

Southwestern Community College District

ADOPTED BUDGET FY20-21

FY2020-21 Budget

“In the best circumstance, the state will be able to avoid further reductions and reverse the deferrals within the next few years following a swift economic recovery. If the COVID-19 pandemic and its economic impact turn out to be more extended, the adopted deferrals could result in the need for greater budget reductions in the future. Districts would be prudent to take the possibility of extended budget impacts into account as they plan and implement local budgets.”

Joint Analysis 2020-21 State Enacted Budget, July 20, 2020

Southwestern CCD

Exhibit C - Page 1

Total Computational Revenue and Revenue Sources			
Total Computational Revenue (TCR)			
I. Base Allocation (FTES + Basic Allocation)			\$ 66,810,329
II. Supplemental Allocation			21,247,524
III. Student Success Allocation			8,351,874
		Student Centered Funding Formula (SCFF) Calculated Revenue	\$ 96,409,727
		2019-20 Hold Harmless Protection Adjustment	1,813,877
		2019-20 TCR	\$ 98,223,604
Revenue Sources			
Property Tax			\$ 31,206,131
Less Property Tax Excess			-
Student Enrollment Fees			5,006,147
Education Protection Account (EPA)	Calculation: Funded FTES x \$100 min or \$520.04 max	Funded FTES: 14,209.08 x Rate: \$511.81	7,272,384
State General Entitlement			53,805,665
Exhibit A			
Main General Fund Apportionment		\$ 52,955,533	
Full-Time Faculty Hiring (FTFH) Apportionment (2015-16 Funds Only)		850,132	
	Total State General Entitlement	\$53,805,665	
Adjustment(s)		-	
	Total Exhibit A	\$53,805,665	
		Available Revenue	\$ 97,290,327
		2019-20 TCR	98,223,604
	Revenue Deficit Percentage	0.9502%	Revenue Deficit \$ (933,277)



Basic + FTES		26
Student Success		8
Student Equity		4
Hold Harmless		2
Total Computational Revenue: TCR		40
(Deficit)		-4
Available Revenue	\$	36

TCR = \$40



TCR = \$30

TCR = \$20



TCR = \$20

\$100

TCR = \$110

Available \$ = \$100



FY20-21 ADOPTION BUDGET CONSIDERATIONS

- Decline in local funding of \$3 Million due to forgone revenue from parking permit sales, food service sales, and facility leasing revenue.
-
- Only faculty Hazard pay and remote working stipends eligible for CARES funds
 - State deficits in FY19/20 (0.95%) and FY20/21 (0.85% currently and expected to increase). The Hold-Harmless provision of SCFF does not provide protection from state deficits.
 - The majority of operational costs (even those incurred as a response to COVID) are not eligible for CARES grant funds. Total FEMA eligible costs to date are \$125,000 – application pending. Safe re-opening plan will be expensive.
 - FY20-21 apportionment payments of \$22 Million will be deferred until FY21-22. The District will need to secure short-term borrowing. The likelihood of a 'catch-up' happening next year is slim.
 - Personnel costs are 87.2% of the General Fund Budget. That is \$96.6 Million of \$111 Million. These cost will increase annually due to step and column movement (approximately 2%) and increases in benefits (?).

FULL TIME EQUIVALENT STUDENT (FTES)

Full Time Student. A student completing 30 units in an academic year.

2 students going half-time each completing 15 units in an academic year: 1 Full Time Equivalent Student

3 part-time students each completing 10 units in an academic year: 1 Full Time Equivalent Student

Allocations	2018-19 Rates	2019-20 Final Rates
Base Credit ^a	\$3,727	\$4,009
Supplemental Point Value	919	948
Student Success Main Point Value	440	559
Student Success Equity Point Value	111	141
Incarcerated Credit ^a	5,444	5,622
Special Admit Credit ^a	5,444	5,622
CDCP	5,444	5,622
Noncredit	3,274	3,381

Full-time Equivalent Students (FTES) Goals and Analysis

Table 2: Full Time Equivalent Student Trends and FY20-21 Goals

FTES TRENDS and Budget Year Goals

Fiscal Year	Funded FTES	Actual FTES	Funded Credit FTES	Incarcerated Credit	Funded Special Admit	CDCP	Funded Noncredit FTES
14-15	15,409.89	14,659.67	15,153.63			37.19	219.07
15-16*	13,767.21	15,025.00	13,509.49			37.32	220.62
16-17	15,877.07	14,736.47	15,625.79			38.97	212.31
17-18*	13,317.70	14,424.06	12,778.47	72.45	232.22	38.40	196.28
18-19**	14,694.00	14,694.29	14,199.03	62.87	201.63	44.87	185.89
19-20** (P1)	14,209.08	15,008.59	14,688.02	30.98	189.50	50.82	49.27
20-21***	14,750.00	14,750.00	14,184.33	73.99	237.21	45.53	208.95

BUT: At census, 9/7/2020, Enrollments have declined by 10% compared to the same time last fall.

