

Budget Workshop

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Topics

- **State Budget**
- **Student Centered Funding Formula**
- **Budget Pressures**
- **Budget Development**
- **50% Law, FON, Hourly Faculty Budgets**
- **Categorical and Grant Programs**
- **Exhibit C, Audits**

State Budget

State Budget Highlights, FY 19/20

Amount	Purpose
0.55%	Enrollment Growth
3.26%	COLA for Student Centered Funding Formula and COLA for CalWORKs, Campus Childcare, DSPS, EOPS, apprenticeships, etc.
\$42.6M	Expand California College Promise
\$9M	Student Housing
\$5M	Veteran Resource Centers and some colleges received specific allocation for them
\$3.15B	Non Prop-98 to provide pension relief for school employers (one-time)
\$389M	Public School System Stabilization Account (Rainy Day Fund for K-14)
\$13.5M	Deferred maintenance (one-time)
\$10M	Cradle to Career Data System (one-time)
\$10M	Mental health services (one-time)
\$3.9M	Student Hunger and Basic Needs (one-time)
\$30M	Cal Grant Expansions (11,000 new Cal Grant awards)
Multiple Proposition 51 bond facilities projects were approved (see A-2 Capital Outlay)	

Student Centered Funding Formula (SCFF)

- **Student Centered Funding Formula (SCFF)**
 - **70% base allocation based on Enrollments (originally legislated to reduce to 65% in 2019-20 and 60% in 2020-21)**
 - **Remaining at 60% in 2019-20**
 - **20% supplemental allocation (e.g. low-income students, Pell recipients, and promise grant)**
 - **10% student success allocation (e.g. associates degrees, certificates, transfer rates. Originally legislated to increase to 15% in 2019-20 and 20% in 2020-21)**
 - **Remaining at 10% in 2019-20**

Student Centered Funding Formula (SCFF)

- **Hold harmless provision for 3-years
(guaranteed funding at 2017-18 plus COLA for
the current year)**
 - **2018-19**
 - **2019-20**
 - **2020-21**

SCFF Possible Future Implications

- No additional allocation from SCFF
 - For the \$1 that we used to get under SB 361, we are required to justify that we qualify for the same \$1 based upon student outcomes and number of low-income students
 - Base (70%) : Operational funding will be reduced to 65% base in 2021-22 and years beyond (if there no held harmless continued)

Total System-Wide Annual Loss: \$247M (estimate)

- Student Success (10%) : Outcomes based funding will be increased to 15% in 2021-22 and years beyond (if there is no held harmless continued).

System-Wide Annual loss if outcomes don't improve (no data available to determine the impact)

Budget Pressures

Budget Pressures

- **PERS and STRS**
- **Projected contribution increases have changed**
 - Accelerated PERS increases
 - Temporary Relief for 2019-20 - employer contributions for CalSTRS reduced from 18.13% to 17.13%, CalPERS reduced from 20.8% to 19.7%.
 - Temporary Relief for 2020-21 - employer contributions for CalSTRS reduced from 19.1% to 18.4%, CalPERS reduced from 23.5% to 22.7%.

CalPERS Rates

Year	Previously Released Employer Contribution Rates	Employer Contribution Rate*
2018-19	17.7%	18.062%
2019-20	20.0%	20.8%
2020-21	22.7%	23.5%
2021-22	23.7%	24.6%
2022-23	24.3%	25.3%
2023-24	24.8%	25.8%
2024-25	25.1%	26.0%

*Actual for 2018-19

CalSTRS Rates

Year	Employer	Pre-PEPRA Employees	Post-PEPRA Employees
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	10.205%
2019-20	18.13%	10.25%	10.205%
2020-21	19.10%	10.25%	10.205%

Budget Pressures (Examples)

- **Impact of retirement contributions, COLA, step & column, and medical cap on grant and categorical programs**
- **Variability of hourly teaching expenses**
 - Not meeting productivity target = overspent budget
- **Annual increases in revenue can be misleading**
 - Rising personnel costs (COLA, PERS, STRS, minimum wage increases)
 - Impact on collective bargaining
- **Student Centered Funding Formula**

Discussion

What are some of the budget pressures at your college?

Discussion

Do you experience budget pressures that are specific to your division?

Budget Development



What is a Budget?

