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Walla Walla Community College
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MEMORANDUM

TO: Board of Trustees

DATE: June 20, 2024

FROM: Chad E. Hickox, President

RE: Fiscal Year 2024-25 College Operating Budget

The 2024-2025 Walla Walla Community College (WWCC) operating budget was developed in accordance with the College's 2023-2028 strategic plan and reflects priorities established by the Board of Trustees and college leadership team, with input from a variety of sources including budget managers, Division Chairs and other faculty, as well as key staff from across the organization.

This year marks the first time in recent history that an intentional participatory process was meaningfully implemented, through the work of the Budget Council, reporting up through the College Council structure. Additional information was shared, and input sought on particular topics, from college internal stakeholders. Meetings were held with the leaders of key groups (including union leadership for each of the three unions as well as with College Council) prior to the all-college budget forum on May 16, 2024. The College as a whole is to be commended for its contributions to the development of this budget. The participatory governance model of budget development resulted in greater transparency and increased inclusivity. Even so, we have noted and plan to enact improvements and refinements to the process in the future.

Using tools developed by the Strategic Enrollment Leadership Council, enrollment projections were systematically calculated and thoroughly vetted. Although a degree of probability is involved in any revenue projection, by following these processes and proven practices, we have arrived at a defensible – even somewhat conservative, projection as the basis for our budget planning. The outcome of this concerted effort is a plan to spend wisely, staff strategically, and stay focused on our strategic priorities. The resulting budget moves the institution marginally closer to the sustainable college we strive to be, with zero reliance on reserves, a healthy and inclusive culture, and staffing levels that match our foreseeable enrollment numbers.

We continue to rely on pandemic relief funds provided to us by the federal government to offset lost revenue, but both our planned reliance and our actual use of those funds has trended lower each year, this year included, in the pursuit of our goal of solvency and sustainability within approximately two years.

General themes, framed by our strategic plan, include: retention of existing students, aggressive outreach, recruiting, community engagement activities, and initiatives to enhance a sense of belonging among students and employees – all of which are reflected in the draft budget. Through our investments, we intend to sustain the significant enrollment rebound of the past year; ensure faculty are able to continue to provide outstanding education and support to keep their students on track; address the serious mental health needs; and generally seek to

promote the well-being of students and employees alike. Challenges, including increased personnel costs; additional compliance requirements and legislative reporting; and a new cost-center approach to accounting have disclosed long-term, chronic underfunding of key college functions, including technology services and employee recruitment. Furthermore, inflationary effects – especially with regard to utility costs, facility maintenance, software subscriptions, and the like, continue to present a challenging fiscal environment for FY 25 and the future.

WWCC is positioning itself for future growth by making a number of important investments in personnel and infrastructure, including the addition of a grants coordinator position. This position will enable the College to pursue new funding opportunities, assist initiatives aimed at innovation, diversify revenue sources, and support community outreach. New programs are being created, existing programs are expanding, and we are evolving to meet the changing needs of our communities by changing our instructional delivery – to include more modular delivery of what once were monolithic programs requiring full-time attendance. Other investments include allocating additional resources towards cybersecurity. Given the prevalence of ransomware attacks, it is imperative that the College protect itself through software and hardware upgrades, as well as training for IT staff and the general employee population.

This budget as presented today, represents the second reading before the board.

In approving the budget, the Board of Trustees authorizes:

- the College President to proceed with the execution of the plan;
- the College President to transfer funds within the General Fund, or from local and other funds, to eliminate any cash deficit as required by RCW 43.88.260, to provide working capital, and to support approved projects and activities;
- the tuition and fee schedule as established by law, by the State Board for Community and Technical Colleges, as implemented by the College President, and as published in the College's catalog and public website;
- the College President to accept allocation amendments from the State Board for Community and Technical Colleges, to accept such grants and contracts as may be acquired during the budget period, and to report on such changes, as needed, to the Board of Trustees;
- the addition of staff and faculty positions necessary to carry out the College's programs, as well the College's annual work plan and current strategic plan, all in accordance with established College hiring protocols; and
- the College President to determine the fee schedule for contract courses and programs.

I would like to recognize the hard work and dedication of many staff and faculty over the past several months to develop the budget as presented to the Board. Although the pandemic has ostensibly been over for quite some time, the stress and strain, combined with the ctclink conversion, ongoing difficulties with FAFSA simplification at the federal level, and a general decline in high school graduation numbers all take a toll on the hardworking employees of WWCC. It is a testament to their dedication to our students that we continue to see such outstanding results, good enrollment numbers, and overall student success. I am proud of the work reflected in this document, and I believe that it represents a very thoughtful, reasonable, and strategic approach to the College's financial planning for FY 25. I commend, congratulate, and thank the myriad contributors to this budget.

Thank you, Trustees, for your dedication to our mission and your support of our students and staff. We recommend and request the Board's approval of the FY 24-25 operating budget.



