



C H A B O T - L A S P O S I T A S | *Community College District*

Board of Trustees Meeting - June 16, 2020
Tentative Budget Fiscal Year 2020-21

Doug Roberts
Acting Vice Chancellor, Business Services

Presentation Summary

- ❑ Budget Requirement
- ❑ Student Enrollment Data
- ❑ 2020-21 Student Centered Funding Formula (SCFF)
- ❑ 2020-21 Governor's May Revise & District Impact
- ❑ Major Revenue & Expenditure Assumptions
- ❑ Budget Allocation Model Summary
- ❑ Budgets for District Funds
- ❑ Senate/Assembly Budget Version
- ❑ Opportunities and Budget Risks
- ❑ Questions and Comments

Budget Requirement

- ❑ Title 5 § 58305 of the California Code of Regulations (CCR) requires that:
 1. community college districts adopt a tentative budget on or before the first day of July each year
 2. and, indicate a date, time and location for the hearing and adoption of a fiscal year budget

- ❑ Per CCR Title 5 § 58301, the regulatory due-date to hear and adopt a fiscal year budget is by Sept. 15th

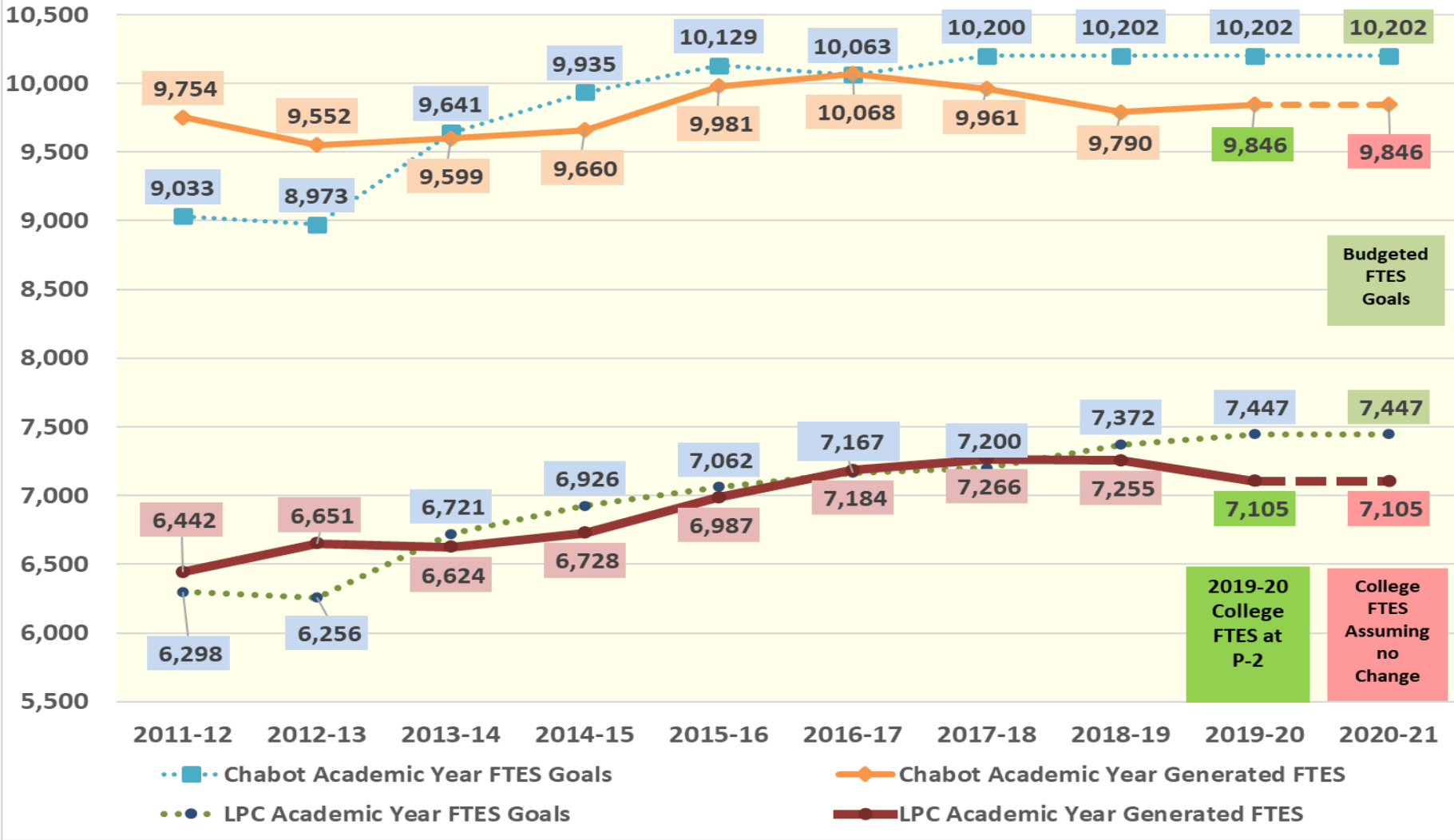
- ❑ Per Chancellor' Oakley's Executive Order 2020-06 the aforementioned Sept. 15th deadline is temporarily suspended until Oct. 31st

