/24 as appropriate and added back in for 24/25.
13. Added transfers out to subsidize some categorical programs and parking fund as needed for the compensation increases.

Revenue Budget Assumptions

As previously highlighted, the college expects a notable increase in enrollment. Projections for Full-Time Equivalent Students (FTES) and state revenue Cost of Living Adjustments (COLA)

have been entered into the state's Student-Centered Funding Formula (SCFF) calculator to estimate anticipated revenues. Based on these projections, a "deficit factor" has been incorporated at the specified rates. A deficit factor comes into play when the total available funding—be it local property taxes, enrollment fees, Education Protection Account (EPA) funds, or state apportionments—fails to meet the calculated revenue for all colleges. In such cases, a collective shortfall is determined and apportioned across all institutions. It's prudent financial management to account for a potential deficit each year.

Lottery income is split into unrestricted and restricted categories. While the restricted portion is allocated to the Restricted General Fund, the unrestricted funds are accounted for in this budget. Lottery revenue, tied to FTES, is currently budgeted at \$177 per FTES.

For the 2023-2024 fiscal year, non-resident tuition is projected at \$65,000. This figure is derived from the current Board of Trustees-approved rate of \$358 per semester unit and applies to students who are not California residents, except where specific exemptions apply as per California Education Code.

Restricted General Funds serve as earmarked accounts, set aside for operational and educational program needs, constrained by legal stipulations, donor specifications, or other external requirements.

Categorical programs illustrate the nature of restricted funds. Their budgets are devised according to allocation assumptions from the Chancellor's Office, which for some programs, like the Adult Education Program, Extended Opportunity Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), CalWORKs, and Cooperative Agencies Resources for Education (CARE), include an 8.22% COLA. Budgets for these restricted funds are updated throughout the fiscal year as we receive final allocation notices and grant awards.

Expenditure Budget Assumptions

The most significant expenditure category for the District is in personnel costs. Consistent with its historical emphasis on maintaining a stable and permanent workforce, the Gavilan Joint Community College District has earmarked this commitment as a continual budgetary focus. In the 2022-2023 fiscal year, an estimated 82% of the general operating budget is slated for salaries and associated benefits.

- For the upcoming 2023-2024 budget year, personnel expenditures from the unrestricted general fund are anticipated to be \$35,093,900, which constitutes 81% of the total operational budget. This figure encompasses various personnel-related costs such as negotiated compensation agreements, step and column adjustments, retirements, employee separations, and the inclusion of newly approved positions. Notably, the budget incorporates new roles aligned with the Academic Affairs/Student Services restructure, which received Board of Trustees approval on May 9, 2023.
- The personnel budget also accounts for healthcare premiums, which include estimates for medical, dental, and vision coverage. Additionally, there will be a 1.31% increase in statutory benefits for the Public Employees' Retirement System (PERS), raising it from 25.37% to 26.68%. The State Teachers' Retirement System (STRS) remains unchanged at 19.10%.
- The Adjunct/Overload budget is designed to fund class schedules, uphold the District's predetermined FTES targets, and generate any additional FTES needed for budgeted growth and access. Adjustments to this budget line item are made annually to reflect fluctuations in FTES and the availability of full-time faculty to teach.
- Fixed expenditures cover routine operational costs such as software maintenance, utilities (electricity, gas, water, phone, and waste disposal), as well as the expenses associated with acquiring extra FTES through the South Bay Regional Public Safety Consortium.
- In accordance with the Board's directive, \$2 million from the Emergency Condition Allowance will be reserved in a dedicated fund within the unrestricted general budget.

Gavilan Joint Community College District 5 - YEAR BUDGET PROJECTIONS

Fund 100 - General Unrestricted Fund

	Unaudited Actuals 2022-2023	Final Budget 2023-24	Projected Budget 2024-25	Projected Budget 2025-26	Projected Budget 2026-27
Revenues:					
SCFF TCR	\$ 42,159,012	\$ 45,624,483	\$ 44,680,594	\$ 46,093,865	\$ 48,368,983
Deficit Factor Assumptions	(370,999)	(1,045,987)	(670,209)	(691,408)	(725,535)
Other State Revenues	4,778,669	2,968,813	2,879,595	2,879,595	2,903,225
Other Local Revenues	894,946	624,493	581,154	581,154	581,154
Total Revenues	\$ 47,461,628	\$ 48,171,802	\$ 47,471,134	\$ 48,863,206	\$ 51,127,827
Expenditures:					
1000: Academic Salaries	\$ 13,790,761	\$ 15,088,794	\$ 15,912,014	\$ 16,071,134	\$ 16,231,845
2000: Non-Instructional Salaries	7,770,081	8,938,114	9,635,817	9,955,844	10,055,402
3000: Employee Benefits	10,573,663	11,066,993	12,024,136	12,524,521	12,876,959
4000: Books and Supplies	422,230	529,306	545,344	559,741	575,974
5000: Other Operating Expenses	5,466,954	7,215,855	7,260,086	7,491,565	7,746,018
6000: Capital Outlay	392,113	598,950	308,008	316,140	325,308
7000: Transfers Out	5,581,473	3,670,882	1,721,319	1,747,503	1,774,397
Total Expenditures	\$ 43,997,276	\$ 47,108,893	\$ 47,406,725	\$ 48,666,447	\$ 49,585,903
Net Change to Fund Balance	3,464,351	1,062,909	64,409	196,759	1,541,924
Beginning Fund Balance	12,026,446	15,490,797	16,553,706	16,618,115	16,814,874
Ending Fund Balance	\$ 15,490,797	\$ 16,553,706	\$ 16,618,115	\$ 16,814,874	\$ 18,356,799
Reserve % of UGF Exp.	35%	35%	35%	35%	37%
Reserve % of Total GF Exp.	31%	28%	27%	27%	29%
Compensation as a % of Expenditures	84%	81%	82%	82%	82%
GFOA 17% requirement	8,468,013	9,916,845	10,354,615	10,623,325	10,854,474

Fund Balance

The fund balance serves as a snapshot of the District's financial standing at the close of the fiscal year. As of June 30, 2023, the projected ending fund balance for the Gavilan Joint Community College District is anticipated to be \$15,490,795. Within this sum, the Board has set aside a designated reserve amounting to 17%, or \$8,468,013. The leftover balance of \$7,022,782 is not earmarked for any specific purpose. When this balance rolls over into the beginning of the 2023-24 fiscal year, it is classified as "one-time" funds. One-time funds are unspent funds at the conclusion of a fiscal year, originating from budgetary savings and unallocated funds. Such funds are not expected to recur in future years. Utilizing one-time funds for ongoing operational costs, like salaries and benefits for permanent staff, is not considered financially wise. Instead, it's more suitable to allocate these monies for one-time projects or expenditures.

As per the Board's existing policy, the designated reserves are to be kept at a 17% level of the Unrestricted General Fund's expenditures. The Government Finance Officers Association (GFOA) suggests that a reserve equivalent to two months' worth of total general fund expenditures, including the Restricted General Fund, should be maintained. The Board is committed to gradually aligning with this GFOA recommendation, and the corresponding GFOA percentage is displayed in the 5-year projection worksheet included in this budget book.

Looking Forward

The validity of our five-year outlook is contingent upon the accuracy of its underlying assumptions. These assumptions are subject to change over time; nonetheless, this model offers the college a valuable preview of possible futures and the steps necessary for ongoing fiscal stability. Among the challenges to consider are:

- The enduring aftermath of the COVID-19 crisis, which has led to a 33% drop in Full-Time Equivalent Students (FTES) since the pandemic began. This steep decline will likely require multiple budget cycles to reverse.
- The fiscal year 2022-2023 marks the end of the emergency condition allowance safeguarding FTES funding. Given the college's aggressive growth strategies, we anticipate moving beyond stabilization and fully capitalizing on state support through the Student-Centered Funding Formula (SCFF).
- The escalating Public Employees' Retirement System (PERS) and State Teachers' Retirement System (STRS) employer contributions remain an area to watch. To provide some context, PERS contribution rates have soared by 127% since 2014-15, from 11.77% to 26.68%, Similarly, STRS rates have surged by 115%, from 8.88% to 19.1%.

For the 2023-2024 fiscal year, Gavilan Joint Community College District is in a seemingly robust financial state, thanks to prudent fiscal management. Resource allocation plans, balancing one-time and ongoing expenditures, have been discussed with all governance bodies and approved by the Board of Trustees.

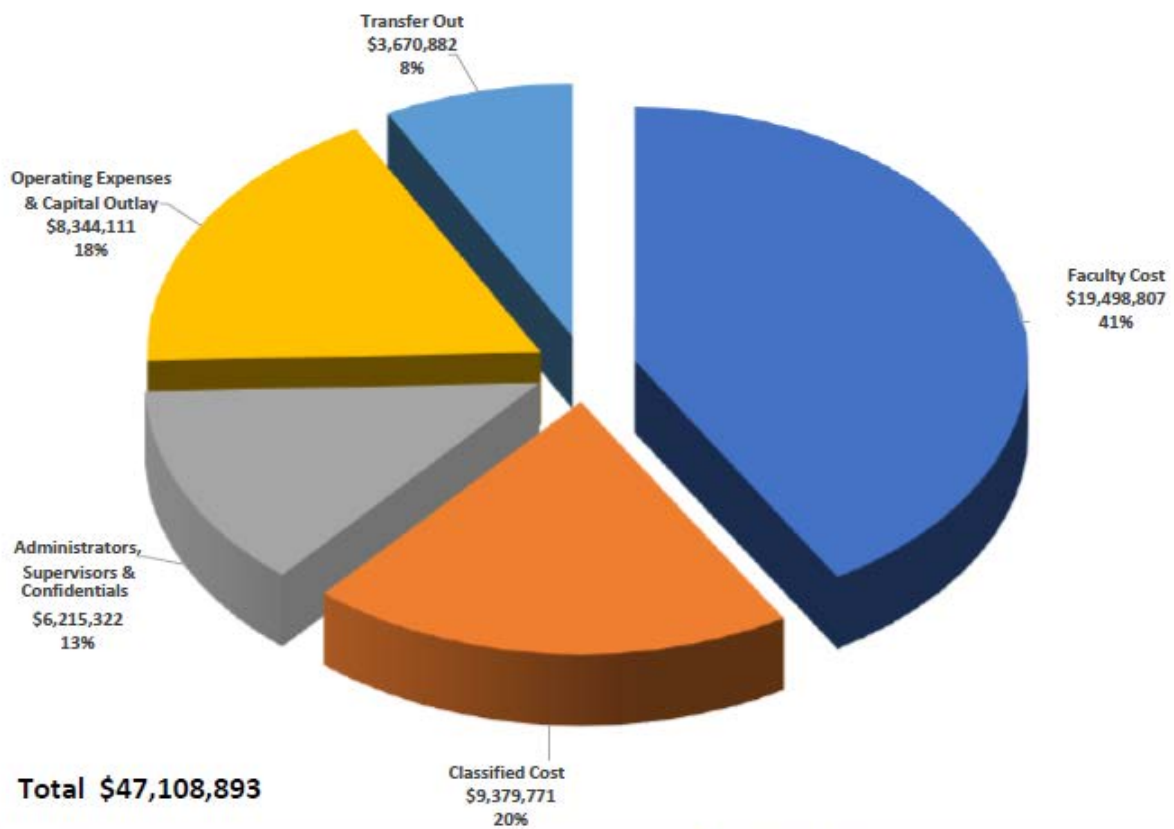
The college remains committed to effective enrollment management. Through sustained outreach, student engagement, and promotional activities, we are hopeful to counteract the declining enrollment rates. Additional tactics to enhance enrollment include eliminating automatic enrollment cancellations for unpaid fees, deploying Higher Education Emergency Relief Fund (HEERF) monies for student debt cancellation, extending free tuition for another academic year, and waiving parking fees.

VI. UNRESTRICTED GENERAL FUND

The Unrestricted General Fund is designated to account for resources available for the general purposes of District operations and support of its education programs.