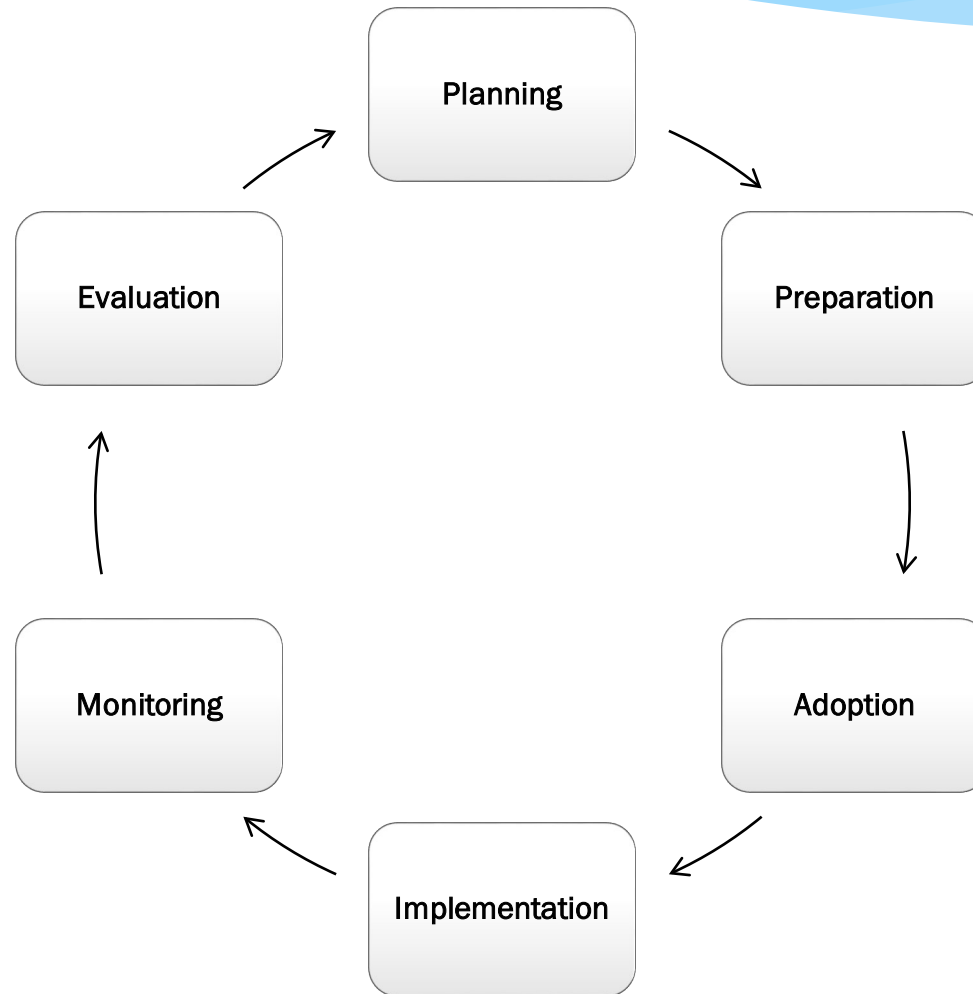
- Authorization to spend – Board of Trustees
- **Estimate** of revenues and expenditures
 - Salaries and benefits
 - Operating expenses
- Allocation of resources
- Maximum amount that can be spent within a major expenditure category
- Major revisions must be approved by Board, including transfers from contingency

Reference: [Title V, Section 58307](#)

Budget Development Timeline

- **January 10th: Governor's proposed budget**
- **May 15th: Revised Governor's budget ("May revise")**
- **June 30th: District Tentative budget (adopted by Board)**
- **June 30th: State budget adopted**
- **September 15th: District Final budget (adopted by Board)**

Budget is a Continuous Cycle



Discussion

As a Dean, how much ‘control’ or influence do you have on your budget development?

Discussion

What happens when there isn't enough money? How do you prioritize and make the difficult decisions involved when there are not enough funds?

Discussion

What are some common issues that arise with faculty and staff about the budget or budgeting process?

Discussion

What role does productivity play in your budget development process?

Now....

Some Real Fun!!!!

50% Law, FON, Hourly Faculty
Budgets

Nuts and Bolts – Some acronyms and calculations

- **1 FTEF = 15 LHE (lecture hour equivalent)**
- **1 FTES = 525 contact hours**
 - $\text{FTES} = (\text{census day enrollment} * \text{wsch} * \text{term}) / 525$
- **LHE:**
 - 1 hour lecture = 1 LHE
 - 1 hour lab = 0.75 LHE
- **WSCH (weekly student contact hours)**
 - $\text{WSCH} = \text{class enrollment} * \text{weekly hours}$

A Bit of History...

