



# 2024 – 2025 18<sup>th</sup> Annual 4CD Budget Forums



# Presentation Topics

- The State Economy and Impact on School Funding Update
- How are Community Colleges Funded [SCFF]
  - 4CD Enrollment (FTES) Impact on SCFF Funding
- What are the building blocks of the Budget
  - Long-Term Liabilities
- Considerations and Looking Forward
- Questions and Answers

# January 2024 Budget Proposal



## State Budget Shows Significant Shortfall

- The delay to November 2023 to file income taxes for 2022 created a challenge to project the upcoming budget
- When the tax receipts were collected, the State measured a \$37.8 billion deficit, which increases in future years
- Most of the shortfall is the difference between the projected and actual income tax received for 2022 (*but not realized until November 2023*)
- The reduction in 2022 taxes means Proposition 98 was overfunded by:
  - **\$9.1 billion** in 2022 – 23 (last year)
  - **\$2.7 billion** in 2023 – 24 (current year)
- California Community College System received \$13.5 billion in State Funding in 2023 – 24, which was 4.34% of the total State Budget
  - The Governor’s January proposal reduces the allocation to \$13.2 billion, but this is 4.52% of the total

# State Funding Relies heavily on Personal Income Tax

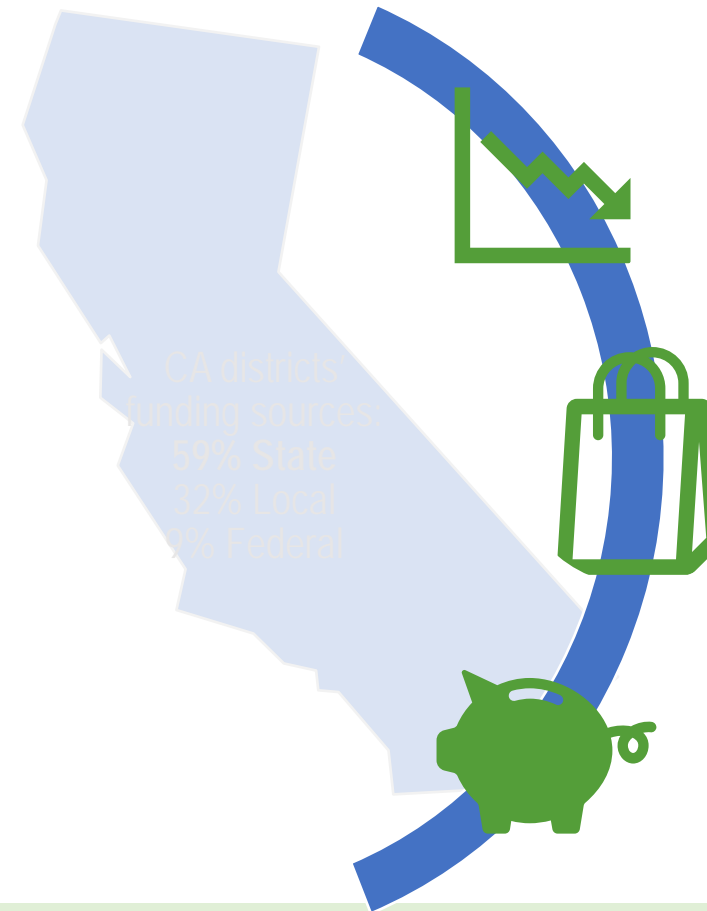


The California State Budget relies on the “Big 3” taxes: **Personal Income Tax**, **Sales and Use Tax**, **Corporate Tax**

...The **top 1%** of earners pay almost **50%** of all Personal Income Tax of which over 10% is Capital Gains

Due to the reliance on Personal Income Tax, total State Revenue can change dramatically...

*“When the top 1% get the sniffles, public education funding gets pneumonia”*



**Personal income taxes are 60% of total State Tax Revenue**

**Sales and use taxes are just over \$33B, which is 19% of total State Tax Revenues**

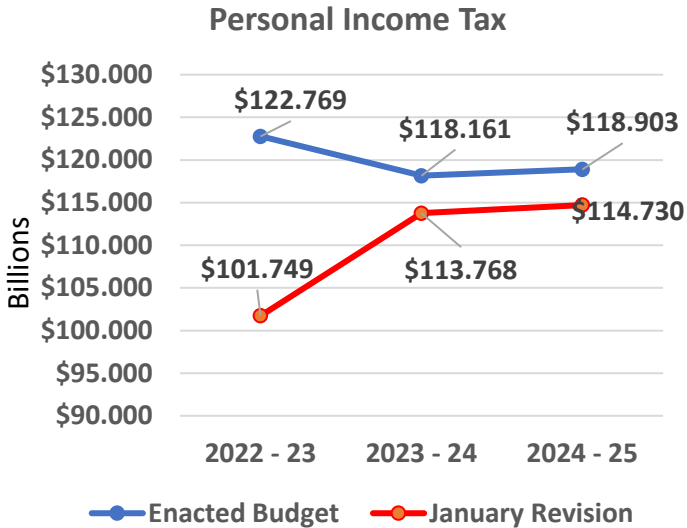
**Corporate taxes are approximately \$37B, which is 21% of total State Tax Revenue**

State Aid pays the difference required above the local Property Tax. If Assessed value (AV) comes in below projection, the State would need to make up the shortfall