Revenues

The unrestricted general fund revenue when compared to last fiscal year increased by the State COLA of 8.22%



- Faculty Cost
- Classified Cost
- Administrators, Supervisors & Confidentials
- Operating Expenses & Capital Outlay
- Transfer Out
- Transfers Out

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 100 - General Unrestricted Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8100 - Federal Revenues	\$ 17,846	\$ -	\$ -	\$ -
8600 - State Revenues	15,286,518	20,624,119	21,555,766	21,383,994
8800 - Local Revenues	24,874,208	26,787,808	26,785,792	26,787,808
8900 - Transfers In	-	49,701	-	-
Total Revenues	\$ 40,178,572	\$ 47,461,628	\$ 48,341,557	\$ 48,171,802
Expenditures:				
1000: Academic Salaries	\$ 12,650,674	\$ 13,790,761	\$ 14,198,695	\$ 15,088,794
2000: Non-Instructional Salaries	7,047,516	7,770,081	8,598,331	8,938,114
3000: Employee Benefits	9,036,152	10,573,663	11,736,313	11,066,993
4000: Books and Supplies	265,894	422,230	510,034	529,306
5000: Other Operating Expenses	5,401,324	5,466,954	8,325,714	7,215,855
6000: Capital Outlay	31,752	392,113	225,374	598,950
7000: Other Outgo	6,200	-	-	-
7000: Transfers Out	667,936	5,581,473	2,440,584	3,670,882
Total Expenditures	\$ 35,107,447	\$ 43,997,276	\$ 46,035,045	\$ 47,108,893
Net Change to Fund Balance	5,071,125	3,464,352	2,306,513	1,062,909
Beginning Fund Balance	6,786,154	12,026,446	12,703,677	15,490,797
Adjustment	169,167	-	-	-
Ending Fund Balance	\$ 12,026,446	\$ 15,490,797	\$ 15,010,189	\$ 16,553,706

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 10X - ECA One-Time Subfund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8900 - Transfers In	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Total Revenues	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Expenditures:				
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Net Change to Fund Balance	0	0	2,000,000	2,000,000
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000

VII. RESTRICTED GENERAL FUND

The Restricted General Fund programs are established for the purpose of providing specialized services. The Restricted General Fund is used to account for resources available for the operation and support of the educational programs that are specifically restricted by laws, regulations, donors, or other outside agencies as to their expenditure. Restricted monies are generally from an external source that requires the monies be used for specific purposes, such as grants and state categorical funding.

Examples of restricted sources of monies include Title V Grant, MESA Grant, Extended Opportunity Programs (EOPS), Student Equity and Achievement Program (SEAP), Disabled Student Programs and Services (DSPS), Strong Workforce, Federal Work-Study Programs, Retention and Enrollment Outreach, Basic Needs, Parking (Includes parking permits, and parking citation revenue) and Health Service

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 270 - General Restricted Fund by Grant

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8100 - Federal Revenues	\$ 4,439,679	\$ 3,140,824	\$ 6,870,581	\$ 5,884,336
8600 - State Revenues	9,075,128	10,346,244	16,727,317	23,396,856
8800 - Local Revenues	453,996	295,229	804,901	688,919
8900 - Other Revenues	-	-	-	-
8900 - Transfers In	553,887	637,871	557,601	388,034
Total Revenues	\$ 14,522,690	\$ 14,420,168	\$ 24,960,400	\$ 30,358,145
Expenditures:				
1000: Academic Salaries	\$ 3,526,578	\$ 2,679,568	\$ 5,683,876	\$ 6,354,837
2000: Non-Instructional Salaries	2,774,204	2,673,942	4,288,999	4,719,481
3000: Employee Benefits	2,679,168	2,419,768	3,828,228	3,688,618
4000: Books and Supplies	349,638	204,018	1,620,195	875,196
5000: Other Operating Expenses	1,720,541	1,794,454	5,771,270	7,294,334
6000: Capital Outlay	1,009,506	642,395	1,223,139	1,741,568
7000: Other Outgo	2,571,535	3,470,762	2,544,694	5,684,111
7000: Transfers Out	-	49,701	-	-
Total Expenditures	\$ 14,631,169	\$ 13,934,608	\$ 24,960,400	\$ 30,358,145
Net Change to Fund Balance	(108,479)	485,560	0	(0)
Beginning Fund Balance	6,544	(485,560)	-	0
Adjustment	(383,626)	-	-	-
Ending Fund Balance	\$ (485,560)	\$ 0	\$ 0	\$ 0

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 270 - General Restricted Fund by Grant

	Actual	Unaudited	Final
	2021-22	Actuals	Budget
		2022-2023	2023-24
Federal			
640427 Federal College Work Study	\$ 52,992	\$ 80,278	\$ 94,393
642027 Fresh Success	195,508	277,833	261,518
675527 Higher Education Emergency Relief Fund	2,040,997	855,646	3,174,058
746X27 Perkins Title 1C	150,762	162,578	143,029
770527 STEM III	569,513	-	-
710027 STEM IV	548,262	851,714	999,896
640127 Temporary Assistance for Needy Families (TANF)	28,447	53,869	40,745
50X927 Title V - Juntos Avanzamos	515,071	489,310	546,744
50X927 Title V - Juntos Avanzamos Prior Year	108,408	63,435	280,217
679027 Veterans Annual Report Fee	-	4,634	5,049
648527 Workability	230,950	288,687	338,687
648427 Workability Reallotment	-	12,840	-
Total Federal	\$ 4,440,911	\$ 3,140,824	\$ 5,884,336

State

683427 Adult Education FY21/22	\$ 1,577,615	\$ 89,514	\$ -
683427 Adult Education FY22/23		472,627	159,517
683427 Adult Education FY23/24	-	-	1,768,726
642527 Basic Needs Center - FY22/23	12,175	42,637	356,646
642527 Basic Needs Center FY23/24	-	-	237,109
648627 California College Promise Grant FY22/23	374,500	301,047	191,085
648627 California College Promise Grant FY23/24	-	-	491,346
64XX27 CalWorks San Benito County	50,000	50,000	50,000
640227 CalWorks Santa Clara County	16,727	2,030	8,200
640027 CalWorks State	279,079	158,271	339,025
640027 CalWorks State Prior Year Carryover	-	88,712	167,676
643627 CARE	56,764	252,318	290,228

	Actual 2021-22	Unaudited Actuals 2022-2023	Final Budget 2023-24
643627 CARE - Prior Year Carryover	-	-	38,379
671927 Classified Professional Development FY18/19	-	-	23,537
672127 Covid-19 Recovery Block Grant	310,958	200,000	2,518,675
671827 Culturally Competent Faculty PD	1,050	-	49,385
632027 Dream Resource Liaison Support	288	111,551	156,432
600827 DSPTS	715,659	922,733	1,012,516
600827 DSPTS District Contribution	199,678	90,037	96,538
643027 EDD TAA Program	6,648	14,216	1,381
640727 EOPS	625,897	1,013,149	1,157,193
640727 EOPS - Prior Year Carryover		18,000	61,642
640727 EOPS - District Contribution	163,342	160,333	160,333
671427 Equal Employment Opportunity 21/22	45,657	55,476	17,959
671427 Equal Employment Opportunity 22/23	-	-	138,888
671427 Equal Employment Opportunity 23/24	-	-	138,888
671727 Equal Employment Opportunity Best Practices	-	73,988	132,537
619027 Equitable Placement & Completion	-	-	395,283
648727 Financial Aid Technology FY22/23	22,836	44,389	184,670
648727 Financial Aid Technology FY23/24			43,432
631027 Greater Avenues for Independence (GAIN)	147,000	147,000	147,000
652027 Guided Pathways	144,642	143,210	156,081
675427 IEPI Partnership Resource Teams	30,794	-	-
653127 Incarcerated Students	58,185	-	-
648127 Learning Aligned Employment Program	-	1,188	1,072,117
642927 LGBTQ+ Support Funding	800	15,170	47,337
641227 Lifeline	2,178	3,821	26,287
100327 Local/Systemwide Technolgy & Data Security	-	-	350,000
800X27 Lottery Prop 20	282,135	87,720	747,635
621x27 Medi-Cal Administrative Activities (MAA)	1,943	260	17,344
650327 Mental Health Support	8,080	359	158,886
650327 Mental Health Support - Prior Year Carryover		184,265	147,305
50X027 MESA Grant	159,413	57,939	280,000

	Actual 2021-22	Unaudited Actuals 2022-2023	Final Budget 2023-24
50X027 MESA Grant - Prior Year Carryover	-	20,731	524,029
50X027 MESA Grant - District Contribution	-	131,163	131,163
642127 Next Up Grant	319	17,453	228,472
507527 Nursing Enrollment & Retention Grant	118,181	78,749	320,657
650427 Rapid Rehousing	777,112	719,719	710,563
682627 Regional Equity & Recovery Partnerships	-	-	34,662
642427 Retention and Enrollment Outreach FY21/22	114,586	240,257	351,156
642427 Retention and Enrollment Outreach FY22/23	-	-	450,385
642427 Retention and Enrollment Outreach FY23/24	-	-	282,752
633027 Seamless Transfer of Ethnic Studies	-	-	48,695
631427 Strong Workforce Program (SWP) Local	620,424	686,496	859,456
632127 Strong Workforce Program (SWP) Regional	324,783	363,422	550,927
648827 Student Equity & Achievement Program FY21/22	1,728,925	670,397	-
648827 Student Equity & Achievement Program FY22/23	-	1,187,152	933,710
648827 Student Equity & Achievement Program FY23/24	-	-	2,120,862
642827 Student Financial Aid Administration (SFAA)	158,830	166,171	337,164
671127 Student Food and Housing Support FY21/22	13,964	149,958	36,464
671127 Student Food and Housing Support FY22/23	-	-	196,815
642627 Student Success Completion Grant	507,885	1,014,791	1,177,288
671627 Tipping Point Community Grant	-	5,039	182,553
600627 Veteran Resource Center	99,064	73,329	71,808
682327 Water Resources Management Apprenticeship Trainin	-	-	333,320
671027 Zero Textbook Cost	-	-	192,998
999927 STRS On-behalf	281,374	171,772	171,772
Total State	\$ 10,039,490	\$ 10,498,555	\$ 23,784,890

Local

643127 Burton Book Fund	\$ -	\$ -	\$ 1,123
498827 Child Develop Training Consortium	-	-	-
621127 E-Transcript Mini Grant	-	-	16,327
640327 Health Fee Svcs	97,555	223,641	415,162
653427 Rising Scholars Network	-	37,346	110,654

	Actual 2021-22	Unaudited Actuals 2022-2023	Final Budget 2023-24
653027 San Benito Jail	772	-	28,528
710327 San Jose State STEM	-	31,524	115,000
653327 Step Up Innovation Grant	15,195	-	2,125
671627 Tipping Point Community Grant	12,408	-	-
501X27 UCSC Access	2,453	1,855	-
682027 Water Pathway Grant	22,385	864	-
Total Local	\$ 150,769	\$ 295,229	\$ 688,919
Total General Restricted Fund Expenditures	\$ 14,631,169	\$ 13,934,608	\$ 30,358,145

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 260 - Parking Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8800 - Local Revenues	\$ 63,512	\$ -	\$ 50,000	\$ -
8900 - Transfers In	124,101	643,628	998,060	1,051,861
Total Revenues	\$ 187,613	\$ 643,628	\$ 1,048,060	\$ 1,051,861
Expenditures:				
2000: Non-Instructional Salaries	\$ 122,856	\$ 402,095	\$ 534,837	\$ 527,750
3000: Employee Benefits	57,290	226,391	363,483	374,371
4000: Books and Supplies	-	1,926	4,275	4,275
5000: Other Operating Expenses	7,701	13,185	145,465	145,465
Total Expenditures	\$ 187,848	\$ 643,597	\$ 1,048,060	\$ 1,051,861
Net Change to Fund Balance	(234)	31	-	-
Beginning Fund Balance	203	(31)	-	(0)
Adjustment	-	-	-	-
Ending Fund Balance	\$ (31)	\$ (0)	\$ -	\$ (0)

VIII. CAPITAL OUTLAY FUND

Capital Projects Fund 340 is established to track major facility projects and equipment acquisitions. When there is a state facilities bond, the state partially or fully funds capital outlay projects based on a Five-Year Capital Construction plan submitted annually. The Educational and Facilities Master Plan for Gavilan Joint Community College District integrates the instructional program needs with the facilities necessary to achieve the instructional program requirements and provide direction to the capital construction activities.

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 340 - Capital Outlay Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8600 - State Revenues	\$ 1,993,051	\$ 2,557,493	\$ 43,035	\$ 43,035
8800 - Local Revenues	(21,052)	106,044		47,525
8900 - Transfers In	-	4,000,000	-	-
Total Revenues	\$ 1,971,999	\$ 6,663,537	\$ 43,035	\$ 90,560
Expenditures:				
5000: Other Operating Expenses	\$ 6,010	\$ 57,087	\$ 1,527,500	\$ 1,527,500
6000: Capital Outlay	217,800	321,407	822,500	822,500
Total Expenditures	\$ 223,810	\$ 378,494	\$ 2,350,000	\$ 2,350,000
Net Change to Fund Balance	1,748,189	6,285,043	(2,306,965)	(2,259,440)
Beginning Fund Balance	1,369,860	1,917,554	8,143,985	8,202,597
Adjustment	(1,200,495)	-	-	-
Ending Fund Balance	\$ 1,917,554	\$ 8,202,597	\$ 5,837,020	\$ 5,943,157

IX. GENERAL OBLIGATION BOND FUND

The general obligation bonds associated with Measure X were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of Santa Clara County (the County Resolution), pursuant to a request of the Gavilan Joint Community College District (the District) made by a resolution adopted by the Board of Education of the District (the District Resolution).

The District received authorization at an election held on November 6, 2018, to issue bonds of the District in an aggregate principal amount not to exceed \$248,000,000 to finance construction and modernization of certain District property and facilities, the acquisition of equipment, and to pay the costs of issuance associated with the Bonds.

The proposition required approval by at least 55% of the votes cast by eligible voters within the District. The Bond Construction Fund (Measure X) represents the authorized bond issuance of the Measure X Series 2018 A, Series 2018 A-1, Series 2018 B, and 2018 Series B-1.

