RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: Fiscal Resources Committee

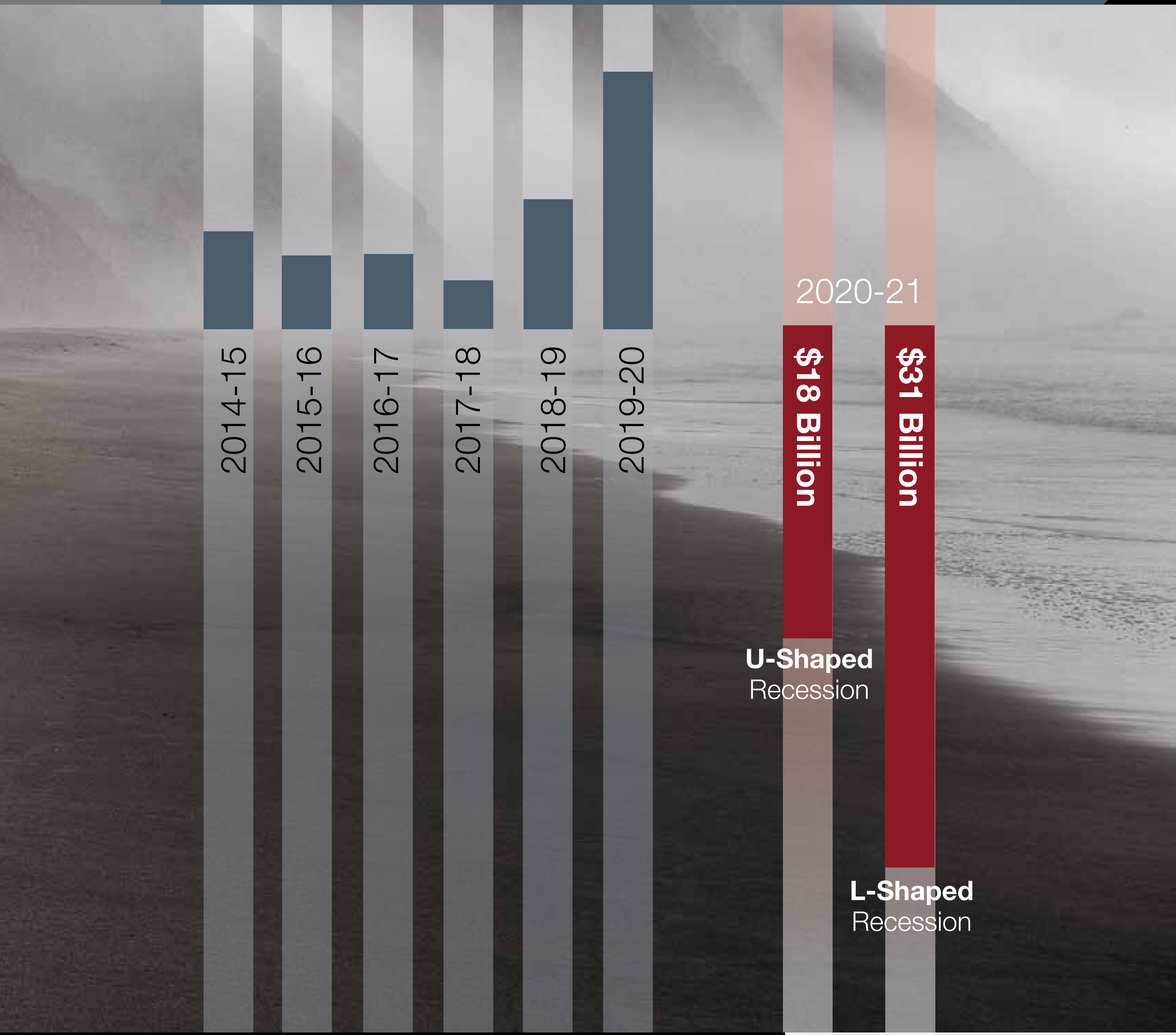
Agenda for Thursday, May 21, 2020
1:30 p.m. - 3:00 p.m.
Zoom Meeting

1. Welcome
2. State/District Budget Update – Hardash
   - Governor's May Revise
   - LAO – California's Spring Fiscal Outlook-2020
   - DOF – Finance Bulletin
   - DOF – Fiscal Update - May 7th
   - SSC – LAO Issues New Economic Outlook
   - SSC – Legislative Analyst's Office Releases Report on Reserve Balances
   - SSC – Ask SSC… What's Happening with Property Taxes
   - SSC – Here We Go Again – An SSC Editorial
   - SSC – It's Time to Batten Down the Hatches
   - SSC – The Director of the Department of Finance Provides an Interim Fiscal Update to the Legislature
   - SSC – 2020-21 CalPERS Rate and Updated Out-Year Estimates
   - SSC – Time to Fine-Tune MYPs – Be Prepared
   - SSC – Round II; $6.3 Billion in Additional CARES Act Grants for Colleges and Universities
   - SSC – Statutory COLA Estimated at 2.31%
   - SSC – Chancellor's Office Suspends FON Penalties (estimating tool)
   - SSC – Finding the Low-Hanging Fruit – Part 1 of 2
   - SSC – Finding the Low-Hanging Fruit – Part 2 of 3
   - SSC – COVID-19 Decimates State Revenues, Education Funding
   - SSC – Strategies for Weathering the Storm
   - SSC – LAO Issues Additional Proposition 98 Recession Details
   - SSC – Initial Impression from Governor Newsom's 2020-21 May Revision
   - SSC – An Overview of the 2020-21 Governor's May Revision
   - CCCCO - FS20-07 Extension of Fiscal Reporting Due Dates
3. 2020-21 Proposed Tentative Budget – **Recommendation to District Council**
4. CARES and FEMA Funding Update
5. Continued Discussion of SCFF and Review of BAM - Cambridge West Partnership Consultants
   - BAM Simulation Review Based on SCC Proposed Language Change
   - Section 5 – "Other Modifications" – **Action**
6. Review Planning Design Manual (request from District Council) - Perez
7. Standing Report from District Council – Shahbazian
8. Informational Handouts
   - 50% Law Calculation
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of May 12, 2020
   - Measure "Q" Project Cost Summary as of April 30, 2020
   - Monthly Cash Flow Summary as of April 30, 2020
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes
9. Approval of FRC Minutes – April 15, 2020
10. Other

    Next FRC Committee Meeting: (Executive Conference Room #114 1:30 pm – 3:00 pm) - July 1, 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.

The 2020-21 Budget:
California's Spring Fiscal Outlook



LAO

GABRIEL PETEK
LEGISLATIVE ANALYST

May 8, 2020

Executive Summary

The public health emergency associated with the coronavirus disease 2019 (COVID-19) pandemic has resulted in sudden and severely negative economic consequences for California. This has significant implications for the state's budget. This report—our *Spring Fiscal Outlook*—provides an update on the budget's condition in light of this seismic shift. Specifically, we provide our estimates of the potential size of the budget problem—assuming a baseline level of expenditures—that the Legislature could face for 2020-21. Ultimately, the May Revision will include different revenue estimates and expenditure proposals than we used to arrive at our assessment of the budget problem. In fact, the administration very recently released an estimate of the budget problem—about $54 billion—that is significantly higher than either of our estimates. The intent of this document, however, is to give the Legislature a sense of our estimate of the *baseline* problem going into the May Revision and to help prepare policymakers for the tremendous fiscal challenges ahead.

Report Includes Two Economic Scenarios. Although much is unclear about the economy, we can be fairly confident that the state currently is in a deep recession. The budgetary impact of that recession will depend on its depth and duration, which are difficult to anticipate. In light of this uncertainty, our outlook presents two potential scenarios (1): a somewhat optimistic "U-shaped" recession, and (2) a somewhat pessimistic "L-shaped" recession. These scenarios do *not* depict the best case or worst case. Outcomes beyond the range of our scenarios—especially those worse than we show—are entirely possible.

Budget Problem of $18 Billion to $31 Billion. Under the somewhat optimistic U-shaped recession scenario assumptions, the state would have to address an $18 billion budget problem in the upcoming budget process. Under the somewhat pessimistic L-shaped recession scenario assumptions, the state would face a budget problem of $31 billion. (A budget problem—also called a deficit—occurs when resources for the upcoming fiscal year are insufficient to cover the costs of currently authorized services.) The administration's estimate is substantially larger than the higher range of our estimate largely because they focus on *gross* changes to the budget's bottom line while our estimates include the *net* effects of current law.

Budget Deficits Persist for Years to Come. The state's newly emergent fiscal challenges are unlikely to dissipate quickly and will extend well beyond the end of the public health crisis. Under both of our economic scenarios, budget deficits persist until at least 2023-24. Over the entire multiyear period, deficits sum to $64 billion in the U-shaped recession and $126 billion in the L-shaped recession.

Reserves Are Insufficient to Cover the Budget Problems. Budget reserves are the main tool that the state has to address a budget problem. Under our two economic scenarios, the state has around $16 billion in total reserves. However, due to the constitutional rules governing the state's main reserve account, we think lawmakers could only have access to around $10 billion of its reserves in 2020-21. Further, the state's overall reserve level will be inadequate to cover multiyear budget deficits. That said, unlike in past recessions when the state had virtually no reserves on hand and deep cuts were immediately necessary, California today has built a sizeable reserve, which will cushion the coming budget crunch.

Guidance for Addressing the Budget Problem. The report concludes with our guidance for the Legislature as it begins considering how to address the shortfall. First, we recommend the Legislature use a mix of the tools at its disposal in approaching the 2020-21 budget problem. These are: using reserves, reducing expenditures, increasing revenues, and shifting costs. Second, given that multiyear budget deficits are likely to persist for years to come, ongoing solutions are necessary to bring the budget into structural alignment. Third, while programmatic reductions will be necessary, we encourage the Legislature to mitigate actions that could worsen the public health crisis or compound personal economic challenges facing Californians. Finally, we encourage the Legislature to begin making these difficult, but necessary, decisions in June rather than waiting until future budget actions. Delaying action could only increase the size of the ultimate budget problem and make some solutions more difficult to implement.

The public health emergency associated with the coronavirus disease 2019 (COVID-19) pandemic has resulted in sudden and severe economic consequences for California. This has significant implications for the upcoming budget. While the January Governor's budget anticipated the state would have a surplus to allocate in 2020-21, the administration's forthcoming May Revision forecasts a substantial decline in state revenues and an ensuing budget deficit. Policymakers face a constitutional deadline to pass a balanced budget by June 15 for the upcoming fiscal year, 2020-21.

Given the seismic shift in public health and economic conditions, we have updated our fiscal outlook—typically produced each fall—to help the Legislature prepare for the May Revision. This report—our *Spring Fiscal Outlook*—gauges the potential size of the budget problem under two sets of economic conditions and a "workload" or "baseline" level of expenditures. (We also identify some alternatives available to the Legislature to reduce the baseline expenditure level without reducing the level of state services being provided today.) Ultimately, the May Revision will include different revenue estimates and expenditure proposals than we used to arrive at our assessment of the budget problem.

WHAT DOES THE PANDEMIC MEAN FOR THE ECONOMY?

Pandemic Presents Major Disruptions and Uncertainty. The COVID-19 pandemic has necessitated dramatic changes to the daily lives of California's residents and businesses. While these changes clearly have had far-reaching negative impacts on the state economy, the ultimate extent and severity of these impacts will remain unclear for some time. Much will depend on the trajectory of the public health crisis. How long will social distancing measures be necessary? How long until an effective treatment or vaccine is widely available? How long until people feel comfortable resuming prior levels of spending and economic activity? These questions are impossible to answer with certainty but are crucially important to the path of the state economy going forward.

What We Know: Economy Is in a Deep Recession. Although much is unclear about the economy, we can be fairly confident that the state (and the rest of the world) currently is in a deep recession. Since the beginning of March, 3 million to 4 million Californians appear to have lost their jobs. Households have curtailed spending significantly. Nationally, spending at restaurants was down about 25 percent in March. New car purchases were down by almost half in April. Pending home sales so far this spring have dropped by over 40 percent in major markets in California. These declines in economic activity surpass the worst of the Great Recession in most cases.

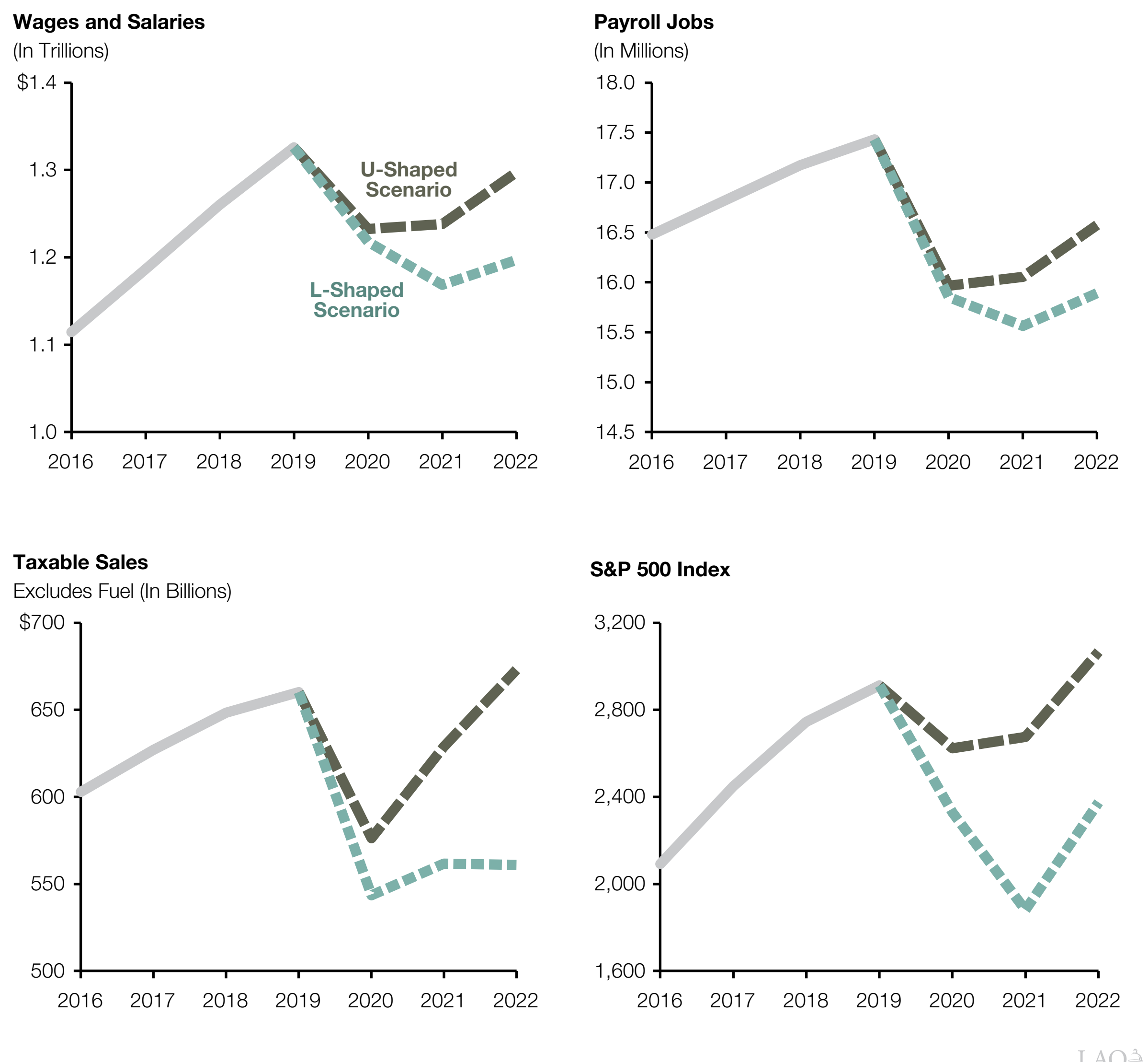
Key Unknown: How Long Will the Recession Last? While economic activity has declined sharply, the severity of the recession and its impact on Californians will depend not only on the depth of the downturn but also on how long it lasts. Anticipating the length of the downturn is extremely difficult. In light of this uncertainty, our outlook looks at two potential scenarios. These scenarios aim to illustrate the range of common predictions among economists, from a somewhat optimistic view on one end to a somewhat pessimistic view on the other. Crucially, we do *not* attempt to capture all possible outcomes, and our scenarios are *not* depictions of the best-case or worst-case scenarios. Outcomes beyond the range of our scenarios—especially those worse than we show—are entirely possible. We discuss the contours of our two scenarios below. **Figure 1** (see next page) shows our assumptions for key economic variables under each scenario.

"U-Shaped" Recession. On the somewhat optimistic end of potential paths for the economy is the so-called U-shaped recession. Under this scenario, the economy would begin to see meaningful recovery this summer, as broadly measured by personal income and employment. Although economic activity would remain below pre-recession levels well into 2021, the recovery would take a more rapid pace beginning in the second half of 2021. A key observation in support of this scenario is that, prior to the pandemic, the economy did not appear to have the types of imbalances that led to previous recessions. Prior to the current downturn, household borrowing was much lower than it was leading into the Great Recession. Similarly, there did not appear to be signs of major overheating in key assets, as with stocks in the dot-com recession and housing in the Great Recession. As a result, Californians may be in a better position to weather the downturn and the economy may be poised to rebound more quickly once the threat of the virus subsides.

"L-Shaped" Recession. A somewhat pessimistic potential path for the economy is the so-called L-shaped recession. Under this scenario, the economy would remain in a significant slump well into 2021. Gradual recovery would begin in the second half of 2021, but the economy would not return to pre-recession levels until at least 2023. Several factors could drive such a protracted downturn. Some factors relate to the virus and the associated public health response. For example, as public health restrictions are eased some residents or businesses may attempt to resume activities too quickly, leading to renewed outbreaks and the need for additional rounds of restrictions. Some factors relate to potential economic fallout of the virus. For example, the current scale of job losses could mean many workers will remain out of the workforce for an extended period of time. Additionally, many businesses could be forced into bankruptcy as they are unable to weather the current shutdown or are unable to adapt their operations to allow social distancing.

Figure 1

Projections of Key Economic Variables



WHAT IS OUR ESTIMATE OF THE BUDGET PROBLEM?

Using the two economic scenarios described earlier, this section presents our estimates of the possible budget problem. (The box on page 6 describes what the term "budget problem" means in more detail.) We begin by describing the budget problem assuming the state were to maintain its current service level. Next, we describe some alternative assumptions that—if used—would result in a lower (or higher) budget problem. Finally, we conclude with our estimate of the budget problem that could occur over the multiyear period.

Budget Problem of $18 Billion to $31 Billion for 2020-21

Figure 2 summarizes the key assumptions in each of the two economic scenarios assuming the state maintains its current service level.

Budget Problem of $18.1 Billion Under U-Shaped Recession. Figure 3 (see next page) shows our estimate of the General Fund condition under the somewhat optimistic U-shaped recession scenario described earlier. As the figure shows, under these economic assumptions, the state would have an $18.1 billion budget problem to solve in the upcoming budget process.

Budget Problem of $31.4 Billion Under L-Shaped Recession. Figure 4 (see next page) shows our estimate of the General Fund condition under the somewhat pessimistic L-shaped recession scenario. As the figure shows, under these economic assumptions, the state would have a $31.4 billion budget problem to solve in the upcoming budget process.

Figure 2

Key Assumptions for LAO Baseline Budget Estimates

	U-Shaped Scenario	L-Shaped Scenario
Economy	Economy begins meaningful recovery this summer, but remains below pre-recession levels well into 2021. The recovery takes a more rapid pace beginning in the second half of 2021.	Economy remains in a significant slump well into 2021. Gradual recovery begins in the second half of 2021, but the economy does not return to pre-recession levels until at least 2023.
Schools and Community Colleges (Proposition 98)	The state funds schools and community colleges in 2020-21 at the enacted 2019-20 level, adjusted for the 2.31 percent statutory cost-of-living adjustment and changes in attendance.	The state funds schools and community colleges in 2020-21 at the enacted 2019-20 level, adjusted for the 2.31 percent statutory cost-of-living adjustment and changes in attendance.
Other Programs	The state funds: • $7 billion in COVID-19 response-related costs. • Increased costs associated with caseload, population, and enrollment growth. • Salary and other compensation cost increases for universities and state employees (after current MOUs expire). The state does not fund: • New discretionary proposals from January.	
Federal Funding	The state receives: • 75 percent reimbursement from FEMA for $7 billion in COVID-19-related costs. • Enhanced FMAP until December 2021. CRF funds not allocated to address state costs.	The state receives: • 75 percent reimbursement from FEMA for $7 billion in COVID-19-related costs. • Enhanced FMAP until December 2022. CRF funds not allocated to address state costs.

COVID-19 = coronavirus disease 2019; MOUs = memorandum of understanding; FEMA = Federal Emergency Management Agency; FMAP = federal medical assistance percentage; and CRF = Coronavirus Relief Fund.

Figure 3

General Fund Condition Under LAO Spring Outlook

General Fund, U-Shaped Scenario (in Millions)

	2019-20	2020-21
Prior-year fund balance	$8,403	-$3,332
Revenues and transfers	140,271	132,873
Expenditures	152,006	145,517
Ending fund balance	-$3,332	-$15,977
Encumbrances	2,145	2,145
SFEU Balance	**-5,477**	**-18,122**
Reserves		
BSA balance	$15,630	$15,630
Safety Net Reserve	900	900
Total Reserves	**$16,530**	**$16,530**

SFEU = Special Fund for Economic Uncertainties and BSA = Budget Stabilization Account.

Figure 4

General Fund Condition Under LAO Spring Outlook

General Fund, L-Shaped Scenario (in Millions)

	2019-20	2020-21
Prior-year fund balance	$8,295	-$4,210
Revenues and transfers	139,536	120,465
Expenditures	152,040	145,517
Ending fund balance	-$4,210	-$29,262
Encumbrances	2,145	2,145
SFEU Balance	**-6,355**	**-31,407**
Reserves		
BSA balance	$15,302	$15,302
Safety Net Reserve	900	900
Total Reserves	**$16,202**	**$16,202**

SFEU = Special Fund for Economic Uncertainties and BSA = Budget Stabilization Account.

What Is a Budget Problem?

A budget problem—also called a budget deficit—occurs when resources for the upcoming fiscal year are insufficient to cover the costs of currently authorized services. As such, calculating the budget problem involves two main steps:

- ***Projecting Anticipated Revenues.*** First, we estimate how much revenue will be available for the upcoming year. This means using assumptions about how the economy is likely to perform over the coming 14 months and then using those assumptions to project revenue collections.
- ***Estimating Current Service Level.*** Second, we compare those anticipated revenues to the level of spending to support the current service level (roughly the service level of the *2019-20 Budget Act*). Projecting current service spending, which we also call "baseline spending," has several components. For example, it requires us to project how caseload will change for means-tested programs, estimate how much federal funding will come to the state based on current federal policy, and make many other assessments.

When current service level spending exceeds anticipated revenues the state has a budget problem. In this document, the budget problem is reflected in the 2020-21 ending balance in the Special Fund for Economic Uncertainties, shown in Figure 3 and Figure 4.

Budget Problem Must Be Addressed. The State Constitution requires the Legislature to pass a balanced budget. As a result, when the state faces a budget problem, the Legislature must solve the problem using a combination of tools. The main tool for solving a budget problem is building a savings account—called a reserve. If reserves are insufficient to cover the budget problem, however, the Legislature must take other actions to bring the budget into balance. These actions include reducing spending, increasing revenues, and/or shifting costs.

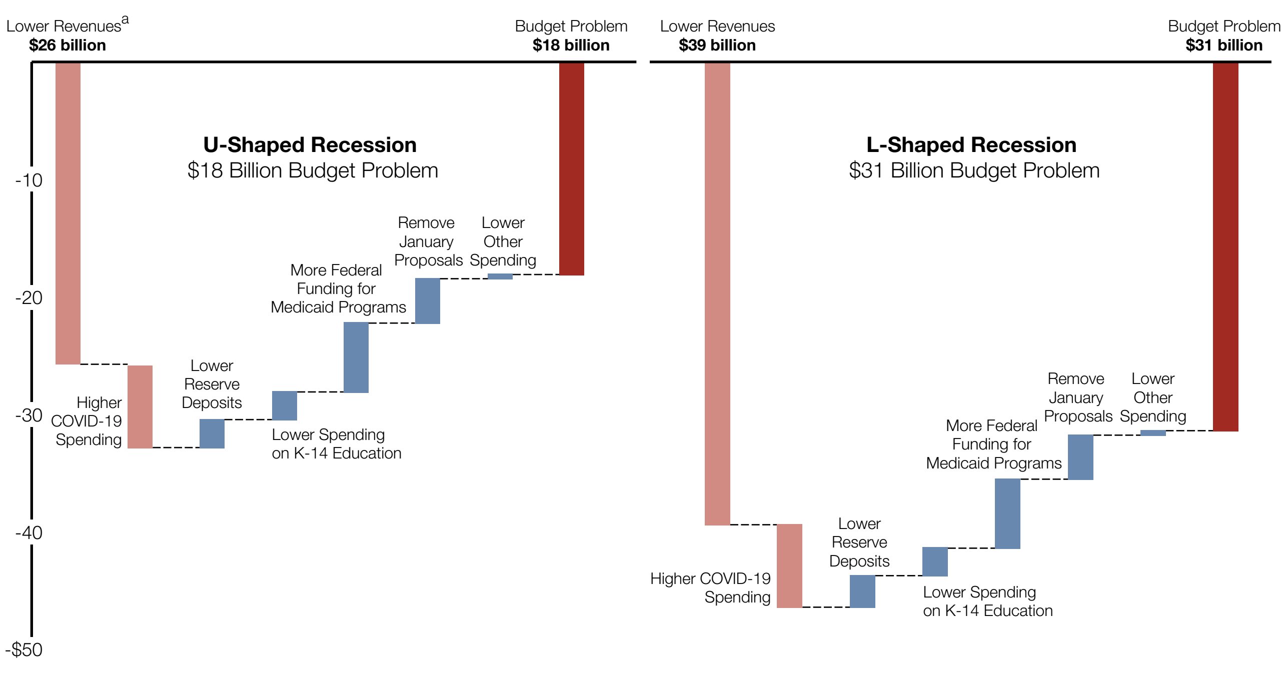
How Do We Calculate the Budget Problem Under the Two Scenarios? Figure 5 summarizes the key components of our calculation estimating the size of the budget problem. (We explain each of these component in more detail in "Appendix 1.") They are:

- ***Lower Revenues***. Under our estimates, revenues and other resources are lower, on net, by $26 billion in the U-shaped recession scenario and $39 billion in the L-shaped recession scenario.
- ***COVID-19 Spending.*** Using an estimate from the administration, we assume the state spends $7 billion on COVID-19-related costs and 75 percent of those costs are reimbursed by the federal government (the latter is accounted for in revenues).
- ***Lower Reserve Deposits.*** We assume the state suspends the Budget Stabilization Account (BSA) deposit in 2020-21. On net, this, and other automatic deposit changes, increases resources available by $2.4 billion in the U-shaped recession and $2.7 billion in the L-shaped recession.
- ***Lower Spending on K-14 Education.*** We assume the state funds schools and community colleges at the 2019-20 enacted level, adjusted for inflation and attendance. The box on page 8 describes this assumption and the associated savings relative to the Governor's budget in more detail.
- ***More Federal Funding for Medicaid Programs.*** We estimate the recently enacted enhanced federal cost share for state Medicaid programs (Medi-Cal, In-Home Supportive Services, and some developmental services) results in roughly $6 billion in savings in both scenarios.
- ***Remove January Proposals.*** Our estimates eliminate all discretionary funding proposals from the January Governor's budget, which reduces costs by $3.8 billion.

Figure 5

Calculating the Budget Problem

(In Billions)



[a] Net of SFEU balance and federal reimbursements

COVID-19 = coronavirus disease 2019 and SFEU = Sepcial Fund for Economic Uncertainties.

How Do We Treat Proposition 98 in the Budget Problem Calculation?

Assume Cost-Adjusted 2019-20 Funding for Schools and Community Colleges. To estimate the budget problem under the two scenarios, we assume the state funds schools and community colleges in 2020-21 at the enacted 2019-20 level, adjusted for inflation and attendance. Essentially, this estimate accounts for the "current service level" of K-14 education rather than the constitutional minimum level. (This is similar to the approach we used for other programs in the state budget. As we describe later, funding K-14 education at the constitutional minimum level would result in substantially lower General Fund costs.) From 2018-19 to 2020-21, General Fund spending on K-14 education would be $2.4 billion lower than the Governor's January budget level in the U-shaped recession and $2.3 billion lower in the L-shaped recession. The difference between the two scenarios results from differing assumptions regarding property tax revenue.

Reserves Total Around $16 Billion... The bottom of Figure 3 and Figure 4 show total reserves available to address the respective budget problems. As the figures show, under the two scenarios, the state would have either $16.5 billion or $16.2 billion in total reserves. (The total reserve amounts differ by scenario because the BSA deposit for 2019-20 changes depending on revenue estimates.) The box below describes how these reserve estimates are related to the state's current cash position.

...But Absent Using Reserves for a Disaster, the State Can Only Access Around $9 Billion of BSA in 2020-21. Proposition 2 (2014) places restrictions on withdrawals from the BSA. Absent the Governor proposing to use a portion of the BSA to address costs related to the COVID-19 emergency, funds could not be withdrawn in 2019-20. This would mean that, under our revenue estimates, only a portion of the BSA could be withdrawn in 2020-21. Specifically, we estimate about $9.4 billion would be accessible in the U-shaped recession scenario and $9.2 billion would be available in the L-shaped scenario. "Appendix 2" describes this estimate and our reasoning in more detail.

Cash Management

A Sizeable Cash Cushion Allows the State to Withstand the Delay in the Tax Filing Date... The state's sizeable reserve balances have contributed to a strong cash position in recent years. In the coming weeks, this cash position will decline. The State Controller's Office has estimated that while the state's cash cushion was around $40 billion at the end of March, that balance will decline to roughly $9 billion by the end of the fiscal year. The single largest reason for this decline is the delay of the state's tax filing date from April to July. Despite this decline, however, the administration does not anticipate that California will require external borrowing to manage cash flows in the current fiscal year.

...But State's Cash Position Will Change Dramatically in the Coming Months. When normal collections resume, the state's cash position could improve, but a variety of factors will continue to limit the state's available cash. This includes: depressed economic activity which will lead to lower revenues, the use of the state's General Fund and special fund reserves to pay for currently authorized services, and higher costs as the state responds to COVID-19. As such, cash management is likely to become a more prominent feature in legislative deliberations and decision-making in this budget process and future budgets.

Budget Problem Lower Under Alternative Assumptions

Our estimate of the budget problem—$18 billion to $31 billion—would be lower if we made alternative assumptions. Those alternative assumptions, which might help guide the Legislature as it begins to consider how to approach the budget problem, are described in this section.

Use Federal Coronavirus Relief Funding to Cover Costs. Congress recently established the Coronavirus Relief Fund (CRF) to provide money to state, local, tribal, and territorial governments for "necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019" that are incurred between March 1 and December 30, 2020. We estimate California's state government is eligible for $9.5 billion from the CRF. Recent guidance from the U.S. Department of the Treasury outlines the eligible uses of these funds. We think the state has a good argument to use most—or all—of this total to cover current state costs. However, because there is substantial uncertainty in how the Treasury will implement its guidance, we have not assumed the funding is used in this way.

Eliminate Cost-of-Living Adjustments (COLAs). Our estimates of the budget problem assume the state provides inflation-related cost increases in order to maintain current service levels, although those increases are not necessarily required under current law or policy. For example, we provide COLAs to state employee salaries (after current bargaining agreements expire), universities, and K-14 education. Eliminating all the various COLAs would result in General Fund savings of $2.1 billion in 2020-21. Most of these savings—$1.7 billion—would come from eliminating the COLA for K-14 education.

Fund Schools and Community Colleges at Constitutional Minimum Level. Rather than holding funding for schools and community colleges flat over the budget period, the state alternatively could provide the minimum required funding level allowed by Proposition 98 (1988). Funding at the minimum level would reduce the budget problem by $10.1 billion in the U-shaped recession and $15.4 billion in the L-shaped recession. Historically, the state has provided the minimum level of funding for schools and community colleges, even when those levels result in year-over-year reductions. This approach, however, would involve extraordinary reductions in overall education funding. The box on page 10 provides an update on the minimum guarantee under our economic scenarios in more detail.

Pull Back Recent Augmentations and Allocations That Are Not Yet Disbursed. Another way to conceptualize the "current service level" is to consider the level of benefits and services being provided by the state *today* (rather than those that will be provided in the future under law). In this case, the state could eliminate funding provided in recent budgets and law that has not yet been disbursed or for which implementation has not begun. For example the state could:

- Return funds to the General Fund for infrastructure and maintenance projects that have not begun construction.
- Revert unspent funds from state departments and other entities, like universities.
- Delay implementation of recently enacted laws.
- Rescind funds for other recent legislative augmentations that have not been distributed to providers, local governments, or other beneficiaries.

Our initial review suggests there could be *up to* $3.8 billion in recent augmentations that can be reduced without affecting today's service level. However, we were unable to get verification from the administration on this list. Compiling a more complete list would require more information from the administration, particularly the Department of Finance.

Other Alternative Assumptions. We have identified some other areas of the budget where alternative assumptions about baseline spending are possible, although some of these options would mean reducing today's level of services. For example, in January, the administration defined $1.7 billion in recent augmentations that are subject to suspension in 2021-22 as "discretionary" augmentations in 2020-21. Our

Update on the Proposition 98 Guarantee

Proposition 98 Sets Minimum Funding Level. Proposition 98 (1988) established an annual funding requirement for schools and community colleges commonly known as the minimum guarantee. The California Constitution sets forth formulas for calculating the guarantee. These formulas depend upon various inputs, including General Fund revenue, per capita personal income, and student attendance. The state meets the guarantee through a combination of General Fund and local property tax revenue. Although the state can provide more funding than required, in practice it usually funds at or near the guarantee. With a two-thirds vote of each house of the Legislature, the state can suspend the guarantee and provide less funding than the formulas require that year.

Proposition 98 Guarantee Down Significantly Under Both Scenarios. Under our U-shaped scenario, the minimum guarantee is $13.3 billion lower than the Governor's January estimates over the 2018-19 through 2020-21 budget period. Under the L-shaped scenario, the guarantee is $18.6 billion lower. In both scenarios, most of the drop is related to 2020-21 and reflects lower General Fund revenues. In each year of the period, the General Fund share of the guarantee drops about 40 cents for every dollar of lower revenue. Slower growth in local property tax revenue also contributes to a lower guarantee in both scenarios. Appendix 3 provides more information on our estimates of the minimum guarantee.

definition of "discretionary spending" would not include these items, however, removing them from baseline spending would reduce the budget problem by this amount. In addition, there are hundreds of millions of dollars in recent federal funding that could probably be used to offset state costs. Finally, the Governor could pause the minimum wage increase scheduled for January 1, 2020. We currently estimate, however, that the net budgetary savings from this action likely would not be significant in 2020-21.

Why Is the Administration's Estimate of the Deficit Larger?

The administration published a letter on May 7 indicating they estimate the budget problem for 2020-21 is $54.3 billion. This estimate is substantially larger than our bottom line figure for the L-shaped recession scenario. While we are still reviewing this estimate and have not yet received full information about it, we have identified a few preliminary reasons for our difference. In particular, the administration's estimate of the budget problem assumes:

- Revenues are slightly lower than our L-shaped recession scenario.
- Caseload-driven costs are higher by billions of dollars.
- All of the Governor's budget discretionary proposals are part of baseline costs.
- The Governor's budget proposed level of spending for Proposition 98 remains roughly unchanged.

The key differences between our estimates is not necessarily the result of substantially differing assessments of the path of the economy or its effects on state programs. Rather, it is a question of how we display the bottom line numbers. In effect, the administration's estimates largely reflect *gross* changes in the budget's bottom line while our estimate includes the *net* effects of current law.

Budget Problems Linger for Multiyear Period

Ongoing Budget Problem of $20 Billion to $30 Billion. Under both of our economic scenarios, budget deficits persist until at least 2023-24. This occurs despite the fact that the U-shaped recession assumes the economy begins to recover this summer and the L-shaped recession assumes the economy begins recovering later in 2021. The state would face annual deficits of about $20 billion in the somewhat optimistic U-shaped recession scenario through 2023-24 (the last year of our projections). In the somewhat pessimistic L-shaped recession scenario, the state would face annual deficits of around $30 billion and an even larger budget problem in 2021-22 than this year. Over the entire multiyear period, deficits sum to $64 billion in the U-shaped scenario and $126 billion in the L-shaped scenario. We show these estimates in "Appendix 3, Figure 4."