Budget Requirement

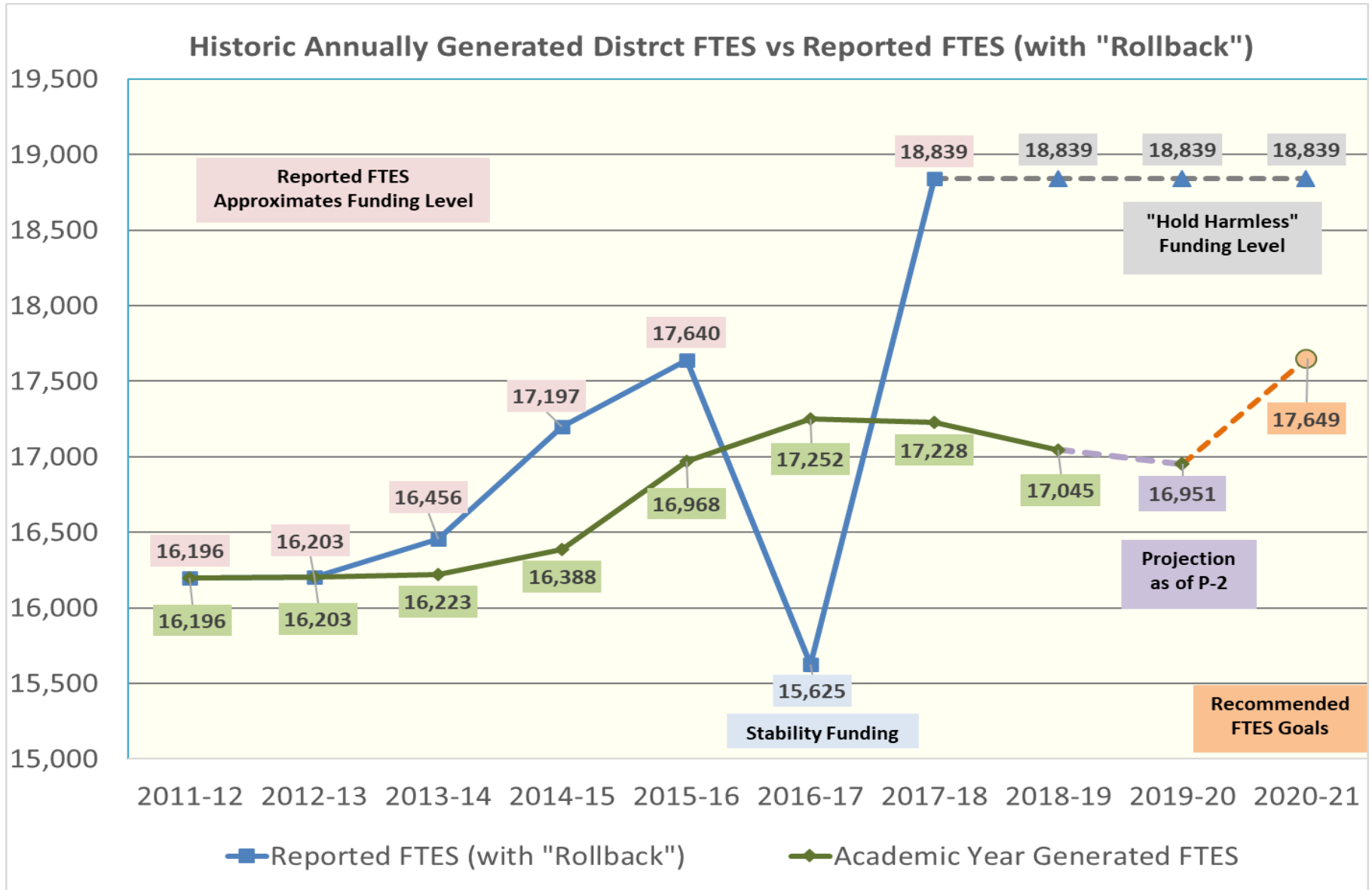
- ❑ As the District has the option of meeting the regulatory requirement, with a due date of Sept. 15th, or the suspended due date of Oct. 31st, per Chancellor Oakley's Executive Order:
- ❑ The District will hold a public hearing, and budget adoption on either September 8th, or October 20th, 2020, dependent upon State Budget information
- ❑ Either meeting will be held at 6:30 PM in the District Office Board Room, suite 315, 7600 Dublin Blvd, Dublin, CA