# State Tax Receipts – Change From Adopted Budget (**\$42.9 billion**)

January Revision Change **\$29.586 billion**

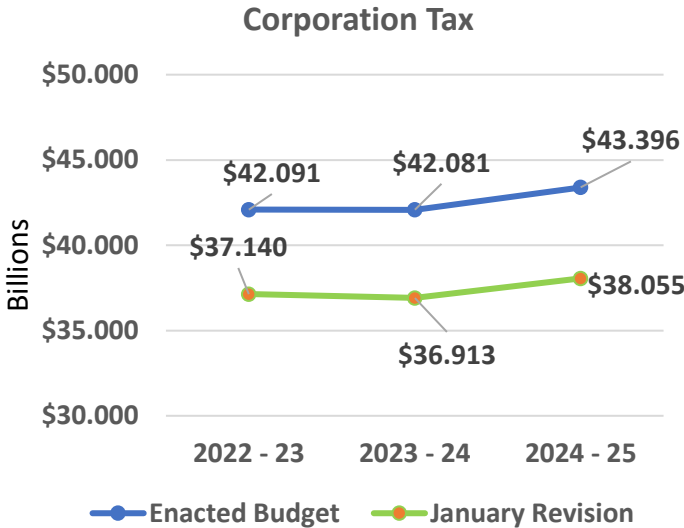


2022 Tax shortfall of **\$21.02 billion**

2023 Estimated shortfall of **\$4.393 billion**

2024 Estimated shortfall of **\$4.173 billion**

January Revision Change **\$15.46 billion**

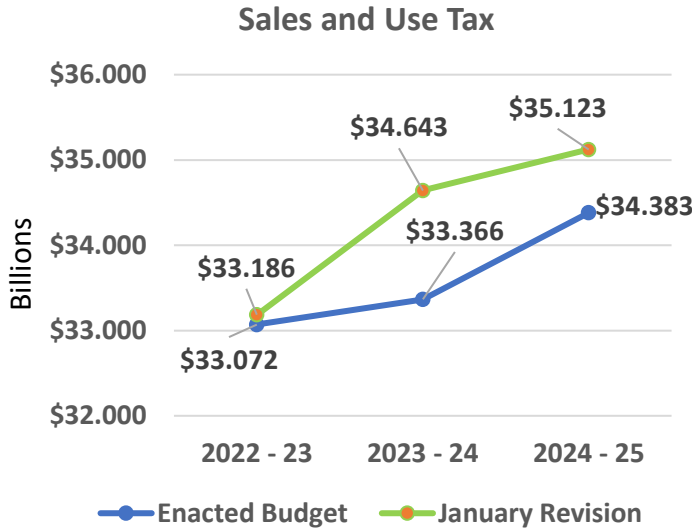


2022 Tax shortfall of **\$4.951 billion**

2023 Estimated shortfall of **\$5.168 billion**

2024 Estimated shortfall of **\$5.341 billion**

January Revision Change *\$2.131 billion*

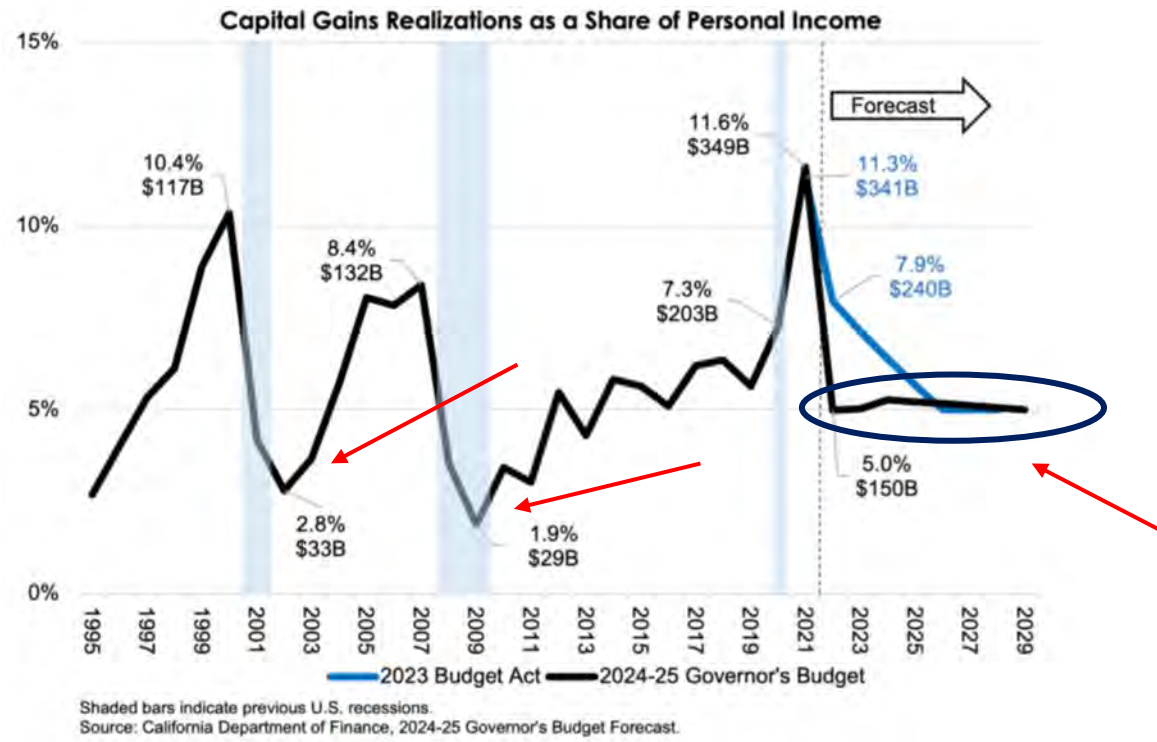


2022 Tax increase of **\$114 million**

2023 Estimated increase of **\$1.277 billion**

2024 Estimated increase of **\$740 million**

# Decline in Capital Gains Created Deficit



A significant drop in capital gains from 2022 created the State deficit of \$38 billion, which was not fully identified until December 2023 due to the delay in filing 2022 taxes through November 2022.

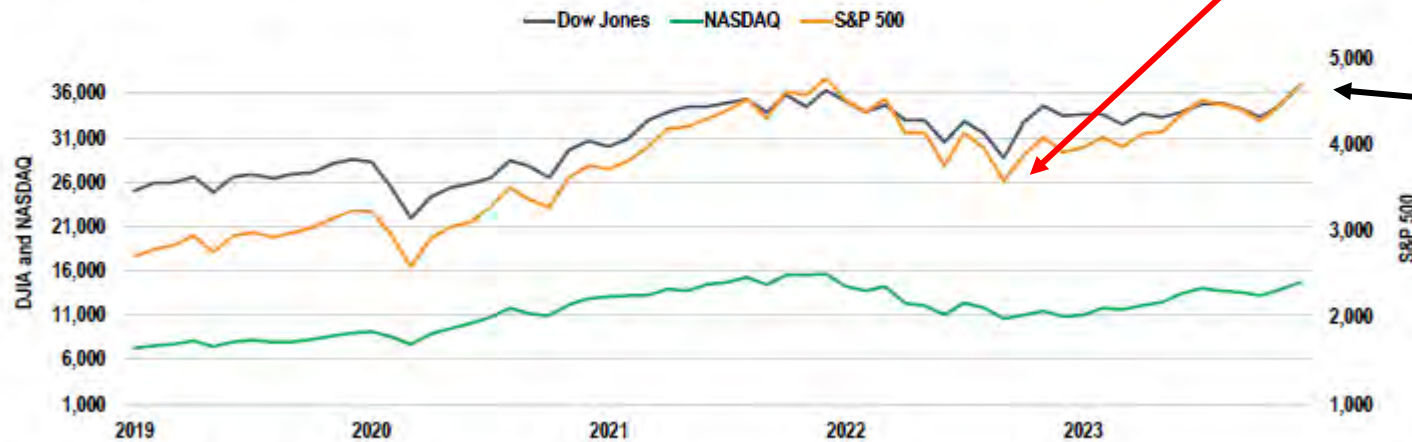
- This is like the economic downturns in 2000 and 2007 which created significant funding challenges for Education.
- The Governor's budget now projects that capital gains will be flat through the end of the decade!

# Stock Market Trends

2022 Reduced Capital Gains

## The Stock Market

- Wall Street outperformed early expectations for 2023; all three major indexes showed double-digit gains for the year
- Interest rates remain elevated, yet the market responded to easing inflation and the possibility of 2024 rate cuts
- At closing on January 12, the Dow Jones was at 37,593, the NASDAQ was at 14,972, and the S&P 500 was at 4,783



Source: Federal Reserve Economic Data

The key question that has not been determined which will greatly impact the California State budget is how did the upturn in the stock market impact the top 180,000 wage earners in respect to capital gains

2023 Taxes are due on the normal April 15<sup>th</sup> schedule

meaning the **May Revision** will be a clearer indicator of State revenue

# Early Action May Reduce Long-Term Impact



- After releasing the January Budget Proposal, the Legislative Analyst Office (LAO) and Department of Finance (DOF) released an analysis on the potential of the deficit growing even larger than was initially projected.
- Without initially releasing the full details, the Governor and Legislature announced that a deal had been crafted to immediately address almost \$20 billion of the shortfall
  - The solutions in the agreement will be modeled on solutions from the January Budget Proposal, which focuses on borrowing – But did not address Proposition 98
  - Additional reductions in May could include a negotiated Suspension of Proposition 98, creation of a maintenance factor, and potential deferrals into the 2024 -25 fiscal year.



## January Budget Proposal Solution Utilizes

--\$18.8 billion in reserves **[Not Included]**

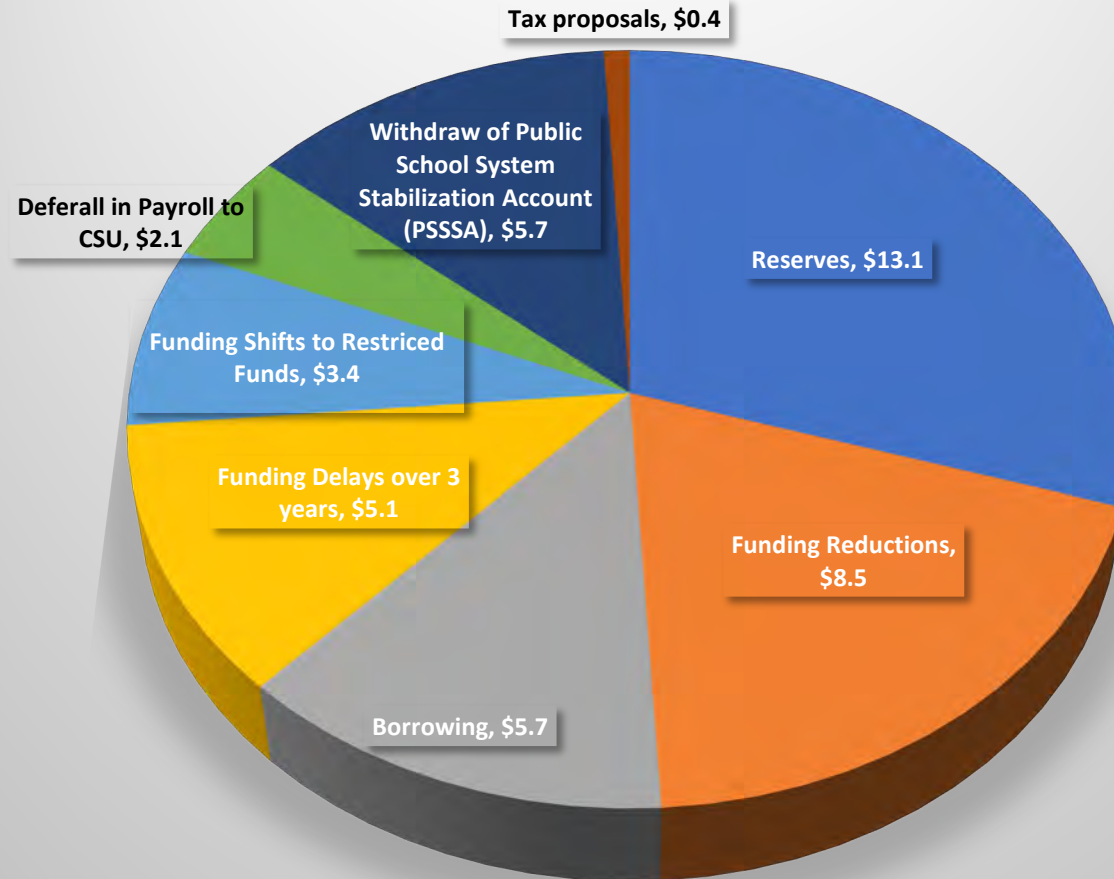
--\$5.7 billion in borrowing **[\$5.2]**

