



El Camino College

Budget Town Hall

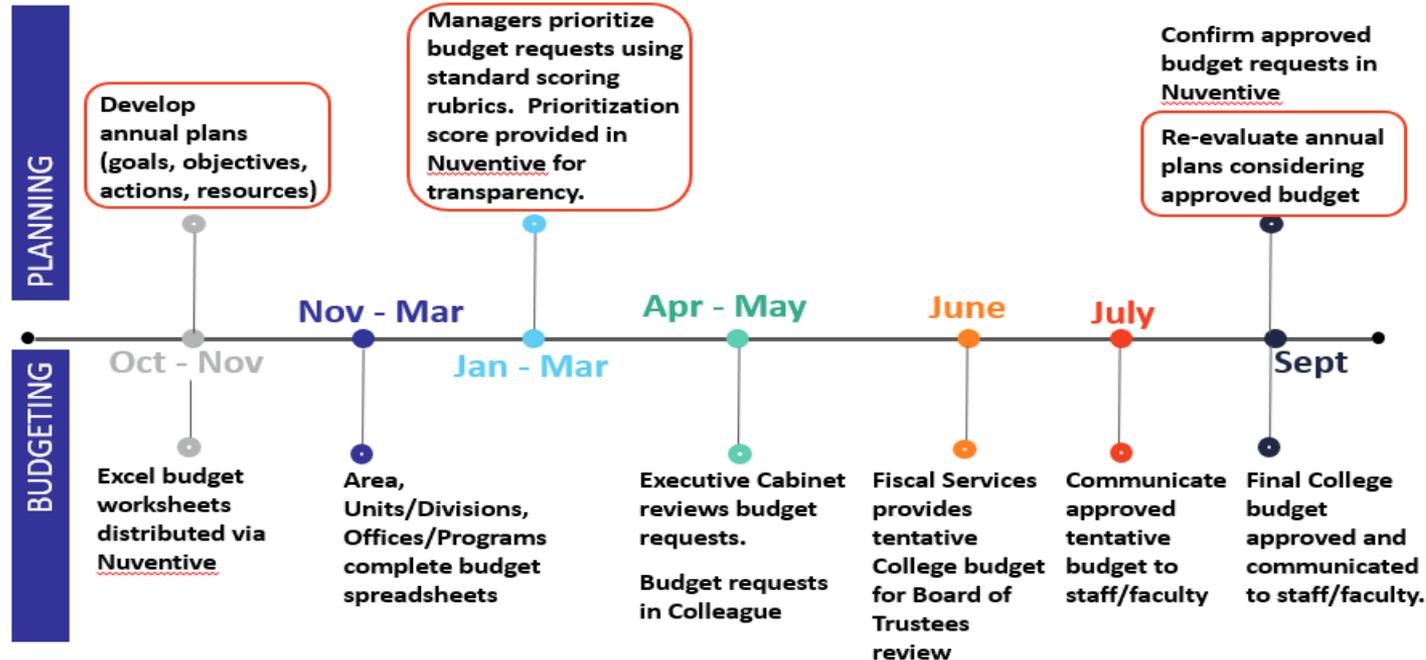
FY 2020-21 & FY 21-22

February 18, 2021

Iris Ingram, Vice President, Administrative Services

Link Between Planning & Budget

Timeline Overview: Pilot



Operating Budget

- FY2020-21 Operating Budget
 - 18 separate fund accounts
 - Defined by State Budget & Accounting Manual (BAM)
 - Unrestricted General Fund (Fund 11)
 - Restricted General Fund (Funds 12-82)

Revenue Model

- 3 sources of State revenue
 - Personal income & Property Taxes
 - Sales & Use Tax
 - Corporate Income Tax
- Proposition 98
 - Apportionment

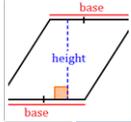
Revenue Model

- Apportionment
 - Full-time Equivalent Student (FTES)
 - The FTES is derived from the assumption that one student is enrolled in courses for 3 hours a day, 5 days a week, for an academic year of 35 weeks. This means one FTES is 525 hours of instruction ($3 \times 5 \times 35 = 525$) in the academic year.

Student Centered Funding Formula (SCFF)

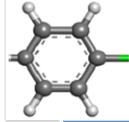
- How is Apportionment Revenue allocated?
 - 70% of CC apportionment funding is calculated on the basis of Full-time Equivalent Students (FTES) in attendance, as reported to the Chancellor's Office on the CCFS-320 Report three times each year.
 - The 70% is based upon a 3-year average of FTES as calculated by the Chancellor's Office for each district.