That translates to a decrease of 796 FTES.

** The District received additional funding under the Hold Harmless provision of the SCFF in FY18-19 and FY19-20.

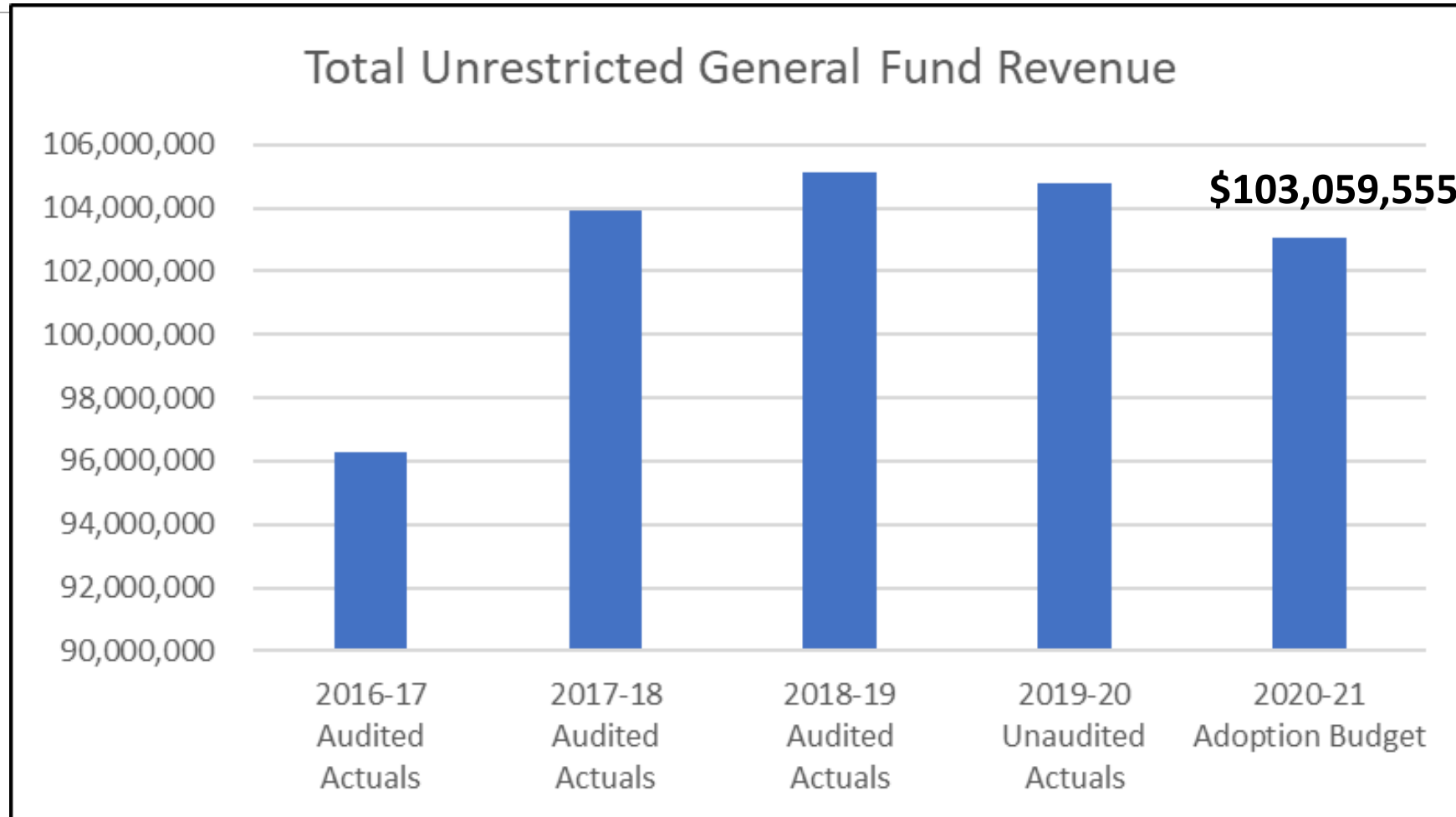
*** FY20-21 goals.