--\$7.1 billion in deferrals / **[\$2.1]**  
funding delays **[\$3.1]**

--\$11.8 billion in ongoing  
budget reductions / **[\$3.6]**  
& funding shifts **[\$3.4]**

In March 2024, the Governor and Legislature announce that a mid-year budget agreement was reached to reduce the deficit –  
*We are waiting for details on Proposition 98 impact*

## January Proposal to Address \$44 Billion State Budget Shortfall



# Budget Outlook: Navigating an Economic Slowdown

- 2023-2024 is turning out to be the end of multiple years of school funding growth in California
- The slowing economy, coupled with the end of SCFF FTES flexibility, impacts ongoing funding
- The SCFF Funding model, entering consecutive years of flat funding without COLA, is more and more likely beginning in 2024-25, 2025-26, ...



# Student-Centered Funding Formula (SCFF) Replaced SB361 in 2018-19



## Base Allocation

70%

Similar to SB361 model, but now uses a three-year rolling average of FTES

## Supplemental Allocation

20%

Counts of low- income students:  
AB540 students  
Pell Grant Recipients  
Promise Grant Recipients (MIS Data)

## Student Success Incentive Allocation

10%

Counts of outcomes for specific metrics with additional value for Pell Grant and Promise Grant Recipients in each category:  
Associate Degrees for Transfer  
Associate Degrees  
Credit Certificates  
Transfer level Math and English  
Transfer to a Four-Year University  
Nine or More CTE Units  
Regional Living Wage

The Hold Harmless/Stability Provisions which began during the pandemic had allowed 4CD to use previous FTES

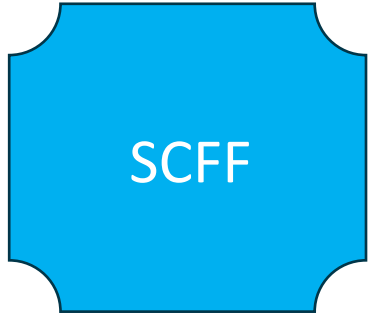


# Understanding the SCFF Funding Model



- Projected Revenue is calculated using three methodologies.
- 4CD is funded on the highest Total Computation Revenue (**TCR**) generated when comparing the three methodologies.
- The initial SCFF Hold Harmless “Floor” funding was benchmarked based upon **2017-18** FTES
  - 4CD’s floor was based upon one-time FTES borrowing (29,418)
- The SCFF Calculator utilized the **2018-19** FTES
  - 4CD’s SCFF FTES was 28,667
- Hold harmless revenue received above the 28,667 FTES was one-time due to the borrowing

# Community College Funding Model



## SCFF Calculated Revenue

Calculated from:

1. Average of the current and two previous year FTES
2. Supplemental Student Count
3. Student Success Data



## Prior Year TCR Stability

Calculated from:

1. Prior year SCFF Revenue Calculation
2. Adjusted for current year COLA, if any



## Minimum Revenue Commitment

Calculated from:

1. 2017-18 Total Computation Revenue (TCR) and adjusted for COLA each year
2. Effective 2025-26, will become the 2024-25 funded TCR and will **not** be adjusted by COLA in future years.

Until FTES increase, funding can become frozen



## Max TCR

Calculated from:

1. The highest value of the three calculated options
2. Becomes the Minimum Revenue Commitment for the following year



# Student FTES and District Funding

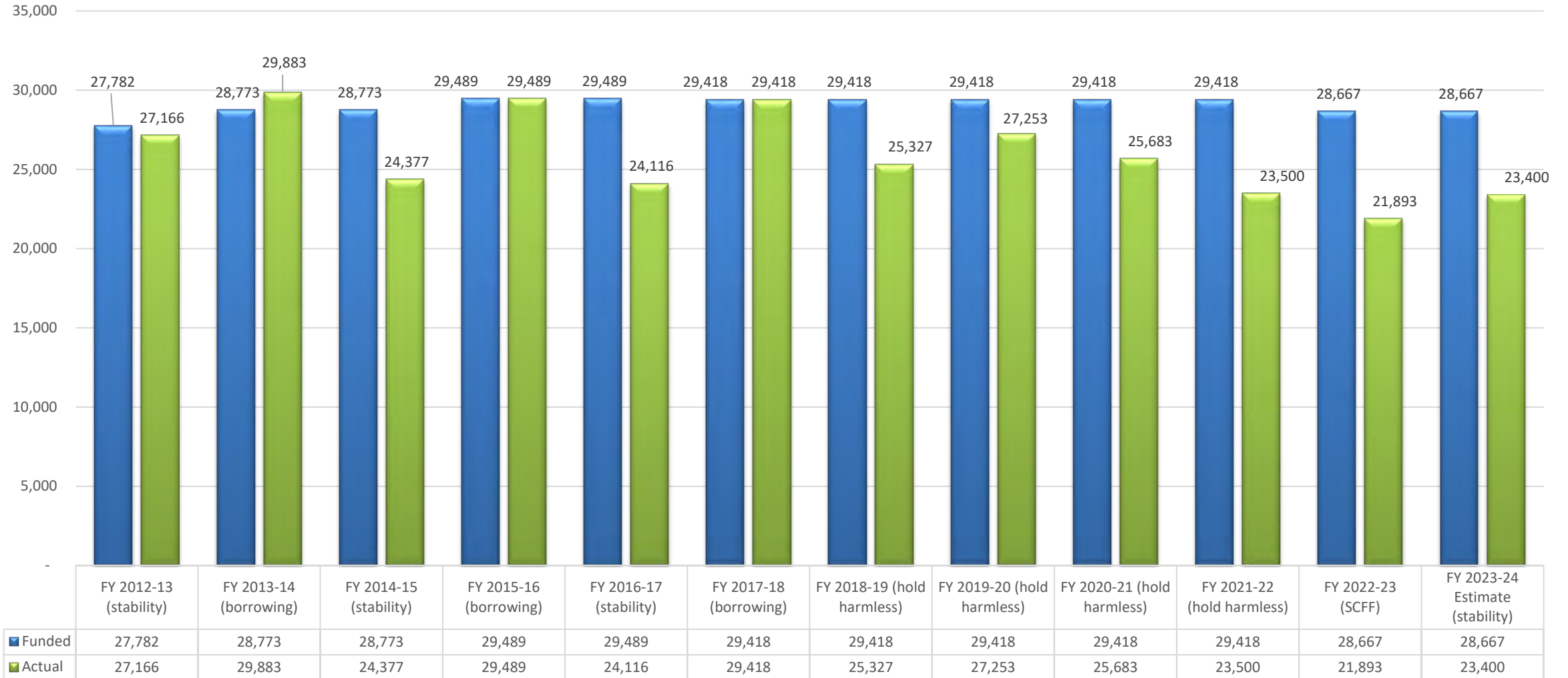


Over the past decade, 4CD has fallen short of its target FTES number.