- **Education Code 84362: 50% Law (1961) – Protecting K-12 classroom size**
- **75/25 Ratio (1988) – Goal for a 75/25% ratio of FT to PT faculty**
- **FON (1989) – Faculty obligation number**

50% Law

- Education Code 84362 and California Code of Regulations 59200 requires California Community College Districts to spend 50% of general funds each fiscal year on salaries of classroom instructors. The intent of the statute is to limit class size and contain the relative growth of administrative and non-instructional costs. *Source: California Community Colleges Budget and Accounting Manual*
- This is not a straightforward “50% of Fund 1” calculation. There are many exclusions we have to consider (student transportation, food services, external facility rentals, capital improvement projects, team sports, lottery expenditures, and a few others)

50% Law

- Developed to protect K-12 class size, not to guarantee levels of compensation or funding to instruction
- Issues surrounding 50% Law:
 - Has not been reviewed since 1961. Educational practices have evolved since then:
 - Learning now takes place in multiple venues, inside and outside the classroom
 - Support services are recognized as a critical component of student success
 - Workload reductions during budget reductions
 - Faculty release time counts against the 50%
 - Librarians and counselors count against the 50%
 - Reported as a District (District has \$0 instructional expenses)

50% Law

Good Side of the 50 Percent Law

- Salaries of classroom teachers
- Instructional Aid Full-Time & Hourly
- In-Classroom Tutors
- Benefits for the above listed positions

Wrong Side of the 50 Percent Law

- Distance Education Coordinators
 - Instructional Designer
 - Counselors
 - Faculty Reassign Time
 - Faculty Director: EOPS, NSF, Transfer Center, MESA Director
 - Faculty Compensation for Special Assignments
 - Librarians
-

75/25 Goal

- The “75/25” is a goal to achieve a ratio of 75% Full-Time faculty to 25% Part-Time faculty
- Official calculation:
 - $\text{\#FT LHE} / \text{\#PT LHE}$
- Common calculation:
 - $\text{Total LHE} / \text{PT LHE} = \% \text{ PT}$
- 75/25 often does not account for release time
- Overload counts toward PT LHE

FON

- **Faculty obligation number (FON) is the number of full-time faculty a district is required to employ as of Fall semester (Ed Code 87482.6, Title V 51025)**
- **Developed to help colleges meet the 75/25 goal**
- **Does not include non-credit faculty, but does include librarians and counselors**
- **Calculation is very complicated. Obligation is adjusted annually by the lower of:**
 - **Projected fundable growth at budget adoption**
 - **Actual percent change in funded credit FTES from the prior year P2 report**

Consequences of Non-Compliance

- **50% Law:**
 - Amount of \$ not spent as required is withheld from apportionment the following year
 - Community supported districts: no financial penalty, but there is a political price to pay (and gets reported to BOG)
 - Potential audit finding
- **FON:**
 - Financial penalty
 - # of faculty below FON * Avg replacement cost of faculty (4 faculty * \$76,000 = \$304,000)
- **75/25:**
 - No penalty (this is a goal, not a mandate)

Considerations

- **These laws/mandates/goals were established individually as a response to specific issues**
- **No one has studied the collective impact of the 50% law, FON, and other mandates together**

Hourly Faculty Budget Development

- College budget developed as an average for the year
- Estimated targets are developed based on trend data and goals set for the year
- Monitored continuously through each semester to project any shortfalls and identify when and how adjustments should be made

Example Projected Hourly Teaching Budget, FY 2018/2019

FTES	WSCH	Productivity	FTEF Needed	FTEF Available	FTEF Needed (PT)	Average Cost per PT FTEF	Budget
4,100	61,500	485	126.80	59.34	67.46	\$62,885	\$4,242,481

How Does Productivity Impact Budget?

- Load, productivity, and efficiency are often used interchangeably
- Higher productivity means more students served per FTE
- Lower productivity means fewer students are served per FTE
- Type of class has to be considered in evaluating productivity
- The state “standard” productivity level is 525
 - This number represents the break-even point for a course

How Does Productivity Impact Budget?

