




**April 15, 2011**

**From:**  **Jack Scott, Ph.D.**  
**Chancellor of the California Community Colleges**

**To:** **Members of the California State Legislature,**  
**Ana J. Matosantos,**  
**Director of the California Department of Finance**

**Subject:** **Categorical Flexibility Report**

In order to help manage the deep cuts in categorical program funding required of the colleges in the *2009-10 State Budget*, budget trailer bill language (AB 4X 2) allowed community college districts to redirect funds from a select number of categorical programs to support any other categorical program funded in the state budget. The budget language also required the state Chancellor's Office to report to the Director of the Department of Finance and to the Legislature on the amount of funding, if any, districts redirected from each of the select categorical programs that fall under this provision. This language was continued in the 2010-11 trailer bill (AB 1610), requiring a report by April 15, 2011. (The full text of the reporting language appears at the end of this memo.) This correspondence and the attached spreadsheet fulfill this reporting requirement.

The attached spreadsheet shows how many of the 72 community colleges districts transferred funds and the amount of funds that were shifted among the various categorical accounts. In summary, thirty two districts exercised the flexibility provisions allowed by the 2010 Budget Act and a total of \$1,055,838 was shifted. As the table shows, one categorical program represented about 87 percent of all funds transferred out of the flexibility programs: \$915,452 from Part-time Faculty Compensation. The program with the second most funds shifted out was Apprenticeship, with a total of \$69,676, or about 7%, of funds moved. The two categorical programs receiving most of the transferred dollars were Matriculation and Disabled Students Programs & Services. While we do not anticipate any additional movement of categorical funds by our districts, we note that districts do have until the end of the 2010-11 fiscal year (June 30, 2011) to exercise the flexibility provisions embodied in AB 1610.

Should you have any questions regarding this report, please contact Dan Troy, Vice Chancellor for Fiscal Policy at (916) 445-0540 or [dtroy@cccoco.edu](mailto:dtroy@cccoco.edu).

Excerpt From Section 29 of Assembly Bill 1610

*(3) (A) If a community college district elects to use funding received pursuant to subdivision (b) in the manner authorized pursuant to subdivision (a), the district shall continue to report the expenditures pursuant to this section by using the appropriate codes to indicate the activities for which these funds were expended using the existing standard reporting process as determined by the chancellor.*

*(B) The chancellor shall collect the information in subparagraph (A) and shall provide that information to the Department of Finance and to the appropriate policy and budget committees of the Legislature on or before April 15, 2010, and annually thereafter by April 15 of each year, through 2014.*

CC: Julie Henderson, Governor's Office

Keely Bosler, Senate Budget and Fiscal Review Committee  
Seija Virtanen, Senate Budget and Fiscal Review Committee  
Cheryl Black, Senate Republican Caucus  
Christian Griffith, Assembly Budget Committee  
Sara Bachez, Assembly Budget Committee  
Max Espinoza, Assembly Speaker's Office  
Amy Rutschow, Assembly Republican Caucus  
Mufaddal Ezzy, Office of the Senate Pro Temps  
Paul Steenhausen, Legislative Analyst's Office  
Nick Schweizer, California Department of Finance  
Ed Hanson, California Department of Finance  
Juliana Morozumi, California Department of Finance

**California Community Colleges  
Utilization of Categorical Flexibility Provision: April 15th Report  
2010-11 Statewide Report**

Total Number of Community College Districts

72

Number of Districts that Used Categorical Flexibility (as of 4/15/11)

32

Categorical Programs	Total 2010-11 Statewide Funding	Amount Moved Out	Amount Moved In
Childcare Tax Bail Out	\$ 3,350,000	\$ 245	\$ -
Equal Employment Opportunity	767,000	13,777	2
Economic Development	22,929,000	-	-
Apprenticeship	7,174,000	69,676	1
Part-time Faculty Office Hours	3,514,000	24,376	1
Part-time Faculty Health Insurance	490,000	101	22,394
Part-time Faculty Compensation	24,907,000	915,452	8,644
Matriculation	49,183,000	32,209	885,553
Transfer Education and Articulation	698,000	2	2
Physical Plant and Instructional Support	0	-	11,438
Career Technical Education	0	-	-
Student Financial Aid Administration	54,995,000	-	-
Foster Care Education Program	5,254,000	-	-
Fund for Student Success	3,792,000	-	-
CalWORKS	26,695,000	-	-
Student Success Initiative - Basic Skills	20,037,000	-	1
Nursing Support	13,378,000	-	-
Disabled Students	69,223,000	-	112,700
Extended Opportunity Programs & Services	64,273,000	-	15,002
CARE	9,332,000	-	-
Telecom & Technology Services	15,290,000	-	100
		\$ 1,055,838	\$ 1,055,838

Funds may be transferred out of any shaded categorical program and into any categorical program shown on this page.