

**Updated 2022-23 Student Centered Funding Formula Projections and Multi-year Projections
Based on the 2022-23 First Principal Apportionment**

The 2022-23 First Principal (P1) Apportionment was released by the State Chancellor’s Office on February 28, 2023. The P1 Apportionment is the first calculation of districts’ Student Centered Funding Formula (SCFF) for 2022-23 using actual data for 2022-23 rather than estimates from the prior year. Based on the new data, we expect a decrease of \$4.9 million in the District’s SCFF revenue from was shared at the Town Hall presentations in February.

As a reminder, the Emergency Conditions Allowance (ECA) permits us to use pre-pandemic FTES from 2019-20 rather than actual 2022-23 FTES to calculate the Base Allocation, generating about \$9 million over a two-year period. The ECA applies to FTES but, unfortunately, not to the remaining metrics. The Supplemental Allocation decreased by \$4,654,024 as the result of a decrease in the number of students that are College Promise and Pell Grant recipients and AB 540 students. The Student Success Allocation is decreased by \$274,202 as the result of a decrease in the number of completions.

2022-23 SCFF Projected Revenue

Allocation	Town Hall Projection		Updated Projection Based on P1		Difference (Decline in Projected SCFF Revenue)	
	Metric*	Funding	Metric*	Funding	Metric*	Funding
Supplemental	34,247	\$39,199,786	30,181	\$34,545,763	-4,066	-\$4,654,024
Student Success	37,067	\$29,812,028	36,234	\$29,537,816	-833	<u>-\$ 274,202</u>
Total Decline in Projected SCFF Revenues						-\$4,928,226

Updated Unrestricted General Fund Multi-year Projections

Previous projections shared at the Town Halls in February reflected increases in reserves through 2024-25 with deficit spending in 2025-26 and 2026-27, with reserves projected to be met in all years. Unfortunately, the decline in SCFF results in significantly lower increases in reserves and accelerates the occurrence of deficit spending to 2023-24 with reserves projected to not be met in 2025-26 and 2026-27. The multi-year projections for 2022-23 through 2026-27 have been updated accordingly and are provided below.

Conclusion

The \$4.9 million reduction in revenues is unfortunate and highlights the cone of uncertainty in forecasting as the state shifts from the Hold Harmless to the Funding Floor guarantee. While deficit spending is now projected to occur sooner and, as a result, reserve requirements are now projected to

not be met in 2025-26 and 2026-27, these projected impacts to the Coast District's solvency can be mitigated and avoided through the implementation of corrective actions that contain the growth of expenditure increases.

Budget projections will continue to be updated as more information is available. This will include the governor's May revision, state budget approval, and Chancellor's Office final SCFF calculations.

Notes

**Metric: Supplemental Allocation is based on the prior year headcount of College Promise and Pell Grant recipients and AB 540 students; the same funding rate is applied for each headcount. The Student Success Allocation is based on an average of the prior three years' completions (i.e., degrees, transfers, and certificates); the funding rates per completion headcount differs based on the type of completion with associates degrees with transfers receiving the highest rate and regional living wage receiving the lowest.*

Table 1

Student Centered Funding Formula Projections

Updated for the 2022-23 P1 Apportionment

Line #		Based on 2022-23 First Period Apportionment (released 2/28/23)					
		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
2	Estimated State COLA	5.07%	6.56%	8.13%	3.54%	3.31%	3.23%
3	I. Base Allocation	\$ 135,726,530	\$ 159,344,401	\$ 164,962,662	\$ 161,774,816	\$ 157,803,087	\$ 162,900,145
4	II. Supplemental Allocation	\$ 34,112,067	\$ 34,545,763	\$ 38,097,506	\$ 39,643,412	\$ 41,160,293	\$ 42,702,289
5	III. Student Success Allocation	\$ 26,257,893	\$ 29,537,816	\$ 30,835,959	\$ 31,927,572	\$ 32,984,368	\$ 33,197,987
6	Total Calculated SCFF	\$ 196,096,490	\$ 223,427,979	\$ 233,896,127	\$ 233,345,800	\$ 231,947,748	\$ 238,800,421
7	Funding Guarantees:						
8	A. Calculated SCFF	\$ 196,096,490	\$ 223,427,979	\$ 233,896,127	\$ 233,345,800	\$ 231,947,748	\$ 238,800,421
9	B. Stability Adjustment (PY Calculated SCFF + COLA)	\$ 205,101,394	\$ 208,960,420	\$ 241,592,674	\$ 242,176,050	\$ 241,069,546	\$ 239,439,660
10	C. Hold Harmless/Funding Floor (Through 2024-25 = 2017-18 TCR plus COLA, Beginning 2025-26 = 2024-25 TCR NO COLA)	\$ 205,358,089	\$ 218,829,579	\$ 236,620,424	\$ 244,996,787	\$ 244,996,787	\$ 244,996,787
11	Total Funded SCFF (TCR) (Greatest of A,B,C)	\$ 205,358,089	\$ 223,427,979	\$ 241,592,674	\$ 244,996,787	\$ 244,996,787	\$ 244,996,787
	Funding Guarantee Revenue Included in Above	\$ 9,261,599	\$ -	\$ 7,696,547	\$ 11,650,987	\$ 13,049,039	\$ 6,196,366
	% Change from Prior Yr.	2.38%	8.80%	8.13%	1.41%	0.00%	0.00%
					End of Hold Harmless	Start Funding Floor (Fiscal Plateau)	

