

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

Convocation Presentation – August 13, 2020
Budget Update, Fiscal Year 2020-21

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The Budget for 2020-21

- ❑ On June 29, 2020, **Governor Newsom signed into law a \$202.1 billion spending plan ... (\$133.9B General Fund Expenditures) ... for the 2020-21 fiscal year ... by signing into law **SB 74 and AB 89****

- ❑ For **Community Colleges** the **Significant aspects** are:
 - **No COLA Funding**
 - **No Growth Funding**
 - **SCFF “Hold Harmless”** is extended through 2023-24
 - **Revenue Deferrals will be enacted**

The Budget for 2020-21

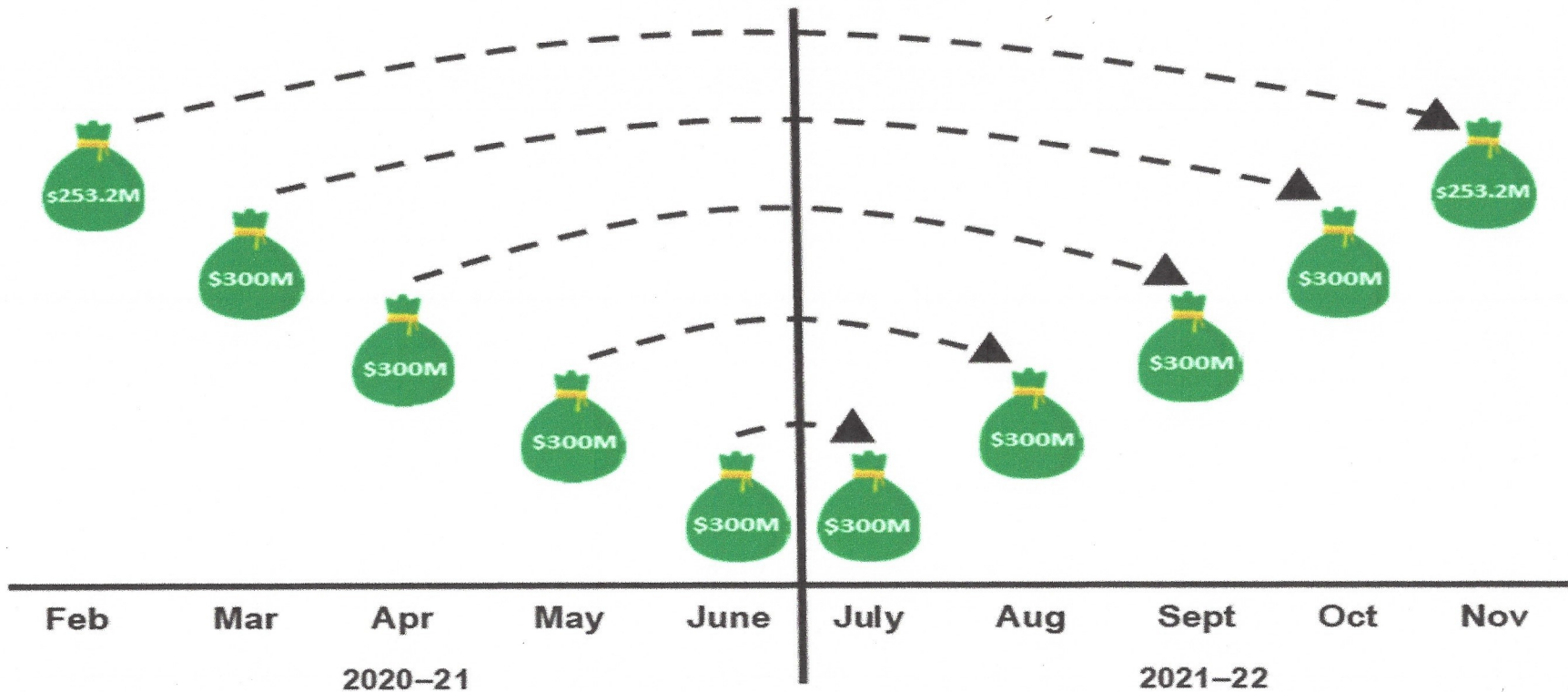
- ❑ Basically ... the **2020-21 Budget for Community Colleges is the same as per 2019-20**