SCFF Metrics – 2019-20



Base Allocation -70%

- 3 year average FTES



Supplemental Allocation - 20%

- # of California Promise Grant recipients
- # of Pell Grants recipients
- # of AB 540 Students



Student Success Allocation -10%

- Highest Degree attained
- Complete Math & English in Year 1@ transfer level
- Complete \geq 9 CTE units
- Living Wage within 1 year

ECC 2020-21 Budget Assumptions

- 2019-20 Fund 11 Unaudited Ending Balance is \$34,303,223
- Apportionment will be based upon 18,251 FTES using a 3-year average
- Zero COLA
- Apportionment deferrals will equal at least \$29 M
- Step/Column increases for faculty and classified staff, plus benefits will be approximately \$1.94 M
- A reduction to the Faculty Obligation Number (FON) from 334 to 313
- Contributions to PERS/STRS will decrease by \$259,308
- Current budget gap of \$14 M will be closed by a combination of
 - Expense reductions
 - Reserves
 - Internal borrowing

ECC 2020-21 All Funds Budget Allocations & Planned Expenditures/Appropriations

FUND	General Fund Unrestricted - Fund 11	General Fund Restricted - Fund 12	Compton College-Related Activities - Fund 14	Special Programs Compton College Partnership - Fund 15	Stu/Fac Future Liabilities - Fund 18	Capital Outlay Projects - Fund 41	General Obligation Bond - Fund 42	Safety Training Center - Fund 48	Book Store Fund - Fund 51	Workers Compensation Fund - Fund 81	Property And Liability Self-Insurance Fund - Fund 82	Dental Self-Insurance Fund - Fund 83	Post-Employment Benefits Irrevocable Trust Fund - Fund 89	Accoiled Student Body Fund - Fund 71	Student Financial Aid Fund - Fund 74	Auxiliary Services Fund - Fund 76	Student Organizations Fund - Fund 81	Scholarships & Trust Agency Fund - Fund 82	Grand Total
Beginning Balance	34,303,223	8,578,208	(0)	0	10,887,814	8,883,078	43,051,778	10,120,378	422,950	887,878	88,440	214,278	24,687,788	758,905	388,289	268,795	82,119	124,510	140,883,144
Revenue																			
Federal	41,162	3,509,722	-	-	-	-	-	-	-	-	-	-	-	-	36,890,563	-	-	-	40,441,447
State	80,842,690	21,782,781	-	-	-	-	-	-	-	-	-	-	-	-	8,940,454	-	-	-	111,886,925
Local	52,950,793	6,125,637	-	-	200,000	510,000	800,000	150,000	3,867,697	2,114,538	5,000	1,215,288	500,000	230,000	200,000	70,000	30,000	35,000	88,838,954
Interfund Transfers In	3,077,696	1,530,000	-	-	-	-	-	-	-	-	1,452,271	-	-	-	-	-	-	-	8,069,967
Total Revenue	197,812,352	32,848,140	-	-	200,000	510,000	800,000	150,000	3,867,697	2,114,538	1,457,271	1,215,288	500,000	230,000	48,881,817	70,000	30,000	35,000	227,108,283
Total Available Resources	171,915,654	38,628,348	(0)	0	10,887,814	9,443,078	43,851,778	10,270,378	4,290,647	2,912,418	1,648,711	1,428,688	25,087,788	888,905	48,367,308	333,795	112,119	158,510	398,038,427
Appropriations																			
Academic Salaries	58,224,656	2,173,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,276,737
Classified Salaries	30,446,940	6,815,172	-	-	-	-	-	-	752,102	65,819	-	-	-	23,050	-	-	-	-	41,119,264
Staff Benefits	35,771,280	5,441,281	-	-	-	-	-	-	286,596	24,863	-	-	-	-	-	-	-	-	37,781,051
Supplies/Books	1,702,590	11,709,160	-	-	-	200,000	-	-	2,695,129	-	54,400	-	-	250,000	-	89,972	30,000	-	4,418,811
Other Operating Expenses	10,164,025	5,364,604	-	-	-	700,000	5,435,000	237,000	189,005	2,022,678	1,073,710	1,215,288	137,860	38,000	-	-	-	35,000	25,048,179
Capital Outlay	1,633,175	1,699,041	-	-	-	1,900,000	37,758,805	9,951,840	-	-	75,000	-	-	-	-	20,000	-	-	21,787,749
Transfers Out / Other Outgo	3,182,271	252,574	-	-	-	-	-	-	-	-	-	-	-	-	45,949,260	-	-	-	13,984,469
Total Appropriations	141,124,847	33,455,802	-	-	9,877,688	2,800,000	43,193,806	10,188,840	3,893,228	2,113,380	1,299,110	1,215,288	137,860	312,050	45,949,260	144,972	30,000	35,000	207,770,040
Board Required 5% Reserve	7,068,347																		7,068,347
Reserve For Contingencies	23,194,360	8,070,717	(0)	0	7,509,928	8,848,078	867,971	81,589	357,424	889,058	343,801	214,278	24,929,883	877,856	418,048	188,783	82,119	124,510	180,288,389
Legally Restricted Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated / Uncommitted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Change to Fund Balance	(4,112,816)	(507,493)	-	-	(2,977,888)	(2,290,000)	(42,383,805)	(10,038,840)	(86,526)	1,178	254,181	-	382,120	(82,050)	81,767	(74,972)	-	-	19,338,243
Projected Ending Fund Balance	30,190,807	8,070,717	(0)	0	7,509,928	8,848,078	867,971	81,589	357,424	889,058	343,801	214,278	24,929,883	877,856	418,048	188,783	82,119	124,510	180,288,389

