



PLANNING & BUDGETING COMMITTEE

**May 17, 2018
1:00 -2:30 P.M.
Library 202**

Facilitator: Rory K. Natividad

Notes: Linda M. Olsen

STATEMENT OF PURPOSE

The Planning and Budgeting Committee serves as the consultation committee for campus-wide planning and budgeting. The PBC assures that planning and budgeting are integrated and evaluated while driven by the mission and strategic initiatives set forth in the Strategic Plan. The PBC makes recommendations to the President on all planning and budgeting issues and reports committee activities to campus constituencies.
10/5/17

Strategic Initiative – C – Collaboration

Advance an effective process of collaboration and collegial consultation conducted with integrity and respect to inform and strengthen decision-making.

Members

- | | |
|---|---|
| <input type="checkbox"/> Jose Anaya – Community Advancement | <input type="checkbox"/> Rory K. Natividad - Chair (non-voting) |
| <input type="checkbox"/> Amy Grant - Academic Affairs | <input type="checkbox"/> Alex Ostrega – ASO, Student Rep. |
| <input type="checkbox"/> Jeff Hinshaw - Administrative Services | <input type="checkbox"/> Jackie Sims - Management/Supervisors |
| <input type="checkbox"/> Ken Key - ECCFT | <input type="checkbox"/> Greg Toya – Student Services |
| <input type="checkbox"/> Ruben Lopez – Campus Police | <input type="checkbox"/> Josh Troesh - Academic Senate |
| <input type="checkbox"/> David Mussaw – ECCE | |

Alternate Members / Support

- | | |
|--|--|
| <input type="checkbox"/> Babs Atane – Support | <input type="checkbox"/> Sidney Porter – Alt. Ac. Senate |
| <input type="checkbox"/> Kristie Daniel-DiGregorio – Support | <input type="checkbox"/> Gary Robertson - Alt. Police |
| <input type="checkbox"/> Brian Fahnestock – Support | <input type="checkbox"/> Jean Shankweiler – Support |
| <input type="checkbox"/> Irene Graff – Support | <input type="checkbox"/> Luukia Smith – Alt. ECCE |
| <input type="checkbox"/> Jennifer Gutierrez - Alt. ASO | <input type="checkbox"/> Michael Trevis – Alt. Adm. |
| <input type="checkbox"/> Kelsey Iino– Alt. Student Services | <input type="checkbox"/> Steve Waterhouse-Alt. Mgmt/Sup |
| <input type="checkbox"/> William Kerwin - Support | <input type="checkbox"/> Carolee Jessop-Vakil – Alt. ECCFT |
| <input type="checkbox"/> Art Leible – Support | <input type="checkbox"/> Van Buren, Star – Alt. Comm Adv. |
| <input type="checkbox"/> Jane Miyashiro – Support | <input type="checkbox"/> Vacant - Alt., Ac. Affairs |
| <input type="checkbox"/> Ross Miyashiro – Support | |

AGENDA

- | | | |
|-----------------------------------|----------------------------|-----------|
| 1. Approval Minutes – May 3, 2018 | R. Natividad | 1:00 P.M. |
| 2. May Revise | B. Fahnestock / J. Hinshaw | 1:10 P.M. |
| 3. Tentative Budget | B. Fahnestock / J. Hinshaw | 1:25 P.M. |
| 4. PBC annual Calendar | R. Natividad | 1:50 P.M. |

Next meeting – May 17, 2018

Committee Funds and Financial Terms Glossary

General Unrestricted	Fund 11
General Restricted	Fund 12
Compton Center Related Activities	Fund 14
Special Programs Compton Center Partnership	Fund 15
STRS/PERS	Fund 16
Student Financial Aid	Fund 74
Workers Comp.	Fund 61
Capital Outlay Projects	Fund 41
General Obligation Bond	Fund 42
Property & Liability Self-Insurance	Fund 62
Dental Self-Insurance	Fund 63
Post-Employment Benefits Irrevocable Trust	Fund 69
Bookstore	Fund 51

WSCH =	Weekly Student Contact Hours
BOGFW =	Board of Governors Fee Waiver
FTES =	Full Time Equivalent Students
FTEF =	Full Time Equivalent Faculty
COLA =	Cost of Living Adjustment
OPEB =	Other Post-Employment Benefits
FON =	Faculty Obligation Number

* A complete list is available in the annual final budget book.

Planning and Budgeting Committee 2017-18 Goals

1. Develop an action plan utilizing the college wide evaluation of planning and budgeting process. The evaluation was conducted last year.
2. Chair to provide brief summary of PBC meeting via email to improve communication efforts.
3. Review and approve the Comprehensive Master Plan to ensure that they are:
 - a. Supportive of the Mission and Strategic Plan,
 - b. Integrated with other college planning and budgeting,
 - c. Implementable, and
 - d. Achievable.
4. Provide orientation and information to new members and alternates
5. Seek evidence of constituent group PBC communications in an effort to improve the understanding of committee efforts throughout the campus.

EL CAMINO COLLEGE
Planning & Budgeting Committee
Minutes
Date: May 3, 2018

MEMBERS PRESENT

- | | |
|--|---|
| <input checked="" type="checkbox"/> Amy Grant – Academic Affairs | <input type="checkbox"/> Jeff Hinshaw–Administrative Services |
| <input checked="" type="checkbox"/> Ken Key - ECCFT | <input checked="" type="checkbox"/> Jackie Sims -Management/Supervisors |
| <input checked="" type="checkbox"/> David Mussaw - ECCE | <input type="checkbox"/> Ruben Lopez – Campus Police |
| <input checked="" type="checkbox"/> Rory K. Natividad – Chair (non-voting) | <input checked="" type="checkbox"/> Greg Toya – Student Services |
| <input checked="" type="checkbox"/> Alex Ostrega – ASO Student Rep. | <input checked="" type="checkbox"/> Josh Troesh – Academic Senate |
| <input type="checkbox"/> Jose Anaya – Community Advancement | |

Alternate Members: M. Myers (for I. Graff), S. Porter

Support: B. Atane, B. Fahnestock, J. Miyashiro, R. Miyashiro

Other Attendees: A. O’Brien, K. Davison

The meeting was called to order at 1:07 p.m.