- ❑ For CLPCCD, the **Deferrals** come in two tranches:
 - **Non-triggered Deferrals** of \$4.5M from 2019-20 into 2020-21, and \$9.1M from 2020-21 into 2021-22

 - **Potential Additional (Triggered) Deferrals** of \$11.1M (from 2020-21 into 2021-22) ... if no Federal funding is received ... Resulting in a potential \$20.2M in combined deferrals ... (**\$1.45 Billion for the System**)

A Word about Deferrals (Basically it's an IOU)

Cash Deferrals 2020–21
(in millions)



Community Colleges Impact

- **Rejected** (in the 2020-21 Budget) were all of the **May Revision Reductions** for:
 - **Apportionment (8%)**
 - **Strong Workforce Program**
 - **Student Equity and Achievement Program**
 - **Adult Education Programs**
 - **Part-time Faculty Office Hours and Compensation**

Community Colleges Impact

- ❑ **Rejected** was the proposal to move the **Dreamer Resource Liaison Program** into the **SEA Program**
- ❑ **Provided** is \$5.8 million ongoing Proposition 98 General Fund to support the **Dreamer Resource Liaison program**
- ❑ **Provided** is ongoing support for **immigrant legal services**
- ❑ **Approved** is the May Revision proposal to create a **Food Pantry** expense within the **SEA**

Community Colleges Impact

- ❑ Reduces funding for **Calbright College** by \$5 million ongoing and \$40 million one-time
- ❑ Defers creation of the **System of Support Program**
- ❑ Approves **25 new and 15 continuing Prop 51 projects**, including \$674,000 for the Chabot College Maintenance Warehouse
- ❑ Approves **\$700,000 in one-time support** for a working group to review current rules governing the use of athletes' names, images and likeness per the **Fair Pay to Play Act**.

Community Colleges Impact

- Provides \$120 million one-time State and Federal funding to support a **COVID 19 Response Block Grant** to colleges to support expenses such as:
 - Mental health services,
 - Housing and food insecurity,
 - Re-engagement for students who left college in Spring 2020,
 - Technology and development of online courses and student supports.

State Revenues: May Revise vs. June Adopted Budget

	A	B	C	D	E
1		2020-21	Tentative Budget	June Adopted Budget	Variance
2		SCFF Funding/Hold Harmless			
3		2018-19 TCR	114,203,408	114,203,408	-
4		Governor's May Revise 8% Reduction	(9,136,273)	-	9,136,273
5		Application of 1% Deficit Factor	(1,050,671)	(1,142,034)	(91,363)
6		"Foundation" Set-aside (For Redistribution)	(7,983,396)	(8,677,603)	(694,208)
7		Subtotal: Non-Foundation Apportionment	96,033,068	104,383,770	8,350,702
8		Roll Back Set-aside	(8,020,816)	(8,718,279)	(697,463)
9		Approved Roll-back Set-aside for SCFF Projects	1,157,615	1,157,615	-
10		Pre UGF State Funding Subtotal	89,169,867	96,823,107	7,653,240
11		Lottery	2,662,148	2,662,148	-
12		Mandated Cost Block Allocation	511,302	511,302	-
13		Other State Faculty Reimbursement	279,575	328,912	49,337
14		BAM- Step 2 (A-C) Subtotal	92,622,892	100,325,469	7,702,577
15		BAM - Step 2D - Add-Back Foundation	7,983,396	8,677,603	694,208
16		BAM - Step 2E Revenue for Distribution	100,606,288	109,003,072	8,396,784

