BUDGET FORUM
February 3, 2021

Henry D. Shannon
Superintendent/President

Lisa Bailey, Associate Superintendent
Business Services & Economic Development

Anita Undercoffer
Executive Director, Budgeting & Fiscal Services
TODAY’S PRESENTATION

- 2020-2021 Current year update
- 2021-2022 Proposed State Budget
- Economic Outlook
- Institutional Challenges & Planning
- District Budget Development
Approved State Budget projected cash shortages ($54.3b deficit) caused by COVID-19 and related issues
- Cash Deferrals instead of reductions
- Relied on anticipated federal funding

Midyear - State revenue coming in higher than expected; no anticipated current year reductions, but cash deferrals remain in place; October Federal funding did not occur

District Budget – Remote working and online classes causing less spending in unrestricted funds; CARES Act restricted funds used for COVID-19 related costs.
CURRENT YEAR BUDGET UPDATE
20-21 Enrollment & SCFF Revenue

- Projected 20-21 FTES: 11,573.69
- Prior 19/20 FTES: 16,948.11

- Dependent on actual enrollment activity through the end of the fiscal year & summer 2021 FTES carry-back

- State Funding Allowances in place to protect funding
Funding Maintained even with FTES loss

1. **Emergency Conditions Allowance**
   - Form submission allows the FTES reported in 19/20 to be used for the remainder of 20/21 and be used as the 20/21 portion to determine the 3 year average credit FTEs for future years

2. **Minimum Revenue Protections**
   - Hold harmless provision in place through 23/24; districts earn at least their 17/18 total computational revenue, adjusted by COLA each year
Deferral of February through June state unrestricted apportionments approximately $1.5m statewide, $19m district.

Most repaid July through November, per 21/22 proposed budget, due to improved state revenue forecasts; $327m statewide to remain in 21/22 and be repaid in 22/23.
Economic & budget outlook improved, but caution needed

- **No Reductions** – budget is fairly flat compared to 20/21 budget. Economy has recovered much faster than originally estimated and PIT, sales taxes and corporation taxes higher than projected.

- **Commitment to:**
  - Paying down state liabilities
  - Maintaining reserves
  - Increased spending primarily for one-time initiatives
Community Colleges
On-Going Unrestricted

- **Access/Growth**: .5% statewide allowable growth, must be earned (0% in 20/21)

- **COLA**: 1.50% statewide, (0% in 20/21) applied to rates within SCFF; proposed conditions:
  - Districts required to maintain a number of online classes that is 10% higher than 18/19
  - Also, districts required to draft actionable plans to close equity gaps as a condition for receiving the 21/22 COLA
PERS & STRS Buy-downs for 2021/22:
Reduction of state unfunded liability for STRS/PERS pensions – reduces Colleges’ liability

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<thead>
<tr>
<th></th>
<th>20/21 Rate</th>
<th>21/22 Rate</th>
<th>21/22 BD</th>
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<tbody>
<tr>
<td>STRS</td>
<td>16.15%</td>
<td>17.92%</td>
<td>15.92%</td>
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<tr>
<td>PERS</td>
<td>20.70%</td>
<td>24.9%</td>
<td>23.00%</td>
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Community Colleges

**Online technology & mental health services:** $30m to increase access to online technology and mental health services

**Online education ecosystem & infrastructure:** $10.6m – to invest in equitable and robust systems

**CENIC broadband access increased costs:** $8m

**Expand CA Apprenticeship (CAI) Initiative:** $15m to expand work-based learning; development of new apprenticeship and pre-apprenticeship programs opportunities in emerging industry sectors
Emergency financial assistance grants: $250m

Students’ basic needs: $100m over three years to address basic needs, including housing and food insecurity

Student retention & enrollment strategies: $20m to increase student retention rates & enrollment

Expand work-based learning: $20m to expand access to work-based learning models & programs at colleges
Increase faculty professional development: $20m to provide online professional development for faculty

Expand Zero-Textbook Cost pathways: $15m, expand by using open educational resources (OER) and other materials that are free to students

Dual enrollment students’ instruction materials: $2.5m

AB 1640 implementation & anti-racism initiatives: $.6m
## 2021-2022 Unrestricted General Fund Budget Projections