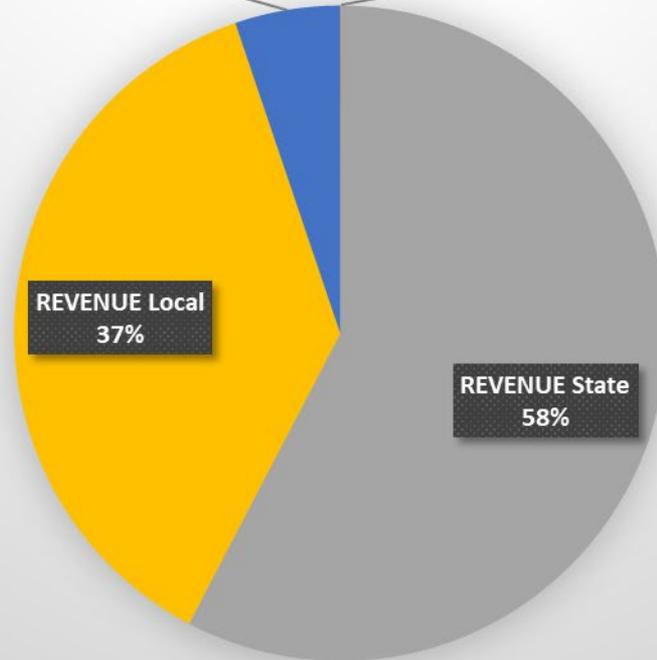
2019 – 20 and 2020-21 Fund 11 Side by Side Comparison

		2019-20 Unaudited Final Budget	2020-21 Proposed Budget
Beginning Balance		28,476,703	34,370,112
REVENUE			
	Federal Revenue	68,725	41,162
	State	82,129,951	80,942,690
	Local	52,868,379	52,952,514
	Interfund Transfers In/ Other Income	7,437,264	3,077,686
TOTAL REVENUE		142,504,319	137,014,052
APPROPRIATIONS/EXPENDITURES			
	Academic Salaries	57,433,836	58,224,666
	Classified Salaries	27,535,581	30,446,940
	Staff Benefits	34,799,209	35,771,280
	Supplies/Books	1,625,189	1,702,590
	Other Operating Expenses	11,139,862	10,164,025
	Capital Outlay	878,310	1,633,175
	Interfund Transfer Out/ Other Outgo	2,976,979	3,182,271
		297,487	
TOTAL APPROPRIATIONS/EXPENDITURES		136,686,453	141,124,947
NET CHANGES TO FUND BALANCE		5,817,867	(4,110,895)
BOARD REQUIRED 5% RESERVE		6,834,323	7,056,247
RESERVE FOR CONTINGENCY		27,535,789	23,202,969
COMMITTED FUND BALANCE			-
UNCOMMITTED/UNALLOCATED FUND BALANCE			
TOTAL ENDING BALANCE		\$ 34,370,112	\$ 30,259,217