	Load	Budget	Financial Impact
	545	\$ 3,364,601	\$877,880
State Standard →	525	\$ 3,634,933	\$607,548
	515	\$ 3,777,972	\$464,509
	500	\$ 4,003,259	\$239,222
	490	\$ 4,161,113	\$81,368
Goal →	485	\$ 4,242,481	-
	475	\$ 4,410,357	\$167,876
Actual - Prior year →	465	\$ 4,585,452	\$342,971

Impact of Not Meeting Targets

- Hourly faculty budget is the largest variable expense in a college budget
- Perspective:
 - Productivity level of 485 vs 525 costs the college \$600k
 - Each productivity point costs \$15,948
 - 15 productivity points ~ \$239,220
 - Average cost of a new full-time faculty = \$112,000

How is Productivity Improved?

- **Ways to improve:**
 - **Offering fewer sections (tightening the core schedule)**
 - Get a strong sense of enrollment patterns, rates of return, and develop a base schedule that is specific to each discipline (and monitor every semester)
 - **Increase the number of students in sections (when appropriate)**
 - **Restructure of scheduling (curriculum/program offerings, times that sections are offered)**
 - **Working across departments to identify load targets that are appropriate and pedagogically sound**
- **Things to avoid:**
 - **Rolling schedules and hoping course enrollment targets are met**
 - **Setting enrollment targets that are unrealistic for the type of course or discipline**
 - **Assuming things should be done across the board (i.e., 5% less courses, 5% more enrollment)**

Exhibit C, Audits, Categorical Programs

Exhibit C

- **FTES**
 - Decline = number of FTES decreased from previous year
 - Stability = college receives a year of funding at the previous year's FTES level
 - Restoration = college FTES is increased to the level prior to the year decline started
- **Borrowing FTES**
 - Useful if done strategically
 - Maximize FTES to reach growth targets or meet restoration levels
 - Changes in policies or regulations with unclear impacts – e.g. BOG Fee Waiver changes)

**California Community Colleges
2018-19 Second Principal Apportionment
Allan Hancock Joint CCD
Exhibit C - Page 1**

Total Computational Revenue and Revenue Source

Total Computational Revenue (TCR)			For Informational Purposes Only	
I. Base Allocation (FTES + Basic Allocation)	\$	42,400,714	a	
II. Supplemental Allocation		11,414,899	b	
III. Student Success Allocation		6,732,963	c	
Student Centered Funding Formula (SCFF) Calculated Revenue	\$	60,548,576	d	= a+b+c
2017-18 TCR + 2.71%		60,006,490	e	
2018-19 TCR		60,548,576	f	= Max(d,e)
Constrained 2018-19 TCR**		60,548,576	g	
Difference between Constrained 2018-19 TCR and 2017-18 TCR + 2.71%		542,086	h	= g - e
Funding above the 2017-18 TCR + 2.71%		475,163	i	= h * (Statewide i + Statewide h)
Adjusted 2018-19 TCR Reflecting Available Revenues	\$	60,481,653	j	= e + i
Revenue Sources				
Property Tax	\$	18,429,223	k	
Less Property Tax Excess			l	
Student Enrollment Fees		2,442,096	m	
<u>State General Apportionment</u>				
General Apportionment	\$	29,875,910	n	
Full-Time Faculty Hiring (FTFH) Apportionment (2015-16 Funds Only)		498,061	o	
Total State General Apportionment		30,373,971	p	= n + o
Education Protection Account (EPA)		9,236,363	q	
Total Available Revenue	\$	60,481,653	r	= k + l + m + p + q