- Borrowing and Stability Measures were utilized until 2017-18 to keep FTES funding stable
- Beginning in 2018-19, 4CD has been funded under the SCFF formula and utilized the FTES “hold harmless” provision of the calculated 2018-19 FTES (28,667)
- Beginning in 2024-25 the SCFF funding calculation will utilize a 3-year average of actual FTES.
- A new Minimum Revenue Commitment will be calculated for 2024-25, which will no longer be adjusted by any subsequent COLA increases.

# 4CD Historical FTES and Funding Trends

Contra Costa CCD FTES



# Funded versus Actual Reported FTES

## SB 361 Funding Formula

Year	Actual FTES	Funded FTES	Funding Model Utilized
2012-13	27,166	27,782	Stability
2013-14	29,883	28,773	Borrowing
2014-15	24,377	28,773	Stability
2015-16	29,489	29,489	Borrowing
2016-17	24,116	29,489	Stability
2017-18	29,418	29,418 <sup>1</sup>	Borrowing

## SCFF Funding Formula

Year	Actual FTES	Funded FTES	Funding Model Utilized
2018-19	25,329	29,418	Hold Harmless
2019-20	27,253	MRC <sup>1</sup>	Hold Harmless
2020-21	25,683	MRC <sup>1</sup>	Hold Harmless
2021-22	23,500	MRC <sup>1</sup>	Hold Harmless
2022-23	21,893	28,667 <sup>2</sup>	SCFF (ECA)
2023-24	23,400 <sup>3</sup>	28,667 <sup>2</sup>	Stability
2024-25	23,400 <sup>3</sup>	MRC	Hold Harmless <sup>4</sup>
2025-26	23,400 <sup>3</sup>	MRC	Hold Harmless <sup>4</sup>

<sup>1</sup>SCFF “floor” for Hold Harmless calculated using 2017-18 FTES (provided one-time 750 FTES funding (utilized for OPEB))

<sup>2</sup>SCFF FTES under the ECA utilized 2018-19 calculation for FTES of 28,667

<sup>3</sup>Estimated

<sup>4</sup>Minimum Revenue Commitment (MRC) = 2023-24 SCFF + COLA (if any)



# Considerations in Building Budget Assumptions

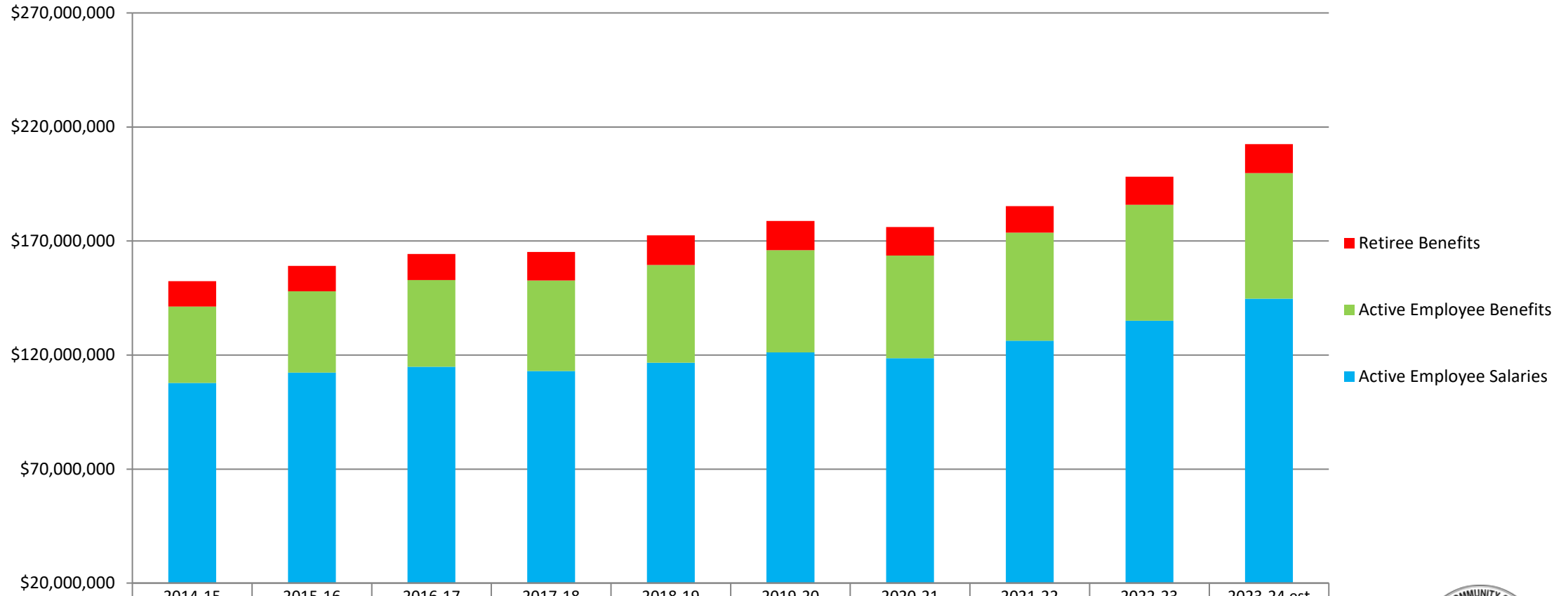


- Changes in SCFF Funding
- Employee Compensation
- Pension Expense
- Retiree Benefits
- Health and Welfare Benefit Cost
- Utilities and Services Costs
- Maintaining Adequate Reserves
- End of One-Time Funds

# 89.67% of Budgeted Expenditures is Employee Compensation



- For every dollar of employee salary earned, an additional 48.6 cents was paid in benefit cost in 2023-24 for active employees and retirees



Retiree Benefits	\$11,117,436	\$11,178,084	\$11,415,021	\$12,590,093	\$13,008,166	\$12,793,050	\$12,552,709	\$11,587,231	\$12,269,824	\$12,756,651
Active Employee Benefits	\$33,468,821	\$35,603,430	\$38,102,795	\$39,657,811	\$42,805,841	\$44,831,554	\$44,951,244	\$47,356,677	\$50,815,829	\$55,053,796
Active Employee Salaries	\$107,783,967	\$112,321,842	\$114,830,863	\$112,995,159	\$116,689,303	\$121,182,161	\$118,645,260	\$126,339,185	\$135,101,323	\$144,683,432