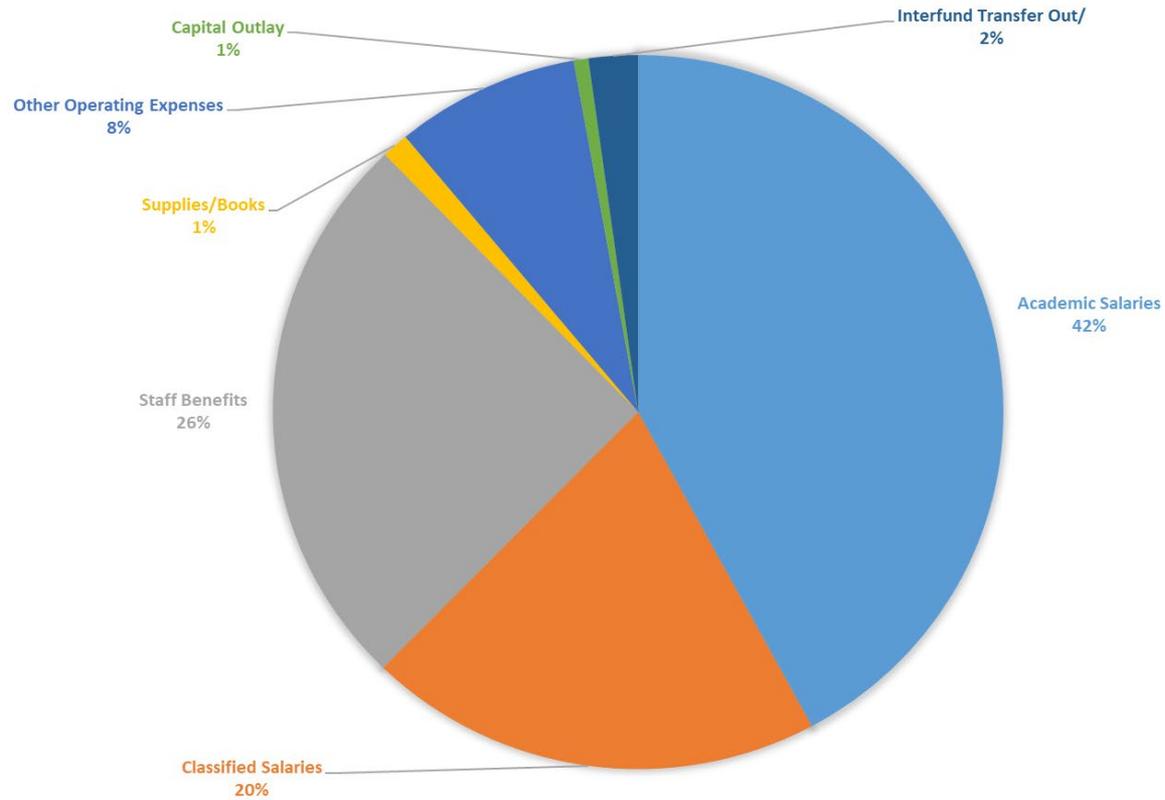
**REVENUE Interfund
Transfers In/
5%**

2020-21 Fund 11 Sources of Revenue

**REVENUE Federal Revenue
0%**



2020-21 FUND 11 EXPENSE CATEGORIES



Governor's FY 2021-22 Budget Proposals

- Background (Spring 2020):
 - FY20-21 Surplus of \$5.6B to deficit of \$54.3B
 - National unemployment rate of $\geq 20.0\%$
 - California unemployment rate of 10.3%
- Current Projection (Spring 2021)
 - FY21-22 Surplus of \$15B
 - K-shaped recovery
 - National unemployment rate $\leq 7.0\%$
 - Revenue from the "Big 3" has exceeded forecasts
 - Personal Income Tax by \$10.28M
 - Sales/Use Tax \$3.0M
 - Corporation Tax \$984K

General Fund Budget Summary

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State Revenues Only

Resources & Expenses

Total available resources increase 1.48% in 2021–22, while expenditures increase by 5.53%

Reserves

The “Rainy Day Fund” reaches \$16 billion, or 9.83% of revenues

2021–22 General Fund Budget Summary (in millions)

	2020–21	2021–22
Prior-Year Balance	\$5,359	\$12,203
Revenues and Transfers	\$162,742	\$158,370
Total Resources Available	\$168,101	\$170,573
Non-Proposition 98 Expenditures	\$98,956	\$103,681
Proposition 98 Expenditures	\$56,942	\$60,834
Total Expenditures	\$155,898	\$164,515
Fund Balance	\$12,203	\$6,058
Reserve for Liquidation of Encumbrances	\$3,175	\$3,175
Special Fund for Economic Uncertainties	\$9,028	\$2,883
Public School System Stabilization Account	\$747	\$2,988
Safety Net Reserve	\$450	\$450
Budget Stabilization Account/Rainy Day Fund	\$12,536	\$15,574

Source: 2021–22 Governor’s Budget Summary, page 16

Governor's FY 2021-22 Budget Proposals

- Proposition 98 Funding estimate
 - \$3.0B growth over FY20-21
 - Exceeded the GANN Limit for the 2nd time in 42 years*
 - Supplemental payment has two (2) components
 - Beginning in 2020-21 , spend 1.5% of state General Fund revenues on K-14 education above the Minimum Guarantee, up to \$12.4B
 - Beginning in 2022-23, increase K-14 funding to equal 40% of state General Fund revenues in Test 1 years
 - The Governor proposes a one-time \$2.3 B payment in 2021-22 while proposing to repeal the supplemental payment policy in the long term.

*A limit on the amount of tax money that state and local governments, including school districts, can legally spend. In November 1979, California voters approved Proposition 4, which is called the Gann Limit. Senate Bill 1342, the implementing legislation, defined school district Gann limits in a way that has thus far minimized their impact.

Governor's Proposed Changes to FY21-22 Prop 98 Funding for Community Colleges

Ongoing Adjustment	Amount
Provide 1.5% COLA for SCFF	\$111.1
Increase access to online technology & mental health services	\$30.0
0.5% enrollment growth for SCFF	\$23.1
Expand CA Apprenticeship Initiative	\$15.0
Invest in online education ecosystem & infrastructure	\$10.6
Provide 1.5% COLA for certain categorical programs	\$6.1
Cover increased costs for broadband access by	\$8.0
Susbtotal Ongoing Policy Adjustments	\$203.90
One-Time	
Provide emergency financial assistance grants for students	250.0
Address students' basic needs related to food & housing insecurity	100.0
Support retention & enrollment strategies	20.0
Expand work-based learning	20.0
Increase faculty professional development	20.0
Expand Zero-Textbook Cost pathways	15.0
Provide instructional materials for dual enrollment students	2.5
AB 1460 implementation & anti-racism initiatives	0.6
Subtotal One-Time Policy Adjustments	\$428.10
TOTAL CHANGES	\$9,379

Reduction vs. Deferral: Both are a Problem

Budget (Reduction)

Income Statement

Revenue is reduced

Example: Employment contract pays you \$100K/Year in 12 equal installments; if your pay is *reduced* by 10%, your salary drops to \$90K/Year in 12 equal installments.