BUDGET

FISCAL YEAR 2024 - 2025

Proposed to the Board of Trustees

June 26, 2024

Submitted by:
Dr. Chad E. Hickox, President

BOARD OF TRUSTEES

Tara Leer, Chair of the Board
Tim Burt, Vice Chair of the Board
Sergio Hernandez
Michelle Liberty
Bill Warren

WWCC 2024-2025 Strategic Priorities and Goals

As we present the budget and prepare the College for the upcoming year, we reaffirm WWCC's vision, mission, and commitment to student success. The current strategic plan, developed collaboratively during the 2022-2023 academic year, provided us with strategic priorities and guidance throughout the budgeting process. The plan carries forward the priorities identified by the Board of Trustees to establish institutional stability in the short-term while preparing us for long-term sustainability.

Mission Statement

Walla Walla Community College removes barriers to access, provides high quality educational experiences, and facilitates equitable learning and success to cultivate thriving rural communities.

Vision Statement

Walla Walla Community College is the best community college in the nation at producing a well-educated and highly skilled workforce and promoting thriving communities.

Strategic Priorities 2023-2028

The strategic priorities listed below are identified in the institutional strategic plan that was adopted in Fall 2023.

1. Students Learn & Achieve their Goals
2. WWCC is an Employer of Choice
3. Institutional Stability & Sustainability
4. Thriving Communities

The budget presented here builds on success in meeting these priorities and carries them forward into 2024-2025, with special emphasis on enrollment (recruitment and retention), which includes a focus on equity, diversity, and inclusion, financial sustainability, and the professional development of college employees. Resources are being deployed and capacity is being built across the college and its operations, to include support of student success, increased marketing and outreach, enhanced fundraising capacity, improved cybersecurity, and compliance with regulatory requirements.

Budget Overview

The State Board of Community and Technical Colleges (SBCTC) has provided the College with a projected allocation for 2024-2025 which is still in draft status and subject to further adjustments before being finalized. While it is possible that there may be changes in the initial state allocation between now and when it is released, no major adjustments are expected at this time.

The operating budget will access funding from the Higher Education Emergency Relief Fund (HEERF) II, Coronavirus Response and Relief Supplemental Appropriations Act (CRSSAA) and/or Higher Education Emergency Relief Fund III, American Rescue Plan Act (ARPA) for lost revenue and other eligible losses. I am pleased to report that reliance on lost-revenue funding is reduced from that of FY 2023-2024, which is a trend that is expected to continue as management controls and strategic adjustments bring us closer to a sustainable budget within one to two years.

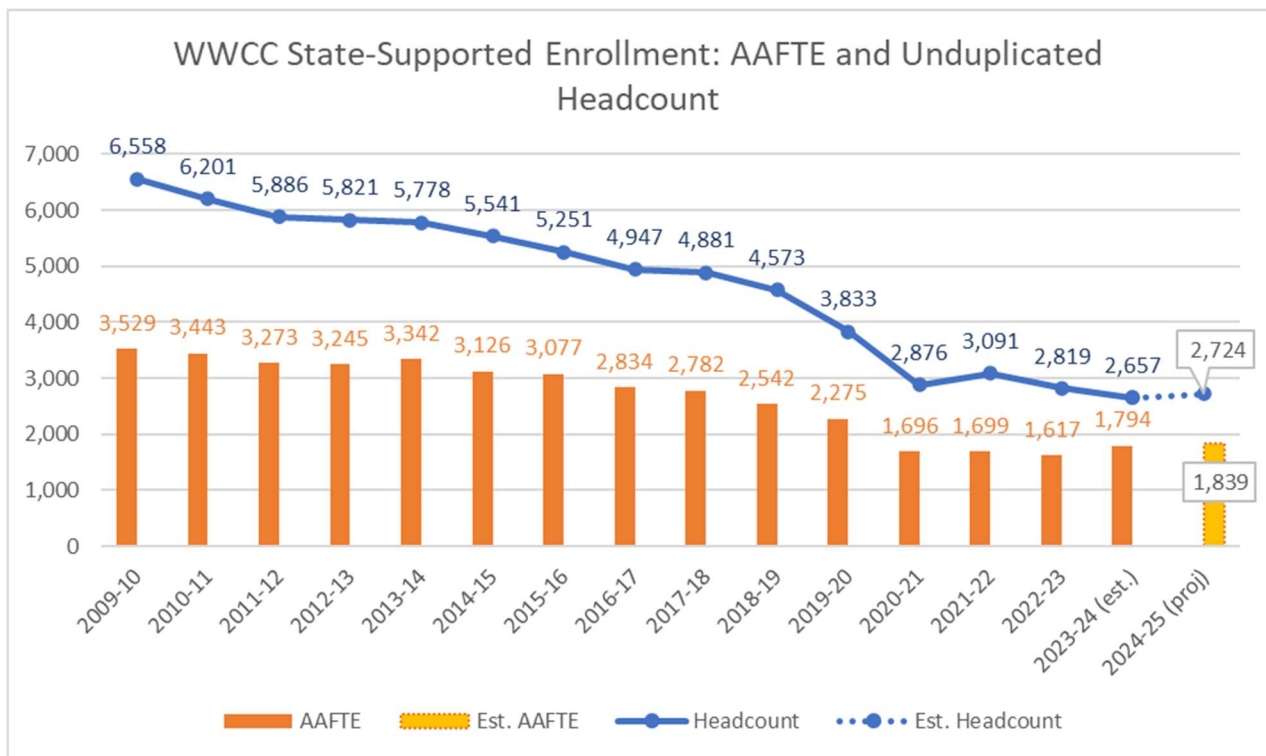
The State Lease-Purchase Program, through the Washington State Treasurer's Office, will also be accessed to support one-time technology hardware purchases in the upcoming year.