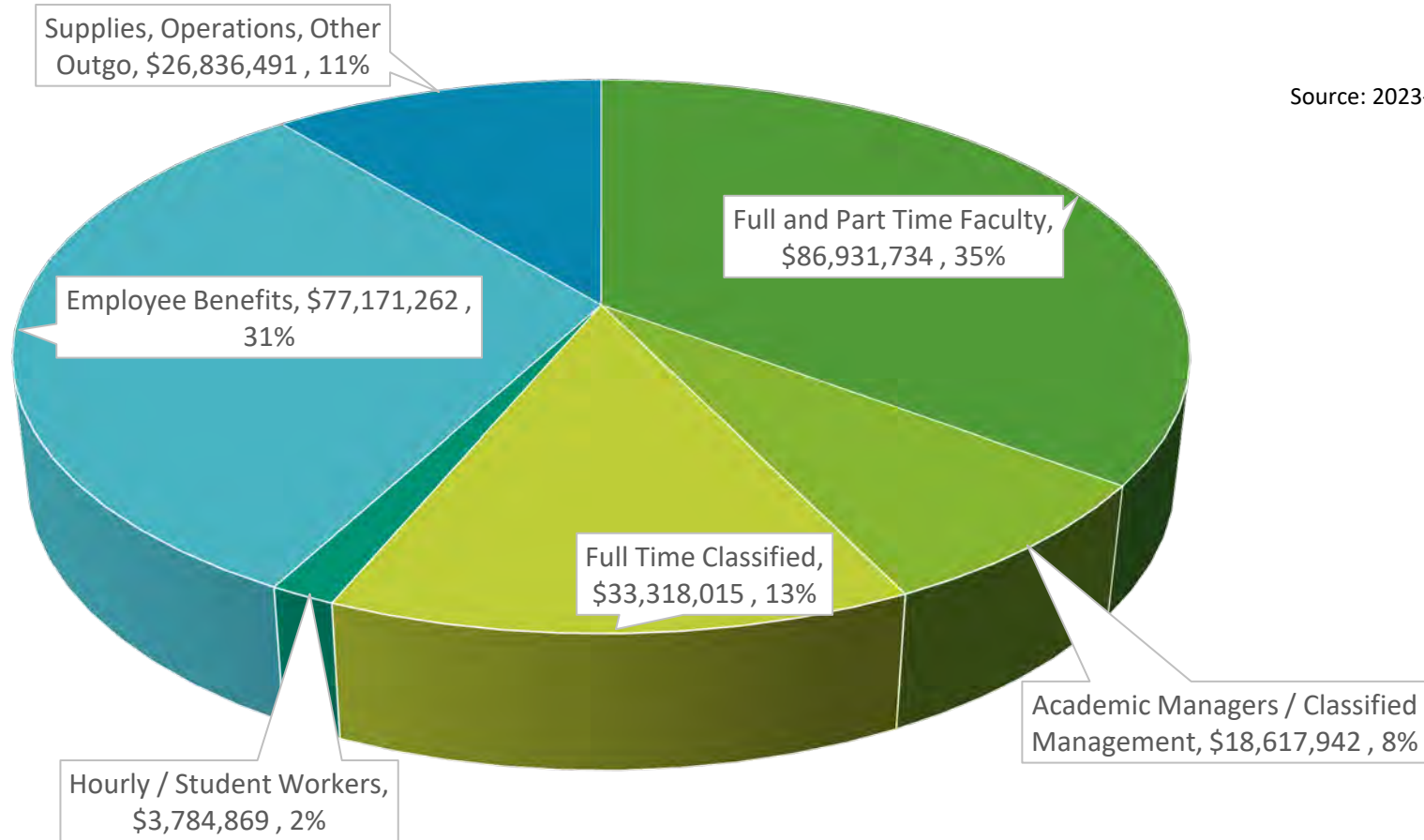


# Fund 11 Distribution of Expenses



Non-compensation = 11%

Unrestricted Expense



Source: 2023-24 Adoption Budget: Page 14

- Full and Part Time Faculty
- Academic Managers / Classified Management
- Full Time Classified
- Hourly / Student Workers
- Employee Benefits
- Supplies, Operations, Other Outgo



# Historical COLAs with STRS/PERS Expense



FY	Funded COLA	STRS %	PERS %
2007-08	4.25%	8.25%	9.306%
2008-09	<b>(2.67%)</b>	8.25%	9.428%
2009-10	<b>(7.64%)</b>	8.25%	9.709%
2010-11	0.00%	8.25%	10.707%
2011-12	0.00%	8.25%	10.923%
2012-13	0.00%	8.25%	11.417%
2013-14	1.565%	8.25%	11.422%
2014-15	0.85%	8.88%	11.771%
2015-16	1.02%	10.73%	11.847%

FY	Funded COLA	STRS %	PERS %
2016-17	0.00%	12.58%	13.888%
2017-18	1.56%	14.43%	15.531%
2018-19	2.71%	16.28%	20.733%
2019-20	3.26%	17.10%	19.721%
2020-21	0.00%	16.15%	20.700%
2021-22	5.07%	16.92%	22.910%
2022-23	6.56%	19.10%	25.370%
2023-24	8.22%	19.10%	26.680%
2024-25 *	0.76%	19.10%	27.70%

COLA of 0.00% resulted from deferrals and other State apportionment adjustments.

\*projected

In 10 of the past 18 years, the STRS/PERS % increase expense was greater than the COLA % increase



# Long-Term Liabilities and Reserves



- In 2008, the Governing Board established an irrevocable trust for other post-employee benefits (OPEB). This fund currently remains underfunded.
  - One-time funding has been used to enhance the reserves and OPEB trust
- Beginning in 2010, Fund 29 was identified to monitor Vacation and Load Bank Liabilities and maintain reserves for this expense.
- Board Policy 5033, adopted February 15, 2023, requires 4CD to maintain a reserve of “no less than two months of unrestricted general fund operating expenditures.”
  - This reserve requirement is a result of the Emergency Conditions Allowance (ECA), which provided one-time funds to 4CD
  - The “no less than two months of reserves” must be maintained
  - One-time funding in 2023-24 was utilized for ECA reserves



# Retiree Benefits Irrevocable Trust Update



- In 2008, the Governing Board established an irrevocable trust for Other Post-Employee Benefits (OPEB).
  - One-time funding from borrowing FTES has been used to grow the OPEB trust while 4CD pays the actual costs of benefits each year on an “as you go basis.”
  - The most recent actuarial report was completed as of June 2023.
    - The next actuarial report will be completed as of June 2025
  - The recent significant increase in health and welfare premium costs was not included in the most recent report
    - These increases will result in an increase in the OPEB Liability, increasing the net liability reported in June 2023

<b>Total OPEB Liability, 6/30/2023</b>	<b>\$220,664,167</b>
Fiduciary Net Position, 2/28/2024	\$158,961,742
Net OPEB Liability	\$61,702,425
% Funded	72%

Current year investment gains have impacted this value, which could change as market conditions adjust

Health cost increases will reduce this %



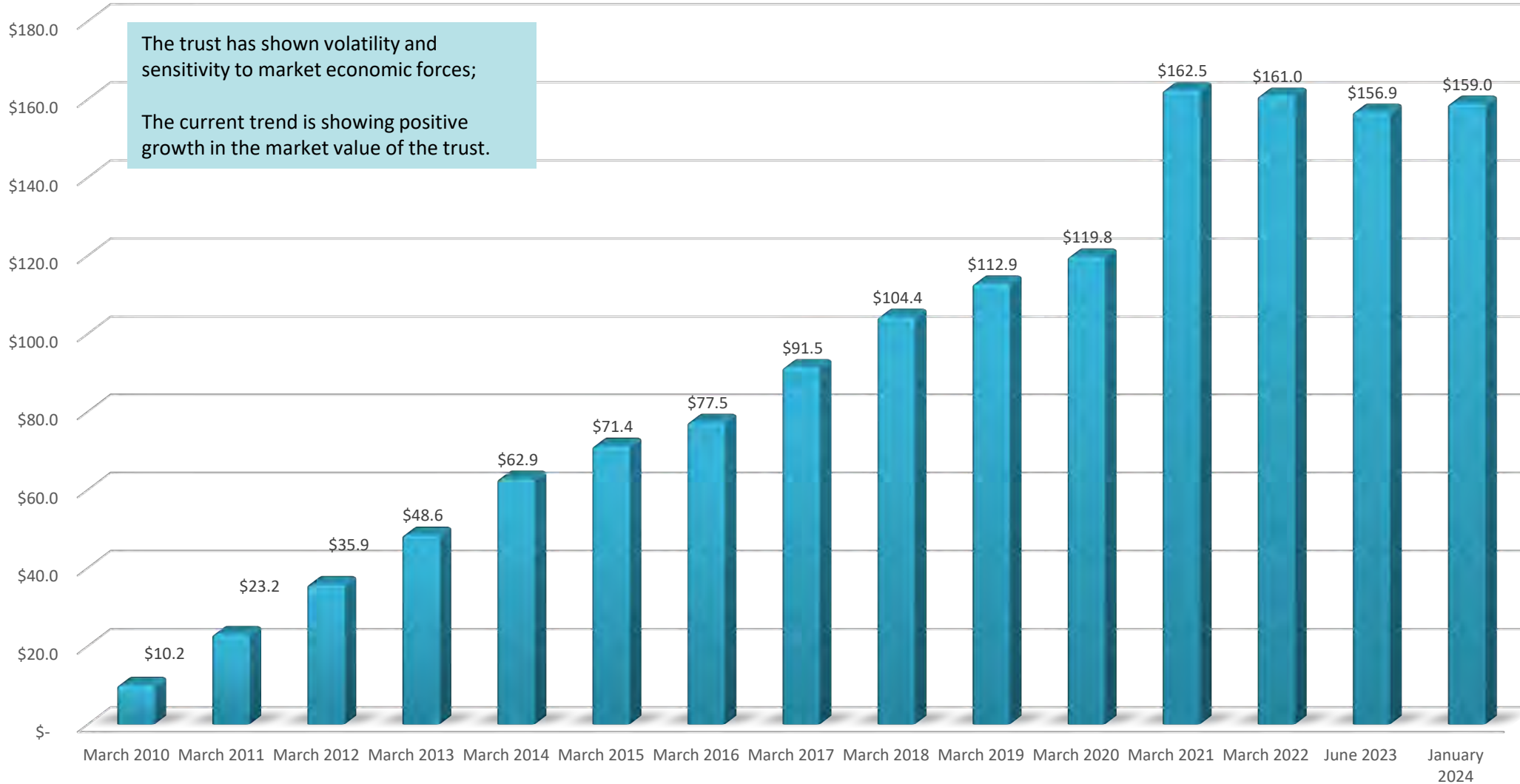
# Health and Welfare Expenditure Trends



- The past two years have seen significant increases in Health and Welfare costs, with the upcoming year increasing at a double-digit rate
  - Health and Welfare estimated expenditures are 14.39% of all expenditures in 2023-24.
- The total increased cost is greater than the revenue from a 0.76% COLA

