



2019-2020
BUDGET UPDATE
GOVERNOR'S 2020-2021 PROPOSED BUDGET

Board of Trustees Meeting
January 13, 2020

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities

State Budget Update Governor's Proposed Budget

- Governor presented Proposed Budget on January 10th
 - Governor Newsom urges Prudence, Caution, Use of one time funding
 - “Contraction of Economic Growth”
 - “Contraction of Expansion”
 - Warns moderate recession could quickly produce huge deficits in state budget
 - However, still projecting another good year for 2020-2021
 - \$5.8 billion increase in state revenues projected to 2020/2021 state budget
- 2020-2021 Proposition 98 minimum funding guarantee for K-14 estimated to increase by \$2.4 billion (approx. 3%)
 - Community colleges estimated increase of approximately \$318 million
 - Combination of one-time funds and ongoing funds
 - 10.92% share of Prop 98 K-14 funding
 - Should be 10.93% - difference of \$11 million
 - “spreadsheet error” to be corrected at May Revise

SCFF Funding Model

- ❑ The Governor does not propose any new funding for the Student Center Funding Formula (SCFF) except for COLA and Growth
- ❑ Cost Of Living Allowance (COLA) – projects 2.29% - \$167.2 million
 - LAO Estimate is 1.79%
 - COLA is an independently calculated formula.
 - Should know actual number in April
 - RSCCD – 2.29% estimate generates approximately \$4.0 million
 - Approximately \$800,000 higher than 1.79% COLA estimate
- ❑ Growth – 0.50% growth opportunity - \$31.9 million
- ❑ SCFF Oversight Committee – has recommended adding first generation students to 2021-2022 formula
 - Will use existing funding within Supplemental Grant portion of formula

State Budget Update Governor's Proposed Budget Community Colleges Impact

- No additional STRS/PERS relief other than provided in 2019-2020 State Budget
- Apprenticeship Programs - \$83.2 million
- Scheduled Maintenance/Instructional Equipment - \$17 million
 - No match requirement
 - RSCCD = approximately \$425,000
- Various Categorical Programs – one time/ongoing
 - Faculty Support – Fellowship Program, Part Time Faculty Office Hours
 - Food Pantries
 - Zero-Textbook-Cost Degrees
 - Legal Services
 - Dreamer Resource Liaisons
 - Instructional Materials for Dual Enrollment Students
- Trailer Bills will better describe how these programs are to be prescribed
 - Trailers bills should be out in next couple of weeks

State Budget Update Governor's Proposed Budget Community Colleges Impact

RSCCD 2020-2021 Budget Challenges

- Only \$4 million in new projected ongoing unrestricted revenues
 - COLA - 2.29% - \$4.0 million
 - No Base Increase to SCFF
 - No additional unrestricted apportionment funding to assist districts with STRS, PERS, Health Benefit costs and increases to cost of goods and services

- Projected \$12 million in new RSCCD expenditures in 2020-2021
 - Salary Schedule Increases/Collective Bargaining - \$5.7 million
 - Step/column - \$1.1 million
 - STRS increase - \$1.2 million
 - PERS increase - \$1.1 million
 - Health benefits increase - \$980k
 - Misc - \$1.3 million

- Approximately an \$8 million deficit projected for 2020-2021 Tentative Budget at this point in time

- With the continuing unknowns and underfunding with the SCFF, we will be building the 2020-2021 Tentative Budget based on Hold Harmless funding

State Budget Process

- Governor's Proposed Budget just starts State Budget process and discussions for 2020-2021 State Budget
 - Legislative committees hold hearings
 - Not much happens until after April 15th
- May Revision (due May 15th) updates with latest projections on State revenues and state expenditures
 - This is generally when serious budget discussions begin
- Legislature has a June 15th deadline to enact a State Budget to forward to the Governor for signature by July 1st
 - Or they don't get paid
 - Expect another on-time budget