Gavilan Joint Community College District
FY2023-2024 Final Budget

Measure X - Consolidated by Project

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
Interest and Investment Income	\$ 627,992	\$ 4,743,920	\$ 1,289,188	\$ 833,361
Sales of Bond Proceeds	-	-	-	-
Transfers In	-	-	-	-
Total Revenues	\$ 627,992	\$ 4,743,920	\$ 1,289,188	\$ 833,361
Expenditures:				
3101 - San Benito County Campus	\$ 3,012,934	\$ 4,110,879	\$ 26,518,691	\$ 24,646,125
3201 - Site Improvement, Security and Infrastru	914,153	21,898	2,750,000	2,743,053
3201-01 - Pedestrian Bridge	922,334	301,278	-	-
3201-02 - Fire Alarm Upgrade	186,287	-	-	-
3201-03 - Boiler System Upgrade	2,501,686	-	-	-
3201-06 - Gilroy Campus ADA Improvements	752	64,240	750,000	750,000
3201-07 - Wayfinding Signage	127,341	40,229	1,000,000	992,730
3201-08 - Covered Walkways Replacement Pr	289,673	163,962	2,901,653	2,875,259
3201-09 - Energy Management System Upgrac	314,885	-	-	-
3201-10 - Grilroy Campus Security Door Lockii	-	-	250,000	2,500,000
3201-11 - Acoustical Curtain	-	6,000	75,000	74,580
3201-12 - Basketball Backboard Repair	-	-	30,000	30,000
3201-13 - HVAC-Roof Assessment	-	-	50,000	50,000
3201-14 - Monument Sign	-	-	750,000	1,500,000
3201-15 - Underground Utilities	-	-	500,000	2,000,000
3202 - Library and Student Resource Center	339,165	724,466	12,772,349	12,683,220
3204 - STEM Center	454,593	50,059	570,000	560,325
3205 - Theater Modernization	427,943	104,637	-	-
3901 - IT Infrastructure	261,434	-	1,000,000	1,000,000
3995 - Debt Service	919,280	-	-	-
3997 - Program Contingency	-	-	-	1,000,000
3998 - Catastropic Contingency	-	-	-	2,000,000
3999 - Program Management, Planning and Su	(2,165,164)	548,801	2,539,912	2,493,515
Total Expenditures	\$ 8,507,296	\$ 6,136,448	\$ 52,457,605	\$ 57,898,807
Net Change to Fund Balance	(7,879,304)	(1,392,529)	(51,168,417)	(57,065,446)
Beginning Fund Balance	116,578,453	108,699,149	105,554,751	107,306,620
Ending Fund Balance	\$ 108,699,149	\$ 107,306,620	\$ 54,386,334	\$ 50,241,175

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 800 - Measure X - Series A

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
Interest and Investment Income	\$ 95,459	\$ 491,521	\$ 132,356	\$ 345,103
Total Revenues	\$ 95,459	\$ 491,521	\$ 132,356	\$ 345,103
Expenditures:				
3101 - San Benito County Campus	\$ 3,012,934	\$ 613,402	\$ 4,518,691	\$ 4,276,346
3201 - Site Improvement, Security and Infrastru	914,153	14,950	250,000	250,000
3201-01 - Pedestrian Bridge	922,334	301,278	-	-
3201-02 - Fire Alarm Upgrade	186,287	-	-	-
3201-03 - Boiler System Upgrade	2,501,686	-	-	-
3201-06 - Gilroy Campus ADA Improvements	752	64,240	-	-
3201-07 - Wayfinding Signage	127,341	40,229	1,000,000	992,730
3201-08 - Covered Walkways Replacement Pr	289,673	119,385	700,000	683,183
3201-09 - Energy Management System Upgrac	314,885	-	-	-
3201-11 - Acoustical Curtain	-	6,000	75,000	74,580
3201-12 - Basketball Backboard Repair	-	-	30,000	30,000
3201-13 - HVAC-Roof Assessment	-	-	50,000	50,000
3202 - Library and Student Resource Center	339,165	187,172	2,238,400	2,198,479
3204 - STEM Center	454,593	7,059	-	-
3205 - Theater Modernization	427,943	104,637	-	-
3901 - IT Infrastructure	186,434	-	-	-
3995 - Debt Service	919,280	-	-	-
3997 - Program Contingency	-	-	-	287,809
3999 - Program Management, Planning and St	(2,165,164)	548,801	1,132,199	1,084,200
Total Expenditures	\$ 8,432,296	\$ 2,007,153	\$ 9,994,290	\$ 9,927,327
Net Change to Fund Balance	(8,336,837)	(1,515,632)	(9,861,934)	(9,582,224)
Beginning Fund Balance	19,434,694	11,097,857	9,861,934	9,582,225
Ending Fund Balance	\$ 11,097,857	\$ 9,582,225	\$ 0	\$ 0

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 810 - Measure X - Series A-1

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
Interest and Investment Income	\$ 5	\$ 1,622	\$ -	\$ -
Total Revenues	\$ 5	\$ 1,622	\$ -	\$ -
Expenditures:				
3999 - Program Management, Planning and St	-	-	881	2,483
Total Expenditures	\$ -	\$ -	\$ 881	\$ 2,483
Net Change to Fund Balance	5	1,622	(881)	(2,483)
Beginning Fund Balance	856	861	881	2,483
Ending Fund Balance	861	2,483	0	(0)

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 820 - Measure X - Series B

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
Interest and Investment Income	\$ 220,965	\$ 1,764,355	\$ 480,172	\$ 202,656
Total Revenues	\$ 220,965	\$ 1,764,355	\$ 480,172	\$ 202,656
Expenditures:				
3101 - San Benito County Campus	\$ -	\$ 3,497,477	\$ 22,000,000	\$ 16,626,446
3201 - Site Improvement, Security and Infrastr	-	-	2,000,000	2,000,000
3201-06 - Gilroy Campus ADA Improvements	-	-	750,000	750,000
3201-10 - Gilroy Campus Security Door Lockii	-	-	250,000	2,500,000
3201-14 - Monument Sign	-	-	750,000	1,500,000
3201-15 - Underground Utilities	-	-	500,000	2,000,000
3202 - Library and Student Resource Center	-	537,294	10,533,949	10,484,741
3204 - STEM Center	-	43,000	570,000	560,325
3901 - IT Infrastructure	-	-	1,000,000	1,000,000
3998 - Catastropic Contingency	-	-	-	250,000
3999 - Program Management, Planning and St	-	-	730,172	730,172
Total Expenditures	\$ -	\$ 4,077,770	\$ 39,084,121	\$ 38,401,685
Net Change to Fund Balance	220,965	(2,313,415)	(38,603,949)	(38,199,029)
Beginning Fund Balance	40,291,479	40,512,444	38,603,949	38,199,029
Ending Fund Balance	\$ 40,512,444	\$ 38,199,029	\$ -	\$ 0

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 830 - Measure X - Series B-1

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
Interest and Investment Income	\$ 311,563	\$ 2,486,422	\$ 676,660	\$ 285,602
Total Revenues	\$ 311,563	\$ 2,486,422	\$ 676,660	\$ 285,602
Expenditures:				
3101 - San Benito County Campus	\$ -	\$ -	\$ -	\$ 3,743,333
3201 - Site Improvement, Security and Infrastr	-	6,948	500,000	493,053
3201-08 - Covered Walkways Replacement Pr	-	44,578	2,201,653	2,192,075
3901 - IT Infrastructure	75,000	-	-	-
3997 - Program Contingency	-	-	-	712,191
3998 - Catastropic Contingency	-	-	-	1,750,000
3999 - Program Management, Planning and St	-	-	676,660	676,660
Total Expenditures	\$ 75,000	\$ 51,525	\$ 3,378,313	\$ 9,567,312
Net Change to Fund Balance	236,563	2,434,897	(2,701,653)	(9,281,710)
Beginning Fund Balance	56,851,424	57,087,987	57,087,987	59,522,884
Ending Fund Balance	\$ 57,087,987	\$ 59,522,884	\$ 54,386,334	\$ 50,241,174

X. DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues accounted for in Debt Service funds are primarily from special property tax levies, interest, or operational income from completed projects financed by revenue bonds, energy loans, or investments are generally maintained in the appropriate county treasury.

The District uses the Debt Service Fund to track the debt-service associated with Measure X general obligation bonds. Revenues are derived from interest earnings and real property tax assessments and are used exclusively for the retirement of the debt associated with the bonds.

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Debt Service Consolidated

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8800 - Local Revenues	\$ 67,814	\$ 69,495	\$ 76,000	\$ 76,000
8900 - Other Revenues	16,013,170	18,442,520	17,675,000	17,950,000
8900 - Transfers In	-	-	-	-
Total Revenues	\$ 16,080,984	\$ 18,512,015	\$ 17,751,000	\$ 18,026,000
Expenditures:				
5000: Other Operating Expenses	\$ 18,734	\$ 14,808	\$ 17,760	\$ 27,020
7000: Other Outgo	19,828,136	18,179,981	6,241,350	6,241,350
Total Expenditures	\$ 19,846,870	\$ 18,194,789	\$ 6,259,110	\$ 6,268,370
Net Change to Fund Balance	(3,765,886)	317,227	11,491,890	11,757,630
Beginning Fund Balance	23,599,055	19,833,169	20,663,854	20,150,396
Adjustment	-	-	-	-
Ending Fund Balance	\$ 19,833,169	\$ 20,150,396	\$ 32,155,744	\$ 31,908,026

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 210 - Measure E & X Debt Service

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8800 - Local Revenues	\$ 67,814	\$ 69,495	\$ 76,000	\$ 76,000
8900 - Other Revenues	16,810,841	18,146,023	17,400,000	17,675,000
Total Revenues	\$ 16,878,655	\$ 18,215,518	\$ 17,476,000	\$ 17,751,000
Expenditures:				
5000: Other Operating Expenses	\$ 9,763	\$ 7,010	\$ 8,500	\$ 17,760
7000: Other Outgo	19,828,136	18,179,981	6,241,350	6,241,350
Total Expenditures	\$ 19,837,899	\$ 18,186,991	\$ 6,249,850	\$ 6,259,110
Net Change to Fund Balance	(2,959,244)	28,528	11,226,150	11,491,890
Beginning Fund Balance	18,273,166	15,313,922	15,952,607	15,342,450
Adjustment	-	-	-	-
Ending Fund Balance	\$ 15,313,922	\$ 15,342,450	\$ 27,178,757	\$ 26,834,340

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 920 - Other Debt Service

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8900 - Other Revenues	\$ (797,671)	\$ 296,497	\$ 275,000	\$ 275,000
Total Revenues	\$ (797,671)	\$ 296,497	\$ 275,000	\$ 275,000
Expenditures:				
5000: Other Operating Expenses	\$ 8,971	\$ 7,798	\$ 9,260	\$ 9,260
Total Expenditures	\$ 8,971	\$ 7,798	\$ 9,260	\$ 9,260
Net Change to Fund Balance	(806,642)	288,699	265,740	265,740
Beginning Fund Balance	5,325,889	4,519,248	4,711,248	4,807,947
Adjustment	-	-	-	-
Ending Fund Balance	\$ 4,519,248	\$ 4,807,947	\$ 4,976,988	\$ 5,073,687

XII. PROPRIETARY FUNDS

The Proprietary funds include enterprise funds and internal service funds. The Proprietary Funds Group is used to account for those ongoing activities that, because of their income-producing character, are similar to those found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to business or quasi-business activities are accounted for through these funds.

Enterprise funds are used to account for the activities of the Community Education and Contract Education programs of the District. It is also used to account for facility rentals, and other self-funded programs such as Bach to Blues, Science Alive, student kits, etc.

Self-Insurance Fund is the fund designated by EC §81602 to account for income and expenditures of self-insurance programs authorized by EC §72506(d). This fund is maintained in the county treasury and used to provide for payments on deductible types of insurance policies, losses or payments arising from self-insurance programs, and losses or payments due to noninsured perils. A Self-Insurance Fund is not used to account for a district's participation in a Joint Powers Agreement (JPA).

The Budget and Accounting Manual and generally accepted accounting principles allow both types of business activities to be recorded in the enterprise funds when the intent of the governing board is to operate these programs as a distinct business operation.