Health and Welfare (H&W)	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-2021 Actuals	2021-2022 Actuals	2022-2023 Actuals	2023-2024 Estimated Actuals	2024-2025 Tentative Budget
Active Employees	\$20,455,584	\$21,050,082	\$20,629,809	\$20,798,173	\$20,758,371	\$20,460,178	\$21,910,804	\$26,395,967
Retirees	\$12,590,093	\$13,008,166	\$12,793,049	\$12,552,709	\$11,587,231	\$12,269,824	\$13,139,754	\$13,438,027
Total	\$33,045,677	\$34,058,248	\$33,422,858	\$33,350,881	\$32,345,602	\$32,730,002	\$35,050,559	\$39,833,994
Percentage Change		3.06%	(1.87%)	(0.22%)	(3.01%)	1.19%	7.09%	13.65%

## Irrevocable Trust Market Value (in millions)



GASB 74/75 Actuarial Reports are completed every two years. The June 2023 Calculated OPEB Liability was \$220.6 million.

The report did not account for the significant increase in health and welfare costs this renewal, which will increase the OPEB Liability

Actuarial Yearly Pay-as-You-Go Cost = \$11,356,752 for 2023 – 24  
 Estimated 2024 – 25 estimated cost = \$12,946,697



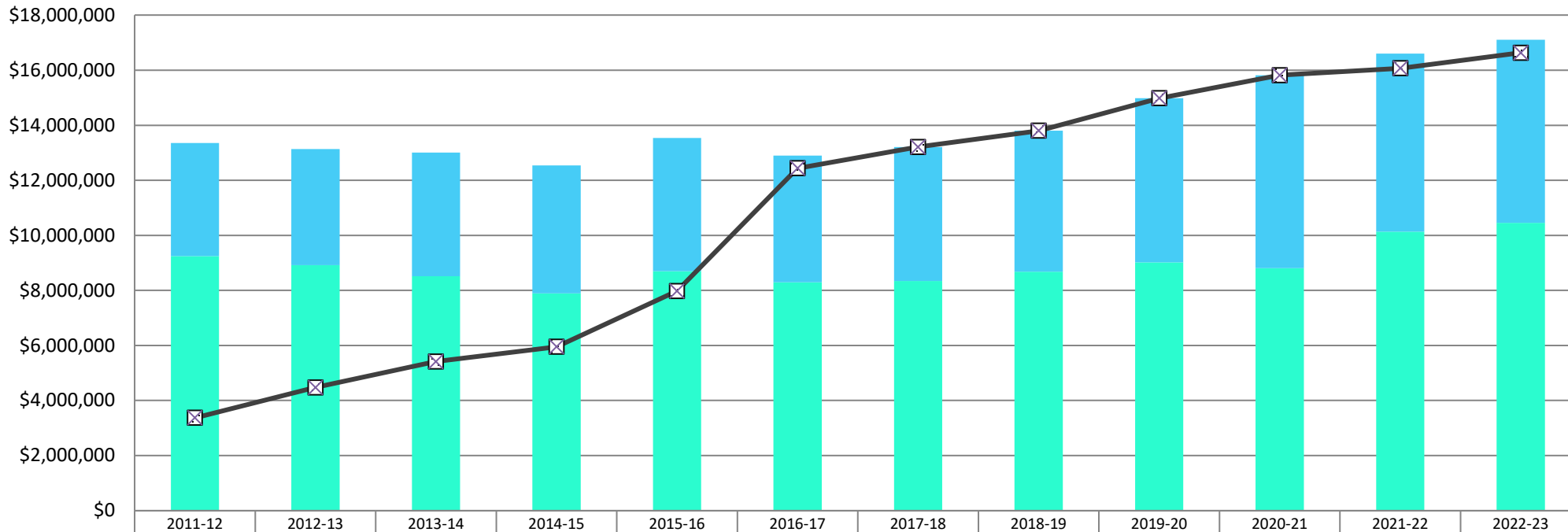


# Vacation and Load Bank Liability



4CD accounts for the accrued liability of vacation time not fully utilized by staff and for the load bank balances of faculty that work an overload schedule.

### Compensated Absences History



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Vacation Liability	\$4,104,747	\$4,222,100	\$4,494,282	\$4,649,470	\$4,841,771	\$4,603,301	\$4,871,974	\$5,124,082	\$5,966,551	\$7,012,079	\$6,462,151	\$6,657,254
Load Bank Liability	\$9,247,428	\$8,914,401	\$8,514,543	\$7,895,382	\$8,699,764	\$8,298,972	\$8,337,083	\$8,678,786	\$9,013,774	\$8,807,218	\$10,138,345	\$10,453,897
Funded	\$3,369,927	\$4,471,099	\$5,413,381	\$5,951,275	\$7,977,686	\$12,437,811	\$13,209,057	\$13,802,868	\$14,980,325	\$15,819,296	\$16,072,577	\$16,632,204



# Major Expenditure Assumptions – (Fund 11 ONLY)



Sources: 2023-24 Adoption Budget: and Appendices B and D

	2021-2022	2022-2023	2023-2024
Projected COLA (Dartboard)	5.07%	6.56%	8.22%
New Revenue	\$9,154,422	\$12,445,305	\$16,617,578
Step & Column cost	\$1,690,837	\$2,072,574	\$2,097,747
STRS (increase/decrease rate)	\$868,293	\$1,957,200	\$161,002
PERS (increase/decrease rate)	\$1,069,400	\$1,464,246	\$649,275
Board Reserves / BP 5033	\$915,442	\$2,115,702	\$2,824,988
Worker's Compensation	(\$143,538)	\$430,614	\$574,153
Utilities	\$1,063,045	\$1,193,953	\$1,192,973
Property & Liability / Legal Settlements	\$245,000	\$352,491	(\$129,333)
Health Benefits	(\$1,005,848)	\$482,178	\$745,153
Statutory Benefits Cost Increases	\$0	\$0	(\$65,000)
IT Maintenance Agreements	\$497,268	\$332,248	\$501,409
Retirement Credit		(\$526,809)	(\$485,949)
<b>TOTAL New Available Revenue</b>	<b>\$5,199,899</b>	<b>\$9,874,397</b>	<b>\$8,066,418</b>

# Reserves and One-Time Funds



- Board Policy 5033, adopted February 15, 2023, requires 4CD to maintain a reserve of “no less than two months of unrestricted general fund operating expenditures.”
  - This reserve requirement is a result of the Emergency Conditions Allowance (ECA), which provided one-time funds to 4CD
  - The “no less than two months of reserves” must be maintained
  - One-time funding in 2023-24 will be used to enhance the minimum reserve requirement for emergencies



# The “Look Back” SCFF Calculation

- When 2023-2024 FTES are certified, the SCFF will be recalculated for the current year
  - This recalculation can impact the future year SCFF Funding
- An increase in the 2023-24 SCFF calculation will impact funding and the three-year average moving forward
  - Growth this current year has the potential to move 4CD to be funded under the stabilization criteria in 2024 - 2025
    - The State likely will not confirm this type of funding until after 2024-25 budget adoption, based upon current reporting guidelines
    - Until the FTES data is certified, 4CD will be required to budget using the minimum revenue guarantee model hold harmless model

January 2024  
Updated Projection

# 4CD Multi-year Funding Projection

## January 2024 Revision



FY	FTES	COLA	SCFF	STABILITY	HOLD HARMLESS/FLOOR
21-22	28,667.53	5.07%	\$181,103,339	\$179,535,491	\$189,715,018
22-23	28,667.53	6.56%	\$211,260,982	\$192,938,718	\$202,160,323
23-24	21,893.26 <sup>1</sup>	8.22%	\$217,587,354	\$228,626,625	\$218,777,901
24-25	21,893.26 <sup>1</sup>	<b>0.76%</b> <sup>2</sup>	\$207,126,552	\$219,241,018	<b>\$220,440,613</b> <sup>3</sup>
25-26	21,893.26 <sup>1</sup>	2.73% <sup>2</sup>	\$200,257,685	\$212,781,107	<b>\$220,440,613</b> <sup>3</sup>
26-27	21,893.26 <sup>1</sup>	3.11% <sup>2</sup>	\$206,485,699	\$206,485,699	<b>\$220,440,613</b> <sup>3</sup>

COLA is not added to Minimum Revenue Commitment in future years

<sup>1</sup> FTES are calculated on previous three years. Flexibility on FTES ended in the 2022-23 FY for SCFF Calculations

<sup>2</sup> Projected COLA. This is **not** built into the budget until the State budget is enacted.