Table 1 (cont.)

Student Centered Funding Formula Projections

Updated for the 2022-23 P1 Apportionment

Line #	Town Hall Projection Based on 2022-23 Advance Apportionment and Difference from P1									
1	FY 2022-23	Difference	FY 2023-24	Difference	FY 2024-25	Difference	FY 2025-26	Difference	FY 2026-27	Difference
2	6.56%		8.13%		3.54%		3.31%		3.23%	
3	\$ 159,344,401	\$ (0)	\$ 164,962,662	\$ (0)	\$ 161,774,816	\$ 0	\$ 157,803,087	\$ (0)	\$ 162,900,145	\$ 0
4	\$ 39,199,786	\$ (4,654,024)	\$ 42,382,375	\$ (4,284,869)	\$ 43,882,736	\$ (4,239,324)	\$ 45,335,151	\$ (4,174,858)	\$ 46,799,553	\$ (4,097,264)
5	\$ 29,812,018	\$ (274,202)	\$ 31,428,912	\$ (592,953)	\$ 32,541,514	\$ (613,942)	\$ 33,618,631	\$ (634,263)	\$ 33,722,091	\$ (524,104)
6	\$ 228,356,205	\$ (4,928,226)	\$ 238,773,949	\$ (4,877,822)	\$ 238,199,066	\$ (4,853,266)	\$ 236,756,869	\$ (4,809,121)	\$ 243,421,789	\$ (4,621,368)
7										
8	\$ 228,356,205	\$ (4,928,226)	\$ 238,773,949	\$ (4,877,822)	\$ 238,199,066	\$ (4,853,266)	\$ 236,756,869	\$ (4,809,121)	\$ 243,421,789	\$ (4,621,368)
9	\$ 208,960,420	\$ -	\$ 246,921,565	\$ (5,328,891)	\$ 247,226,547	\$ (5,050,497)	\$ 246,083,455	\$ (5,013,909)	\$ 244,404,116	\$ (4,964,456)
10	\$ 218,829,579	\$ -	\$ 236,620,424	\$ -	\$ 244,996,787	\$ -	\$ 247,226,547	\$ (2,229,760)	\$ 247,226,547	\$ (2,229,760)
11	\$ 228,356,205	\$ (4,928,226)	\$ 246,921,565	\$ (5,328,891)	\$ 247,226,547	\$ (2,229,760)	\$ 247,226,547	\$ (2,229,760)	\$ 247,226,547	\$ (2,229,760)
	\$ -	\$ -	\$ 8,147,615	\$ (451,069)	\$ 9,027,481	\$ 2,623,506	\$ 10,469,678	\$ 2,579,362	\$ 3,804,758	\$ 2,391,609
	11.20%		8.13%		0.12%		0.00%		0.00%	
					End of Hold Harmless		Start Funding Floor (Fiscal Plateau)			

Chart 1
Student Centered Funding Formula
Calculated compared to Funded (Guarantees)
 Updated for the 2022-23 P1 Apportionment