796 FTES = Approximate base funding reduction of \$3,191,164

TOTAL COMPUTATIONAL REVENUES

	2018/19	2019/20	2020/21
Basic Allocation	\$9,141,496	\$9,439,509	\$9,439,509
FTES	54,992,469	57,434,881	59,992,616
Supplemental Allocation	20,831,892	21,271,579	21,247,524
Student Success Allocation	8,134,048	8,351,579	8,716,286
SCFF Calculated Revenue	93,099,905	96,497,548	99,395,935
Hold Harmless	2,022,702	1,726,056	0
Deficit		(933,277)	(2,056,519)
Total Available Revenue (Net of Deficit)	\$95,122,607	\$97,290,327	\$97,339,416

Total Unrestricted General Fund Revenue Trend



Payment Deferrals

The corona virus disease 2019 (COVID-19) pandemic has resulted in enormous hardship for families, businesses, and governments at all levels. In addition, the emergency has caused a seismic shift in the state's economic conditions. The enacted budget is reflective of this reality and includes an unprecedented level of deferrals (delayed payments) to schools and community colleges.

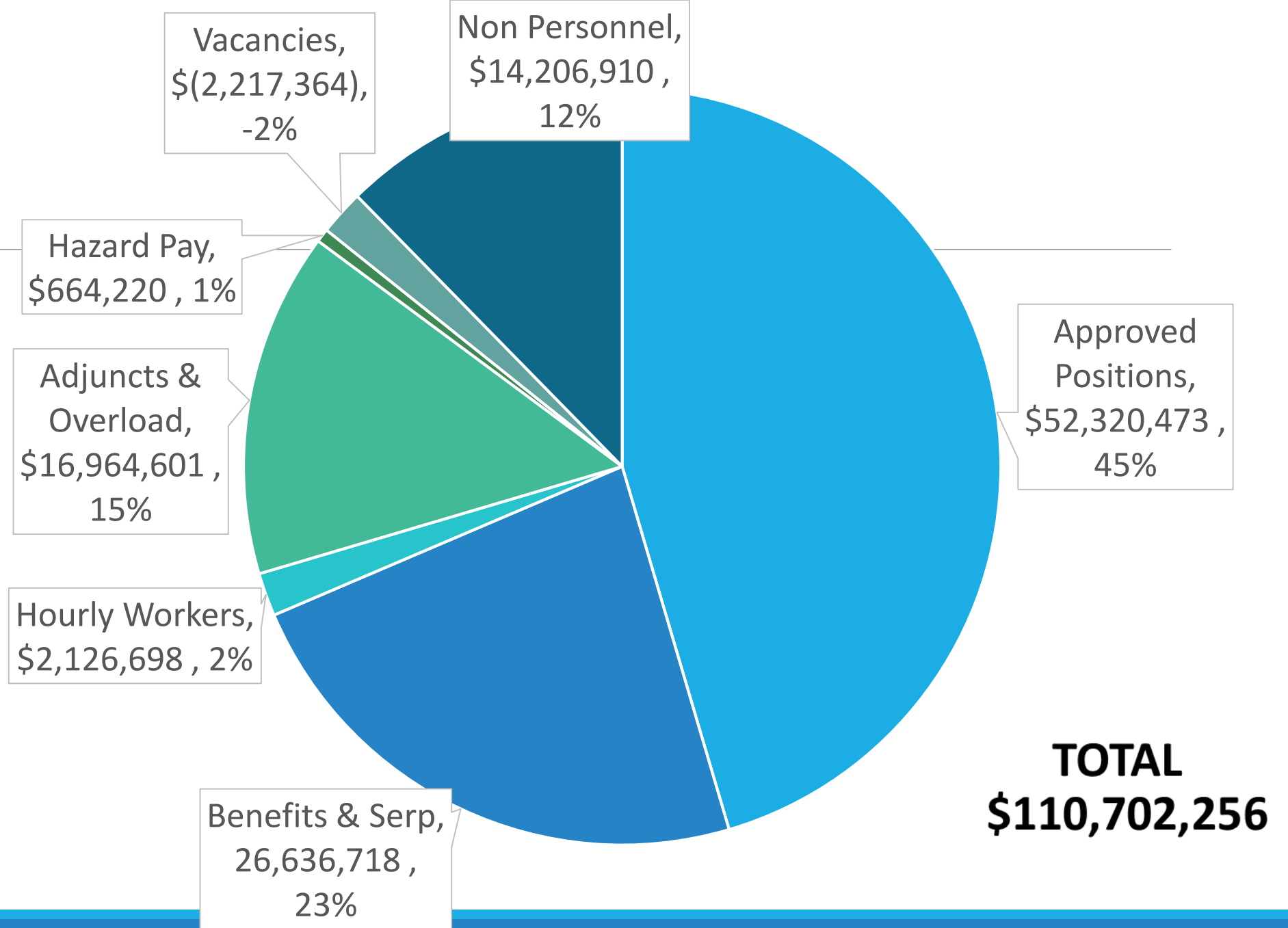
Fiscal Services Unit, CCCCO, September 28, 2020