<sup>3</sup> Future year revenue could be lower based upon COLA and recalculation of the floor in 2024-25

Note: 4CD is funded on the highest of the Three Methods

Source: 2023-24 Adoption Budget: Page 13



# 2023-24 SCFF Data Elements Impact

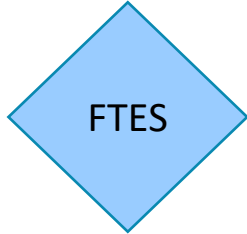


Adoption Budget  
September 2023

First Principal  
Apportionment/  
Tentative Budget  
March 2024

Adoption Budget  
September 2024

First Principal  
Advance  
February 2025



2018-19	28,667
2018-19	28,667
22-23 P2	21,639

2018-19	28,667
2018-19	28,667
22-23 An	21,893

2018-19	28,667
2018-19	28,667
23-24 P2	23,400

2018-19	28,667
2018-19	28,667
23-24 An	25,400

Summer  
Borrowing

SUPPLEMENTAL  
and SUCCESS

2020-21
2021-22
2021-22

2020-21
2021-22
2022-23

2020-21
2021-22
2022-23

2020-21
2021-22
2022-23

SCFF Calculation

**\$216,772,041**

**\$217,370,453**

**\$220,001,408**

**\$224,017,494**

2024-25 SCFF Max  
TCR Revenue

**\$220,440,613**

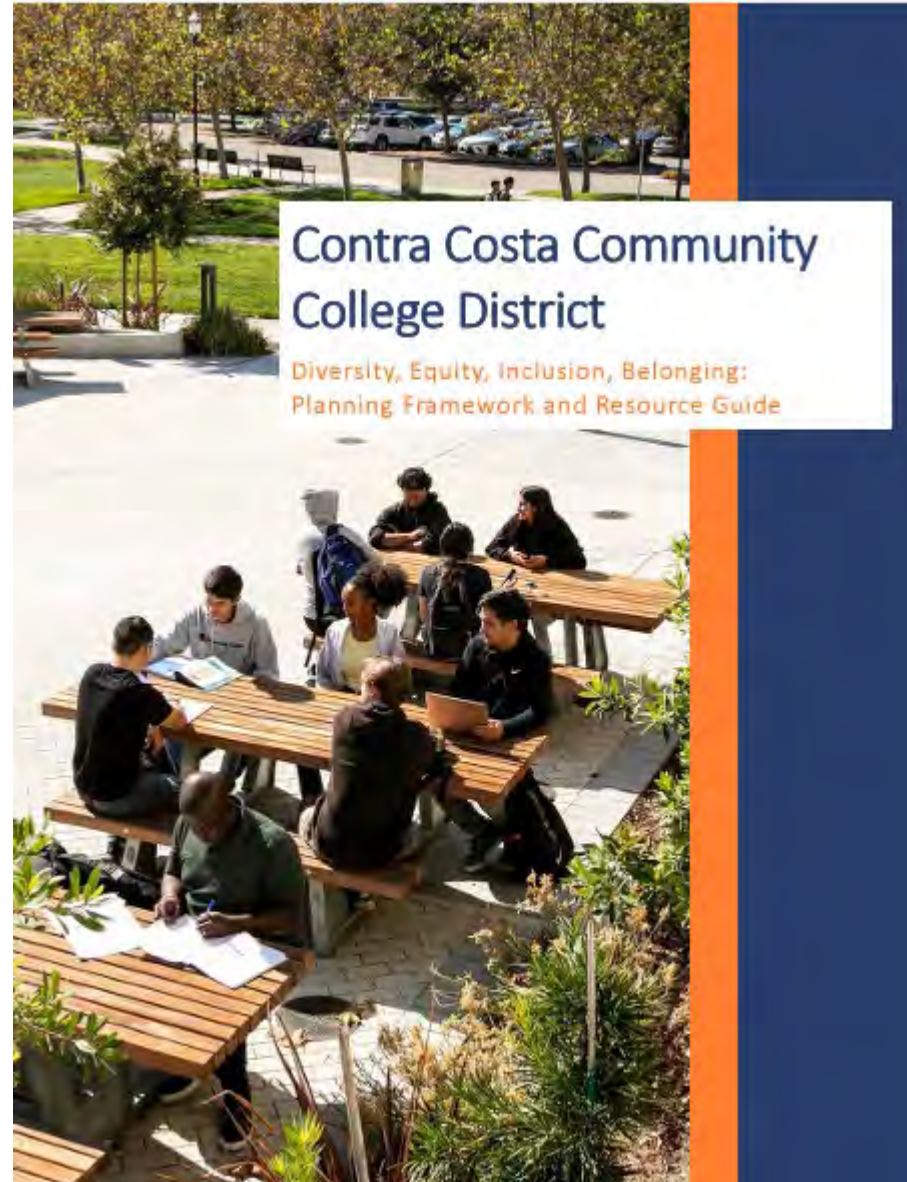
**\$220,440,613**

**\$220,440,613**

**\$225,720,027**

# Mindset For Ongoing Budget Discussions

- Proactive
- Thoughtful
- Data-Centered
- Outcome-Focused
- Prioritization



# Budget Building Blocks

## Effective Budget Preparation Techniques



- Ongoing Expenses will likely increase more than revenue beginning in 2024-25
  - Cost Containment should be an area of focus
  - Caution and Strategic Prioritization
- Every dollar **not spent reduces** needed reductions in the following year
  - Every additional dollar that is spent today requires a \$2-\$3 cut in the following year





# “COLA” is not a Soft Drink, or What We Think it is...

(COLA for 2024-25 is 0.76%, down from 3.92%)



What is the Real Cola		\$ Amount	% of Fund 11 Unrestricted
COLA Only	0.76%	\$1,662,712	0.67%
Health & Welfare		(\$3,879,605)	(1.55%)
Step & Column	Budgeted @1.2% prior to Retirement Credit	(\$1,626,292)	(0.65%)
IT / Operations / Utilities / Property & Liability		(\$1,173,090)	(0.47%)
STRS / PERS		(\$748,835)	(0.30%)
Net COLA After Expenses		(\$5,765,110)	(2.31%)

All % are estimates and for illustrative purposes only based on revenue of \$249,404,829





# Big Picture Budget Talking Points - MYP

- SCFF Revenue is projected to be flat based upon three-year FTES Funding
- The Structural Deficit could result in 4CD not meeting minimum reserves during the fall term in 2026

Fund 11 Ongoing	2024 - 2025 Tentative Budget	2025 - 2026 Estimated Budget	2026 - 2027 Estimated Budget
Est. Total Revenue	\$249,404,829	\$249,404,829	\$249,404,829
Est. Total Expenses	\$253,629,687	\$258,127,266	\$262,325,287
Est. Net Revenues Over (Under) Expenses	<b>(\$4,224,858)</b>	<b>(\$8,722,437)</b>	<b>(\$12,920,458)</b>
Est. Beginning Fund Balance	\$59,864,818	\$55,639,960	\$46,917,523
Est. Ending Fund Balance	\$55,639,960	\$46,917,523	\$33,997,065
Est. BP 5033 Minimum Reserve	\$42,280,069	\$43,029,815	\$43,729,625
			<b>(\$9,732,560)</b>

