



## Commonly Used Community College Budget & Fiscal Terminology

**Appropriation:** Money set apart by legislation for a specific use, with limits in the amount and period during which the expenditure is to be recognized.

**Augmentation:** An increase to a previously authorized appropriation or allotment.

**Bond Funds:** Funds used to account for the receipt and disbursement of non-self-liquidating general obligation bond proceeds.

**Budget:** A plan of operation expressed in terms of financial or other resource requirements for a specific period.

**Budget Act (BA):** An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget, amended by the Legislature, and signed by the Governor.

**Budget Year (BY):** The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

**Capital Outlay:** Expenditures which result in acquisition or addition of land, planning, and construction of new buildings, expansion or modification of existing buildings, or purchase of equipment related to such construction, or a combination of these.

**CARES Act:** The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a \$2 trillion economic relief package approved by Congress in March of 2020 in response to the 2020 recession resulting from the pandemic.

**Cost of Living Adjustment (COLA):** Increases provided in state-funded programs intended to offset the effects of inflation.

**Current Year (CY):** The present state fiscal year, beginning July 1 and ending June 30 (in contrast to past or future periods).

**Deferrals:** Late payments to districts when the state cannot meet its funding obligations. Deferrals allow districts to budget for more money than the state will provide in a given year.

A district is permitted to spend as if there is no deferral. Districts typically rely on local reserves or loans to cover spending for the fiscal year.

**Department of Finance (DOF or Finance):** A state fiscal control agency. The Director of Finance is appointed by the Governor and serves as the chief fiscal policy advisor.

**Education Protection Account (EPA):** The Education Protection Account (EPA) was created in November 2012 by Proposition 30, the Schools and Local Public Safety Protection Act of 2012, and amended by Proposition 55 in November 2016. Of the funds in the account, around 89 percent is provided to K-12 education and just under 11 percent is provided to community colleges.

**Expenditure:** Amount of an appropriation spent or used.

**Fifty Percent Law:** A statutory requirement that each district spend at least half of its current expense of education each fiscal year for salaries and benefits of classroom instructors.

**Fiscal Year (FY):** A 12-month budgeting and accounting period. In California state government, the fiscal year begins July 1 and ends the following June 30.

**Fund:** A legal budgeting and accounting entity that provides for the segregation of moneys or other resources in the State Treasury for obligations in accordance with specific restrictions or limitations.

**General Fund (GF):** The predominant fund for financing state operations; used to account for revenues that are not specifically designated by any other fund.

**Governor's Budget:** The publication the Governor presents to the Legislature by January 10 each year, which includes recommended expenditures and estimates of revenues.

**Legislative Analyst's Office (LAO):** A nonpartisan office that provides fiscal and policy advice to the Legislature.

**Local Assistance:** Expenditures made for the support of the local government or other locally administered activities.

**May Revision:** An update to the Governor's Budget presented by Finance to the Legislature by May 14 of each year.

**Past Year or Prior Year (PY):** The most recently completed state fiscal year, beginning July 1 and ending June 30.

**Proposition 98:** A section of the California Constitution that, among other provisions, specifies a minimum funding guarantee for schools and community colleges. California Community Colleges typically receive 10.93% of the funds.

**Recession:** a significant decline in general economic activity in a designated region.

**Reserve:** An amount set aside in a fund to provide for an unanticipated decline in revenue or an increase in expenditures.

**Revenue:** Government income, generally derived from taxes, licenses and fees, and investment earnings, which are appropriated for the payment of public expenses.

**State Operations:** Expenditures for the support of the state government.

**Statute:** A law enacted by the Legislature.

**Student Centered Funding Formula:** The Student Centered Funding Formula (SCFF) is the methodology used to allocate funding to community college districts. The funding formula supports access through enrollment-based funding, student equity by targeting funds to districts serving low-income students, and student success by providing districts with additional resources for student's successful outcomes.

**Tax and Revenue Anticipation Notes (TRANS):** Short-term debt instruments issued in anticipation of taxes or other revenues to be collected at a later date.

**Workload Budget:** The level of funding needed to support the current cost of already-authorized services.