College Annually Generated FTES

Annually Generated FTES vs. FTES Goals (per College)



District FTES (Generated & Reported)



Governor's Budget Proposal FY2020-21

- ❑ **Student Centered Funding Formula (SCFF)**
 - No Change to the Structural Allocation Method:
 - 70% for the Base Allocation
 - 20% for the Supplemental Allocation
 - 10% for the Student Success Allocation

- ❑ Prior to “Triggered Cuts” ...
 - ❑ Funding rates (for 2020-21) will be the same as the 2019-20 rates that were established in February 2020

- ❑ The SCFF's Hold Harmless allowance is extended through 2023-24

Governor's Budget Proposal FY2020-21

- **There will be No COLA for 2020-21 ...** (statutory COLA would have been 2.31% at a cost of \$167.2 Million) ... *there will also be no growth funding*
- **Apportionment will be (Proportionately) Reduced by 8% ...** Total Computational Revenue (TCR), per the Student Centered Funding Formula (SCFF), which is approximately \$7.43 Billion for 2019-20, will be reduced by \$593 Million ... The 8% reduction will be applied to all SCFF Metric Rates & the Hold Harmless Allowance
- **The Strong Workforce Program will be reduced by 60% ...** (5 other categorical programs will be reduced by 15%)
- **CalSTRS** rate goes from 17.10% for 2019-20 to 16.15% for 2020-21
- **CalPERS** rate goes from 19.72% for 2019-20 to 20.70% for 2020-21

State Budget Impact on CLPCCD

Revenue Source & % - Impact	Triggered Reductions *
Apportionment / (Held Harmless) -8%	\$9,136,272
Strong Workforce -60%	\$972,517
Student Equity & Achievement -15%	\$887,831
Adjunct Faculty Compensation -15%	\$49,201

* **As a reminder ... These are reductions that will be rescinded should the National, \$3 Trillion Heroes Act be enacted ... (currently, passage is doubtful)**