WHAT IS OUR ASSESSMENT AND GUIDANCE?

Addressing the Budget Problem

Significant Budget Problems Likely to Persist in Years to Come. Some might have anticipated the state would face a deep—but short lived—budget problem in response to the COVID-19 public health emergency. Our analysis shows, however, that the state's fiscal challenges will not go away quickly and likely will extend well beyond the end of the public health crisis. Accordingly, long-term solutions to bring the budget into structural alignment are needed.

Reserves Are Insufficient to Cover the Budget Problem. When the state faces a budget problem, the Legislature must solve it using a combination of tools. The main tool is the state's reserve. However, existing reserves will not be sufficient to cover the budget problem in 2020-21 and beyond. This means the Legislature will need to reduce spending, increase revenues, and/or shift costs to bring the budget into alignment. Although we focus on alternative expenditure assumptions in this report, we recommend the Legislature use a mix of all four tools in approaching the 2020-21 budget problem.

California's Reserves Nonetheless Yield Key Advantages. While the state's reserves are insufficient to address the budget problem, they provide several important benefits. First, reserves will reduce the need for expenditure reductions or revenue increases—every dollar of reserves held today is a dollar in one-time programmatic cuts that can be avoided. Second, reserves allow the state to phase in reductions to expenditures more slowly, reducing their potential impact during the most acute period of the public health and economic crisis. Finally, some budgetary reductions will take time to implement. Reserves serve as an interim solution, buying lawmakers time to implement those longer-term reductions. Unlike past recessions, when the state had virtually no reserves and deep cuts were immediately necessary, the state's reserves will cushion the coming budget crunch.

Consider Health and Economic Consequences When Evaluating Budget Solutions. In light of the current and future budget problems faced by the state, programmatic reductions will be needed as part of the overall budget solution. The Legislature likely will weigh multiple criteria when determining which solutions to implement. As one of those criteria, while the pandemic is ongoing, we recommend the Legislature consider whether the programmatic reduction under consideration could worsen the public health crisis or compound personal economic challenges facing Californians. Such actions include, for example, significantly reducing access to health care services or eliminating programs like the Earned Income Tax Credit. When possible, mitigating the effects of these types of reductions could help limit the impact of the virus and its negative implications for the state's economy.

Upcoming Budget Process

Assessment of Budget Problem Reflects Our Best Estimates, Some Additional Information May Be Forthcoming in the May Revision. This report reflects our best estimates of the state's budget situation given limited information and significant uncertainty. Much of this uncertainty surrounds the future path of the pandemic and the economy, which neither our office nor the administration can foresee with certainty. That being said, the May Revision may provide additional information on COVID-19 costs and caseload effects of the deteriorating economic situation. Consequently, the May Revision should provide the Legislature additional information to assess the potential size of the budget problem and the extent to which policy interventions could mitigate that problem.

Start Making Hard Decisions in June Instead of Waiting Until August. The Legislature could pass a budget in June and then revisit these estimates in a subsequent budget package in August. This approach makes sense in light of the continuing evolving public health and economic situations. Regardless, under any scenario, the state will need to make some reductions in ongoing spending and we would strongly caution the Legislature against waiting until August to start making difficult decisions. Delaying action could only increase the size of the ultimate budget problem. Further, there are a number of areas of the budget for which midyear reductions are more difficult to implement. For instance, departments likely could respond to budget reductions more effectively if identified in June rather than in August.

CONCLUSION

After many years of favorable budgetary conditions, the state suddenly is facing a recession and a severely negative budgetary outlook. In this environment, lawmakers will face repeated—at times profoundly—difficult decisions. This will stand in stark and abrupt contrast to the budget surpluses of recent years. While the state and Governor have been appropriately focused on reacting to the current crisis, the upcoming budget process provides the Legislature with an important opportunity to assert its own priorities as the state moves forward on a long-term fiscal plan.

A focus on the longer-term budget situation—both in June and a possible package in August—is of serious import. Although the state faces a daunting budget deficit for the upcoming fiscal year, the multiyear situation is likely to be even worse. The Legislature should begin to craft multiyear actions now that help bring down the state's ongoing budget deficits. Relying only on one-time solutions in this budget cycle will mean significant budget problems reoccur year after year.

APPENDIX 1: HOW DO WE CALCULATE THE BUDGET PROBLEM?

This Appendix describes our calculation of the budget problem in more detail.

Revenues and Other Resources Available Lower by $26 Billion to $39 Billion. Under both recession scenarios, our revenue estimates are tens of billions of dollars lower than the Governor's budget estimates in January. In the U-shaped scenario, revenues and other resources (specifically, the Special Fund for Economic Uncertainties [SFEU]) are lower by $26 billion from 2018-19 to 2020-21. In the L-shaped scenario, resources are lower by $39 billion across the same years. These revenue losses account for federal reimbursements from the state and federal disaster declaration (described in the next paragraph) and the estimated SFEU balance in the Governor's budget.

COVID-19 Response-Related Spending. In a letter to the Joint Legislative Budget Committee in April, the administration estimated that the total costs of coronavirus disease 2019 (COVID-19) response will be $7 billion in 2020. Our baseline costs assume the state funds all of these costs in 2019-20 and 2020-21. Our revenue estimates assume that the federal government will ultimately reimburse the state for an estimated 75 percent of these costs—for total reimbursements of $5.25 billion—through 2020-21.

Assume BSA Deposit Is Suspended in 2020-21. As we describe in more detail in "Appendix 2," under our revenue and economic estimates, the Governor could declare a fiscal emergency in 2020-21, but not 2019-20. The fiscal emergency declaration allows the state to suspend deposits into the Budget Stabilization Account (BSA). As such, we assume the BSA deposit is not suspended for 2019-20, but is suspended for 2020-21. Including the other required adjustments, compared to January estimates, required BSA deposits would be lower by $2.4 billion in the U-shaped recession and $2.8 billion in the L-shaped recession.

Assume Cost-Adjusted 2019-20 Funding for Schools and Community Colleges. To estimate the budget problem under the two scenarios, we assume the state funds schools and community colleges in 2020-21 at the enacted 2019-20 level, adjusted for inflation and attendance. Essentially, this estimate accounts for the "current service level" of K-14 education rather than the constitutional minimum level. (This is similar to the approach we used for other programs in the state budget. As we describe later, funding K-14 education at the constitutional minimum level would result in substantially lower General Fund costs.) From 2018-19 to 2020-21, General Fund spending on K-14 education would be $2.4 billion lower than the Governor's January budget level in the U-shaped recession and $2.3 billion lower in the L-shaped recession. The difference between the two scenarios results from differing assumptions regarding property tax revenue.

Account for Higher Federal Funding for Enhanced Federal Medical Assistance Percentage. Medicaid is an entitlement program whose costs generally are shared between the federal government and states. Congress recently approved a temporary 6.2 percentage point increase in the federal government's share of cost for state Medicaid programs until the end of the national public health emergency declaration. We estimate this change results in General Fund savings of $4.1 billion for Medi-Cal, $1.2 billion for In-Home Supportive Services, and $560 million for some developmental services programs across 2019-20 and 2020-21 in the U-shaped recession scenario and slightly more savings in the L-shaped recession scenario. These estimates are based on our projections of caseload and the cost of services in these programs over the next 14 months, using assumptions based on our two economic and public health scenarios. (Importantly, these assumptions include the national public health emergency lasting beyond the 2020-21 fiscal year in both scenarios.)

Remove All Discretionary Proposals From January Budget. The Governor's proposed January budget estimated the state would have a moderate surplus for 2020-21. (The "surplus" is defined as non-Proposition 98 General Fund expenditures that are not required under current law or other policies.)

The Governor proposed allocating that surplus to a variety of new spending proposals. (These proposals included, for example, funds for homelessness, expanded healthcare access, and environmental projects.) Under our definition of the baseline budget, these new proposed augmentations are not part of current services. Removing these proposals would reduce costs by $3.8 billion in 2020-21.

Other Spending Slightly Lower. On net, we estimate that other costs across the budget will be lower by $225 million in the U-shaped scenario and $299 million in the L-shaped scenario. The reason other spending is lower in the L-shaped scenario is that the state's constitutionally required spending on debt payments is lower in those revenue assumptions.

APPENDIX 2: USING THE BSA IN 2020-21

The budget has a few general purpose reserve accounts. The largest of these is the Budget Stabilization Account (BSA), which is governed by constitutional rules under Proposition 2 (2014). Here, we describe the rules around how the BSA can be used and how much of the BSA could be accessed to address a budget problem in 2020-21.

Components of the BSA

BSA Has Optional and Mandatory Components. The total BSA in both the U-shaped and L-shaped recession scenarios has a component that is "mandatory" because it was deposited pursuant to the rules under Proposition 2, and a remaining "optional" balance that was deposited in some other way. In particular, these optional amounts include: (1) $1.6 billion deposited before Proposition 2 was enacted, (2) an optional deposit from the 2016-17 budget that now totals $1.5 billion after adjustments, and (3) an optional deposit from the 2018-19 budget that is now close to zero (see **Appendix 2, Figure 1**).

Appendix 2, Figure 1

Balance of the Budget Stabilization Account by Scenario

(In Billions)

	U-Shaped Scenario	L-Shaped Scenario
Pre-Proposition 2 balance	$1.6	$1.6
2016-17 optional deposit	1.5	1.5
2018-19 optional deposit	—	0.1
Optional Balance	**$3.1**	**$3.2**
Mandatory balance	$12.5	$12.1
Total Balance	**$15.6**	**$15.3**

Is a Fiscal Emergency Available?

Legislature Can Make a BSA Withdrawal Under Two Conditions. The Legislature can suspend a BSA deposit or make a withdrawal from the mandatory share of the BSA if the Governor declares a budget emergency. The Governor may call a budget emergency in two cases: (1) if estimated resources in the current or upcoming fiscal year are insufficient to keep spending at the level of the highest of the prior three budgets, adjusted for inflation and population (a "fiscal budget emergency") or (2) in response to a natural or man-made disaster.

Fiscal Emergency Available in 2020-21. Under our revenue scenarios, a fiscal emergency is available in 2020-21, but not in 2019-20, as **Appendix 2, Figure 2** (see next page) shows. Consequently, the BSA cannot be used to cover shortfalls in 2019-20 under this provision. However, we think the Governor could declare a budget emergency in response to the coronavirus disease 2019 public health emergency in 2019-20.

Appendix 2, Figure 2

Fiscal Emergency Likely Available in 2020-21, But Not in 2019-20

(In Millions)

U-Shaped Scenario	2019-20	2020-21
Highest adjusted budget[a]	$144,192	$146,049
Resources available	148,190	136,962
Budget emergency available?	No	Yes
Amount of Emergency		**$9,087**

L-Shaped Scenario	2019-20	2020-21
Highest adjusted budget[a]	$144,192	$143,294
Resources available	147,020	123,778
Budget emergency available?	No	Yes
Amount of Emergency		**$19,516**

[a] Reflects the highest of the prior three budgets (2017-18, 2018-19, and 2019-20), adjusted for inflation and population. In both cases, the highest of these is the 2019-20 adjusted budget.

How Much of the BSA Can the Legislature Use in 2020-21?

Good Argument That the Legislature Can Access Optional BSA Balance by Majority Vote. Although not yet tested, we think there is a good argument that the balance of the BSA that was deposited on an "optional" basis is not subject to the withdrawal rules governing the mandatory balance. (Statutory language does indicate that nearly half of the optional total would be subject to rules, but this language can be amended by majority vote.) As such, under this argument, the Legislature could appropriate around $3 billion from the BSA by majority vote and without a fiscal emergency declaration by the Governor.

State Can Access Half of Mandatory Total. In the case of a fiscal emergency, the Legislature may only withdraw the lesser of: (1) the amount of the budget emergency, or (2) 50 percent of the BSA balance. (The second requirement is waived if the Legislature has accessed the BSA in the immediately preceding fiscal year. It is not clear whether withdrawing the funds for a disaster-related purpose fulfills this requirement.) In both economic scenarios, the amount of the budget emergency exceeds 50 percent of the mandatory balance of the BSA. As such, in 2020-21, there would be around $6 billion available from half of the BSA's mandatory balance.

Likely Around $9 Billion in BSA Available in 2020-21. The total amount available would be $9.2 billion to $9.4 billion, depending on the revenue scenario, as shown in Appendix 2, Figure 3. This said, there is an argument that if the Governor declared a budget emergency in 2019-20 pursuant to the disaster declaration and the Legislature withdraws funds for that year, the entire remaining balance could be accessed for 2020-21.

Appendix 2, Figure 3

BSA Balance Available in 2020-21

(In Billions)

	U-Shaped Scenario	L-Shaped Scenario
Optional balance	$3.1	$3.2
Half of mandatory balance	6.3	6.1
BSA Available	**$9.4**	**$9.2**

BSA = Budget Stabilization Account.

APPENDIX 3: FIGURES

Appendix 3, Figure 1

LAO Spring Outlook Revenue Estimates

(In Billions)

		LAO Spring Outlook		Change From January	
2018-19	**January Budget**	**U-Shaped Scenario**	**L-Shaped Scenario**	**U-Shaped Scenario**	**L-Shaped Scenario**
Personal income tax	$98.6	$98.5	$98.5	-$0.1	-$0.1
Sales and use tax	26.1	26.1	26.1	—	—
Corporation tax	14.1	14.1	14.1	—	—
Subtotal, Big Three Revenues	($138.8)	($138.8)	($138.8)	(—)	(—)
BSA transfer	-$3.2	-$3.2	-$3.3	-$0.1	-$0.2
Federal cost recovery	—	—	—	—	—
All other revenues	5.0	5.0	5.0	—	—
All other transfers	-1.3	-1.3	-1.3	—	—
Total Revenues and Transfers	**$139.4**	**$139.3**	**$139.2**	**-$0.1**	**-$0.2**

		LAO Spring Outlook		Change From January	
2019-20	**January Budget**	**U-Shaped Scenario**	**L-Shaped Scenario**	**U-Shaped Scenario**	**L-Shaped Scenario**
Personal income tax	$101.7	$98.9	$97.7	-$42.8	-$4.0
Sales and use tax	27.2	24.3	24.3	-2.8	-2.9
Corporation tax	15.3	13.1	13.1	-2.2	-2.2
Subtotal, Big Three Revenues	($144.2)	($136.4)	($135.2)	(-$7.8)	(-$9.0)
BSA transfer	-$2.1	-$1.6	-$1.2	$0.4	$0.9
Federal cost recovery	1.0	2.1	2.1	1.1	1.1
All other revenues	5.2	5.3	5.3	0.1	0.1
All other transfers	-1.9	-1.9	-1.9	—	—
Total Revenues and Transfers	**$146.5**	**$140.3**	**$139.5**	**-$6.2**	**-$6.9**

		LAO Spring Outlook		Change From January	
2020-21	**January Budget**	**U-Shaped Scenario**	**L-Shaped Scenario**	**U-Shaped Scenario**	**L-Shaped Scenario**
Personal income tax	$102.9	$89.0	$81.3	-$13.9	-$21.6
Sales and use tax	28.2	23.9	21.3	-4.4	-6.9
Corporation tax	16.0	9.7	7.8	-6.3	-8.2
Subtotal, Big Three Revenues	($147.1)	($122.6)	($110.4)	(-$24.5)	(-$36.8)
BSA transfer	-$2.0	—	—	$2.0	$2.0
Federal cost recovery	0.9	$5.1	$5.1	4.2	4.2
All other revenues	5.4	5.0	4.9	-0.4	-0.6
All other transfers	0.2	0.2	0.2	—	—
Total Revenues and Transfers	**$151.6**	**$132.9**	**$120.5**	**-$18.8**	**-$31.2**

BSA = Budget Stabilization Account.

Appendix 3, Figure 2

LAO Spring Outlook Economic Assumptions

Annual Percent Change Unless Otherwise Indicated

	U-Shaped Scenario			
	2019	2020	2021	2022
Personal income	4.8%	-2.9%	0.6%	5.6%
Wages and salaries	5.2	-5.2	-1.0	4.7
Wage and salary employment	1.5	-6.4	-1.6	3.0
Unemployment rate (percent)	4.0	9.4	9.5	7.5
Housing permits (thousands)	111	79	102	115
Median home price	1.6	2.0	-0.7	3.5
California Consumer Price Index	2.9	1.6	2.2	3.4
S&P 500 (level)	2,913	2,624	2,675	3,068
	L-Shaped Scenario			
	2019	**2020**	**2021**	**2022**
Personal income	4.8%	-5.5%	-3.3	3.9%
Wages and salaries	5.2	-8.2	-4.0	2.4
Wage and salary employment	1.5	-9.1	-1.8	2.1
Unemployment rate (percent)	4.0	11.5	11.5	10.1
Housing permits (thousands)	111	64	65	97
Median home price	1.6	-1.2	-5.7	3.3
California Consumer Price Index	2.9	1.3	0.5	2.5
S&P 500 (level)	2,913	2,328	1,880	2,375

Appendix 3, Figure 3

LAO Spring Outlook Agency-Level Expenditure Estimates

	U-Shaped Scenario		L-Shaped Scenario	
	2019-20	2020-21	2019-20	2020-21
Proposition 98[a]	$55,342	$56,207	$55,378	$56,278
Agency Totals[b]				
Legislative, Judicial, and Executive	$6,442	$3,771	$6,442	$3,771
Business, Consumer Services, and Housing	1,049	159	1,049	159
Transportation	96	9	96	9
Natural Resources and Environmental Protection	3,205	2,281	3,205	2,281
Health and Human Services	40,219	42,180	40,243	42,404
Corrections and Rehabilitation	12,813	12,806	12,787	12,800
Education	17,681	15,770	17,681	15,738
Labor and Workforce Development	186	125	186	125
Government Operations and General Government	4,912	6,886	4,912	6,627
Capital Outlay	493	91	493	91
Debt Service[c]	5,168	5,231	5,168	5,231
Total Expenditures	**$147,606**	**$145,517**	**$147,640**	**$145,517**

[a] Assumes the state funds schools and community colleges at the enacted 2019-20 level, adjusted for inflation and attendance.
[b] Excluding Proposition 98, capital outlay, and debt service spending.
[c] Includes debt service on general obligation and lease revenue bonds.

Appendix 3, Figure 4

Comparing Estimates of the Minimum Guarantee

(In Millions)

	January Budget	LAO Spring Outlook U-Shaped Scenario	LAO Spring Outlook L-Shaped Scenario	Change From January U-Shaped Scenario	Change From January L-Shaped Scenario
2018-19	**$78,448**	**$78,508**	**$78,508**	**$61**	**$61**
General Fund	54,505	54,493	54,493	-12	-12
Local property tax	23,942	24,015	24,015	73	73
2019-20	**$81,573**	**$78,328**	**$77,846**	**-$3,245**	**-$3,727**
General Fund	56,405	53,370	52,926	-3,035	-3,479
Local property tax	25,168	24,958	24,921	-210	-248
2020-21	**$84,048**	**$73,884**	**$69,100**	**-$10,164**	**-$14,948**
General Fund	57,573	48,031	43,318	-9,542	-14,255
Local property tax	26,475	25,853	25,782	-622	-693
Three-Year Totals	**$244,069**	**$230,720**	**$225,455**	**-$13,349**	**-$18,614**
General Fund	168,484	155,893	150,737	-12,590	-17,747
Local property tax	75,586	74,827	74,718	-759	-868

Appendix 3, Figure 5

Comparing Costs of Existing K-14 Programs With the Proposition 98 Guarantee

(In Millions)

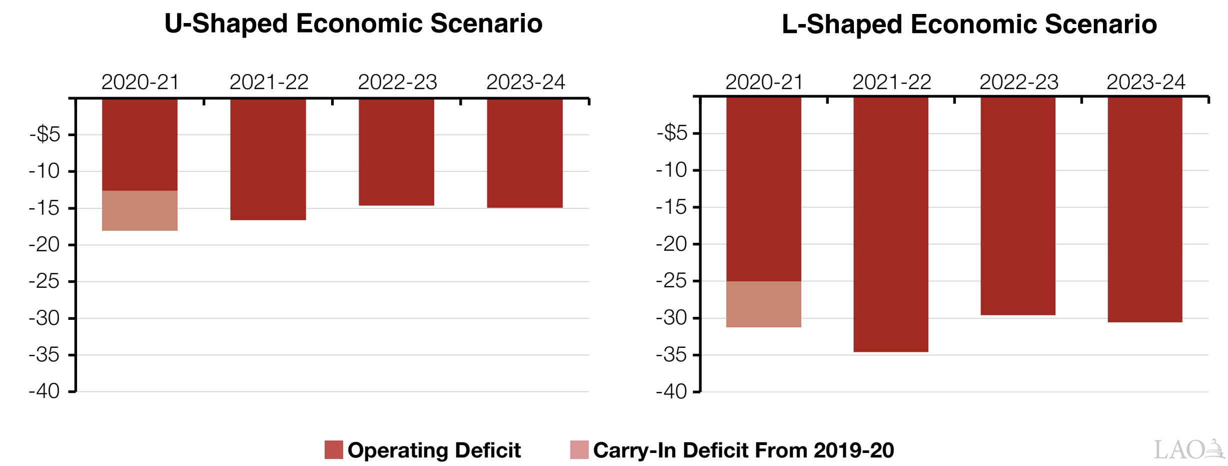
	2018-19	2019-20	2020-21	Three-Year Totals
Costs of existing programs	$78,508	$80,300	$82,060[a]	$240,868
U-Shaped Scenario				
Minimum guarantee	$78,508	$78,328	$73,884	$230,720
Difference from existing program costs	—	1,972	8,176	10,148
L-Shaped Scenario				
Minimum guarantee	$78,508	$77,846	$69,100	$225,455
Difference from existing program costs	—	2,454	12,960	15,413

[a] Reflects cost of maintaining programs funded in the 2019-20 budget plan, adjusted for changes in attendance, and the statutory cost-of-living adjustment (2.31 percent in 2020-21).

Appendix 3, Figure 6

Multiyear Budget Deficits Persist Under Both Economic Scenarios

(In Billions)



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LAO PUBLICATIONS

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California Department of Finance
Finance Bulletin
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Keely Bosler, Director

NOTE: Most data reported in this issue of Finance Bulletin precede—and therefore do not fully reflect—the rapidly changing economic impacts of the COVID-19 pandemic.

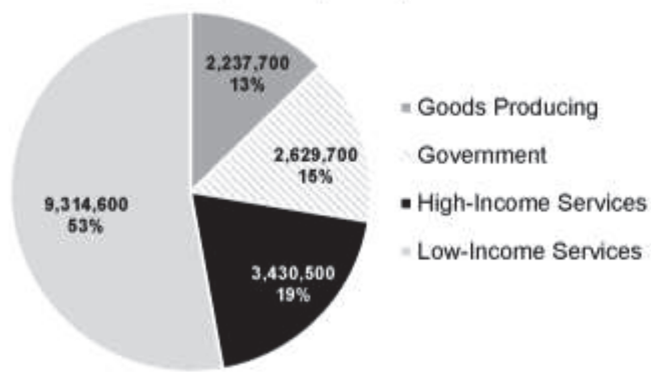
Economic Update

California had a $3.1 trillion Gross Domestic Product in 2019 in current dollar terms. Adjusted for inflation, California's GDP growth was 2.6 percent in 2019 compared to 2.3 percent for the nation. Personal income in California increased 4.8 percent in 2019 following an increase of 6.1 percent in 2018. U.S. personal income grew 4.4 percent in 2019 following growth of 5.6 percent in 2018.

LABOR MARKET CONDITIONS

- The U.S. unemployment rate increased from 3.5 percent in February to 4.4 percent in March; the California rate increased from 3.9 percent to 5.3 percent. In March, the national labor force fell 1.6 million to 162.9 million, while the state labor force fell 252,000 to 19.3 million. The U.S. lost 701,000 nonfarm jobs in March, and California lost 99,500. About two-thirds of U.S. and California job losses were in the leisure and hospitality sectors. The March survey reflects early impacts of COVID-19—but precedes stay-at-home measures implemented in the second half of the month.

Distribution of California's Nonfarm Jobs
(February 2020)



Source: California Labor Market Information Division

- February 2020 marked the tenth year of job expansion in California since the recessionary low of 14.2 million jobs in February 2010. Since then, California added 3.4 million jobs, with the largest gains in educational and health services (740,000 jobs added), professional and business services (700,000), and leisure and hospitality (580,000). In February 2020, California's nonfarm employment was 2.1 million above its July 2007 pre-recession peak, with more jobs in all sectors except for goods-producing sectors and financial activities. Compared to 2007, California now has a larger proportion of jobs in low-wage service sectors (retail, transportation, warehousing and utilities; real estate; administrative and waste services; educational and health services; and leisure and hospitality at 53 percent versus 49 percent) and fewer jobs in goods-producing sectors (mining, construction, and manufacturing at 13 percent versus 15 percent). The shares of jobs in government (15 percent) and in high-wage services sectors (wholesale trade; information; finance and insurance; professional, scientific and technical; and management of companies at 19 percent) were unchanged.

BUILDING ACTIVITY

- California housing units authorized by building permits totaled 126,000 in February, down 11.2 percent from January's 142,000 and up 39.3 percent from February 2019. Single-family units were up 6 percent from January to 77,000 housing units, while multifamily units were down 29.5 percent to 49,000 housing units. Nonresidential building valuation dropped from the prior month by 12.5 percent to an annualized valuation of $26.5 billion.

REAL ESTATE

- Sales of existing, single-family homes in California increased 6.6 percent to a seasonally adjusted annualized rate of 421,670 units in February after falling 0.8 percent in January. The statewide median home price was $579,770 in February, up 0.8 percent from January and up 8.5 percent from February 2019. The 30-year fixed-mortgage rate averaged 3.47 percent in February, its lowest point since October 2016.

Preliminary General Fund agency cash receipts for the first nine months of the fiscal year are $1.3 billion above the 2020-21 Governor's Budget forecast of $96.184 billion. Cash receipts for the month of March—which almost entirely reflect activity in February and prior to the impact of COVID-19—were $84 million above the month's forecast of $8.58 billion.

- Personal income tax cash receipts for the first nine months of the fiscal year are $2.056 billion above forecast. Personal income tax cash receipts to the General Fund for March were $375 million above the month's forecast of $4.273 billion. Withholding receipts were $20 million above the forecast of $6.783 billion, and other receipts were $228 million higher than the forecast of $1.371 billion. Refunds issued in March were $589 million below the expected $3.805 billion. Proposition 63 requires that 1.76 percent of total monthly personal income tax collections be transferred to the Mental Health Services Fund (MHSF). The amount transferred to the MHSF in March was $7 million higher than the forecast of $77 million.

- Sales and use tax cash receipts for the first nine months of the fiscal year are $156 million below forecast. Cash receipts for March were $147 million below the month's forecast of $1.907 billion. March cash includes the second prepayment for first quarter sales and use tax liabilities.

- Corporation tax cash receipts for the first nine months of the fiscal year are $152 million below forecast. Cash receipts for March were $134 million below the month's forecast of $1.551 billion. Estimated payments were $149 million below the forecast of $756 million, and other payments were $60 million lower than the $921 million forecast. Total refunds for the month were $75 million lower than the forecast of $126 million.

- Insurance tax cash receipts for the first nine months of the fiscal year are $72 million above the forecast of $2.134 billion. Insurance tax cash receipts for the month of March were $75 million above forecast. Cash receipts from alcoholic beverage, tobacco taxes, and pooled money interest for the first nine months of the year are $3 million below forecast, and were $6 million below forecast for the month of March. "Other" cash receipts are $475 million below forecast for the first nine months of the fiscal year, and were $79 million below forecast for the month of March.

2019-20 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

	MARCH 2020				2019-20 YEAR-TO-DATE			
Revenue Source	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	$4,273	$4,648	$375	8.8%	$63,966	$66,022	$2,056	3.2%
Sales & Use	1,907	1,760	-147	-7.7%	20,346	20,189	-156	-0.8%
Corporation	1,551	1,417	-134	-8.6%	7,739	7,587	-152	-2.0%
Insurance	601	677	75	12.5%	2,134	2,206	72	3.4%
Estate	0	0	0	0.0%	0	0	0	68.1%
Pooled Money Interest	51	45	-5	-10.5%	485	484	-1	-0.2%
Alcoholic Beverages	26	25	-1	-5.2%	288	293	5	1.9%
Tobacco	5	4	0	-5.8%	45	44	-1	-1.8%
Other	165	86	-79	-47.7%	1,182	706	-475	-40.2%
Total	$8,579	$8,663	$84	1.0%	$96,184	$97,533	$1,349	1.4%

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller.

Totals may not add due to rounding. The forecast is from the 2020-21 Governor's Budget.

DEPARTMENT OF FINANCE
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Fiscal Update

May 7, 2020

The COVID-19 Pandemic and California's Budget Outlook

The COVID-19 pandemic has caused enormous hardship for families, businesses and governments across the world, the United States, and California. It has endangered health, stressed the health care system, and caused devastating losses in family and business income.

COVID-19 has caused a national recession, a precipitous decline in income, rapidly rising health and human services caseloads and substantial COVID-19 driven costs. This update reflects the Department of Finance's May Revision forecast, and underscores the necessity of further federal stimulus to help states and local governments support an effective response to COVID-19, a timely and fact-based modification of the stay-at-home order, and a safe, expedited economic recovery.

California's Pre-Pandemic Budget and Economy

California began 2020 with a strong bill of financial health—a strong economy, historic reserves, and a structurally balanced budget.

- The unemployment rate (3.9 percent) was one-third of its Great Recession peak (12.3 percent).
- The "Wall of Debt" (past budgetary borrowing) was eliminated, and supplemental payments were made to retirement obligations.
- The 2020-21 Governor's budget reflected a $5.6 billion surplus.
- The budget reflected a record level of reserves: $21 billion in FY 2020-21, including $18 billion projected in the state's Rainy Day Fund.
- Revenues through March ran $1.35 billion above January's projections, as markets outperformed the budget forecast.

COVID-19 Recession

The rapid onset of the COVID-19 pandemic has had an immediate and severe impact on the global, national, and state economies. In California, COVID-19 has led to the following:

- In the last one-week reporting period, nearly 478,000 claims were filed in California for state and federal unemployment benefits. Since mid-March, more than 4.2 million claims have been filed.
- Job losses that have occurred disproportionately in the lower-wage sectors of the economy—amplifying the wage disparity that existed before the pandemic.
- Finance projects that the 2020 unemployment rate will be 18 percent, a much higher rate than during the Great Recession.

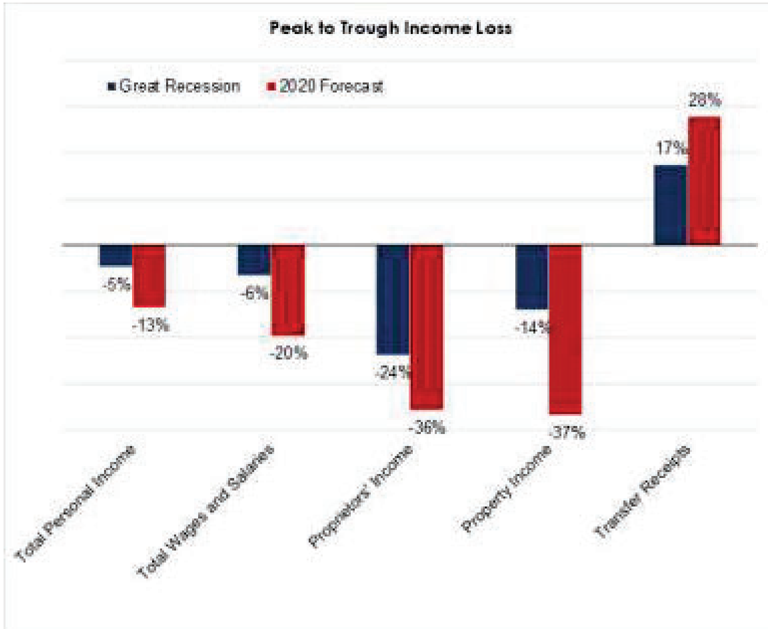
The May Revision economic forecast reflects that COVID-19 impacts will continue to cause economic losses in 2020:

- California personal income is projected to fall by nearly 9 percent on an annual basis in 2020.
- Permits for new housing construction, a key economic indicator, are forecast to drop by more than 21 percent this year.

How This Compares To Past Downturns

The widespread economic interruption caused by the global pandemic is unprecedented in modern history. The chart below provides some perspective on how different components of personal income are projected to fall in 2020 compared to the Great Recession. Income from transfer payments, unemployment insurance, and other social safety net programs are projected to increase at a faster rate.

The May Revision forecast projects that the impact of these economic losses will be disproportionately borne by low- and middle-income Californians. This is particularly concerning as state median income did not return to the pre-Great Recession level until 2018.



Impact on Revenues

Job losses and business closures will sharply reduce state revenues. Compared to the January forecast, the state's three main General Fund revenue sources are projected to drop for the 2020-21 fiscal year as follows:

- Personal Income Tax: -25.5 percent.
- Sales and Use Tax: -27.2 percent.
- Corporation Tax: -22.7 percent.

Specifically, Finance projects that General Fund revenues will decline by $41.2 billion below January projections, as follows:

- 2018-19: +$0.7 billion
- 2019-20: -$9.7 billion
- 2020-21: -$32.2 billion

Under Proposition 98's constitutional calculation, this revenue decline results in a lower required funding level by $18.3 billion General Fund for K-12 schools and community colleges.

Large Budget Deficit, Plus Ongoing Structural Deficits, Are Projected

The Revenue declines enumerated above ($41.2 billion), combined with $7.1 billion in caseload increases supporting health and human services programs, and other expenditures of approximately $6 billion (the majority in response to COVID) will result in an overall budget deficit of approximately $54.3 billion, of which $13.4 billion occurs in the current year and $40.9 billion is in the budget year.

- This overall deficit is equal to nearly 37 percent of General Fund spending authorized in the 2019 Budget Act.
- This is also nearly three and one half times the revised balance in the Rainy Day Fund ($16 billion).

While the COVID-19 Recession is causing an unprecedented loss of jobs and income, the projected deficit as a percent of General Fund spending is modestly smaller than the budget deficits faced by the state in 2003 and in 2009. This is due largely to the state's prudent fiscal management and strong economic recovery since 2011.

# # #

Additional information regarding this fiscal outlook can be found in the associated PowerPoint presentation linked here:

http://www.dof.ca.gov/Budget/Historical_Budget_Publications/2020-21/documents/DOF_FISCAL_UPDATE_POWERPOINT-MAY-7th.pdf

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

LAO Issues New Economic Outlook

BY PATTI F. HERRERA, EDD
BY DAVE HECKLER
BY JOHN GRAY

posted May 8, 2020

The Legislative Analyst's Office (LAO) released an unusually timed analysis of the California economy, which has been dramatically transformed by the global health crisis and its implications for the State Budget in its California's Spring Fiscal Outlook report. Qualifying its forecasts with a note about the uncertainty of these unprecedented times, the LAO provides two economic budget scenarios based on an optimistic U-shaped recession and a relatively pessimistic L-shaped recession.

Importantly, the LAO distinguishes its budget shortfall predictions from those in the Department of Finance's (DOF) May 7th Fiscal Update by noting that it uses different assumptions, such as suspending discretionary programs and funding programs at their current 2019–20 levels adjusted for cost-of-living adjustment increases, including K–14 education programs.

Budget Problem

Using both scenarios, the LAO measures the range of California's Budget problem between $18 billion and $31 billion moving into fiscal year 2020–21. Under a U-shaped recession—which assumes a meaningful recovery will begin this summer—the LAO predicts that the economy could reach its pre-recession level by the middle of 2021. Conversely, an L-shaped recession would put California on a protracted recovery path reaching pre-recession levels much later in 2023, at the earliest. In both scenarios, California is expected to face deficits for at least the next three years, ranging from about $20–$30 billion annually. The LAO is quick to point out that the state's reserves are insufficient to fully address the budget shortfalls in either case.

Additionally, although California's cash position has been strong, the State Controller expects that its once $40 billion cash cushion could be depleted to $9 billion by June 30, 2020. This is due largely to the deferment of state tax filing deadlines from mid-April to mid-July. While it is not anticipated that the state would need to borrow to meet its obligations in the near future, the LAO believes that cash management issues will become increasingly prominent. This, of course, has important implications for education funding and the state's ability to make on-time payments to K–12 and community college districts. As the state's cash coffers dwindle, it is increasingly probable that the state will impose cash deferrals akin to those used during the Dot-Com and Great Recessions.