Cash Flow (Deferral)

Balance Sheet

Cash delayed

Example: Employment contract pays you \$100K/Year in 12 equal installments, but *doesn't pay* you for 6 months.

Still Need to Deal With Deferrals

- Deferrals:

- \$1.453 Billion deferred from 2020-21 to 2021-22
 - \$791.1 Million tied to Federal funds



FY20-21 Impact on El Camino College

- Apportionment deferrals will equal at least \$29 M
 - No state apportionment payments February-June
 - Reliance on
 - operating reserves,
 - unplanned increases in revenue (SCFF)
 - planned reductions in expenses

Impact on FY 20-21 Operations

- SCFF Metrics Shortfalls

- Upward trajectory on all measures *prior* to COVID-19 outbreak
 - Since **mid-March 2020** (2nd 8 weeks of Spring semester)
 - Dramatic reductions in
 - FTES/ Enrollment
 - Degrees (AA, AS)
 - Degrees for Transfer (ADTs)
 - Certificates (Achievement and Accomplishment)
 - Pell Grants
 - CA Promise Grants
 - Continuing to monitor and make adjustments to Class Schedules to reflect changes in enrollment
- Will be held harmless from impact of decline by State during COVID crisis
 - Will not further reduce SCFF funding
 - Hold Harmless is temporary and we must plan on how to rebound

- Developed mitigation strategies

- Supplying students with laptops and mi-fi equipment
- Increased messaging from Marketing and Communications re: available resources and classes
- Increased physical presence of support staff on campus to assist students
- Continued aggressive cash management to preserve liquidity

Budget Projections 2020-21 through 2024-25^{**}

COLA⇒	3.260%	0.000%	2.000%	0.000%	0.000%	0.000%
Total Available Funds for Each Year	2019-20	2020-21	2021-22	2022-23**	2023-24	2024-25
Projected Beginning Fund Balance	\$ 28,476,030	\$ 34,227,006	\$ 48,751,222	\$ 51,135,350	\$ 54,778,508	\$ 50,958,906
<i>adj. to Beginning Fund Balance</i>						
Adjusted Beginning Fund Balance	\$ 28,476,030	\$ 34,227,006	\$ 48,751,222	\$ 51,135,350	\$ 54,778,508	\$ 50,958,906
Add: Revenues	\$ 142,501,587	\$ 159,204,711	\$ 153,402,061	\$ 153,836,897	\$ 149,752,887	\$ 149,752,887
Total Available Funds	\$ 170,977,617	\$ 193,431,717	\$ 202,153,283	\$ 204,972,247	\$ 204,531,395	\$ 200,711,793
Less: Total Expenditures	\$ 136,750,611	\$ 144,680,495	\$ 151,017,933	\$ 150,193,739	\$ 153,572,489	\$ 156,953,065
Projected Ending Fund Balance	\$ 34,227,006	\$ 48,751,222	\$ 51,135,350	\$ 54,778,508	\$ 50,958,906	\$ 43,758,728
Surplus / (Deficit)	\$ 5,750,976	\$ 14,524,216	\$ 2,384,128	\$ 3,643,158	\$ (3,819,602)	\$ (7,200,178)
Actual Reserve Level¹	25%	34%	34%	36%	33%	28%
Board Required Reserve @ 6%³	\$ 8,205,037	\$ 8,680,830	\$ 9,061,076	\$ 9,011,624	\$ 9,214,349	\$ 9,417,184
Amount above Board Required Reserve	\$ 26,021,969	\$ 40,070,392	\$ 42,074,274	\$ 45,766,884	\$ 41,744,557	\$ 34,341,544
% of EFB Balance Unallocated	19%	28%	28%	30%	27%	22%
Two months Operating Cash =	\$ 24,866,457					

¹ Includes step & column advancement, FON, longevity

² Actual Reserve calculation - (Projected Ending Fund Balance / Expenditures)

³ 2017-18 expenditures include \$14.95 million transferred out from Fund 11 to establish Fund 16 - STRS/PERS Future Pension Liabilities

⁴ Minimum Fund Balance per Board Policy 6200

⁵ If contingency amounts are expended during fiscal year

** Hold Harmless extended to 2022-23 (January 2020 Gov Budget Proposal)

Questions?