- There will be a “Deferral” in 2019-20 which will delay approximately \$4.5 Million of funding for one month
- There will be a “Deferral” in 2020-21 which will delay approximately \$9.1 Million in funding for several months

(The District accounts for approximately 1.2% of State furnished CCC funding ... 1.4% of total apportionment funding)

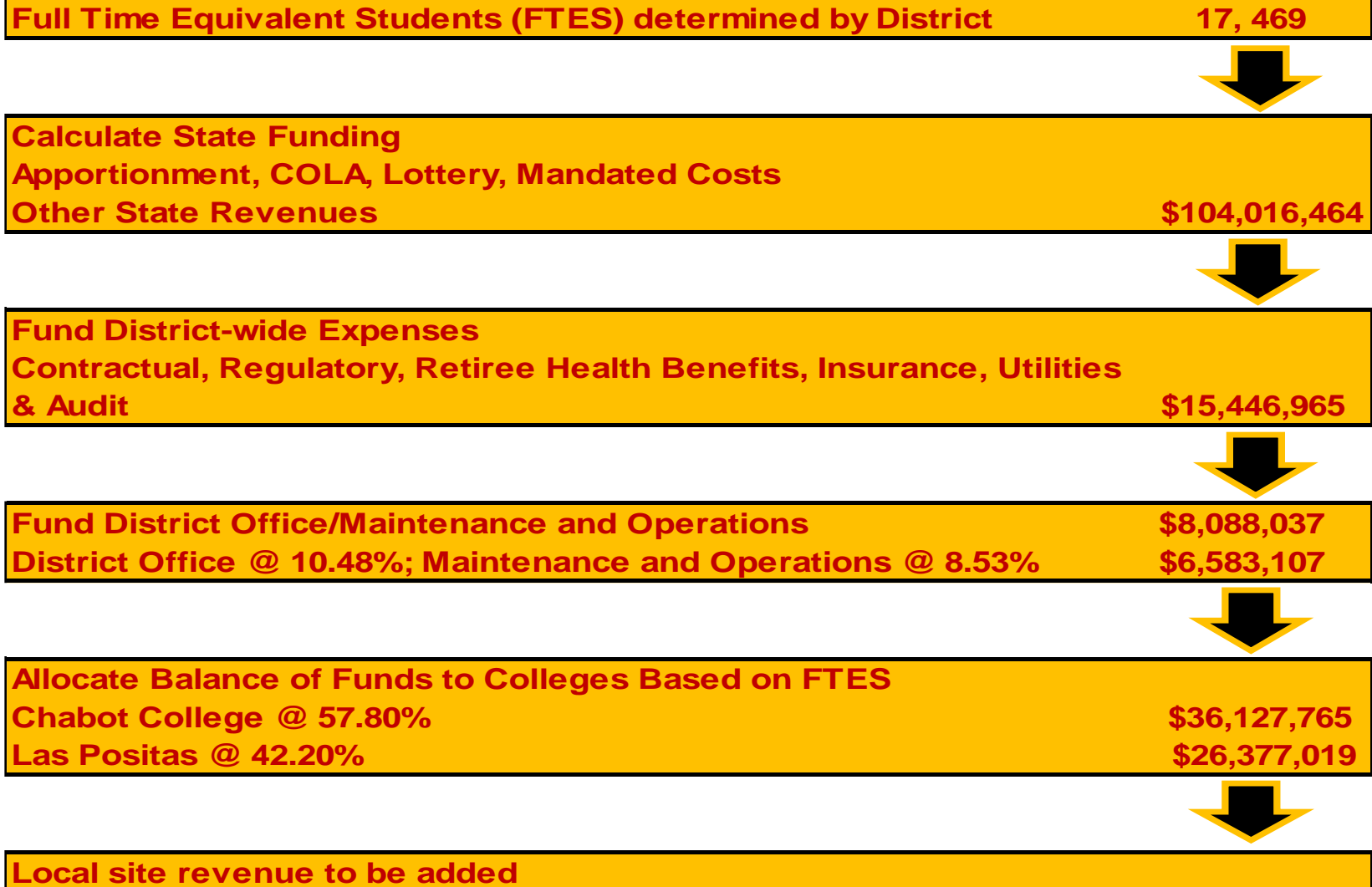
Unrestricted General Funds – Major Revenue Assumptions