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 590 - Enterprise Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8800 - Local Revenues	\$ 417,368	\$ 949,377	\$ -	\$ 1,002,704
Total Revenues	\$ 417,368	\$ 949,377	\$ -	\$ 1,002,704
Expenditures:				
1000: Academic Salaries	\$ 31,741	\$ 36,242	\$ -	\$ 38,859
2000: Non-Instructional Salaries	68,180	77,848	-	263,198
3000: Employee Benefits	52,753	60,234	-	166,313
4000: Books and Supplies	34,035	38,861	-	41,667
5000: Other Operating Expenses	217,811	248,697	-	266,653
6000: Capital Outlay	958	1,094	-	1,173
7000: Other Outgo	11,890	13,576	-	14,556
Total Expenditures	\$ 417,368	\$ 476,552	\$ -	\$ 792,419
Net Change to Fund Balance	-	472,825	-	210,284
Beginning Fund Balance	-	-	-	472,825
Ending Fund Balance	\$ -	\$ 472,825	\$ -	\$ 683,109

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 610 - Self-Insurance Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8800 - Local Revenues	\$ 14	\$ 3	\$ -	\$ -
8900 - Transfers In	-	257,280	-	213,589
Total Revenues	\$ 14	\$ 257,284	\$ -	\$ 213,589
Expenditures:				
5000: Other Operating Expenses	\$ -	\$ 257,357	\$ -	\$ 213,589
Total Expenditures	\$ -	\$ 257,357	\$ -	\$ 213,589
Net Change to Fund Balance	14	(73)	-	-
Beginning Fund Balance	59	73	-	0
Ending Fund Balance	\$ 73	\$ 0	\$ -	\$ 0

XIII. STUDENT FINANCIAL ASSISTANCE FUND

Student Financial Assistance Funds are designated to account for receiving and disbursing federal and state-funded student financial aid. The 2023-24 Gavilan Joint Community College District anticipates disbursements totaling \$6.7 million to students. Programs associated with this fund are as follows:

Federal

- Pell Grants
- Supplemental Educational Opportunity Grant (SEOG)
- Direct Loans
- Higher Education Emergency Relief Fund (HEERF)

State

- Cal Grant
- SFRF Emergency Financial Assistant
- Emergency Financial Assistance Supplemental

Gavilan Joint Community College District
FY2023-2024 Final Budget

Fund 480 - Student Financial Aid Trust Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8100 - Federal Revenues	\$ 8,000,192	\$ 6,550,191	\$ 5,281,500	\$ 5,281,500
8600: State Revenue	2,465,935	1,070,489	962,899	1,453,060
8800: Local Revenue	35,395	-	-	-
Total Revenues	\$ 10,501,522	\$ 7,620,680	\$ 6,244,399	\$ 6,734,560
Expenditures:				
Pell Grants	\$ 4,818,744	\$ 5,037,880	\$ 5,101,500	\$ 5,101,500
Supplemental Educational Opportunity Grant	94,600	119,400	120,000	120,000
Direct Loans	66,782	60,361	60,000	60,000
Cal Grant	950,195	927,199	966,000	966,000
Emergency Financial Assistance Supplemental		75,290	-	3,101
SFRF Emergency Financial Assistant	319,000	68,000	-	487,060
Higher Education Emergency Relief Fund Stude	3,166,355	1,332,550	-	-
Other Federal/State Grants	1,067,501	-	-	-
Total Expenditures	\$ 10,483,177	\$ 7,620,680	\$ 6,247,500	\$ 6,737,661
Net Change to Fund Balance	18,345	0	(3,101)	(3,101)
Beginning Fund Balance	12,701	3,101	3,101	3,101
Adjustment	(27,945)	-	-	-
Ending Fund Balance	\$ 3,101	\$ 3,101	\$ -	\$ -

XIV. ASSOCIATED STUDENTS OF GAVILAN COLLEGE (ASGC)

The ASGC Operating Fund is money held in trust by the district for organized student body association activities. The District has fiduciary responsibility for these funds. Revenues to the ASGC Operating fund are mostly generated by the sale of student activity fee. Gavilan College students pay a voluntary \$6 fee upon registration during each term of the academic year. Other funds deposited to this account include vending machine commissions and contributions from the bookstore. The revenue supports student services, clubs, cultural events, speakers, college wide support grants, scholarships, textbook support programs and many other services and activities to enhance student life and create a sense of belonging.

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 470 - Associated Students Trust Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8800 - Local Revenues	\$ 440	\$ 13,903	\$ 46,000	\$ 54,100
Total Revenues	\$ 440	\$ 13,903	\$ 46,000	\$ 54,100
Expenditures:				
4000: Books and Supplies	\$ 6,161	\$ 16,542	\$ 9,075	\$ 13,675
5000: Other Operating Expenses	18,951	22,854	82,379	95,886
6000: Capital Outlay	8,266	-	2,000	-
7000: Other Outgo	14,038	32,604	35,000	36,190
Total Expenditures	\$ 47,416	\$ 72,000	\$ 128,454	\$ 145,751
Net Change to Fund Balance	(46,976)	(58,097)	(82,454)	(91,651)
Beginning Fund Balance	332,795	286,322	265,005	228,225
Adjustment	504	-	-	-
Ending Fund Balance	\$ 286,322	\$ 228,225	\$ 182,551	\$ 136,574

XV. STUDENT CENTER FEE FUND

Permitted by California Education Code, the Student Center Fee is charged to all students and is designated solely for the purpose of maintaining, operating and remodeling student activity centers throughout the District. The fee is \$1 per unit for a maximum of \$5 per semester and cannot exceed \$10 per academic year. Some students receiving financial assistance may have the fee waived.

**Gavilan Joint Community College District
FY2023-2024 Final Budget**

Fund 660 - Student Center Fund

	Actual 2021-22	Unaudited Actuals 2022-2023	Tentative Budget 2023-24	Final Budget 2023-24
Revenues:				
8800 - Local Revenues	\$ 26,406	\$ 35,675	\$ 35,728	\$ 28,264
8900 - Transfers In	-	-	-	17,398
Total Revenues	\$ 26,406	\$ 35,675	\$ 35,728	\$ 45,662
Expenditures:				
2000: Non-Instructional Salaries	\$ 26,946	\$ 29,113	\$ 29,161	\$ 30,808
3000: Employee Benefits	20,108	17,105	22,709	17,870
5000: Other Operating Expenses	2,920	30,008	-	35,505
Total Expenditures	\$ 49,975	\$ 76,226	\$ 51,870	\$ 84,183
Net Change to Fund Balance	(23,569)	(40,551)	(16,142)	(38,521)
Beginning Fund Balance	104,523	79,908	61,306	39,357
Adjustment	(1,046)	-	-	-
Ending Fund Balance	\$ 79,908	\$ 39,357	\$ 45,164	\$ 836

Gavilan Joint Community College District Budget Criteria

Budget Guidelines

We will develop a budget that:

1. Meets all legal, financial, and statutory requirements and board policies.
2. Is based upon planning that reflects both current and long-term needs and goals, provided by a second-year budget projection that meets all budget guidelines.
3. Makes steady progress toward reducing or eliminating structural budget issues (e.g., structural deficit, declining revenue, rising costs, lack of ongoing dollars to cover ongoing expenses, etc.) through budget and enrollment strategies and collective bargaining.
4. Has had campus community involvement and consideration during preparation.
5. Includes all contractually negotiated costs and expenses.
6. Includes all known and projected increases in fixed costs; including step, column and longevity salary increases, medical rate increases and STRS & PERS pension rate increases.
7. Includes salaries and benefits with a goal not to exceed 85% of total unrestricted budgeted expenditures.
8. Identifies significant but unfunded items not included in the budget.
9. Highlights unusual items and/or provides information on substantive changes from previous budgets.
10. Limits annual non-trust transfer-in allocations to the unrestricted general fund of less than 2% per year of the total unrestricted expenditure budget from non-general fund sources.
11. Limits annual debt service payments by the unrestricted general fund to 5% of the total unrestricted expenditure budget where such funds do not have a matching revenue stream to offset such costs.
12. Creates time specific plans for the full funding of unfunded liabilities/obligations through specific trust funds and reserve accounts.
13. Is based on sound and well understood enrollment projections and trends.
14. Makes every reasonable attempt to avoid lay/offers and/or hold them to a minimum should layoffs be necessary.

Budget Criteria

15. Shall make no ongoing long-term commitments with one time money.
16. Will strive to reduce or eliminate any kind of structural deficit.
17. Maintain unrestricted reserves of two months of total operating expenditures for contingencies to any expenditure classification.
18. The Budget Guidelines will be reviewed semi-annually by the Board of Trustees and College Staff.
19. Commitment to equity in resource allocation (people, time, and money) to create student experiences that enable all students to succeed, including student populations that have been identified as having disproportionate student success outcomes and those that have been historically marginalized.

FISCAL YEAR 2023-24 BUDGET CALENDAR		
<u>Date</u>	<u>Event / Task</u>	<u>Owner</u>
<u>JANUARY - 2023</u>		
Week 1	Governor's Budget Proposal for <i>ensuing fiscal year</i> is released	Governor's Office
Week 2	Development of Strategic Plan (Budget Guidelines) by the Board of Trustees and Campus Community.	President & BOT
Week 3	State budget workshop-Sacramento	VPAS
<u>FEBRUARY - 2023</u>		
Week 2	Distribute <i>ensuing fiscal year</i> position control file (Group 1 and 2), all positions, all departments, all funds for permanent and non-permanent staff to deans for review. Due to VPs by Feb 27 th .	VPAS & HR
Week 2	Distribute <i>ensuing fiscal year</i> budget line-item detail for other expenditures (4/5/6's) for all departments/all funds to deans for review. Due to VPs by Feb 27 th .	VPAS
Week 3	Budget line-item detail for other expenditures (4/5/6's) for all departments/all funds to the VP of Administrative Services & Business Services due by mid-April.	Cabinet & Dept Mgr.
<u>MARCH - 2023</u>		
Week 3	For the <i>ensuing fiscal year</i> position control file, (Group 1 and 2) projections (Version #1) due to Business Services.	VPAS & HR
Week 3	March 15 – Classified, Academic and Unrepresented Positions Non-Renewal Notice/Layoff Notice Deadline, If Applicable	HR
Week 4	Review revenue and expenditure calculations with Board and College Budget Committees	VPAS
<u>APRIL - 2023</u>		
Week 1	Cost out summer/fall class schedule	VPAA/SS & Deans
Week 3	Revenue and expenditures calculation; all funds due to Cabinet	VPAS
Week 3	Final deadline for changes to the <i>ensuing fiscal year</i> Tentative Budget document due to VP of Administrative Services & Business Services	Cabinet & Dept Mgr.
Week 4	Final status of <i>ensuing fiscal year</i> Budget Guidelines to VP of Administrative Services	President
Week 4	Final revenue and expenditures calculation; all funds due to VP Admin. Services.	VPAS & HR
<u>MAY - 2023</u>		
Week 2	Governor's May revise with district review	Cabinet & Dept Mgr.
Week 2	Board review of Tentative Budget document	VPAS & HR
Week 3	Complete Tentative Budget to printer	VPAS
Week 4	Re-review of prioritized program plans with budget requests in light of May revise revenue assumptions and expenditures	PIPR/RAP
<u>JUNE - 2023: FY24 TENTATIVE BUDGET PHASE</u>		
Week 2	Tentative Budget adopted by Board of Trustees	Board of Trustees
Week 3	Preliminary financial and compliance audit	VPAS & Dept Mgrs.

JULY - 2023		
Week 2	Re-review of prioritized program plans with budget requests in light of actual Budget Act revenue assumptions and expenditures	PIPR/RAP
Week 2	Final deadline for the addition of new positions (Group 1 and 2) to the Final Budget. Freeze position file for Final Budget document due to VP of Administrative Services	Cabinet & Dept Mgr.
Week 3	Changes in budget line-item detail for other expenditures (4/5/6's) department budgets, all funds due to VP of Administrative Services	Cabinet & Dept Mgr.
AUGUST - 2023: FY23 YEAR END CLOSE PHASE		
Week 1	State budget workshop	VPAS
Week 2	Revise Tentative Budget for Final Budget	VPAS
Week 2	Board Budget Committees review of Final Budget (College Committee does not meet in the summer)	VPAS
Week 2	Categorical year-end close of the <i>current fiscal year</i> .	VPAS
Week 4	Complete Final Budget to printer	VPAS
Week 4	All funds year-end close, of the <i>current fiscal year</i> .	VPAS
SEPTEMBER - 2023: FY24 FINAL/ADOPTED BUDGET PHASE		
Week 2	Review Final Budget with PIPR/RAP	VPAS & PIPR/RAP
Week 2	Database available for input of <i>new fiscal year</i> program plans with or without budget requests.	Business Services
OCTOBER - 2023		
Week 4	Draft Audited <i>prior fiscal year close</i> Financial Statements Review	VPAS
NOVEMBER - 2023: FY25 BUDGET DEVELOPMENT PHASE		
Week 1	Input of program plans, and budget requests completed.	Deans & Dept Mgrs.
Week 1	Final financial and compliance audit	VPAS & Dept. Mgrs.
Week 2	Approval of budget calendar <i>next ensuing fiscal year</i> .	Board of Trustees
Week 2	Board and College Budget Committees development of <i>next ensuing</i> Budget Calendar	VPAS
Week 3	Cost out intersession/spring class schedule	VPAA/SS & Deans
DECEMBER - 2023: FY25 PROGRAM REVIEW & RESOURCE ALLOCATION PHASE		
Week 1	Complete review/rank of program plans with budget requests	Dept Mgrs.
Week 2	Approval of financial audit for <i>prior fiscal year</i> close.	Board of Trustees
Week 2	Draft Audited prior fiscal year close Financial Statements Review	VPAS
Week 3	Complete 90% of adjunct salary assignments	Deans
JANUARY - 2024: FY25 CABINET REVIEWS RESOURCE PRIORITIES & TENTATIVE APPROVES		
Week 1	Cabinet complete review/ranking of program plans with budget requests.	Cabinet

