May 22, 2018

The Honorable Edmund G. Brown, Jr.
Governor of California
State Capitol
Sacramento, CA 95814

Dear Governor Brown:

Pursuant to Section 24.60 of the Budget Act of 2017, please find enclosed the summary of lottery receipts and expenditures as reported by our local community college districts for fiscal year 2016-17. Also included are the estimated revenues and proposed expenditures for fiscal year 2017-18.

If you have any further questions on this report, please contact Christian Osmeña at (916) 324-9508 or cosmena@cccco.edu.

Sincerely,

Eloy Ortiz Oakley, Chancellor

Attachments

cc: Michael Cohen, Department of Finance
    Hugo Lopez, State Lottery Commission
    Christian Osmeña, California Community Colleges Chancellor’s Office
    Frances Parmelee, California Community Colleges Chancellor’s Office
Pursuant to Section 24.60 of the Budget Act of 2017, attached is the summary of lottery receipts and expenditures as reported by the local community college districts for fiscal year 2016-2017. This information is based on reports submitted to the Chancellor’s Office by all 72 community college districts on the CCFS-311, Annual Financial and Budget Report. The districts determine locally how to spend lottery revenue, except for revenue allocated for the sole purpose of purchasing instructional materials by Proposition 20, the Cardenas Textbook Act of 2000.

Lottery revenue for 2016-17 was $227.6 million, or about $192 per student workload measures (FTES)*. These proceeds, plus the beginning balance of $59.3 million, made a total of $286.9 million of lottery revenue available for community colleges during the year. Lottery expenditures for 2016-17 totaled $218.7 million, resulting in a $68.3 million ending balance as of June 30, 2017.

Lottery expenditure summary:

- **Salaries and Benefits**: $57.7 million (26.4% of total)
  - $11.4 million Instructional Activities
  - $46.2 million Support and other activities

- **Supplies and Materials**: $40.7 million (18.6% of total)
  - $37.4 million Instructional Activities
  - $3.3 million Support and other activities

- **Other Operating Expenses & Services**: $110.4 million (50.5% of total)
  - $11.2 million Instructional Activities
  - $99.1 million Support and other activities

- **Other – equipment, deferred maintenance, library books, financial aid, etc.**: $9.8 million (4.5% of total)
  - $5.9 million Instructional Activities
  - $3.9 million Support and other activities

*Lottery payments are based on prior year full-time equivalent students (FTES). Therefore, 2016-17 calculations are based on 1,186,428 FTES from 2015-16*
**California Community Colleges**  
Receipt and Expenditure of Lottery Proceeds  
2016-2017 (Actual) and 2017-2018 (Budget)  
Pursuant to Section 24.60, 2016-17 Budget Act

### Part I: 2016-2017 Actual Year

A. Adjusted Balance 07-01-16  
$59,359,682

B. Lottery Proceedings:  
   - Cash Received  
   - Total Lottery Revenue  
     $227,561,822  
     $227,561,822

C. Total Lottery Funds Available (A plus B)  
$286,921,504

D. Expenditures:  
<table>
<thead>
<tr>
<th>Instructional Activities</th>
<th>Support Activities</th>
<th>Other** Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>11,431,191</td>
<td>46,206,219</td>
<td>43,912</td>
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<td>Supplies and Materials</td>
<td>37,424,004</td>
<td>3,184,070</td>
<td>138,971</td>
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<tr>
<td>Other Operation Expenses &amp; Services</td>
<td>11,247,892</td>
<td>93,111,205</td>
<td>6,022,688</td>
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<tr>
<td>Other***</td>
<td>5,928,012</td>
<td>3,919,391</td>
<td>-</td>
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<tr>
<td>Total Expended</td>
<td>66,031,099</td>
<td>146,420,885</td>
<td>6,205,571</td>
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</tbody>
</table>

E. Ending Balance 06/30/17  
$68,263,949

### Part II: 2017-2018 Budget Data

A. Estimated Lottery Revenue  
$225,503,305

B. Total Lottery Funds Available (I.E plus II.A)  
$293,767,254

C. Expenditures:  
<table>
<thead>
<tr>
<th>Instructional Activities</th>
<th>Support Activities</th>
<th>Other** Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>10,263,223</td>
<td>41,585,199</td>
<td>2,942,710</td>
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<td>Supplies and Materials</td>
<td>60,759,137</td>
<td>2,528,133</td>
<td>1,450,555</td>
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<td>Other Operation Expenses &amp; Services</td>
<td>15,048,892</td>
<td>93,604,574</td>
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<td>Other***</td>
<td>4,951,372</td>
<td>3,898,857</td>
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<td>Total Expended</td>
<td>91,022,624</td>
<td>141,616,763</td>
<td>8,433,573</td>
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</tbody>
</table>

E. Ending Balance 06/30/17  
$52,694,294

** "Other Activities" includes community services, ancillary services, etc. for both actual and budget years.  
*** "Other" includes equipment, deferred maintenance, library books, student financial aid, etc.