Approval of the March 15 and April 19, 2018 Minutes

1. The minutes of March 15 were presented to the committee for approval.
2. Page 2, Funding Formula, #7, at the beginning of the first sentence **delete:** It was decided. **Replace with:** The CEO workgroup recommended.
3. The minutes were approved with the one correction and will be posted on line.
4. The minutes of April 19 were presented to the committee for approval.
5. Page 1, Accreditation Update, #2. **Correct: It to: In.**
6. The minutes were approved with the one minor correction and will be posted on line.

Budget Assumptions – B. Fahnestock

1. The tentative Budget Assumptions for 2018-2019 were presented to the committee. These assumptions reflected the best information available at this time from the Chancellor’s Office. The unrestricted general fund guidelines were then reviewed.
2. The estimated beginning fund balance was listed as \$23,506,206. The estimated revenue including Federal, State and local sources was listed as \$127,056,688. COLA was at 2.59% but has been increased to 2.71% as of a couple days ago. This equates to \$2.8 million.
3. The interfund transfer from Fund 16 to cover the 2018-2019 increases to PERS and STRS rates was listed \$1,653,393. It was noted PERS and STRS rates will be dramatically increasing. The rates have gone up more than what was originally planned for. Thus we are not making back the money that was anticipated. They under estimated several things such as increases in pay and how long people will stay in the system. To cover our expenses we will have to tap into our \$15 million for next year.
4. Next year it is anticipated we will not have any growth and will hopefully keep the same enrollment that we have this year.
5. A position control database is being created for step and column movement. Input on this project was received from all the departments to ensure accuracy. This will be able to give us accurate financial projections with step increases. For next year these increases are projected as follows: certificated will cost \$914,612 (1.75%) and classified will cost \$333,464 (1.32%).

6. The salary increase of 2.71% will be applied to all units effective January 1, 2019 and will total \$1,050,477.
7. Increase in the employee benefits cost and the COLA increase is anticipated at \$466,296. Pension contributions are listed as follows:
 - PERS increases by 2.531% to 18.062% would equal an increased cost of \$656,497.
 - STRS increases by 1.85% to 16.280% would equal an increased cost of \$996,897.
 This is an estimate. As the position control system is more fully developed, we will then have more accurate numbers.
8. There will be a modest projected utility cost increase of 3% over 2017-2018 equaling a cost of \$83,900.
9. We are experiencing an increase in our Worker's Compensation costs as more claims are being submitted.
10. A number of full-time faculty replacement positions will be filled (18 positions). Current vacant full-time classified positions (10 positions) will also need to be filled. There are also four vacant full-time management positions also needing to be filled.
11. The budget for the one-time augmentation/enhancements is still not yet determined. These items still have to be ranked.
12. It was noted there will be several big challenges for the future:
 - The PERS and STRS increases
 - The cost of retirements
 - The loss of the funding received for Compton (fund 14 & 15)
 The budgeted total for 2018-2019 expenditures is estimated at \$129,588,331 and the projected ending fund balance is listed at \$22,849, 475. Other accounts will be reviewed at future meetings.
13. With keeping the old funding formula in mind, if El Camino could reach an enrollment of 20,000 students, they would be considered a large college. Large colleges receive \$2 million more which would give us a better cushion. This would be a tremendous help with losing Compton.

ASO Presentation– G. Toya/A. Ostrega

1. G. Toya and A. Ostrega gave a presentation to the PBC in order to seek their endorsement of increasing the student activity fee from \$10 to \$15. The student activity fee (ASB) supports co-curricular funding of programs like journalism, athletics, theater, etc.
2. The fee has been \$10 since roughly 1996. The costs to send students to competitions for journalism, debate and athletics have risen. Air fares to send students to Sacramento have also drastically increased. It has been seen that the current funding has placed the ASB into deficit spending mode.
3. In past years 35% of all student activity money went to ASO, 60% went to the Auxiliary Services Board which allocates the funds for athletics, fine arts, journalism, the Union newspaper, Project Success, Honors Transfer Program, First-Year Experience and MESA. The remaining 5% goes into reserves. There is a process when students register where they can opt-out of this fee.
4. Similar colleges to ours (FTES) were contacted and queried as to the how they handle the operational side of all of their student fees and how their process compared with ours. The results showed from the nine colleges which were contacted, we came in as the third lowest at \$10. There is also a .50 student rep fee which is used for advocacy and legislation support in sending the student reps to Washington D.C. or Sacramento. In total, the fee is \$10.50 and is being recommended to be increased to \$15.50. This fee is still relatively low compared to the other colleges.
5. It is recommended for ASO to increase the student activity fee for fall and spring semesters. As a justification, it was noted El Camino has one of the lowest student activity fee costs and total annual fees charged to students. This coupled with the lowest ASO annual operating budget and an ASB budget which is in deficit spending. The report presented also recommended a further examination of El Camino's student activity fee money supporting academic related programs.
6. The increased funds will help maintain the current initiatives we have on campus. It was noted one of the initiatives supported having five free-flow water dispensing machines on campus. Using these

machines helps to save using 20,000 plastic water bottles a month. The extra funds will assist with the upkeep of these machines as well as the Warrior Food Pantry and extra student club activities.

7. It was announced one of the upcoming end-of-year events is the ASO Movie Night on May 17. There will be a special viewing of the Marvel movie, Black Panther, out on the Library lawn at 7:00 p.m. on a large projector. In-N-Out Burger will also be providing their burgers for \$2.00. Families are encouraged to bring their blankets and enjoy an evening out.
8. It was noted in the past that the El Camino Bookstore brought in more money and would donate a portion to ASB (\$400,000) to assist with their funding. It was reiterated this increase in the fee would help alleviate this deficit spending. The research done revealed no other colleges have a body similar to ASB. They found 100% of the student activity fee income is allocated to their ASO and that ASO students decide on funding for other departments and divisions through funding request procedures. At \$15.50 El Camino will still be lower than other colleges.
9. The ASO Senate voted on the increased fee and it passed unanimously. The presentation on increasing the fee will be presented to the Cabinet on Monday, May 7.

