

Chaffey College

BUDGET FORUM

March 1, 2022

Henry D. Shannon, Superintendent/President

Lisa Bailey, Associate Superintendent
Business Services & Economic Development

Patrick Cabildo, Interim Executive Director,
Fiscal & Audit Services

TODAY'S PRESENTATION



- ❖ 2021-2022 Current year update
- ❖ 2022-2023 Proposed State Budget
- ❖ Economic Outlook
- ❖ Institutional Challenges & Planning
- ❖ District Budget Development



CURRENT YEAR BUDGET UPDATE

21-22 Enrollment & SCFF Revenue

- ❖ Projected 21-22 FTES 12,025.97
Prior 20/21 FTES 10,738.36
- ❖ Dependent on actual enrollment activity through the end of the fiscal year & summer 2022 FTES carry-back
- ❖ State Funding Allowances in place to protect funding



CURRENT YEAR BUDGET UPDATE

21-22 Funding Allowances

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





REVENUE & EXPENSE TREND-ACTUALS

Revenue & Expense Trend - Actuals





PROPOSED STATE BUDGET 22-23

Summary

Economic & Budget Conditions are Positive

- Overall State Budget higher than 21/22 by about 9% –State budget assumes continued economic growth and the Governor remains confident in the state’s recovery from the pandemic and in the stability of a strengthened economy.
- Governor’s budget assumes tax revenues from two of the three main taxes will increase from 21/22.

Big Three Taxes (in billions)

	<u>2021-22</u>	<u>2022-23</u>
Personal Income Tax	\$120.9	\$130.3
Sales and Use Tax	\$30.9	\$32.2
Corporation Tax	\$32.9	\$23.7

- State General Fund surplus of \$45.7 billion for the 2022-23 fiscal year.
- Forecast used to develop the budget does not consider the surge of the Omicron variant, so the COVID-19 pandemic remains a risk to the forecast. Capital gains revenues are approaching a peak level, and a stock market reversal could lead to a substantial decline in revenues. Potential inflation impact.



PROPOSED STATE BUDGET 2021-2023

Community Colleges

- ❖ Proposition 98 minimum guarantee for 2022-23 is expected to increase by \$8.3 billion over the 2021 Budget Act to \$102 billion.
- ❖ Student Centered Funding Formula(SCFF): \$409.4 million to fund cost of living adjustment for SCFF apportionments.
- ❖ SCFF hold harmless to expire after 2024-25 fiscal year. To establish revenue protections and avoid fiscal decline, a proposed funding floor is proposed effective 2025-26.



PROPOSED STATE BUDGET 2022-2023

Community Colleges

- ❖ Access/Growth: .5% statewide \$24.9 Million.
- ❖ Student Enrollment and Retention: to mitigate enrollment declines exacerbated by the pandemic, proposal of \$150 million in one-time support for efforts and focused strategies for retention and enrollment.
- ❖ Expectation for districts to offer at least 50% of lecture and laboratory course as in person instruction for 2022-23.
- ❖ No proposed funding for the California State Teachers' Retirement System (CalSTRS) or the California Public Employees' Retirement System (CalPERS) employer contribution rate relief.

STRS from 16.92% to 19.10%

PERS from 22.91% to 26.10%



PROPOSED STATE BUDGET 2022-2023

Community Colleges

Roadmap to California's Future

- ❖ \$100 million ongoing for students newly eligible for the Student Success Completion Grant due to expanded Cal Grant B and Cal Grant C eligibility for California Community College (CCC) students
- ❖ \$105 million one-time to support the systemwide implementation of a common course numbering system pursuant to the provisions of Assembly Bill (AB) 1111 (Berman, Statutes of 2021)
- ❖ \$65 million onetime for community colleges to implement the transfer reform provisions required by AB 928 (Berman, Statutes of 2021)
- ❖ \$25 million onetime to assist community colleges with the procurement and implementation of software that maps intersegmental curricular pathways



PROPOSED STATE BUDGET 2022-2023

Community Colleges

Roadmap to California's Future

- ❖ \$10 million ongoing to support the sustainable implementation of Equal Employment Opportunity Program best practices to diversify CCC faculty, staff, and administrators
- ❖ \$10 million ongoing to augment resources provided to CCC financial aid offices
- ❖ \$10 million ongoing to expand availability of foster youth support services offered by the NextUp program from 20 districts to 30 districts