Appendices

- Fund definitions
- Selected Student Centered Funding Formula Metrics

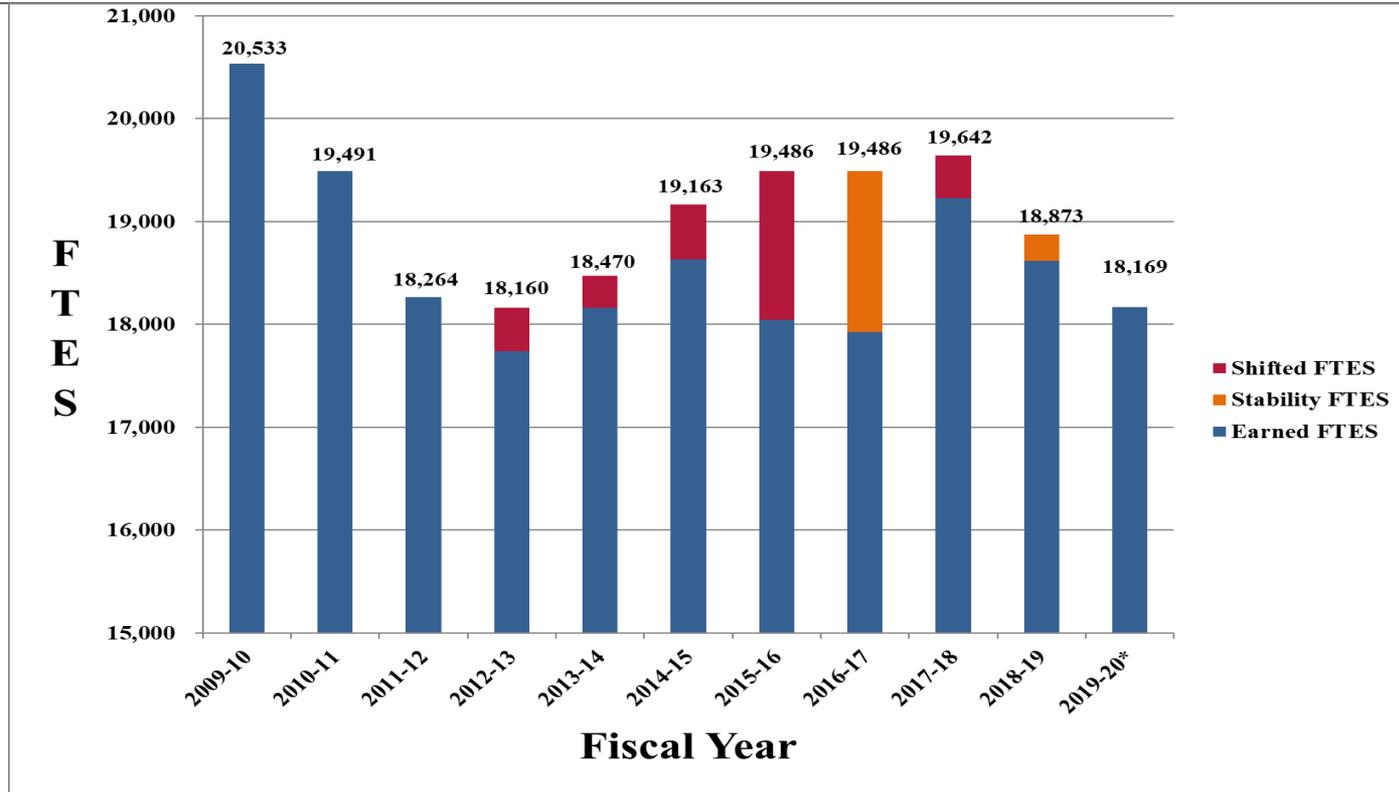
Restricted Funds

- **Fund 12 - General Fund – Restricted**
 - **Legally Restricted Programs and Grants**
- **Fund 16 - STRS / PERS Future Liabilities**
 - **Set aside in 2020-21 to cover cost increases to employer portion of retirement costs**
- **Fund 41 – Capital Outlay**
 - **Scheduled Maintenance Program and fees collected for Capital Outlay**
- **Fund 42 – General Obligation Bonds**
 - **For Modernization and New Construction**
- **Fund 51 – Bookstore**
 - **Enterprise Fund for Bookstore operations**
- **Fund 61 – Workers Comp**
 - **Funded through payroll costs to Account for Insurance premiums**