Assumption	Amount
❑ SCFF/Hold Harmless Apportionment (with 8% State Reduction & 1% Deficit)	❑ \$ 104,016,464
❑ Lottery Revenue	❑ \$ 2,662,148
❑ Mandated Cost Block Grant	❑ \$ 511,302
❑ Part Time Faculty Allocation	❑ \$ 279,575
❑ Non Resident Tuition	❑ \$ 2,434,490

Major Expenditure Assumptions

- ❑ Based on serving 17,649 FTES
- ❑ Step/column and longevity included
- ❑ Premium increases for health & welfare; no change to employee contributions
- ❑ Retiree health benefits budget of \$7,847,691 is based on the 2019 actuarial study and represents an increase of 6.4% over the prior year's budget
- ❑ STRS/PERS rates of 16.15% and 20.72% respectively
- ❑ Property & Liability insurance budget of \$616,253
- ❑ Utilities budget (electricity, natural gas, water, and disposal services) of \$3,123,260

Budget Allocation Model (BAM) - Calculations



Tentative Budget 2020-21 – Unrestricted General Fund (page 11)

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$115,349,527
EXPENDITURES	
Total Expenditures	\$126,418,028
Net Increase/(Decrease) in Fund Balance	\$(11,068,501)
Beginning Balance	\$20,020,492
Ending Balance - (7.1% of Total Expenditures)	\$8,951,991

Tentative Budget 2020-21 – Restricted General Fund (page 12)

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$33,732,809
EXPENDITURES	
Total Expenditures	\$34,039,735
Net Increase/(Decrease) in Fund Balance	\$(306,927)
Beginning Balance	\$3,261,552
Ending Balance	\$2,954,625

Tentative Budget 2020-21 – Cafeteria Fund (page 30)

REVENUE	
Operations/Commissions and Interest	\$45,207
EXPENDITURES	
Expenditures and Transfers	\$45,207
Net Increase/(Decrease) in Fund Balance	\$0
Beginning Balance	\$42,580
Ending Balance	\$42,580

Tentative Budget 2020-21 - Child Development Fund (page 34)

REVENUE	
State/Local/Federal Revenue Transfers In	\$2,124,299
EXPENDITURES	
Expenditures	\$2,124,299
Net Increase/(Decrease) in Fund Balance	\$0
Beginning Balance	\$0
Ending Balance	\$0

Tentative Budget 2020-21 - EDCE (page 38)

REVENUE	
State/Local/Federal Revenue Transfers In	\$123,933,324
EXPENDITURES	
Expenditures	\$120,967,784
Net Increase/(Decrease) in Fund Balance	\$2,965,540
Beginning Balance	\$8,182,495
Ending Balance	\$11,148,035

Tentative Budget 2020-21 - Self Insurance Fund (page 40)

REVENUE	
Transfers and Interest	\$7,927,691
EXPENDITURES	
Expenditures and Transfers	\$7,847,691
Net Increase/(Decrease) in Fund Balance	\$80,000
Beginning Balance	\$5,788,203
Ending Balance	\$5,868,203

Tentative Budget 2020-21 - Bond Fund (page 44)

REVENUE	
Interest & Proceeds –Sale of Capital Assets	\$2,071,356
EXPENDITURES	
Expenditures	\$48,754,632
Net Increase/(Decrease) in Fund Balance	\$(46,683,276)
Beginning Balance	\$124,861,204
Ending Balance	\$78,177,928

Tentative Budget 2019-2020 - Capital Projects Fund (page 46)