PROPOSED STATE BUDGET 2022-2023

Community Colleges

Other programs

- \$200 million ongoing to augment the Chancellor's Office Part-Time Faculty Health Insurance Program to expand healthcare coverage provided to part-time faculty
- \$130 million one-time (of which \$30 million is for 2022-23, \$50 million is for 2023-24, and \$50 million is for 2024-25) to support healthcare-focused vocational pathways for English language learners through Adult Education Program
- \$100 million (of which \$75 million is one-time and \$25 million is ongoing) to address modernization of CCC technology infrastructure, including sensitive data protection efforts at the community colleges
- \$20 million one-time to support emergency student financial assistance grants to eligible AB 540 students
- \$20 million one-time for a grant program that incentivizes public-private partnerships that prepare students in grades 9-14 for the high-skill fields of education and early education; science, technology, engineering and mathematics (STEM); and healthcare
- \$5 million one-time to support the CCC Teacher Credentialing Partnership Program



PROPOSED STATE BUDGET 2022-2023

Community Colleges

COVID-19 Pandemic

- ✓ \$2.7 billion to continue state's fight against COVID – 19.
- ✓ Focused on continuing economic growth keeping schools open, and supporting medical surge efforts
- ✓ \$1.4 billion of the \$2.7 billion to increase vaccination rates and expand testing through June 30, 2022.
- ✓ \$1.3 billion through June 30, 2023, to support continued distribution and administration of vaccines and boosters, statewide testing, and support of hospitals to address medical surges.
- ✓ Call to early action to modify previous COVID -19 Supplemental Paid Sick Leave (SPSL) however no details.



2022-2023 Unrestricted General Fund BUDGET PROJECTIONS

UNRESTRICTED GENERAL FUND	2021-2022 ADOPTED BUDGET	2022-2023 ESTIMATED BUDGET
Revenue	135,058,011	135,058,011
Increase COLA 5.33%		6,436,030
Total Revenue	135,058,011	141,494,041
Expenses	134,724,368	134,724,368
Increases		7,020,841
Total Expenses	134,724,368	141,745,209
Surplus/(Deficit)	333,643	(251,168)
Reserves/Ending Bal	43,263,113	43,011,945
	32.11%	30.34%

Increases: Estimated step increases; negotiated costs, STRS & PERS increase, technology replacement plan, OPED & PST contributions.



ECONOMIC OUTLOOK

- K-Shaped recovery - wealthy benefitting from strong stock market in contrast to low-wage workers in industries most affected by the pandemic
- The California economic recovery continues
- Areas of economic strength support government revenue:
 - Personal income
 - Taxable sales
 - Residential real estate
- Issues to watch:
 - Labor supply (labor force exits, migration/resignation)
 - Inflation



CHAFFEY COLLEGE OUTLOOK/CHALLENGES

- ❖ Enrollment: Student retention & re-engagement
- ❖ COVID-19: future ongoing operating & technology costs without federal funding. (HEERF funding to expire May 2022)
- ❖ New Normal: On going costs to support multiple instructional modalities, mental health, and other social services to advance equity
- ❖ Pension costs: No proposed state buydown for 22-23
- ❖ Inflation: rising costs, likely increase in interest rates
- ❖ Stock market volatility: fluctuating tax revenue source



CHAFFEY COLLEGE BUDGET

INSTITUTIONAL PLANNING

■ Assumptions:

- ✓ 85% of District's UGF budget is comprised of salary & benefits
- ✓ Ongoing technology introduced during pandemic needs to be supported
- ✓ COVID-19 safety standards must be maintained
- ✓ Strong reserves must be maintained for future revenue fluctuations
- ✓ Pension costs are rising and OPEB expenses will increase

■ Actions:

- ✓ Continue to implement marketing and outreach methods to bolster enrollment
- ✓ Continue to monitor vacant personnel positions/operating costs
- ✓ Ensure sufficient funding for technology infrastructure
- ✓ Pre-purchase PPE and related services from existing HEERF funds
- ✓ Continue funding reserve, OPEB trust, and Pension Stability Trust





CHAFFEY COLLEGE

INSTITUTIONAL PLANNING

Scheduling Principles:

- ❖ Increased options for modality in 22-23 (65% online and 35% in-person or hybrid)
- ❖ Increased choices for term lengths
- ❖ Hyflex experimentation
- ❖ Hyflex support
- ❖ Increased outreach (more than 8K phone/texts/emails to students we either lost in March 2020 or students that apply but do not register at Chaffey)
- ❖ New branding for the Chaffey Experience (coming to help promote summer/fall 22!)



DISTRICT BUDGET DEVELOPMENT

BUDGET DEVELOPMENT WORKSHOPS:

💰💰💰 Tuesday, March 2, 9-10:30

💰💰💰 Thursday, March 3, 2-3:30

Budget information and materials to develop department budgets will be distributed

QUESTIONS



To view the recorded meeting, please use the link below.

Meeting Recording:

https://chaffey-edu.zoom.us/rec/share/LNyv3NCRsCXna2N_mi2ztjmWLJ16guiKvjRXZPiQRSjbXOY9IbxrsHSTWFpLocJF.Jx0akpti85p9DwSr

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