



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

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- ❑ 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

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- ❑ 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. 31<sup>st</sup>

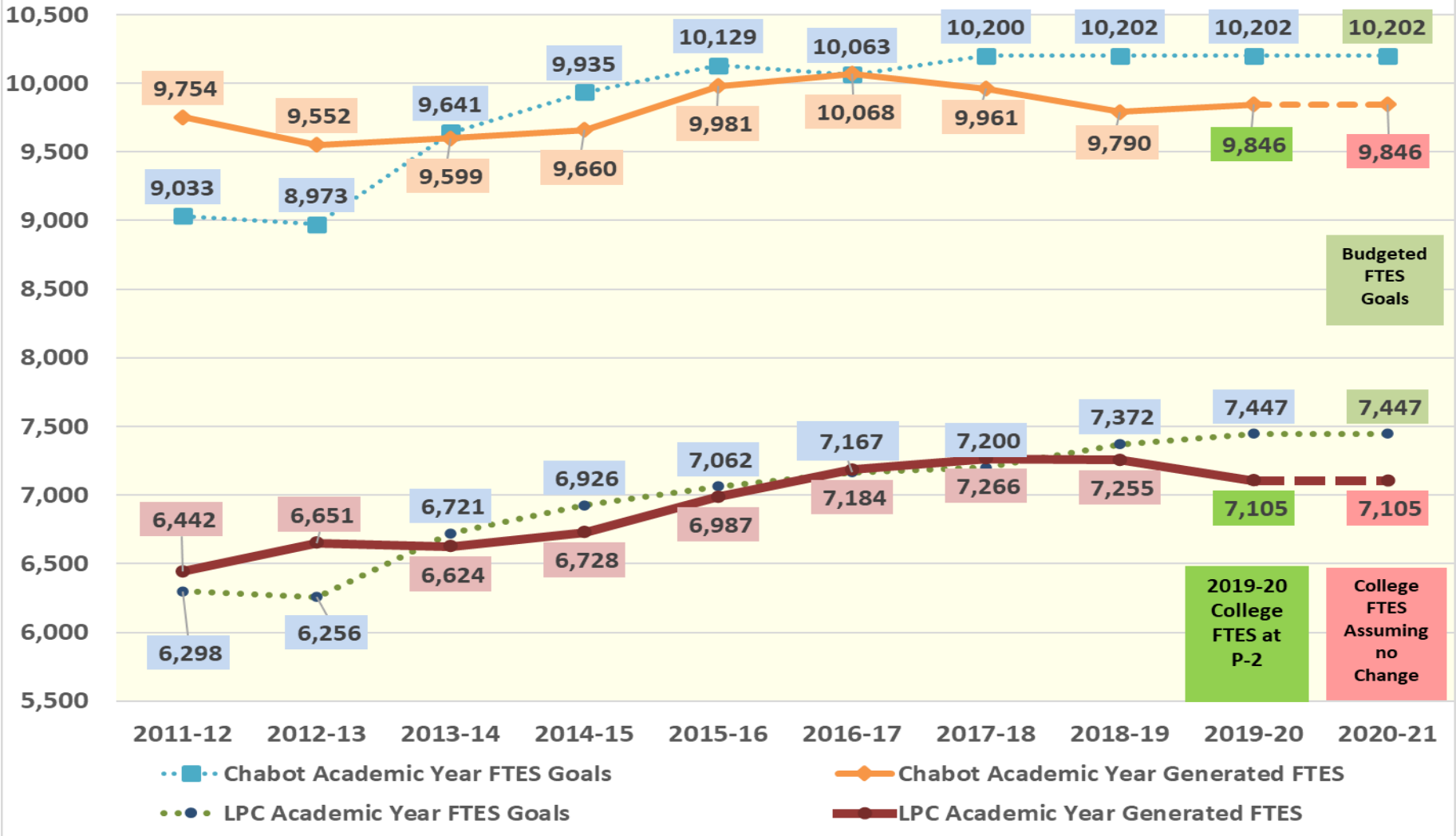
# Budget Requirement

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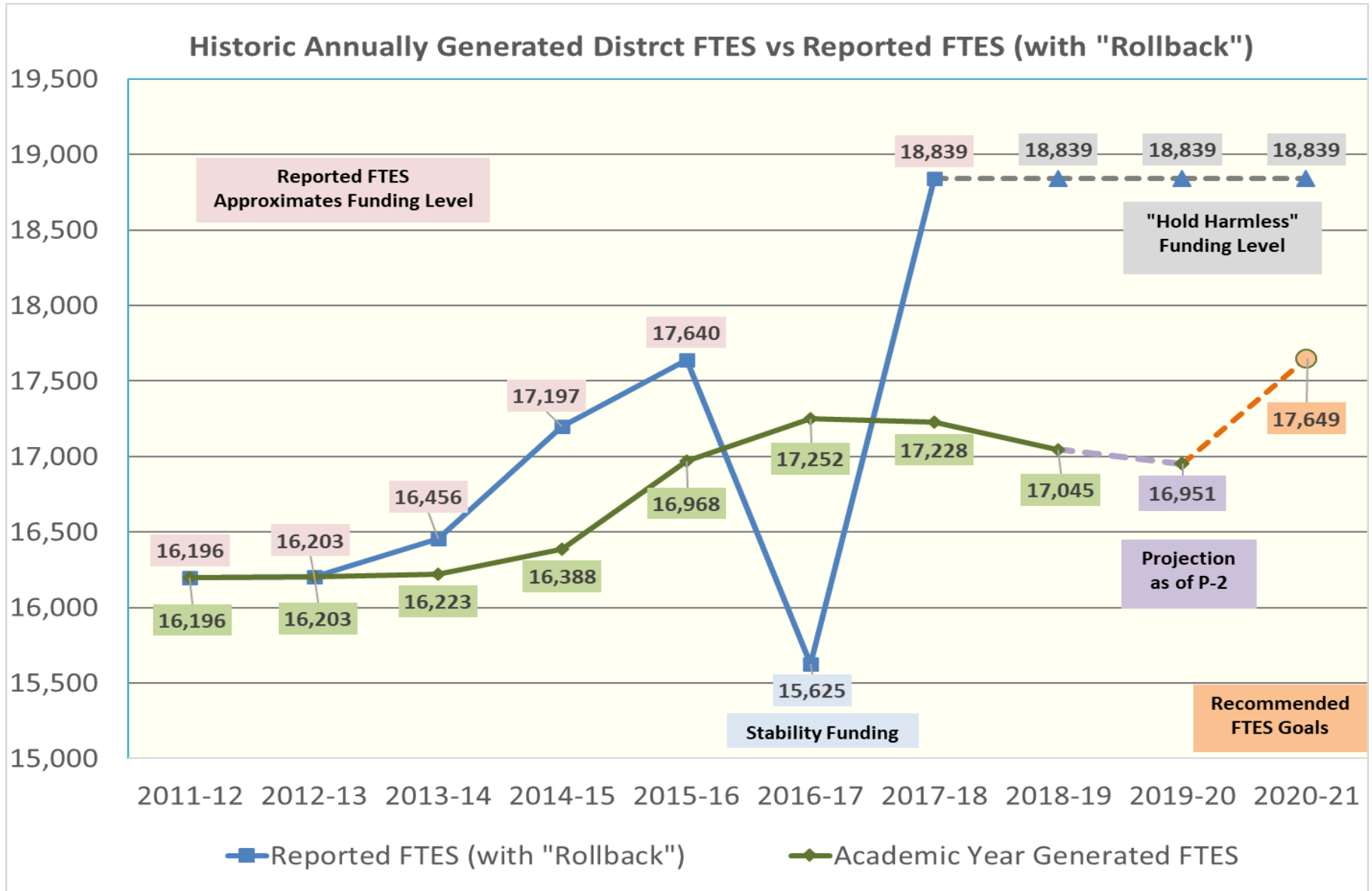
- ❑ As the District has the option of meeting the regulatory requirement, with a due date of Sept. 15<sup>th</sup>, or the suspended due date of Oct. 31<sup>st</sup>, per Chancellor Oakley's Executive Order:
- ❑ The District will hold a public hearing, and budget adoption on either September 8<sup>th</sup>, or October 20<sup>th</sup>, 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

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- ❑ **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

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- **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

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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