REVENUE	
State /Local/Federal Revenue and Transfers	\$905,000
EXPENDITURES	
Expenditures	\$741,000
Net Increase/(Decrease) in Fund Balance	\$164,000
Beginning Balance	\$7,621,351
Ending Balance	\$7,785,351

Tentative Budget 2020-21 - Special Reserve Funds (page 48)

REVENUE	
Interest	\$20,000
EXPENDITURES	
Expenditures	\$190,000
Net Increase/(Decrease) in Fund Balance	\$(170,000)
Beginning Balance	\$1,517,482
Ending Balance	\$1,347,482

Senate/Assembly Budget Version

- Budget agreement reached **June 3, 2020**
- Assumes Federal Funding will Materialize – So **Rejects the Governor’s “Triggered” Cuts**
- Rejects the reduction in **Adult Education** support, and increases **Part-time Faculty Office Hours and Compensation** by \$10.6 Million
- Keeps the 2019-20 deferral, but reduces the **2020-21 deferral to \$332 Million ... a \$4.5 Million impact on the District.**
- Approves an **October 1st trigger deferral of an additional \$674 Million** if State does not receive Federal Funding, which would equal an additional \$9.3 Million for CLPCCD, if enacted.
- Legislature has a **June 15th deadline** to pass a balanced budget bill.

May Revise Vs. Senate/Assembly Version

Comparison of State Revenues Under the Governor's Budget & the Senate/Assembly Versions

	2020-21	Governors Budget	Senate/Assembly Budget	Variance
SCFF Funding/Hold Harmless				
	2018-19 TCR	114,203,408	114,203,408	-
	Statutory COLA - 2.31%	-	2,638,099	2,638,099
	.05% Growth	-	-	-
	Governor's 8% Reduction	(9,136,273)	-	9,136,273
	Application of 1% Deficit Factor	(1,050,671)	(1,168,415)	(117,744)
	"Foundation" Set-aside (For Redistribution)	(7,983,396)	(8,878,057)	(894,661)
	Subtotal: Non-Foundation Apportionment	96,033,068	106,795,035	10,761,967
	Roll Back Set-aside	(8,020,816)	(8,919,671)	(898,854)
	Approved Roll-back Set-aside for SCFF Projects	1,157,615	1,157,615	-
	Pre UGF State Funding Subtotal	89,169,867	99,032,979	9,863,112
	Lottery	2,662,148	2,662,148	-
	Mandated Cost Block Allocation	511,302	511,302	-
	Other State Faculty Reimbursement	279,575	474,090	194,515
	BAM- Step 2 (A-C) Subtotal	92,622,892	102,680,519	10,057,627
	BAM - Step 2D - Add-Back Foundation	7,983,396	8,878,057	894,661
	BAM - Step 2E Revenue for Distribution	100,606,288	111,558,576	10,952,288
	BAM Step 3A - Committed Costs	15,446,965	15,446,965	
	BAM Step 3B - Remaining Balance to Distibute	85,159,323	96,111,611	10,952,288

May Revise Vs. Senate/Assembly Version

BAM Distribution & Current Tentative Budget Expenditures

CLPCCD Tentative Budget - (Governor's Budget)		Chabot	LPC	Dist-wide	D.O.	M&O	Total
	Distribution of Committed Costs	1,109,494	457,851	13,879,620	-	-	15,446,965
BAM # 6A	Foundation Allocation	3,481,559	2,984,193		836,660	680,984	7,983,396
		43.61%	37.38%		10.48%	8.53%	100%
	Remainder						77,175,927
BAM # 4	Allocated Costs (D.O = 10.48%; M&O = 8.53%)				8,088,037	6,583,107	14,671,144
	Remainder						62,504,783
BAM # 6B	Allocated Costs (CC = 57.80%, LPC = 42.20%)	36,127,765	26,377,019				62,504,783
	Total BAM Distributions	40,718,818	29,819,063	13,879,620	8,924,697	7,264,090	100,606,288
	Other & Local Revenues	3,217,595	2,248,489	-	1,078,955	-	
	Transfers-in	1,168,701	187,347	-	50,197	95,313	
	Total Revenues	45,105,114	32,254,899	13,879,620	10,053,849	7,359,403	
	Expenditures	51,016,112	39,215,161	13,879,620	12,734,703	8,485,623	
	Transfers-Out	252,153	753,087	-	-	-	
	Total Expenditures & Transfers	51,268,265	39,968,248	13,879,620	12,734,703	8,485,623	
	Increase/Decrease to Fund Balance	(6,163,151)	(7,713,349)	-	(2,680,854)	(1,126,220)	(17,683,574)