### Table: Unrestricted General Fund Budget Details

<table>
<thead>
<tr>
<th></th>
<th>2020-2021 Adopted Budget</th>
<th>2021-2022 Estimated Budget</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
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<tr>
<td>Increase COLA 1.5%</td>
<td>125,508,952</td>
<td>125,508,952</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>125,508,952</td>
<td>127,173,631</td>
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<tr>
<td><strong>Expenses</strong></td>
<td></td>
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<tr>
<td>Increases</td>
<td>125,362,661</td>
<td>125,362,661</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>125,362,661</td>
<td>127,658,167</td>
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<td><strong>Surplus/(Deficit)</strong></td>
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<td></td>
<td>146,291</td>
<td>(484,536)</td>
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<td><strong>Reserves/Ending Bal</strong></td>
<td>32,325,612</td>
<td>31,694,785</td>
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|                      | 25.79%                    | 24.83%                      |

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**Increases:** Estimated step increases; CCFA negotiated costs, election costs, PERS increase
K-Shaped recovery/inequality - wealthy benefitting from strong stock market while low-wage workers in industries most affected by the pandemic are not

Food & housing insecurities and inability of small businesses to endure pandemic

Vaccination roll-out delays causing slower recovery

Revenue growth surpassing original expectations; stock market up, growing housing market & consumer spending remains positive

Unemployment declining-UCLA forecast indicates CA at 6.9% in 2021

Higher than normal personal savings and lower personal debt

Source: Robert McEntire, School Services of California January 2021
ECONOMIC OUTLOOK

December 2020
California 8.8%
Nation 6.5%
Riverside-San Bernardino-Ontario MSA
190,400 unemployed

Riverside-San Bernardino-Ontario MSA

<table>
<thead>
<tr>
<th>Month</th>
<th>December-2020</th>
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<tbody>
<tr>
<td>Dec-19</td>
<td>3.5%</td>
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<tr>
<td>Jan-20</td>
<td>4.1%</td>
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<tr>
<td>Feb-20</td>
<td>4.0%</td>
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<tr>
<td>Mar-20</td>
<td>5.2%</td>
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<td>Apr-20</td>
<td>14.7%</td>
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<tr>
<td>May-20</td>
<td>15.1%</td>
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<tr>
<td>Jun-20</td>
<td>14.3%</td>
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<td>Jul-20</td>
<td>13.4%</td>
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<tr>
<td>Aug-20</td>
<td>10.5%</td>
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<tr>
<td>Sep-20</td>
<td>10.2%</td>
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<tr>
<td>Oct-20</td>
<td>8.7%</td>
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<tr>
<td>Nov-20</td>
<td>7.9%</td>
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<tr>
<td>Dec-20</td>
<td>9.1%</td>
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CHAFFEY COLLEGE
OUTLOOK/CHALLENGES

- Covid-19 – Safely reinstating in-person classes & additional operating and technology costs
- Student retention & re-engagement
- Student Centered Funding Formula (SCFF) funding
- Cash flow – $19m spring cash deferrals
- Economy unpredictable
Student opportunity in Instruction:
- Increase efficiency and intentionality with scheduling
- Increased learning opportunities in accelerated formats
- Increased marketing and targeted outreach
- Expanded offerings in Summer 2021 and Fall 2021
  - 8 week and two 6 week sessions in summer
  - Online with hybrids in fall

Student success through student services and support:
- Guided Pathways continues as a strategy to increase retention and completion
- Support for most vulnerable students
- Caring Campus
- Continuation of laptop and Wi-Fi support
- Comprehensive support through Centers and Coaches
Fiscal Assumptions:
- Funding continues to be deferred; cash flow diminished
- District will make every effort to avert layoffs for permanent employees
- 85% of District’s UGF budget is comprised of salary & benefits
- District must maintain technology & insure COVID-19 safety standards

Fiscal Actions:
- Prepare District for TRANS borrowing
- Optimize CARES Act Funding
- Vacant personnel positions under review
BUDGET DEVELOPMENT WORKSHOPS:

Tuesday, March 2, 9-10:30
Thursday, March 4, 2-3:30

BUDGET INFORMATION AND MATERIALS TO DEVELOP DEPARTMENT BUDGETS WILL BE AVAILABLE.
QUESTIONS