

FINANCE/BUDGET-RELATED GLOSSARY OF TERMS

Adopted Budget: Legislatively required that each District adopt an annual fiscal year budget by September 15th.

Apportionment: Federal, state or local monies distributed to college districts or other governmental units according to certain formulas. For community colleges, these are funds that were earned and received based upon FTES (full-time equivalent student). As of fiscal year 2018-19, community colleges are no longer funded only on the basis of FTES. The Student Centered Funding Formula, SCFF, is scheduled to slide from 100% funding by FTES to 60% with 20% funded based upon financial need and 20% based upon student outcomes. Apportionment dollars come from a combination of property tax, enrollment fees, and a State allocation. If on a statewide basis the property tax and/or the enrollment fees do not meet the projection made by the Department of Finance, then a deficit will be applied to the apportionment for each district; thereby reducing the amount of revenue paid to a district by the deficit amount applied again all districts' calculated apportionment funding.

Board of Governors (BOG): The Board of Governors of the California Community Colleges sets policy and provides guidance for the 73 districts and 115 colleges which constitute the system. The 17-member Board, appointed by the state's Governor, formally interacts with state and federal officials and other state organizations. (Note: The number of districts and colleges includes the new online college/district included in the 2018-19 Budget Act.)

Budget Act: The bill the Governor signs to become law is the Budget Act. Prior to the Budget Act, budget bills voted on in each house are usually referred to a conference committee to resolve differences which exist between the Senate and Assembly Budget Bills before it's submitted to the Governor for signature. June 15th is the Constitutional deadline for the Legislature to pass the Budget Bill. (Note: A deadline that was rarely met until taxpayers voted in a requirement that legislators would not be paid after June if no budget was enacted).

Budgeting and Accounting Manual (BAM): The BAM has the authority of regulation in accordance with Title 5 Section 59011 of the California Code of Regulations (CCR), is distributed as part of the Board of Governors' responsibility to define, establish, and maintain the budgeting and accounting structure and procedures for the California Community Colleges as defined in California Education Code (EC) Section 70901.

Capacity load ratio: This number is computed by comparing the total number of students that a classroom or laboratory could accommodate during the primary hours of a week with the number of students that actually use the classroom or laboratory during that same time frame. For example: If a classroom could hold 40 students for 50 hours per week then its capacity would be 40 times 50 which equals 2000. If the actual number of students utilizing that room for any given week was 1000 then the capacity load ratio would be 2000/1000 or exactly 2.00. As a percentage that would be 200%. That says that the capacity is 200% of the usage or load. A high percentage shows low usage while a low percentage shows a high usage. The percentage is computed separately for classrooms, laboratories, offices, and other miscellaneous types of rooms. If the ratio is too high then the State will indicate that

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the district will not qualify for capital outlay funding for that type of facility. In addition the operating costs for the District will be high if the ratio is too high.

Capital Outlay: The acquisition of or additions to fixed assets, including land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment.

Capital Projects: Funds that are used for the acquisition or construction of capital outlay items, e.g. buildings, major equipment.

Continuation funds: This term is used to distinguish between the expenditure for items that recur on an annual basis as compared to items that are strictly a one-time outlay of funds. Items that are identified as one-time outlay of funds can be used from identified ending balance funds and do not need to be limited to continuation funds. However, items that require an on-going commitment of funds cannot be paid for with ending fund balance unless continuation funds in subsequent budget years have been identified prior to making the expenditure. (Note: See One-time funds.)

Deficit Budgeting: This term is used in different ways but for our purposes it is defined as an annual budget that projects expenditures which exceed the estimated revenue to be earned. This type of projection assumes reserves will be reduced to offset actual deficits should they occur.

District-wide Reserve: This is an amount of funds that are set aside to accommodate unexpected situations such as an unanticipated reduction in revenue or an emergency situation that requires extra expenditures. The SDCCD Board of Trustees requires a minimum cash reserve of 5%.

Education Code: The body of law that regulates education in California. Other laws that affect colleges are found in the Government code, Public Contracts Code, Penal Code and others.

Encumbered Funds: Obligations in the form of: purchase orders, contracts, salaries, and other commitments for which part of an appropriation is reserved.

Expenditures: Amounts actually dispersed for the expenses associated with operations of a fund. (Note: Accounts kept on an accrual basis include all charges whether paid or not. Accounts kept on a cash basis include only actual cash disbursements.)

Finance and Compliance Audit: An examination leading to the expression of an opinion on (1) the fairness of presentation of the audited entity's basic financial statements in conformity with GAAP, and (2) the audited entity's compliance with the various finance-related legal and contractual provisions used to assure acceptable governmental organizational performance and effective management stewardship. Public sector oversight bodies typically require independent auditors to include responses to standardized legal compliance audit questionnaires in financial and compliance audit reports.

Fiscal Year: Twelve calendar months; for governmental agencies in California, it is the period beginning July 1 and ending June 30. However, some special projects use a fiscal year beginning in October 1 and ending September 30, which is consistent with the federal government's fiscal year.

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Full-Time Equivalent Faculty (FTEF): A measurement used to convert 1 FTEF = One faculty member teaching 100% load.....e.g. if a 100 % faculty teaching load is 15 lecture hours per week, a professor teaching 5 three-unit lecture classes would be = 1 FTEF. This calculation varies by discipline and by lab & lectures.

