



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

| *Community College District*

Budget Update and Review of Governor's Budget Proposal and Potential Impacts

January 26, 2021



What We'll Cover:

- **Governor's January Budget Proposal**
 - Released on January 8th, Governor Newsom's proposed budget provides a stark contrast to the previous pessimistic assumptions
- **Federal Stimulus Funds**
 - The latest round of \$20.2 billion in federal funds for higher education provide welcome relief for the colleges and its students
- **Enrollment Update**
 - With enrollment continuing to decline it is imperative to evaluate FTES targets and recognize the financial challenges it presents



Governor's Proposal:

- Overall
 - The proposed budget is reflective of updated revenue assumptions that align with actual tax receipts; the state's original revenue forecasts proved far more pessimistic than what ultimately materialized
- Proposition 98 Funding
 - Estimated at \$85.8 billion, the highest funding level in history.
- Non-Proposition 98 Funding
 - \$2.3 billion to buy-down employer pension rates in FY 2021-22 (CalPERS and CalSTRS).



Budget Windfall:

- Governor's Proposal
 - Recognizing \$15 billion in one-time revenue (LAO had projected \$26 billion)
- Uses:
 - Paying off two-thirds of the K-14 deferrals
 - Deposit \$3 billion into the Public School System Stabilization Account
 - Other proposals (\$600 relief payments, additional assistance to small businesses, homelessness, etc.)



Community College System:

- 1.5% COLA
 - Approximately \$1.7M in additional, ongoing revenue for the District
 - K-12 received a 3.84% COLA
- 0.5% Growth:
 - The District will almost certainly be unable to access any growth funding
- \$150M for emergency financial aid for students
 - Assuming funding is distributed by FTES, the District should anticipate receiving approximately \$2.2M



Community College System:

- \$100M to address food and housing insecurity
 - Assuming funding is distributed by FTES, the District could anticipate receiving approximately \$1.5M
- Other Items
 - Technology Access for students
 - Professional Development for Faculty to teach online
 - Zero-Textbook-Cost Degrees



Federal Stimulus Funds:

Higher Education Relief Fund (ESTIMATED)			
	Institutional Aid	Student Aid	Total Allocation
Chabot College	7,097,580	2,227,420	9,325,000
Las Positas College	4,524,254	1,489,746	6,014,000
District Total	\$11,621,834	\$3,717,166	\$15,339,000

Source: American Council on Education





Federal Stimulus Funds:

- Approximately 25% of the funds in direct emergency grants to students
 - The dollars in direct emergency student aid is likely to have the same high level of flexibility for institutions to set their specific criteria for qualifications
- Institutional Funds
 - While no official or formal guidance has been released from the Department of Education, early indications are greater flexibility will be granted to these funds than previous institutional dollars
- California Advocacy
 - California was successful in advocating for distribution of dollars based upon headcount as opposed to the previous FTES methodology



Enrollment Update:

- Fall 2020
 - With nearly all sections shifting to online learning, fall 2020 FTES was down greater than 14% compared to fall 2019
 - Productivity ratios (WSCH/FTEF and FTES/FTEF) are also down semester-to-semester
- Spring 2021
 - While census has not yet occurred, early indications show an FTES decline of greater than 5% compared to spring 2020
- Summer 2020 was up 10.5% but...
 - Summer term represents only 14% of the total FTES generated throughout the academic year and cannot, by itself, compensate for the significant decline in fall semester and the likely decline in spring semester



Enrollment Update:

- The District recently reported its estimated FTES to the State Chancellor’s Office; this was done prior to the start of spring semester and is updated later in the fiscal year as attendance is firmed up.

	Resident FTES			
	FY 2019-20	FY 2020-21 (est.)	Difference	% Change
Chabot College	9,883	9,112	(771)	-7.80%
Las Positas College	7,104	6,159	(945)	-13.30%
Total	16,987	15,271	(1,716)	-10.10%





Enrollment Update:

- District Enrollment Management Committee
 - Recommended funding at 17,649 FTES in FY 2020-21
 - This recommendation was enacted and the budget allocation model distributed funds to the colleges at this level
 - Recommended funding at 16,974 FTES in FY 2021-22, a year-over-year reduction of 3.8%
 - Based on the recent enrollment figures, additional conversations on the FY 2021-22 target will be occurring



Enrollment Update:

- As a reminder to the Board...
 - The District is under the “hold harmless” provision within the SCFF which under current law sunsets in FY 2024-25
 - The “hold harmless” apportionment revenue is based on FY 2017-18, a year in which the District reported two summer sessions and secured funding for over 18,800 resident FTES
 - Based on FY 2019-20’s latest apportionment report, the District is receiving \$10.4M in hold harmless funding
 - Absent significant changes to the SCFF, the District must continue making strides in controlling and reducing expenditures in preparation for the end of the “hold harmless” funding
 - Work on this is ongoing through the governance structure



Questions?