Adjournment

1. The meeting adjourned at 2:11p.m. The next meeting is scheduled for **May 17, 2018** at 1:00 p.m. in Library 202.

RKN/lmo

May Revise to Governor's Budget Proposal

El Camino Community College
District

May Revise vs January Governor's Budget Proposal

JANUARY PROPOSAL

- 50% Base Funding
- 25% Supplemental Grant
- 25% Student Success Incentive Grant
- \$175 million to implement
- \$161 million for COLA
- \$60 million – 1% Growth

MAY REVISE

- 60% Base Funding
- 20% Supplemental Grant
- 20% Student Success Incentive Grant
- \$175 million to implement
- \$161 million for COLA
- \$60 million – 1% Growth
- Plus: \$104 million in one-time funding for 2018-19

May Revise vs January Governor's Budget Proposal

JANUARY PROPOSAL

- “Hold Harmless” funding committed for only 2018-19 at same FTES as 2017-18
- Beginning in 2019-20, will not receive less / FTES than in 2017-18
- Districts benefitting will receive add'l \$'s beginning in 2018-19

MAY REVISE

- “Hold Harmless” funding committed for 2018-19 AND 2019-20
- Beginning in 2019-20, will not receive less / FTES than in 2017-18
- Districts benefitting will receive add'l \$'s beginning in 2018-19
- And...One-Time Funds in 2018-19!

May Revise vs January Governor's Budget Proposal

JANUARY PROPOSAL

- FTES as budgeted consistent with 2017-18 practices (19,642 for ECC)
- No Summer Shift
- District Choice of Year to Utilize Summer Enrollments

MAY REVISE

- Three-Year average for FTES calculation (19,024 for ECC)
- No Summer Shift
- Summer can only be used in the fiscal year in which it falls

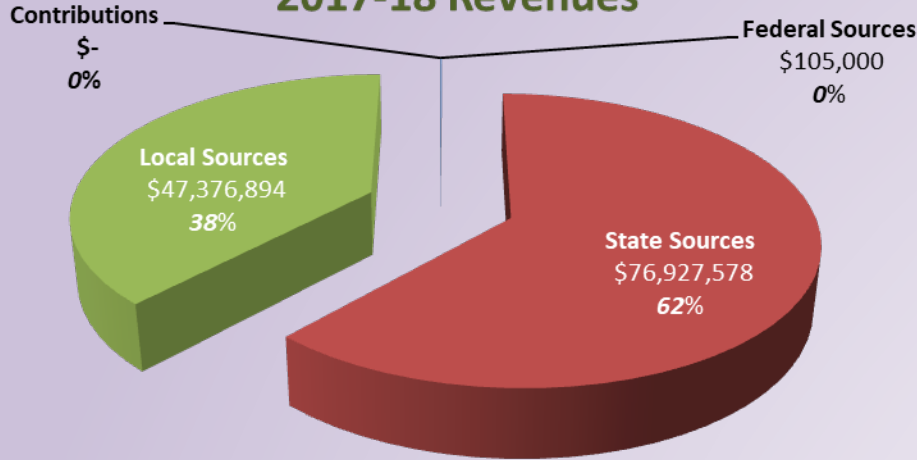
May Revise vs January Governor's Budget Proposal

So What Does This Mean for
El Camino College?

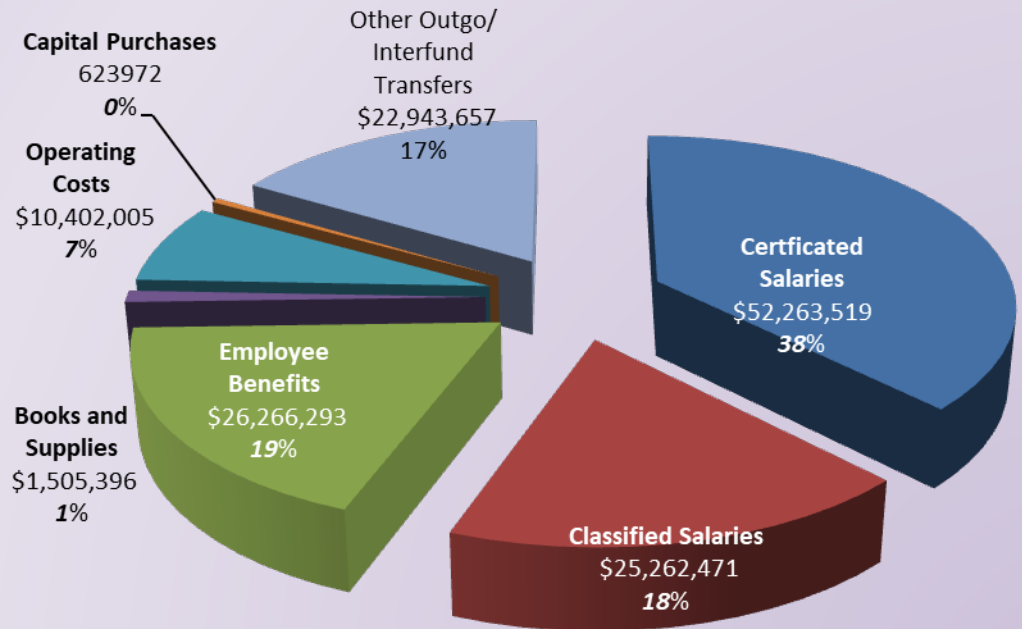
We Have No Idea...Yet!