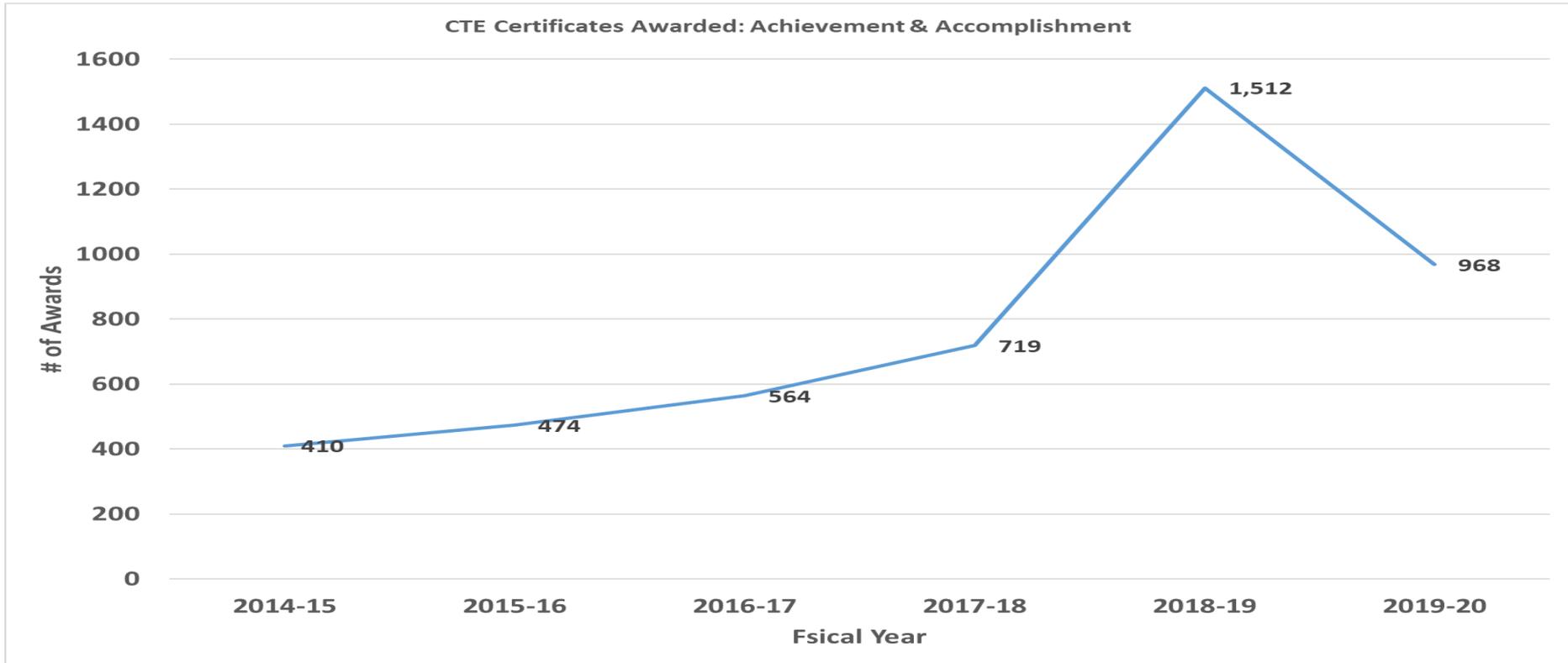
Restricted Funds

- **Fund 62 – Property & Liability**
 - **Funds transferred from General Fund to account for Insurance premiums**
- **Fund 63 - Dental Self-Insurance**
 - **Funded through payroll deductions to pay claims and insurance premiums**
- **Fund 69 – Post-Employment Benefits Irrevocable Trust**
 - **Principal set aside to fund retiree Health and Welfare benefits**
- **Fund 71 – Associated Student Body**
 - **Student Government Activities**
- **Fund 74 – Student Financial Aid**
 - **Pass-Through Fund for State and Federal Student Aid**
- **Fund 79 – Auxiliary Services**
 - **Accounts for Extra-Curricular Academics, Athletics, and Fine Arts programs funded from proceeds from events**