Enrollment

Strategic Enrollment Leadership Council (SELC) set a conservative enrollment forecast of 1550 AAFTE for the 2023-2024 fiscal year due to the high degree of uncertainty in the external environment as it pertains to postsecondary enrollment. The Council was uncertain the extent to which enrollment would recover as the effects of the pandemic appeared to be waning. Fortunately, due to our efforts focused on student wraparound supports and increased marketing, enrollment rebounded substantially. We anticipate ending the current year with state-funded AAFTE at 1794 (est.), which represents 116% of our target. This is the first time in more than five years that actual enrollment outperformed the enrollment target set in the budget process.

SELC uses several inputs to determine enrollment targets. The first is the enrollment projection. The Office of Institutional Research and Effectiveness (IRE) conducts projections using different methods as appropriate based on enrollment trends, including trendline and cohort attrition models. The second input used to develop the enrollment target accounts for the known impacts and assumptions deemed most likely to occur in the upcoming year. Impacts considered for the upcoming year include instructional program changes, student support strategies, and external factors like changes in the FAFSA, the local economy, and labor markets.

The chart below is a time-series of state-funded, annual average FTE (AAFTE), which includes an estimate for the current fiscal year and the projection for the upcoming year. Based on the SELC analysis and subsequent discussion among the executive leadership and leadership in Instruction, Student Services, Budgeting, IRE, and College Council, SELC recommended the College continue to set fairly conservative enrollment figures used for budgeting purposes, as the impact of the FAFSA Simplification remains a significant unknown. Looking further into the future, the size of high school graduating classes is expected to decrease over the next decade. This suggests continued efforts at optimizing the college budget for this expected leveling-off of enrollment beginning in 2025-2026. As a result, the enrollment forecast for budgeting purposes for state-funded FTE was set to a modest 2% increase over the gains made in 2023-2024 resulting in a budgeting AAFTE of 1839.



Budget Assumptions

The operating plan includes the following information and assumptions, which are represented in the College’s FY 2024-2025 operating budget.

State Allocation

The total draft State Allocation of \$27,091,830 for FY 2025 reflects a \$1,850,818 or 7.3% increase over prior year.

District Enrollment Allocation Base (DEAB), Student Achievement Initiative (SAI), Weighted/Priority Enrollment, and Minimum Operating Allocation (MOA) increased over the previous year’s allocation by \$575,690 or 3.8%.

Provisos and earmarks are distributed by SBCTC through the allocation model - including support for DEI initiatives, Guided Pathways, High Demand Program Faculty, Nurse Educator salaries, and Worker Retraining - along with compensation-related items that are mandated (i.e. COLA and benefit rates). The College had an overall net increase in provisos and earmarks of \$1,275,128 or 12.8%.

Compensation

The operating plan includes 100% funding for FY 2025 COLAs. The FY 2025 COLA increases will be 5.834% for faculty and 3.0% for classified and exempt staff.

Compensation provisos/earmarks related to wages, health benefits, and state pension rates increased overall by approximately \$699,707. This is the result of FY 2025 COLAs, a \$54 per employee per month increase in health benefit costs, and 0.88% and 5.02% decreases in PERS and TRS rates, respectively.

Additional compensation-related items include reallocation of \$465,441 for high demand faculty stipends and \$1,233,190 for nurse educator salaries, which are expected to be fully funded and have been included. These items are considered pass-through amounts.

Operating Fee (Tuition)

Tuition rates at community and technical colleges are budgeted to increase by 3.0% as outlined in legislation. Enrollment is projected to increase by approximately 2.0%. A forecast of \$6,650,000 is assumed based on an analysis of actual tuition collected coupled with the rate increase and projected enrollment increase.

Local Funding Sources

Focused growth areas continue to be critical as we rely more heavily on local funding sources to support the College's operating budget. Locally generated revenue of \$6,831,743 will be leveraged for fiscal year 2024-2025.

Running Start is expected to generate \$1,980,000 based on FY 2024 results along with 4.6% and 4.11% increases to the non-vocational and vocational rates, respectively.

Other Local Revenue includes amounts the College receives for fees charged to students along with revenue associated with the lease of college facilities, interest on investments, and other miscellaneous revenue. For the FY 2025 budget planning cycle, this line is forecast at \$1,000,000.