2017-18 Estimated Actuals

2017-18 Revenues



2017-18 Expenditures

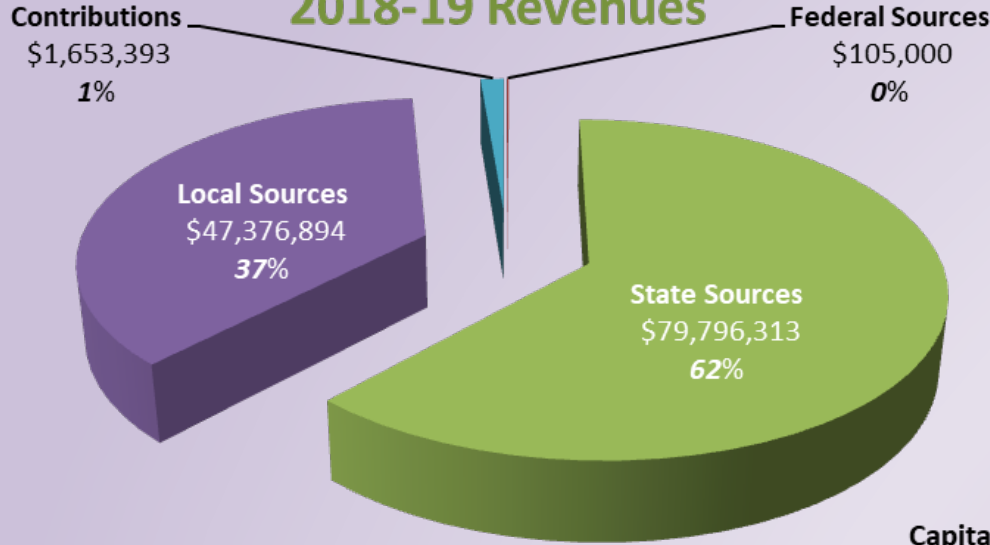


2017-18 Summary

Beginning Fund Balance	\$ 38,364,047
Revenues	\$ 124,409,472
Expenditures	\$ 139,267,313
Ending Fund Balance	\$ 23,506,206

2018-19 Tentative Budget

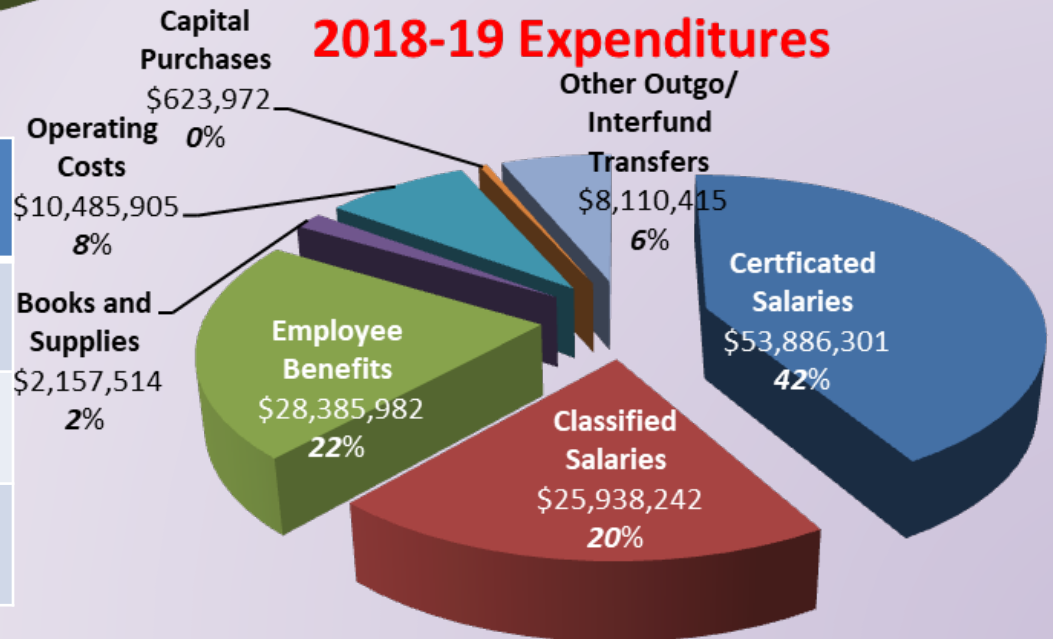
2018-19 Revenues



2018-19 Summary

Beginning Fund Balance	\$ 23,506,206
Revenues	\$ 128,931,600
Expenditures	\$ 129,588,331
Ending Fund Balance	\$ 22,849,475

2018-19 Expenditures



Things to Watch Out For...

- **Loss of Compton Funding After 2018-19**
- **Uncertainty of the Effect of New Funding Formula for El Camino College**
- **Long-Term Effect of Increasing Pension Costs**

Questions?

CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

1102 Q STREET, SUITE 4400
SACRAMENTO, CA 95811-6549
(916) 322-4005
<http://www.cccco.edu>



MEMORANDUM

DATE: May 11, 2018

TO: California Community Colleges Stakeholders

FROM: Christian Osmeña, Vice Chancellor for College Finance and Facilities Planning
Laura Metune, Vice Chancellor for External Relations

RE: Governor's May Revision of the 2018-19 State Budget

Earlier this morning, Governor Brown released his May Revision of the budget for the 2018-19 fiscal year (including revisions to appropriations for the 2016-17 and 2017-18 fiscal years).

The May Revision represents good progress for the California Community Colleges, reflecting modest growth that builds on the substantial increases in funding included in the Governor's Budget. These resources will allow our system to accelerate the progress we are already making toward the goals included in the Vision for Success. Further, the proposed amendments respond well to feedback our office has received from many stakeholders over the last four months, especially with regard to the significant proposals in the Governor's Budget. Specifically:

- **Funding Formula**—On Monday, Chancellor Oakley formally transmitted recommendations to the Department of Finance on changes to the funding model for the California Community Colleges. We think the recommendations appropriately balance the Chancellor's commitment to equity, the system's focus on student success, and the need to provide districts with time to transition. We appreciate that the May Revision largely reflects those recommendations. If enacted, we are confident that the Governor's proposal would bring our system closer to achieving the Vision for Success.
- **Online College**—The May Revision includes several changes in the design of the new online community college to respond to feedback about how the college would operate as part of the system. Most significantly, the May Revision proposes to maintain the online college under the authority of the Board of Governors of the California Community Colleges, rather than establish a new entity for these purposes. Further, it clarifies how collective bargaining would be administered; specifically, the Board of Governors would designate an existing community college district to establish a collective bargaining agreement that would apply to the represented employees of the online college.

Table 1 displays our office's initial summary of proposals included in the May Revision and compares them to the proposals included in the Governor's January budget. Table 2 compares the Chancellor's recommendations on the funding formula to both the Governor's January budget and May Revision proposals.