2023-24 ADOPTED BUDGET

Week 1	Completion of Board of Trustees goals	President & BOT
Week 2	State budget workshop, Sacramento	VPAS
Week 3	Distribute FY2023-24 position control file (Group 1 and 2), all positions, all departments, all funds for permanent and non-permanent staff to Cabinet for review.	VPAS & HR
Week 4	Distribute FY2023-24 budget line-item detail for other expenditures (4/5/6's) for all departments/all funds to Cabinet for review	VPAS

Joint Analysis

Enacted 2023-24 Budget

July 10, 2023



California Community Colleges



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COMMUNITY COLLEGE ADMINISTRATORS



COMMUNITY COLLEGE
LEAGUE OF CALIFORNIA

Table of Contents

- PURPOSE OF REPORT 3**
- KEY FEATURES OF THE 2022-23 BUDGET..... 3**
- BUDGET OVERVIEW..... 4**
 - Budget Reflects Higher Revenues in Context of Worrisome Longer-term Outlook..... 4
 - Investments Focus on Relief, Recovery, and Infrastructure 5
- CALIFORNIA COMMUNITY COLLEGES FUNDING 6**
 - Proposition 98 Estimate Increases 6
 - California Community Colleges Funding increases 6
 - Major Policy Decisions Framed Around Multi-year “roadmap” 9
 - Local Support Funding Across Programs Increases or Remains Stable..... 14
 - Capital Outlay Investments 18
 - State Operations Receives Funding..... 19
- CONCLUSION21**
- APPENDIX A: OVERVIEW OF THE STATE BUDGET PROCESS22**
- APPENDIX B: BOARD OF GOVERNORS’ BUDGET AND LEGISLATIVE REQUEST COMPARED TO ENACTED BUDGET.....23**
- APPENDIX C: LOCAL BUDGETS AND STATE REQUIREMENTS26**
 - Budget Planning and Forecasting 26
 - State Requirements for District Budget Approval 26
 - State Requirements Related to Expenditures 27
- APPENDIX D: DISTRICTS’ FISCAL HEALTH28**
- APPENDIX E: GLOSSARY29**

Purpose of Report

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), and
- Community College League of California (League).

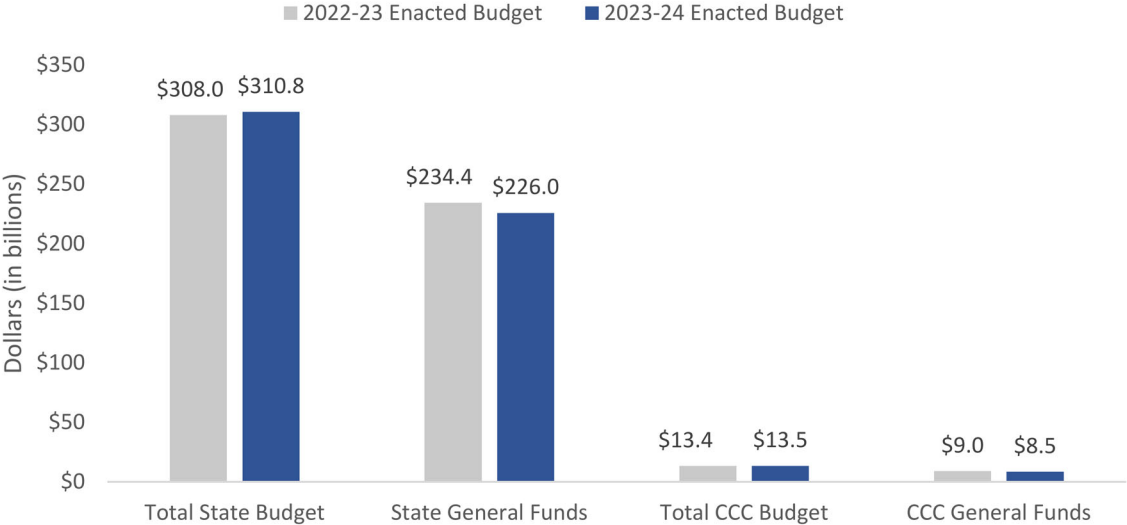
This analysis builds on a May 12, 2023 analysis of the Governor’s May Revision budget proposal, and presents details about the 2023-24 budget as enacted by the Governor and Legislature. It focuses on appropriations and policy changes included in Senate Bill 101, the 2023 Budget Act; Assembly Bill 102, amending sections of SB 101; and Senate/Assembly Bill AB 117, the higher education trailer bill.

Key Features of the 2023-24 Budget

On July 10, 2023, Governor Newsom signed the 2023-24 Budget Act.¹ In total, the 2023-24 budget reflects state expenditures of approximately \$310 billion. Below are some key features of the final budget, followed by more detailed discussions of budget adjustments for the community college system.

- The 2023 Budget Act reflects total state expenditures of approximately \$310 billion, a less than one percent increase over the 2022-23 enacted budget. General Fund spending decreases by more than 3% from its level in the 2022-23 enacted budget, to \$226 billion.

Figure 1: Enacted Budget for 2023-24 reflects a total increase of \$2 billion from 2022-23 (dollars in billions).



¹ On June 27, 2023, Governor Newsom signed SB 101, the two-party budget agreement for 2023-24. The final Budget Act is reflected in AB 102 which includes final negotiations between the Governor, Assembly, and Senate. This report reflects the language in AB 102 and SB 117, the Higher Education Trailer Bill.

- The enacted budgets for each segment of higher education continue to be shaped by multi-year frameworks introduced in 2022-23, including the Roadmap for the Future for the California Community Colleges. The Roadmap is intended to advance equity, student success and the system’s ability to prepare students for California’s future. Along with the Compacts for the University of California (UC) and California State University (CSU) systems, the Roadmap is part of the Administration’s agenda to help the state reach a goal of having 70% of working-age Californians possess a degree or credential by 2030.
- The enacted budget for the community colleges reflects stable total funding. It includes about \$790 million in ongoing adjustments to the Student Centered Funding Formula (SCFF), of which \$678 million is for an 8.22% cost-of-living adjustment (COLA). Another \$112.4 million is provided for an 8.22% COLA to various categorical programs.
- One-time funding in the enacted budget is limited. It includes \$50 million to continue supporting college efforts to increase student retention rates and enrollment, but in the context of a similar reduction to the prior-year allocation for that purpose.
- Similarly, the enacted budget reduces funds allocated in 2022-23 for deferred maintenance by \$500 million but provides \$5.7 million in new one-time funds, resulting in a reduction of \$494.3 million from the amount initially provided. The budget provides flexibility for the use of remaining funds for deferred maintenance, retention/enrollment, and the COVID-19 Block Grant.
- The Budget Act includes \$232.3 million in capital outlay funding from Propositions 1A, 203, 153, 47, 1D, 51 and 55 to support the preliminary plans and working drawings and construction phases for two new and 12 continuing projects.

Budget Overview

The Budget Act includes components of the Governor’s May Revision and additions or modifications adopted by the Legislature on June 15, along with other agreed upon changes between the Legislature and Governor. The 2023-24 budget provides total additional resources of \$308.6 million (see Table 3) to California Community Colleges apportionments and categorical programs as compared to the 2022 Budget Act.

BUDGET REFLECTS LOWER REVENUES AND SUBSTANTIAL BUDGET DEFICIT

Significant revenue shortfalls related to a downturn in the stock market have led to a budget deficit now estimated to be \$31.5 billion, up from an estimated \$22.5 billion in the Governor’s January proposal. The enacted budget now projects total revenues of \$211 billion, although the state’s delay of the 2022 tax filing deadline from April to October and high interest rates increase the uncertainty in revenue projections. The budget allows the governor to delay one-time spending commitments, with notification to the Legislature,

before March 1 in the event of further revenue declines. The budget projects total reserves of \$38 billion, including \$22.3 billion in the state’s Rainy Day Fund. It includes overall state General Fund spending of \$226 billion, a decline of more than three percent compared to the enacted budget for 2022-23.

The state’s efforts to build reserves over the last couple of years will somewhat mitigate the impact of the budget deficit for 2023-24. The enacted budget uses several mechanisms to close the projected shortfall, including some funding delays and reductions from the 2021-22 and 2022-23 budgets, and some internal fund shifts and internal borrowing.

INVESTMENTS FOCUS ON MAINTAINING FUNDING COMMITMENTS

The enacted budget does not use any of the state’s constitutional reserves to address the budget deficit. Total reserves are estimated to be \$37.8 billion, including:

- \$22.3 billion in the Budget Stabilization Account (BSA, also known as the “rainy day fund”), created in 2014 by Proposition 2;
- \$10.8 billion in the Public School System Stabilization Account (PSSSA), also established by Proposition 2 and requiring deposits during years when revenues are strong and there is substantial growth in the Proposition 98 minimum funding guarantee;
- \$900 million in the Safety Net Reserve, created by the Legislature in 2018 to set aside funds to protect the Medi-Cal and CalWORKS programs; and
- \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU), the state’s discretionary reserve that is equal to the difference between General Fund resources and General Fund spending and provides the state with flexibility to adapt to unexpected changes in revenues or spending needs during the year.

The budget avoids major cuts to ongoing programs and increases funding for some, including K-12 schools, higher education institutions, welfare payments, and health coverage. Some major expenditures include:

- Retaining \$51.4 billion in climate projects, a five percent reduction from the \$54.3 billion initially established in the last two state budgets, but a smaller cut than originally proposed in January;
- \$1 billion for the state’s Homeless Housing, Assistance, and Prevention program, marking the third straight year of that level of funding for grants to local governments for emergency shelter, housing, outreach and other services;
- \$2.8 billion to increase pay for state-subsidized child care providers over a two-year period, along with a cap on the co-payments low-income families must pay, limiting the fees to no more than one percent of income for families earning at least 75% of the state’s median income (fees are waived for families earning less than that);
- \$500 million to make permanent a 10% temporary increase in benefits for CalWORKs recipients; and

- An increase of 8.22% to the Local Control Funding Formula for K-12 schools and \$300 million to be allocated to schools with the highest concentrations of poor students, funding referred to as an “equity multiplier.”

California Community Colleges Funding

The Budget Act of 2023 reflects a small increase in overall funding for community colleges, with increases in ongoing funding provided as COLAs. The budget reflects some of the priorities included in the System Budget Request, as shown in Appendix B.

PROPOSITION 98 ESTIMATE HIGHER THAN LAST YEAR

Table 1 shows the budget’s estimates of the minimum guarantee for the prior, current and budget years. For each year, the operative test is Test 1, which links the minimum guarantee to a share of state General Fund revenue (approximately 40%). The minimum guarantee is \$108.3 billion, \$953 million higher than in 2022-23.

Table 1: Estimates of the Proposition 98 Minimum Guarantee (In Millions)

Minimum Guarantee	2021-22	2022-23	2023-24	Change From 2022-23	Percent Change
General Fund	\$ 83,754	\$ 78,117	\$ 77,457	\$ (660)	-1%
Local property tax	26,800	29,241	30,854	1,613	6%
Totals	\$ 110,554	\$ 107,358	\$ 108,311	\$ 953	0.89%

CALIFORNIA COMMUNITY COLLEGES FUNDING INCREASES

Table 2 shows Proposition 98 funding for the California Community Colleges for 2021-22, 2022-23, and 2023-24. Proposition 98 funding for the California Community Colleges increases in 2023-24 by one percent; this increase includes higher resources from local property taxes. The share of Proposition 98 funding for the system is slightly above the traditional share of 10.93% in each of these years.

Table 2: California Community Colleges Proposition 98 Funding by Source (In Millions)

Source	2021-22 Enacted	2022-23 Enacted	2023-24 Enacted	Change From 2022-23	Percent Change
General Fund	\$ 8,678	\$ 8,544	\$ 8,453	\$ (91)	-1%
Local property tax	3,515	3,787	4,003	216	6%
Totals ^a	\$ 12,193	\$ 12,331	\$ 12,456	\$ 125	1%

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

District Revenue Protections Extended in Modified Form

The 2021 Budget Act extended the Student Centered Funding Formula’s (SCFF) hold harmless provision through 2024-25, under which districts will earn at least their 2017-18 total computational revenue (adjusted by COLA each year). The 2022 Budget Act extended the revenue protections in a modified form beginning in 2025-26, with a district’s 2024-25 funding will represent its new “floor.” Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their “floor” (2024-25 funding amount), whichever is higher. This revised hold harmless provision will no longer include adjustments to reflect cumulative COLAs over time, as is the case with the provision in effect through 2024-25, so a district’s hold harmless amount would not grow.



Additional Resources Primarily for COLA

The Budget Act includes \$308.6 billion in policy adjustments compared with 2022-23 expenditure levels. Most notable among the ongoing adjustments, the budget includes \$790 million for an 8.22% COLA for the SCFF and some categorical programs. The budget cuts some prior-year one-time funding, but provides flexibility across several sources of one-time funds. These changes are summarized in Table 3.

