



C H A B O T - L A S P O S I T A S

| *Community College District*

PBC Meeting – July 2, 2020
Budget Update, Fiscal Year 2020-21

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The Budget for 2020-21

- ❑ On June 29, 2020, **Governor Gavin Newsom signed into law the \$202.1 billion spending plan** for the 2020-21 fiscal year by signing:
 1. **Senate Bill (SB) 74** – the 2020-21 State Budget Act that the Legislature had sent to the Governor on June 15 ... (before striking a deal with the Administration on June 22)
 2. **Assembly Bill (AB) 89** – which is the State Budget bill that reflects the agreement between the Legislature and Administration, that makes amendments to SB 74.

Community Colleges Impact

- ❑ The 2020-21 **Budget for community colleges is basically the same one proposed by the Legislature**, but with the following **major** changes:
 - **No COLA**
 - **No Growth**
 - **Deferrals** of \$4.5M from 2019-20 into 2020-21, and \$9.1M from 2020-21 into 2021-22
 - **Potential additional (Trigger) Deferral** of \$11.1M (from 2020-21 into 2021-22) ... if no Federal funding is received ... So a potential \$20.2M in combined deferrals

Community Colleges Impact

- ❑ Rejects May Revision proposals to cut **Apportionment Funding**, and approves **Hold Harmless Funding through 2023-24**

 - ❑ Rejects the May Revision proposals to reduce funding for:
 - the **Strong Workforce**

 - the **Student Equity and Achievement Program SEA**

 - the **Adult Education Programs**
- ... keeping the programs at the 2019-20 spending level

Community Colleges Impact

- ❑ Rejects the May Revision proposals to reduce funding for:
 - **Part-time faculty office hours and compensation**
 - **Academic Senate**

- ❑ Rejects the proposal to **move the Dreamer Resource Liaison Program into the SEA Program**

- Provides \$5.8 million ongoing Proposition 98 General Fund to support the **Dreamer Resource Liaison program ... and ...** approves the Governor's Budget proposal to provide ongoing support for **immigrant legal services**

- ❑ Approves 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 the Governor's Budget proposal to create the **System of Support program**
- ❑ Approves the Governor's Budget and May Revision proposals to **support 25 new and 15 continuing capital outlay projects** using Proposition 51 funding. Also approves the May Revision proposal to reappropriate funds for 9 projects
- ❑ Approves the Governor's Budget proposal to provide a **\$700,000 one-time support** to 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 Proposition 98 General Fund and federal funding to support a basic needs/learning loss/**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.

Community Colleges Impact

- ❑ Makes **technical funding adjustments** to various programs, including the Mandates Block Grant, Student Success Completion Grant, California College Promise, Financial Aid Administration, local property taxes, student fees, oil and mineral reserves, and the Education Protection Account.

Community Colleges Impact

- ❑ Approves the **May Revision proposal to withdraw several Governor's Budget proposals**, including funding for textbooks for dual enrollment students, zero-textbook-cost degrees, the faculty diversity fellowship program, work-based learning models, budget year apprenticeship instructional hours; increases to the California Apprenticeship Initiative and Chancellor's Office; and cost-of-living adjustments for adult education and other categorical programs.

Community Colleges Impact

- ❑ **States that it is the intent of the Legislature** that community college districts **retain all classified employees**, and with the amount of funding and flexibility provided to community colleges in the 2020 Budget Act, community colleges can and should avoid layoffs of classified employees in the 2020-21 fiscal year. Prohibits the governing board of a community college district from terminating the services of any permanent or probationary classified employees of the school district or community college district that either hold classifications in or are assigned to positions **in nutrition, transportation, or custodial services**

May Revise vs. June 29 Adopted Budget

Comparison of State Revenues Under the Governor's May Revise & the June 29 Adopted Budget

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%		-	-	-
.05% Growth		-	-	-
Governor's 8% Reduction		(9,136,273)	-	9,136,273
Application of 1% Deficit Factor		(1,050,671)	(1,142,034)	(91,363)
"Foundation" Set-aside (For Redistribution)		(7,983,396)	(8,878,057)	(894,661)
Subtotal: Non-Foundation Apportionment		96,033,068	104,183,317	8,150,249
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	96,421,262	7,251,394
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	100,068,802	7,445,909
BAM - Step 2D - Add-Back Foundation		7,983,396	8,878,057	894,661
BAM - Step 2E Revenue for Distribution		100,606,288	108,946,858	8,340,570
BAM Step 3A - Committed Costs		15,446,965	15,446,965	
BAM Step 3B - Remaining Balance to Distribute		85,159,323	93,499,893	8,340,570