Over the next month, the Governor and the Legislature will work rapidly to enact a final budget, with a June 15 deadline for the Legislature to pass a budget for consideration by the Governor and a July 1 start to the new fiscal year. We expect budget subcommittees in both houses of the Legislature to hear the Governor's May Revision proposals next week, with votes to create the houses' versions of the budget shortly thereafter. The conference committee on the budget, which resolves differences between the houses' budgets, is expected to begin its deliberations by the end of the month. At the same time, the Governor and legislative leaders will begin their negotiations in earnest.

The Chancellor's Office will work to inform these discussions consistent with the priorities of the Board of Governors and the Chancellor and our understanding of the system's needs. Please feel free to reach out with comments and feedback.

Attachments:

Table 1—Initial Comparison of Governor's Budget and May Revision

Table 2—Comparison of Chancellor's Recommendations on Funding Formula and Governor's Proposals

Table 1—Initial Comparison of Governor’s Budget and May Revision

<p>Topic</p>	<p>2018-19 Governor’s Budget <i>(Adjustments displayed below are incremental to the totals included in the 2017-18 Budget Act.)</i></p>	<p>2018-19 May Revision <i>(Adjustments displayed below are incremental to the totals included in the Governor’s Budget.)</i></p>
<p>Proposition 98</p>	<p>Totals—Reflects a minimum guarantee of \$78.3 billion (\$54.5 billion General Fund and \$23.8 billion local property taxes) for 2018-19.</p> <p>“Tests”—Calculates the Proposition 98 minimum guarantee in 2016-17 and 2018-19 using “Test 3” (which generally grows funding based on changes in General Fund revenues and school attendance) and in 2017-18 using “Test 2” (which grows funding based on changes in per capita personal income and school attendance).</p> <p>Split—Proposes appropriations with a “split” (between K-12 and community college appropriations) of 10.99 percent in 2016-17 and 10.93 percent in 2017-18 and 2018-19. (The split is calculated after the total amount of Proposition 98 appropriations is reduced by appropriations for adult education, the Governor’s proposed K-12 Strong Workforce program, and other agencies.)</p>	<p>Totals—Reflects a minimum guarantee of \$78.4 billion (\$55 billion General Fund and \$23.4 billion local property taxes) for 2018-19.</p> <p>Over the three-year budget window, compared to the Governor’s January budget, adds \$727 million, with \$252 million in 2016-17, \$407 million in 2017-18, and \$68 million in 2018-19.</p> <p>(Under the Governor’s budgeting approach, increases in the past and current years are generally considered available only for one-time purposes.)</p> <p>“Tests”—Calculates the minimum guarantee in 2016-17 using “Test 3” and in 2017-18 and 2018-19 using “Test 2.”</p> <p>Split—Proposes appropriations with an effective split of 10.93 percent in 2016-17, 2017-18, and 2018-19.</p> <p>Certification—Begins the process by which the Director of Finance, the Superintendent of Public Instruction, and the Chancellor certify actual data for the prior fiscal year pursuant to existing law related to Proposition 98.</p>

Table 1—Initial Comparison of Governor’s Budget and May Revision

Topic	2018-19 Governor’s Budget <i>(Adjustments displayed below are incremental to the totals included in the 2017-18 Budget Act.)</i>	2018-19 May Revision <i>(Adjustments displayed below are incremental to the totals included in the Governor’s Budget.)</i>
General Apportionment	<p>Proposes total funds of \$7.1 billion for the general apportionment.</p> <p>Compared to 2017-18, reflects policy changes for the following:</p> <ul style="list-style-type: none"> • Increase of \$175 million to support new funding formula. • Increase of \$161.2 million for cost-of-living adjustment (2.51 percent). • Increase of \$60 million for enrollment growth (1 percent). <p>Also makes various other workload budget adjustments to reflect revised estimates of enrollment and offsetting revenues.</p>	<p>Proposes total funds of \$7.1 billion for the general apportionment, including implementation of the funding formula proposed in the Governor’s Budget.</p> <p>Compared to the Governor’s Budget, reflects:</p> <ul style="list-style-type: none"> • Increase of \$11.9 million based on revised cost-of-living adjustment (2.71 percent). • Decrease of \$300,000 based on revised estimate of costs of enrollment growth (1 percent). <p>Also makes various other workload budget adjustments to reflect revised estimates of enrollment and offsetting revenues.</p> <p>Also adds \$104 million one-time in 2018-19 to provide discretionary resources so that all districts receive, in 2018-19, total resources of at least their 2017-18 totals adjusted by 2.71 percent.</p>
Funding Formula and Categorical Programs	<p>See Table 2 for more details on the funding formula, categorical programs, and related issues.</p>	

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<p>Topic</p>	<p>2018-19 Governor’s Budget <i>(Adjustments displayed below are incremental to the totals included in the 2017-18 Budget Act.)</i></p>	<p>2018-19 May Revision <i>(Adjustments displayed below are incremental to the totals included in the Governor’s Budget.)</i></p>
<p>Online College</p>	<p>Includes a total of \$120 million (\$100 million one-time and \$20 million ongoing) for a new online community college.</p> <p>Establishes the college within a new community college district under a newly-established, independent governing board.</p> <p>College would offer accessible, flexible, and high-quality online courses and programs with student supports. The college would be designed to avoid impacts on enrollment at the existing community colleges, because it would offer programs for working adults not currently accessing postsecondary education.</p> <p>In April, the Chancellor’s Office announced that, if the college is approved, the first program pathway would serve working adults who want additional skills and credentials in the field of medical coding.</p>	<p>Retains total funding of \$120 million.</p> <p>Amends the trailer bill as follows:</p> <ul style="list-style-type: none"> • <i>Governance</i>—Instead establishes the college under the authority of the Board of Governors. • <i>Collective Bargaining</i>—Requires the Board of Governors to contract with a community college district for the purposes of collective bargaining pursuant to the Educational Employment Relations Act. • <i>Delivery</i>—Adds provisions related to accessibility, reporting on outcomes, and dissemination of practices. • <i>Accreditation</i>—Clarifies that the president would seek accreditation upon enrollment of the first students. Requires the Workforce Development Board and the Employment Development Department to certify labor market value of programs in interim period. • <i>Curriculum</i>—Clarifies intent that online college create unique content and deliver it in a way that does not duplicate programs offered at other community colleges and the requires the college’s faculty to review Online Education Initiative protocols for adoption as appropriate. <p>Announces that, if the college is approved, the college would also offer a pathway in IT support.</p>