Table 3: 2023-24 Changes in Proposition 98 Funding for the System (In Millions)

Program Areas	Adjustments
POLICY ADJUSTMENTS	
Ongoing (Proposition 98)	
SCFF COLA (8.22%)	\$678.0
SCFF Growth (0.5%)	\$26.4
Provide 8.22% COLA for Adult Ed	\$49.1
Provide 8.22% COLA for Extended Opportunity Programs and Services (EOPS)	\$13.9

Provide 8.22% COLA for Disabled Students Programs and Services (DSPS)	\$13.1
Provide 8.22% COLA for CalWORKs Student Services	\$4.2
Provide 8.22% COLA for NextUp	\$4.1
Provide 8.22% COLA for Basic Needs Centers	\$3.3
Provide 8.22% COLA for MESA	\$3.0
Provide 8.22% COLA and enrollment-based adjustment for Mandates Block Grant and Reimbursements	\$2.2
Provide 8.22% COLA for Cooperative Agencies Resources for Education (CARE)	\$2.5
Provide 8.22% COLA for Mental Health Services	\$2.5
Provide 8.22% COLA for Rapid Rehousing	\$1.6
Provide 8.22% COLA for Puente	\$1.0
Provide 8.22% COLA for Veterans Resource Centers	\$0.8
Provide 8.22% COLA for Umoja	\$0.7
Provide 8.22% COLA for Childcare Tax Bailout	\$0.3
Increase FCMAT funding for Professional Learning Opportunities	\$0.2
Financial Aid Administration workload adjustment	-\$3.1
Provide 8.22% COLA and technical adjustment for Apprenticeship	-\$4.9
Reduce Student Success Completion Grant for enrollment-based adjustment	-\$50.0
Subtotal Ongoing Policy Adjustments	\$748.9
One-Time (Proposition 98)	
Support retention and enrollment strategies	\$50.0
Workforce Training Grants	\$14.0
Provide funding for new LGBTQ+ Pilot Program	\$10.0
Provide funding for deferred maintenance	\$5.7
Provide funding for the Equal Employment Opportunity Program	\$4.2
East Los Angeles College Entrepreneurship and Innovation Center	\$2.5
Support study of online courses and programs	\$0.5
Provide funding for FCMAT Professional Learning Opportunities	\$0.1
Reduce prior-year funding for retention and enrollment strategies	-\$55.4
Reduce prior-year deferred maintenance funding	-\$500.0
Subtotal One-Time Policy Adjustments	-\$468.4
TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) Technical Adjustments	\$28.1
Subtotal Technical Adjustments	\$28.1
TOTAL CHANGES	\$308.6

Appendix B compares the Enacted Budget to the 2023-24 Board of Governors' budget request. Below we update information on the administration's more significant policy decisions and related information.

MAJOR POLICY DECISIONS CONTINUE STATE'S FOCUS ON ROADMAP

The multi-year Roadmap introduced in the 2022-23 budget continues to shape the community college system's budget for 2023-24. Building on the Vision for Success goals, the roadmap aims to advance equity, student success, and the system's ability to prepare students and contribute to a state goal of having 70% of the working-age population with a college degree or credential. The budget includes a COLA and some additional funds for enrollment and retention efforts, and allows districts more flexibility in the use of funds in pursuit of the roadmap's goals.

Apportionments Receive 8.22% COLA and 0.50% Growth

The Budget Act includes \$26.4 million **ongoing** to fund 0.5% enrollment growth and \$678 million **ongoing** to support an 8.22% COLA for apportionments, the same COLA proposed for K-12. Another \$112.4 million ongoing would support a COLA of 8.22% for categorical programs and the Adult Education program.

The estimated and proposed 2023-24 Total Computational Revenue (TCR) for the SCFF increases by \$398 million from \$9 billion at the Governor's Budget to \$9.4 billion at the Enacted Budget. This reflects \$678 million for a proposed COLA of 8.22%; \$26.4 million for FTES growth of 0.5%; and modified estimates for hold harmless and other underlying estimation factors.

Table 4 reflects the final SCFF rates for 2022-23 and the projected rates for 2023-24, as modified by COLA and other base adjustments. SCFF rates for 2023-24 are estimates and final rates will be provided at the Advance Apportionment. The distribution of funds across the three allocations (base, supplemental, and student success) is determined by changes in the underlying factors. Table 5 shows the estimated rates for college types and centers.

Table 4: 2023-24 Student Centered Funding Formula Rates (rounded)

Allocations	2022-23 Rates	2023-24 Rates	Change from 2022-23 (Amount)	Change from 2022-23 (Percent)
Base Credit ^a	\$4,840	\$5,238	\$398	8.22%
Incarcerated Credit ^a	6,788	7,346	\$558	8.22%

Special Admit Credit ^a	6,788	7,346	\$558	8.22%
CDCP	6,788	7,346	\$558	8.22%
Noncredit	4,082	4,417	\$335	8.22%
Supplemental Point Value	1145	1,239	\$94	8.22%
Student Success Main Point Value	675	730	\$55	8.22%
Student Success Equity Point Value	170	184	\$14	8.22%

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

Table 5: 2023-24 SCFF Rates for Colleges and Centers (rounded)

Basic Allocations	2022-23	2023-24	Change from 2022-23 (Amount)	Change from 2022-23 (Percent)
Single College District				
Small College	5,950,421	6,439,546	489,125	8.22%
Medium College	7,933,899	8,586,065	652,166	8.22%
Large College	9,917,373	10,732,581	815,208	8.22%
Multi College District				
Small College	5,950,421	6,439,546	489,125	8.22%
Medium College	6,942,161	7,512,806	570,645	8.22%
Large College	7,933,899	8,586,065	652,166	8.22%
Designated Rural College	1,892,601	2,048,173	155,572	8.22%
State Approved Centers	1,983,474	2,146,516	163,042	8.22%

Grandparented Centers				
Small Center	247,936	268,316	20,380	8.22%
Small Medium Center	495,869	536,629	40,760	8.22%
Medium Center	991,736	1,073,257	81,521	8.22%
Medium Large Center	1,487,605	1,609,886	122,281	8.22%
Large Center	1,983,474	2,146,516	163,042	8.22%

Reduces Deferred Maintenance Funds

The 2022 Budget Act included approximately \$840 million in **one-time** funds for 2022-23 to address deferred maintenance and energy efficiency projects across the system. The 2023 Budget Act reduces that appropriation for 2022-23 by \$500 million to approximately \$340 million but appropriates \$5.7 million **one-time** for 2023-24, resulting in a total of \$346.4 million available across 2022-23 and 2023-24.

Adjusts Support for Retention and Enrollment Efforts

The 2022 Budget Act included \$150 million in **one-time** funds for student retention and recruitment activities. The 2023 Budget Act reduces that appropriation for 2022-23 by \$55.4 million to \$94.6 million but appropriates \$50 million **one-time** for 2023-24 to continue college efforts to increase student retention rates and enrollment.

Revises COVID-19 Recovery Block Grants

The 2022 Budget Act provided \$650 million in **one-time** funds to be used for purposes related to the impact of the COVID-19 pandemic, including student support, reengagement strategies, and professional development. While the May Revision had proposed a reduction to those funds, the 2023 Budget Act maintains the full funding.

Provides Flexibility in the Use of Some Funds

The enacted budget includes provisions to allow community college districts more flexibility in the use of some funds:

- In the context of the reduction in deferred maintenance funds, remaining one-time funds provided to districts for retention and enrollment efforts, the COVID-19 Block Grants, and deferred maintenance and instructional equipment can be used for any of these purposes. The amount remaining is roughly \$1.1 billion.
- The enacted budget approves Chancellor’s Office priority language to expand the use of Strong Workforce program funds to students to cover third-party certification and licensing fees.

The budget does *not* include a provision to allow colleges flexibility in the use of funding for the Student Equity and Achievement Program, Financial Aid Administration, and Student Mental Health (as had been proposed in the May Revision).

Changes Investments in Affordable Student Housing

As part of the Budget Act of 2021, the state created the Higher Education Student Housing Grant Program to support the construction of affordable student housing across the three public higher education segments. The program was to receive funding over three years for three rounds of grants. The 2023 Budget Act eliminates the General Fund appropriation for the grants but provides \$78.5 million ongoing General Funds to support debt service for student housing projects in 2022-23 and 2023-24 funded with lease revenue bonds. UC and CSU housing projects will be funded with revenue bonds issued by those systems, and community college housing projects will be funded through local revenue bonds to be issued by community college districts or as part of a state pool. SB 117 also indicates intent to reserve \$81.3 million for a future round. For 2023-24, the budget act specifies community college construction projects that have been approved for funding using local revenue bonds, listed in Table 6.

Table 6: 2023-24 Community College Student Housing Construction Projects

District	Campus	District Requested Project Funding
Construction Projects		
Cabrillo CCD	Cabrillo College/UC Santa Cruz	\$ 111,787,000
Riverside CCD	Riverside City College/UC Riverside	\$ 75,000,000
Merced CCD	Merced College/UC Merced	\$ 50,000,000
San Diego CCD	San Diego City College	\$ 75,000,000
Cerritos CCD	Cerritos College	\$ 67,995,000
San Mateo County CCD	College of San Mateo	\$ 55,854,000
Redwoods CCD	College of the Redwoods	\$ 28,415,000
Total Construction		\$ 464,051,000

The enacted budget also appropriates \$200 million in **one-time** General Funds for the California Student Housing Revolving Loan Fund, which provides zero-interest loans for constructing affordable student housing and affordable faculty and staff housing. The budget designates 25% (\$50 million) to be available to community college district applicants, with the remainder to be allocated to the UC and CSU systems. It includes language specifying an intent to appropriate another \$300 million per year for the next five years, 2024-25 through 2028-29, with the same percentage allocation (25%, or \$75 million) to be available for community college districts. Unused funds from one segment could be made available to accommodate excess demand in another segment.

Makes Changes to Several Student Aid Programs

The enacted budget makes several revisions to student aid programs that are relevant to community college students:

- It extends by one year the timing of tying the maximum Cal Grant A and B tuition award amount for students attending private universities to whether the number of new transfer students accepted by the institutions who have been given associate degree for transfer (ADT) commitments in the prior award year exceeds statutory targets. For 2023-24, the maximum award amount will remain at \$9,358. Beginning in 2024-25, the maximum award amount will be either \$9,358 or \$8,056, with receipt of the higher amount conditioned upon achieving the target for ADTs.
- It extends by one year the requirement to use the 3-year cohort default rate certified in 2020 in determining an institution's eligibility for initial and renewal Cal Grant awards, with the 2020 rate now to be used through the 2024-25 academic year.
- It includes additional forms of financial aid in determining a students' Middle Class Scholarship Program (MCSP) award, relevant for students enrolled in upper division coursework in a community college baccalaureate program. It would reduce the amount of a student's MCSP award if the MCSP award, in combination with other grants or scholarships treated as estimated financial assistance, exceeds the allowable gift aid under federal regulations (except that current and former foster youth would continue to receive the full amount they are eligible for under the MCSP formula).
- It allocates funds to provide student members of the Board of Governors with \$4,000 in financial assistance per semester for each year of their term, aid that would be in addition to any need-based financial aid and any private grants and scholarships the students may receive.
- It increases the Student Success Completion Grant award amount to \$5,250 per semester for eligible students who are current or former foster youth enrolled in 12 or more units per semester (the award amounts for other students remain at \$1,298 per semester for those taking 12-14 units and \$4,000 per semester for those enrolled in 15 units).

The budget does not include additional language about the implementation of Cal Grant reform. The 2022-23 state budget enacted the Cal Grant Reform Act, a longstanding priority of the California Community Colleges system and our student-led organizations, overhauling and modernizing the state Cal Grant program for community college students. When it goes into effect in the 2024-25 academic year, the Cal Grant Reform Act would entitle all community college students with financial need to a revised "Cal Grant 2" financial aid award that would increase with inflation over time and continue to support students' total cost of attendance beyond tuition. The Cal Grant Reform Act depends on the Department of Finance determining, in the spring of 2024, that there will be sufficient revenues in the 2024-25 fiscal year to support this expansion of financial aid.

Makes Appropriations for Specific Initiatives

The Budget Act provides **one-time** funds for a couple of specific initiatives, including:

- \$2.5 million **one-time** for allocation to East Los Angeles College for the creation of a Small Business Entrepreneurship and Innovation Center.
- \$500,000 **one-time** to the Chancellor's Office for use in contracting with a third-party research institution to conduct a study of online and hybrid course offerings across the system. The study will review outcomes and costs associated with online courses and programs and develop recommendations to ensure an appropriate mix of online and in-person offerings to support student success and equitable outcomes.

The enacted budget amends language to allow county juvenile halls, in addition to state prisons, to be eligible for online textbook funding. The budget also indicates an intent to provide \$60 million annually for 2024-25 through 2028-29 to expand community college nursing programs and Bachelor of Science in nursing partnerships to grow, educate, and maintain the next generation of registered nurses, subject to future legislation.