**For all districts--2018-19 TCR, but no higher than 8.13% increase over 2017-18 TCR.

Supporting Sections

Section Ia: FTES Allocation

	Credit Used for 3 Year Average		Calculations of the 2018-19 Applied #1 that equals 2018-19 FTES before Growth & Stability Paid					Credit Used for 3 Year Average	Credit 3 Year Average
	2016-17	2017-18	2017-18 Funded	Stability*	Restoration	Stability Adjustment	Adjustment	2018-19 Applied #1	
Credit	8,670.35	7,339.87	7,860.16	-	630.15	-	-	8,490.31	8,166.84
Special Admit Credit	425.76	436.82	-	-	420.10	-	-	420.10	-
Incarcerated Credit	106.50	83.47	-	-	73.67	-	-	73.67	-
CDCP	319.04	261.70	261.70	-	(6.26)	-	-	255.44	-
Noncredit	499.92	431.70	431.70	-	(29.88)	-	-	401.82	-
Totals	10,021.57	8,553.56	8,553.56	-	1,087.78	-	-	9,641.34	8,166.84
	2018-19 Applied #2	Growth		Stability Paid*	2018-19 Paid	Rate \$	Revenue \$	2018-19 FTES Reported	2018-19 FTES Unapplied
Credit	8,166.84	-	-	-	8,166.84	\$ 3,727.00	\$ 30,437,825	8,490.31	-
Special Admit Credit	420.10	-	-	-	420.10	5,456.67	2,292,348	420.10	-
Incarcerated Credit	73.67	-	-	-	73.67	5,456.67	401,993	73.67	-
CDCP	255.44	-	-	-	255.44	5,456.67	1,393,853	255.44	-
Noncredit	401.82	-	-	-	401.82	3,347.49	1,345,090	401.82	-
Totals	9,317.87	-	-	-	9,317.87	\$	35,871,109	9,641.34	-

*Only CDCP and Noncredit FTES workload eligible for stability.

Section Ib: FTES Allocation - Restoration Target

	2015-16	2016-17	2017-18	Total Target \$
Credit	-	-	1,342.45	\$ 5,003,311
Special Admit Credit	-	-	-	-
Incarcerated Credit	-	-	-	-
CDCP	-	-	57.34	312,886
Noncredit	-	-	68.22	228,366
Total	-	-	1,468.01	\$ 5,544,563

Section Ic: FTES Allocation - Growth Target

	FTES	2018-19 Growth FTES	0.50%
Credit	8,166.84	40.90	
Special Admit Credit	-	2.19	
Incarcerated Credit	-	0.42	
CDCP	261.70	1.31	
Noncredit	431.70	2.16	
Total	8,860.24	46.98	
Total \$ Equivalent	\$	181,037	

California Community Colleges
2018-19 Second Principal Apportionment
San Jose-Evergreen CCD
Exhibit C - Page 1

Total Computational Revenue and Revenue Source	
Revenue	
Revenue Source	

Total Computational Revenue (TCR)			For Informational Purposes Only	
I. Base Allocation (FTES + Basic Allocation)	\$	52,721,871	a	
II. Supplemental Allocation		15,747,065	b	
III. Student Success Allocation		6,964,550	c	
Student Centered Funding Formula (SCFF) Calculated Revenue	\$	75,433,486	d	= a+b+c
2017-18 TCR + 2.71%		72,536,301	e	
2018-19 TCR		75,433,486	f	= Max(d,e)
Constrained 2018-19 TCR**		75,433,486	g	
Difference between Constrained 2018-19 TCR and 2017-18 TCR + 2.71%		2,897,185	h	= g - e
Funding above the 2017-18 TCR + 2.71%		2,539,517	i	= h * (Statewide i + Statewide h)
Adjusted 2018-19 TCR Reflecting Available Revenues	\$	75,075,818	j	= e + i
Revenue Sources				
Property Tax	\$	107,152,014	k	
Less Property Tax Excess		(39,963,167)	l	
Student Enrollment Fees		5,965,198	m	
State General Apportionment				
General Apportionment	\$	-	n	
Full-Time Faculty Hiring (FTFH) Apportionment (2015-16 Funds Only)		694,868	o	
Total State General Apportionment		694,868	p	= n + o
Education Protection Account (EPA)		1,226,905	q	
Total Available Revenue	\$	75,075,818	r	= k + l + m + p + q