BAM Revenue Distribution & Current Tentative Budget Expenditures

	A	B	C	D	E	F	G	H
1	CLPCCD Tentative Budget - (June Adopted Budget)		Chabot	LPC	Dist-wide	D.O.	M&O	Total
2	BAM # 3	Distribution of Committed Costs	1,109,494	457,851	13,879,620	-	-	15,446,965
3	BAM # 4	Allocated Costs (D.O = 10.48%; M&O = 8.53%)				8,895,267	7,240,136	16,135,404
4	BAM # 6A	Foundation Allocation	3,784,303	3,243,688		909,413	740,200	8,677,603
5			43.61%	37.38%		10.48%	8.53%	100%
6	BAM # 6B	Allocated Costs (CC = 57.80%, LPC = 42.20%)	39,733,512	29,009,588				68,743,100
7	Total BAM Distributions		44,627,309	32,711,127	13,879,620	9,804,680	7,980,336	109,003,072
8		Other & Local Revenues	3,217,595	2,248,489	-	1,078,955	-	
9		Transfers-in	1,168,701	187,347	-	50,197	95,313	
10	Total Revenues		49,013,605	35,146,963	13,879,620	10,933,832	8,075,649	
11		Expenditures	51,016,112	39,215,161	13,879,620	12,734,703	8,485,623	
12		Transfers-Out	252,153	753,087	-	-	-	
13	Total Expenditures & Transfers		51,268,265	39,968,248	13,879,620	12,734,703	8,485,623	
14	Increase/Decrease to Fund Balance		(2,254,660)	(4,821,285)	-	(1,800,871)	(409,974)	(9,286,790)

Projection: District 2020-21 Unrestricted Fund

- The **BAM allocation** ... using State Adopted Budget **results** in a **\$9.3 Million (allocation-versus-expenditure) deficit**
- But, remember ... the **BAM allocation model excludes the distribution of unallocated SCFF Rollback Set-aside ... Using all of the Rollback funds ... would reduce the deficit to \$1.7 Million**
- That doesn't sound too bad ... but, **Keep-in-minds** ... are the following:
 1. The budget includes **\$4.6 Million in unfilled position savings, and**
 2. At 2019-20 P-2 the District's Total Computational Revenue (TCR) **included \$10.4 Million in SCFF Hold Harmless Allowance**

Looking Ahead – Budget Risks and Opportunities

- How long will the **economic downturn** last?

Long-Term Revenue Forecast - Three Largest General Fund Revenue Sources (≈96%)						
<i>(in Billions)</i>						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Personal Income Tax	99.2	94.8	76.8	76.8	81.4	87.7
Sales and Use Tax	26.1	24.9	20.6	23.7	24.6	25.4
Corporation Tax	<u>14.1</u>	<u>13.9</u>	<u>16.6</u>	<u>15.9</u>	<u>16.0</u>	<u>14.9</u>
Total	<u>139.4</u>	<u>133.6</u>	<u>114.0</u>	<u>116.4</u>	<u>122.0</u>	<u>128.0</u>
Growth over P.Y.	6.4%	-4.2%	-14.6%	2.1%	4.8%	4.9%
<i>Source: Governor's 2020-21 May Revise Budget Summary</i>						

Looking Ahead – Budget Risks and Opportunities

- The **2020-21 State Budget** depends heavily upon “**one-time**” funds and **deferred revenues**:
 - \$7.8 Billion in Rainy Day Reserves (almost half of what was available)
 - \$4.1 Billion in “Non-triggered” Deferred Revenues
 - \$7.6 Billion in “Triggered” Deferred Revenues
- The District currently has a budgetary “**Structural Deficit**” which will only be exacerbated by future cost-increases
- + An “**August State Budget Revise**” is anticipated
- + **SCFF-Cliff** (loss of “Hold Harmless”) **doesn’t begin until 2024-25**, which gives the District time to adapt

Additional Information

Further information regarding the District's Budget and budget planning is available at the District's **Planning and Budget Committee Website** at:

[http://www.clpccd.org/business/Planning and Budget Committee.php](http://www.clpccd.org/business/PlanningandBudgetCommittee.php)