Clarifies Hiring Obligations

The enacted budget clarifies obligations of the Chancellor's Office and community college districts regarding Equal Employment Opportunity (EEO) funds. By October 1, 2023, the Chancellor's Office must implement a policy to verify that districts conduct the demographic analyses of their employment processes that are required by existing state regulations. By January 24, 2024, the Chancellor's Office must create a process to verify districts' proper implementation of strategies to promote faculty diversity. Conducting required analyses and implementing EEO best practices (Multiple Methods) identified by the Chancellor's Office are required as conditions for districts to receive EEO funds.

The budget also includes a requirement for the Chancellor's Office to implement a policy to verify that districts are using designated full-time faculty funding provided in 2018 and 2021 for that purpose. It includes a requirement that districts annually report to the Chancellor's Office their progress in both increasing the percentage of instruction by full-time faculty and increasing faculty diversity. The Chancellor's Office will be required to synthesize the information into an annual systemwide report.

LOCAL SUPPORT FUNDING INCREASES OR IS STABLE FOR ONGOING PROGRAMS

Table 7 shows ongoing local assistance funding by program for 2022-23 and 2023-24. As the table shows, some categorical programs receive cost-of-living adjustments while most others receive level or workload-based funding.

Table 7: California Community Colleges Ongoing Funding by Program^a (In Millions)

Program	2022-23 Enacted	2023-24 Enacted	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	8734.0	9421.1	687.1	7.9%	COLA, growth, and other base adjustments
Adult Education Program – Main	603.1	652.2	49.1	8.1%	COLA
Student Equity and Achievement Program	524.0	524.0	0.0	0.0%	
Student Success Completion Grant	412.6	362.6	-50.0	-12.1%	Adjust for revised estimates of recipients
Strong Workforce Program	290.4	290.4	0.0	0.0%	
Part-time Faculty Health Insurance	200.5	200.5	0.0	0.0%	
Extended Opportunity Programs and Services (EOPS)	169.2	183.1	13.9	8.2%	COLA
Disabled Students Programs and Services (DSPS)	159.7	172.8	13.1	8.2%	COLA
Full-time Faculty Hiring	150.0	150.0	0.0	0.0%	
California College Promise (AB 19)	91.2	91.2	0.0	0.0%	
Integrated Technology	89.5	89.5	0.0	0.0%	
Financial Aid Administration	81.6	78.5	-3.1	-3.8%	Workload adjustment
Apprenticeship (community college districts)	69.2	64.3	-4.9	-7.1%	COLA and program reduction

CalWORKs student services	50.9	55.1	4.2	8.3%	COLA
NextUp (foster youth program)	50.0	54.1	4.1	8.2%	COLA
Basic Needs Centers	40.0	43.3	3.3	8.2%	COLA
Mandates Block Grant and Reimbursements	36.1	38.3	2.2	6.1%	COLA and enrollment-based adjustment
Mathematics, Engineering, Science Achievement (MESA)	36.4	39.4	3.0	8.2%	COLA
Cooperative Agencies Resources for Education (CARE)	30.9	33.5	2.5	8.2%	COLA
Student Mental Health Services	30.0	32.5	2.5	8.2%	COLA
Institutional Effectiveness Initiative	27.5	27.5	0.0	0.0%	
Part-time Faculty Compensation	26.5	26.5	0.0	0.0%	
Rising Scholars Network	25.0	25.0	0.0	0.0%	
Part-time Faculty Office Hours	23.6	23.6	0.0	0.0%	
Economic and Workforce Development	22.9	22.9	0.0	0.0%	
California Virtual Campus	20.0	20.0	0.0	0.0%	
Homeless and Housing Insecurity Program 'Rapid Rehousing'	19.0	20.6	1.6	8.2%	COLA
Calbright College	15.0	15.0	0.0	0.0%	
Nursing Grants	13.4	13.4	0.0	0.0%	

Lease Revenue Bond Payments	12.8	12.8	0.0	0.0%	
Equal Employment Opportunity Program	12.8	17.0	4.2	32.8%	Add one-time funding
Puente Project	12.3	13.3	1.0	8.2%	COLA
Dreamer Resource Liaisons	11.6	11.6	0.0	0.0%	
Classified Employee Summer Assistance Program	10.0	10.0	0.0	0.0%	
Immigrant Legal Services through CDSS	10.0	10.0	0.0	0.0%	
Veterans Resource Centers	10.0	10.8	0.8	8.2%	COLA
Umoja	8.5	9.2	0.7	8.2%	COLA
AANHPI Student Achievement Program	8.0	8.0	0.0	0.0%	
Foster Care Education Program	6.2	6.2	0.0	0.0%	
Childcare Tax Bailout	4.0	4.3	0.3	8.2%	COLA
Middle College High School Program	1.8	1.8	0.0	0.0%	
Academic Senate	1.7	1.8	0.1	6.6%	6.56% COLA
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.4	1.4	0.0	0.0%	
African American Male Education Network and Development (A2MEND)	1.1	1.1	0.0	0.0%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.7	0.7	0.0	0.0%	

FCMAT	0.6	0.8	0.2	35.1%	Increase for FCMAT Professional Learning Opportunities
Total	\$ 12,155.70	\$ 12,891.58	\$ 735.88	6.1%	

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

^b The Adult Education program total includes resources that go to the K-12 system but are included in the CCC budget. The K-12 Strong Workforce program and K-12 Apprenticeship program are not listed above but are also included in the CCC budget.

^c See [Makes Appropriations for Specific Local Initiatives](#) section for breakdown

Table 8 shows one-time local assistance funding for 2022-23 and 2023-24. Given the state budget deficit, community colleges receive few one-time investments. The largest amount provided is \$50 million **one-time** for retention and enrollment efforts, but in the context of a reduction of about \$55 million to the funding provided in 2022-23. It also includes \$14 million **one-time** to support workforce training grants in collaboration with the California Department of Forestry and Fire Protection, and \$10 million **one-time** in each of the next three years to support LGBTQ+ student support centers (with a maximum of \$900,000 allowed per district).

Table 8: California Community Colleges One-Time Funding by Program^a (In Millions)

Program	2022-23 Revised	2023-24 Enacted	Explanation of Change
Retention and enrollment strategies (one-time)	94.6	50.0	Reduces prior year funding by \$55.4 million (from \$150) and adds one-time funds for 2023-24
Workforce Training Grants	0.0	14.0	One-time funds added
LGBTQ+ Pilot Program	0.0	10.3	One-time funds added
College-specific allocations	171.5	2.5	One-time funds added for East Los Angeles College Entrepreneurship and Innovation Center
FCMAT Professional Learning Opportunities	0.0	0.1	One-time funds added

Deferred maintenance	340.7	5.7	Reduce prior year funding by \$500 million (from \$840.7) and adds one-time funds for 2023-24
Study online course and program offerings	0.0	0.5	One-time funds added

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

CAPITAL OUTLAY INVESTMENTS ARE LOWER THAN IN 2022-23

The Budget Act includes \$232.3 million **one-time** in capital outlay funding from Propositions 1A, 203, 153, 47, 1D, 55, and 51, down from \$403 million provided in the 2022 Budget Act. The funding would support the construction phase for two new and 12 continuing projects, as listed in Table 9.

Table 9: Capital Outlay Projects in the California Community Colleges (In Millions)

District, College	Project	2023-24 State Cost	2023-24 Total Cost	All Years State Cost	All Years Total Cost
NEW PROJECTS					
Proposition 51					
Coast, Golden West College	Fine Arts Renovation	\$1.39	\$2.58	\$16.00	\$31.28
San Mateo, College of San Mateo	Building 9 Library Modernization	\$1.76	\$3.52	\$22.25	\$43.92
CONTINUING PROJECTS					
Proposition 1A					
Redwoods, College of the Redwoods	Physical Education Replacement	\$0.26	\$72.30	\$77.68	\$77.68
Proposition 203					
Redwoods, College of the Redwoods	Physical Education Replacement	\$0.15	\$72.30	\$77.68	\$77.68
Proposition 153					
Redwoods, College of the Redwoods	Physical Education Replacement	\$0.04	\$72.30	\$77.68	\$77.68
Proposition 47					

Redwoods, College of the Redwoods	Physical Education Replacement	\$0.16	\$72.30	\$77.68	\$77.68
Proposition 1D					
Redwoods, College of the Redwoods	Physical Education Replacement	\$55.53	\$72.30	\$77.68	\$77.68
Proposition 55					
Compton, Compton College	Visual and Performing Arts	\$12.53	\$16.68	\$13.33	\$17.79
Desert, College of the Desert	Science Building Renovation	\$6.85	\$13.71	\$7.44	\$14.88
Grossmont-Cuyamaca, Grossmont College	Instructional Building 1	\$15.93	\$31.51	\$16.93	\$33.51
Sierra Jt., Sierra College	Applied Technology Center Modernization	\$19.90	\$37.39	\$21.28	\$41.79
Proposition 51					
Chabot-Las Positas, Chabot College	Building 3000 Maintenance Operations Warehouse & Garage	\$10.06	\$27.63	\$10.73	\$28.98
Grossmont-Cuyamaca, Grossmont College	Liberal Arts/Business/Computer Science Information Systems	\$11.46	\$22.23	\$12.41	\$24.40
Los Angeles, Los Angeles Mission College	Plant Facilities Warehouse & Shop Replacement	\$7.32	\$24.16	\$7.83	\$25.92
Redwoods, College of the Redwoods	Physical Education Replacement	\$16.15	\$72.30	\$77.68	\$77.68
Riverside, Norco College	Center for Human Performance and Kinesiology	\$28.56	\$51.49	\$30.21	\$54.19
Shasta/Tehama/Trinity, Shasta College	Building 800 Renovation	\$5.97	\$11.03	\$6.46	\$12.00
Sierra Jt., Sierra College	New Science Building	\$27.47	\$54.97	\$29.81	\$58.72
West Valley-Mission, West Valley College	Theater Renovation/Expansion	\$10.81	\$29.02	\$11.63	\$30.66
Total		\$232.30	\$398.22	\$283.99	\$495.72

STATE OPERATIONS RECEIVES LEVEL FUNDING

The Chancellor's Office provides leadership and oversight to the system, administers dozens of systemwide programs, and manages day-to-day operations of the system. The office is involved in implementing several recent initiatives including Guided Pathways, equitable placement reforms, transfer alignment, and the Student Centered Funding Formula. In addition, the Chancellor's Office provides technical assistance to districts and conducts regional and statewide professional development activities. The 2022-23 budget provided an increase of \$3.9 million over the prior year to support 26 new positions to

better support curriculum-related reforms and technology modernization efforts across the system as well as improved operational capacity in general. The 2023 Budget Act keeps funding about level at about \$25.7 million in non-Proposition 98 General Fund and \$12.2 million in special funds and reimbursements for Chancellor’s Office operations.

Conclusion

The Appendices contain additional information as follows:

- Appendix A: Overview of the State Budget Process
- Appendix B: Board of Governors’ Budget and Legislative Request Compared to Enacted Budget
- Appendix C: Local Budgets and State Requirements
- Appendix D: Districts’ Fiscal Health
- Appendix E: Glossary

Although the budget has been enacted, the Governor and Legislature could make changes to the budget in “clean-up” legislation over the summer or later this year. The Chancellor’s Office will post updates concerning any changes made to the budget on the [Budget News](#) section of the website.

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 Legislative Analyst’s Office (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.