May Revise Vs. Senate/Assembly Version

BAM Distribution & Current Tentative Budget Expenditures

CLPCCD Tentative Budget - (Senate/Assembly Budget)		Chabot	LPC	Dist-wide	D.O.	M&O	Total
	Distribution of Committed Costs	1,109,494	457,851	13,879,620	-	-	15,446,965
BAM # 6A	Foundation Allocation	3,871,721	3,318,618		930,420	757,298	8,878,057
		43.61%	37.38%		10.48%	8.53%	100%
	Remainder						87,233,554
BAM # 4	Allocated Costs (D.O = 10.48%; M&O = 8.53%)				9,142,076	7,441,022	16,583,099
	Remainder						70,650,456
BAM # 6B	Allocated Costs (CC = 57.80%, LPC = 42.20%)	40,835,963	29,814,492				70,650,456
Total BAM Distributions		45,817,178	33,590,961	13,879,620	10,072,497	8,198,320	111,558,576
	Other & Local Revenues	3,217,595	2,248,489	-	1,078,955	-	
	Transfers-in	1,168,701	187,347	-	50,197	95,313	
Total Revenues		50,203,474	36,026,797	13,879,620	11,201,649	8,293,633	
	Expenditures	51,016,112	39,215,161	13,879,620	12,734,703	8,485,623	
	Transfers-Out	252,153	753,087	-	-	-	
Total Expenditures & Transfers		51,268,265	39,968,248	13,879,620	12,734,703	8,485,623	
	Increase/Decrease to Fund Balance	(1,064,791)	(3,941,451)	-	(1,533,054)	(191,990)	(6,731,286)

May Revise Vs. Senate/Assembly Version

- The BAM allocation, using the May Revise revenues, results in a \$17.7 Million allocation-versus-expenditure deficit
- The BAM allocation, using the Senate/Assembly revenues results in a \$6.7 Million allocation-versus-expenditure deficit
- As the BAM allocation model excludes the distribution of the unallocated SCFF Rollback Set-aside ...
- Including the Set-aside in the allocation process would result in:
 - a May Revise deficit of \$11.1 Million,
 - a Senate/Assembly surplus of \$1.0 Million
- The “Keep-in-mind” is the fact that (at 2019-20 **P-1**) the District’s Total Computational Revenue (TCR) included \$10.3 Million in Hold Harmless Allowance

Looking Ahead – Opportunities and Budget Risks

- ❑ Although the Senate and Assembly may pass a budget, the Governor has line-item veto power
- ❑ Revenues for 2019-20 won't really be known until after the (delayed) July 15 income tax due date.
- ❑ An “August Revise” may occur
- ❑ There are varying theories how long the economic downturn will last
- ❑ The District currently has a budgeting “Structural Deficit” which is exacerbated by cost-increases
- ❑ And ... there is the SCFF Cliff beginning 2024-25

In Summary

- ❑ The District is required to adopt a Tentative Budget on or by July 1st
- ❑ The District may not know what State revenues it will receive, until well after the adoption of the Tentative Budget
- ❑ The District recognizes that it has some budgetary issues
- ❑ And, the District is committed to addressing those budgetary challenges

Questions and Comments