Table 1—Initial Comparison of Governor’s Budget and May Revision

Topic	2018-19 Governor’s Budget <i>(Adjustments displayed below are incremental to the totals included in the 2017-18 Budget Act.)</i>	2018-19 May Revision <i>(Adjustments displayed below are incremental to the totals included in the Governor’s Budget.)</i>
Deferred Maintenance and Instructional Equipment	Includes \$275.2 million for deferred maintenance and instructional equipment program.	Reduces the total amount for this program by \$131.7 million. (Therefore, a total of \$143.5 million would be appropriated for these purposes in 2018-19). This change reflects a shift in funds to instead provide one-time discretionary funds as part of implementation of the new funding formula, to support other one-time purposes, and to account for changes in the Proposition 98 minimum guarantee.
California College Promise Program	Includes \$46 million ongoing for implementation of the California College Promise Program.	No change.
Capital Outlay	Includes \$45 million in Proposition 51 bond funds for five new projects and 15 continuing projects. (The Board of Governors had requested funding for 15 new projects and 15 continuing projects. One project has since been withdrawn.)	No new proposals. However, in April, the Governor added \$5 million to add an additional phase for the new five projects included in the January budget and to add the Imperial Valley College project.

Table 1—Initial Comparison of Governor’s Budget and May Revision

Topic	2018-19 Governor’s Budget <i>(Adjustments displayed below are incremental to the totals included in the 2017-18 Budget Act.)</i>	2018-19 May Revision <i>(Adjustments displayed below are incremental to the totals included in the Governor’s Budget.)</i>
Apprenticeship	<p>Adds the following related to apprenticeship programs:</p> <ul style="list-style-type: none"> • \$30.6 million one-time for reimbursements for related and supplemental instruction (RSI) delivered in prior years. • \$14 million ongoing to increase funded RSI hours in 2018-19. • \$4 million ongoing to increased RSI rates to align with noncredit rate. <p>Includes trailer bill language to authorize students enrolled in credit courses as part of apprenticeship programs to be included in FTES counts for purposes of general apportionment.</p>	<p>Adds (1) \$5.9 million one-time to for reimbursement of RSI delivered in prior years and (2) \$4.8 million ongoing to fund revised estimate of RSI hours in 2018-19.</p>
Financial Aid	<p>Consolidates Full-Time Student Success Grant and Community College Completion Grant, with changes in program design to increase grants for each additional unit of enrollment (at 12, 13, 14, and 15 units). Consistent with the existing programs, this new program would provide additional funds to students who receive the Cal Grant B. Adds \$32.9 million, which reflects combination of changes in estimates of caseload and the additional benefits provided in the new program.</p>	<p>Adds \$7.8 million ongoing based on revised estimates of caseload in the new program. Amends the program to not require that a student have an educational plan as a condition of receipt of the grant.</p> <p>Separately, adds \$13.5 million one-time and \$5 million ongoing for implementation of new financial aid system improvements at the colleges.</p>
Innovation Awards	<p>Includes \$20 million one-time for program to encourage innovation in equity.</p>	<p>No change.</p>

Table 1—Initial Comparison of Governor’s Budget and May Revision

Topic	2018-19 Governor’s Budget <i>(Adjustments displayed below are incremental to the totals included in the 2017-18 Budget Act.)</i>	2018-19 May Revision <i>(Adjustments displayed below are incremental to the totals included in the Governor’s Budget.)</i>
Cost-of-Living Adjustments	Adds a total of \$7.3 million to reflect cost-of-living adjustment of 2.51 percent for the Disabled Student Programs and Services program, the Extended Opportunities Programs and Services Program, the CalWORKs Program, and the Child Care Tax Bailout Program.	Adds a total of \$581,000 to reflect revised cost-of-living adjustment of 2.71 percent for the Disabled Student Programs and Services program, the Extended Opportunities Programs and Services Program, the CalWORKs Program, and the Child Care Tax Bailout Program.
State Lottery	Adds \$4.5 million in 2017-18 and \$4.3 million beginning in 2018-19 pursuant to revised estimates.	No change.
Certified Nurse Assistant Programs	Adds \$2 million one-time to expand enrollment in certified nurse assistant training programs.	No change.
State Operations	Adds \$2 million to support costs of additional positions at the Chancellor’s Office. Also makes various workload adjustments.	No change.
Mandates Block Grant	Adds \$810,000 to reflect cost-of-living adjustment of 2.51 percent for the mandates block grant and also reduces funding by \$501,000 to reflect enrollment estimates.	Adds \$110,000 for revised growth estimates and \$68,000 to reflect revised cost-of-living adjustment of 2.71 percent.
Open Educational Resources	No proposal.	Adds \$6 million one-time for open educational resources.
NextUp (Cooperating Agencies Foster Youth Educational Support)	No proposal.	Adds \$5 million ongoing, which is expected to allow the program to expand to 20 colleges.
Course Identification Numbering System (C-ID)	No proposal.	Adds \$685,000 one-time to support the course identification numbering system (C-ID).

Table 1—Initial Comparison of Governor’s Budget and May Revision

Topic	2018-19 Governor’s Budget <i>(Adjustments displayed below are incremental to the totals included in the 2017-18 Budget Act.)</i>	2018-19 May Revision <i>(Adjustments displayed below are incremental to the totals included in the Governor’s Budget.)</i>
Adult Education	Adds \$20.5 million to reflect cost-of-living adjustment of 2.51 percent for the Adult Education Block Grant. Adds \$5 million for data system for use by Adult Education Block Grant regional consortia members.	Adds \$1 million for Adult Education Block Grant to reflect revised cost-of-living adjustment of 2.71 percent.
K-12 Strong Workforce Program	Adds \$212 million for a K-12 Strong Workforce Program, which would be intended for local educational agencies to improve and expand their career-technical education programs in alignment with the existing Strong Workforce Program.	Adds \$2 million to support the administrative costs borne by consortia as part of the proposed K-12 Strong Workforce Program.