**For all districts--2018-19 TCR, but no higher than 8.13% increase over 2017-18 TCR.

Supporting Sections

Section 1a: FTES Allocation

	Credit Used for 3 Year Average		Calculations of the 2018-19 Applied #1 that equals 2018-19 FTES before Growth & Stability Paid						Credit Used for 3 Year Average	
	2016-17	2017-18	2017-18 Funded	Stability*	Restoration	Stability Adjustment	Adjustment		2018-19 Applied #1	Credit 3 Year Average
Credit	11,041.50	11,407.62	11,715.93	-	77.51	-	-		11,793.44	11,414.19
Special Admit Credit	193.38	308.31	-	-	262.19	-	-		262.19	
Incarcerated Credit	-	-	-	-	-	-	-		-	
CDCP	-	-	-	-	-	-	-		-	
Noncredit	116.72	197.11	197.11	-	16.31	-	-		213.42	
Totals	11,351.60	11,913.04	11,913.04	-	356.01	-	-		12,269.05	11,414.19
	2018-19 Applied #2		Growth	Stability Paid*	2018-19 Paid	Rate \$	Revenue \$		2018-19 FTES Reported	2018-19 FTES Unapplied
Credit	11,414.19		-	-	11,414.19	\$	42,734,715		11,793.44	-
Special Admit Credit	262.19		-	-	262.19		5,481.56		262.19	-
Incarcerated Credit	-		-	-	-		5,481.56		-	-
CDCP	-		-	-	-		5,456.67		-	-
Noncredit	213.42		-	-	213.42		3,347.49		213.42	-
Totals	11,889.80		-	-	11,889.80	\$	44,886,348		12,269.05	-

*Only CDCP and Noncredit FTES workload eligible for stability.

Section 1b: FTES Allocation - Restoration Target

	2015-16	2016-17	2017-18	Total Target
				\$
Credit	766.36	258.19	-	\$ 3,835,915
Special Admit Credit	-	-	-	-
Incarcerated Credit	-	-	-	-
CDCP	-	-	-	-
Noncredit	24.38	(29.29)	-	(16,436)
Total	790.74	228.90	-	\$ 3,819,479

Section 1c: FTES Allocation - Growth Target

		1.00%
	FTES	FTES
Credit	11,414.19	114.33
Special Admit Credit	-	3.09
Incarcerated Credit	-	-
CDCP	-	-
Noncredit	197.11	1.97
Total	11,611.30	119.39
	Total \$ Equivalent	\$ 451,589

Audits

- **Potential audit findings**
 - Inadequate segregation of duties
 - Access to sensitive data not controlled
 - Lack of accountability measures (improper record keeping)
 - Unauthorized transactions (could result in skimming, embezzlement)
 - Collusion among employees where little or no supervision exists
 - Lack of policies and procedures in place (or not adhering to them)
 - Inappropriate use of funds
 - Miscalculation of FTES
- **Most common audit findings last year:**
 - FTES issues with record-keeping and reporting process
 - Internal controls related to reconciliations, cash management, and record-keeping

Case Studies

Case Study – Overstatement of FTES Source: FCMAT report

The CCCCO was concerned that Local Community College incorrectly reported FTES for the fiscal years ending 2004 - 2010, a seven-year period, after receiving numerous tips about attendance reporting irregularities.

The college employed senior administrators who were knowledgeable and familiar with the rules, methods, and proper determination of FTES. The college also retained a consulting firm that specialized in attendance reporting and helped the college convert the attendance data from the previous legacy system to a new reporting system purchased by the college in December 2001 for a 2003-04 targeted implementation date.

In March 2004, college personnel made a decision to use catalog hours instead of scheduled or actual hours. The methodology of using catalog hours instead of scheduled/actual hours has a high likelihood of overstating hours and the calculation of FTES. Two VPs were present at this meeting and the decision was shared with numerous employees. Evidence reviewed by FCMAT indicates that the senior management team had significant and extensive knowledge of the FTES miscalculation as early as 2004.

A new president was appointed in 2005-06 and he retained an independent consulting firm to assist with the FTES calculations because he had concerns about the potential problems with the data from some district staff members.

College presidents signed annual apportionment certification reports CCFS-320 for each year from 2004 through 2011 certifying that the information was true and correct. The senior consultant that prepared the reports admitted that he was aware of the misreporting and notified the president on many occasions that student contact hours reported on the CCFS-320 were incorrect. Yet, the consultant continued to prepare incorrect reports and the president continued to certify them. The reports contained variances between 2% - 4% from 2005-06 through 2009-10.

An independent audit firm was retained to verify and correct the FTES calculations for 2004-2012. The report showed that apportionment had been overpaid by \$5,261,544 over the eight year period.

Question:

- What was fraudulent about this situation?
- What role does a dean play in FTES calculations?

Case Study #2 – Cash for Grades Source: Newspaper article 6/2007

Prosecutors have charged 34 current and former students with felony fraud and conspiracy in the cash for- grades scheme at Shady Community College. The organizer was charged with 23 felonies and could be sentenced to nearly 70 years in prison if convicted.

College registrars nationwide have discussed what could be far-ranging implications of the grade changes. Several registrars have said they would expel students or rescind any degrees given to Shady Community College alumni who transferred to their schools.