May Revise vs. June 29 Adopted Budget

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. June 29 Adopted Budget

BAM Distribution & Current Tentative Budget Expenditures

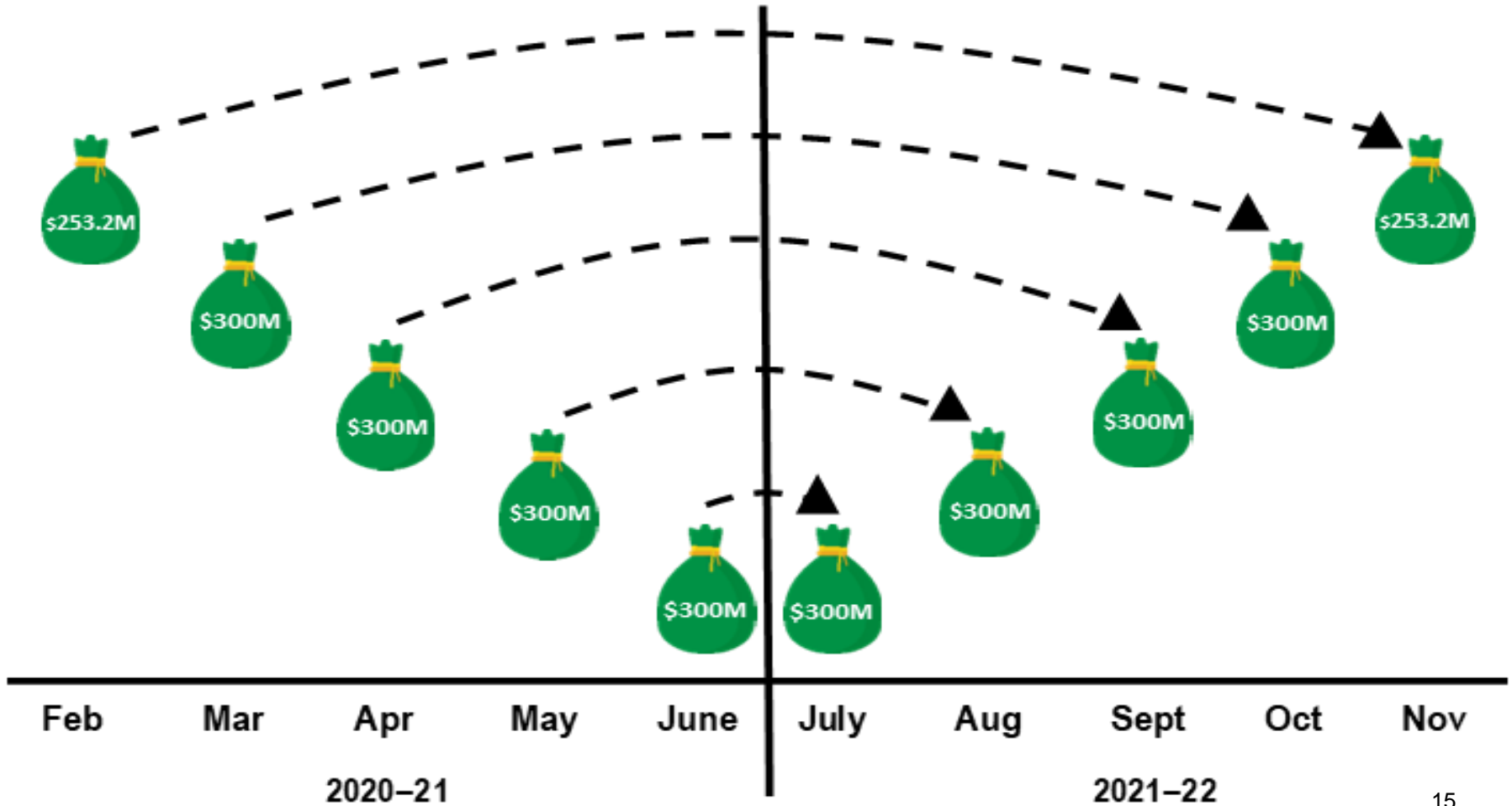
CLPCCD Tentative Budget - (June 29 Budget)		Chabot	LPC	Dist-wide	D.O.	M&O	Total
	Distribution of Committed Costs	1,109,494	457,851	13,879,620	-	-	15,446,965
BAM # 6A	Foundation Allocation	3,871,721	3,318,618		930,420	757,298	8,878,057
		43.61%	37.38%		10.48%	8.53%	100%
	Remainder						84,621,837
BAM # 4	Allocated Costs (D.O = 10.48%; M&O = 8.53%)				8,868,368	7,218,243	16,086,611
	Remainder						68,535,225
BAM # 6B	Allocated Costs (CC = 57.80%, LPC = 42.20%)	39,613,360	28,921,865				68,535,225
Total BAM Distributions		44,594,575	32,698,334	13,879,620	9,798,789	7,975,541	108,946,858
	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		48,980,871	35,134,170	13,879,620	10,927,941	8,070,854	
	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		(2,287,394)	(4,834,078)	-	(1,806,762)	(414,769)	(9,343,004)

May Revise vs. June 29 Adopted Budget

- The BAM allocation, using the May Revise revenues, resulted in a **\$17.7 Million allocation-versus-expenditure deficit**
- The BAM allocation, using June 29 Version results in a **\$9.3 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 June 29 Budget deficit of \$1.1 Million
- The **“Keep-in-minds”** are the facts that:
 - **Budgeted Expenditures include \$4.6 Million in unfilled position savings**
 - **At 2019-20 P-2 the District’s Total Computational Revenue (TCR) included \$10.4 Million in Hold Harmless Allowance**

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

Cash Deferrals 2020–21
(in millions)



A Word about P-2 Deficit Factor (its only temporary)

- ❑ As of 2019-20 P-2, the Community College System had the following revenue Shortfalls:
 - \$462 Million in Education Protection Act (EPA)
 - \$ 64 Million in Local Property Taxes
 - \$ 17 Million in Enrollment Fees
- ❑ This has resulted in a 8.16% Deficit Factor
- ❑ The 2019-20 P-2, “Schedule C” shows a funding loss of \$9.3 Million for CLPCCD
- ❑ Fortunately, the 2020-21 State Budget includes \$550 Million to “Backfill” these loses

Looking Ahead – Opportunities and Budget Risks

- ❑ Revenues for 2019-20 won't really be known until after the (delayed) July 15 income tax due date.
- ❑ An “August State Budget Revise” is anticipated
- ❑ There are varying theories on 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

Questions and Comments

Questions