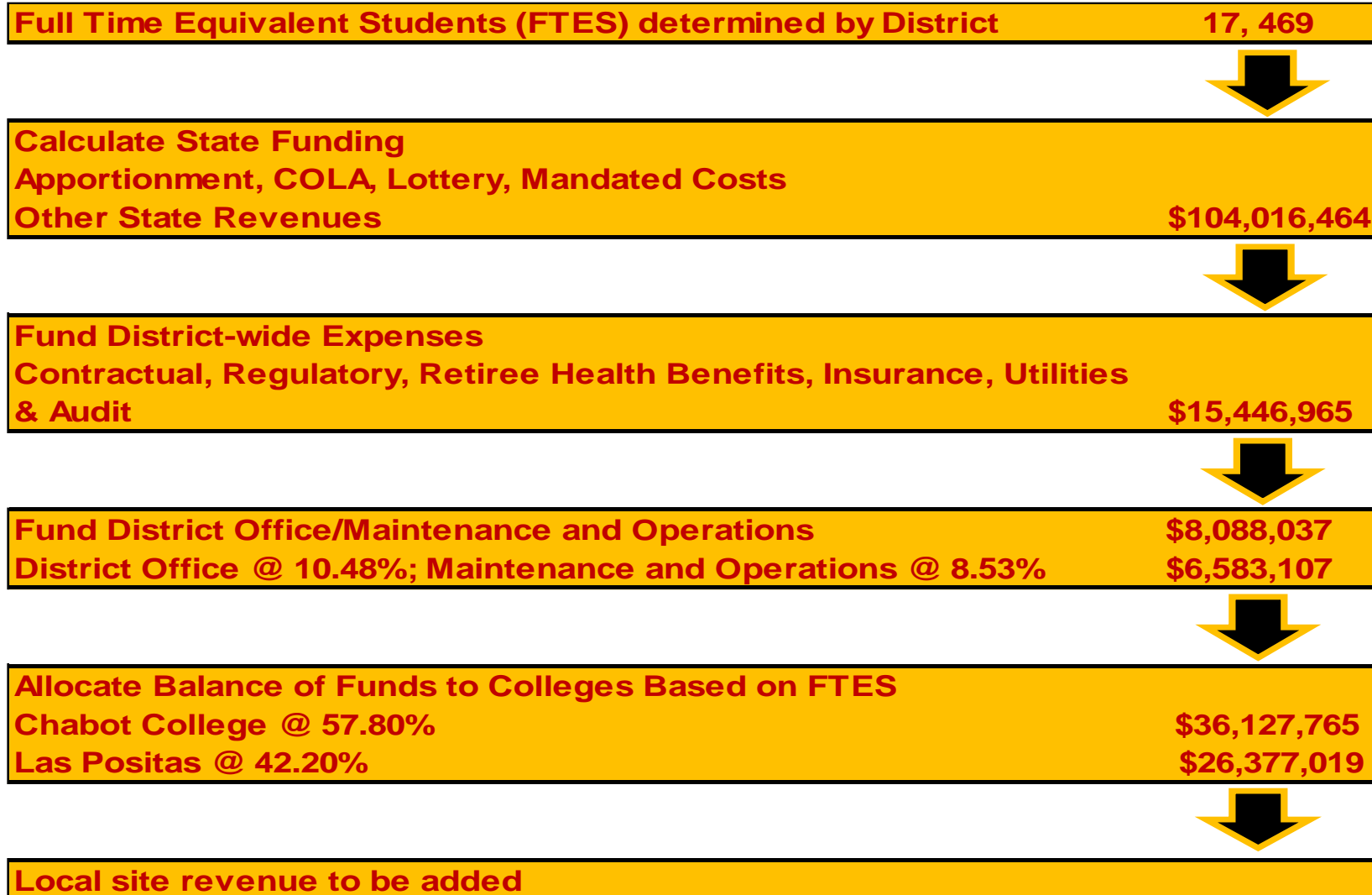
# Major Expenditure Assumptions

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- ❑ 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

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

<b>REVENUE</b>	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$115,349,527
<b>EXPENDITURES</b>	
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)

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<b>REVENUE</b>	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$33,732,809
<b>EXPENDITURES</b>	
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)

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<b>REVENUE</b>	
Operations/Commissions and Interest	\$45,207
<b>EXPENDITURES</b>	
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)

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



# Tentative Budget 2020-21 - EDCE (page 38)

<b>REVENUE</b>	
State/Local/Federal Revenue Transfers In	\$123,933,324
<b>EXPENDITURES</b>	
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)

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<b>REVENUE</b>	
Transfers and Interest	\$7,927,691
<b>EXPENDITURES</b>	
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)