Indirect revenue for grants and contracts is the amount the College can charge to manage these programs. An assumption of \$1,100,000 in indirect revenue related to Corrections Education, other contracts, and federal funding is included in the operating revenue and used to offset baseline costs.

Program/Course fees are amounts collected from students for program specific uses such as instructional techs, lab consumables, and program equipment replacement. These fees must be used for the intended purpose.

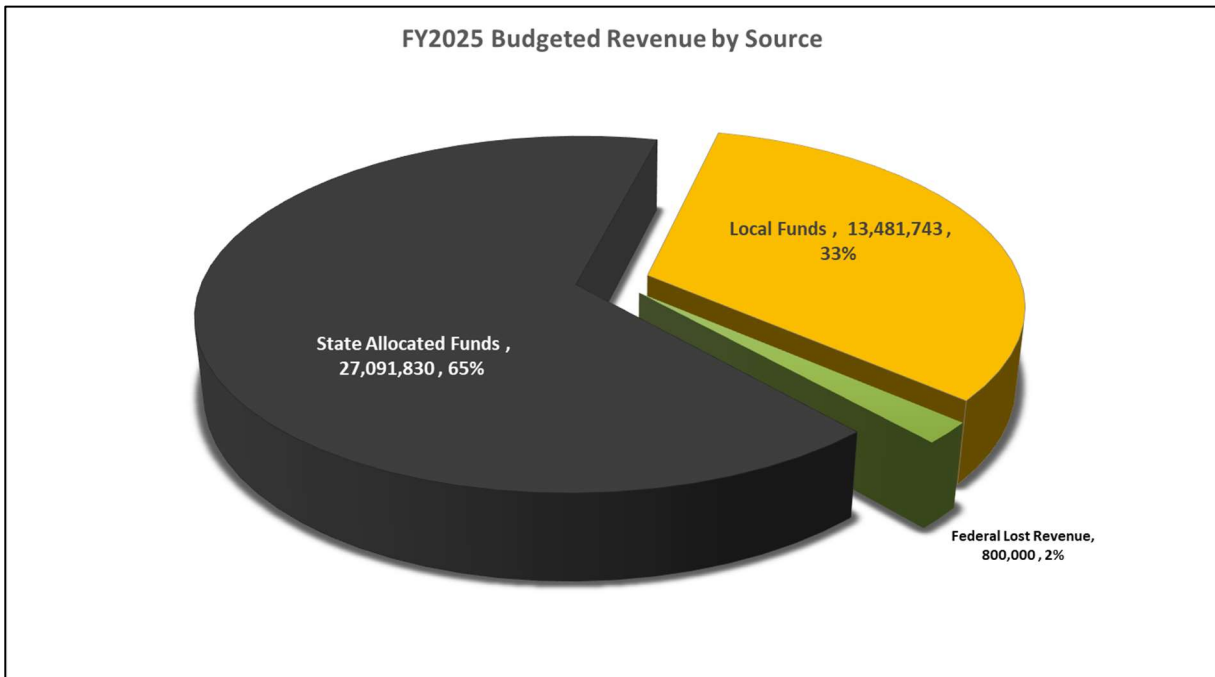
Federal COVID-19 relief funding (HEERF, CRSSAA, ARPA) drawn to replace revenue lost during the pandemic will facilitate a balanced budget with a revenue assumption of \$800,000.

In FY 2024, \$370,000 in reserves were accessed in the operating budget to support the ongoing stabilization of ctLink and other ongoing costs. In FY 2025, reserves will not be accessed.

**Walla Walla Community College
2024-2025 Operating Budget
Revenues**

Revenue Sources	FY 2024 Budget	FY 2025 Proposed Budget	Variance Incr/(Decr)	% Δ	Notes
State Allocation (FORECAST)					
District Enrollment Allocation Base (DEAB)	9,838,208	10,208,713	370,505	4%	1
Student Achievement Initiative	1,544,904	1,693,758	148,854	10%	2
High Demand (Weighted) FTEs	1,012,911	1,069,242	56,331	6%	3
Minimum Operating Allowance (MOA)	2,850,000	2,850,000	-	0%	4
Provisos and Earmarks	9,994,989	11,270,117	1,275,128	13%	5
State Allocated Funds	25,241,012	27,091,830	1,850,818	7%	
Local Funds					
Operating Fee	6,180,000	6,650,000	470,000	8%	
Running Start Support	1,700,000	1,980,000	280,000	16%	
Program/Course Fees	1,328,000	1,697,708	369,708	28%	
Indirect - Grants & Contracts	1,000,000	1,100,000	100,000	10%	
Other Local Revenue	1,000,000	1,000,000	-	0%	
Self-Support and Resale Programs	410,000	450,000	40,000	10%	
Student Wrap Around Support (Foundation)	250,000	250,000	-	0%	
MacKenzie Scott Funds	145,000	154,035	9,035	6%	
Open Doors (Alternative Education Program)	150,000	200,000	50,000	33%	
Local Funds	12,163,000	13,481,743	1,318,743	11%	
Federal Lost Revenue	1,000,000	800,000	(200,000)	-20%	
Use of Reserves	70,000		(70,000)	-100%	
Reserves - ctclink	300,000		(300,000)	-100%	
Total	38,774,012	41,373,573	2,599,561	7%	