The LAO's Analysis and Proposition 98 Minimum Guarantee

As mentioned, the LAO's measure of the state's budget problem assumes that the state's minimum spending requirement for K–14 is maintained at current levels adjusted for cost-of-living (2.31%). However, deeper into the report, the LAO discusses its revised estimates of the constitutional minimum guarantee for 2019–20 and 2020–21, again based on their U- and L-shaped recession scenarios.

	U-Shaped Scenario	L-Shaped Scenario	DOF[1]
2019–20	$78,328	$77,748	$77,900
2020–21	$73,884	$69,100	$69,400
Total per-average daily attendance reduction[2]	$2,205	$2,835	$2,770
Total per-full-time equivalent reduction[2]	$1,317	$1,799	$1,793
[1]From Governor Gavin Newsom's January State Budget estimates [2]Based on School Services of California Inc. estimates			

Relative to Governor Newsom's January assumptions, the minimum guarantee for 2019–20 drops by $3.3 to $3.7 billion, while the 2020–21 guarantee falls by $10.2 to $14.9 billion, depending on the economic recovery scenario.

While the LAO's report offers a more tempered prediction of COVID-19's wrath on California's economy, the picture is still grim, particularly for education funding. As budget negotiations begin to heat up, Governor Newsom and the Legislature will have to reach an agreement about revenue assumptions. This has always been a point of dispute in budget discussions, and the economic uncertainties of this recession will only make it more difficult to reconcile differences. Moreover, when the state gets updated personal income tax revenue in mid-July, we anticipate that a revision to the State Budget will be warranted later this summer or early fall.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

Legislative Analyst's Office Releases Report on Reserve Balances

BY MATT PHILLIPS, CPA

posted April 8, 2020

[Editor's Note: While the Legislative Analyst's Office report discussed in this article is largely applicable to K–12 education, we believe this information could be of interest to our community college readers.]

On April 5, 2020, the Legislative Analyst's Office (LAO) released a report on the current condition of the state and local school district reserves. The report, as noted by the LAO, is prompted by the current pandemic, and the reality that state and local reserves are needed to weather the storm.

The report highlights that the state currently has approximately $17.5 billion in reserves, $900 million in the Safety Net Reserves and $16.5 billion in the Budget Stabilization Account (BSA). Assuming that the current pandemic has an impact on either the 2019–20 or 2020–21 General Fund revenues, the report details that the BSA can be accessed "in the case of a fiscal emergency" and the legislature can withdraw the lesser of: (1) the amount needed to maintain General Fund spending at the highest level of the past three enacted budget acts, or (2) 50 percent of the BSA balance. For illustrative purposes, if the pandemic impacted the available resources for 2019–20 by $5 billion, the Legislature could access option 1 noted above.

The report notes that the state also maintains a reserve for K–12 and community colleges; however, the first deposit into the K–14 reserve occurred in 2019–20, totaling $377 million, less than one percent of state spending on education in 2019–20. The BSA, while it carries a significant balance, is a general-purpose reserve and can be used for any priority of the legislature—including education.

The report shifts its focus to school reserves and makes several points, including the following two salient points:

1. **Reserve levels vary widely by District**. The average unrestricted reserves as a percentage of expenditures for districts statewide was 17%, but more than half of that was earmarked for specific spending purposes. The report notes that some, not all, of the reserves would be available for schools in the event of a decline in revenues, and that reserves play an integral role in the management of cashflow.

2. **Smaller districts tend to hold more reserves**. Very small school districts, defined as those with less than 300 students, held average unrestricted reserves as a percentage of expenditures of more than 45%, whereas large districts, defined as those with students between 10,000 and 50,000, held average reserves equal to 16%. One significant reason for this disparity is the

dollar figure of reserves for very small districts, in absolute terms, is low and could be decimated with one large expenditure.

The report concludes that although state reserves are at an historically high level, the impact of the current pandemic will affect the state reserves and revenue, bringing them lower than what was presented in January in the Governor's State Budget proposal. Also, the report states that school district reserves will be necessary to provide a buffer to maintain on-going expenditures, but that few school districts have sufficient reserves to maintain current service levels for an extended period.

In spite of historically high levels of reserves maintained by the state, and an average reserve of nearly two months of expenditures at the local level, the report provides a precarious outlook for state and education leaders looking forward to 2020–21.

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

Ask SSC . . . What's Happening with Property Taxes?

BY MICHELLE MCKAY UNDERWOOD

 posted April 15, 2020

Q. The second installment deadline for property taxes has now come and gone. What can we expect for collections this year and for the foreseeable future?

A. Despite many other changes nationwide, in California the property tax payment deadline remained April 10. Governor Gavin Newsom did not change this deadline, recognizing how critical these funds are to keeping local governments running. And for all K–14 districts, property taxes comprise some portion of the funds needed to educate their students and also have cash flow implications.

Approximately half of homeowners utilize an impound account for their property taxes, where a portion is paid by the homeowner monthly and collected along with their mortgage payment. The companies that collect these property taxes deposited them with counties as usual this year. Counties are now beginning to process requests to waive late payment fees for those who did not pay on time. There is no statewide standard, so each county decides how lenient to be under current law.

A handful of county governments—at least Kern, San Francisco, and San Mateo—chose to delay their property tax payment deadline until May. That means that some portion of revenues will not be paid for nearly a month. In San Mateo County, districts have been told their property taxes will be delayed for thirty days. This can be a significant cash flow issue, especially if this payment was to correspond with scheduled district debt payments.

Economic circumstances during the pandemic will also vary from county to county and result in different housing market outcomes. Areas with large portions of the workforce that can adapt to working under the current stay at home order will likely see fewer unemployed homeowners struggling to pay property taxes and their mortgage. Conversely, areas not as resilient to the current situation will potentially see more distressed sales and foreclosures in the coming months. This could start to push down home prices and corresponding property taxes. Also, businesses that lack resiliency may lead to commercial property defaults.

The Great Recession was very housing-driven, with home prices significantly resetting at much lower prices. Some county assessors took it upon themselves to reassess large numbers of homes and many homeowners asked for reassessments as well. This lowered property tax revenues, either significantly lowering annual growth or resulting in year over year declines. However, it took a few years for these actions to result in fewer property tax dollars.

On the plus side, realtors are adapting to the current environment, so the initial home sales slowdown we heard about anecdotally due to the stay at home order could quickly turn around as virtual tours and COVID-19 real estate precautions come into mainstream. Also, the vast majority of districts are currently in "Teeter" plan counties, which means that revenues due local educational agencies will be received timely whether property tax payments are made on time or delayed.

In conclusion, while the immediate issue of whether property taxes would be paid on April 10, 2020, has passed, there still are likely lower property tax revenues in the coming years. Districts should stay in close contact with their county local governments to understand future changes in assessments, corresponding collections, and timing distributions of property taxes.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

Here We Go Again?—An SSC Editorial

BY SSC TEAM

posted April 15, 2020

Back in the early fall of 2008, we were asking ourselves if we were in a recession. At that point in time, the answer was no—at least not yet. But there were warning signs. A recession is defined as two quarters of negative growth in gross domestic product (GDP), and in July 2008 we hadn't even had one quarter of negative growth.

The U.S. unemployment rate exceeded 6.1% while California's was 7.7%. Oil price increases killed the domestic auto and airline industries, among others, and the same was true in Europe. And in August 2008, the Consumer Price Index (CPI) change, which is the average cost of a basket of consumer goods and services, was actually negative. Major businesses, particularly banks and insurers, were melting down at an alarming rate.

When the California State Budget was adopted for the 2008¬–09 fiscal year, modest increases were provided to K–14 public education and the state was sitting on a skimpy reserve of less than 1%. Less than six months after adopting the State Budget, what came to be known as the Great Recession began crippling our economy—eventually decimating public school and community college funding long after the recession was declared officially over. At one point during the downturn, the purchasing power of community college districts was more than 30% lower than what it was before the Great Recession hit, exacerbated by the fact that the cash the state provided to districts was reduced by more than 25% due to apportionment deferrals.

K-14 local educational agencies (LEAs) were tasked with responding to the education funding crisis by making significant reductions in staffing levels and educational programs. In some cases, the reductions occurred over multiple fiscal years and reduced staffing levels in particular service areas have not been restored or reinstated at the level which they were prior to the Great Recession. Many K-14 LEAs experienced reductions in services related to social-emotional support for students, summer school, intervention programs, custodial and maintenance support, and overall course offerings for students. Near the end of that recession as we started a true recovery, we editorialized that:

We Need a Recession-Proof Funding Model. The highest spending states not only spend more, but they develop sources of funding that do not result in schools taking the first hit in every recession. During the Great Recession, education in California was simply cut way too deep. Over that seven-year period, we lost 20% of our teachers and other staff, and most of them will not be back. We lost the opportunity to provide a full and rich educational program to our most needy students; we will not get that opportunity back. We allowed the achievement gap to grow at the very time when we most needed to close it. Other states don't do that; the source of funding for education, be it property taxes or other sources, stay with education and do not become a safety net for the rest of state government. We have to do better.

Most economists are now in agreement that we will be looking at a recession as a result of the coronavirus pandemic, and how our policy makers respond will be important. We need them to remember the lessons learned from the last recession, and it may be incumbent upon us to remind them. We need to do what we can to retain the gains made with the recent investments in K-14 education since the Great Recession and ensure local school and college leaders continue to be empowered to make educational decisions tailored to student and community needs.

In our opinion, you can categorize California state budget spending into two categories—consumption and investment. The Dictionary of Economics defines "consumption as spending for acquisition of utility and is a major concept in economics and is also studied in many other social sciences. It is seen in contrast to investing, which is spending for acquisition of future income." We see public education as an investment in the future of our students and, by extension, the state as a whole. As such, we think public education deserves special consideration when economic conditions warrant budget reductions.

We are not arguing that the consumption side of the budget is not important. It provides various necessary services along with safety net programs that serve California's most vulnerable residents. We do think however, that by investing in future generations in ways that help them acquire the human capital to be productive and successful members of our social and economic systems, we can reduce reliance on and the need for safety net programs in the future.

We are hopeful that our policy makers have learned the difficult lesson we learned firsthand from the Great Recession about the devastating effects of divesting in public education and that they will join us in a collective call to preserve this critical social and economic investment.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

It's Time to Batten Down the Hatches

BY JOHN GRAY
BY SHEILA G. VICKERS

posted April 13, 2020

How many of us have been on a wooden ship in stormy seas? We may feel like that is what we are going through with the current pandemic, when in fact we didn't get much of a chance to batten down the hatches before it hit us. Here is where the term "batten down the hatches" comes from:

"To batten down the hatches is a nautical term from the early 19th century. When a ship was about to enter rough seas, the captain would order the crew to batten down the hatches. The crew would close all the hatches (doors) on the ship's decks and use lengths of batten (rods) to secure the hatches in the closed position."

We do have another storm—a recession—that may hit us even before this pandemic has subsided. Before the pandemic hit, many community colleges were declining in enrollment, and the slowdown of just the cost-of-living adjustment (COLA) for revenue increases had begun. Even community colleges that haven't been declining in enrollment found themselves to be deficit spending due to myriad cost pressures, including:

- Rising pension contributions
- Increasing health benefit contributions
- Increased salaries due to step and column movement, and
- Maintaining competitive compensation

While community college leaders have been faced with the impact of the pandemic on college operations, on students, on their local communities, and on their own personal lives and families—the economic impact will also be felt in all of these areas. Our state policy makers have expressed concerns about the financial impact, as a decline in state revenues is anticipated and K–14 education is likely to see fewer resources allocated to it from the state in the near future. Also, while there is a hold harmless on full-time equivalent student (FTES) counts for apportionment revenues this year, most if not all are spending more than what they had budgeted for in order to provide distance learning and other services to the students that need them during this time.

Considering all of this, we think it’s time to batten down the hatches—if your agency hasn’t already. That includes changing the way the local community college budget is developed and planning ahead to prepare for lower funding. It also includes making sure that local stakeholders are brought along in the process. What follows are the broad strokes of some potential actions to consider.

Current-Year Budget

Most local agencies are well into developing their budgets for next year, and it is important to have the current-year budget as a solid springboard. Now is the time to conduct a thorough update of your current-year budget to reflect the latest information and activities for your agency.

Revenue Budget

For revenues, knowing about the hold harmless on FTES means a solid estimate of apportionment revenues can be prepared. However, that is not going to be the case for the last two quarters of state Lottery revenues, nor will it apply to many local sources of revenues which will decline as a result of the pandemic. As examples, fees for the use of facilities are likely nonexistent now, and local donations or foundation activities have been significantly throttled back as families and community members deal with their own personal and professional challenges.

Expenditure Budget

For expenditures, local agencies are continuing to pay their regular employees. However, there may be some adjustments to make in the budget for hourly workers, extra pay, substitutes, overtime, or other types of variable wages. There may also be premium pay for employees continuing to work during this time. It’s time to make further adjustments to salaries and benefits for vacancy savings, negotiated compensation settlements, or other changes since your local budget was last revised.

The technology budget will need to be scrutinized to determine what the current-year impact will be of buying and issuing technology to students for distance learning and to staff for working remotely, including the cost of additional internet access or wireless network devices. There may be adjustments necessary to other expenditure categories, such as professional or consulting services, supplies for faculty and staff, contracted services for repairs, professional development providers, and travel and conferences.

Once the current-year budget is updated, the estimated ending balance forms the basis for next year’s financial plan.

Next Year and Beyond

Out-Year Revenues

Estimating revenues will be challenging for next year and beyond. All indications are that the local agency revenue outlook will be dampened from what was anticipated in Governor Gavin Newsom’s January State Budget proposal. The current COLA of 2.29% estimated in January for the 2020–21 fiscal year is likely to be lowered at the May Revision next month. In addition, the subsequent-year

COLAs are vulnerable to being lowered. Once the May Revision is released, we will have the anchors for your out-year projections in our Financial Projection Dartboard, in addition to likely more conservative contingency assumptions.

State Lottery and local revenue sources will also likely continue to suffer from the economic slowdown as a result of the pandemic. The current-year experience, short as it has been thus far, could provide the best estimate for these revenue sources going forward.

Out-Year Expenditures

On the expenditure side, the staffing budget should already include the pension contribution increases, staffing reductions or increases, and other factors that were anticipated before the pandemic. Faced with lower anticipated revenues in the future, many local agencies may be faced with making further reductions. Other than finalizing any March 15 certificated preliminary layoff notices in May, full-time faculty staffing levels for next year are mostly set. A local agency that needs to reduce staffing costs can evaluate classified staffing levels or part-time faculty positions at any time of the year, which means determining whether certain services need to continue or will no longer be needed.

For all staff, it’s not too early to consider offering an early retirement incentive sometime next year. If your local agency has a significant number of staff members at the tops of the salary schedules and a reduction in staff is needed, an early retirement incentive could be a way to encourage long-time staff to retire and provide room for new hires only for those retiring staff positions that need to be replaced. A cost/benefit analysis can indicate whether an early retirement incentive can have a positive impact on your work force and your budget.

Conserving Cash

In the words of our friends at the Fiscal Crisis and Management Assistance Team (FCMAT), “Cash is King!” By the end of the last recession, the words were changed to “Cash shows no Mercy!” Remember, the prudent reserve level of 5% of total General Fund expenditures equates to only 8 to 10 days of payroll. General Fund reserves are an indicator of the cash balance but are not the same as cash—cash is but a portion of reserves. It is possible for a community college to have a positive ending balance but run out of cash, especially if our state policy makers once again decide to resort to cash deferrals as a solution for the state’s financial woes.

It is important to invest the time necessary to reconcile all general ledger accounts, including cash, every month and revise cash flow projections accordingly. We at School Services of California Inc. (SSC) always recommend that cash projections be prepared at least 18–24 months out so that cash deficits can be managed through local cash borrowing, by making budget reductions, through a hiring and spending freeze, by accelerating cash collections, and/or by delaying cash outlays so that the state does not have to step in. In other words, managing cash is critical in maintaining fiscal solvency and local governance.

Conclusion

Communicating information about your local agency's financial situation is vital in bringing along your local agency's stakeholders. Your governing board, employee groups, other stakeholders, and the broader community need to know and understand the impact of the pandemic on the world, national and state economies, and the anticipated impact to your budget, your college(s), and your community.

These communications have to be through electronic means right now. But once the shelter-at-home order is lifted, use all avenues available to your agency for communicating with the broader community. Budget review committees, strategic planning committees, governing board meetings, and other venues are opportunities for communication and engagement. More communication is needed, not less. More budget analysis and budget updating are needed, not less.
There are always many moving parts to the local agency budget that require revisions to be made all year long, both upwards and downwards. Managing these complexities is made more challenging in the current circumstance and as we face the coming storm. We at SSC are honored to serve you and to continue providing information, support, and advice along the way. Stay tuned . . .

[1]Source: https://www.grammar-monster.com/sayings_proverbs/batten_down_the_hatches.htm

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

The Director of the Department of Finance Provides an Interim Fiscal Update to the Legislature

BY JAMIE METCALF

posted April 12, 2020

On April 10, 2020, Keely Bosler, Director of the Department of Finance (DOF) issued an interim fiscal update to state policy makers on the impact of the COVID-19 pandemic on the State Budget and in anticipation of the May Revision.

Ms. Bosler noted that "the economic disruption from the pandemic is expected to result in a recession and have significant negative effects on state revenues. This impact is expected to be immediate, affecting fiscal year 2019–20, and will continue into fiscal year 2020–21 and additional years depending on the pace of recovery of local, state, and national economies."

Ms. Bosler further indicated that the DOF is evaluating all budget year costs of currently authorized services within a workload budget and prioritizing and reducing expenditures. Despite the federal government reimbursing a majority of expenditures related to public health and safety, the state expects higher expenditures in Medi-Cal, California Work Opportunity and Responsibility to Kids (CalWORKs), and other health and human services programs. General Fund revenues are heavily reliant on the "big three" taxes of personal income, sales and use, and corporation—generating over two-thirds of General Fund revenue. Due to the delay in filing taxes and payments from April to July, revenues from the big three will be approximately 39% of receipts estimated in the Governor's January Budget.

Additional federal funding of $8.4 billion in May 2020 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act; roughly $7 billion for COVID-19-related expenditures in 2020; and other federal funding for schools, colleges, universities, childcare, etc., are critical in supporting the state's expenditures.

Although the state has maintained significant budget reserves and cash by paying off all of its budgetary borrowing or "wall of debt", paying down other liabilities, and maintaining a balanced budget in the last several years, the Governor has authorized the State Controller to establish the General Cash Revolving fund. The State Controller's Office (SCO) uses the General Cash Revolving fund as a precautionary measure to allow the state to issue Revenue Anticipation Warrants (RAW). However, the SCO doesn't anticipate issuing RAWs this year because of projected available cash and unused borrowable sources.

The Director concludes by stating, "The May Revision that the Administration will submit to the Legislature by the statutory deadline will reflect the extraordinary impacts of the COVID-19 pandemic on the state's fiscal condition. As this letter demonstrates, the state faces daunting challenges and difficult decisions in the weeks and months ahead. The Administration will continue to work with the Legislature during this unprecedented crisis to maintain a balanced budget that promotes opportunity and supports an equitable economic recovery."

We will continue to monitor the state's fiscal condition and keep you up to date, so stay tuned.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

2020–21 CalPERS Rate and Updated Out-Year Estimates

BY JAMIE METCALF
BY CHARLENE QUILAO

posted April 10, 2020

For the April 21, 2020, meeting of the California Public Employees' Retirement System (CalPERS) Board, the staff recommendation is to adopt a school employer contribution rate of 22.68% for 2020–21. This is a slight decrease from the previous estimate of 22.80%. This rate increases local school agency costs by 2.96% of payroll from the current year.

The table below illustrates this actual rate for 2020–21 (pending CalPERS Board approval) along with the latest estimates for the subsequent years:

CalPERS Employer Contribution Rate Estimates		
Year	Previous Rates	Revised Rates
2020–21	22.80%	22.68%
2021–22	24.90%	24.60%
2022–23	25.90%	25.50%
2023–24	26.60%	26.20%
2024–25	27.00%	26.50%
2025–26	26.80%	26.40%
2026–27	26.70%	26.20%

Note that the projections for future years have all decreased slightly from the previous estimates. We will reflect these new projections in the next version of our Financial Projection Dartboard, to be updated when the Governor releases his 2020–21 May Revision.

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

Time to Fine-Tune MYPs—Be Prepared

BY SHEILA G. VICKERS
BY JOHN GRAY

posted April 24, 2020

We at School Services of California, Inc. have always recommended that community colleges regularly prepare multiyear financial projections (MYPs) as a best practice, and now is the time to fine-tune those MYPs.

MYPs form the basis for evaluating an LEA's financial condition now and into the near future. They provide the opportunity to identify upcoming trouble spots so that the LEA can take action to prevent them. We have been quoted many times, stating: "Multiyear projections are the mathematical result of today's decisions based on a given set of assumptions—they are not forecasts or predictions, for which there is a higher implied reliability factor. Multiyear financial projections should change as the various factors and assumptions change in order to be a sound business practice."

During the Great Recession, as an industry, K-14 local educational agencies (LEAs) became highly skilled at multiyear financial planning. The bottom dropped out of the global, national, and state economies so fast that we had to get really good at MYPs and cash projections very quickly, or not survive. In fact, a postmortem on the Great Recession reveals that LEAs survived financially far better than other industries. Of course, public education was stripped to the bare bones in order to remain fiscally viable, and the damage caused to students at the time will have an impact for generations to come.

Why the urgency to update our MYP now? Because the world as we knew it just a month ago has significantly changed, and LEAs need to be ready to respond to what we expect will be significantly negative financial news.

As we reported earlier, the state's upcoming May Revision proposal will likely be a workload budget for 2020–21 (see "DOF Planning for Workload Budget in 2020–21" in the March 2020 *Community College Update*.) A workload budget is loosely defined to mean the cost-of-living adjustment (COLA) only for major education programs and funding for any growth in workload. Even if the May Revision update proposes a workload budget for 2020–21, the financial realities may produce something significantly different when the 2020–21 State Budget is finalized.

So How Bad Can It Get?

While the Department of Finance has yet to provide its estimate of the COVID-19 shutdown impact on state revenues, there are estimates that the impact could be greater than the revenue loss during the Great Recession. So how bad can it get? During the Great Recession the major actions taken by the state in the budget for community colleges included not funding the COLA, along with significant cuts in categorical funding and workload reductions applied to general apportionments.

The length of the current shut down of the California economy is still unknown and the ultimate impact it will have on public education funding is still evolving. At this point we think it is safe to say that the cost of living estimates for 2020–21 and beyond included in the Governor's January Budget are no longer valid. Assuming zero COLAs in the 2020–21 fiscal year and beyond, which may be optimistic, would place hundreds of LEAs in financial jeopardy immediately.

Get Prepared

LEAs need to be ready to act quickly when the new revenue projections are announced by the state. It is time to fine-tune the components of your LEA's MYP that are not directly reliant on state funding. This would include an estimate of the current-year ending balance and, for next year, the salary and benefit expenditures, expenditures on services and supplies, and contributions to restricted programs and other funds. These estimates should include any reductions in expenditures that can be garnered at this time.

As soon as any new guidance is provided on state revenues, each LEA should have its MYP in shape to drop in the new revenue assumptions and immediately get timely information on which to act. If your agency's MYP indicates systemic deficit spending across the years and/or insufficient reserves in one or more future years, the earlier action is taken to prevent those issues, the better—in other words, bad news does not get better with age—in this case it gets worse.

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

Round II: $6.3 Billion in Additional CARES Act Grants for Colleges and Universities

BY ROBERT MCENTIRE, EDD

 posted April 24, 2020

It has been two weeks, to the day, since emergency student funding—intended to aid students whose lives and educations have been impacted by COVID-19—was made available to colleges and universities, as outlined in our previous article (see "$6 Billion in Emergency Cash Grants for College Students Impacted by COVID-19" in the April 2020 *Community College Update*). Since then, about 50% of eligible institutions have claimed their share of the $6.28 billion for the benefit of their student population.

The California Department of Education (CDE) announced that the second round of funding earmarked in the Higher Education Emergency Relief Fund—as part of the $14 billion package authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act—is slated for immediate distribution. Intended to help colleges and universities make important investments to ensure learning continues when unexpected circumstances arise, the funds may be used to expand remote learning programs, build technology capacity, and train faculty and staff to operate in a remote learning environment so institutions can pivot quickly. This second round of funding, also $6.28 billion, allows institutions to use up to one half of the total CARES Act funds received to meet this charge. The CDE guidance clearly states that this second round of funding for "Recipient's Institutional Costs" is separate from the funding previously made available for "emergency financial aid grants."

In order to access the funds, higher education institutions must submit a Certification and Agreement for Recipient Institutional Costs, which can be found here. Institutions must also have executed the Certification and Agreement for Emergency Financial Aid Grants to Students before submitting the second certification and agreement. By design, institutions must apply for the student protection funds before applying for institutional funds.

School allocations are determined by formulas prescribed in the CARES Act, and are driven primarily by the number of full-time students who are Pell Grant eligible, plus adjustments for the total non-online student population at the time of the outbreak. The methodology used in the calculation can be found here. Using the most recent data available from the Integrated Postsecondary Education Data System and Federal Student Aid, the Department of Education calculated the entitlements for each institution found here. The full press release can be found here.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

Statutory COLA Estimated at 2.31%

BY DAVE HECKLER
BY MATT PHILLIPS, CPA
BY ROBERT MCENTIRE, EDD

 posted April 29, 2020

Today, April 29, 2020, the United States Department of Commerce released the 2020 first quarter value of the Implicit Price Deflator for state and local government goods and services, which provides the last piece of information needed to establish the 2020–21 statutory cost-of-living adjustment (COLA) for K–14 education apportionments. Based on this data, we calculate the statutory COLA for 2020–21 to be 2.31%, a slight increase from Governor Gavin Newsom's State Budget estimate that projected the COLA to be 2.29%.

Because the impact of the COVID-19 pandemic on the economy occurred late in the final quarter of the calculation and more than 60% of that index is made up by employee compensation rates, the March downturn did not have as much of an immediate impact on the final COLA. Remember that the lion's share of salaried employees were sent home to shelter in place near the end of the last quarter of the calculation but were still getting paid. We will see more dramatic negative impacts in the following year's COLAs, starting in 2021–22, as prices drop across the board and state and local governments cut pay to deal with massive deficits.

The Governor is scheduled to release the May Revision no later than May 14th, and will do so without the knowledge of the full impact of the COVID-19 pandemic on 2019 tax receipts and the rapidly changing world, national, and California economies. This is due in part to the fact that personal income tax filings, and related payments, were extended from April 15th to July 15th. Now the waiting game begins to determine if any of the COLA can be funded within Proposition 98. Given these facts, we believe this is unlikely and caution local educational agencies from incorporating the calculated statutory COLA into their multiyear projections at this time. The May Revision will be released in just over two weeks and will provide a more realistic picture of future funding.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

Chancellor's Office Suspends FON Penalties

BY SHEILA G. VICKERS

posted May 5, 2020

On April 27, 2020, Chancellor Eloy Oakley exercised his currently authorized executive powers to issue an executive order (Executive Order 2020-05), which includes the following:

> "The Chancellor's Office will continue to calculate and publish faculty obligation number information for Fall 2020, but all penalties related to FON obligations for the 2019–20 fiscal year will be deferred until further notice. Districts must continue to report actual full-time and part-time faculty data to the Chancellor's Office. Reporting instructions will be provided at a later date.
>
> Any local district board policies or regulations in conflict with the above regulatory suspension shall also be suspended for the duration of the COVID-19 state of emergency or the expiration of [Title 5] Section 52020 [of the California Code of Regulations], whichever is earlier."

Following Executive Order 2020-05, the Chancellor's Office issued a tool that local community colleges can use to calculate the faculty obligation number (FON) using different scenarios based on these factors:

- P-2 three-year average funded credit full-time equivalent student (FTES)
- Deficit factor for base apportionment

Different values for the factors, based on local estimates of funded credit FTES and potential impacts of funding deficits based on the State Budget, can be entered into the tool to determine the resulting FON requirement. The estimating tool can be found here.

This latest executive order is welcome relief in this time of great uncertainty as local community colleges determine what impact the downturn in the economy, and in turn the shrinking resources available to the state to fund education, will have on programs and services for students in the immediate future. However, it is key to remember that penalties are deferred, not waived, so any district that misses its FON will still be fiscally responsible down the line.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

Finding the Low-Hanging Fruit—Part 1 of 2

BY DANYEL CONOLLEY
BY SHEILA G. VICKERS

posted May 1, 2020

As you prepare more conservative revenue projections for next year and beyond (see "It is Time to Batten Down the Hatches" and "Time to Fine-Tune MYPs—Be Prepared" in the April 2020 *Community College Update*) and match the revenues up to your agency's expenditure burden, it is likely that your agency will need to find ways to trim the expenditure budget. This is because we have very little control over the revenue side of the budget—it is largely driven by external forces and government agencies. However, the expenditure side of the budget is subject largely to local control, even considering preexisting contractual agreements and obligations.

Before the COVID-19 pandemic hit, many local educational agencies (LEAs) were already deficit spending and needed to make cuts to maintain reserves. Now, with the economic news and its potential impact on state funding for education, virtually all LEAs need to be prepared to shore up their budgets. There are strategies available to LEAs for finding low-hanging fruit in the local budget—in other words, there are ways to trim the expenditure budget without requiring negotiations with local unions and without having a significant impact on core personnel providing programs and services for students. With the acknowledgement that some of these may be difficult to implement right now—given the current state of local school operations—what follows are some ideas for trimming expenditures at any time of year:

Moratorium on Extra Pays	• Require high level pre-approval of overtime, whether paid or with co mpensatory time off (CTO) • Require high level pre-approval of extra hours or additional assignm ents • Review all current extra hours or additional assignments to determi ne if they can be discontinued • Eliminate stipends not already committed to by contractual agreeme nt • Closely monitor employee CTO earned, and uphold contractual limit ations on CTO balances, payout of hours, and usage of time

Hiring Freeze	• Require cabinet review and approval before posting or filling vacant positions by establishing criteria ◦ For example, the position is required for legal compliance (incl uding bargaining unit contract compliance), for safety or secur ity purposes, or because it serves a categorical program for whi ch the funds must be spent
Substitute Costs	• Ensure that substitutes are employed only to replace employees on le ave by comparing substitute time sheets with employee leave usage • Freeze the use of substitutes for non-essential positions • Implement account accountability measures for potential leave abus e • Frequently engage with and closely manage cases for employees wit h Workers' Compensation claims
Categorical Programs	• Shift legitimate expenditures from unrestricted sources • Ensure all direct costs are covered, including OPEB • Charge indirect costs as appropriate

This is by far not an exhaustive list—we know that there are many more strategies that have been deployed across the state. However, our purpose here is to plant seeds for the germination of additional ideas as you analyze your own LEA budget. Part 2 of this series, to be available next week, will provide some strategies to further address the non-personnel side of the budget.

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

Finding the Low-Hanging Fruit—Part 2 of 3

BY SHEILA G. VICKERS
BY DEBBIE FRY

posted May 13, 2020

The economic and State Budget news that has been swirling about is no doubt going to turn into more challenging budgetary times for local educational agencies (LEA). We at School Services of California Inc. have put together a list of strategies available to LEAs for finding low-hanging fruit in the local budget, as there are ways to trim expenditures without requiring negotiations with local unions and without having a significant impact on core personnel providing programs and services for students. In the first installment of this series, "Finding the Low-Hanging Fruit—Part 1 of 2" in the May 2020 issue of the *Community College Update*, we outlined strategies related to personnel expenditures along with leveraging categorical funds. In this installment we consider the rest of the LEA expenditures.

With the acknowledgement that some of these may be difficult to implement right now—given the current state of local college operations—what follows are some ideas for balancing the budget at any time of year:

Budget Allocations	• Implement allocation plans for departments and colleges based on student counts and/or other locally determined factors • Conduct a comparative study of allocations provided by neighboring community college districts and compare with yours ◦ Consider adjustments as needed • Ratchet back budget allocations across the board by X%
Carryover Balances	• Consider sweeping to the central budget ◦ The risk is that it's a one-time solution that may cause ongoing changes in the spending habits of department, college, and program budget managers • Ensure that significant carryovers exist as savings for an approved future expenditure

Travel, Conferences, and Meals	• Require cabinet approval of travel and conference requests • Enforce advance approvals and timelines to secure lower airfare and hotel rates • Eliminate meals other than for employees at staff development events or for students
Purchasing	• Implement online purchase requisitions for immediate budget control • Freeze expenditures—require higher a level approval to ensure that each expenditure is required for legal or contractual compliance, for safety or security purposes, because it serves a categorical program for which the funds must be spent, or for immediate use by faculty or students for instruction

The list above is by no means exhaustive but may provide some ideas not considered before. Some of these items—such as the spending freeze—can also improve cash flow right away. This is an important consideration, as a deferral of P-2 cash from June to July this year is a growing possibility.

Another consideration is the rollover budgeting that most districts prepare for the next year's budget. Zero-based budgeting is just what it sounds like—each department, college, or program budget manager would start with zero and justify each budget item that they are requesting. This is used most often in the private sector but is not practical for community college districts because it is very time-intensive—districts do not have enough central office staff to accomplish this for the entire district budget.

However, rollover budgeting has inherent risks, which can be mitigated by:

- Identifying one-time items with a separate budget account code
- Verifying staffing ratios against actuals each year
- Selecting particular areas of the budget for more intense review and/or rotating department, college, and program budgets through zero-based budgeting every few years

Another option is to consider making ongoing budget adjustments for unspent funds discovered upon closing the books. Because local districts tend use rollover budgeting, one-time expenditures may be accidentally rolled forward and ongoing expenditure line items that are chronically underspent can hide available resources. Conducting an analysis of expenditure line items can illuminate areas where ongoing cuts can be made without impacting services. For example, here is a budget for custodial supplies that is rolled over each year:

Custodial Supplies			
	Budget	**Actual**	**Unspent**
2015–16	$760,000	$480,000	$280,000

2016–17	$760,000	$490,000	$270,000
2017–18	$760,000	$510,000	$250,000
2018–19	$760,000	$500,000	$260,000
2019–20	$760,000	$300,000 (year-to-date)	$360,000

The actuals-to-date for 2019–20 are less reliable an indicator, but in looking at the previous years, an ongoing reduction of at least $250,000 can likely be made without impacting the availability of supplies for custodial services. This type of analysis is time-consuming but can be very fruitful when looking for expenditure reductions without impacting services to students.

In the end, when managing budgets in tough times, the overarching goals should be to:

- Minimize impact on programs and students
- Maximize progress toward district goals
- Keep all stakeholders informed of the budgetary impact of current challenges and district decisions
- Have as broad a based buy in to budget reductions as is realistic

The ultimate objective is to keep the community college district financially healthy in the short run and prepared in the long run to effectively serve the students of tomorrow.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

COVID-19 Decimates State Revenues, Education Funding

BY SSC TEAM

posted May 7, 2020

In a letter issued by the Department of Finance (DOF) this morning in advance of Governor Gavin Newsom's May Revision release scheduled for next Thursday, May 14, the economic impact of COVID-19 is dramatically greater than the impact of the financial crisis of 2008.

Governor Newsom's financial advisors are now estimating that state revenue losses from the health pandemic that shut down the state, national, and global economies amount to $41.2 billion. For comparison, when the financial crisis hit in December 2008, early state revenue losses were estimated at $28 billion. The COVID-19 impact on personal income tax alone—that accounts for two-thirds of the funding the state uses to finance all programs—is estimated to be three times greater than during the Great Recession.

The DOF estimates state revenue losses of $9.7 billion in the current year and an additional $32.2 billion in the coming budget year. These losses are compounded by growing caseloads in state social services programs that bring the total shortfall to $54 billion going into fiscal year 2020–21.

Impact on Proposition 98 and Education Funding

A $41 billion reduction in state revenues from the Governor's January estimates correspond to an $18.3 billion reduction in Proposition 98 for the 2019–20 and 2020–21 fiscal years. Recall that Governor Newsom estimated the 2020–21 Proposition 98 minimum guarantee would be $84 billion, up from an estimated $81.6 billion in the current year. Although the DOF did not provide a fiscal year breakdown of the total reduction in Proposition 98, our best estimate is that the current-year guarantee is reduced by approximately $3.7 billion while the 2020–21 guarantee would be reduced by $14.6 billion. This means that based on the Governor's January estimates, the current-year and budget-year minimum guarantees are $77.9 billion and $69.4 billion, respectively.

Across both fiscal years, the new estimated loss in education funding is equivalent to a -22.0% cost-of-living adjustment. While it is unknown how a cut would be applied, on a per full-time equivalent student (FTES) basis, the average reduction is approximately $1,800 per FTES for the system. This reflects total revenues to community colleges from Proposition 98, which includes the Student Centered Funding Formula and all other state revenues.