Table 2—Comparison of Chancellor’s Recommendations on Funding Formula and Governor’s Proposals

Issue	Governor’s January Budget	Chancellor’s Recommendation	Governor’s May Revision
<p>Formula Construction</p>	<p>Overall, determines rates for various components of the formula by setting a goal that, statewide, about half of the funds would be spent on a Base Grant, a quarter would be spent on a Supplemental Grant, and a quarter would be spent on a Student Success Incentive Grant. (50-25-25 split.)</p> <p>Some categories of FTES, including FTES for incarcerated students and FTES for high school students admitted as special part-time or full-time students, are funded at current rates.</p>	<p>Overall, determines rates through a 60-20-20 split, using the same three funding elements.</p> <p>(Under this proposal, the third element would function differently than the Governor’s proposal, because it would provide “premiums” to districts based on the success of high-needs students. More detail is included below.)</p> <p>Retains proposal to fund specified categories of FTES at current rates. Adds all noncredit FTES—including CDCP noncredit—as a category funded at current rates. (Therefore, noncredit programs would not be subject to new funding model.)</p>	<p>Includes Chancellor’s recommendation to fund rates through a 60-20-20 split, using the same three funding elements.</p> <p>Includes Chancellor’s recommendation to fund specified categories of FTES (including noncredit FTES) at current rates.</p>
<p>Funding Available to Implement the Formula</p>	<p>Includes \$175 million provided in the January budget proposal explicitly for this purpose. Also allocates \$161 million (for cost-of-living adjustment) and \$60 million (for 1-percent growth) to support costs of the formula.</p>	<p>Uses the funds included in the Governor’s proposal. Strongly urges the Governor and the Legislature to consider appropriating additional Proposition 98 funds for the general apportionment (above those provided in the January budget). If necessary, redirects funds included in the Governor’s proposal for deferred maintenance and instructional materials to instead support implementation of the formula.</p>	<p>Uses the funds included in the January budget. Also provides \$104 million in one-time funds in 2018-19.</p>

Table 2—Comparison of Chancellor’s Recommendations on Funding Formula and Governor’s Proposals

Issue	Governor’s January Budget	Chancellor’s Recommendation	Governor’s May Revision
<p>Transition Timeline (“Hold Harmless”)</p>	<p>Phases-in the new formula by committing to a “hold harmless” period generally specifying that, in 2018-19, a district would not receive less in total funds than the district received in 2017-18 and that, beginning in 2019-20, a district would not receive less per FTES than the district received in 2017-18. (Many districts would see the additional benefit of the formula beginning in 2018-19. That is, if the formula calculation for 2018-19 year exceeds the amount a district received in 2017-18, the district would receive the additional dollars in 2018-19.)</p>	<p>Extends “hold harmless” provision proposed in January budget by committing that, in 2018-19 and 2019-20, a district would not receive less in total funds than the district received in 2017-18 (with that 2017-18 amount adjusted for changes in cost-of-living in 2018-19).</p> <p>Consistent with the Governor’s proposal, districts benefiting under the new formula would receive the additional dollars beginning in 2018-19.</p>	<p>Includes Chancellor’s recommendation to extend the “hold harmless” on total funds by one additional year. Therefore, in 2018-19 and 2019-20, a district would not receive less in total funds than the district received in 2017-18. While the proposal would not adjust the 2017-18 total by changes in the cost-of-living, the May Revision includes one-time funds to provide districts with discretionary resources such that all districts would receive, in 2018-19, the amount they received in 2017-18, adjusted by 2.71 percent.</p> <p>Beginning in 2019-20, a district would not receive less per FTES than the district received in 2017-18.</p> <p>Again, districts benefiting would receive additional dollars beginning in 2018-19.</p>
<p>Authority for Limitation on Year-to-Year Funding Increases</p>	<p>No proposal.</p>	<p>Provides the Chancellor with authority to limit the year-over-year funding increase a district can earn under the formula, with the intent that such a provision would allow all districts to achieve year-over-year growth given limited resources. (The intent of the Chancellor’s Office would be to use such authority on a very limited basis and only when critical to the financial health of the system.)</p>	<p>Not included.</p>

Table 2—Comparison of Chancellor’s Recommendations on Funding Formula and Governor’s Proposals

Issue	Governor’s January Budget	Chancellor’s Recommendation	Governor’s May Revision
<p>Calculation of Base Allocation</p>	<p>Funds budgeted FTES and a basic allocation consistent with the existing system.</p> <p>Ends the practice of “summer shift” and gives districts choice of the fiscal year in which summer enrollments are counted.</p> <p>Retains rural allocations.</p>	<p>Calls for a “Base Allocation,” which funds budgeted FTES and a basic allocation consistent with the existing system.</p> <p>However, uses a three-year weighted FTES composite (weighting the current year at 50 percent and the two trailing years at 25 percent each). (In 2018-19, uses a two-year average—with 2017-18 and 2018-19 each weighted at 50 percent.)</p> <p>Ends the practice of “summer shift” by consistently counting summer session enrollments in the fiscal year that follows the summer term. This change would be effective 2019-20, with summer 2019 enrollments included in the 2019-20 fiscal year.</p> <p>Ends enrollment “stability funding.”</p> <p>Generally equalizes per-FTES credit funding rates for all districts.</p> <p>Consistent with the Governor’s proposal, retains rural allocations.</p>	<p>Uses a simple three-year FTES average.</p> <p>Ends the practice of “summer shift” by requiring summer terms that cross fiscal years to count in the fiscal year that follow the summer term. This change would be effective 2019-20, with those summer 2019 enrollments included in the 2019-20 fiscal year.</p> <p>Includes the Chancellor’s recommendation to end enrollment “stability funding.”</p> <p>Retains higher per FTES-credit funding for 10 districts not currently equalized.</p> <p>Consistent with the January proposal, retains rural allocations.</p>

Table 2—Comparison of Chancellor’s Recommendations on Funding Formula and Governor’s Proposals