Notes: Please see accompanying notes for definitions of terminology used

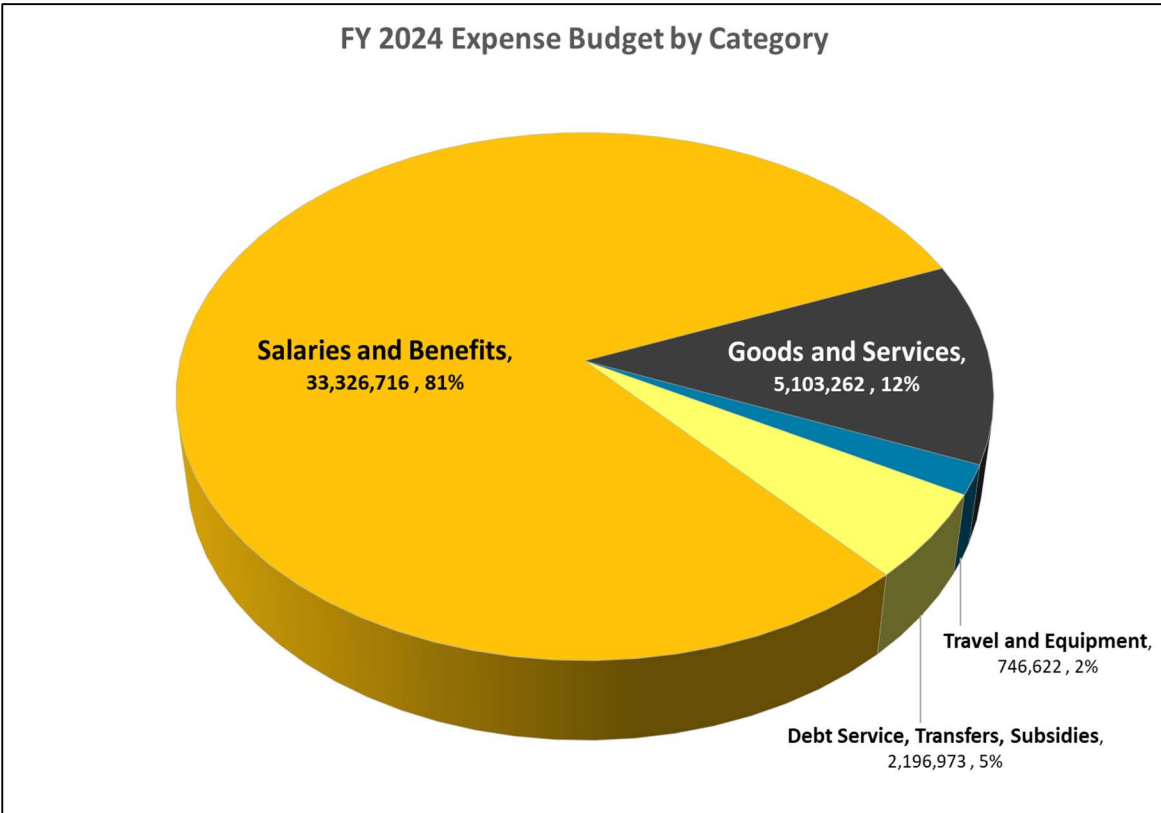
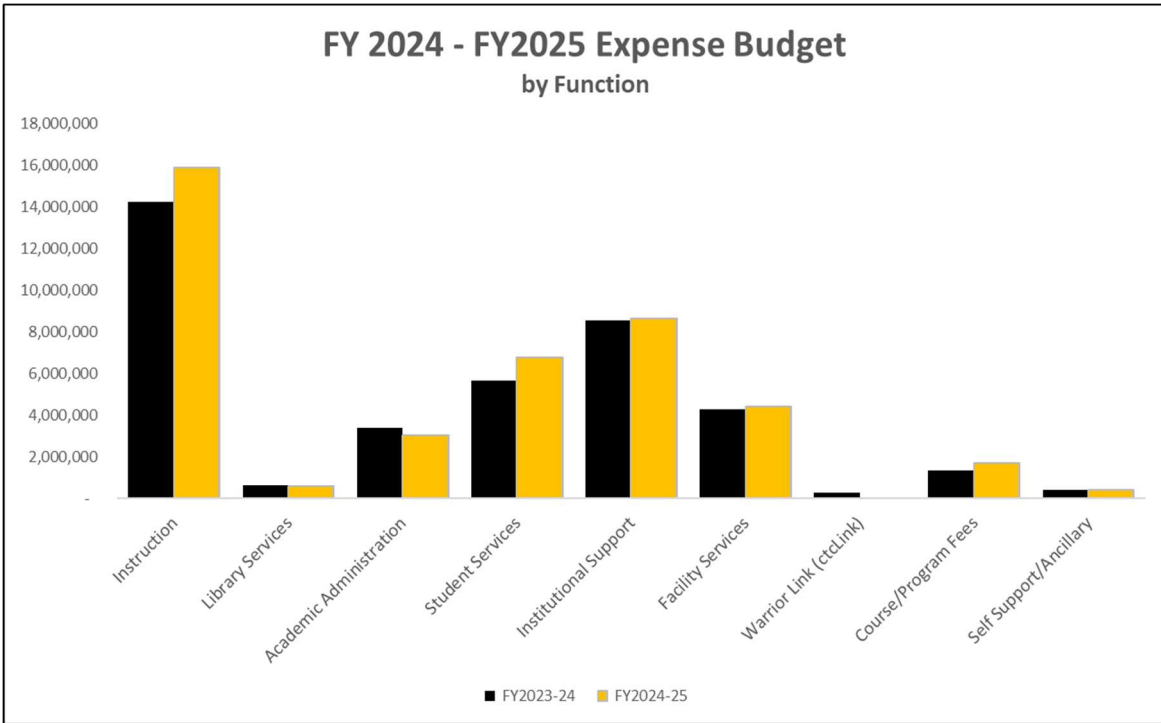