The state's rainy day fund, while at its highest level ever, would provide only a modicum of relief. The fund's balance is approximately $18 billion, with less than $500 million specifically reserved for K–14 education. Under current law, only half of the balance can be drawn down in any given year.

Given that the state's reserves are inadequate to offset the total revenue loss, including the loss in education funding, we anticipate that the state will impose *budget deferrals* for the 2019–20 fiscal year. Unlike cash deferrals, budget deferrals allow the state to put cash in the hands of local educational agencies (LEAs) while accounting for those payments in the next fiscal year. It is both too early to tell and too magnitudinous to know how the state intends to manage the 2020–21 Proposition 98 reduction.

May Revision and Beyond

Given the magnitude of the economic crisis, we expect that the May Revision will offer a suite of measures to help LEAs mitigate the devastating impact; although it is difficult to fathom that any or all of them would be sufficient to protect students and staff from the wrath of revenue cuts if they are not accompanied by offsetting federal or state aid.

While we at School Services of California Inc. are having a difficult time wrapping our minds around this recent news, we remain committed to serving each of you by helping you operationalize these data for your respective agencies and providing the latest and most accurate information coming from the state. We also know that everyone is wondering how long this current recession will last, and how quickly we can expect the state to recover from it. Once the Governor's May Revision is released, we intend to address this and more in our *Community College Update*. We are both humbled and honored to be with and serve each of you during this time.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

Strategies for Weathering the Storm

BY SSC TEAM

posted May 11, 2020

The May 7, 2020, announcement that local educational agencies (LEAs) could expect up to a 22% reduction in funding left the education community stunned. On the heels of school and college closures due to the COVID-19 pandemic and the ripple effects felt by communities across the state, the prospect of having to address such a staggering loss in revenue is overwhelming.

During the Great Recession, the state provided flexibility that was meant to soften the blow and help community colleges "keep the lights on". A few of the key takeaways from the Great Recession were that community colleges and their labor partners were resilient and that fiscal solvency and continued student learning were possible even in the worst of times. The recession lasted longer and cuts were deeper than anyone could have foreseen; yet students continued to learn, earn certificates and degrees, and go on to four-year colleges and/or careers.

Who would have imagined that the Great Recession wasn't the worst financial crisis that our generation would live through? Still, as we roll up our sleeves and prepare for the tsunami headed our way, those lessons will be invaluable and are worth revisiting. There were a couple of tools from that time that provided community colleges with some flexibility that was needed to survive the Great Recession:

- Temporary flexibility to transfer funds from certain categorical programs to a district's General Fund, which requires legislative action

- Suspension of the full-time faculty obligation (FON), which eliminates the pressure to increase staffing; the Board of Governors is required to determine that adequate funds are not available to cause an increase in the FON
    - This is in place for 2019–20 (see "Chancellor's Office Suspends FON Penalties" in the May 2020 *Community College Update*)

During the current crisis, there should also be consideration of providing relief from the pension contribution increases, preferably with one-time state funding to buy down the rate increases so that community colleges would not be hit with higher contribution rates in future years. This would be similar to the pension contribution increase relief that was provided in the 2019 State Budget Act.

In addition, there should be suspension or elimination of the 50% law (Education Code Section 84362), which is clearly outdated—it does not reflect the realities of current operations and the services that students need today.

At School Services of California Inc., we believe that all of these options will be needed as community colleges grapple with the perilous financial storm that lies on the horizon.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

LAO Issues Additional Proposition 98 Recession Details

BY MICHELLE MCKAY UNDERWOOD

 posted May 12, 2020

The Legislative Analyst's Office (LAO) provided more details over the weekend on the effect of the current economic downturn on Proposition 98 (see "LAO Issues New Economic Outlook" in the current *Community College Update*). Under both the more optimistic "U-shaped" and more pessimistic "L-shaped" recession recovery scenarios, the LAO forecasts a Test 1 for Proposition 98 through the 2023–24 year, meaning K–14 education will continue to receive its roughly 40% share of state general funds and property taxes. But with differing hits to the state General Fund (and the flattening of property tax growth), the Proposition 98 minimum guarantee significantly differs between the scenarios:

Proposition 98 Minimum Guarantee (in billions)	2019–20	2019–20	2021–22	2022–23	2023–24
U-Shaped Scenario	$78.3	$73.9	$76.0	$80.8	$84.7
L-Shaped Scenario	$77.8	$69.1	$68.5	$73.1	$77.6

As noted in their economic outlook, the LAO uses a different point of comparison for the size of the current budget problem. By their estimations, both economic recoveries could have a significant impact on the minimum Proposition 98 guarantee for 2020–21. A U-shaped recovery would be approximately a 10% Proposition 98 reduction compared to 2019–20, and an L-shaped recovery would be approximately 16%. The LAO noted that neither scenario contemplates reimbursements from the Federal Emergency Management Agency, revenues from the recently-passed Coronavirus Aid, Relief, and Economic Security (CARES) Act, or any support from the Budget Stabilization Account. While still dire, these projections are less severe than Governor Gavin Newsom's 22% hit (see "COVID-19 Decimates State Revenues, Education Funding" in the current *Community College Update*).

Along with the change in minimum funding levels, the two scenarios also have different projected cost-of-living adjustments (COLAs):

COLA	2020–21	2021–22	2022–23	2023–24
U-Shaped Scenario	2.31%	-0.03%	1.11%	2.05%
L-Shaped Scenario	2.31%	-0.63%	-1.04%	1.16%

Finally, the LAO notes that the full Proposition 98 reserve would be withdrawn and utilized in the 2019–20 State Budget year because Proposition 98 funding will be insufficient to support the prior year funding level, as adjusted for student attendance and inflation; unfortunately, that balance is a mere $377 million for K–14 education.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

Initial Impressions from Governor Newsom's 2020–21 May Revision

BY SSC TEAM

posted May 14, 2020

Overview

Today, May 14, 2020, Governor Gavin Newsom laid out the details of the May Revision to the 2020–21 State Budget, and they are as grim as expected. Through no fault of his own, the May Revision proposals bear no resemblance to the Governor's January State Budget, when the Administration anticipated a $5.6 dollar surplus in a $222 billion spending plan.

The purpose of this article is to provide a quick overview of Governor Newsom's assertions regarding the 2020–21 May Revision. We address the community college topics highlighted by Governor Newsom this morning in his press conference, press release, and high-level State Budget summary but reserve our commentary and in-depth details for inclusion in our *Community College Update*, to be released later today.

Proposition 98

As previewed last week, Governor Newsom's revision to his 2020–21 State Budget proposal reflects significant changes to Proposition 98 in the current and budget years, totaling $19 billion.

In future years, Governor Newsom plans to provide supplemental appropriations above the constitutionally required Proposition 98 funding level, beginning in 2021–22, and in each of the next several fiscal years.

Deferrals

The Governor also proposes to defer $330.1 million from 2019–20 to 2020–21 and $662.1 million from 2020–21 to 2021–22.

Public School System Stabilization Account

The revised State Budget also assumes the withdrawal of all of the funding in the Public School System Stabilization Account, which was projected at the Governor's Budget to be approximately $524 million in 2019–20. The May Revision projects that no additional deposits will be required and the entire amount is available to offset the decline in the Proposition 98 minimum guarantee.

CalSTRS and CalPERS

In positive news, the Administration proposes to redirect the $2.3 billion paid in the current-year budget to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) towards long-term unfunded liabilities to further reduce employer contribution rates in 2020–21and 2021–22. This reallocation will reduce the CalSTRS employer rate from 18.41% to approximately 16.15% in 2020–21, and from 18.2% to 16.02% in 2021–22. The CalPERS employer contribution rate will be reduced from 22.67% to 20.7% in 2020–21, and from 25% to 22.84% in 2021–22.

Statutory Changes

The Governor is proposing to make the following statutory changes to assist community colleges with the impact of COVID-19:

- Exempt direct COVID-19 related expenses incurred by districts from the 50% law (this would not include revenue declines)
- Suspend procedures regarding the development of short-term career technical education courses and programs to expedite the offering of these programs and courses
- Reflect the revised 2019–20 Student Centered Funding Formula rates
- Further utilize past-year data sources within the Student Centered Funding Formula that have not been impacted by COVID-19
- Extend the Student Centered Funding Formula hold harmless provisions for an additional two years and require reductions to the Student Centered Funding Formula that are necessary to balance the budget to be proportionately applied to all California Community Colleges (CCCs) by reducing the formula's rates, stability, and hold harmless provisions

California College Promise

The Governor's May Revision does not propose any cuts to the California College Promise Grant.

Student Centered Funding Formula

The revised budget proposes decreasing the Student Centered Funding Formula by $593 million, or roughly 10% when combined with a foregone cost-of-living adjustment (COLA). To maintain student access to CCCs, the Administration proposes statute to proportionally reduce district allocations through adjustments to the formula's rates, stability provisions, and hold harmless provisions.

Proposal Withdrawals and Reductions

The May Revision withdraws several community college proposals from the January Budget, including the $11.4 million to establish or support food pantries, $10 million faculty pilot fellowship program, $10 million for part-time faculty office hours, $10 million to develop and implement zero-cost textbook degrees, $5.8 million to support Dreamer Resource Liaisons, and $5 million for instructional materials for dual enrollment students.

Additionally, the budget proposes the following reductions:

- $167.7 million for a 2.31% COLA for apportionments
- $31.9 million for enrollment growth
- $83.2 million for support of apprenticeship programs, the California Apprenticeship Initiative, and work-based learning models
- Decreasing support for the California Community College Strong Workforce Program by $135.6 million
- Decreasing support for the Student Equity and Achievement Program by $68.8 million

Summary

This very broad extract of the Governor's revised State Budget proposal is provided to keep you informed. Over the next few hours and days, we will be working to distill the information and make it actionable for community colleges.

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COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MAY 1, 2020

An Overview of the 2020–21 Governor's May Revision

BY SSC TEAM

posted May 14, 2020

Preface

The announcement of the May Revision to the 2020–21 State Budget today was a sobering event. Governor Gavin Newsom laid out in vivid detail how local educational agencies (LEAs) would see the COVID-19 recession translate into their budgets and programs. While not as drastic in any given area as the previewed 22% cut to Proposition 98 overall, LEAs are facing cuts to the K–12 Local Control Funding Formula (LCFF), the community college Student Centered Funding Formula (SCFF), and most remaining categorical program funds, cash deferrals, and little flexibility to weather the storm.

But there were a few silver linings: Governor Newsom is once again providing help outside of Proposition 98 with funds to lessen retirement system employer costs and by spending discretionary federal funds on the students most affected by the pandemic. He also laid out that certain cuts could be lessened if additional funds are received from the federal government and shared the intention to boost Proposition 98 funding above the minimum guarantee once the state has recovered.

What follows is our understanding of the Governor's economic projections and proposals for the 2020–21 State Budget laid out today and how those specific actions, if adopted by the Legislature, would affect your LEA.

Overview of the Governor's Budget Proposals

With the early release of the Department of Finance's revised revenue projections going into 2020–21, coupled with the Legislative Analyst's Office California's Spring Fiscal Outlook, our instinctual concerns about the economic effects of the global health crisis began to crystalize. Governor Newsom's May Revision—which marks the start of the final stretch of State Budget negotiations culminating in an adopted State Budget by June 15—symbolizes the somber realities of these times despite all efforts not to succumb to it. Our collective concerns were tempered by the fact that, before the state was crippled by the coronavirus, we were enjoying the prosperity of a sound and healthy economy and prudent State Budget choices, like stashing away over $16 billion in our state's savings account and maintaining a healthy wad of cash in the state's wallet. Through the Spartan leadership of former Governor Jerry Brown, California not only survived the Great Recession and tore down its historic Wall of Debt—the albatross of the mid-2000s—we managed to reach a level of economic prosperity reminiscent of the times of our parents' youth.

This May Revision turns a sharp corner for California, particularly for public education. Constrained by the fact that California doesn't have a printing press, Governor Newsom's revised State Budget proposes a multiyear effort to address the state's budget shortfall through a combination of efforts. This includes drawing down reserves from the State Budget Stabilization Account over the next three years but uses all of the funds in the public education's Rainy Day Fund immediately, canceling planned program expansions and new programs that were proposed in the January Budget proposal, making programmatic reductions across almost all government programs, and deferring payments such as K–12 and community college apportionments.

The Economy and Revenues

As all of us sat sheltered-in-place for the last two months, wondering when we might be able to resume our pre-COVID-19 lives, we knew that this virus was attacking our economy as well as the health of too many victims. In fact, before this crisis, the state had been enjoying the longest economic expansion in history and anticipated a State Budget surplus of nearly $6 billion going into 2020–21. Unemployment had reached historic lows both across the nation and in the state, and the average Californian's income increased by 25% since the Great Recession.

Now, economists expect the national gross domestic product to decline between 26% to 40% in the second quarter of this year, and California anticipates losing over 22% of revenues that we expected at the time the Governor released his relatively joyous January Budget proposal—mostly from the "big three" taxes of personal income, sales and use, and corporation tax. By his estimation, the "big three" taxes will be down from January estimates by:

- 27.2% for the Sales and Use Tax
- 25.5% for the Personal Income Tax
- 22.7% for the Corporation Tax

These revenues make up the lion's share of the revenue the state relies on to fund most of its major programs, including education and child care. The May Revision proposal assumes that the state faces a $54 billion State Budget deficit as it heads into the fiscal year 2020–21. According to the Governor's May Revision, this estimate includes a $41 billion loss in state revenue compounded by the added costs of increases in the number of Californians participating in state-subsidized programs. No one knows the path that the COVID-19 recession will take, and if the federal government will provide any additional relief beyond the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Federal action could help to mitigate this devastating hit to the national and state economy and the real losses that Americans and Californians feel as a result.

Rainy Day Fund

Over the last several years, the state has been making consistent deposits into the Budget Stabilization Account (Rainy Day Fund), which currently stands at $16.2 billion. In order to meet the constitutional requirement to balance the budget, the May Revision proposes to draw down the entirety of the state's Rainy Day Fund over three years, including nearly half ($7.8 billion) of the current balance in fiscal year 2020–21. The reason that the state cannot use the entire $16.2 billion in the 2020–21 State Budget year is because Proposition 2 (2014), which created the Rainy Day Fund, stipulates that a withdrawal may not exceed half of the Rainy Day Fund balance in the first year of a budget emergency.

Proposition 98

Adopted by state voters in 1988, Proposition 98 sets in the State Constitution a series of complex formulas that establish the minimum funding level for K–12 education and community colleges from one year to the next. This target level is determined by prior-year appropriations that count toward the guarantee and (1) workload changes as measured by the change in average daily attendance (ADA), and (2) inflation adjustments as measured by the change in either per capita personal income or per capita state General Fund revenues, whichever is less.

The Governor's January Budget provided some year-over-year increases, but COVID-19 has erased any such gains. The May Revision proposal provides a much more sobering picture for the Proposition 98 guarantee over the three budget years (2018–19, 2019–20, and 2020–21), due to a precipitous drop in General Fund revenues as a result of the economic crisis currently being experienced across the nation, yet felt more keenly in California given the breath and size of our economy.

The Governor's May Revision estimates that the minimum guarantee will decline approximately 23% from the 2019 State Budget Act over the three-year budget period. However, the May Revision is also proposing supplemental appropriations above the constitutionally required Proposition 98 funding level—from non-Proposition 98 funds—beginning in 2021–22 and going through 2023–24. The proposal provides for an allocation 1.5% of General Fund revenues per year up to a cumulative total of $13 billion. While this will help accelerate the growth in the minimum guarantee in the long-term and increase the share of General Fund revenues to Proposition 98 in a Test 1 year from 38% to 40%, it does not blunt the cuts in the short-term.

In addition to other mitigation measures, the May Revision proposal also reflects the withdrawal of all of the funding in the Public School System Stabilization Account, which was projected to be approximately $524 million in 2019–20 at the Governor's January Budget. This will help offset the decline in the minimum guarantee though it only reflects 3.5% of the total $15.1 billion loss, so its effect is minimal.

Current- and Prior-Year Minimum Guarantee

Proposition 98 funding levels have decreased from the Governor's January Budget for both 2018–19 and 2019–20. This is a reversal from January, where the funding levels for both 2018–19 and 2019–20 had increased from the 2019 State Budget Act due largely to an increase in property tax and General Fund revenues.

For the current year, the May Revision proposal adjusts the Proposition 98 guarantee down by $4.2 billion from the Governor's January Budget for an estimated $77.4 billion. In 2018–19, a modest increase of $300 million is reflected, increasing the minimum guarantee from $78.4 billion to $78.7 billion.

2020–21 Minimum Guarantee

For 2020–21, the May Revision proposes an even larger decline, with the Proposition 98 guarantee at $70.5 billion, a decrease of $13.5 billion from the Governor's January Budget and an almost $7 billion decrease year over year. The guarantee is still projected to be based on Test 1—funding based on education's proportion of General Fund revenues in 1986–87, which is estimated at 38%. Though, as noted above, this is proposed to be increased over the next four years to 40% by 2023–24.

Cost-of-Living Adjustment

While the May Revision proposal acknowledges the statutory cost-of-living adjustment (COLA) of 2.31%—just slightly higher than the 2.29% included in the January State Budget proposal—it suspends the COLA in 2020–21 for all eligible programs, including the K-12 LCFF, the community college SCFF, and K-14 categorical programs including the Mandate Block Grant.

Student Centered Funding Formula and Other Community College Proposals

Gone are the January proposals for a funded COLA and growth. Instead, the Governor proposes an overall reduction of 10% ($760 million) to the Student Centered Funding Formula (SCFF), which includes the unfunded 2.31% statutory cost-of-living adjustment (COLA). In addition to an unfunded COLA, the Governor proposes the following:

- A further reduction of $593 million in the SCFF; the Governor proposes that the reduction be accomplished by adjusting the SCFF rates, stability provisions, and hold harmless provisions in order to maintain student access
- Utilization of the revised 2019-20 SCFF rates
- Further utilization of past-year data sources within the SCFF that have not been impacted by COVID-19

In positive news, the Governor proposes an Extension of the hold harmless provision of the SCFF for two more years, until 2023-24 (notwithstanding the SCFF reduction proposal above). The Governor further proposes that the above reductions will be triggered off if sufficient funding is provided from the federal government. Backfills of reduced estimates of local property tax collections, Education Protection Account (EPA) funds, and student fee revenues for both 2019-20 and 2020-21 are also proposed.

Cash Deferrals

Taking a page from the Great Recession, the Governor proposes to defer $330 million in SCFF apportionments from 2019-20 to 2020-21 (May and June 2020 to July 2020), which can be scored as a cut in funding in 2019-20 on the state's books. Although a departure from standard accounting practice, local community college districts can still count the revenues in 2019-20.

For 2020-21, the Governor proposes adding $662 million to the 2019-20 deferral, for a total of $992 million—almost $1 billion—from 2020-21 to 2021-22. This will impact apportionments in April, May, and June 2021 that will be deferred until at least July 2021. The accounting treatments on the state and local district books will be the same as for the previous year's proposed deferral.

Other Programs

The Governor proposes continuance of the California College Promise Program providing two years of no enrollment fees as well as the Student Success Completion Grants. The Governor also proposes $223.1 million in Proposition 51 bond funds for community college facilities projects. However, no programs are proposed to receive the statutory 2.31% COLA.

The Governor's May Revision proposes maintaining some categorical programs, such as Educational Opportunity Programs and Services, Disabled Students Programs and Services, and the $10 million January proposal for immigrant legal services.

For other programs the Governor proposes reductions compared to the January Governor's Budget as follows:

- $135.6 million reduction in support for the Strong Workforce Program
- $83.2 million (including $40.4 million one-time) reduction in apprenticeship programs, the California Apprenticeship Initiative, and work-based learning models
- $68.8 million reduction in support for the Student Equity and Achievement Program
- $17.3 million in deferred maintenance funds proposed in January have been eliminated
- $11.4 million decrease in the January proposal for food pantries and $5.8 million decrease in support for Dreamer Resource Liaisons, with proposed statutory changes to allow support for these efforts from Student Equity and Achievement Program funding
- $7.3 million in support for Part-Time Faculty Compensation, Part-Time Faculty Office Hours, and the Academic Senate

The Governor further proposes triggering off most of these reductions if sufficient funds are received from the federal government.

Proposed Flexibility

In order to help mitigate the impact of the proposed cuts in funding to community colleges, the Governor proposed to provide local operational and financial flexibility in the following ways:

- Use of restricted fund balances, except for Lottery funds, to address COVID-19 related impacts and the loss of revenue from enterprise functions; this flexibility must first be used to predominantly support underrepresented student access and success and to expand the number of students served through online instruction
- Exempt direct COVID-19 related expenses from the 50 percent law calculation
- Suspend procedures required for new short-term CTE courses and programs in order to expedite these offerings

CalSTRS and CalPERS Relief

In times of plenty, the 2019–20 State Budget included $3.15 billion non-Proposition 98 General Fund payment on K–14 employers' behalf to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) Schools Pool. A portion of the payment immediately paid down the CalSTRS and CalPERS employer contribution rates in 2019–20 and 2020–21 and the remaining $2.3 billion was sent directly to the retirement systems towards the long-term unfunded liability of each system.

Instead, the Newsom Administration proposes to redirect that $2.3 billion to further reduce employer contribution rates in 2020–21 and 2021–22. This reallocation of the same resources will reduce the CalSTRS employer rate from 18.4% to approximately 16.15% in 2020–21 and from 18.2% to 16.02% in 2021–22. The CalPERS employer contribution rate will be reduced from CalPERS recently set rate for 2020–21 of 22.68% to 20.7% and the CalPERS 2021–22 estimated rate of 24.6% to 22.84%.

Early Childhood

A hallmark of the Newsom campaign to the Governor's office, early childhood continues to be a priority in the May Revision proposal; however, even it is not spared from having to absorb its fair share of cuts to help the state address the budget deficit. Similar to other January proposals, Governor Newsom pulls back on some of the investments he planned for childcare and preschool programs when the state expected a State Budget surplus. This included funding additional child care slots and inching ever closer to achieving universal targeted preschool in California. Additionally, the May Revision proposal captures savings from programs that were funded in the 2019 Budget Act like funding for improving the quality of the workforce and the renovation of existing, as well as the construction of new, preschool and child care facilities to house anticipated growth.

After multiple years of increasing the reimbursement rates for state subsidized child development programs, the May Revision proposes to suspend the statutory 2.31% COLA and reduce the Standard Reimbursement and Regional Market Rates for child care and preschool by 10%.

You may recall that Governor Newsom proposed the creation of a new Department of Early Childhood under the California Health and Human Services Agency to consolidate all child development programs except the State Preschool Program. Given the resources necessary to create the new department, the May Revision proposal modifies that plan and instead proposes to transfer child care programs administered by the Department of Education to the Department of Social Services and funds the transfer with $2 million in state general funds. The Governor offers that this modified proposal achieves the goal of consolidating the state's early care programs and eases the administration of collective bargaining for family childcare providers with the passage of Assembly Bill 378 (Chapter 385, 2019).

Finally, the May Revision proposes to use the $350 million California received from the federal CARES Act for child care to hold providers harmless as a result of COVID-19, provide one-time stipends for state-subsidized childcare providers to offer care during the COVID-19 crisis, increase access for at-risk children and children of essential workers, and to ensure that families do not have to pay childcare and/or preschool fees during such difficult times.

The Rest of Higher Education

The Governor's January proposed 5% increases in 2020–21 for the University of California (UC) and the California State University (CSU) systems has been withdrawn. In their place is a May Revision proposal to reduce the support for each system by 10% with the expectation that the impacts to programs and services serving underrepresented students and student access are minimized. Other minor proposals from the January budget are also withdrawn.

The Governor again proposes that these reductions can be triggered off if sufficient funding is received from the federal government. Also, both systems were provided flexibility to use restricted fund balances, with the exception of Lottery funds, to ameliorate costs related to COVID-19 and the loss of revenues from enterprise operations, similar to the proposal for community colleges.

K–12 Education Proposals

As stated earlier, the Governor proposes no COLA for K-12 education's Local Control Funding Formula as well as for the categorical programs. K-12 education is proposed to receive a 10% reduction in its apportionment funding, including the unfunded 2.31% COLA, similar to that of community colleges. Significant cash deferrals are proposed for K-12 education at the end of 2019-20 as well as 2020-21.

The Governor prioritized funding for special education programs, maintaining his January proposal to increase the funding rate for these programs using existing funds, but proposes significant cuts in other categorical programs.

There are proposals to provide flexibility for K-12 local agencies in light of these funding cuts, such as increasing cash borrowing limitations from other funds and using proceeds from the sale of surplus property for one-time General Fund purposes.

Closing Thoughts

The Governor's May Revision is the Administration's response to the economic shutdown caused by the COVID-19 pandemic. We predict that, unlike the prior year and many of the years during the Governor Brown era, not all issues will be resolved by the end of June when the State Budget is enacted. With the delay of the income tax filing deadline from April to July, the final adjustments for the 2020–21 State Budget might not be known until August or September.

LEAs should prepare their 2020–21 budgets using the assumptions in the May Revision as the building blocks for the local budget. We do not expect every assumption in the May Revision to hold true until State Budget adoption. But, in the absence of any other statutory foundation for the local agency budget, we continue to recommend that LEAs use the proposals in the May Revision to develop and approve their June budgets.

This year, because the Governor is proposing cash deferrals similar to those used during the Great Recession, we expect that many more LEAs will have cash flow problems. This is particularly true if the LEA, using the Governor's January State Budget proposals, already had minimal reserves. We recommend that LEAs plan to recalculate their multiyear projections immediately upon receipt of our updated Dartboard, which will be posted early next week once all of the factors are finalized.

Like we commented in an editorial written during the Great Recession, "remember that the only safety nets a district has are its cash reserves and the knowledge and skill of its business people." It is too early to spend down the reserve; in fact, we recommend you hang on to all you can—at least until the State Budget is actually adopted.

As the journey to the final 2020–21 State Budget continues, we pledge to keep you informed along the way. Many of you carry the wisdom acquired during the last financial crisis and we encourage you to share your knowledge with those who will be dealing with it for the first time. For those of you that this is your maiden journey, we encourage you to seek out the counsel from those who travelled before you. Stay tuned as the Legislature deliberates the various proposals and hammers out a State Budget by the constitutional deadline of June 15…

California Community Colleges

MEMORANDUM
May 13, 2020

FS20-07 | Via Email

TO: Chief Executive Officers, Chief Instructional Officers, Chief Student Services Officers, Chief Business Officers, Chief Human Resources Officers

FROM: Lizette Navarette, Vice Chancellor, College Finance and Facilities Planning

RE: Novel Coronavirus (COVID-19) Guidance – Extension of Fiscal Reporting Due Dates

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The Chancellor's Office has determined that strict compliance with the regulations governing financial reporting requirements will impede the continuity of education during the COVID-19 pandemic. For this reason, the Chancellor has issued Executive Order 2020-06 temporarily suspending California Code of Regulations, title 5, sections 58300, 58301, 58305(a), 58305(c), 58305(d), and 59106. (5 Cal. Code Regs. 52020.) The purpose of this memorandum is to provide further guidance on the temporary suspension of these regulations and the establishment of new deadlines for local budgets, annual financial and budget reports (CCFS-311), and district audit reports only.

The State Budget Process

Annually, the Governor of California releases a proposed budget on or by January 10. This proposed budget contains allocations for all state government-funded programs, including the California Community Colleges. The budget then goes through the legislative process, which includes hearings in the State Assembly and Senate prior to being released in a revised form on or by May 15. Following this "May Revise" release, additional alterations may be made to the budget prior to its approval by the Governor and Legislature on or by June 30.

Impact of COVID-19 on State Budget Development

On March 4, 2020, Governor Newsom signed Executive Order No. N-25-20, which acknowledged the impact of COVID-19 on Californians and temporarily extended tax filing deadlines by 60 days. Furthermore, on March 18, 2020, the Franchise Tax Board announced the postponement of tax filing and payment deadlines until July 15, 2020, for all individuals and business entities for 2019 tax returns, 2019 tax return payments, 2020 1st and 2nd quarter estimate payments, 2020 LLC taxes and fees, and 2020 non-wage withholding payments.

Specifically, due to the extension in filing and payment of certain taxes to July 15, 2020, the Department of Finance will not have updated revenue estimates until mid-August. The delayed deadline will make it difficult for the Legislature to craft a 2020–21 State Budget Act that includes a full revenue picture before the June 15 constitutional deadline. As a result, the Legislature is considering approving the 2020–21 State Budget Act by the June 15 deadline and revising the budget in August. This would allow the Administration and Legislature to make adjustments based on updated revenue estimates.

Impact on Local Budgets

Each year, the state utilizes a complex formula that includes several revenue sources to calculate a "minimum guarantee" for school and community college funding as prescribed in Proposition 98 and related statutes. A key component of the minimum guarantee calculation is state revenues from taxation. The state rarely provides funding above the estimated minimum guarantee for a budget year from the general fund. As a result, the minimum guarantee determines the total amount of state funding for schools and community colleges. Due to the extension of certain tax filing and payment dates, estimates of the Proposition 98 minimum guarantee for 2020-21 will not be fully known until August.

California Community Colleges rely on accurate revenue projections to prepare district budgets. Annually, district budgets must be approved by local boards of trustees and submitted to the Chancellor's Office by October 10.

Because the state budget, when passed, will likely have numerous revisions, districts will lack critical information to deliberate on local budgets, complete the Annual Financial and Budget Report (311Q), and submit audit reports. Given the uncertainty in state budget approval timelines and state revenues, California Community Colleges will experience added challenges in local budget development should current deadlines remain in place. Accordingly, the Chancellor has granted temporary extensions on financial reporting deadlines (see chart below).

College District Financial Reporting Requirement	Regulatory Due Date	New Due Date	CCR Title 5 Section
Submit tentative budget to county officer.	July 1	August 1	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15	October 31	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15	October 31	58301 58305(c)
Complete its adopted annual financial and budget report and make public.	September 30	November 15	58305(d)

Submit an annual financial and budget report to Chancellor's Office.	October 10	November 30	58305(d)
Submit the annual audit report to the Chancellor's Office.	December 31	February 28	59106

CONTACTS

For questions about this memorandum, please contact the Fiscal Standards and Accountability Unit at fiscalstandards@cccco.edu.

cc: All-CCCCO Staff

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2020/21 Tentative Budget Assumptions
February 26, 2020

I. State Revenue

A. Budgeting will begin using the new Student Centered Funding Formula (SCFF) at the hold harmless provision for the 2017/18 Total Computational Revenue plus 2018/19 & 2019/20 & 2020/21 cost of living adjustments (COLA).

B. FTES Workload Measure Assumptions:

Year		Base	Actual	Funded		Actual Growth
2014/15		28,688.93	28,908.08	28,908.08		0.76%
2015/16		28,908.08	28,901.64	28,901.64		-0.02%
2016/17		28,901.64	27,517.31	28,901.64	a	-4.79%
2017/18		28,901.64	29,378.53	29,375.93	b	1.65%
2018/19	P3	29,375.93	25,925.52	28,068.86	c	-11.75%
2019/20	P1	28,068.86	28,198.47	Unknown		0.46%

a - based on submitted P3, District went into Stabilization in FY 2016/17
b - based on submitted P3, the district shifted 1,392.91 FTES from summer 2018
c - To maintain the 2015/16 funding level and produce growth FTES in 2017/18, the district borrowed from summer 2018 which reduced FTES in 2018/19.

The state budget proposes .50% systemwide growth funding, 2.29% COLA, and no base allocation increase.
The effects of the SCFF on our budget is not fully known at this time. The components will now remain at 70/20/10 split with COLA added each year. Any changes to our funding related to the new formula will be incorporated when known.

Projected COLA of 2.29%	$4,003,793
Projected Growth/Access	$0
Projected Base Allocation Increase	$0
Apportionment Base Incr (Decr) for 2020/21	**$4,003,793**

2020/21 Potential Growth at 0.5% 28,209

C. Education Protection Account (EPA) funding estimated at $26,437,430 based on 2019/20 @ Advance. These are not additional funds. The EPA is only a portion of general purpose funds that offsets what would otherwise be state aid in the apportionments We intend to charge a portion of faculty salaries to this funding source in compliance with EPA requirements.

D. Unrestricted lottery is projected at $153 per FTES ($4,414,163). Restricted lottery at $54 per FTES ($1,557,940). (2019/20 @ P1 of resident & nonresident factored FTES, 28,850.74 x $153 = $4,414,163 unrestricted lottery; 28,850.74 x $54 = $1,557,940.) Increase of about 9%.

E. Estimated reimbursement for part-time faculty compensation is estimated at $575,927 (2019/20 @ Advance). Slight decrease.

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is being proposed on certain categorical programs. Without COLA, other categorical reductions would be required to remain in balance if settlements were reached with bargaining groups. The colleges will need to budget for any program match requirements using unrestricted funds.

G. College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2019/20 @ Advance of $278,496. Slight decrease.

H. Mandates Block Grant estimated at a total budget of $869,923 ($30.85 x 28,198.47). Slight increase. No additional one-time allocation proposed.

II. Other Revenue

I. Non-Resident Tuition budgeted at $3,400,000. (SAC $2,400,000, SCC $1,000,000) - Unchanged.

J. Interest earnings estimated at $1,400,000. Unchanged.

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately $407,680. Unchanged.

L. Apprenticeship revenue estimated at $3,159,472. Unchanged.

M Scheduled Maintenance/Instructional Equipment allocation. $7.6 million in state budget. Our allocation is estimated $190,000.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2020/21 Tentative Budget Assumptions
February 26, 2020

III. Appropriations and Expenditures

A. As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for ALL necessary expenditures including but not limited to all full time and part time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.

B. The state is providing a Cost of Living Allowance (COLA) of 2.29%. Any collectively bargained increased costs will be added to the budget. The estimated cost of a 1% salary increase is $1.80 million for all funds. The estimated cost of a 1%salary increase is $1.43 million for the unrestricted general fund.

C. Step and column movement is budgeted at an additional cost of approximately $1.69 million including benefits for FD 11 & 13 (FARSCCD approximate cost $546,816 CSEA approximate cost $641,986, Management/Other approximate cost $497,528) For all funds, it is estimated to = $2.42 million (FARSCCD = $642,315, CSEA = $1,007,254, Management/Others = $766,088) In addition, the colleges would need to budget for step/column increases for P/T faculty.

D. Health and Welfare benefit premium cost increase as of 1/1/2021 is estimated at 3.5% for an additional cost of approximately $646,936 for active employees and an additional cost of $279,138 for retirees, for a combined increase of $926,074 for unrestricted general fund. The additional cost increase for all funds is estimated to = $976,180
State Unemployment Insurance local experience charges are estimated at $250,000 (2019/20 budgeted amount). Unchanged.
CalSTRS employer contribution rate will increase in 2020/21 from 17.10% to 18.40% for an increase of $1,253,020.
(Note: The cost of each 1% increase in the STRS rate is approximately $740,000.)
CalPERS employer contribution rate will increase in 2020/21 from 19.721% to 22.80% for an increase of $1,125,548.
(Note: The cost of each 1% increase in the PERS rate is approximately $390,000.)

E. The full-time faculty obligation (FON) for Fall 2020 has not been calculated at this time. The District will recruit to replace 13 faculty vacancies. SAC is recruiting for 6 positions. SCC is recruiting for 7 positions. The current cost for a new position is budgeted at Class VI, Step 12 at approximately $154,847. Penalties for not meeting the obligation amount to approximately $80,250 per FTE not filled.

F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/20 for hourly faculty is $1,455. Increase of $56 per LHE.

G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Actuarially Determined Contribution (ADC) as of July 1, 2020 is estimated to be $10,224,861. The District will therefore decrease the employer payroll contribution rate of 2.75% to 1.10% of total salaries. This reduction provides a savings of $1,899,032 to the unrestricted general fund and $2,483,330 for all funds.

H. Capital Outlay Fund - The District will continue to budget $1.5 million for capital outlay needs.

I. Utilities cost increases of 2.5%, estimated at $100,000.

J. Information Technology licensing contract escalation cost of 7%, estimated at $125,000.

K. Property and Liability Insurance transfer estimated at $1,970,000. Unchanged.

L. Other additional DS/Institutional Cost expenses:

Ellucian increased contract cost	$ 400,000
Data Integrity Specialist	$ 200,000

M. Child Development Fund - The District will continue to budget $250,000 as an interfund transfer from the unrestricted general fund as a contingency plan. ($140,000 each year was transferred since 2014/15 and expected again in 2020/21)

N. Estimated annual cost of Santiago Canyon College ADA Settlement expenses of $2 million from available funds.

O. Round One budget reductions totalling $3 million are being made for this tentative budget due to State Budget uncertainty.