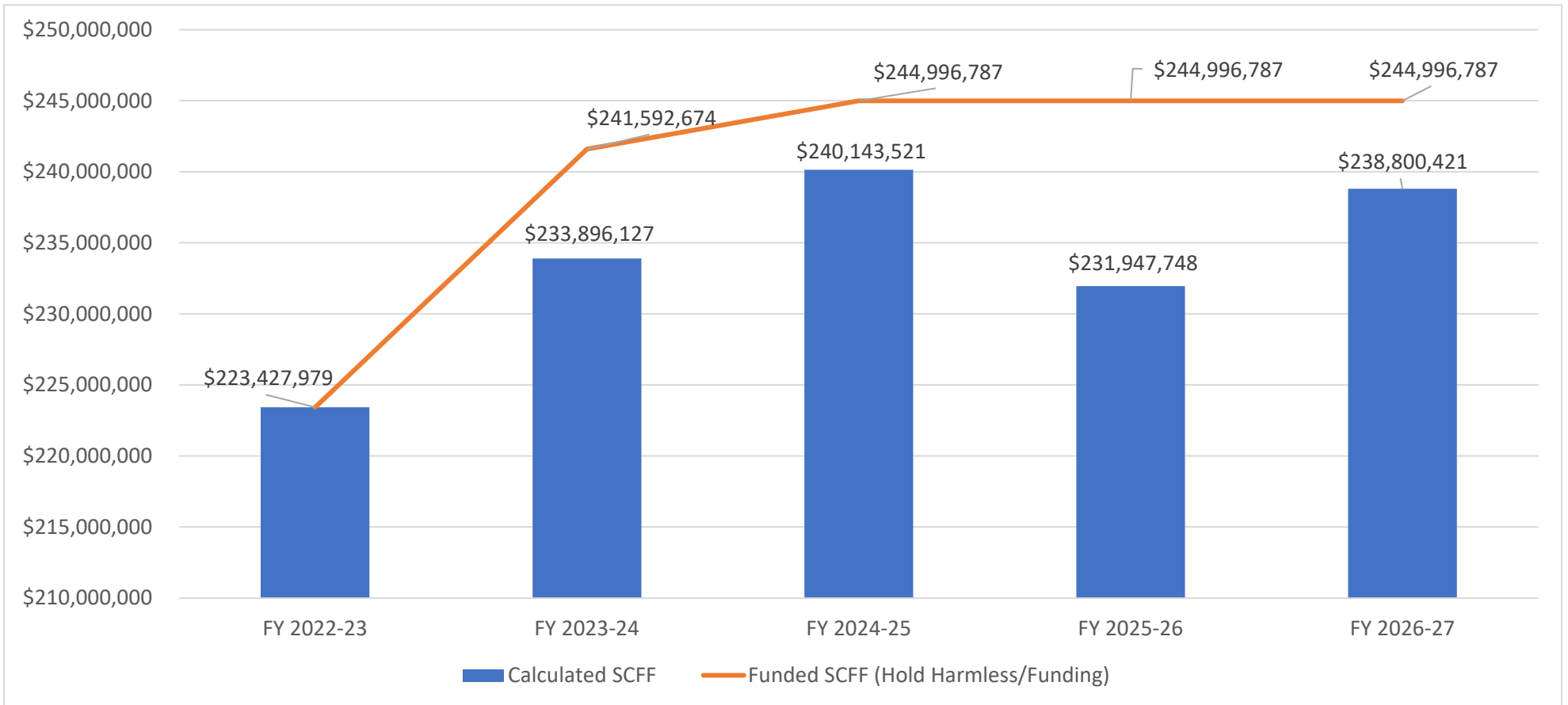


Table 2

Multiyear Unrestricted General Fund Projections

Updated for the 2022-23 P1 Apportionment

Based on 2022-23 P1 (released 2/28/23)							
Line		2021/22 Audited Actuals	2022/23 Projection	2023/24 Projection	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	COLA	5.07%	6.56%	8.13%	3.54%	*3.31%	*3.23%
2	Beginning Balance	\$ 35,775,828	\$ 44,913,999	\$ 50,097,425	\$ 53,076,825	\$ 50,849,326	\$ 46,232,071
3	Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Revenue						
5	Adjusted SCFF TCR (Max A, B, or C)	\$ 205,358,089	\$ 223,427,979	\$ 241,592,674	\$ 244,996,787	\$ 244,996,787	\$ 244,996,787
6	Deficit Factor 0.5%	\$ -	\$ (1,117,140)	\$ (1,207,963)	\$ (1,224,984)	\$ (1,224,984)	\$ (1,224,984)
7	Other State Revenue	\$ 19,445,048	\$ 18,747,500	\$ 18,876,945	\$ 18,937,891	\$ 18,996,895	\$ 19,056,378
8	Local Revenue	\$ 5,312,220	\$ 1,200,002	\$ 2,317,140	\$ 2,407,963	\$ 2,424,984	\$ 2,424,984
9	Local Dedicated Revenue	\$ 15,789,611	\$ 17,349,018	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000
10	Actual Revenue	\$ 245,904,968	\$ 259,607,359	\$ 277,578,796	\$ 281,117,657	\$ 281,193,682	\$ 281,253,165
11	Expenses	\$ 236,766,796	\$ 254,423,934	\$ 274,599,396	\$ 283,345,156	\$ 285,810,937	\$ 290,473,444
12	Salaries & Benefits as a % of Total Expenses & Other Outgo	90.00%	90.28%	90.43%	90.10%	90.14%	89.50%
13	Surplus / (Deficit)	\$ 9,138,172	\$ 5,183,425	\$ 2,979,400	\$ (2,227,499)	\$ (4,617,255)	\$ (9,220,279)
14	Ending Balance**	\$ 44,913,999	\$ 50,097,425	\$ 53,076,825	\$ 50,849,326	\$ 46,232,071	\$ 37,011,792
15	Board Reserve Requirement	10.00%	16.67%	16.67%	16.67%	16.67%	16.67%
16	Ending Balance as a % of Total Expenses less Other Outgo	19.19%	19.90%	19.52%	18.12%	16.22%	12.78%