Issue	Governor’s January Budget	Chancellor’s Recommendation	Governor’s May Revision
<p>Calculation of Equity Allocation</p>	<p>Provides additional funding based on the number of low-income students a district enrolls, as measured by the enrollment of students receiving federal Pell Grants (using a cohort measure) and also those receiving College Promise Grants, with data from the past year.</p>	<p>Calls for an “Equity Allocation,” which provides districts with additional resources based on the enrollment of (1) low-income students and (2) first-generation students.</p> <p>Low-income students are defined as students who are any of the following: (1) Pell Grants recipients, (2) California College Promise Grant recipients age 25 and over, and (3) AB 540 students.</p> <p>First-generation students are those who indicate neither parent has attended college (as reported on CCC Apply).</p> <p>Using the 20-percent allocation to determine the overall funding for this allocation, the rates for each of the measures would be determined for 2018-19 based on a calculation of “points.” Students meeting one of the above-noted characteristics (low-income or first-generation) generate 1 point in the formula calculation. Students with both characteristics generate 1.5 points. Beginning in 2019-20, the rates calculated in 2018-19 would be the basis for apportionment.</p>	<p>Similar to the Chancellor’s recommendation, provides additional resources based on the number of low-income students, which would be the sum of the totals in the following categories: (1) Pell Grant recipients, (2) College Promise Grant recipients age 25 and over, and (3) AB 540 students.</p> <p>Using the 20-percent allocation to determine the overall funding for this allocation, the rates for each of the measures would be determined for 2018-19 by dividing the total amount of funding by the total number of students. Beginning in 2019-20, the rates calculated in 2018-19 would be the basis for apportionment.</p>

Table 2—Comparison of Chancellor’s Recommendations on Funding Formula and Governor’s Proposals

<p>Calculation of Student Success Allocation</p>	<p>Provides districts with additional resources based on the number of students meeting the following outcomes:</p> <ul style="list-style-type: none"> • Earning a degree or certificate. • Earning a degree or certificate or transferring in three years or less. • Earning an Associate Degree for Transfer (ADT). <p>All of these would be based on total counts from the prior year.</p>	<p>Calls for a “Student Success Allocation,” which provides districts with additional resources based on the number of students meeting a more broadly-defined set of outcomes.</p> <p>Using the 20-percent allocation to determine the overall funding for this allocation, the rates would be determined for 2018-19 based on a calculation of “points.” A single student could generate points for one outcome within each of the following categories (with all of the counts generated from prior year data):</p> <p>Progression</p> <ul style="list-style-type: none"> • Completion of both transfer-level mathematics and transfer-level English within the first year of enrollment. (3 points) <p>Outcomes</p> <ul style="list-style-type: none"> • Completion of an ADT. (4 points) • Completion of an associate degree or California community colleges baccalaureate degree. (3 points) • Credit certificates 16 units or greater. (2 points) • Completion of nine career technical education (CTE) units. (1 point) <p>Wages</p> <ul style="list-style-type: none"> • Attainment of a regional living wage after one year of completion. (1 point) 	<p>Similar to the Chancellor’s recommendation, provides additional resources based on the number of students meeting a more broadly-defined set of outcomes.</p> <p>Using the 20-percent allocation to determine the overall funding for this allocation, the rates would be determined for 2018-19 based on a calculation of “points,” with points awarded as follows:</p> <ul style="list-style-type: none"> • Completion of an ADT. (4 points) • Completion of an associate degree or California community colleges baccalaureate degree. (3 points) • Credit certificates 16 units or greater. (2 points) • Completion of both transfer-level mathematics and transfer-level English within the first year of enrollment. (2 points) • Transfer to four-year institution. (1.5 points) • Completion of nine career technical education (CTE) units. (1 point) • Attainment of a regional living wage after one year of completion. (1 point) <p>Pell Grant recipients meeting any of the above outcomes would generate an additional set of points equal to the number generated above.</p>
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Table 2—Comparison of Chancellor’s Recommendations on Funding Formula and Governor’s Proposals

Issue	Governor’s January Budget	Chancellor’s Recommendation	Governor’s May Revision
		<p>Further, provides districts with additional resources based as follows:</p> <ul style="list-style-type: none"> • For a student who is either a low-income student or a first-generation student (but not both), the student would generate an additional set of points equal to the number generated above. • For a student who is both a low-income student and a first-generation student, the student would generate an additional set of points equal to the number generated above multiplied by 1.5. 	
Use of Funds for Interventions	Authorizes the Chancellor to direct that a district use up to 3 percent for assistance.	Retains the Governor’s proposal.	Authorizes the Chancellor to direct that a district use up to 1 percent for assistance.
Future Changes to the Formula	Authorizes the Board of Governors to amend the formula with concurrence from the Department of Finance (which is required to consult with the Legislative Analyst’s Office) and notification to the Joint Legislative Budget Committee.	Retains the Governor’s proposal.	Retains the January proposal.

Table 2—Comparison of Chancellor’s Recommendations on Funding Formula and Governor’s Proposals

Issue	Governor’s January Budget	Chancellor’s Recommendation	Governor’s May Revision
Consolidation of Categorical Programs	Requests that the Chancellor’s Office consult with stakeholders and develop a proposal that would consolidate categorical programs.	Consolidates Student Success and Support Program, Student Success for Basic Skills Program, and Student Equity program. Beginning in 2018-19, implements a methodology by which the funds are allocated for this new program to align with the funding formula. Includes a “hold harmless” provision, whereby a district would not receive less in 2018-19 and 2019-20 from the new consolidated categorical program than the sum of the amounts the district received from those programs in 2017-18. Expects funds to be used in support of student equity plans.	Consolidates Student Success and Support Program, Student Success for Basic Skills Program, and Student Equity program into a single program, whereby a district would not receive less in 2018-19 and 2019-20 from the new consolidated categorical program than the sum of the amounts the district received from those programs in 2017-18. Includes the Chancellor’s recommendation for expected uses of funds.
Funding to Encourage Full-Time Faculty Hiring	No proposal.	Creates a new categorical program that would encourage the addition of new full-time faculty with additional funds.	Not included.
Automatic Adjustments to Appropriations for General Apportionment	No proposal.	Includes statute that would provide for an automatic backfill for changes in estimates that occur after the enactment of the annual budget.	Not included.