**Walla Walla Community College
2024-2025 Operating Budget
Expenditures by Function and Category**

By Function	FY2023-24	FY2024-25	Variance	
			Incr/(Decr)	% Notes
Instruction	14,223,589	15,847,915	1,624,326	11% 6
Library Services	644,579	585,449	(59,130)	-9%
Academic Administration	3,378,554	3,013,771	(364,783)	-11% 7
Student Services	5,643,843	6,793,477	1,149,634	20% 8
Institutional Support	8,549,780	8,587,802	38,022	0% 9
Facility Services	4,295,667	4,420,407	124,740	3%
Warrior Link (ctcLink)	300,000	-	(300,000)	-100%
Course/Program Fees	1,328,000	1,697,708	369,708	28%
Self Support/Ancillary	410,000	427,044	17,044	4%
	38,774,012	41,373,573	2,599,561	7%

By Category	FY2023-24	FY2024-25	Variance	
			Incr/(Decr)	% Notes
Salaries and Benefits	31,414,346	33,326,716	1,912,370	6%
Contracted Services	268,584	454,597	186,013	69%
Goods and Services	4,239,249	4,648,665	409,416	10%
Travel	163,016	223,906	60,890	37%
Equipment	824,592	522,716	(301,876)	-37%
Subsidies	1,209,774	1,600,917	391,143	32% 10
Debt Service	324,050	222,500	(101,550)	-31%
Transfers	330,401	373,556	43,155	13%
	38,774,012	41,373,573	2,599,561	7%

Notes: Please see accompanying notes for definitions of terminology used



2024-2025 GRANTS, CONTRACTS AND FISCAL AGENT AGREEMENTS

- The 2024-2025 Grants, Contract and Fiscal Agent Agreements list presents FY 2025 anticipated award information. The information is provided by SBCTC planning numbers, documents, federal award grant documents and proposals, and by program managers. Estimated Total Grants, Contracts and Fiscal Agent Agreements for FY 2025 of \$16,594,691 are \$807,603 or 5.12% greater than prior year. While this is a notable increase in total, the bulk of that increase is for a very specific sub-set. Multiple other grants and allocation have decreased individually which will impact the operating budget. Items of note this year are:
- A large increase in the Corrections Ed grant. The FY 24 beginning grant budget was \$7,718,306 and the FY 25 estimated beginning budget is \$8,510,211, an increase of \$791,905.
- WWCC received a new grant through the Employment Security Dept for our Clarkston campus. Titled Career Launch, it will focus on building interest in the Energy Systems Technology program starting with high school students and seeing them through at least their first year of college. That award is \$155,557.
- The Worker Retraining Program / SBCTC decreased another \$11,958. Most of the Worker Retraining award funds pay for Workforce Ed programs faculty salary and benefits. Any significant decrease in the Worker Retraining Program award amount results in a potential increase to the baseline budget for faculty salary and benefits.
- The Title III grant ends on Sept. 30, 2024. This is a decrease of grant revenues in the amount of \$450,000. This grant funded multiple positions either partially or in full, as well as certain software. A transition plan is in process.
- There were decreases in the Perkins (Plan) III / SBCTC of \$31,025, and WorkFirst Integrated Block Grant/SBCTC of \$26,382.
- SBCTC allocation for Truck/School Bus driving education that was received mid-2023 was designed to decrease year-over-year as the program becomes self-sustaining. The decrease from FY 24 to FY 25 is \$85,043.
- Supporting College Students Experiencing Homelessness Earmark / SBCTC; Anticipated award amount \$118,875. WWCC has received this award for the past 5 years and expects to see it in the allocation for FY 25.
- Student Emergency Assistance Proviso /SBCTC; Anticipated award amount \$118,225. WWCC has received this award for the past 5 years and expects to see it in the allocation for FY 25.
- High Demand Enrollments funding has been extended, for FY 25 we expect a budget amount of \$85,669.