	July - December	January - June	Certified	Received	Difference
2019/20	\$ 37,030,000	\$ 29,647,355	\$ 67,009,876	\$ 66,677,355	\$ 332,521
2020/21	\$ 39,330,432	\$ 5,301,501	\$ 66,652,748	\$ 44,631,933	\$ 22,020,815

Over \$22 Million of 20/21 revenue will not be received until 21/22. General Apportionment and Student Equity and Achievement Program revenue will be deferred.

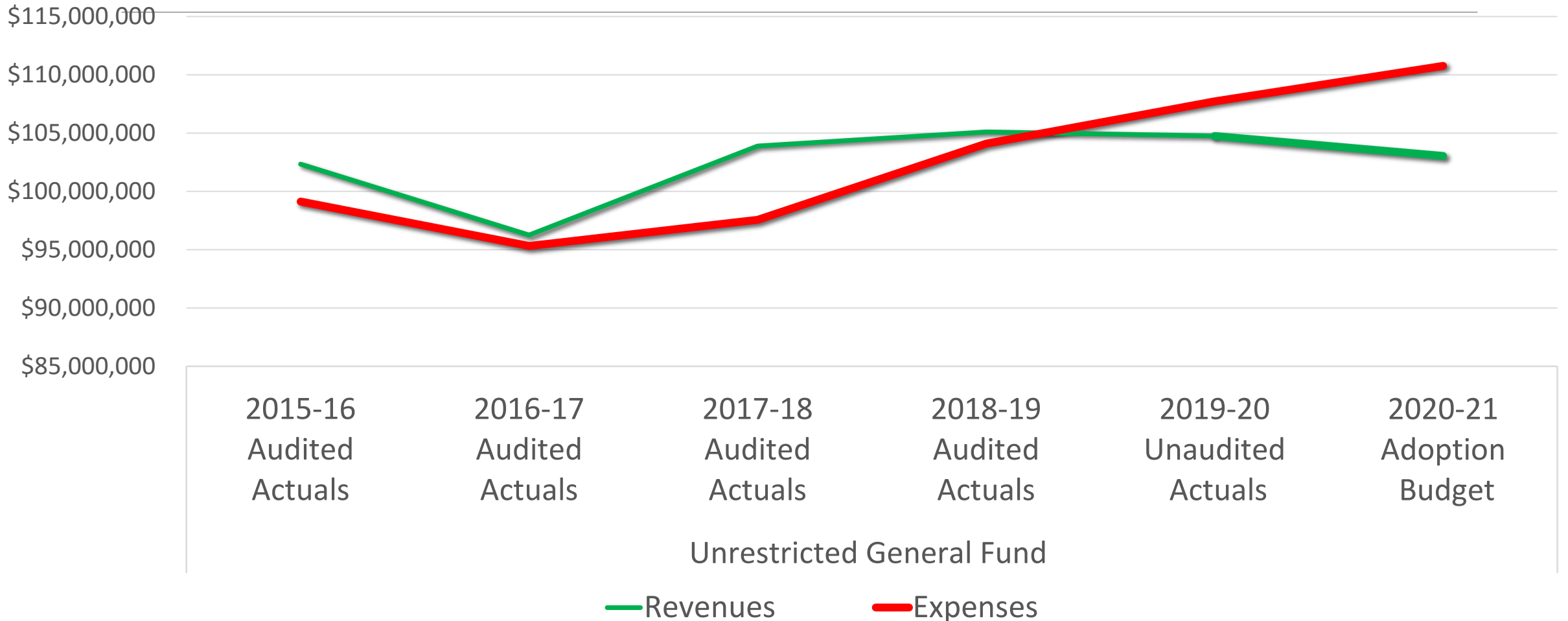
In order to 'catch up' the state will need to make double payments in the first 5 months of 21/22.

Unrestricted General Fund Expenses Adoption Budget 20-21



6-YEAR TREND OF REVENUES AND EXPENSES

Unrestricted General Fund



Fund Balance: What is it? Why is it Important?