College leaders acted quickly to fix the problems that had enabled student employees to accept money for the grade changes. Administrators limited access to academic records since the plot was uncovered. When administrators were first tipped off to the scandal the college was reeling from chronically declining enrollment, morale problems stemming from district wide pay cuts and major financial uncertainty.

The organizers took in thousands of dollars and had a constant flow of customers. Students met with organizers in malls, gyms, and supermarkets, handing over hundreds of dollars in plain white envelopes. Investigators found unauthorized grade changes dating back to 2000 (7 year period).

The long-running plot was fostered by the college's wide open grade management system. Nearly 90 people, including student employees, were authorized to change grades at Shady Community College.

Question:

What controls could Shady Community College put in place to prevent the changing of grades?

Categorical Funding

- Purpose of categorical funds

Categorical Program Funding

Overview

California Community College funding includes approximately 30 [categorical programs](#) established by the state legislature to provide state-mandated minimum standards of. These funds must be spent according to specific guidelines and are meant to provide necessary services benefitting students without cost to a district's general fund. The overall goal of categorical funding is to provide access and maximize the potential for success of otherwise at-risk students. In FY [2016/2017](#), more than \$1.6B in categorical funds are allocated to support California Community College programs and services. Catiada College receives funding from several state categorical programs, as noted below.

Catiada College Categorical Programs	2016/2017 Funding (as of 10/5/16)
Adult Education Block Grant	\$161,809
Basic Skills Innovation	\$90,000
Cal Grant B Supplement	\$54,600
CalWORKS Services	\$130,601
Cooperative Agencies Resources for Education (CARE)	\$53,582
Economic Development (Strong Workforce Partnership)	\$554,609 (est)
Extended Opportunity Programs & Services (EOPS)	\$532,671
Financial Aid Administration	\$241,244
Foster Care Education	\$81,505
MESA	\$50,500
Puente	\$1,500
Student Equity	\$314,954
Student Success & Support Program (SSSP)	\$1,003,777
Students with Disabilities (DSPS)	\$287,954
Total	\$3,559,306

Funding and Stability of Categorical Programs

Categorical program funding is specifically designated in the state budget and reviewed annually. Some categorical programs have requirements to provide matching funds from the college (e.g., EOPS, SSSP). Matching funds can include direct monetary support to the program through operational funds or through staffing support. Matching funds can become a challenge when using existing staff as in-kind.

As with all state funding, categorical programs are subject to the availability of funds and legislative priorities. During periods of economic vitality, categorical program funding may be increased or new categorical programs may be created. During periods of economic downturns, categorical programs may experience funding cuts or significant changes to how funds may be used. There are also several categorical programs that have a life span identified within the legislation.

Categorical Program Staffing and Administration

Categorical programs require staffing to provide services to students and for administrative operations. It is challenging to balance staffing needs with stagnate or uncertain program funding. For example, the SMCCCD regularly provides cost of living allowance (COLA) raises to employees, and this can create financial strain on categorical programs over time. The budget office recommends that no more than 75% of funding be allocated for ongoing staffing costs. This preserves an adequate operating budget and provides a small amount of cushion in the event funding is decreased.

Categorical program funding is restricted, meaning there are specific requirements for activities and expenditures. Not all categorical programs have the same requirements – for example SSSP funds can purchase computers for employees, but Student Equity funds cannot. Categorical programs also have reporting requirements and are audited based on the specific legislative program requirements. Effectively managing categorical program funding, meeting reporting requirements, and providing the intended services to students is critical for the college to continue receiving funds.

Wrap up

Budget Management

- **Responsibility and oversight of all finances within your Division**
- **Signatures and approvals**
- **Regular monitoring**

Take-Aways

- Know your own values about budgeting and fiscal accountability
- Budget is an institutional responsibility
- Use budget as a tool, not an excuse or blame
- Ask questions
- Make friends with your CBO
- Be mindful of transparency

Resources

- Professional Learning Network: Applied Solution Kits (ASK)
 - [Integrated Planning](#)
 - [Strategic Enrollment Management](#)
 - [Guided Pathways](#)
 - [Activating Change](#)
- [10+1: It isn't just 11](#) (conference presentation)
- [Overview of State Budget and Impact on Collective Bargaining](#) (conference presentation)
- [Legal Advisory for Instructional Services Agreements](#)
- [Student Fee Handbook](#)

Thank you

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