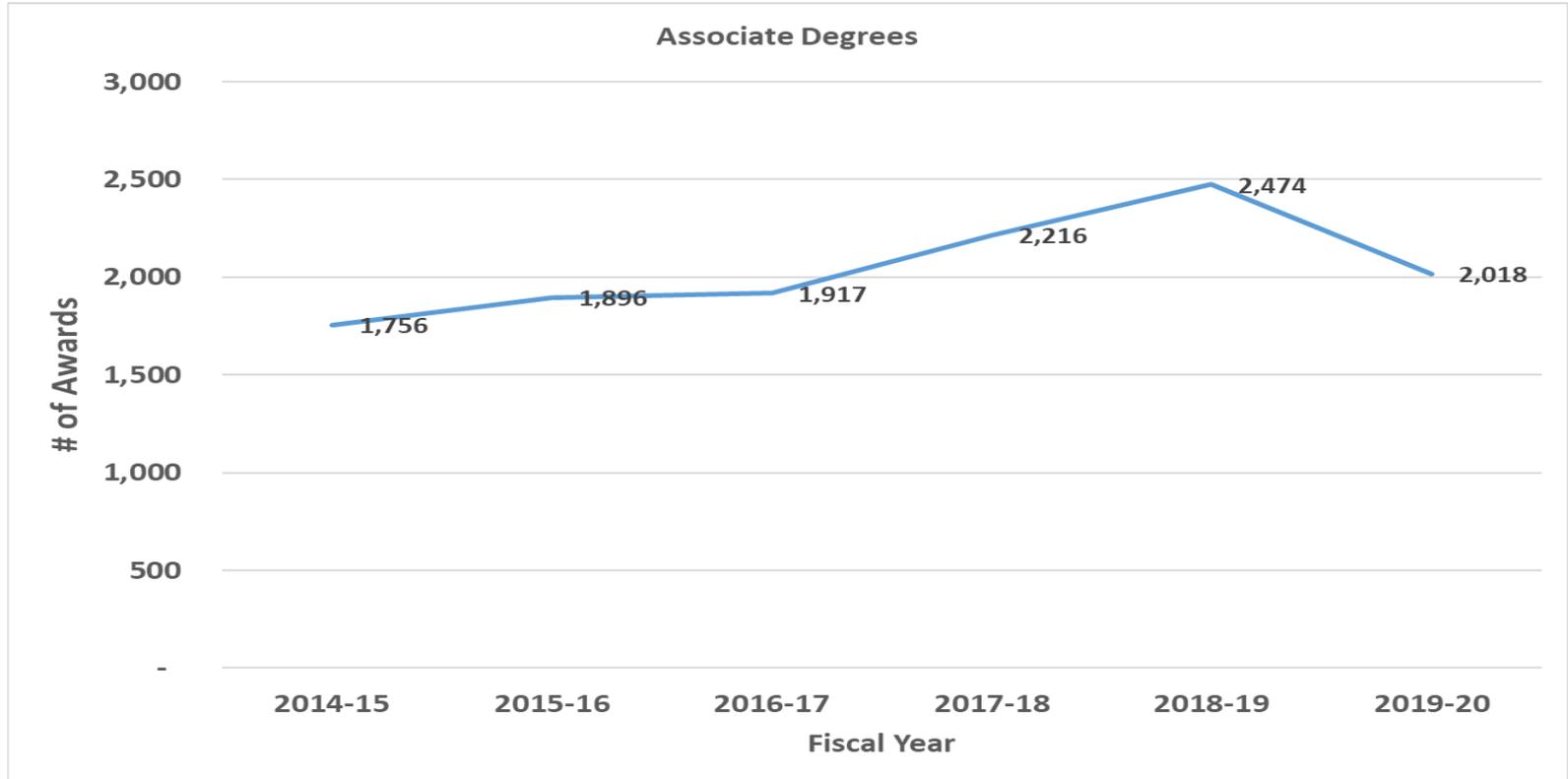
SCFF Metrics - FTES



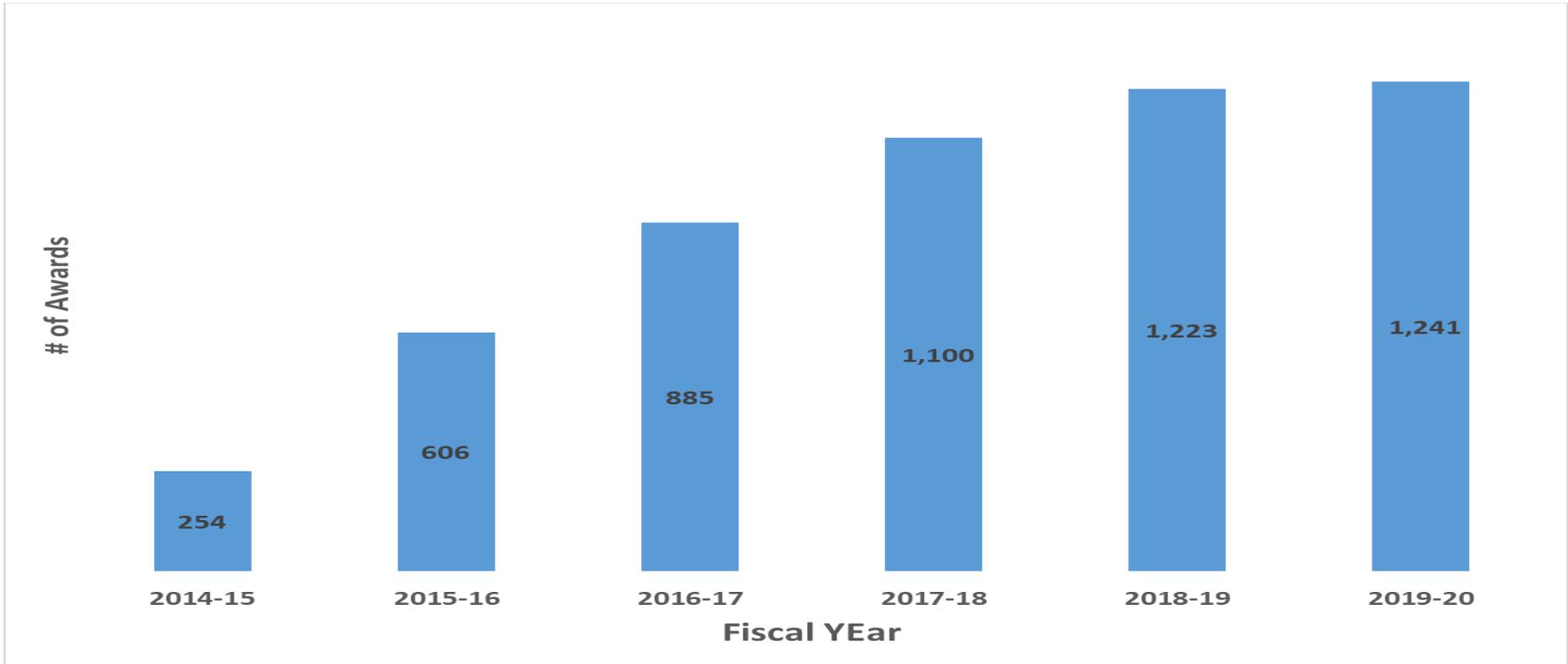
SCFF Metrics – CTE Certificates



SCFF Metrics – Associate Degrees Awarded



SCFF Metrics – Associate Degrees for Transfer (ADT)



SCFF Metrics – CA Promise and Pell Grant Awards