Rancho Santiago Community College District
Unrestricted General Fund Summary
2020/21 Tentative Budget Assumptions
February 26, 2020

*	**New Revenues**	Ongoing Only	One-Time
A	Student Centered Funding Formula (see note below)		
B	COLA 2.29%	$4,003,793	
B	Growth	$0	
B	State Augmentation	$0	
D	Unrestricted Lottery	$352,286	
H	Mandates Block Grant	$77,096	
I	Non-Resident Tuition	$0	
J	Interest Earnings	$0	
L	Apprenticeship - SCC	$0	
EGK	Misc Income	($53,641)	
	Total	$4,379,534	$0
	New Expenditures		
B	Salary Schedule Increases/Collective Bargaining 4.00%	$5,710,477	
C	Step/Column	$1,686,330	
D	Health and Welfare/Benefits Increase (3.5%)	$926,074	
D	CalSTRS Increase	$1,253,020	
D	CalPERS Increase	$1,125,548	
E	Full Time Faculty Obligation Hires	$0	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	$0	
G	Decreased Cost of Retiree Health Benefit ADC	($1,899,032)	
H	Capital Outlay/Scheduled Maintenance Contribution	$0	
I	Utilities Increase	$100,000	
J	ITS Licensing/Contract Escalation Cost	$125,000	
K	Property, Liability and All Risks Insurance	$0	
II.L	Apprenticeship - SCC	$0	
L	Other Additional DS/Institutional Costs	$600,000	$0
N	SCC ADA Settlement Costs	$0	$2,000,000
O	Round One Budget Reductions	($3,000,000)	
	Total	$6,627,417	$2,000,000
	2020/21 Budget Year Unallocated (Deficit)	($2,247,883)	
	2019/20 Structural Unallocated (Deficit)	$1,809,582	
	Savings Faculty replacement budget at VI-12	$590,360	
	Savings 2019/20 all employees - budgeted vs actual		
	Total Net Unallocated (Deficit)	$152,059	($2,000,000)

In addition, as both college budgets for adjunct faculty have been underbudgeted in total by approximately $6.5 million, the colleges need to appropriately fund adjunct faculty costs tied to the class schedules offered and prior year actual costs when adjusted for new full-time faculty hired.

* *Reference to budget assumption number*

Rancho Santiago Community College District

DRAFT

Tentative Budget

2020-21

General Fund Revenue Budget - Combined - Restricted and Unrestricted - Fund 11, 12, 13

Revenues by Source		2018-19 Actual Revenue	2019-20 Revised Budget	2019-20 Estimated Revenue	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
8100	Federal Revenues					
8120	Higher Education Act	2,504,474	3,292,216	2,335,231	3,238,618	38.69
8140	Temporary Assistance for Needy Families (TANF)	104,894	99,795	99,795	99,795	-
8150	Student Financial Aid	3,546	199,740	199,740	199,740	-
8170	Vocational Technical Education Act (VTEA)	2,890,675	1,815,864	1,815,864	1,815,864	-
8199	Other Federal Revenues (ABE, CAMP, SBA, Gear Up, NSF)	3,992,333	4,003,768	4,003,768	3,699,032	(7.61)
	Total Federal Revenues	9,495,922	9,411,383	8,455,064	9,053,049	7.07
8600	State Revenues					
8611	Apprenticeship Allowance	3,210,086	3,159,472	3,159,472	3,159,472	-
8612	State General Apportionment	48,432,755	45,168,491	45,077,481	52,028,093	15.42
8612	State General Apportionment-estimated COLA	4,467,459	5,519,778	5,519,778	4,003,793	(27.46)
8612	Base Allocation Increase	0	0	0	0	-
8612	State General Apportionment-Deficit	0	0	0	0	-
8612	State General Apportionment-prior year adjustment	(243,981)	0	0	0	-
8619	State General Apportionment-Full-time Faculty Allocation	1,304,941	1,307,884	1,307,884	1,307,884	-
8619	Other General Apportionments-Enrollment Fee Admin-2%	293,254	293,254	293,254	278,496	(5.03)
8619	Other General Apportionments-Part-Time Faculty Compensation	638,586	614,810	614,810	575,927	(6.32)
8622	Extended Opportunity Programs & Services (EOPS)	2,261,401	2,275,935	2,298,935	2,298,935	-
8623	Disabled Students Programs & Services (DSPS)	1,771,889	1,981,767	1,981,767	1,970,456	(0.57)
8625	CalWORKS	561,710	549,527	553,374	553,374	-
8626	Telecomm./Technology Infrastructure Prog. (TTIP)	90	3,822	3,822	3,822	-
8629	Other Gen Categorical Apport-BSI	767,802	1,535,332	1,408,745	1,535,332	8.99
8629	Other Gen Categorical Apport-CARE	115,667	125,962	146,817	146,817	-
8629	Other Gen Categorical Apport-CTE SWP	33,973,604	163,118,010	157,721,931	116,858,498	(25.91)
8629	Other Gen Categorical Apport-Equal Employment Opportunity	70,209	67,194	67,194	67,194	-
8629	Other Gen Categorical Apport-Guided Pathways	331,645	1,534,661	1,534,661	1,173,078	(23.56)
8629	Other Gen Categorical Apport-Instructional Equipment	121,631	100,272	100,272	0	(100.00)
8629	Other Gen Categorical Apport-Matriculation-Credit	7,811,180	7,344,033	7,344,033	7,343,422	(0.01)

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Revenues by Source		2018-19 Actual Revenue	2019-20 Revised Budget	2019-20 Estimated Revenue	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
8629	Other Gen Categorical Apport-Matriculation-Non-Credit	2,476,098	2,602,858	2,602,858	2,602,858	-
8629	Other Gen Categorical Apport-Student Equity	2,815,011	3,708,228	3,708,228	3,708,228	-
8629	Other Gen Categorical Apport-Student Financial Aid Admin	1,058,207	1,142,287	1,142,287	1,142,287	-
8629	Other Reimb Categorical Allow-Other	659,487	2,761,373	3,210,032	2,221,041	(30.81)
8630	Education Protection Account	25,493,388	26,437,430	27,590,658	26,437,430	(4.18)
8659	Other Reimb Categorical Allow-Career Tech/Econ Dev	18,662,687	46,301,187	32,797,054	34,852,942	6.27
8659	Other Reimb Categorical Allow-Other	1,778,560	1,647,455	1,647,455	678,259	(58.83)
8672	Homeowners' Property Tax Relief	270,103	288,123	268,582	288,123	7.28
8681	State Lottery Proceeds	7,500,120	5,495,755	5,168,372	5,972,103	15.55
8682	State Mandated Costs	852,184	792,827	859,434	869,923	1.22
8699	Other Misc State Revenue	12,906,746	13,154,197	13,154,197	13,148,160	(0.05)
	Total State Revenues	180,362,519	339,031,924	321,283,387	285,225,947	(11.22)
8800	Local Revenues					
8811	Tax Allocation, Secured Roll	49,676,516	53,253,286	57,306,453	53,253,286	(7.07)
8812	Tax Allocation, Supplement Roll	1,628,366	1,620,143	1,224,138	1,620,143	32.35
8813	Tax Allocation, Unsecured Roll	1,498,172	1,577,368	1,562,686	1,577,368	0.94
8816	Prior Years' Taxes	654,053	582,322	360,520	582,322	61.52
8817	Education Revenue Augmentation Fund (ERAF)	21,394,784	25,000,000	20,202,337	25,000,000	23.75
8818	RDA Funds - Pass Thru AB	472,784	451,127	505,009	451,127	(10.67)
8819	RDA Funds - Residuals	6,095,642	6,100,233	6,380,659	6,100,233	(4.39)
8820	Contrib, Gifts, Grants & Endowment	5,300	561	3,227	561	(82.62)
8831	Contract Instructional Service	78,769	36,677	57,015	14,177	(75.13)
8850	Rents and Leases	208,808	383,480	261,303	383,480	46.76
8860	Interest & Investment Income	2,765,823	1,400,000	2,703,512	1,400,000	(48.22)
8874	CCC Enrollment Fees	8,343,536	8,839,824	8,839,824	7,500,000	(15.16)
8875	Bachelor's Program Fee	67,368	40,000	48,468	40,000	(17.47)
8876	Health Services Fees	1,193,439	1,163,500	1,143,743	1,163,500	1.73
8880	Nonresident Tuition	3,391,208	3,400,000	3,138,353	3,400,000	8.34
8882	Parking Fees & Bus Passes	661,642	1,315,847	661,636	1,405,631	112.45

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General Fund Revenue Budget - Combined - Restricted and Unrestricted - Fund 11, 12, 13

Revenues by Source		**2018-19 Actual Revenue**	**2019-20 Revised Budget**	**2019-20 Estimated Revenue**	**2020-21 Tentative Budget**	**% change 20/21 Tent/ 19/20 Est**
8890	Other Local Revenues (Student Transcript/Representation/ Discounts/Fines/Instr. Mat./Health Serv. Use Fees, etc.)	1,101,408	369,555	2,050,618	350,245	(82.92)
8891	Other Local Rev - Special Proj	427,609	754,897	648,272	739,886	14.13
	Total Local Revenues	99,665,227	106,288,820	107,097,773	104,981,959	(1.98)
8900	Other Financing Sources					
8910	Proceeds-Sale of Equip & Suppl	19,820	5,000	39,189	5,000	(87.24)
8981	Interfund Transfer In	0	0	0	0	-
8999	Revenue - Clearing	0	0	0	0	-
	Total Other Sources	19,820	5,000	39,189	5,000	(87.24)
	Total Revenues	289,543,488	454,737,127	436,875,413	399,265,955	(8.61)
	Net Beginning Balance	41,271,793	42,340,385	42,340,385	37,748,079	(10.85)
	Adjustments to Beginning Balance	0	0	0	0	-
	Adjusted Beginning Fund Balance	41,271,793	42,340,385	42,340,385	37,748,079	(10.85)
Total Revenues, Other Financing Sources and Beginning Fund Balance		$330,815,281	$497,077,512	$479,215,798	$437,014,034	(8.81)

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General Fund Expenditure Budget - Combined - Restricted and Unrestricted - Fund 11, 12, 13

Expenditures by Object	**2018-19 Actual Expenses**	**2019-20 Revised Budget**	**2019-20 Estimated Expenses**	**2020-21 Tentative Budget**	**% change 20/21 Tent/ 19/20 Est**
1000 Academic Salaries					
1100 Instructional Salaries, Regular Contract	$29,315,324	$33,177,366	$31,861,958	$34,611,526	8.63
1200 Non-Instructional Salaries, Regular Contract	18,067,737	20,830,984	19,699,265	21,919,774	11.27
1300 Instructional Salaries, Other Non-Regular	29,503,821	26,471,432	28,394,100	26,487,492	(6.71)
1400 Non-Instructional Salaries, Other Non-Regular	7,061,523	6,076,960	6,467,989	4,611,286	(28.71)
Subtotal	83,948,405	86,556,742	86,423,312	87,630,078	1.40
2000 Classified Salaries					
2100 Non-Instructional Salaries, Regular Full Time	39,270,670	45,459,935	42,628,687	49,887,122	17.03
2200 Instructional Aides, Regular Full Time	463,214	700,636	462,087	582,880	26.14
2300 Non-Instructional Salaries, Other	5,864,885	6,959,889	5,641,121	6,196,314	9.84
2400 Instructional Aides, Other	2,917,919	3,365,923	2,880,437	2,975,419	3.30
Subtotal	48,516,688	56,486,383	51,612,332	59,641,735	15.56
3000 Employee Benefits					
3100 State Teachers' Retirement System Fund	21,856,479	23,591,516	22,929,947	25,430,988	10.91
3200 Public Employees' Retirement System Fund	11,177,803	13,325,875	12,587,723	15,966,144	26.84
3300 Old Age, Survivors, Disability, and Health Ins.	4,913,062	5,534,809	5,047,541	5,905,736	17.00
3400 Health and Welfare Benefits	30,350,458	33,605,853	31,475,054	32,846,936	4.36
3500 State Unemployment Insurance	136,849	325,610	122,097	329,234	169.65
3600 Workers' Compensation Insurance	2,996,273	2,163,818	2,029,859	2,246,442	10.67
3900 Other Benefits	1,677,205	1,905,106	1,740,211	1,906,569	9.56
Subtotal	73,108,129	80,452,587	75,932,432	84,632,049	11.46
TOTAL SALARIES/BENEFITS	***205,573,222***	***223,495,712***	***213,968,076***	***231,903,862***	8.38
Salaries/Benefits Cost % of Total Expenditures	**73.28%**	**48.65%**	**49.32%**	**57.59%**	

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Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
4000	Books and Supplies					
4100	Textbooks	4,418	1,820	2,262	1,290	(42.97)
4200	Other Books	97,880	151,277	97,308	93,201	(4.22)
4300	Instructional Supplies	1,804,472	4,091,280	2,090,756	1,849,628	(11.53)
4400	Media Supplies	0	0	0	0	-
4500	Maintenance Supplies	160,155	264,897	268,028	175,200	(34.63)
4600	Non-Instructional Supplies	1,752,740	2,335,304	1,936,521	1,536,684	(20.65)
4700	Food Supplies	253,698	540,030	290,092	242,341	(16.46)
	Subtotal	4,073,363	7,384,608	4,684,967	3,898,344	(16.79)
5000	Services and Other Operating Expenses					
5100	Personal & Consultant Svcs	45,876,090	192,226,734	190,527,415	136,137,284	(28.55)
5200	Travel & Conference Expenses	1,072,307	1,753,527	722,404	1,481,973	105.14
5300	Dues & Memberships	223,033	342,242	233,228	230,862	(1.01)
5400	Insurance	2,030,437	2,029,995	2,029,553	2,029,995	0.02
5500	Utilities & Housekeeping Svcs	3,414,063	3,888,873	3,152,037	3,629,669	15.15
5600	Rents, Leases & Repairs	4,150,281	5,841,233	4,980,321	5,620,360	12.85
5700	Legal, Election & Audit Exp	625,147	1,181,567	844,850	1,103,077	30.56
5800	Other Operating Exp & Services	6,052,429	9,050,590	6,651,795	8,145,699	22.46
5900	Other (Transp., Postage, Reproduction, Special Proj., etc.)	1,662,806	6,273,110	1,644,718	5,595,186	240.19
	Subtotal	65,106,593	222,587,871	210,786,321	163,974,105	(22.21)
6000	Sites, Buildings, Books, and Equipment					
6100	Sites & Site Improvements	459,409	0	0	0	-
6200	Buildings	2,016,091	310,289	229,938	104,113	(54.72)
6300	Library Books	242,761	290,013	319,603	186,486	(41.65)
6400	Equipment	3,055,504	5,364,337	3,885,483	2,611,802	(32.78)
	Subtotal	5,773,765	5,964,639	4,435,024	2,902,401	(34.56)
	Subtotal, Expenditures (1000 - 6000)	280,526,943	459,432,830	433,874,388	402,678,712	(7.19)

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Expenditures by Object	2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
7000 Other Outgo					
7200 Intrafund Transfers Out	0	0	0	0	-
7300 Interfund Transfers Out	6,330,372	4,250,000	6,640,000	3,750,000	(43.52)
7500 Student Scholarship	0	0	0	0	-
7600 Other Student Aid	1,617,581	2,155,783	953,331	1,975,530	107.22
Subtotal	7,947,953	6,405,783	7,593,331	5,725,530	(24.60)
Subtotal, Expenditures (1000 - 7000)	288,474,896	465,838,613	441,467,719	408,404,242	(7.49)
7900 Reserve for Contingencies					
7910 Estimated COLA	0	0	0	0	-
7920 Restricted Contingency-SCC Family Pact-2340	0	101,512	0	101,512	-
7920 Restricted Contingency-Campus Health Services-3250	0	137,039	0	137,039	-
7920 Restricted Contingency-Health Services-3450	0	769,641	0	636,889	-
7920 Restricted Contingency-Safety & Parking-3610	0	0	0	0	-
7930 Board Policy Contingency (12.5%)	0	24,989,421	0	26,799,842	-
7940 Revolving Cash Accounts	0	100,000	0	100,000	-
7940 Employee Vacation Payout	0	250,000	0	250,000	-
7950 Budget Stabilization	0	1,031,951	0	249,451	-
Total Designated	0	27,379,564	0	28,274,733	-
7910 Unrestricted Contingency	42,340,385	3,859,335	37,748,079	335,059	(99.11)
Subtotal Expenditures (7900)	42,340,385	31,238,899	37,748,079	28,609,792	(24.21)
Total Expenditures, Other Outgo and Ending Fund Balance	$330,815,281	$497,077,512	$479,215,798	$437,014,034	(8.81)

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Revenues by Source		2019-20 Adopted Budget	2019-20 Allocated Budget	2019-20 Estimated Revenue	% change 19/20 Est/ 19/20 Budget	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
8100	Federal Revenues						
8110	Forest Reserve	$0	$0	$666	-	$0	(100.00)
	Total Federal Revenues	0	0	666	-	0	(100.00)
8600	State Revenues						
8611	Apprenticeship Allowance	3,159,472	3,159,472	3,159,472	-	3,159,472	-
8612	State General Apportionment	45,168,491	45,168,491	45,077,481	(0.20)	52,028,093	15.42
8612	State General Apportionment-estimated COLA	5,519,778	5,519,778	5,519,778	-	4,003,793	(27.46)
8612	Base Allocation Increase	0	0	0	-	0	-
8612	Estimated Restoration/Access/Growth	0	0	0	-	0	-
8612	State General Apportionment-Deficit	0	0	0	-	0	-
8612	State General Apportionment-prior year adjustment	0	0	0	-	0	-
8619	Other General Apportionments-Full-time Faculty Alloc	1,307,884	1,307,884	1,307,884	-	1,307,884	-
8619	Other General Apportionments-Enroll Fee Admin-2%	293,254	293,254	293,254	-	278,496	(5.03)
8619	Other General Apportionments-Part-Time Fac Comp	614,810	614,810	614,810	-	575,927	(6.32)
8630	Education Protection Account	26,437,430	26,437,430	27,590,658	4.36	26,437,430	(4.18)
8672	Homeowners' Property Tax Relief	288,123	288,123	268,582	(6.78)	288,123	7.28
8681	State Lottery Proceeds	4,062,080	4,062,080	3,734,697	(8.06)	4,414,163	18.19
8682	State Mandated Costs	792,827	792,827	859,434	8.40	869,923	1.22
8699	Other Misc State Revenue	4,750,000	11,010,000	11,010,000	-	11,010,000	-
	Total State Revenues	92,394,149	98,654,149	99,436,050	0.79	104,373,304	4.97
8800	Local Revenues						
8811	Tax Allocation, Secured Roll	53,253,286	53,253,286	57,306,453	7.61	53,253,286	(7.07)
8812	Tax Allocation, Supplement Roll	1,620,143	1,620,143	1,224,138	(24.44)	1,620,143	32.35
8813	Tax Allocation, Unsecured Roll	1,577,368	1,577,368	1,562,686	(0.93)	1,577,368	0.94
8816	Prior Years' Taxes	582,322	582,322	360,520	(38.09)	582,322	61.52
8817	Education Revenue Augmentation Fund (ERAF)	25,000,000	25,000,000	20,202,337	(19.19)	25,000,000	23.75
8818	RDA Funds - Pass Thru AB	451,127	451,127	505,009	11.94	451,127	(10.67)
8819	RDA Funds - Residuals	6,100,233	6,100,233	6,380,659	4.60	6,100,233	(4.39)

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Revenues by Source		2019-20 Adopted Budget	2019-20 Allocated Budget	2019-20 Estimated Revenue	% change 19/20 Est/ 19/20 Budget	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
8850	Rents and Leases	373,480	383,480	261,303	(31.86)	383,480	46.76
8860	Interest & Investment Income	1,400,000	1,400,000	2,703,512	93.11	1,400,000	(48.22)
8874	CCC Enrollment Fees	8,839,824	8,839,824	8,839,824	-	7,500,000	(15.16)
8875	Bachelor's Program Fee	40,000	40,000	48,468	21.17	40,000	(17.47)
8880	Nonresident Tuition	3,400,000	3,400,000	3,138,353	(7.70)	3,400,000	8.34
8885	Student ID & ASB Fees	0	0	0	-	0	-
8890	Transcript/Representation/ Discounts/Fines/Instr. Mat./Health Serv. Use Fees,	94,812	133,670	1,288,463	863.91	114,360	(91.12)
8891	Other Local Rev - Special Proj	0	0	0	-	0	-
	Total Local Revenues	102,732,595	102,781,453	103,821,725	1.01	101,422,319	(2.31)
8900	Other Financing Sources						
8910	Proceeds-Sale of Equip & Suppl	5,000	5,000	39,189	683.78	5,000	(87.24)
8981	Interfund Transfer In	0	0	0	-	0	-
	Total Other Sources	5,000	5,000	39,189	683.78	5,000	(87.24)
	Total Revenues	195,131,744	201,440,602	203,297,630	0.92	205,800,623	1.23
	Net Beginning Balance	38,759,046	38,759,046	38,759,046	-	36,332,465	(6.26)
	Adjustments to Beginning Balance	0	0	0	-	0	-
	Adjusted Beginning Fund Balance	38,759,046	38,759,046	38,759,046	-	36,332,465	(6.26)
Total Revenues, Other Financing Sources and Beginning Fund Balance		$233,890,790	$240,199,648	$242,056,676	0.77	$242,133,088	0.03

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Expenditures by Object		2019-20 Adopted Budget	2019-20 Allocated Budget	2019-20 Estimated Expenses	% change 19/20 Est/ 19/20 Budget	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
1000	Academic Salaries						
1100	Instructional Salaries, Regular Contract	$31,732,429	$32,902,613	$31,652,934	(3.80)	$34,431,804	8.78
1200	Non-Instructional Salaries, Regular Contract	15,162,686	15,800,229	14,780,158	(6.46)	16,183,675	9.50
1300	Instructional Salaries, Other Non-Regular	23,976,410	26,067,661	28,096,727	7.78	26,145,139	(6.95)
1400	Non-Instructional Salaries, Other Non-Regular	1,377,286	1,617,572	1,918,679	18.61	1,289,300	(32.80)
	Subtotal	72,248,811	76,388,075	76,448,498	0.08	78,049,918	2.09
2000	Classified Salaries						
2100	Non-Instructional Salaries, Regular Full Time	31,226,285	31,007,610	30,654,984	(1.14)	34,745,626	13.34
2200	Instructional Aides, Regular Full Time	650,938	660,840	424,801	(35.72)	492,487	15.93
2300	Non-Instructional Salaries, Other	1,604,515	1,686,200	1,882,273	11.63	1,595,865	(15.22)
2400	Instructional Aides, Other	1,968,257	1,964,273	1,928,810	(1.81)	1,850,092	(4.08)
	Subtotal	35,449,995	35,318,923	34,890,868	(1.21)	38,684,070	10.87
3000	Employee Benefits						
3100	State Teachers' Retirement System Fund	16,482,026	20,762,525	20,345,102	(2.01)	22,662,282	11.39
3200	Public Employees' Retirement System Fund	7,209,139	9,178,147	9,121,008	(0.62)	11,149,910	22.24
3300	Old Age, Survivors, Disability, and Health Ins.	3,938,899	3,929,908	3,808,543	(3.09)	4,264,412	11.97
3400	Health and Welfare Benefits	28,050,555	27,997,183	27,137,135	(3.07)	27,665,555	1.95
3500	State Unemployment Insurance	307,187	307,278	109,910	(64.23)	310,337	182.36
3600	Workers' Compensation Insurance	1,641,339	1,644,421	1,649,904	0.33	1,772,449	7.43
3900	Other Benefits	1,492,345	1,491,861	1,410,774	(5.44)	1,496,054	6.04
	Subtotal	59,121,490	65,311,323	63,582,376	(2.65)	69,320,999	9.03
	TOTAL SALARIES/BENEFITS	***166,820,296***	***177,018,321***	***174,921,742***	***(3.78)***	***186,054,987***	***6.36***
	Salaries/Benefits Cost % of Total Expenditures	**85.04%**	**86.05%**	**87.87%**		**88.32%**	

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Expenditures by Object		2019-20 Adopted Budget	2019-20 Allocated Budget	2019-20 Estimated Expenses	% change 19/20 Est/ 19/20 Budget	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
4000	Books and Supplies						
4100	Textbooks	0	0	0	-	0	-
4200	Other Books	1,268	9,433	626	(93.36)	1,268	102.56
4300	Instructional Supplies	38,302	223,818	193,348	(13.61)	18,997	(90.17)
4400	Media Supplies	0	0	0	-	0	-
4500	Maintenance Supplies	276,986	246,947	250,473	1.43	156,250	(37.62)
4600	Non-Instructional Supplies	1,258,633	1,577,397	1,408,914	(10.68)	1,118,191	(20.63)
4700	Food Supplies	14,156	55,342	40,939	(26.03)	42,256	3.22
	Subtotal	1,589,345	2,112,937	1,894,300	(10.35)	1,336,962	(29.42)
5000	Services and Other Operating Expenses						
5100	Personal & Consultant Svcs	2,558,806	4,041,291	3,250,533	(19.57)	2,697,588	(17.01)
5200	Travel & Conference Expenses	347,402	353,910	184,767	(47.79)	295,077	59.70
5300	Dues & Memberships	202,848	209,428	149,259	(28.73)	179,248	20.09
5400	Insurance	1,970,000	1,970,000	1,970,000	-	1,970,000	-
5500	Utilities & Housekeeping Svcs	3,638,909	3,723,105	3,071,236	(17.51)	3,479,739	13.30
5600	Rents, Leases & Repairs	5,006,313	5,184,812	4,545,073	(12.34)	5,132,155	12.92
5700	Legal, Election & Audit Exp	1,159,636	1,181,567	844,850	(28.50)	1,103,077	30.56
5800	Other Operating Exp & Services	5,931,551	5,904,536	5,651,112	(4.29)	5,696,279	0.80
5900	Other (Transp., Postge, Reprod., Spec. Proj., etc.)	5,178,554	1,971,729	931,689	(52.75)	2,193,044	135.38
	Subtotal	25,994,019	24,540,378	20,598,519	(16.06)	22,746,207	10.43
6000	Sites, Buildings, Books, and Equipment						
6100	Sites & Site Improvements	0	0	0	-	0	-
6200	Buildings	79,189	82,327	9,376	(88.61)	8,239	(12.13)
6300	Library Books	920	15,246	13,679	(10.28)	920	(93.27)
6400	Equipment	1,681,598	1,949,412	1,641,898	(15.77)	501,421	(69.46)
	Subtotal	1,761,707	2,046,985	1,664,953	(18.66)	510,580	(69.33)
	Subtotal, Expenditures (1000 - 6000)	196,165,367	205,718,621	199,079,514	(3.23)	210,648,736	5.81

Rancho Santiago Community College District

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General Fund Expenditure Budget - Combined - Unrestricted - Fund 11, 13

Expenditures by Object		2019-20 Adopted Budget	2019-20 Allocated Budget	2019-20 Estimated Expenses	% change 19/20 Est/ 19/20 Budget	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
7000	Other Outgo						
7200	Intrafund Transfers Out	0	0	0	-	0	-
7300	Interfund Transfers Out	3,750,000	4,250,000	6,640,000	56.24	3,750,000	(43.52)
7600	Other Student Aid	0	320	4,697	1,367.81	0	(100.00)
	Subtotal	3,750,000	4,250,320	6,644,697	56.33	3,750,000	(43.56)
	Subtotal, Expenditures (1000 - 7000)	199,915,367	209,968,941	205,724,211	(2.02)	214,398,736	4.22
7900	Reserve for Contingencies						
7910	Estimated COLA	5,519,778	0	0	-	0	-
7930	Board Policy Contingency (12.5%)	24,989,421	24,989,421	0	(100.00)	26,799,842	-
7940	Revolving Cash Accounts	100,000	100,000	0	(100.00)	100,000	-
7940	Employee Vacation Payout	250,000	250,000	0	(100.00)	250,000	-
7950	Budget Stabilization	1,306,642	1,031,951	0	(100.00)	249,451	-
	Total Designated	32,165,841	26,371,372	0	(100.00)	27,399,293	-
7910	Unrestricted Contingency	1,809,582	3,859,335	36,332,465	841.42	335,059	(99.08)
	Subtotal Expenditures (7900)	33,975,423	30,230,707	36,332,465	20.18	27,734,352	(23.67)
Total Expenditures, Other Outgo and Ending Fund Balance		$233,890,790	$240,199,648	$242,056,676	0.77	$242,133,088	0.03

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Santa Ana College	Fund 11 Unrestricted	%	Fund 13 One-Time	%	Fund 11/13 Unrestricted	%	Fund 12 Restricted	%	Fund 11/12/13 Combined	%
Academic Salaries	52,428,124		152,309		52,580,433		6,337,011		58,917,444	
Classified Salaries	14,523,860		101,497		14,625,357		9,957,447		24,582,804	
Employee Benefits	26,628,583		74,123		26,702,706		6,934,036		33,636,742	
Supplies & Materials	423,307		194,189		617,496		1,729,216		2,346,712	
Other Operating Exp & Services	4,477,674		3,596,179		8,073,853		5,905,819		13,979,672	
Capital Outlay	35,370		2,000		37,370		1,821,563		1,858,933	
Other Outgo	0		183,000		183,000		1,441,064		1,624,064	
Grand Total	**$98,516,918**	**54.28%**	**$4,303,297**	**61.98%**	**$102,820,215**	**54.56%**	**$34,126,156**	**17.69%**	**$136,946,371**	**35.91%**

Santiago Canyon College	Fund 11 Unrestricted	%	Fund 13 One-Time	%	Fund 11/13 Unrestricted	%	Fund 12 Restricted	%	Fund 11/12/13 Combined	%
Academic Salaries	24,060,691		603,731		24,664,422		3,243,149		27,907,571	
Classified Salaries	8,024,366		19,152		8,043,518		6,112,997		14,156,515	
Employee Benefits	13,144,395		182,754		13,327,149		3,975,014		17,302,163	
Supplies & Materials	0		178,158		178,158		755,174		933,332	
Other Operating Exp & Services	3,772,685		705,610		4,478,295		3,527,806		8,006,101	
Capital Outlay	10,174		8,239		18,413		540,417		558,830	
Other Outgo	0		0		0		1,409,906		1,409,906	
Grand Total	**$49,012,311**	**27.00%**	**$1,697,644**	**24.45%**	**$50,709,955**	**26.91%**	**$19,564,463**	**10.14%**	**$70,274,418**	**18.43%**

District Services	Fund 11 Unrestricted	%	Fund 13 One-Time	%	Fund 11/13 Unrestricted	%	Fund 12 Restricted	%	Fund 11/12/13 Combined	%
Academic Salaries	805,063		0		805,063		0		805,063	
Classified Salaries	15,934,222		80,973		16,015,195		4,887,221		20,902,416	
Employee Benefits	9,106,495		32,225		9,138,720		2,422,000		11,560,720	
Supplies & Materials	518,468		22,840		541,308		76,992		618,300	
Other Operating Exp & Services	7,170,706		803,353		7,974,059		131,794,273		139,768,332	
Capital Outlay	451,797		3,000		454,797		29,841		484,638	
Other Outgo	0		0		0		0		0	
Grand Total	**$33,986,751**	**18.72%**	**$942,391**	**13.57%**	**$34,929,142**	**18.53%**	**$139,210,327**	**72.17%**	**$174,139,469**	**45.66%**
Total Expenditures-excludes Institutional Costs	**$181,515,980**	**100.00%**	**$6,943,332**	**100.00%**	**$188,459,312**	**100.00%**	**$192,900,946**	**100.00%**	**$381,360,258**	**100.00%**

Institutional Costs	Fund 11 Unrestricted	%	Fund 13 One-Time	%	Fund 11/13 Unrestricted	%	Fund 12 Restricted	%	Fund 11/12/13 Combined	%
Employee Benefits-retiree benefits/ local experience charge/STRS & PERS on behalf	9,142,424		11,010,000		20,152,424		1,980,000		22,132,424	
Election	125,000		125,000		250,000		0		250,000	
Other Operating Exp & Services-prop&liability ins	1,970,000		0		1,970,000		0		1,970,000	
Other Operating - SCC-ADA settlement expense	0		2,000,000		2,000,000		0		2,000,000	
Other Outgo-Interfund Transfers	1,750,000		0		1,750,000		0		1,750,000	
Other Outgo-Board Policy Contingency	0		26,799,842		26,799,842		0		26,799,842	
Other Outgo-Reserves	152,059		599,451		751,510		0		751,510	
Grand Total	**$13,139,483**		**$40,534,293**		**$53,673,776**		**$1,980,000**		**$55,653,776**	
Total Expenditures-includes Institutional Costs	**$194,655,463**		**$47,477,625**		**$242,133,088**		**$194,880,946**		**$437,014,034**	

Rancho Santiago Community College District

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Unrestricted General Fund Revenue Budget - Fund 11

Revenues by Source		2018-19 Actual Revenue	2019-20 Revised Budget	2019-20 Estimated Revenue	2020-21 Tentative Budget		% change 20/21 Tent/ 19/20 Est
8100	Federal Revenues						
8110	Forest Reserve	$0	$0	$666	$0		(100.00)
	Total Federal Revenues	0	0	666	0		(100.00)
8600	State Revenues						
8611	Apprenticeship Allowance	3,159,472	3,159,472	3,159,472	3,159,472		-
8612	State General Apportionment	48,432,755	45,168,491	45,077,481	52,028,093	*	15.42
8612	State General Apportionment-estimated COLA	4,467,459	5,519,778	5,519,778	4,003,793	*	(27.46)
8612	Base Allocation Increase	0	0	0	0	*	-
8612	Estimated Restoration/Access/Growth	0	0	0	0	*	-
8612	State General Apportionment-Deficit	0	0	0	0	*	-
8612-8630	State General Apportionment&EPA-prior year adjustment	(243,981)	0	0	0		-
8619	Other General Apportionments-Full-time Faculty Allocation	1,304,941	1,307,884	1,307,884	1,307,884		-
8619	Other General Apportionments-Enrollment Fee Admin-2%	293,254	293,254	293,254	278,496		(5.03)
8619	Other General Apportionments-Part-Time Faculty Compensation	638,586	614,810	614,810	575,927		(6.32)
8630	Education Protection Account	25,493,388	26,437,430	27,590,658	26,437,430	*	(4.18)
8672-8673	Homeowners' Property Tax Relief/Timber Yield Tax	270,103	288,123	268,582	288,123	*	7.28
8681	State Lottery Proceeds	5,277,791	4,062,080	3,734,697	4,414,163		18.19
8682	State Mandated Costs	852,184	792,827	859,434	869,923		1.22
8699	Other Misc State Revenue - STRS on-behalf entry	0	0	0	0		-
	Total State Revenues	89,945,952	87,644,149	88,426,050	93,363,304		5.58
8800	Local Revenues						
8809	RDA Funds - Other	0	0	0	0	*	-
8811	Tax Allocation, Secured Roll	49,676,516	53,253,286	57,306,453	53,253,286	*	(7.07)
8812	Tax Allocation, Supplement Roll	1,628,366	1,620,143	1,224,138	1,620,143	*	32.35
8813	Tax Allocation, Unsecured Roll	1,498,172	1,577,368	1,562,686	1,577,368	*	0.94
8816	Prior Years' Taxes	654,053	582,322	360,520	582,322	*	61.52
8817	Education Revenue Augmentation Fund (ERAF)	21,394,784	25,000,000	20,202,337	25,000,000	*	23.75
8818	RDA Funds - Pass Thru AB	472,784	451,127	505,009	451,127	*	(10.67)

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Unrestricted General Fund Revenue Budget - Fund 11

Revenues by Source		2018-19 Actual Revenue	2019-20 Revised Budget	2019-20 Estimated Revenue	2020-21 Tentative Budget		% change 20/21 Tent/ 19/20 Est
8819	RDA Funds - Residuals	6,095,642	6,100,233	6,380,659	6,100,233	*	(4.39)
8850	Rents and Leases	167,560	338,480	225,532	338,480		50.08
8860	Interest & Investment Income	2,765,823	1,400,000	2,703,512	1,400,000		(48.22)
8874	CCC Enrollment Fees	8,343,536	8,839,824	8,839,824	7,500,000	*	(15.16)
8875	Bachelor's Program Fee	67,368	40,000	48,468	40,000		(17.47)
8880	Nonresident Tuition	3,391,208	3,400,000	3,138,353	3,400,000		8.34
8890	Other Local Revenues (Student Transcript/Representation/ Discounts/Fines/Instr. Mat./Health Serv. Use Fees, etc.)	760,488	24,200	1,170,565	24,200		(97.93)
8891	Other Local Rev - Special Proj	22,615	0	0	0		-
	Total Local Revenues	96,938,915	102,626,983	103,668,056	101,287,159		(2.30)
8900	Other Financing Sources						
8910	Proceeds-Sale of Equip & Suppl	19,820	5,000	39,189	5,000		(87.24)
8981	Interfund Transfer In	0	0	0	0		-
	Total Other Sources	19,820	5,000	39,189	5,000		(87.24)
	Total Revenues	186,904,687	190,276,132	192,133,961	194,655,463		1.31
	Net Beginning Balance	0	0	0	0		-
	Adjustments to Beginning Balance	0	0	0	0		-
	Adjusted Beginning Fund Balance	0	0	0	0		-
Total Revenues, Other Financing Sources and Beginning Fund Balance		$186,904,687	$190,276,132	$192,133,961	$194,655,463		1.31
	* Component of Apportionment			$174,838,125	$178,841,918		