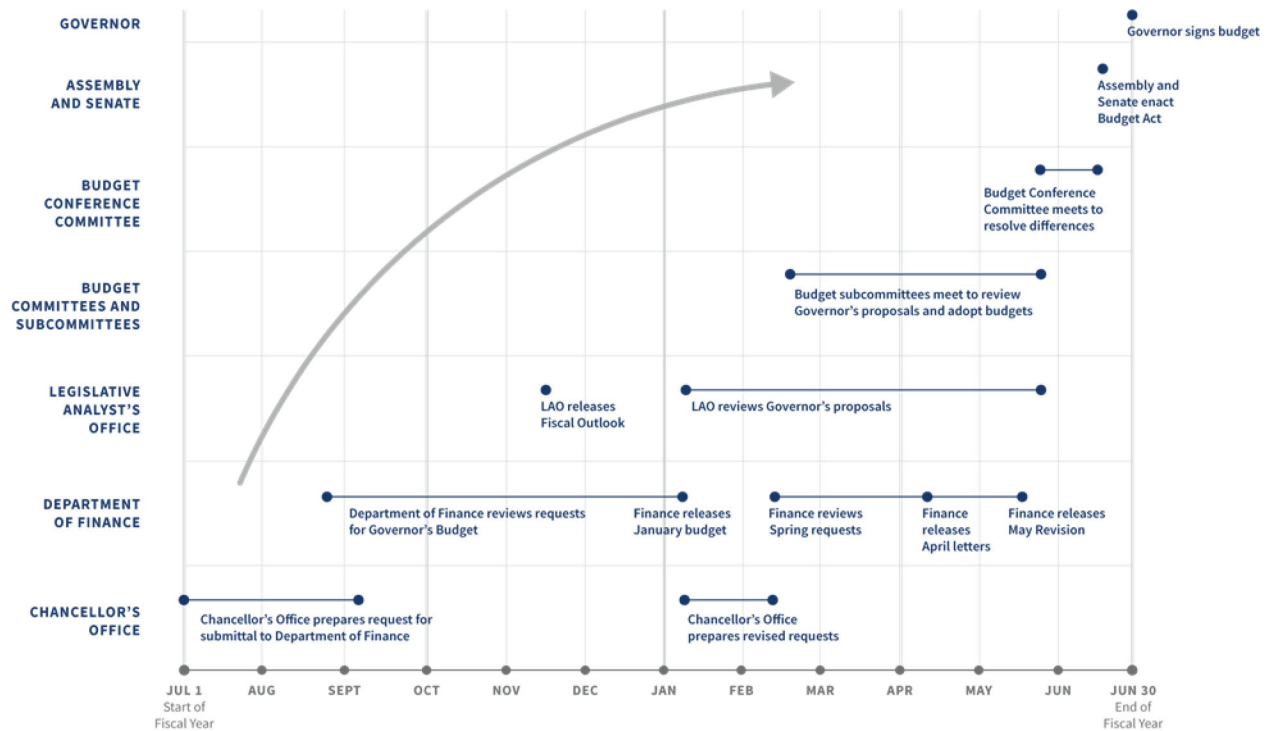
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can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

Board of Governor’s Request	Enacted Budget
Ongoing Investments	
Foundational Resources. \$400 million for base funding increase.	Provides \$678 million for a COLA of 8.22% and \$26.4 million for 0.5% enrollment growth.
Diversity, Equity and Inclusion. \$2 million to leverage federal match for Foster and Kinship Care Education program; \$80 million for expanded campus childcare; \$60 million increase to DSPS.	Not funded. Includes new monitoring and reporting requirements related to appropriate use of Equal Employment Opportunity funds and progress on faculty/staff diversity.
Pathways and Student Supports. \$70 million for implementation of corequisite support models.	Provides \$112.4 million for 8.22% COLA for selected categorical programs.
Support for Faculty and Staff. \$50 million for faculty supports across hiring, parity, curriculum development and office hours; \$10 million for CCC Teacher Preparation Program	Not funded. Includes new monitoring and reporting requirements related to appropriate use of full-time faculty hiring funds and progress on increasing full-time faculty.
Technology and Data Sharing. \$30 million for technology capacity to support flexible and online learning modalities; \$200,000 for streamlined reporting process; \$92 million for Common ERP (beginning in 2024-25).	Not funded.
College Affordability and Supports. \$10 million for structural reforms to financial aid administration; policy changes to cover Student Success Completion Grants for student Board of Governors members and to extend eligibility for AB 540 tuition exemption to students who have completed 60 units or an ADT.	Increases Student Success Completion Grant amount for current and former foster youth to \$5,250. Provides funding to cover \$4,000 per semester of financial assistance for student BOG members, above and beyond whatever other financial aid they receive.
One-Time Investments	
Pathways and Student Supports. \$150 million to establish Childcare Expansion Fund for upgrading facilities and enhancing partnerships for campus childcare; \$23 million to incentivize colleges to identify and implement changes to structures and processes to reduce excess units; \$2.7 million for Intersegmental Transfer Success Collaborative of cross-segment disciplinary faculty; \$231,000 for analysis of online learning innovations; \$20 million for infrastructure for students with disabilities.	Instead, it provides \$50 million to support college efforts and strategies to increase student retention rates and enrollment (but in the context of a reduction of \$55.4 million in the funds provided in 2022-23 for this purpose).

<p>Technology and Data Sharing. \$2.2 million for creation of streamlined reporting tool; \$300 million for Common ERP (in 2024-25)</p>	<p>Not funded, but provides \$500,000 to allow contracting for a study of online and hybrid course offerings across the system.</p>
<p>Institutional Quality and Capacity. \$150 million one-time for deferred maintenance.</p>	<p>Decreases 2022-23 funds for deferred maintenance by \$500 million. Provides \$5.7 million one-time for deferred maintenance and allows flexibility in the use of some other funding for that purpose.</p>
<p>Non-Proposition 98 Investments</p>	
<p>College Affordability and Supports. \$900 million one-time for construction grants for student housing</p>	<p>Provides approval for \$464.1 million to be issued by districts as local revenue bonds for housing projects, and states intent to approve additional \$81.3 million in other legislation, for a total of \$545.4 million.</p>
<p>Pension Relief. Unspecified one-time investment to allow redirection of resources toward student success goals.</p>	<p>Not funded.</p>
<p>Capacity to Support the System. \$963,000 ongoing for 5 additional Chancellor’s Office staff to support NOVA platform</p>	<p>Not funded.</p>
<p>Workforce Education. Policy changes to revise Economic Workforce Development program to emphasize collaboration, coordination, and expanded work-based learning.</p>	<p>The agreement approves Chancellor’s Office priority language to expand the use of Strong Workforce Program funding to support student grants for third-party certifications and work-based learning programs.</p>

Appendix C: Local Budgets and State Requirements

BUDGET PLANNING AND FORECASTING

Based on the information used in developing the 2022 enacted budget, it would be reasonable for districts to plan their budgets using information shown in Table C-1 below.

Table C-1: Planning Factors for Proposed 2022-23 Budget

Factor	2021-22	2022-23	2023-24
Cost-of-living adjustment (COLA)	5.07%	6.56%	8.22%
State Lottery funding per FTES ^a	\$228	\$237	TBD
Mandated Costs Block Grant funding per FTES	\$30.16	\$32.68	\$35.37
RSI reimbursement per hour	\$6.44	\$8.82	\$9.98
Financial aid administration per College Promise Grant	\$0.91	\$0.91	\$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	22.91%	25.37%	26.68%
State Teachers' Retirement System (CalSTRS) employer contribution rates	16.92%	19.10%	19.10%

^a 2023-24 estimate not available

STATE REQUIREMENTS FOR DISTRICT BUDGET APPROVAL

Existing law requires the governing board of each district to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues by specified deadlines. Financial reporting deadlines are shown in Table C-2.

Table C-2: Standard Financial Reporting Deadlines in Place for 2023-24

Activity	Regulatory Due Date	Title 5 Section
Submit tentative budget to county officer.	July 1, 2023	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2023	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2023	58301
Complete the adopted annual financial and budget report and make public.	September 30, 2023	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2023	58305(d)
Submit an audit report to the Chancellor's Office.	December 31, 2023	59106

If the governing board of any district fails to develop a budget as described, the chancellor may withhold any apportionment of state or local money to the district for the current fiscal year until the district makes a proper budget. These penalties are not imposed on a district if the chancellor determines that unique circumstances made it impossible for the district to comply with the provisions or if there were delays in the adoption of the annual state budget.

The total amount proposed for each major classification of expenditures is the maximum amount that may be expended for that classification for the fiscal year. Through a resolution, the governing board may make budget adjustments or authorize transfers from the reserve for contingencies to any classification (with a two-thirds vote) or between classifications (with a majority vote).

STATE REQUIREMENTS RELATED TO EXPENDITURES

State law includes two main requirements for districts' use of apportionments. The Chancellor's Office monitors district compliance with both requirements and annually updates the Board of Governors.

Full-Time Faculty Obligation

Education Code Section 87482.6 recognizes the goal of the Board of Governors that 75% of the hours of credit instruction in the California Community Colleges should be taught by full-time faculty. Each district has a baseline reflecting the number of full-time faculty in 1988-89. Each year, if the Board of Governors determines that adequate funds exist in the budget, districts are required to increase their base number of full-time faculty over the prior year in proportion to the amount of growth in funded credit full-time equivalent students. Funded credit FTES includes emergency conditions allowance protections, such as those approved for fires and for the COVID-19 pandemic. Districts with emergency conditions allowances approved per regulation will not have their full-time faculty obligation reduced for actual reported FTES declines while the protection is in place. The target number of faculty is called the Faculty Obligation Number (FON). An additional increase to the FON is required when the budget includes funds specifically for the purpose of increasing the full-time faculty percentage. The chancellor is required to assess a penalty for a district that does not meet its FON for a given year.

Fifty Percent Law

A second requirement related to budget levels is a statutory requirement that each district spend at least half of its Current Expense of Education each fiscal year for salaries and benefits of classroom instructors. Under existing law, a district may apply for an exemption under limited circumstances.

Appendix D: Districts' Fiscal Health

The Board of Governors has established standards for sound fiscal management and a process to monitor and evaluate the financial health of community college districts. These standards are intended to be progressive, with the focus on prevention and assistance at the initial level and more direct intervention at the highest level.

Under that process, each district is required to regularly report to its governing board the status of the district's financial condition and to submit quarterly reports to the Chancellor's Office three times a year in November, February, and May. Based on these reports, the Chancellor is required to determine if intervention is needed. Specifically, intervention may be necessary if a district's report indicates a high probability that, if trends continue unabated, the district will need an emergency apportionment from the state within three years or that the district is not in compliance with principles of sound fiscal management. The Chancellor's Office's intervention could include, but is not limited to, requiring the submission of additional reports, requiring the district to respond to specific concerns, or directing the district to prepare and adopt a plan for achieving fiscal stability. The Chancellor also could assign a fiscal monitor or special trustee.

The Chancellor's Office believes that the evaluation of fiscal health should not be limited to times of crisis. Accordingly, the Fiscal Forward Portfolio has been implemented to support best practices in governance and continued accreditation, and to provide training and technical assistance to new chief executive officers and chief business officers through personalized desk sessions with Chancellor's Office staff.

The Chancellor's Office's ongoing fiscal health analysis includes review of key financial indicators, results of annual audit reports, and other factors. A primary financial health indicator is the district's unrestricted reserves balance. **The Chancellor's Office recommends that districts adopt policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of general fund operating expenditures or revenues, consistent with Budgeting Best Practices published by the Government Finance Officers Association.**

Districts are strongly encouraged to regularly assess risks to their fiscal health. The Fiscal Crisis and Management Assistance Team has developed a Fiscal Health Risk Analysis for districts as a management tool to evaluate key fiscal indicators that may help measure a district's risk of insolvency in the current and two subsequent fiscal years.

Appendix E: Glossary

Appropriation: Money set apart by legislation for a specific use, with limits in the amount and period during which the expenditure is to be recognized.

Augmentation: An increase to a previously authorized appropriation or allotment.

Bond Funds: Funds used to account for the receipt and disbursement of non-self-liquidating general obligation bond proceeds.

Budget: A plan of operation expressed in terms of financial or other resource requirements for a specific period.

Budget Act (BA): An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget, amended by the Legislature, and signed by the Governor.

Budget Year (BY): The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

Capital Outlay: Expenditures that result in acquisition or addition of land, planning and construction of new buildings, expansion or modification of existing buildings, or purchase of equipment related to such construction, or a combination of these.

Cost of Living Adjustment (COLA): Increases provided in state-funded programs intended to offset the effects of inflation.

Current Year (CY): The present state fiscal year, beginning July 1 and ending June 30 (in contrast to past or future periods).

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

Department of Finance (DOF or Finance): A state fiscal control agency. The Director of Finance is appointed by the Governor and serves as the chief fiscal policy advisor.

Education Protection Account (EPA): The Education Protection Account (EPA) was created in November 2012 by Proposition 30, the Schools and Local Public Safety Protection Act of 2012, and amended by Proposition 55 in November 2016. Of the funds in the account, 89 percent is provided to K-12 education and 11 percent to community colleges. These funds are set to expire on December 31, 2030.

Expenditure: Amount of an appropriation spent or used.

Fiscal Year (FY): A 12-month budgeting and accounting period. In California state government, the fiscal year begins July 1 and ends the following June 30.

Fund: A legal budgeting and accounting entity that provides for the segregation of moneys or other resources in the State Treasury for obligations in accordance with specific restrictions or limitations.

General Fund (GF): The predominant fund for financing state operations; used to account for revenues that are not specifically designated by any other fund.

Governor's Budget: The publication the Governor presents to the Legislature by January 10 each year, which includes recommended expenditures and estimates of revenues.

Legislative Analyst's Office (LAO): A nonpartisan office that provides fiscal and policy advice to the Legislature.

Local Assistance: Expenditures made for the support of local government or other locally administered activities.

May Revision: An update to the Governor's Budget presented by Finance to the Legislature by May 14 of each year.

Past Year or Prior Year (PY): The most recently completed state fiscal year, beginning July 1 and ending June 30.

Proposition 98: A section of the California Constitution that, among other provisions, specifies a minimum funding guarantee for schools and community colleges. California Community Colleges typically receive 10.93% of the funds.

Related and Supplemental Instruction (RSI): An organized and systematic form of instruction designed to provide apprentices with knowledge including the theoretical and technical subjects related and supplemental to the skill(s) involved.

Reserve: An amount set aside in a fund to provide for an unanticipated decline in revenue or increase in expenditures.

Revenue: Government income, generally derived from taxes, licenses and fees, and investment earnings, which are appropriated for the payment of public expenses.

State Operations: Expenditures for the support of state government.

Statute: A law enacted by the Legislature.

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

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