The following chart represents a comprehensive list of all grants and contracts along with fiscal agent agreements.

2024-2025 GRANTS, CONTRACTS AND FISCAL AGENT AGREEMENTS

	Grants and Contracts	Project Manager/ Supervisor	Term	FY 22-23 Grant Award	FY 23-24 Grant Award	FY 24-25 Grant Award	Increase/ Decrease
1	Corrections Ed_WSP-CRCC / SBCTC	Kammers	07/01/24-06/30/25	7,021,720	7,718,306	8,510,211	791,905
2	Worker Retraining Program / SBCTC	Erikson/Leon	07/01/24-06/30/25	1,725,323	1,715,073	1,703,115	(11,958)
3	Perkins (Plan) III - Federal Vocational / SBCTC	Doyle	07/01/24-06/30/25	445,250	562,883	531,858	(31,025)
4	Basic Food, Employment and Training / SBCTC	Erikson	10/01/24-09/30/25	479,281	436,774	511,201	74,427
5	Title IV - Student Support Services (TRIO) (Year 4)	Conrad Goff	09/01/24-08/31/25	436,920	436,920	511,062	74,142
6	Opportunity Grant / SBCTC	Erikson	07/01/24-06/30/25	461,412	461,412	461,412	0
7	Water & Environmental Center	Trogstad-Isaacson	07/01/24-06/30/25	363,750	363,750	363,750	0
8	WorkFirst Integrated Block Grant / SBCTC	Erikson	07/01/24-06/30/25	280,812	308,189	281,807	(26,382)
9	Student Needs SHB 1559	Erikson	07/01/24-06/30/25	0	269,574	269,574	0
10	Agriculture & Natural Resource Center of Excellence / SBCTC	Williams, L	07/01/24-06/30/25	202,157	212,323	256,811	44,488
11	BTC-CAD Title III	Velluzi	10/01/23-09/30/24	0	222,940	223,633	693
12	Truck/School Bus Driver Training	Leon	07/01/24-06/30/25	148,138	280,124	195,081	(85,043)
13	Career Connect WA - ESD	Williams, L	07/01/24-06/30/25	252,616	99,568	190,617	91,049
14	Nurse Education Enrollment Increases	Adamski	07/01/24-06/30/25	0	180,000	180,000	0
15	Postsecondary Enrollment HB1835 - Fin Aid Outreach	Kimball	07/01/24-06/30/25	160,000	160,000	160,000	0
16	Career Launch - EST Grant - Employment Security Dept	Miltenberger	07/01/24-12/31/25	0	0	155,557	155,557
17	CCAMPIS - Child Care Access Means Parents In School	Erikson	07/01/24-06/30/25	128,000	128,000	128,000	0
18	Perkins Corrections Grant / SBCTC	Kammers	07/01/24-06/30/25	66,960	65,663	120,928	55,265
19	Supporting College Student Experiencing Homelessness Grant / SBCTC	Erikson	07/01/24-06/30/25	102,919	102,919	118,875	15,956
20	Student Emergency Assistance Grant / SBCTC	Erikson	07/01/24-06/30/25	100,000	100,000	118,225	18,225
21	Early Achievers Opportunity Grant / SBCTC	Reiff	07/01/24-06/30/25	119,900	131,386	116,200	(15,186)
22	BEEdA Master / SBCTC	Doyle	07/01/24-06/30/25	157,792	124,015	111,614	(12,401)
23	Seattle Foundation	Kammers	07/01/24-06/30/25	83,193	113,193	111,495	(1,698)
24	Opportunity Grant Health Workforce/ SBCTC	Kimball	07/01/24-06/30/25	0	106,845	106,845	0
25	Federal Work Study	Kimball	07/01/24-06/30/25	87,262	88,876	94,229	5,353
26	High Demand Enrollments	Leon	07/01/24-06/30/25	164,500	131,299	85,669	(45,630)
27	State Work Study	Kimball	07/01/24-06/30/25	54,201	54,201	60,000	5,799
28	Perkins Leadership Block Grant / SBCTC	Doyle	07/01/24-06/30/25	15,440	30,000	29,058	(942)
29	IELCE / SBCTC	Doyle	07/01/24-06/30/25	30,602	27,542	24,788	(2,754)
30	Open Doors Program / CRCC	Kammers	09/01/24-08/31/25	22,000	20,000	20,000	0
31	Parent Co-ops	Reiff	07/01/24-06/30/25	15,000	15,000	15,000	0
32	BEEdA Leadership Block Grant / SBCTC	Doyle	07/01/24-06/30/25	7,503	7,363	7,300	(63)
33	EMS Trauma Training	Graham/Can	07/01/24-06/30/25	7,000	5,000	5,000	0
34	Title III - Bringing Student Success to Scale (Year 5)	Slepin	10/01/24-09/30/25	450,000	450,000	0	(450,000)
35	Cyber Security - WA Military Dept	Vance	12/1/22-07/31/24	0	107,540	0	(107,540)
36	Sunshine Lady Foundation	Kammers	07/01/24-06/30/25	45,051	45,051	(19,798)	(64,849)
37	BEEdA Special Projects	Kammers	07/01/24-06/30/25	0	5,500	0	(5,500)
TOTAL GRANTS AND CONTRACTS				\$13,634,702	\$15,287,229	\$15,759,117	\$471,888