Full-Time Equivalent Students (FTES): A measurement used to convert part-time and full-time student headcount into a full-time load equivalent. An FTES represents 525 class (contact) hours of student instruction/activity in credit and noncredit courses. FTES is one of the workload measures used in the computation of state aid for California Community Colleges. The calculation is based upon 15 units each fall and spring semester. Five (5) students each taking one (1) three (3) unit class is 15 units or one (1) FTES. One student taking five (5) three (3) unit classes is also one (1) FTES.

GASB (Governmental Accounting Standards Board): The authoritative accounting and financial reporting standard-setting body for governmental entities, organized in 1984. The standards act as a guide for the generally accepted accounting procedure for preparation of financial reports and demonstrate financial accountability of publicly funded organizations to the general public and are the basis for investment, credit and many legislative and regulatory decisions (cited from <http://www.gasb.org/facts>).

General Fund: The fund used to account for the ordinary operations of the district. It is available for any legally authorized purpose not specified for payment by other funds.

Generally Accepted Accounting Principles (GAAP) & Generally Accepted Accounting Standards (GAAS): Uniform minimum standards and guidelines for financial accounting and reporting.

General Obligation Bond, Proposition 39 (GO39): An initiative that reduced the percent of voters required for passage of local bonds for K-12 and community colleges to 55% of electorate. Bond propositions may only be presented to electorate in even year elections. SDCCD's Propositions S and N are examples of a General Obligation Bond. (Note: An independent Citizens Oversight Board/Committee is required under GO39 regulations and bond funds may not be used for administrative compensation.)

Governor's May Revise: (See May Revise)

Growth funds: The State Chancellor's Office determines the amount of growth funds for each district in California. The SCFF model is no longer an access and FTES growth model. SCFF does include growth for FTES and related to improvements to metrics defined in the SCFF. If a district does not grow to the level determined by the Chancellor's Office, then those unused growth funds are distributed to districts that have excess growth.

May Revise: Submitted to the Legislature and consists of changes in Proposition 98 revenues to include: general fund revenues, enrollments, population et al. (Note: budget committees in each house usually wait until the May Revision to pass their budget bills out of committee and to the full house).

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One-time funds: Unspent funds that remain after a fiscal year has ended are generally referred to as one-time funds. These are funds that would not be replicated in subsequent years. Districts would usually try not to use one-time funds for ongoing costs such as salaries of permanent staff. Ideally one-time funds would be used for one-time purposes such as capital outlay projects. (Note: See Continuation Funds.)

P-1: First Principal Apportionment (Certified to State Controller – Feb. 25/March).

P-2: Second Principal Apportionment (Certified to State Controller – June/July).

Recalculation (“Recalc”): Final Principal Apportionment (usually completed in January/February of each year).

Scheduled Maintenance: Major repairs of buildings and equipment. Matching state funds are available to districts to establish a scheduled maintenance program as approved in the State's Annual Budget Act.

State Scheduled Maintenance: (SSM): Program that provides a 50-50 match for specific scheduled maintenance projects. The District is required to submit a 5-year Scheduled Maintenance Plan to the State annually.

Student Centered Funding Formula (SCFF): Effective as of July 1, 2018, FTES funded at a per FTES rate adjusted by COLA. Funding is based upon 100% with 70% of apportionment funding (FY2018-19 and FY 2019-20) based upon FTES access; 20% of apportionment funding based upon financial need with an emphasis on equity; and the remaining 10% apportionment funding based upon student outcomes. The intent is to increase the student outcomes funding to 20% and reduce access funding to 70% by FY2021-22.

Tentative Budget: Each district is legislatively required to adopt a “tentative” fiscal year budget by June 15th.

Title 5 California Code of Regulations: The section of the California Administrative Code that regulates community colleges. The Board of Governors adopts Title 5 regulations.

TRANs: Tax Revenue Anticipation Notes – temporary borrowing process.

Variance analysis: The difference or variance between revenue and expenditures across two defined periods.

WSCH (Weekly Student Contact Hours): This term refers to a computation used for reporting purposes to the Chancellor's Office. For an individual instructor it would be computed by counting the number of students in the instructor's classes each hour for one week and adding all the numbers together. Thus if an instructor had an average class size of 35 for 15 hours in one week, then that instructor's WSCH would be 35 times 15 which equals 525. In the apportionment process WSCH always refers to the computation that takes place each semester during the census week. The census

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week is the week that occurs closest to 20% of the way through the semester. During the census week the WSCH for all instructors are combined and the total WSCH determines the amount of apportionment that will be received for courses that operate for the full semester.

OTHER:

State Reporting Requirements, which impact Finance/Budget related matters:

311: Annual Financial & Budget Report required to be filed by October 10th.

320: Apportionment Attendance Report filed annually by July 15th.

District Financial Audits: Due to System office by December 31 each year.

Preliminary Budget: Unique to SDCCD in that it is not required by the state. The purpose of the Preliminary Budget is to provide faculty and staff a projection based upon the Governor's Budget Proposal (released each year by January 10th).