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Tentative Budget

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Unrestricted General Fund Expenditure Budget - Fund 11

Expenditures by Object		**2018-19 Actual Expenses**	**2019-20 Revised Budget**	**2019-20 Estimated Expenses**	**2020-21 Tentative Budget**	**% change 20/21 Tent/ 19/20 Est**
1000	Academic Salaries					
1100	Instructional Salaries, Regular Contract	$29,054,950	$32,902,613	$31,652,934	$34,431,804	8.78
1200	Non-Instructional Salaries, Regular Contract	13,734,269	15,749,372	14,642,802	16,108,116	10.01
1300	Instructional Salaries, Other Non-Regular	29,234,607	24,924,549	28,096,727	25,541,408	(9.09)
1400	Non-Instructional Salaries, Other Non-Regular	1,903,136	1,270,401	1,603,573	1,212,550	(24.38)
	Subtotal	73,926,962	74,846,935	75,996,036	77,293,878	1.71
2000	Classified Salaries					
2100	Non-Instructional Salaries, Regular Full Time	29,068,885	30,881,491	30,499,592	34,626,275	13.53
2200	Instructional Aides, Regular Full Time	408,486	660,840	424,801	492,487	15.93
2300	Non-Instructional Salaries, Other	1,604,841	1,524,181	1,794,665	1,513,594	(15.66)
2400	Instructional Aides, Other	1,899,771	1,955,239	1,921,637	1,850,092	(3.72)
	Subtotal	32,981,983	35,021,751	34,640,695	38,482,448	11.09
3000	Employee Benefits					
3100	State Teachers' Retirement System Fund	10,389,510	11,529,538	11,356,398	13,561,701	19.42
3200	Public Employees' Retirement System Fund	6,057,059	7,091,707	7,034,105	9,068,329	28.92
3300	Old Age, Survivors, Disability, and Health Ins.	3,719,744	3,886,530	3,787,116	4,240,082	11.96
3400	Health and Welfare Benefits	26,732,539	27,879,976	27,069,228	27,591,827	1.93
3500	State Unemployment Insurance	124,626	306,287	109,669	309,820	182.50
3600	Workers' Compensation Insurance	2,423,004	1,614,688	1,642,356	1,757,012	6.98
3900	Other Benefits	1,366,453	1,489,077	1,407,401	1,493,126	6.09
	Subtotal	50,812,935	53,797,803	52,406,273	58,021,897	10.72
	TOTAL SALARIES/BENEFITS	***157,721,880***	***163,666,489***	***163,043,004***	***173,798,223***	6.60
	Salaries/Benefits Cost % of Total Expenditures	**88.53%**	**87.93%**	**89.03%**	**90.17%**	

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Tentative Budget

2020-21

Unrestricted General Fund Expenditure Budget - Fund 11

Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
4000	Books and Supplies					
4100	Textbooks	0	0	0	0	-
4200	Other Books	891	6,433	626	1,268	102.56
4300	Instructional Supplies	16,589	2,395	9,225	12,037	30.48
4400	Media Supplies	0	0	0	0	-
4500	Maintenance Supplies	136,047	143,475	200,946	89,253	(55.58)
4600	Non-Instructional Supplies	1,100,270	1,037,647	1,006,119	826,361	(17.87)
4700	Food Supplies	12,112	20,542	11,442	12,856	12.36
	Subtotal	1,265,909	1,210,492	1,228,358	941,775	(23.33)
5000	Services and Other Operating Expenses					
5100	Personal & Consultant Svcs	1,233,744	2,005,496	1,720,584	1,517,237	(11.82)
5200	Travel & Conference Expenses	178,378	257,667	154,249	179,894	16.63
5300	Dues & Memberships	135,669	173,118	142,197	111,628	(21.50)
5400	Insurance	1,970,000	1,970,000	1,970,000	1,970,000	-
5500	Utilities & Housekeeping Svcs	3,349,115	3,708,181	3,066,852	3,050,813	(0.52)
5600	Rents, Leases & Repairs	3,162,583	4,032,059	3,853,208	4,096,715	6.32
5700	Legal, Election & Audit Exp	572,832	1,126,567	830,740	885,377	6.58
5800	Other Operating Exp & Services	4,393,503	5,622,396	5,477,769	4,778,939	(12.76)
5900	Other (Transp., Postage, Reproduction, Special Proj., etc.)	776,062	1,443,272	852,105	925,462	8.61
	Subtotal	15,771,886	20,338,756	18,067,704	17,516,065	(3.05)
6000	Sites, Buildings, Books, and Equipment					
6100	Sites & Site Improvements	456,835	0	0	0	-
6200	Buildings	1,767,275	0	0	0	-
6300	Library Books	2,623	15,246	13,679	920	(93.27)
6400	Equipment	1,167,177	908,944	787,830	496,421	(36.99)
	Subtotal	3,393,910	924,190	801,509	497,341	(37.95)
	Subtotal, Expenditures (1000 - 6000)	178,153,585	186,139,927	183,140,575	192,753,404	5.25

Rancho Santiago Community College District

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Unrestricted General Fund Expenditure Budget - Fund 11

Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
7000	Other Outgo					
7200	Intrafund Transfers Out	69,498	0	0	0	-
7300	Interfund Transfers Out	4,152,100	1,750,000	4,140,000	1,750,000	(57.73)
7600	Other Student Aid	0	0	0	0	-
	Subtotal	4,221,598	1,750,000	4,140,000	1,750,000	(57.73)
	Subtotal, Expenditures (1000 - 7000)	182,375,183	187,889,927	187,280,575	194,503,404	3.86
7900	Reserve for Contingencies					
7910	Estimated COLA	0	0	0	0	-
7910	Estimated Restoration/Access/Growth	0	0	0	0	-
7950	Budget Stabilization	0	0	0	0	-
	Total Designated	0	0	0	0	-
7910	Unrestricted Contingency	4,529,504	2,386,205	4,853,386	152,059	(96.87)
	Subtotal Expenditures (7900)	4,529,504	2,386,205	4,853,386	152,059	(96.87)
Total Expenditures, Other Outgo and Ending Fund Balance		$186,904,687	$190,276,132	$192,133,961	$194,655,463	1.31

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Tentative Budget

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Restricted General Fund Revenue Budget - Fund 12

Revenues by Source		2018-19 Actual Revenue	2019-20 Revised Budget	2019-20 Estimated Revenue	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
8100	Federal Revenues					
8120	Higher Education Act	$2,504,474	$3,292,216	$2,335,231	$3,238,618	38.69
8130	Workforce Investment Act (JTPA)	0	0	0	0	-
8140	Temporary Assistance for Needy Families (TANF)	104,894	99,795	99,795	99,795	-
8150	Student Financial Aid	3,546	199,740	199,740	199,740	-
8170	Vocational Technical Education Act (VTEA)	2,890,675	1,815,864	1,815,864	1,815,864	-
8199	Other Federal Revenues (ABE, CAMP, SBA, Gear Up, NSF)	3,992,333	4,003,768	4,003,768	3,699,032	(7.61)
	Total Federal Revenues	9,495,922	9,411,383	8,454,398	9,053,049	7.08
8600	State Revenues					
8622	Extended Opportunity Programs & Services (EOPS)	2,261,401	2,275,935	2,298,935	2,298,935	-
8623	Disabled Students Programs & Services (DSPS)	1,771,889	1,981,767	1,981,767	1,970,456	(0.57)
8625	CalWORKS	561,710	549,527	553,374	553,374	-
8626	Telecomm./Technology Infrastructure Prog. (TTIP)	90	3,822	3,822	3,822	-
8629	Other Gen Categorical Apport-BSI	767,802	1,535,332	1,408,745	1,535,332	8.99
8629	Other Gen Categorical Apport-CARE	115,667	125,962	146,817	146,817	-
8629	Other Gen Categorical Apport-Adult Ed Block/CTE SWP	33,973,604	163,118,010	157,721,931	116,858,498	(25.91)
8629	Other Gen Categorical Apport-Equal Employment Opportunity	70,209	67,194	67,194	67,194	-
8629	Other Gen Categorical Apport-Guided Pathways	331,645	1,534,661	1,534,661	1,173,078	(23.56)
8629	Other Gen Categorical Apport-Instructional Equipment	121,631	100,272	100,272	0	(100.00)
8629	Other Gen Categorical Apport-Matriculation-Credit	7,811,180	7,344,033	7,344,033	7,343,422	(0.01)
8629	Other Gen Categorical Apport-Matriculation-Non-Credit	2,476,098	2,602,858	2,602,858	2,602,858	-
8629	Other Gen Categorical Apport-Student Equity	2,815,011	3,708,228	3,708,228	3,708,228	-
8629	Other Gen Categorical Apport-Student Financial Aid Admin	1,058,207	1,142,287	1,142,287	1,142,287	-
8629	Other Gen Categorical Apport-Other	659,487	2,761,373	3,210,032	2,221,041	(30.81)
8659	Other Reimb Categorical Allow-Career Tech/Econ Dev	18,662,687	46,301,187	32,797,054	34,852,942	6.27
8659	Other Reimb Categorical Allow-Other	1,778,560	1,647,455	1,647,455	678,259	(58.83)

Rancho Santiago Community College District

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Tentative Budget

2020-21

Restricted General Fund Revenue Budget - Fund 12

Revenues by Source		2018-19 Actual Revenue	2019-20 Revised Budget	2019-20 Estimated Revenue	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
8681	State Lottery Proceeds	2,222,329	1,433,675	1,433,675	1,557,940	8.67
8699	Other Misc State	2,019,508	2,144,197	2,144,197	2,138,160	(0.28)
	Total State Revenues	79,478,715	240,377,775	221,847,337	180,852,643	(18.48)
8800	Local Revenues					
8820	Contrib, Gifts, Grants & Endowment	5,300	561	3,227	561	(82.62)
8831	Contract Instructional Service	78,769	36,677	57,015	14,177	(75.13)
8876	Health Services Fees	1,193,439	1,163,500	1,143,743	1,163,500	1.73
8882	Parking Fees & Bus Passes	661,642	1,315,847	661,636	1,405,631	112.45
8890	Other Local Revenues (Instr. Mat./Health Serv. Use Fees, etc.)	218,652	235,885	762,155	235,885	(69.05)
8891	Other Local Rev - Special Proj	404,994	754,897	648,272	739,886	14.13
	Total Local Revenues	2,562,796	3,507,367	3,276,048	3,559,640	8.66
8900	Other Financing Sources					
8910	Proceeds-Sale of Equip & Suppl	0	0	0	0	-
8981	Interfund Transfer In	0	0	0	0	-
8999	Revenue - Clearing	0	0	0	0	-
	Total Other Sources	0	0	0	0	-
	Total Revenues	91,537,433	253,296,525	233,577,783	193,465,332	(17.17)
	Net Beginning Balance	3,368,580	3,581,339	3,581,339	1,415,614	(60.47)
	Adjustments to Beginning Balance	0	0	0	0	-
	Adjusted Beginning Fund Balance	3,368,580	3,581,339	3,581,339	1,415,614	(60.47)
Total Revenues, Other Financing Sources and Beginning Fund Balance		$94,906,013	$256,877,864	$237,159,122	$194,880,946	(17.83)

Rancho Santiago Community College District

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Tentative Budget

2020-21

Restricted General Fund Expenditure Budget - Fund 12

Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
1000	Academic Salaries					
1100	Instructional Salaries, Regular Contract	$260,294	$274,753	$209,024	$179,722	(14.02)
1200	Non-Instructional Salaries, Regular Contract	4,312,148	5,030,755	4,919,107	5,736,099	16.61
1300	Instructional Salaries, Other Non-Regular	263,712	403,771	297,373	342,353	15.13
1400	Non-Instructional Salaries, Other Non-Regular	4,973,019	4,459,388	4,549,310	3,321,986	(26.98)
	Subtotal	9,809,173	10,168,667	9,974,814	9,580,160	(3.96)
2000	Classified Salaries					
2100	Non-Instructional Salaries, Regular Full Time	10,083,706	14,452,325	11,973,703	15,141,496	26.46
2200	Instructional Aides, Regular Full Time	54,728	39,796	37,286	90,393	142.43
2300	Non-Instructional Salaries, Other	4,122,692	5,273,689	3,758,848	4,600,449	22.39
2400	Instructional Aides, Other	1,015,185	1,401,650	951,627	1,125,327	18.25
	Subtotal	15,276,311	21,167,460	16,721,464	20,957,665	25.33
3000	Employee Benefits					
3100	State Teachers' Retirement System Fund	2,597,733	2,828,991	2,584,845	2,768,706	7.11
3200	Public Employees' Retirement System Fund	3,051,476	4,147,728	3,466,715	4,816,234	38.93
3300	Old Age, Survivors, Disability, and Health Ins.	1,173,699	1,604,901	1,238,998	1,641,324	32.47
3400	Health and Welfare Benefits	4,198,165	5,608,670	4,337,919	5,181,381	19.44
3500	State Unemployment Insurance	11,993	18,332	12,187	18,897	55.06
3600	Workers' Compensation Insurance	562,510	519,397	379,955	473,993	24.75
3900	Other Benefits	308,823	413,245	329,437	410,515	24.61
	Subtotal	11,904,399	15,141,264	12,350,056	15,311,050	23.98
	TOTAL SALARIES/BENEFITS	***36,989,883***	***46,477,391***	***39,046,334***	***45,848,875***	17.42

Rancho Santiago Community College District

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Tentative Budget

2020-21

Restricted General Fund Expenditure Budget - Fund 12

Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
4000	Books and Supplies					
4100	Textbooks	4,418	1,820	2,262	1,290	(42.97)
4200	Other Books	95,712	141,844	96,682	91,933	(4.91)
4300	Instructional Supplies	1,674,552	3,867,462	1,897,408	1,830,631	(3.52)
4400	Media Supplies	0	0	0	0	-
4500	Maintenance Supplies	596	17,950	17,555	18,950	7.95
4600	Non-Instructional Supplies	545,033	757,907	527,607	418,493	(20.68)
4700	Food Supplies	240,338	484,688	249,153	200,085	(19.69)
	Subtotal	2,560,649	5,271,671	2,790,667	2,561,382	(8.22)
5000	Services and Other Operating Expenses					
5100	Personal & Consultant Svcs	44,290,821	188,185,443	187,276,882	133,439,696	(28.75)
5200	Travel & Conference Expenses	832,321	1,399,617	537,637	1,186,896	120.76
5300	Dues & Memberships	80,364	132,814	83,969	51,614	(38.53)
5400	Insurance	60,437	59,995	59,553	59,995	0.74
5500	Utilities & Housekeeping Svcs	63,517	165,768	80,801	149,930	85.55
5600	Rents, Leases & Repairs	356,710	656,421	435,248	488,205	12.17
5700	Legal, Election & Audit Exp	0	0	0	0	-
5800	Other Operating Exp & Services	1,533,201	3,146,054	1,000,683	2,449,420	144.77
5900	Other (Transp., Postage, Reproduction, Special Proj., etc.)	917,063	4,301,381	713,029	3,402,142	377.14
	Subtotal	48,134,434	198,047,493	190,187,802	141,227,898	(25.74)
6000	Sites, Buildings, Books, and Equipment					
6100	Sites & Site Improvements	1,612	0	0	0	-
6200	Buildings	240,145	227,962	220,562	95,874	(56.53)
6300	Library Books	240,138	274,767	305,924	185,566	(39.34)
6400	Equipment	1,620,761	3,414,925	2,243,585	2,110,381	(5.94)
	Subtotal	2,102,656	3,917,654	2,770,071	2,391,821	(13.65)
	Subtotal, Expenditures (1000 - 6000)	89,787,622	253,714,209	234,794,874	192,029,976	(18.21)

Rancho Santiago Community College District

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Tentative Budget

2020-21

Restricted General Fund Expenditure Budget - Fund 12

Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
7000	Other Outgo					
7200	Intrafund Transfers Out	(80,529)	0	0	0	-
7300	Interfund Transfers Out	0	0	0	0	-
7500	Student Financial Aid	0	0	0	0	-
7600	Other Student Aid	1,617,581	2,155,463	948,634	1,975,530	108.25
	Subtotal	1,537,052	2,155,463	948,634	1,975,530	108.25
	Subtotal, Expenditures (1000 - 7000)	91,324,674	255,869,672	235,743,508	194,005,506	(17.70)
7900	Reserve for Contingencies					
7920	Restricted Contingency-Family Pact 2339 & 2340	0	101,512	0	101,512	-
7920	Restricted Contingency-Campus Health Services-3250	0	137,039	0	137,039	-
7920	Restricted Contingency-Health Services-3450	0	769,641	0	636,889	-
7920	Restricted Contingency-Safety & Parking-3610	0	0	0	0	-
	Total Designated	0	1,008,192	0	875,440	-
7910	Unrestricted Contingency	3,581,339	0	1,415,614	0	(100.00)
	Subtotal Expenditures (7900)	3,581,339	1,008,192	1,415,614	875,440	(38.16)
Total Expenditures, Other Outgo and Ending Fund Balance		$94,906,013	$256,877,864	$237,159,122	$194,880,946	(17.83)

Rancho Santiago Community College District

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Tentative Budget

2020-21

Unrestricted - One-Time - General Fund Revenue Budget - Fund 13

Revenues by Source		2018-19 Actual Revenue	2019-20 Revised Budget	2019-20 Estimated Revenue	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
8100	Federal Revenues					
	Total Federal Revenues	$0	$0	$0	$0	-
8600	State Revenues					
8611	Apprenticeship Allowance	50,614	0	0	0	-
8682	State Mandated Costs	0	0	0	0	-
8699	Other Misc State Revenue	10,887,238	11,010,000	11,010,000	11,010,000	-
	Total State Revenues	10,937,852	11,010,000	11,010,000	11,010,000	-
8800	Local Revenues					
8850	Rentals Short-term/Lease Facilities	41,248	45,000	35,771	45,000	25.80
8890	Other Local Revenues (Student Transcript/Representation/ Discounts/Fines/Instr. Mat./Health Serv. Use Fees, etc.)	122,268	109,470	117,898	90,160	(23.53)
8891	Other Local Rev - Special Proj	0	0	0	0	-
	Total Local Revenues	163,516	154,470	153,669	135,160	(12.04)
8900	Other Financing Sources					
8981	Interfund Transfer In	0	0	0	0	-
	Total Revenues	11,101,368	11,164,470	11,163,669	11,145,160	(0.17)
	Net Beginning Balance	37,903,213	38,759,046	38,759,046	36,332,465	(6.26)
	Adjustments to Beginning Balance	0	0	0	0	-
	Adjusted Beginning Fund Balance	37,903,213	38,759,046	38,759,046	36,332,465	(6.26)
Total Revenues, Other Financing Sources and Beginning Fund Balance		$49,004,581	$49,923,516	$49,922,715	$47,477,625	(4.90)

Rancho Santiago Community College District

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Tentative Budget

2020-21

Unrestricted - One-Time - General Fund Expenditure Budget - Fund 13

Expenditures by Object	2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
1000 Academic Salaries					
1100 Instructional Salaries, Regular Contract	$80	$0	$0	$0	-
1200 Non-Instructional Salaries, Regular Contract	21,320	50,857	137,356	75,559	(44.99)
1300 Instructional Salaries, Other Non-Regular	5,502	1,143,112	0	603,731	-
1400 Non-Instructional Salaries, Other Non-Regular	185,368	347,171	315,106	76,750	(75.64)
Subtotal	212,270	1,541,140	452,462	756,040	67.09
2000 Classified Salaries					
2100 Non-Instructional Salaries, Regular Full Time	118,079	126,119	155,392	119,351	(23.19)
2200 Instructional Aides, Regular Full Time	0	0	0	0	-
2300 Non-Instructional Salaries, Other	137,352	162,019	87,608	82,271	(6.09)
2400 Instructional Aides, Other	2,963	9,034	7,173	0	(100.00)
Subtotal	258,394	297,172	250,173	201,622	(19.41)
3000 Employee Benefits					
3100 State Teachers' Retirement System Fund	8,869,236	9,232,987	8,988,704	9,100,581	1.24
3200 Public Employees' Retirement System Fund	2,069,268	2,086,440	2,086,903	2,081,581	(0.26)
3300 Old Age, Survivors, Disability, and Health Ins.	19,619	43,378	21,427	24,330	13.55
3400 Health and Welfare Benefits	(580,246)	117,207	67,907	73,728	8.57
3500 State Unemployment Insurance	230	991	241	517	114.52
3600 Workers' Compensation Insurance	10,759	29,733	7,548	15,437	104.52
3900 Other Benefits	1,929	2,784	3,373	2,928	(13.19)
					-
Subtotal	10,390,795	11,513,520	11,176,103	11,299,102	1.10
TOTAL SALARIES/BENEFITS	***10,861,459***	***13,351,832***	***11,878,738***	***12,256,764***	3.18

Rancho Santiago Community College District

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Tentative Budget

2020-21

Unrestricted - One-Time - General Fund Expenditure Budget - Fund 13

Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
4000	Books and Supplies					
4100	Textbooks	0	0	0	0	-
4200	Other Books	1,277	3,000	0	0	-
4300	Instructional Supplies	113,331	221,423	184,123	6,960	(96.22)
4400	Media Supplies	0	0	0	0	-
4500	Maintenance Supplies	23,512	103,472	49,527	66,997	35.27
4600	Non-Instructional Supplies	107,437	539,750	402,795	291,830	(27.55)
4700	Food Supplies	1,248	34,800	29,497	29,400	(0.33)
	Subtotal	246,805	902,445	665,942	395,187	(40.66)
5000	Services and Other Operating Expenses					
5100	Personal & Consultant Svcs	351,525	2,035,795	1,529,949	1,180,351	(22.85)
5200	Travel & Conference Expenses	61,608	96,243	30,518	115,183	277.43
5300	Dues & Memberships	7,000	36,310	7,062	67,620	857.52
5400	Insurance	0	0	0	0	-
5500	Utilities & Housekeeping Svcs	1,431	14,924	4,384	428,926	9,683.90
5600	Rents, Leases & Repairs	630,988	1,152,753	691,865	1,035,440	49.66
5700	Legal, Election & Audit Exp	52,315	55,000	14,110	217,700	1,442.88
5800	Other Operating Exp & Services	125,725	282,140	173,343	917,340	429.21
5900	Other (Transp., Postage, Reproduction, Special Proj., etc.)	(30,319)	528,457	79,584	1,267,582	1,492.76
	Subtotal	1,200,273	4,201,622	2,530,815	5,230,142	106.66
6000	Sites, Buildings, Books, and Equipment					
6100	Sites & Site Improvements	962	0	0	0	-
6200	Buildings	8,671	82,327	9,376	8,239	(12.13)
6300	Library Books	0	0	0	0	-
6400	Equipment	267,566	1,040,468	854,068	5,000	(99.41)
	Subtotal	277,199	1,122,795	863,444	13,239	(98.47)
	Subtotal, Expenditures (1000 - 6000)	12,585,736	19,578,694	15,938,939	17,895,332	12.27

Rancho Santiago Community College District

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Tentative Budget

2020-21

Unrestricted - One-Time - General Fund Expenditure Budget - Fund 13

Expenditures by Object		2018-19 Actual Expenses	2019-20 Revised Budget	2019-20 Estimated Expenses	2020-21 Tentative Budget	% change 20/21 Tent/ 19/20 Est
7000	Other Outgo					
7200	Intrafund Transfers Out	11,031	0	0	0	-
7300	Interfund Transfers Out	2,178,272	2,500,000	2,500,000	2,000,000	(20.00)
7600	Other Student Aid	0	320	4,697	0	(100.00)
	Subtotal	2,189,303	2,500,320	2,504,697	2,000,000	(20.15)
	Subtotal, Expenditures (1000 - 7000)	14,775,039	22,079,014	18,443,636	19,895,332	7.87
7900	Reserve for Contingencies					
7930	Board Policy Contingency (12.5%)	0	24,989,421	0	26,799,842	-
7940	Revolving Cash Accounts	0	100,000	0	100,000	-
7940	Employee Vacation Payout	0	250,000	0	250,000	-
7950	Budget Stabilization	0	1,031,951	0	249,451	-
	Total Designated	0	26,371,372	0	27,399,293	-
7910	Unrestricted Contingency (SAC=183,000, SCC=0, DS=0)	34,229,542	1,473,130	31,479,079	183,000	(99.42)
	Subtotal Expenditures (7900)	34,229,542	27,844,502	31,479,079	27,582,293	(12.38)
Total Expenditures, Other Outgo and Ending Fund Balance		$49,004,581	$49,923,516	$49,922,715	$47,477,625	(4.90)

RSCCD - Estimate 2020/21 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2019/20 TCR + COLA

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	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ 6,742,507	$ 5,394,006	$ 1,348,501	$ 5,394,003	$ 4,045,502	$ 1,348,501			$ 12,136,510
FTES - based on 19/20 @ P2	$ 79,229,176	$ 63,430,903	$ 15,798,273	$ 36,708,442	$ 29,274,863	$ 7,433,579			$ 115,937,618
SCFF - Supplemental Allocation	$ 17,811,718	$ 17,811,718	$ -	$ 7,734,488	$ 7,734,488	$ -			$ 25,546,206
SCFF - Student Success Allocation	$ 11,688,101	$ 11,688,101	$ -	$ 5,075,394	$ 5,075,394	$ -			$ 16,763,495
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 115,471,502	$ 98,324,729	$ 17,146,774	$ 54,912,327	$ 46,130,247	$ 8,782,080			$ 170,383,829
19/20 Hold Harmless Protection Adjustment	$ 3,018,739	$ 2,570,475	$ 448,263	$ 1,435,557	$ 1,205,970	$ 229,587			$ 4,454,296
20/21 COLA - 2.29%	$ 2,713,426	$ 2,310,500	$ 402,926	$ 1,290,367	$ 1,083,999	$ 206,367			$ 4,003,793
Deficit Coefficient	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 121,203,667**	**$ 103,205,704**	**$ 17,997,963**	**$ 57,638,251**	**$ 48,420,216**	**$ 9,218,035**			**$ 178,841,918**
Percentages	*67.77%*	*57.71%*	*10.06%*	*32.23%*	*27.07%*	*5.15%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 3,018,935	$ 2,430,712	$ 588,224	$ 1,395,228	$ 1,118,450	$ 276,777			$ 4,414,163
State Mandate	$ 594,486	$ 594,486	$ -	$ 275,437	$ 275,437	$ -			$ 869,923
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 393,576	$ 315,097	$ 78,479	$ 182,351	$ 145,425	$ 36,927			$ 575,927
Subtotal, Other State Revenue	**$ 4,878,963**	**$ 4,212,261**	**$ 666,702**	**$ 2,288,934**	**$ 1,975,230**	**$ 313,704**			**$ 7,167,897**
TOTAL ESTIMATED REVENUE	**$ 126,082,631**	**$ 107,417,965**	**$ 18,664,666**	**$ 59,927,184**	**$ 50,395,445**	**$ 9,531,739**			**$ 186,009,815**
Percentages	*67.78%*	*57.75%*	*10.03%*	*32.22%*	*27.09%*	*5.12%*			
Less Institutional Cost Expenditures									**$ 12,987,424**
Less Net District Services Expenditures									**$ 32,074,055**
									$ 140,948,336
ESTIMATED REVENUE	**$ 95,538,706**	**$ 81,395,616**	**$ 14,143,090**	**$ 45,409,630**	**$ 38,186,986**	**$ 7,222,644**			**$ 140,948,336**
BUDGET EXPENDITURES FOR FY 2020/21	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 98,516,918	$ 86,921,633	$ 11,595,285						$ 98,516,918
SCC/OEC Expenses - F/T & Ongoing				$ 49,012,311	$ 41,880,963	$ 7,131,348			$ 49,012,311
District Services Expenses - F/T & Ongoing							$ 33,986,751		$ 33,986,751
Institutional Cost									
Retirees Instructional-local experience charge								$ 4,117,271	$ 4,117,271
Retirees Non-Instructional-local experience charge								$ 5,025,153	$ 5,025,153
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 98,516,918	$ 86,921,633	$ 11,595,285	$ 49,012,311	$ 41,880,963	$ 7,131,348	$ 33,986,751	$ 12,987,424	$ 194,503,404
Percent of Total Estimated Expenditures	50.65%	44.69%	5.96%	25.20%	21.53%	3.67%	17.47%	6.68%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUE	**$ (2,978,212)**	**$ (5,526,017)**	**$ 2,547,805**	**$ (3,602,681)**	**$ (3,693,977)**	**$ 91,296**			**$ (6,580,893)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 278,496	$ 278,496
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 2,448,480	$ 2,448,480	$ -	$ 4,284,472	$ 4,284,472	$ -	$ 205,000	$ 1,707,696	$ 8,645,648
ESTIMATED ENDING BALANCE FOR 6/30/21									**$ 152,059**

California Community Colleges
Allocations for Section 18004(a)(1) of the CARES Act
4/9/20

College Name	District Name	Total Allocation	Minimum Allocation to be Awarded for Emergency Financial Aid Grants to Students
Alameda	Peralta CCD	$1,049,170	$524,585
Allan Hancock	Allan Hancock CCD	$3,853,901	$1,926,951
American River	Los Rios CCD	$10,613,663	$5,306,832
Antelope Valley	Antelope CCD	$10,245,691	$5,122,846
Bakersfield	Kern CCD	$12,182,994	$6,091,497
Barstow	Barstow CCD	$1,556,808	$778,404
Berkeley City	Peralta CCD	$1,844,524	$922,262
Butte	Butte CCD	$7,281,962	$3,640,981
Cabrillo	Cabrillo CCD	$4,027,260	$2,013,630
Canada	San Mateo CCD	$1,098,544	$549,272
Canyons	Santa Clarita CCD	$6,326,734	$3,163,367
Cerritos	Cerritos CCD	$12,186,449	$6,093,225
Cerro Coso	Kern CCD	$908,958	$454,479
Chabot Hayward	Chabot-Las Positas CCD	$4,156,840	$2,078,420
Chaffey	Chaffey CCD	$11,446,484	$5,723,242
Citrus	Citrus CCD	$7,429,415	$3,714,708
Clovis	State Center CCD	$2,870,984	$1,435,492
Coastline	Coast CCD	$634,209	$317,105
Columbia	Yosemite CCD	$994,576	$497,288
Compton	Compton CCD	$2,538,405	$1,269,203
Contra Costa	Contra Costa CCD	$2,477,887	$1,238,944
Copper Mountain	Copper Mountain	$1,372,962	$686,481
Cosumnes River	Los Rios CCD	$5,574,947	$2,787,474
Crafton Hills	San Bernardino CCD	$1,933,930	$966,965
Cuesta	San Luis Obispo CCD	$3,527,579	$1,763,790
Cuyamaca	Grossmont CCD	$2,918,721	$1,459,361
Cypress	North Orange CCD	$7,147,934	$3,573,967
Deanza	Foothill CCD	$7,235,258	$3,617,629
Desert	Desert CCD	$7,061,346	$3,530,673
Diablo Valley	Contra Costa CCD	$6,679,277	$3,339,639
East LA	Los Angeles CCD	$10,797,043	$5,398,522
El Camino	El Camino CCD	$11,659,979	$5,829,990
Evergreen Valley	San Jose CCD	$3,949,985	$1,974,993
Feather River	Feather River CCD	$599,153	$299,577
Folsom Lake	Los Rios CCD	$2,957,869	$1,478,935
Foothill	Foothill CCD	$2,401,437	$1,200,719
Fresno City	State Center CCD	$11,224,898	$5,612,449
Fullerton	North Orange CCD	$9,700,734	$4,850,367
Gavilan	Gavilan CCD	$2,328,197	$1,164,099
Glendale	Glendale CCD	$10,056,959	$5,028,480
Golden West	Coast CCD	$4,318,142	$2,159,071
Grossmont	Grossmont CCD	$7,141,562	$3,570,781
Hartnell	Hartnell CCD	$3,615,339	$1,807,670
Imperial	Imperial CCD	$4,995,150	$2,497,575
Irvine	South Orange County CCD	$4,485,810	$2,242,905
LA City	Los Angeles CCD	$5,197,272	$2,598,636
LA Harbor	Los Angeles CCD	$2,906,139	$1,453,070
LA Mission	Los Angeles CCD	$2,940,483	$1,470,242
LA Pierce	Los Angeles CCD	$7,694,796	$3,847,398
LA Swest	Los Angeles CCD	$2,222,854	$1,111,427

LA Trade	Los Angeles CCD	$5,124,229	$2,562,115
LA Valley	Los Angeles CCD	$6,154,624	$3,077,312
Lake Tahoe	Lake Tahoe CCD	$348,926	$174,463
Laney	Peralta CCD	$3,313,469	$1,656,735
Las Positas	Chabot-Las Positas CCD	$2,875,491	$1,437,746
Lassen	Lassen CCD	$335,004	$167,502
Long Beach	Long Beach CCD	$14,663,058	$7,331,529
Los Medanos	Contra Costa CCD	$3,838,971	$1,919,486
Marin	Marin CCD	$1,347,945	$673,973
Mendocino	Mendocino CCD	$1,309,837	$654,919
Merced	Merced CCD	$6,536,491	$3,268,246
Merritt	Peralta CCD	$1,497,283	$748,642
MiraCosta	MiraCosta CCD	$5,511,006	$2,755,503
Mission	West Valley CCD	$1,961,952	$980,976
Modesto	Yosemite CCD	$9,575,504	$4,787,752
Monterey	Monterey CCD	$2,415,633	$1,207,817
Moorpark	Ventura CCD	$5,143,560	$2,571,780
Moreno Valley	Riverside CCD	$3,681,844	$1,840,922
Mt San Antonio	Mt. San Antonio CCD	$17,457,959	$8,728,980
Mt. San Jacinto	Mt. San Jacinto CCD	$9,713,109	$4,856,555
Napa	Napa CCD	$2,125,082	$1,062,541
Norco College	Riverside CCD	$3,523,056	$1,761,528
Ohlone	Ohlone CCD	$2,555,988	$1,277,994
Orange Coast	Coast CCD	$9,120,468	$4,560,234
Oxnard	Ventura CCD	$3,127,211	$1,563,606
Palo Verde	Palo Verde CCD	$349,166	$174,583
Palomar	Palomar CCD	$7,702,862	$3,851,431
Pasadena	Pasadena CCD	$15,230,050	$7,615,025
Porterville	Kern CCD	$2,896,753	$1,448,377
Redwoods	Redwoods CCD	$2,504,489	$1,252,245
Reedley College	State Center CCD	$4,243,892	$2,121,946
Rio Hondo	Rio Hondo CCD	$6,232,775	$3,116,388
Riverside	Riverside CCD	$10,831,532	$5,415,766
Sacramento City	Los Rios CCD	$7,946,038	$3,973,019
Saddleback	South Orange County CCD	$4,296,103	$2,148,052
San Bernardino	San Bernardino CCD	$6,732,563	$3,366,282
San Diego City	San Diego CCD	$4,592,301	$2,296,151
San Diego Mesa	San Diego CCD	$5,911,519	$2,955,760
San Diego Miramar	San Diego CCD	$3,235,898	$1,617,949
San Francisco	San Francisco CCD	$7,009,874	$3,504,937
San Joaquin Delta	San Joaquin Delta CCD	$7,835,430	$3,917,715
San Jose City	San Jose CCD	$2,274,964	$1,137,482
San Mateo	San Mateo CCD	$2,042,860	$1,021,430
Santa Ana	Rancho Santiago CCD	$5,594,396	$2,797,198
Santa Barbara	Santa Barbara CCD	$5,767,428	$2,883,714
Santa Monica	Santa Monica CCD	$12,193,513	$6,096,757
Santa Rosa	Sonoma CCD	$5,942,841	$2,971,421
Santiago Canyon	Rancho Santiago CCD	$2,893,906	$1,446,953
Sequoias	Sequoias CCD	$8,630,859	$4,315,430
Shasta	Shasta Tehama CCD	$3,673,274	$1,836,637
Sierra	Sierra CCD	$7,595,581	$3,797,791
Siskiyous	Siskiyous CCD	$785,260	$392,630
Skyline	San Mateo CCD	$2,491,579	$1,245,790
Solano	Solano CCD	$3,130,214	$1,565,107
Southwestern	Southwestern CCD	$9,253,264	$4,626,632
Taft	West Kern CCD	$1,122,910	$561,455
Ventura	Ventura CCD	$4,581,538	$2,290,769

Victor Valley	Victor Valley CCD	$8,067,843	$4,033,922
West Hills Coalinga	West Hills CCD	$592,666	$296,333
West Hills Lemoore	West Hills CCD	$2,260,143	$1,130,072
West LA	Los Angeles CCD	$2,215,810	$1,107,905
West Valley	West Valley CCD	$2,016,079	$1,008,040
Woodland	Yuba CCD	$1,623,074	$811,537
Yuba	Yuba CCD	$3,748,918	$1,874,459
California Community College Total		**$579,679,078**	**$289,839,564**
National Total (Public and Private)		$12,507,254,503	$6,253,628,533
CCC % of Grand Total		**4.6%**	**4.6%**

Note 1: Total Allocation reflects reserve of $50 million to be allocated in a subsequent award.