	Fiscal Agent Agreements	Project Manager/ Supervisor	Term	FY 22-23 Grant Award	FY 23-24 Grant Award		Increase/ Decrease
1	Snake River Salmon Recovery Board	Martin	10/01/24-09/30/25	398,588	307,000	640,588	333,588
2	Snake River Salmon Recovery Board - BPA	Martin	04/01/23-03/31/24	195,695	192,859	194,986	2,127
TOTAL FISCAL AGENT AGREEMENTS				\$594,283	\$499,859	\$835,574	\$335,715
TOTAL GRANTS, CONTRACTS AND FISCAL AGENT AGREEMENTS				\$14,228,985	\$15,787,088	\$16,594,691	\$807,603
LESS GRANTS REPORTED ELSEWHERE & FISCAL AGENT AGREEMENTS :							
Fiscal Agent Agreements				594,283	499,859	835,574	335,715
Worker Retraining				1,725,323	1,715,073	1,703,115	(11,958)
Opportunity Grant				436,920	436,920	511,062	74,142
Agriculture & Natural Resource Center of Excellence / SBCTC				202,157	212,323	256,811	44,488
Truck/School Bus Driver Training				148,138	280,124	195,081	(85,043)
Student Needs SHB 1559				0	269,574	269,574	0
Nurse Education Enrollment Increases				0	180,000	180,000	0
Postsecondary Enrollment HB1835 - Fin Aid Outreach				160,000	160,000	160,000	0
High Demand Enrollment				164,500	131,299	85,669	(45,630)
Supporting College Student Experiencing Homelessness Grant / SBCTC				102,919	102,919	118,875	15,956
Student Emergency Assistance Grant / SBCTC				100,000	100,000	118,225	18,225
Opportunity Grant Health Workforce/ SBCTC				0	106,845	106,845	0
Subtotal				\$3,634,240	\$4,194,936	\$4,540,831	\$345,895
TOTAL ADJUSTED GRANTS AND CONTRACTS				\$10,594,745	\$11,592,152	\$12,053,860	\$461,708

Notes to the Operating Budget Statements of Revenue and Expenditures

1. District Enrollment Allocation Base (DEAB): Provides base funding in accordance with each district's annual enrollment target. The State Board has a college system-wide enrollment target of 130,981.

District targets are a share of the college system target based on a rolling three-year average of their enrollments. However, in recent years colleges have struggled to meet their targets due to declining enrollment levels. In FY 2024, each FTE has a value of \$3,637 which represents an increase of \$132 per FTE over the previous year.

2. Performance Funding - Student Achievement Initiative (SAI): 5% of the total \$1.24 billion state appropriation is committed to performance funding in the allocation model. This allocation is based upon points and performance outcomes in the academic year 2022-2023.
3. Weighted/Priority Enrollment FTE: Under the allocation model, four enrollment categories receive an additional weight of 0.3 (a value of \$1,091) per student FTE. As indicated below, the skills gap and adult basic education categories make up the bulk of these enrollments.
 - a. Skills Gap – 42%
 - b. Adult Basic Education – 39%
 - c. STEM – 16%
 - d. Upper-level Applied Baccalaureate – 7%
4. Minimum Operating Allocation (MOA): The model assumes every college requires a minimum amount for campus operations. Each college receives \$2.85 million annually. These funds are intended to support facility operations and maintenance. A small portion of this funding comes from the capital budget due to a 2003 fund swap where the Legislature replaced state operating funds for maintenance and operating with capital projects account funding. The remaining funding comes from the operating budget.
5. Provisos and Earmarks:
 - a. Budget Provisos - Language in budget bills where the Legislature places conditions and limitations on the use of appropriations.
 - b. Earmarks are funds identified by the State Board for specific purposes. They fall into two general categories:
 - i. Amounts related to compensation, maintenance and operations and leases; amounts are held in safe harbor for four years after which they are rolled out of safe harbor and distributed through the base allocation.
 - ii. Other Earmarks: Programs or population-specific funds identified by the State Board such as Opportunity Grant, Centers of Excellence, Workforce Development Projects, funds for Disability Accommodations and Students of Color.
6. Instruction: Includes academic transfer, workforce, preparatory (courses under college level), and adult education.
7. Academic Administration: Administrative support and management for instructional programs which includes deans and support staff, faculty professional development, and curriculum development.

8. Student Services: Activities that provide assistance and support for the needs and interests of students. This includes social and cultural development, counseling and advising, financial aid, admissions, and student records.
9. Institutional Support: Includes the activities of management (president, trustees, vice-presidents and support staff), fiscal operations, human resources, public relations, and administrative information technology services that are not related to instructional activities.
10. Subsidies: Financial support provided to students either directly or indirectly.