Fund balance is calculated as of year-end. Each year the difference between revenues and expenditures is calculated. This result is added or subtracted from the fund balance at the beginning of the year.

Fund Balance is intended to serve as a measure of the financial resources available.

- Cover unforeseen needs
- Demonstrate financial stability
- Avoid excessive short term borrowing

How large should it be? It Depends.

- volatility, uncertainty, district plans

SCCD Board minimum is 7% of unrestricted general fund expenditures.

- 5 % FCMAT and ACCJC
- One or two months of bills & payroll

Adoption Budget: Unrestricted General Fund Balance FY20-21

Unaudited Beginning Fund Balance				\$16,930,270
Revenues			103,059,555	
Expenses			<u>110,778,020</u>	
Deficit				<u>(7,718,465)</u>
Projected Ending fund Balance				\$9,211,805
Percentage of Expenses				8.3%
Ending Fund Balance as a % of Unrestricted General Fund Expenditures	2017-18	2018-19	2019-20	2020-21
	Audited	Audited	Unaudited	Adoption
	Actuals	Actuals	Actuals	Budget
Ending Fund Balance	19.4%	19.1%	15.7%	8.3%
Governing Board Reserve	7.0%	7.0%	7.0%	7.0%

Description	2020-21 Adopted Budget	2021-22 Projection
Federal	\$ 216,600	\$ 216,600
State	63,935,478	63,935,478
Local	38,907,477	38,907,477
Total Revenue	\$ 103,059,555	\$ 103,059,555
Expenses		
Academic Salaries	\$ 45,963,239	\$ 46,882,504
Classified Salaries	25,523,867	26,034,344
Employee Benefits	25,496,148	26,250,065
Vacant Positions - Savings	(2,217,364)	(2,217,364)
SERP Premiums	1,141,000	1,141,000
Hazard Pay	664,220	
Total Personnel Expenses	\$ 96,571,110	\$ 98,090,549
Supplies and Materials	\$ 1,742,402	\$ 1,742,402
Other Operating Expenses and Services	9,589,833	9,589,833
Capital Outlay	91,920	91,920
Other Outgo	2,782,756	1,182,756
Total Other Expenses	\$ 14,206,910	\$ 12,606,910
Total Expenses	\$ 110,778,020	\$ 110,697,459
Excess (Deficit)	\$ (7,718,465)	\$ (7,637,904)
Beginning Fund Balance	\$ 16,930,270	9,211,805
Excess (Deficit)	(7,718,465)	(7,637,904)
Ending Fund Balance	\$ 9,211,805	\$ 1,573,901
Ending Fund Balance	\$ 9,211,805	\$ 1,573,901
	8.32%	1.42%

Southwestern Community College District
2020-21 Adopted Budget
2021-22 Projection

2020-21 Projection ASSUMPTIONS

Fall remote / spring routine (pre-Covid) operations

Steady FTES compared to P1 of 2019/20

2% Deficit to Prop 98 Funding

2021-22 Projections ASSUMPTIONS

Revenue projections for FY20-21 remain stable for FY21-22

No COLA to Salary schedules; average 2% increase to all permanent and PTOL salaries due to contractual step/column increases.

Benefits remain steady at 36%

Current Vacancies remain steady. (SERP Assumptions not included in projection)

Non-personnel expenses decrease due to drop in 'other outgo'.

No Hazard Pay

Steady FTES compared to P1 of 2019/20

SERP PROJECTIONS

	<u>Estimate</u>	<u>Savings Per</u>	<u>Savings 21/22</u>							
Faculty	19	\$ 65,802	\$ 1,250,238		19 Retire - adjuncts backfill 21/22. All replaced in 22/23					
Academic Administrators	2	\$ 87,060	\$ 174,120		1 replaced 21/22					
Classified	17	\$ 40,275	\$ 684,675		9 Replaced 21/22					
Classified Administrator	4	\$ 88,483	\$ 353,932		2 Replaced 21/22					
			<u>\$ 2,462,965</u>							

Key Take-Aways

- In FY19/20, the District spent \$3 Million more in unrestricted general fund expenses than it received in revenues.
- The FY20/21 Adoption Budget includes a spending plan that is \$7.7 Million more than expected revenues.
 - Remote operations & enrollment declines are not fully incorporated into this deficit
- A fairly optimistic scenario model for FY21/22 projects that the District will fall below 5% Ending Fund Balance.
- This semester, have formed a workgroup of employee groups' leadership to assist in developing strategies to meet future fiscal challenges.