Note 2: IHEs with a calculated allocation of $0 are excluded.

SCC suggested language change

From:

Basic Allocation

Colleges are funded 100% of the basic allocation (the number of each college's comprehensive centers and total FTES earned). Basic allocation is not subject to share in District Services costs or Institutional costs.

To:

Basic Allocation

Funding based on the number of colleges and comprehensive centers in the community college district. Rates for the size of colleges and comprehensive educational centers were established as part of SB 361, remain in the SCFF, and henceforth are adjusted annually by COLA. There are 3 separate rates for colleges in multi-college districts. The highest rate is for large colleges, such as Santa Ana College (SAC), defined by a college that earns 20,000 or more FTES per year. The lowest rate is for small college, such as Santiago Canyon College (SCC), defined as a college that earns less than 10,000 FTES per year. The third, middle rate is for medium sized colleges defined as a college that earns between 10,000 FTES and 19,999 FTES. Within each of the 3 categories, the rate remains the same (for example, a medium sized college earns the same dollar amount regardless of whether it earns 10,000 FTES or 19,999 FTES and only realizes an increase after it reaches 20,000 FTES). In addition, there is a separate basic allocation for State Approved Centers such as the Orange Education Center (OEC) and for Grandfathered Centers such as the Centennial Education Center (CEC). For RSCCD, both basic allocations for OEC and CEC are at the same rate. Because the basic allocation for colleges is based on the size of a college (small, medium, or large), the basic allocation is no longer included as part of the section of the BAM used to support District Services and Institutional costs. Instead, basic allocation is now in the section of the BAM under OTHER STATE REVENUES that is 100% allocated to each college.

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ 6,529,605	$ 5,223,684	$ 1,305,921	$ 5,223,682	$ 3,917,761	$ 1,305,921			$ 11,753,287
FTES - based on 18/19 Annual	$ 74,801,834	$ 54,944,846	$ 19,856,988	$ 33,078,825	$ 24,497,900	$ 8,580,925			$ 107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	$ 18,424,234	$ 18,424,234	$ -	$ 6,866,646	$ 6,866,646	$ -			$ 25,290,880
SCFF - Student Success Allocation - based on 18/19 Annual	$ 12,933,544	$ 12,933,544	$ -	$ 6,992,518	$ 6,992,518	$ -			$ 19,926,062
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 112,689,216	$ 91,526,307	$ 21,162,909	$ 52,161,672	$ 42,274,826	$ 9,886,846			$ 164,850,888
18/19 COLA - 2.71%	$ 3,237,685	$ 2,664,170	$ 573,515	$ 1,229,774	$ 961,841	$ 267,934			$ 4,467,459
19/20 COLA - 3.26%	$ 3,773,225	$ 3,064,617	$ 708,607	$ 1,746,553	$ 1,415,507	$ 331,046			$ 5,519,778
Deficit Coefficient (0.656%)	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 119,700,126**	**$ 97,255,094**	**$ 22,445,031**	**$ 55,137,999**	**$ 44,652,174**	**$ 10,485,825**			**$ 174,838,125**
Percentages	*68.46%*	*55.63%*	*12.84%*	*31.54%*	*25.54%*	*6.00%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 2,825,985	$ 2,248,522	$ 577,463	$ 1,236,095	$ 976,729	$ 259,366			$ 4,062,080
State Mandate	$ 551,482	$ 551,482	$ -	$ 241,345	$ 241,345	$ -			$ 792,827
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 427,655	$ 338,006	$ 89,649	$ 187,155	$ 146,889	$ 40,266			$ 614,810
Subtotal, Other State Revenue	**$ 4,677,089**	**$ 4,009,977**	**$ 667,112**	**$ 2,100,512**	**$ 1,800,881**	**$ 299,631**			**$ 6,777,601**
TOTAL ESTIMATED REVENUE	**$ 124,377,215**	**$ 101,265,071**	**$ 23,112,144**	**$ 57,238,511**	**$ 46,453,055**	**$ 10,785,456**			**$ 181,615,726**
Percentages	*68.48%*	*55.76%*	*12.73%*	*31.52%*	*25.58%*	*5.94%*			
Less Institutional Cost Expenditures									**$ 12,070,370**
Less Net District Services Expenditures									**$ 30,571,841**
									$ 138,973,515
ESTIMATED REVENUE	**$ 95,174,240**	**$ 77,488,680**	**$ 17,685,560**	**$ 43,799,275**	**$ 35,546,175**	**$ 8,253,100**			**$ 138,973,515**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 96,317,757	$ 85,685,192	$ 10,632,565						$ 96,317,757
SCC/OEC Expenses - F/T & Ongoing				$ 47,579,128	$ 40,969,835	$ 6,609,293			$ 47,579,128
District Services Expenses - F/T & Ongoing							$ 32,499,295		$ 32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								$ 3,705,419	$ 3,705,419
Retirees Non-Instructional-local experience charge								$ 4,519,951	$ 4,519,951
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 96,317,757	$ 85,685,192	$ 10,632,565	$ 47,579,128	$ 40,969,835	$ 6,609,293	$ 32,499,295	$ 12,070,370	$ 188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUE	**$ (1,143,517)**	**$ (8,196,512)**	**$ 7,052,995**	**$ (3,779,853)**	**$ (5,423,660)**	**$ 1,643,807**			**$ (4,923,370)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 293,254	$ 293,254
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 2,448,480	$ 2,448,480	$ -	$ 4,284,472	$ 4,284,472	$ -	$ 205,000	$ 1,722,454	$ 8,660,406
ESTIMATED ENDING BALANCE FOR 6/30/20	**1,304,963**	**$ (5,748,032)**	**$ 7,052,995**	**504,619**	**$ (1,139,188)**	**$ 1,643,807**			**$ 1,809,582**

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ -	$ -	$ -	$ -	$ -	$ -			$ -
FTES - based on 18/19 Annual	$ 74,801,834	$ 54,944,846	$ 19,856,988	$ 33,078,825	$ 24,497,900	$ 8,580,925			$ 107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	$ 18,424,234	$ 18,424,234	$ -	$ 6,866,646	$ 6,866,646	$ -			$ 25,290,880
SCFF - Student Success Allocation - based on 18/19 Annua	$ 12,933,544	$ 12,933,544	$ -	$ 6,992,518	$ 6,992,518	$ -			$ 19,926,062
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 106,159,611	$ 86,302,623	$ 19,856,988	$ 46,937,990	$ 38,357,065	$ 8,580,925			$ 153,097,601
18/19 COLA - 2.71%	$ 3,281,594	$ 2,702,158	$ 579,436	$ 1,185,865	$ 935,470	$ 250,395			$ 4,467,459
19/20 COLA - 3.26%	$ 3,827,477	$ 3,111,553	$ 715,923	$ 1,692,301	$ 1,382,925	$ 309,377			$ 5,519,778
Deficit Coefficient (0.656%)	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 113,268,682**	**$ 92,116,334**	**$ 21,152,348**	**$ 49,816,156**	**$ 40,675,460**	**$ 9,140,697**			**$ 163,084,838**
Percentages	*69.45%*	*56.48%*	*12.97%*	*30.55%*	*24.94%*	*5.60%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 2,825,985	$ 2,248,522	$ 577,463	$ 1,236,095	$ 976,729	$ 259,366			$ 4,062,080
State Mandate	$ 551,482	$ 551,482	$ -	$ 241,345	$ 241,345	$ -			$ 792,827
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 427,655	$ 338,006	$ 89,649	$ 187,155	$ 146,889	$ 40,266			$ 614,810
Subtotal, Other State Revenue	**$ 4,677,089**	**$ 4,009,977**	**$ 667,112**	**$ 2,100,512**	**$ 1,800,881**	**$ 299,631**			**$ 6,777,601**
TOTAL ESTIMATED REVENUE	**$ 117,945,771**	**$ 96,126,310**	**$ 21,819,460**	**$ 51,916,668**	**$ 42,476,340**	**$ 9,440,328**			**$ 169,862,439**
Percentages	*69.44%*	*56.59%*	*12.85%*	*30.56%*	*25.01%*	*5.56%*			
Less Institutional Cost Expenditures									**$ 12,070,370**
Less Net District Services Expenditures									**$ 30,571,841**
									$ 127,220,228
ESTIMATED REVENUE	**$ 88,336,703**	**$ 71,994,793**	**$ 16,341,910**	**$ 38,883,525**	**$ 31,813,094**	**$ 7,070,431**			**$ 127,220,228**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 96,317,757	$ 85,685,192	$ 10,632,565						$ 96,317,757
SCC/OEC Expenses - F/T & Ongoing				$ 47,579,128	$ 40,969,835	$ 6,609,293			$ 47,579,128
District Services Expenses - F/T & Ongoing							$ 32,499,295		$ 32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								$ 3,705,419	$ 3,705,419
Retirees Non-Instructional-local experience charge								$ 4,519,951	$ 4,519,951
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 96,317,757	$ 85,685,192	$ 10,632,565	$ 47,579,128	$ 40,969,835	$ 6,609,293	$ 32,499,295	$ 12,070,370	$ 188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUI	**$ (7,981,054)**	**$ (13,690,399)**	**$ 5,709,345**	**$ (8,695,603)**	**$ (9,156,741)**	**$ 461,138**			**$ (16,676,657)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 293,254	$ 293,254
BASE ALLOCATION	$ 6,529,605	$ 5,223,684	$ 1,305,921	$ 5,223,682	$ 3,917,761	$ 1,305,921			$ 11,753,287
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 8,978,085	$ 7,672,164	$ 1,305,921	$ 9,508,154	$ 8,202,233	$ 1,305,921	$ 205,000	$ 1,722,454	$ 20,413,693
ESTIMATED ENDING BALANCE FOR 6/30/20	**997,031**	**$ (6,018,235)**	**$ 7,015,266**	**812,551**	**$ (954,508)**	**$ 1,767,059**			**$ 1,809,582**

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ 5,876,645	$ 4,570,724	$ 1,305,921	$ 5,223,682	$ 3,917,761	$ 1,305,921			$ 11,100,327
FTES - based on 18/19 Annual	$ 74,801,834	$ 54,944,846	$ 19,856,988	$ 33,078,825	$ 24,497,900	$ 8,580,925			$ 107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	$ 18,424,234	$ 18,424,234	$ -	$ 6,866,646	$ 6,866,646	$ -			$ 25,290,880
SCFF - Student Success Allocation - based on 18/19 Annua	$ 12,933,544	$ 12,933,544	$ -	$ 6,992,518	$ 6,992,518	$ -			$ 19,926,062
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 112,036,256	$ 90,873,347	$ 21,162,909	$ 52,161,672	$ 42,274,826	$ 9,886,846			$ 164,197,928
18/19 COLA - 2.71%	$ 3,232,063	$ 2,656,268	$ 575,796	$ 1,235,396	$ 966,397	$ 268,999			$ 4,467,459
19/20 COLA - 3.26%	$ 3,766,279	$ 3,054,854	$ 711,425	$ 1,753,499	$ 1,421,136	$ 332,362			$ 5,519,778
Deficit Coefficient (0.656%)	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 119,034,599**	**$ 96,584,469**	**$ 22,450,130**	**$ 55,150,566**	**$ 44,662,359**	**$ 10,488,207**			**$ 174,185,165**
Percentages	*68.34%*	*55.45%*	*12.89%*	*31.66%*	*25.64%*	*6.02%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 2,825,985	$ 2,248,522	$ 577,463	$ 1,236,095	$ 976,729	$ 259,366			$ 4,062,080
State Mandate	$ 551,482	$ 551,482	$ -	$ 241,345	$ 241,345	$ -			$ 792,827
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 427,655	$ 338,006	$ 89,649	$ 187,155	$ 146,889	$ 40,266			$ 614,810
Subtotal, Other State Revenue	**$ 4,677,089**	**$ 4,009,977**	**$ 667,112**	**$ 2,100,512**	**$ 1,800,881**	**$ 299,631**			**$ 6,777,601**
TOTAL ESTIMATED REVENUE	**$ 123,711,688**	**$ 100,594,446**	**$ 23,117,242**	**$ 57,251,078**	**$ 46,463,240**	**$ 10,787,838**			**$ 180,962,766**
Percentages	*68.36%*	*55.59%*	*12.77%*	*31.64%*	*25.68%*	*5.96%*			
Less Institutional Cost Expenditures									**$ 12,070,370**
Less Net District Services Expenditures									**$ 30,571,841**
									$ 138,320,555
ESTIMATED REVENUE	**$ 94,560,167**	**$ 76,890,290**	**$ 17,669,877**	**$ 43,760,388**	**$ 35,514,605**	**$ 8,245,783**			**$ 138,320,555**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 96,317,757	$ 85,685,192	$ 10,632,565						$ 96,317,757
SCC/OEC Expenses - F/T & Ongoing				$ 47,579,128	$ 40,969,835	$ 6,609,293			$ 47,579,128
District Services Expenses - F/T & Ongoing							$ 32,499,295		$ 32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								$ 3,705,419	$ 3,705,419
Retirees Non-Instructional-local experience charge								$ 4,519,951	$ 4,519,951
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 96,317,757	$ 85,685,192	$ 10,632,565	$ 47,579,128	$ 40,969,835	$ 6,609,293	$ 32,499,295	$ 12,070,370	$ 188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUI	**$ (1,757,590)**	**$ (8,794,902)**	**$ 7,037,312**	**$ (3,818,740)**	**$ (5,455,230)**	**$ 1,636,490**			**$ (5,576,330)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 293,254	$ 293,254
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 2,448,480	$ 2,448,480	$ -	$ 4,284,472	$ 4,284,472	$ -	$ 205,000	$ 1,722,454	$ 8,660,406
ESTIMATED ENDING BALANCE FOR 6/30/20	**690,890**	**$ (6,346,422)**	**$ 7,037,312**	**465,732**	**$ (1,170,758)**	**$ 1,636,490**			**$ 1,156,622**

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ -	$ -	$ -	$ -	$ -	$ -			$ -
FTES - based on 18/19 Annual	$ 74,801,834	$ 54,944,846	$ 19,856,988	$ 33,078,825	$ 24,497,900	$ 8,580,925			$ 107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	$ 18,424,234	$ 18,424,234	$ -	$ 6,866,646	$ 6,866,646	$ -			$ 25,290,880
SCFF - Student Success Allocation - based on 18/19 Annua	$ 12,933,544	$ 12,933,544	$ -	$ 6,992,518	$ 6,992,518	$ -			$ 19,926,062
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 106,159,611	$ 86,302,623	$ 19,856,988	$ 46,937,990	$ 38,357,065	$ 8,580,925			$ 153,097,601
18/19 COLA - 2.71%	$ 3,281,594	$ 2,702,158	$ 579,436	$ 1,185,865	$ 935,470	$ 250,395			$ 4,467,459
19/20 COLA - 3.26%	$ 3,827,477	$ 3,111,553	$ 715,923	$ 1,692,301	$ 1,382,925	$ 309,377			$ 5,519,778
Deficit Coefficient (0.656%)	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 113,268,682**	**$ 92,116,334**	**$ 21,152,348**	**$ 49,816,156**	**$ 40,675,460**	**$ 9,140,697**			**$ 163,084,838**
Percentages	*69.45%*	*56.48%*	*12.97%*	*30.55%*	*24.94%*	*5.60%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 2,825,985	$ 2,248,522	$ 577,463	$ 1,236,095	$ 976,729	$ 259,366			$ 4,062,080
State Mandate	$ 551,482	$ 551,482	$ -	$ 241,345	$ 241,345	$ -			$ 792,827
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 427,655	$ 338,006	$ 89,649	$ 187,155	$ 146,889	$ 40,266			$ 614,810
Subtotal, Other State Revenue	**$ 4,677,089**	**$ 4,009,977**	**$ 667,112**	**$ 2,100,512**	**$ 1,800,881**	**$ 299,631**			**$ 6,777,601**
TOTAL ESTIMATED REVENUE	**$ 117,945,771**	**$ 96,126,310**	**$ 21,819,460**	**$ 51,916,668**	**$ 42,476,340**	**$ 9,440,328**			**$ 169,862,439**
Percentages	*69.44%*	*56.59%*	*12.85%*	*30.56%*	*25.01%*	*5.56%*			
Less Institutional Cost Expenditures									**$ 12,070,370**
Less Net District Services Expenditures									**$ 30,571,841**
									$ 127,220,228
ESTIMATED REVENUE	**$ 88,336,703**	**$ 71,994,793**	**$ 16,341,910**	**$ 38,883,525**	**$ 31,813,094**	**$ 7,070,431**			**$ 127,220,228**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 96,317,757	$ 85,685,192	$ 10,632,565						$ 96,317,757
SCC/OEC Expenses - F/T & Ongoing				$ 47,579,128	$ 40,969,835	$ 6,609,293			$ 47,579,128
District Services Expenses - F/T & Ongoing							$ 32,499,295		$ 32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								$ 3,705,419	$ 3,705,419
Retirees Non-Instructional-local experience charge								$ 4,519,951	$ 4,519,951
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 96,317,757	$ 85,685,192	$ 10,632,565	$ 47,579,128	$ 40,969,835	$ 6,609,293	$ 32,499,295	$ 12,070,370	$ 188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUI	**$ (7,981,054)**	**$ (13,690,399)**	**$ 5,709,345**	**$ (8,695,603)**	**$ (9,156,741)**	**$ 461,138**			**$ (16,676,657)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 293,254	$ 293,254
BASE ALLOCATION	$ 5,876,645	$ 4,570,724	$ 1,305,921	$ 5,223,682	$ 3,917,761	$ 1,305,921			$ 11,100,327
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 8,325,125	$ 7,019,204	$ 1,305,921	$ 9,508,154	$ 8,202,233	$ 1,305,921	$ 205,000	$ 1,722,454	$ 19,760,733
ESTIMATED ENDING BALANCE FOR 6/30/20	**344,071**	**$ (6,671,195)**	**$ 7,015,266**	**812,551**	**$ (954,508)**	**$ 1,767,059**			**$ 1,156,622**

Other Modifications

Salary and Benefits Cost

All authorized full time and ongoing part time positions shall be budgeted with corresponding and appropriate fixed cost and health and welfare benefits. Vacant positions will be budgeted at the beginning of the fiscal year or when newly created at the ninth place ranking level (Class VI, Step 12) for full-time faculty and at the mid-level for other positions (ex. Step 3 for CSEA, Step 4 for Management, and AA step 6 for teachers and BA step 6 for master teachers in child development), with the district's average cost for the health and welfare benefits by employee group. The full cost of all positions, regardless of the budgeted amount, including step and column movement costs, longevity increment costs and any additional collective bargaining agreement costs, will be charged to the particular Budget Center. The colleges are responsible for this entire cost, including any increases or adjustments to salary or benefits throughout the year. If a position becomes vacant during a fiscal year, the Budget Center has the discretion to move unused and available budget from the previous employee's position for other one-time costs until filled or defunded. Any payoffs of accrued vacation, or any additional costs incurred at separation from employment with the district, will be borne by the particular Budget Center. When there is a vacancy that won't be filled immediately, Human Resources should be consulted as to how long it can remain vacant. The colleges should also consult Human Resources regarding the FON when recommending to defund faculty positions.

Grants/Special Projects

Due to the timeliness issues related to grants, approvals rest with the respective Chancellor's Cabinet member, through established processes, in all cases except for Economic Development grants in which a new grant opportunity presents itself which requires an increase to the District Office budget due to match or other unrestricted general fund cost. In these cases, the grant will be reviewed by Chancellor's Cabinet with final approval made by the Chancellor.

Some grants allow for charges of indirect costs. These charges will accumulate by Budget Center during each fiscal year. At fiscal ~~year end~~year-end, once earned, each college will be allocated 100% of the total indirect costs earned by that college and transferred into Fund 13 the following year to be used for one-time expenses. The indirect costs earned by district projects will roll into the institutional ending fund balance with the exception of the District Educational Services grants. In order to increase support services and resources provided to the colleges and to acknowledge the additional costs associated with administering grants, any accumulated indirect costs generated from these grants will be distributed as follows: 25% will roll into the institutional ending fund balance, 25% will offset the overall District Services expenditures in that given year, and 50% will carryover specifically in a Fund 13 account under Educational Services to be used for one-time expenses to increase support services to the colleges.

It is the district's goal to fully expend grants and other special project allocations by the end of the term, however sometimes projects end with a small overage or can be under spent. For any overage or allowable amount remaining, these amounts will close into the respective Budget Center's Fund 13 using 7200 transfers.

Banked LHE Load Liability

Beginning in 2012/13, the liability for banked LHE will be accounted for in separate college accounts. The cost of faculty banking load will be charged to the college during the semester the course is taught and added to the liability. When an instructor takes banked leave, they will be paid their regular salary and district office will make a transfer from the liability to the college 1300 account to pay the backfill cost of teaching the load. A college cannot permanently fill a faculty position at the time someone takes their final year or semester off before retirement. Filling a vacancy cannot occur until the position is actually vacant. In consultation with Human Resources and Fiscal Services, a college can request to swap another faculty vacancy they may have in another discipline or pay the cost differential if they determine programmatically it needs to be filled sooner.

This method will appropriately account for the costs of each semester offerings and ensure an appropriate liability. Although the liability amounts will be accounted for by college, only District Fiscal Services will be able to make transfers from these accounts. Each year end a report will be run to reconcile the total cost of the liability and to determine if any additional transfers are required. T~~, t~~he college~~s~~ will be charged for the differences.

Other Possible Strategic Modifications

Summer FTES

The 3-year average for credit FTES has severely reduced the effectiveness of the "summer shift," nevertheless, ~~T~~there may be times when it is in the best financial interest of the District to shift summer FTES between fiscal years. When this occurs, the first goal will be to shift FTES from both colleges in the same proportion as the total funded FTES for each of the colleges. If this is not possible, then care needs to be exercised to ensure that any such shift does not create a disadvantage to either college. If a disadvantage is apparent, then steps to mitigate this occurrence will be addressed by the FRC.

Borrowing of summer FTES is not a college-level decision, but rather it is a District-level determination. It is not a mechanism available to individual colleges to sustain their internal FTES levels.

Long-Term Plans

Colleges: Each college has a long-term plan for facilities and programs. The District Chancellor, in consultation with the Presidents, will evaluate additional funding that may accrue to the colleges beyond what the model provides. The source of this funding will also have to be identified.

Santa Ana College (SAC) utilizes the Educational Master Plan in concert with the SAC Strategic Plan to determine the long-term plans for the college. Long-term facilities plans are outlined in the latest Facilities Master Plan, and are rooted in the Educational Master Plan. SAC links planning to budget through the use of the SAC Comprehensive Budget Calendar, which includes planning milestones linked to the college's program review process, Resource Allocation Request (RAR) process, and to the District's planning and budget calendar. As a result of the Program Review Process, resource allocation needs are requested via the RAR process, which identifies specific resources required to achieve specific intended outcomes. The budget augmentation requests are then prioritized at the department, division, and area level in accordance with established budget criteria. The college's Planning and Budget Committee reviews the prioritized RARs, and they are posted to the campus Planning and Budget web page for the campus community to review. As available resources are realized, the previously prioritized RAR are funded.

At Santiago Canyon College (SCC), long-term plans are developed similarly to short-term plans, and exist in a variety of interconnected processes and documents. ~~Department Planning Portfolios (DPP) and~~ Program Reviews are the root documents that form the college's Educational Master Plan and serve to align planning with resource allocation. The allocation of resources is determined through a formal participatory governance process. The Planning and Institutional Effectiveness (PIE) committee is the participatory governance committee that is charged with the task of ensuring resource allocation is tied to planning. Through its planning cycle, the PIE committee receives resource requests from all college units and ensures that each request aligns with the college mission, college goals, and program reviews~~, and DPPs~~. All requests are then ranked by the PIE committee, placed on a college-wide prioritized list of resource requests, and forwarded to the college budget committee for review. If the budget committee identifies available funds, those funds are noted on the prioritized list, and sent back to the PIE committee. The PIE committee then forwards the prioritized list, along with the budget committee's identification of available funds, to College Council for approval of the annual budget.

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District Services: District Services and Institutional Costs may also require additional funding to implement new initiatives in support of the colleges and the district as a whole. POE will evaluate budget augmentation requests and forward a recommendation to District Council. District Council may then refer such requests to FRC for funding consideration.

Full-Time Faculty Obligation Number (FON)
To ensure that the District complies with the State required full-time Faculty Obligation Number (FON), the District Chancellor~~-~~ will establish a FON for each college. Each college ~~shall be~~is required to fund at least that number of full-time faculty positions. ~~If the~~When a District falls below the FON ~~and is penalized~~a replacement cost penalty is required to be paid to the state.~~,~~ T~~t~~he amount of the ~~penalty~~ replacement cost will be deducted from the revenues of the college(s) ~~causing~~ incurring the penalty. ~~FRC, along with the District Enrollment Management Committee, should regularly review the FON targets and actuals and to determine if any budget adjustment is necessary. If an adjustment is needed, FRC should develop a proposal and forward it to POE Committee for review and recommendation to the District Chancellor.~~

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Budget Input
Using a system for Position Control, Fiscal Services will budget 100% of all regular personnel cost of salary and benefits, and notify the Budget Centers of the difference between the computational total budget from the Budget Allocation Model and the cost of regular personnel. The remaining line item budgets will roll over from one year to the next so the Budget Centers are not required to input every line item. The Budget Centers can make any allowable budget changes at their discretion and will also be required to make changes to reconcile to the total allowable budget per the model.

Resource Allocation

Resource allocations align with the RSCCD Mission Statement and link RSCCD Goals and RSCCD Objectives to the resources needed to accomplish these institutional goals. ~~(Standard I.B.3., Standard I.B.4., Standard III.D.3.)~~

Generally speaking, the goals and objectives at both district and college levels reflect the district's commitment to its mission. Therefore, the purpose of resource allocations is to fund the programs and services that both directly and indirectly promote student success.

The budget development process begins with the development of budget assumptions. The budget assumptions are the foundation for the budget development process and guide the allocation of resources. Information from a variety of sources is considered in the development of the budget assumptions, including but not limited to:

- RSCCD Goals and RSCCD Objectives;
- Priorities identified by the district's participatory governance committees that have been vetted and approved by the District Council;
- A review of the effectiveness of the prior year's resource allocations;
- Maintenance of appropriate reserves for contingencies and economic uncertainties;
- Mandates from external agencies; and
- Plans for payment of liabilities and future obligations, such as retiree health benefits, STRS, and PERS.

Budget assumptions are categorized into the following three types: general, revenue, and expenditure. General assumptions describe broad agreements, such as the revenue allocation model and the level of the reserve. Revenue assumptions summarize the current status of anticipated revenue, such as cost-of-living adjustments, growth and state apportionment. Expenditure assumptions provide projected costs of contractual agreements and required budget reductions if any.

RSCCD's three budget centers are Santa Ana College, Santiago Canyon College, and District Services. These entities have the autonomy and responsibility to provide appropriate programs and services that support achievement of the RSCCD Goals and RSCCD Objectives as well as their respective ~~institutional~~ goals, objectives, and initiatives. In addition, RSCCD budgets for Institutional Costs that include districtwide expenses such as retiree health benefits, property and liability insurance and interfund transfers.

The RSCCD Revenue Allocation Model is patterned after the community college funding protocols established in SB 361. Revenue is allocated to the colleges based upon these parameters except for an allocation to support centralized services. Any proposed changes to the allocation for district-wide services is reviewed by the Fiscal Resources Committee and recommended to the District Council and Chancellor.

Beyond the expenditures determined through district-wide collaboration, each budget center develops individual budgets for expenditures from general fund and categorical revenue in the following categories:

- Salaries and benefits as determined by union contracts;
- Supplies and materials;
- Services and other operating expenses, such as travel;
- Capital outlay, such as equipment; and
- Maintenance.

Planning is linked to resource allocations in the following ways:

1. Each budget center (Santa Ana College, Santiago Canyon College, and District Services) has developed unique planning processes. Each set of these processes ~~are~~ is designed so that RSCCD Goals are the basis for site planning and that the resulting plans are the basis for resource allocations within that budget center. ~~For example, District Services relies on the RSCCD Goals to justify any requests for funding forwarded through the District Services Planning Portfolios.~~

2. The five district committees (Planning and Organizational Effectiveness Committee, Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) provide specific recommendations for resource allocations in the Budget Modification form. These budget recommendations

describe initiatives that require additional, decreased, or reallocated funding and are submitted to District Council for consideration during development of the tentative budget. The recommendations included in the Budget Modification form must justify how the modification is aligned and will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

3. Once funding recommendations are received from the five district committees, District Council is responsible for ensuring that resources are aligned to overall planning and allocated to initiatives that contribute to the achievement of RSCCD Goals and RSCCD Objectives. To make this link between planning and resource allocation transparent, District Council uses a Budget Modification Rubric to prioritize each Budget Modification Recommendation based on the extent to which it is aligned with current RSCCD Goals and RSCCD Objectives and/or is justified by health or safety concerns. District Council then assigns the Chancellor's Cabinet to review and recommend the source and use of funds for the prioritized recommendations, including contributions from the other budget centers and/or the re-allocation of funds. District Council then reviews and acts on the proposal should funding not be available to meet the needs of all requests.

4. To provide the opportunity for Board oversight of the RSCCD Goals, when the tentative and final budgets are presented to the Board each June, the presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as the identification of specific budget items that directly relate to the RSCCD Goals and RSCCD Objectives where appropriate.

Process for Allocating Resources

October

Board of Trustees's annual planning meeting includes a review and discussion of progress towards achieving RSCCD Goals and Strategic Objectives, as well as other data used to assess the current environment.

January

Board of Trustees, Fiscal Resources Committee and District Council review the Governor's proposed state budget.

Through the spring, the Fiscal Resources Committee monitors changes in the forecasts for state allocations and revises the general and revenue budget assumptions as warranted. Any changes are submitted to the District Council for review and input.

February

Fiscal Resources Committee drafts tentative general, ~~and~~ revenue and expenditure budget assumptions and forwards these to the District Council for review and input.

March – April

District Council reviews the budget assumptions and the Board of Trustees adopts them.
Budget Centers receive tentative revenue allocations for the coming fiscal year based on the RSCCD Revenue Allocation Model and develop a tentative budget for that site.

April

The five district committees (Planning and Organizational Effectiveness Committee, Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) draft expenditure assumptions as well as complete Budget Modification forms ~~Recommendations~~ for initiatives that require additional resources. The Budget Modification ~~Recommendation~~ form requires the committee to justify the recommendation by describing how the modification is aligned and will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

The five district committees submit their Budget Modification recommendations to District Council.

May

~~Co-chairs of the Fiscal Resources Committee revise the draft tentative budget and the revenue budget assumptions, as needed based on changes to the proposed state budget and submit the revised tentative budget to District Council.~~

~~District Council revises the tentative budget as needed following their review of (i) the Governor's changes to the proposed state budget, (ii) revisions to the revenue budget assumptions if any, and (iii) the draft expenditure budget assumptions and~~ (iv) ~~Budget Modification recommendations~~

Co-chairs of the Fiscal Resources Committee revise the draft tentative budget as needed following their review of (i) the Governor's changes to the proposed state budget, (ii) revisions to the revenue budget assumptions if any, and (iii) the draft expenditure budget assumptions and (iv) Budget Modification recommendations and submit the revised tentative budget to District Council.

District Council prioritizes the Budget Modification recommendations using the Budget Modification Rubric. Highest priority is given to Budget Modification recommendations that are linked to RSCCD Goals and RSCCD Objectives.

June

The tentative budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as the identification of specific budget items that directly relate to RSCCD Goals and RSCCD Objectives where appropriate.

July – August

Fiscal Resources Committee reviews and updates the budget assumptions in July, reviews the draft of proposed adopted budget in August and the forwards it to District Council for review and input.

District Council reviews changes that impact the ~~tentative~~ budget and recommends revisions to the proposed adopted budget as warranted.

September

The Vice Chancellor of Business Operations and Fiscal Services prepares the final proposed adopted budget as determined by District Council and directed by the Chancellor.

The final budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as identifying specific budget items that directly relate to RSCCD Goals and RSCCD Objectives.