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<b>REVENUE</b>	
Interest & Proceeds –Sale of Capital Assets	\$2,071,356
<b>EXPENDITURES</b>	
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)

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<b>REVENUE</b>	
State /Local/Federal Revenue and Transfers	\$905,000
<b>EXPENDITURES</b>	
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)

<b>REVENUE</b>	
Interest	\$20,000
<b>EXPENDITURES</b>	
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

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- 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 1<sup>st</sup> 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 15<sup>th</sup> 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
<b>SCFF Funding/Hold Harmless</b>				
	2018-19 TCR	<b>114,203,408</b>	<b>114,203,408</b>	-
	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)
	<b>Subtotal: Non-Foundation Apportionment</b>	<b>96,033,068</b>	<b>106,795,035</b>	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	-
	<b>Pre UGF State Funding Subtotal</b>	<b>89,169,867</b>	<b>99,032,979</b>	<b>9,863,112</b>
	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
	<b>BAM- Step 2 (A-C) Subtotal</b>	<b>92,622,892</b>	<b>102,680,519</b>	<b>10,057,627</b>
	<b>BAM - Step 2D - Add-Back Foundation</b>	7,983,396	8,878,057	894,661
	<b>BAM - Step 2E Revenue for Distribution</b>	<b>100,606,288</b>	<b>111,558,576</b>	<b>10,952,288</b>
	BAM Step 3A - Committed Costs	15,446,965	15,446,965	
	<b>BAM Step 3B - Remaining Balance to Distibute</b>	<b>85,159,323</b>	<b>96,111,611</b>	<b>10,952,288</b>

# 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
<b>BAM # 6A</b>	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
<b>BAM # 4</b>	Allocated Costs (D.O = 10.48%; M&O = 8.53%)				8,088,037	6,583,107	14,671,144
	Remainder						62,504,783
<b>BAM # 6B</b>	Allocated Costs (CC = 57.80%, LPC = 42.20%)	36,127,765	26,377,019				62,504,783
	<b>Total BAM Distributions</b>	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	
	<b>Total Revenues</b>	<b>45,105,114</b>	<b>32,254,899</b>	<b>13,879,620</b>	<b>10,053,849</b>	<b>7,359,403</b>	
	Expenditures	51,016,112	39,215,161	13,879,620	12,734,703	8,485,623	
	Transfers-Out	252,153	753,087	-	-	-	
	<b>Total Expenditures &amp; Transfers</b>	<b>51,268,265</b>	<b>39,968,248</b>	<b>13,879,620</b>	<b>12,734,703</b>	<b>8,485,623</b>	
	<b>Increase/Decrease to Fund Balance</b>	<b>(6,163,151)</b>	<b>(7,713,349)</b>	<b>-</b>	<b>(2,680,854)</b>	<b>(1,126,220)</b>	<b>(17,683,574)</b>



# May Revise Vs. Senate/Assembly Version

## BAM Distribution & Current Tentative Budget Expenditures

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	
<b>BAM # 6A</b> 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	
<b>BAM # 4</b> Allocated Costs (D.O = 10.48%; M&O = 8.53%)				9,142,076	7,441,022	16,583,099	
Remainder						70,650,456	
<b>BAM # 6B</b> Allocated Costs (CC = 57.80%, LPC = 42.20%)	40,835,963	29,814,492				70,650,456	
<b>Total BAM Distributions</b>	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		
<b>Total Revenues</b>	<b>50,203,474</b>	<b>36,026,797</b>	<b>13,879,620</b>	<b>11,201,649</b>	<b>8,293,633</b>		
Expenditures	51,016,112	39,215,161	13,879,620	12,734,703	8,485,623		
Transfers-Out	252,153	753,087	-	-	-		
<b>Total Expenditures &amp; Transfers</b>	<b>51,268,265</b>	<b>39,968,248</b>	<b>13,879,620</b>	<b>12,734,703</b>	<b>8,485,623</b>		
<b>Increase/Decrease to Fund Balance</b>	<b>(1,064,791)</b>	<b>(3,941,451)</b>	<b>-</b>	<b>(1,533,054)</b>	<b>(191,990)</b>	<b>(6,731,286)</b>	

# May Revise Vs. Senate/Assembly Version

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- 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

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- ❑ 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

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- ❑ The District is required to adopt a Tentative Budget on or by July 1<sup>st</sup>
- ❑ 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

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