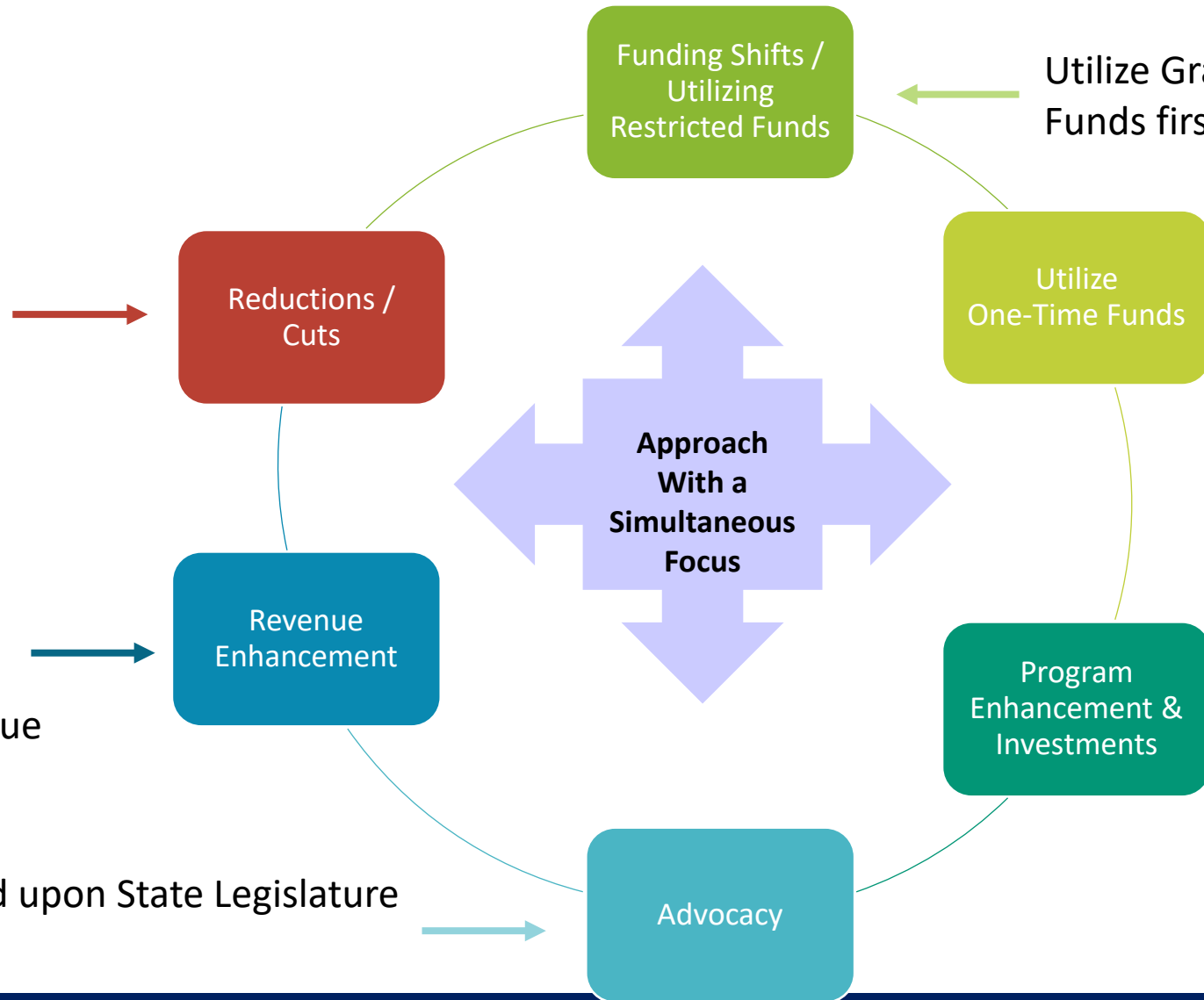
# There Are Multiple Approaches When Revenue is Insufficient



Focus first on strategic abandonment of programs where appropriate to develop a priority matrix of services and programs.

Including the Identification of additional revenue options

Funding is based upon State Legislature Priorities



Utilize Grants and Restricted Funds first

This approach is a temporary mitigation and should be used with caution and accounted for in the multi-year projections

Enhancement of growing programs along with focus on outcome metrics of the SCFF

# Questions

# Index of Acronyms and Terms



Acronym/Term	Description	Reference Slides
FTES	Full-Time Equivalent Students	2, 10-16, 22, 28-30, 34
COLA	Cost of Living Adjustment to prior year revenue	10, 13-14, 16, 20, 23, 26, 29, 33
FY	Fiscal Year (July 1 – June 30)	15, 20, 29
January Revision	Each year the Governor must present a proposed budget for the following year by January 10 <sup>th</sup> which starts the State budget cycle that concludes in June	3-5, 8, 9, 29
SCFF	Student-Centered Funding Formula	2, 10-17, 28-30, 34-35
Deferral	State budget reduction that pays school districts in the following year, but requires the district to budget the revenue as an accounts receivable	8-9, 20
Budget Firewall	Essential Contracts, Services and infrastructure (which cannot be cut/eliminated)	26
DOF	The California Department of Finance	8
BP 5033	Board Policy 5033 (defines reserve balance requirements)	21, 26-27, 34

# Index of Acronyms and Terms



Acronym/Term	Description	Reference Slides
GF (unrestricted)	General Fund (Fund 11 revenue and expenditures not restricted for other uses)	19, 27, 33-34
Fund 11	4CD's main operation fund, which includes unrestricted and restricted	19, 26, 33, 35
STRS	State Teachers Retirement System	20, 26, 33
PERS	Public Employees Retirement System	20, 26, 33
Borrowing	Reporting two summer sessions in one fiscal year to enhance FTES for that year	12, 14-16, 30
Stability	State Funding Model which takes prior year SCFF and adds COLA	11, 13-16, 28-29
Hold Harmless	The Minimum Revenue Guarantee is the State Funding Model that takes 2017-18 funding and adds COLA from each year, if any, to create a funding floor	11-16, 28-29
Flexibility	Student-Centered Funding Formula legislation that allowed districts to continue to use the FTES from 2018-19 for funding through 2023-24, shifts to the three-year averaging of FTES	10, 29
Proposition 98	Voter-approved measure that sets a minimum standard for K-14 spending. The formula has three tests, of which 40% of state revenue goes to education. Can be adjusted up or down	3, 8

# Index of Acronyms and Terms



Acronym/Term		Reference Slides
Deficit/Shortfall	The difference between projected revenue and actual funds received (negative number)	3, 4-6, 8-9, 34
CSU and UC	California State University and University of California Systems	9
Supplemental	Demographic component of SCFF funding equal to 20% of funding	11, 13, 30
Success	Student outcome component of SCFF funding equal to 10% of funding	11, 13, 30
TCR	Total Committed Revenue – The Max TCR is the highest revenue from the three SCFF calculations (SCFF, Stability, or Hold Harmless)	12-14, 30
SB361	Senate Bill 361, outlining community college apportionment	11, 16
Apportionment	Revenue that is distributed from the State to 4CD	20, 30
AB540	Assembly Bill 540, outlining student definitions for supplemental funding	11, 13, 30
ECA	Emergency Conditions Allowance in respect to reserves	16, 21, 27
OPEB	Other Post Employment Benefits (such as medical coverage for retirees)	16, 21-22, 24

# Index of Acronyms and Terms



Acronym/Term	Description	Reference Slides
Certified	State validation of FTES and enrollment reports that determine revenue	28
May Revision	The Governor provides an updated budget forecast after April tax receipts	7
Discretionary Funds	Support for programs and services that are not inside the budget firewall	19
DOF	The California Department of Finance	8
State Aid	The amount of funding above property taxes provided by the State	4
AV	Assessed Value, the value of real property impacting property tax revenue	4
Capital Gains	Income earned from investments when stocks, bonds, and real estate is sold	6-7
IT	Information Technology	26, 33
Step and Column	Annual salary schedule adjustments for years of service and education	26, 33
WC	Workers Compensation	26
MIS	Management Information System (database of students and staff)	11
GASB 74/75	Actuarial Reports on the total long-term liability for post-retirement benefits	24



# Index of Acronyms and Terms



Acronym/Term	Description	Reference Slides
Dartboard	State budget assumption projections for creating multi-year projections	29
MRC	Minimum Revenue Commitment, which is the floor for SCFF Funding per year	13-14, 16, 28-29
Maintenance Factor	This is the calculated amount of Proposition 98 funding that is not provided to K-14 each year. The factor is a percentage of revenue that is owed by the State to K-14 in a future year.	8
Load Bank and Overload	Calculation when a faculty member works greater than a full class schedule	25
CCFS 320	Required FTES Reports submitted to the State three times each year	30
Unrestricted	General Fund 11 Revenue that can be used for any educational purpose	19, 33
Classified	Employment classification for non-instructional support positions	19
Restricted	Revenue that has spending requirements for a specific purpose only, also described as categorical funding	35
LAO	Legislative Analyst Office in Sacramento to support the legislature with independent analysis	8