NOTES:

* For FY 2025-26 and 2026-27, while it is anticipated that the SCFF rates will be increased by the State-funded COLA, the Funding Floor guaranteed level will not be increased by COLA. The District's projected revenue will be at the Funding Floor and will; therefore, not be increase by the COLA, as indicated line 9. Because the District does not receive a funded COLA, salaries are assumed to not be increased by the COLA in 2025-26 and 2026-27.

** Ending Balances includes College Ending Balances which typically remain with the College.

Table 2 (cont.)
Multiyear Unrestricted General Fund Projections
Updated for the 2022-23 P1 Apportionment

Town Hall Projections Based on 2022-23 Advance							
Line		2021/22 Audited Actuals	2022/23 Projection	2023/24 Projection	2024/25 Projection	2025/26 Projection	2026/27 Projection
1	COLA	5.07%	6.56%	8.13%	3.54%	*3.31%	*3.23%
2	Beginning Balance	\$ 35,775,828	\$ 44,913,999	\$ 55,001,009	\$ 63,307,295	\$ 63,325,051	\$ 59,067,139
3	Audit Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Revenue						
5	Adjusted SCFF TCR (Max A, B, or C)	\$ 205,358,089	\$ 228,356,205	\$ 246,921,564	\$ 247,226,546	\$ 247,226,546	\$ 247,226,546
6	Deficit Factor 0.5%	\$ -	\$ (1,141,781)	\$ (1,234,608)	\$ (1,236,133)	\$ (1,236,133)	\$ (1,236,133)
7	Other State Revenue	\$ 19,445,048	\$ 18,747,500	\$ 18,876,945	\$ 18,937,891	\$ 18,996,895	\$ 19,056,378
8	Local Revenue	\$ 5,312,220	\$ 1,200,002	\$ 2,341,781	\$ 2,434,608	\$ 2,436,133	\$ 2,436,133
9	Local Dedicated Revenue	\$ 15,789,611	\$ 17,349,018	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000
10	Actual Revenue	\$ 245,904,968	\$ 264,510,944	\$ 282,905,682	\$ 283,362,912	\$ 283,423,441	\$ 283,482,924
11	Expenses	\$ 236,766,796	\$ 254,423,934	\$ 274,599,396	\$ 283,345,156	\$ 287,681,353	\$ 292,343,860
12	Salaries & Benefits as a % of Total Expenses & Other Outgo	90.00%	90.28%	90.43%	90.10%	89.56%	88.93%
13	Surplus / (Deficit)	\$ 9,138,172	\$ 10,087,010	\$ 8,306,286	\$ 17,756	\$ (4,257,912)	\$ (8,860,936)
14	**Ending Balance	\$ 44,913,999	\$ 55,001,009	\$ 63,307,295	\$ 63,325,051	\$ 59,067,139	\$ 50,206,203
15	Board Reserve Requirement	10.00%	16.67%	16.67%	16.67%	16.67%	16.67%
16	Ending Balance as a % of Total Expenses less Other Outgo	19.19%	21.85%	23.29%	22.57%	20.73%	17.34%
	NOTES:						
	* For FY 2025-26 and 2026-27, while it is anticipated that the SCFF rates will be increased by the State-funded COLA, the Funding Floor guaranteed level will not be increased by COLA. The District's projected revenue will be at the Funding Floor and will; therefore, not be increase by the COLA, as indicated line 9. Because the District does not receive a funded COLA, salaries are assumed to not be increased by the COLA in 2025-26 and 2026-27.						
	** Ending Balances includes College Ending Balances which typically remain with the College.						

Chart 2

Reserves (Ending Balance) Projection

Updated for the 2022-23 P1 Apportionment