50% Law FY 19-20 Actual through March 2020 - SAC

		2019/2020 Instructional Salary Cost (AC 0100-5900 & AC 6110)	Total (AC 0100-6799)	YTD Excluded Activities (6800-7390)	YTD Grand Total (0100-7xxx)
11xx	407	16,783,308	16,783,308	-	16,783,308
13xx		14,541,946	14,541,946	-	14,541,946
12xx	408		6,413,108	14,357	6,427,465
14xx			727,332	-	727,332
Sub-total Academic Salaries	**409**	**31,325,254**	**38,465,694**	**14,357**	**38,480,051**
21xx	411		7,892,704	546,329	8,439,033
23xx			343,192	51,023	394,215
22xx	416	171,753	171,753	-	171,753
24xx		1,026,861	1,026,861	-	1,026,861
Sub-total Classified Salaries	**419**	**1,198,614**	**9,434,510**	**597,352**	**10,031,862**
3xxx	**429**	**10,431,646**	**18,007,218**	**351,732**	**18,358,950**
4xxx	435		309,761	812	310,573
5xxx (Other Operating Expenses (in the numerator, include only direct instructional costs associated with instructional Service Agreements (5873)	449	1,098,366	3,334,283	23,928	3,358,211
6420 - Replacement Equipment	451		-	-	-
TOTAL (409+419+429+435+449+451)	459	44,053,880	69,551,466	988,181	70,539,647
Less Exclusions	469	-	1,311,729	-	1,311,729
Instructional Staff Retiree Benefits (activity 590000)		-	-		-
Non-Instructional Staff Retiree Benefits (activity 674000)			-		-
student transportation (5966 object, activity 649000, fund 11)			-		-
student health services (project 3450, activity 644000, fund 11) beyond income received (above amount collected)			-		-
rents and leases (5610,5611,5612,5650,5651,5652, fund 11) instructional agreement (5871,5872)			*294,807*		*294,807*
Lottery exp (project 2390 and 2391, fund 11 up to income)			*1,016,922*		*1,016,922*
TOTALS (459-469)	470	**44,053,880**	**68,239,737**		
Percent of CEE (470, col. 1/470, col. 2)	471	64.56%	100.00%		
50 Percent of Current Expense of Education (50% of 470, col 2)	472		34,119,869		
Nonexempted Deficiency from second preceding Fiscal Year	473		-		
Amt. Req. to be Expended for Salaries of Classroom Instructors (472+473)	474		34,119,869		

50% Law FY 19-20 Actual through March 2020 - SCC

		2019/2020 Instructional Salary Cost (AC 0100-5900 & AC 6110)	Total (AC 0100-6799)	YTD Excluded Activities (6800-7390)	YTD Grand Total (0100-7xxx)
11xx	407	7,901,762	7,901,762	-	7,901,762
13xx		5,993,511	5,993,511	-	5,993,511
12xx	408		3,914,627	31,897	3,946,524
14xx			503,974	-	503,974
Sub-total Academic Salaries	**409**	**13,895,273**	**18,313,874**	**31,897**	**18,345,771**
21xx	411		4,428,003	231,091	4,659,094
23xx			402,185	37,958	440,143
22xx	416	146,073	146,073	-	146,073
24xx		272,602	272,602	-	272,602
Sub-total Classified Salaries	**419**	**418,675**	**5,248,863**	**269,049**	**5,517,912**
3xxx	**429**	**4,697,495**	**9,158,576**	**156,175**	**9,314,751**
4xxx	435		169,053		169,053
5xxx (Other Operating Expenses (in the numerator, include only direct instructional costs associated with instructional Service Agreements (5873)	449	1,822,989	3,014,500	5,714	3,020,214
6420 - Replacement Equipment	451		-		-
TOTAL (409+419+429+435+449+451)	459	20,834,432	35,904,866	462,835	36,367,701
Less Exclusions	469	-	708,627	-	708,627
Instructional Staff Retiree Benefits (activity 590000)		-	-		-
Non-Instructional Staff Retiree Benefits (activity 674000)			-		-
student transportation (5966 object, activity 649000, fund 11)			-		-
student health services (project 3450, activity 644000, fund 11) beyond income received (above amount collected)			-		-
rents and leases (5610,5611,5612,5650,5651,5652, fund 11) instructional agreement (5871,5872)		-	*36,324*		*36,324*
Lottery exp (project 2390 and 2391, fund 11 up to income)			*672,303*		*672,303*
TOTALS (459-469)	470	**20,834,432**	**35,196,239**		
Percent of CEE (470, col. 1/470, col. 2)	471	59.20%	100.00%		
50 Percent of Current Expense of Education (50% of 470, col 2)	472		17,598,120		
Nonexempted Deficiency from second preceding Fiscal Year	473		-		
Amt. Req. to be Expended for Salaries of Classroom Instructors (472+473)	474		17,598,120		

50% Law FY 19-20 Actual through March 2020 - DO/DISTRICTWIDE

		2019/2020 Instructional Salary Cost (AC 0100-5900 & AC 6110)	Total (AC 0100-6799)	YTD Excluded Activities (6800-7390)	YTD Grand Total (0100-7xxx)
11xx	407	-	-	-	-
13xx		-	-	-	-
12xx	408		335,792	117,000	452,792
14xx			-	-	-
Sub-total Academic Salaries	**409**	**-**	**335,792**	**117,000**	**452,792**
21xx	411		7,719,882	1,571,576	9,291,458
23xx			278,552	232,138	510,690
22xx	416	(6,151)	(6,151)	-	(6,151)
24xx		(5,804)	(5,804)	-	(5,804)
Sub-total Classified Salaries	**419**	**(11,955)**	**7,986,479**	**1,803,714**	**9,790,193**
3xxx	**429**	**2,303,727**	**10,085,831**	**875,912**	**10,961,743**
4xxx	435		163,890	20,075	183,965
5xxx (Other Operating Expenses (in the numerator, include only direct instructional costs associated with instructional Service Agreements (5873)	449	-	5,452,149	433,323	5,885,472
6420 - Replacement Equipment	451		-		-
TOTAL (409+419+429+435+449+451)	459	2,291,772	24,024,141	3,250,024	27,274,165
Less Exclusions	469	2,281,175	5,771,079	-	5,771,079
Instructional Staff Retiree Benefits (activity 590000)		2,281,175	2,281,175		2,281,175
Non-Instructional Staff Retiree Benefits (activity 674000)			2,843,814		2,843,814
student transportation (5966 object, activity 649000, fund 11)			-		-
student health services (project 3450, activity 644000, fund 11) beyond income received (above amount collected)			-		-
rents and leases (5610,5611,5612,5650,5651,5652, fund 11) instructional agreement (5871,5872)			*96,365*		*96,365*
Lottery exp (project 2390 and 2391, fund 11 up to income)			*549,725*		*549,725*
TOTALS (459-469)	470	**10,597**	**18,253,062**		
Percent of CEE (470, col. 1/470, col. 2)	471	0.06%	100.00%		
50 Percent of Current Expense of Education (50% of 470, col 2)	472		9,126,531		
Nonexempted Deficiency from second preceding Fiscal Year	473		-		
Amt. Req. to be Expended for Salaries of Classroom Instructors (472+473)	474		9,126,531		

50% Law FY 19-20 Actual through March 2020 - RSCCD - Combined

		2019/2020			
		Instructional Salary Cost (AC 0100-5900 & AC 6110)	***Total (AC 0100-6799)***	***YTD Excluded Activities (6800-7390)***	***YTD Grand Total (0100-7xxx)***
11xx	407	24,685,070	24,685,070	-	24,685,070
13xx		20,535,457	20,535,457	-	20,535,457
12xx	408		10,663,527	163,254	10,826,781
14xx			1,231,306	-	1,231,306
Sub-total Academic Salaries	**409**	**45,220,527**	**57,115,360**	**163,254**	**57,278,614**
21xx	411		20,040,589	2,348,996	22,389,585
23xx			1,023,929	321,119	1,345,048
22xx	416	311,675	311,675	-	311,675
24xx		1,293,659	1,293,659	-	1,293,659
Sub-total Classified Salaries	**419**	**1,605,334**	**22,669,852**	**2,670,115**	**25,339,967**
3xxx	**429**	17,432,868	37,251,625	1,383,819	**38,635,444**
4xxx	435		642,704	20,887	663,591
5xxx (Other Operating Expenses (in the numerator, include only direct instructional costs associated with instructional Service Agreements (5873)	449	2,921,355	11,800,932	462,965	12,263,897
6420 - Replacement Equipment	451		-	-	-
TOTAL (409+419+429+435+449+451)	459	67,180,084	129,480,473	4,701,040	134,181,513
Less Exclusions	469	2,281,175	7,791,435	-	7,791,435
Instructional Staff Retiree Benefits (activity 590000)		2,281,175	2,281,175	-	2,281,175
Non-Instructional Staff Retiree Benefits (activity 674000)		-	2,843,814	-	2,843,814
student transportation (5966 object, activity 649000, fund 11)		-	-	-	-
student health services (project 3450, activity 644000, fund 11) beyond income received (above amount c		-	-	-	-
rents and leases (5610,5611,5612,5650,5651,5652, fund 11) instructional agreement (5871,5872)		-	427,496	-	427,496
Lottery exp (project 2390 and 2391, fund 11 up to income)		-	2,238,950	-	*2,238,950*
TOTALS (459-469)	470	**64,898,909**	**121,689,038**		
Percent of CEE (470, col. 1/470, col. 2)	471	53.33%	100.00%		
50 Percent of Current Expense of Education (50% of 470, col 2)	472		60,844,519		
Nonexempted Deficiency from second preceding Fiscal Year	473		-		
Amt. Req. to be Expended for Salaries of Classroom Instructors (472+473)	474		60,844,519		

50% Law FY 19-20 Actual through March 2020 - SAC and SCC Combined

		2019/2020 Instructional Salary Cost (AC 0100-5900 & AC 6110)	Total (AC 0100-6799)	YTD Excluded Activities (6800-7390)	YTD Grand Total (0100-7xxx)
11xx	407	24,685,070	24,685,070	-	24,685,070
13xx		20,535,457	20,535,457	-	20,535,457
12xx	408		10,327,735	46,254	10,373,989
14xx			1,231,306	-	1,231,306
Sub-total Academic Salaries	**409**	**45,220,527**	**56,779,568**	**46,254**	**56,825,822**
21xx	411		12,320,707	777,420	13,098,127
23xx			745,377	88,981	834,358
22xx	416	317,826	317,826	-	317,826
24xx		1,299,463	1,299,463	-	1,299,463
Sub-total Classified Salaries	**419**	**1,617,289**	**14,683,373**	**866,401**	**15,549,774**
3xxx	**429**	15,129,141	27,165,794	507,907	**27,673,701**
4xxx	435		478,814	812	479,626
5xxx (Other Operating Expenses (in the numerator, include only direct instructional costs associated with instructional Service Agreements (5873)	449	2,921,355	6,348,783	29,642	6,378,425
6420 - Replacement Equipment	451		-	-	-
TOTAL (409+419+429+435+449+451)	459	64,888,312	105,456,332	1,451,016	106,907,348
Less Exclusions	469	-	2,020,356	-	2,020,356
Instructional Staff Retiree Benefits (activity 590000)		-	-	-	-
Non-Instructional Staff Retiree Benefits (activity 674000)		-	-	-	-
student transportation (5966 object, activity 649000, fund 11)		-	-	-	-
student health services (project 3450, activity 644000, fund 11) beyond income received (above amount		-	-	-	-
rents and leases (5610,5611,5612,5650,5651,5652, fund 11) instructional agreement (5871,5872)		-	331,131	-	331,131
Lottery exp (project 2390 and 2391, fund 11 up to income)		-	1,689,225	-	*1,689,225*
TOTALS (459-469)	470	**64,888,312**	**103,435,976**		
Percent of CEE (470, col. 1/470, col. 2)	471	62.73%	100.00%		
50 Percent of Current Expense of Education (50% of 470, col 2)	472		51,717,988		
Nonexempted Deficiency from second preceding Fiscal Year	473		-		
Amt. Req. to be Expended for Salaries of Classroom Instructors (472+473)	474		51,717,988		

Vacant Funded Positions as of 05/12/2020 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Birk, John	5HR-UF-DIR	Director, Information System	Retirement	District	7/11/2019	salary acct by $38,700. Richard Sturrus#1357716 WOC 9/16/20-6/30/2020	181,585	
11	Bland, Antoinette	5SAFE-UF-CHIEF	Chief, District Safety & Security	Retirement	District	12/10/2018	CL20-1387 Michael Toledo#1446793 Interim Assignment 7/1/19-6/30/20. Board docket 8/12/2019	38,062	366,055
11	Iannaccone, Judith	5PAG-UF-DIR	Director, Public Affairs & Publications	Retirement	District	8/31/2018	Dept. submitted BCFs B026318 $18,040 & B026308 $70,000 & $54,000 to 11-0000-671000-52200-5100	53,509	
50%-fd 11 50%-fd 12	Santoyo, Sarah	5RDEV-UF-DIRX	Executive Director Resource Development	Promotion	District	1/28/2019	Dept. submitted BCF#B026536 $1,000 BCF#BC000D23 reducing $3,547	92,898	
11	New-Assistant Professor of Physics AC19-0720				SAC		AC19-0720 Professor of Physics was not hired, redirected to Performing Arts BMPR20111 (11-0000-100600-15560-1110)	143,273	
11	Argo, Rosemary A.	1FIRE-FF-IN	Instructor, Fire Technology	Retirement	SAC	12/13/2019		70,628	
50%-fd 11 50%-fd 12	Aguilar Beltran, Maria J.	1ASMT-NF-CORD	Coordinator, Testing	Change of Position	SAC	2/3/2020	For FY2020-21 site is **defunding** fund 11 (50%) salary and benefits as part of Phase 1 Reductions. FY2019-20 Deleting assignment of Coordinator,Testing to add Coordinator,Student Equity Faculty at 100% in 12-2549-649000-15051-1250	34,061	
11	Brown, Laurence	1CMST-FF-IN	Instructor, Comm Studies	Retirement	SAC	6/7/2019	AC19-0805 Dept. submitted BCF# B026312 Cover Ray Hicks salary	-	
11	Budarz, Timo	1PHYS-FF-IN	Instructor, Physics	Resignation	SAC	10/26/2018	AC19-0802 Alexander Natale#2460293 hired permanent effective 8/17/20, temporary long term sub effective 2/3/2020. Per H/R will receive HMO single benefits only	143,273	
11	Dominguez, Gary M.	1FIAC-AF-DIR	Director, Fire Instruction	Retirement	SAC	8/23/2019	Interim Assignment 8/19/19-06/30/20 Michael Busch#1027462	98,795	
11	English, Noemi	1DSL-FF-IN	Instructor, Automotive Technology/Engine	Resignation	SAC	10/8/2018	AC19-0804	143,273	
11	Fernandez, Joseph E.	1NURS-FF-IN	Nursing Instructor	Resignation	SAC	8/12/2019		149,078	
11	Fosmire, Edward D.	1ART-FF-IN	Instructor, Art	Deceased	SAC	3/4/2020		32,145	
11	Gallego Jr, Robert	1CNSL-NF-CN1	Counselor	Retirement	SAC	1/31/2020	Per Department Dean, Reymundo Robledo#1026765 filling vacancy for Spring2020 only	68,467	
11	Giroux, Regina	1NURS-FF-IN	Instructor, Nursing	Retirement	SAC	12/15/2018	Dept submitted BCF#BC000SNX $17,409 AC19-0801	131,780	
11	Ho, Pao Fen (Alice)	2LIB-NF-LIB	Librarian	Retirement	SAC	7/24/2020		-	2,703,004
11	Holder, Vera M.	1CMST-FF-IN	Instructor, Communication Studies	Retirement	SAC	6/7/2019		176,700	
11	Jaffray, Shelly C.	1HSS-AF-DN	Dean, Humanities & Social Sciences	Retirement	SAC	6/30/2019	AC20-0807. Interim Assignment Javier Galvan#1027584 8/19/19-6/30/2020	258,749	
11	Jenkins, Robert B.	11AEI-FF-IN	Professor/Coordinator ESL	Retirement	SAC	5/22/2020		-	
11	Montes, Agustin	1ECON-FF-IN	Instructor, Economics	Retirement	SAC	6/9/2020		-	
11	Mahany, Donald	1FIAC-AF-DNAC1	Associate Dean, Fire Technology	Retirement	SAC	1/2/2020	AC19-0790	94,534	
11	Miller, Rebecca	1SMHS-AF-DNAC	Associate Dean, Health Science/Nursing	Retirement	SAC	6/30/2020	AC19-0794	-	
11	Rogers, Neal	1MATH-FF-IN	Instructor, Math	Retirement	SAC	6/5/2020		-	
50%-fd 11 50%-fd 12	Ortiz, Fernando	1ACA-NF-CORD9	Coordinator, Guided Pathways	Promotion	SAC	4/1/2019	For FY2020-21 site is **defunding** fund 11 (50%) salary and benefits as part of Phase 1 Reductions. FY2019-20 Dept submitted BCF#BC00084L reduced account $6,153	65,483	
11	Parolise, Michelle R.	1OTA-NF-CORD	Coordinator, OTA Program	Retirement	SAC	8/7/2019		149,054	
11	Psychologist		Psychologist, Health Services		SAC	7/1/2019	NEW AC19-0719 psychologist	155,479	
11	Rose, Linda	1PRES-AF-PRES	President, SAC	Retirement	SAC	6/30/2020		-	
11	Sadler, Dennis	1CNSL-NF-CN1	Counselor/Instructor	Retirement	SAC	6/30/2019	Dept.submitted BCF#BCUP418TIC reducing$93,254, Dept. submitted BCF#BCOTJSGEYW reducing account by $24,116. AC19-0770	37,672	
11	Serrano, Maximiliano H.	1AUTO-FF-IN	Instructor, Automotive Technology	Resignation	SAC	10/5/2018	AC19-0802	143,273	
11	Sherod, Susan M.	1ENGR-FF-IN	Engineering Instructor	Retirement	SAC	6/30/2019	AC20-0818 Hired Michael Delaby Assistant Professor Nursing, effective August 17, 2020	167,199	
11	Sneddon, Marta	1CJA-FF-IN	Instructor, CJ/Fire Academy	Retirement	SAC	6/8/2019		143,273	
11	Waterman, Patricia J.	1ART-FF-IN	Instructor, Art	Retirement	SAC	6/9/2019		153,541	
11	Wright, George	1CJ-FF-IN	Instructor, Criminal Justice	Retirement	SAC	12/15/2018		143,273	
11	Arteaga, Elizabeth	2CAR-AF-DNAC	Associate Dean, Business and Career Technical Education	Promotion	SCC	2/24/2020		64,068	
11	Brooks, Debra A.	2ERTH-FF-IN	Instructor Earth & Space Science	Retirement	SCC	1/3/2020	AC19-0799	84,753	
11	Carrera, Cheryl	2MATH-FF-IN	Instructor, Math	Retirement	SCC	12/15/2019	AC19-0796	90,193	
11	Coto, Jennifer	2CG-NF-CORD	Coordinator, Hispanic Serving Institution	Change of Position	SCC	7/23/2019	AC19-0803	189,816	697,009
11	Geissler, Joseph	2LIB-NF-LIB	Librarian	Deceased	SCC	3/9/2019	AC19-0797	143,273	
11	Moore, Kathleen V.	2MATH-FF-IN	Instructor, Math	Retirement	SCC	6/6/2020	AC19-0806	-	
11	Nguyen, Steven	2CHEM-FF-IN	Chemistry Instructor	Resignation	SCC	8/19/2019	AC19-0795	124,905	
11	Wong, Lana	2LIB-NF-LIB	Librarian	Retirement	SCC	6/5/2020	AC19-0798	-	
								3,766,067	

Fund	Classified	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Andrade Cortes, Jorge L.	5ACCT-CF-ANYS	Senior Accounting Analyst	Resignation	District	9/27/2019	BCF#BCLRPCBG0D $50,000, BCF#BCOXWGYV2Z $66,549 to 11-2390-657000-54146-5560 & BCF#BCSOZDWAPJ $249 to 11-0000-675000-54212-5215 & BCF#BCQDYJFR9P $330.00 to 11-0000-672000-54212-4610 $200 & 11-0000-672000-54213-4610 $130.Dept submitted BCF#BCMX75HJ8Y $4113 move to AP#54213 and BCF#BCQ6YBNWCV $830 to 11-0000-675000-54212-5210	32,450	
11	Clarke, Roger K.	5SSP-CF-DSO19	District Safety Officer	Retirement	District	3/1/2020		24,805	
11	Intermediate Clerk		Intermediate Clerk	REORG#1193	District	7/4/2019	Intermediate Clerk REORG#1193(BMPR20096) AB Assumption III-L HR Request	53,472	415,005
11	Keehn, Kelly J.	5DMC-CF-CORD2	Business Services Coordinator	Probational Dismissal	District	4/17/2020		68,080	
11	Knorr, David G.	5YSP-CF-DSO11	District Safety Officer	Resignation	District	5/1/2020		8,976	
11	Medrano, Miranda M.	5GCOM-CF-GRPH2	Graphic Designer	Termination	District	3/24/2020		59,780	
11	Miranda, Francisco	5OSP-CF-DSO7	District Safety Officer	Retirement	District	4/25/2020		18,079	
11	Montanez, Jesse	5SSP-CM-DSO5	District Safety Officer	Termination	District	9/24/2019		18,057	

Vacant Funded Positions as of 05/12/2020 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Nguyen, James V.	5DMC-CF-CUSR	Senior Custodian/Utility Worker	Probational Dismissal	**District**	8/6/2019	WOC Vicente Nieto#1988380 Dept. submitted BCF#BC0009Z8 $3,290	56,853	
11	Pita, Lazaro R.	5YSP-CM-DSO5	District Safety Officer	Resignation	**District**	11/23/2019		13,486	
11	Yamoto, Sec. Stephanie	5FACL-CF-SPFP	Facility Planning Specialist	Resignation	**District**	8/26/2019	CL19-1334 Dept. submitted BCF#BC000ZZV reducing accts by $47,646	60,967	
11	Benavides, Ricardo	1CUST-CF-CUS4	Custodian	Retirement	**SAC**	1/15/2020		39,279	
11	Cordova, Monica M.	1KNIA-CF-TT2	Athletic Trainer/ Therapist	Resignation	**SAC**	1/17/2020	CL20-1388	41,264	
11	Crawford, Jonathan A.	1GRDS-CM-WKR2	P/T Gardener/Utility Worker	Resignation	**SAC**	6/25/2019	CL19-1309 Budget in account 11-0000-696000-17300-2310 Reorg#1095	26,131	
11	Diaz, Claudia R.	10AD-CF-CLAD4	Administrative Clerk	Promotion	**CEC**	4/5/2020		27,799	
25%-fd 11 75%-fd 12	Fernandez Gonzalez, Irma	1EOPS-CF-ASCN1	Counseling Assistant	Medical Layoff	**SAC**	2/14/2020		7,849	
11	McAdam, Justin M.	1GRDS-CF-WKR8	Gardener/Utility Worker	Promotion	**SAC**	2/18/2020		28,357	**367,984**
35%-fd 11 65%-fd 31	Miranda Zamora, Cristina	1AUX-CF-SPAS3	Auxiliary Services Specialist	Promotion	**SAC**	11/19/2019		16,205	
40%-fd 11 60%-fd 12	Nguyen, Cang D.	1ASMT-CF-TECH4	Instructional Center Technician	Retirement	**SAC**	12/29/2019	Reorg#1190 Changed position from Instructional Center Technician to Student Services Specialist	18,377	
11	Shirley, Jacqueline K.	1CNSL-CF-CLIN	Intermediate Clerk	Retirement	**SAC**	2/27/2020	CL20-1396	55,821	
11	Tapia, Manuel J.	1MAIN-CF-WKR7	Skilled Maintenance Worker	Resignation	**SAC**	2/7/2020		36,655	
11	Tuon, Sophanareth	1CUST-CF-CUSR1	Senior Custodian/Utililty Worker	Promotion	**SAC**	11/7/2019	CL19-1365	70,244	
14%-fd 11 86%-fd 12	Berganza, Leyvi C	20SS-CF-SPOR1	High School & Community Outreach Specialist	Promotion	**OEC**	3/19/2017		13,847	
11	Gitonga, Kanana	2INTL-CF-CORD	International Student Coordinator	Retirement	**SCC**	1/31/2019	Dept submitted BCF#BCTO1JZ54H $66,225 to (11-0000-679000-27105-5610,11-0000-677000-2715-5715,11-0000-651000-27400-5100)	16,778	**66,392**
11	Tran, Kieu-Loan T.	2ADM-CF-SPC3	Admission Records Specialist III	Promotion	**SCC**	3/1/2020	Jazmine Flores#1870770 WOC 6/8/20-9/11/20 Katherine James#2255913 WOC 3/2/20-to-6/5/20	35,767	
								849,380	
TOTAL								**4,615,448**	

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary

04/30/20 on 05/08/20

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2019-2020 Expenditures	FY 2019-2020 Encumbrances	Cumulative Exp & Enc	Project Balance	% Spent
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3035/ 3056	Johnson Student Center	59,442,126	12,097,425	20,678,669	23,247,441	56,023,535	3,418,592	94%
	Agency Cost		477,737	1,156	5,349	484,243		
	Professional Services		3,710,137	1,210,923	2,250,513	7,171,574		
	Construction Services		7,909,551	19,413,891	20,882,813	48,206,254		
	Furniture and Equipment		-	52,698	108,765	161,463		
3049	Science Center & Building J Demolition	70,480,861	38,623,078	15,538,798	5,820,341	59,982,216	10,498,645	85%
	Agency Cost		427,263	-	1,696	428,959		
	Professional Services		7,089,932	1,150,169	1,359,591	9,599,693		
	Construction Services		31,105,882	14,045,937	3,356,720	48,508,538		
	Furniture and Equipment		-	342,692	1,102,334	1,445,026		
	TOTAL ACTIVE PROJECTS	**129,922,987**	**50,720,503**	**36,217,466**	**29,067,781**	**116,005,750**	**13,917,237**	**89%**
CLOSED PROJECTS								
3032	Dunlap Hall Renovation	12,620,659	12,620,659	-	-	12,620,659	0	100%
	Agency Cost		559	-		559		
	Professional Services		1,139,116	-	-	1,139,116		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	57,266,535	57,266,535	-	-	57,266,535	0	100%
	Agency Cost		416,740	-	-	416,740		
	Professional Services		9,593,001	-	-	9,593,001		
	Construction Services		47,216,357	-	-	47,216,357		
	Furniture and Equipment		40,437	-	-	40,437		
3043	17th & Bristol Street Parking Lot	198,141	198,141	-	-	198,141	0	100%
	Agency Cost		16,151	-	-	16,151		
	Professional Services		128,994	-	-	128,994		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
	TOTAL CLOSED PROJECTS	**70,085,335**	**70,085,334**	-	-	**70,085,334**	**0**	**100%**
	GRAND TOTAL ALL PROJECTS	**200,008,322**	**120,805,837**	**36,217,466**	**29,067,781**	**186,091,085**	**13,917,237**	**93%**

SOURCE OF FUNDS	
ORIGINAL Bond Proceeds	198,000,000
Interest Earned	2,008,322
Totals	**200,008,322**

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2019-20, 2018-19, 2017-18
YTD Actuals- April 30, 2020

FY 2019/2020

	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$38,759,045	$46,756,827	$39,862,144	$42,643,395	$31,406,449	$32,285,576	$51,748,699	$45,396,731	$27,256,431	$27,585,259	$31,929,248	$31,929,248
Total Revenues	18,530,608	6,957,617	17,893,333	6,103,920	18,289,460	35,095,906	8,486,077	1,438,315	15,146,041	20,656,399	0	0
Total Expenditures	10,532,826	13,852,300	15,112,081	17,340,866	17,410,333	15,632,783	14,838,045	19,578,616	14,817,213	16,312,409	0	0
Change in Fund Balance	7,997,782	(6,894,683)	2,781,251	(11,236,947)	879,127	19,463,123	(6,351,968)	(18,140,301)	328,828	4,343,990	0	0
Ending Fund Balance	46,756,827	39,862,144	42,643,395	31,406,449	32,285,576	51,748,699	45,396,731	27,256,431	27,585,259	31,929,248	31,929,248	31,929,248

FY 2018/2019

	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$37,903,213	$41,275,963	$35,157,531	$35,434,499	$27,561,284	$25,844,907	$39,405,066	$39,371,921	$28,793,164	$28,369,733	$39,111,613	$30,603,274
Total Revenues	12,626,143	6,732,548	14,600,385	7,442,505	17,105,605	29,957,387	14,004,082	6,570,808	15,379,629	26,037,945	9,298,822	31,999,654
Total Expenditures	9,253,392	12,850,980	14,323,417	15,315,721	18,821,982	16,397,228	14,037,228	17,149,564	15,803,060	15,296,065	17,807,162	23,843,882
Change in Fund Balance	3,372,750	(6,118,432)	276,968	(7,873,215)	(1,716,377)	13,560,159	(33,145)	(10,578,756)	(423,431)	10,741,880	(8,508,340)	8,155,771
Ending Fund Balance	41,275,963	35,157,531	35,434,499	27,561,284	25,844,907	39,405,066	39,371,921	28,793,164	28,369,733	39,111,613	30,603,274	38,759,045

FY 2017/2018

	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$35,254,317	$40,165,384	$34,555,513	$34,261,380	$26,080,179	$27,224,885	$42,521,590	$43,680,834	$33,946,676	$32,674,972	$35,963,224	$26,790,583
Total Revenues	13,230,747	6,401,471	13,730,226	7,947,537	17,388,889	29,510,148	14,345,552	4,546,656	15,319,442	17,749,412	6,431,657	38,131,074
Total Expenditures	8,319,680	12,011,343	14,024,358	16,128,738	16,244,183	14,213,443	13,186,308	14,280,814	16,591,146	14,461,160	15,604,298	27,018,444
Change in Fund Balance	4,911,068	(5,609,872)	(294,132)	(8,181,201)	1,144,706	15,296,705	1,159,244	(9,734,158)	(1,271,704)	3,288,252	(9,172,641)	11,112,630
Ending Fund Balance	40,165,384	34,555,513	34,261,380	26,080,179	27,224,885	42,521,590	43,680,834	33,946,676	32,674,972	35,963,224	26,790,583	37,903,213

DRAFT

Fiscal Resources Committee

Via Zoom Video Conference Call
1:30 p.m. – 3:00 p.m.

Meeting Minutes for April 15, 2020

FRC Members Present: Peter Hardash, Adam O'Connor, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Arleen Satele, Roy Shahbazian, and Vanessa Urbina

FRC Members Absent: Michael Taylor

Alternates/Guests Present: Erika Almaraz, Jason Bui, James Kennedy, Linda Melendez, Enrique Perez, Mark Reynoso, Jose Vargas, George Walters (CWP), and Barbie Yniguez

1. Welcome: Mr. Hardash called the meeting to order at 1:34 p.m. via zoom noting that patience is needed to enable participation via this meeting platform.

2. State/District Budget Update
   - SSC Article – Legislature Passes Emergency Legislation Related to COVID-19
   - SSC Article – COVID-19 Emergency Legislation Has Potential Impact on Community Colleges
   - SSC Article – LAO Issues Cautious Fiscal Outlook Amidst COVID-19 Outbreak
   - SSC Article – Status of the 2020-21 Statutory Cost-of-Living Adjustment
   - SSC Article – DOF Planning for Workload Budget in 2020-21
   - DOF-2020 Budget Change Letter and May Revision
   - LAO-Update on State and School District Reserve
   - LAO-State Budget Effects of Recent Federal Actions to Address COVID-19
   - Budget Update from Assembly California Legislature – posted April 6, 2020

   Mr. Hardash referenced handouts which provide detailed information on various topics including the budget, impacts of COVID-19, State and Federal assistance programs. The Coronavirus pandemic has pushed us into a recession, and the State is spending billions of the reserves to address various emergency needs. This along with the shortfall of revenues will affect RSCCD. The Federal Government assistance programs will be helpful. The first installment of 50% is to arrive by wire soon and can only be used for students. Both college VPs of administrative services are facilitating discussions for how the money will be used to support students. It is unknown when the other 50% to be used by the colleges for additional expenses due to the pandemic will arrive. All emergency expenses incurred at the district level including the purchase of computers, laptops, and video cameras and also recently requested 125,000 masks for students and staff as we prepare for face to face environments, exceed $1 million in the last few weeks. It is hopeful the District will be reimbursed for these additional expenses.

   For the purposes of the current year, P1 will be used for P2. The May Revise will be abbreviated with an August Revise due to the delay of filing taxes to July 15, 2020. Funding for last year, this year and 2020-21 are unknown and may not be determined until August, September or October. P1 of current year will be used to continue funding, with the 3.6% apportionment deficit which took away $6.4 million in TCR, and will be carried forward. As more information becomes available, it will be posted on the FRC webpage. FEMA reimbursement will help and everything possible will be submitted, however, a large percentage of the requested monies are not typically approved. The reserve is available and will assist in moving forward with these fiscal challenges. Mr. Hardash further discussed the approval of the tentative budget and the adopted budget which will continue to take place.

A brief discussion ensued regarding the hiring “hold” for all personnel recruitments and processes, with the exception of offers already completed. While the District is unable to control State revenue, it can control expenditures. Roy Shahbazian inquired about the hiring “hold” and whether committees could continue their work so that when the “hold” was released offers could be made. Mr. Hardash explained that Chancellor’s Cabinet determined these processes would not occur due to complexities of selection committees, online meetings and confidentially. It was also suggested the issue might be better discussed at District Council.

3. FON Suspension
   Mr. Hardash explained the State is considering the suspension of the Faculty Obligation Number (FON), and the CCCCO Consultation Committee lists this item on the agenda for tomorrow; including the need and ramifications for suspending the FON and/or modifications to the 50% law. The BOG can suspend these if there isn’t appropriate funding. The request is to be effective Fall 2020. Mr. Hardash further explained the FON doesn’t go away, but a formula with a percentage is developed for addressing progressively. The meeting is open to district faculty and staff to participate.

4. Follow up regarding Tentative Budget Assumptions/Phase One Budget Reductions
   Mr. Hardash reported the tentative budget assumptions were presented to the Board of Trustees for approval which coincided with the Coronavirus pandemic and makes the assumptions very fluid at this time. The phase 1 budget reductions were shared and are to be used for the development of the tentative budget. Many of the reductions will change campus budgets so that they are more reliant on campus reserves for those costs.

   Mr. O’Connor added that previously at FRC, approval of the budget assumptions included two positions that were taken out; however, one position, Data Integrity Specialist, was added back in by action of District Council and approved by the Board of Trustees.

5. 2020/21 Proposed Meeting Schedule
   Mr. O’Connor reviewed and presented for action the proposed meeting schedule. One change includes meeting in May 2021 to be on Thursday instead of Wednesday to accommodate attendance at ACBO Conference.

   It was moved by Dr. Hoffman and seconded by Arlene Satele to approve the 2020/21 meeting scheduled as presented. With no questions, comments, or opposition the motion passed.

6. District Services Indirect Cost Expenditure History – Enrique Perez
   Mr. Perez provided a brief report on the indirect cost expenditure history. He explained how indirect allocations are earned through grants with the District acting as the fiscal agent. These one-time monies placed in Fund 13 of the Educational Services Division have been earning since 2016/17. The earning comes from and supports the various grant programs as presented in the document. Additionally, it was noted the reason for the expanded discussion regarding indirect costs came from a previous FRC meeting on the budget assumptions and new district positions. There are no employees hired under this portion of the indirect funds, but there could be employees hired as part of a specific grant accordingly. It was confirmed that grants have nothing to do with TCR (Total Computational Revenue). The monies proposed for advertising are with a focus of increasing FTES, through targeted marketing and resources directed to potential students. Without having these indirect funds, there wouldn’t be any money to support such marketing efforts and make an impact. A discussion ensued with questions asked and answers provided with a concluding reminder that grants are fund 12 and not subject to the 70/30 split.

7. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants
   - BAM Simulation Review Based on SCC Proposed Language Change – Jose Vargas reviewed and discussed SCC proposed language change to basic allocation with simulations (which are posted on the FRC webpage). Mr. Hardash explained the basic allocation was never intended to be part of the 70/30 split because of the size of the colleges, the additional funds received for those designations, which "skews" the percentages as well as noncredit CDCP that are earned by the campuses. Discussion ensued in support of and opposed to the proposed language change.

     It was moved by Morrie Barembaum and seconded by Jose Vargas to approve the proposed language change as presented, however a vote was not taken. Dr. Hoffman noted concerns from SAC Senate President Shahbazian and Budget and Planning Co-Chair Nguyen. He stated SAC is not in a position to make a decision at this time and requested more time for the campus to consider the language change as proposed.

     It was moved by Dr. Hoffman that the item be tabled for vote at the next meeting therefore providing ample time for SAC colleagues to further develop analysis and digestion of the information presented today. Jose Vargas seconded the motion. Hearing no further comments, questions and no opposition the motion passed and the item will be brought back to the next meeting for action.

   - Section 5 – Other Modifications - Action
     Mr. Walters reviewed edits to section 5 and discussion followed on District Services section that states POE will evaluate budget augmentation requests and forward a recommendation to District Council. Additionally, it was determined the last two paragraphs that reference the District Enrollment Management Committee as it relates to FON would be stricken from the document (page 51 of the meeting materials). FRC does not manage the task of FON and language should remain open until further determination is made in the Planning Design Manual discussions. It was determined no further action would be taken on this item since the BAM language change proposed by SCC is tabled for the next meeting, therefore, this item will be brought back as well.

   - Section 2 – Implementation
     Mr. Walters presented and reviewed changes to implementation section (pages 47-48 of meeting materials) including a proposed template.

     After each section is approved, is it being reorganized for a final pass through of the FRC and will be posted as a red-line, track-changes document on the FRC website.

8. Review Planning Design Manual (request from District Council)
   Enrique Perez suggested he would resubmit this item, making it clear, less clunky and also conduct follow-up discussions with Adam O'Connor prior to the next meeting.

9. Standing Report from District Council - Shahbazian
   Mr. Shahbazian reported that District Council had made decision to continue TRI through Spring and Summer. Surveys were conducted at both colleges.

10. Informational Handouts
    - Districtwide expenditures report link: https://intranet.rsccd.edu
    - Vacant Funded Position List as of April 6, 2020
    - Measure "Q" Project Cost Summary as of March 31, 2020
    - Monthly Cash Flow Summary as of March 31, 2020
    - SAC Planning and Budget Committee Agendas and Minutes
    - SCC Budget Committee Agendas and Minutes

11. Additional Handouts
    - BAM Percentage Analysis (3-4-20) – posted on FRC webpage
    - Interim Fiscal Update JLBC (4-10-20) – posted on FRC webpage
    - SSC Article – It's Time to Batten Down the Hatches (4-13-20) – posted on FRC webpage
    - LAO: State Budget Effects of Recent Federal Actions to Address COVID-19 – posted on the FRC webpage

12. Approval of FRC Minutes – February 19, 2020
    A motion was made by Arlene Satele, seconded by Steven Deeley, to approve the minutes of February 19, 2020 meeting as presented. With no questions, comments, corrections or abstentions, the motion passed unanimously.

13. Other
    A question was asked if the State would suspend the college size issues due to COVID-19 and the impact of TRI if students do not remain in classes. Dr. Kennedy provided further explanation that SAC will be unable to maintain the large size college designation as a result of TRI as it applies to CJA/Fire Academies and noncredit instruction. However, there is one more year to get to 20,000 and at the same time advocate for suspension of the rule from the State. In theory that is correct, there was a huge deficit and the hold harmless isn't what it was projected to be. Walters stated that when a district is in hold harmless structure and if the college was above the threshold, they are retaining that as well.

    Next meeting reminder: Thursday, May 21, 2020, 1:30 – 3:00 in the Executive Conference Room #114, District Office or via zoom as necessary.

    As moved by Morrie Barembaum and seconded by Arlene Satele, this meeting adjourned at 3:06 p.m. by unanimous vote.