Ohlone College
2020-21 Tentative Budget

Presented to the Budget Committee
June 2, 2020
Agenda

- 2020-2021 State Budget
- Community Colleges Proposals
- Ohlone College Tentative Budget
- CCC Sound Fiscal Management Self Assessment Checklist
- Q&A
State Budget Process for 2020-2021

1. Agency Submittals of Requests
2. Release of Governor’s Budget
3. Legislative Analyst’s Analysis
4. Budget Subcommittee Hearings
5. Governor’s Revisions (May)
6. Budget Subcommittee Final Actions
7. Conference Committee
8. Legislative Actions
9. Governor’s Consideration and approval
10. August Adjustments
11. Legislative Review and Committees
12. Legislative Actions
13. Governor’s Consideration and approval
14. Implementation
2020-2021 STATE BUDGET GOVERNOR’S MAY REVISE
2020-2021 State Budget

Economic Outlook

- Global Economic slowdown
- US Economic Recession
- Stock Market volatility
- Unemployment
- Housing shortage
- Uncertainty in state and local revenues
- Possible August/September revision
2020-2021 State Budget: From January to May

January: $5.6B Surplus

May: $54B Deficit
California Community Colleges (CCC) Budget
Community Colleges will receive 10.93% of total Prop 98 Funding
First the Good News!!!

- Extend Hold Harmless funding to 2023-24
- 2% STRS/PERS relief in 20/21 and 21/22
- Exempts COVID-19 related costs from 50% law
2020-2021 Governor’s May Revision (CCC Budget)

Unrestricted Programs

- Reduces Apportionment by 8%
- No COLA for 20/21 and 21/22
- Apportionment Deferrals
- No workload Reduction
- Reduced Part Time Faculty Compensation by 15%
2020-2021 Governor’s May Revision (CCC Budget)

Restricted Programs

- Student Equity and Achievement Program -18%
- Strong Workforce Program -60%
- Disabled Students Programs and Services No change
- Extended Opportunity Programs and Services No change
- California Promise Program (AB19) -6%
Adult Education Program for CCCs -10%
Financial Aid Administration -7%
Deferred Maintenance and Instr. Equipment -100%
Nursing Grants No change
Part Time Faculty Office Hours -27%
Ohlone College
2020-2021
Tentative Budget
Ohlone College 2020-2021 Tentative Budget
Three-Pronged Approach

- Increase Metrics
- Increase Revenues and Decrease Expenses
- Advocate Changes on SCFF
There is a 3% decline in FTES in 2019-20 but due to the COVID emergency, the District may claim the reported FTES during P1 as authorized by the CCCCO.

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment Metrics</td>
<td>0%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>(Base Allocation)</td>
<td></td>
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</tr>
<tr>
<td>Low Income Metrics</td>
<td>0%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>(Supplemental Allocation)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Success Metrics</td>
<td>0%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>(Student Success Allocation)</td>
<td></td>
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</tbody>
</table>
Ideas For Temporary Reductions

- Leverage on vacancies
- Reduce temporary employees cost
- Reduce travel/conference funds
- Use unspent categorical funds for eligible salaries and benefits (one time)
Ideas For Temporary Reductions (Cont’d)

- Draw down on STRS/PERS Saving (Fund 69)
- Suspend Contribution to OPEB Trust
- Negotiate temporary changes on union contracts
- Use Fund Reserves
## Ohlone College 2020-2021 Tentative Budget

### District Funded vs Reported FTES (Resident Only)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funded FTES</strong></td>
<td>8,133</td>
<td>8,240</td>
<td>8,240</td>
<td>8,240</td>
<td>8,240</td>
<td>8,240</td>
<td>8,240</td>
<td>8,240</td>
</tr>
<tr>
<td><strong>Reported FTES (with &quot;Summer Shift&quot;)</strong></td>
<td>7,065</td>
<td>8,240</td>
<td>6,833</td>
<td>7,347</td>
<td>7,300</td>
<td>8,240</td>
<td>6,949</td>
<td>7,823</td>
</tr>
</tbody>
</table>

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The chart above illustrates the comparison between the Funded FTES and the Reported FTES (with "Summer Shift") for each academic year from 2015-16 to 2022-23. The data shows a consistent trend with slight variations in reported figures, indicating the impact of different reporting methods and potential shifts in enrollment patterns.
Ohlone College 2020-2021 Tentative Budget

Major Revenue Assumptions - Unrestricted

- Apportionment Reduction: -8%
- COLA: $0
- Mandate Block Grant: $212K
- Lottery (Unrestricted): $1.2M
- Full Time Faculty Funding - Ongoing: $303K
- Part Time Faculty Compensation - Ongoing: $184K
Ohlone College 2020-2021 Tentative Budget

Major Revenue Assumptions - Restricted

- Physical Plant and Instruct. Equip. $0
- California College Promise Grant (AB19) $831K
- DSPS $1.7M
- Strong Workforce Program $565K
- Student Equity and Achievement (SEA) $2.0M
Ohlone College 2020-2021 Tentative Budget

Major Expenditures Assumptions - Unrestricted

- Step/Column/Longevity: $413K
- STRS/PERS Increase: $146K
- Part Time Faculty Budget: $7.25M
- DSPS Backfill: $610K
- Parking Backfill: $400K
- OPEB Obligation-Current Year: $269K
- COVID-19 Response Budget: $250K
- Temporary Exp. Reductions: ($5.6M)
### Institutional Improvement Objectives (IIOs)

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve communication to support student success</td>
<td>$65,000</td>
<td>Categorical</td>
</tr>
<tr>
<td>• Address technology and research needs related to professional development</td>
<td>$45,000</td>
<td>Categorical</td>
</tr>
<tr>
<td>• Enhance the effective delivery of distance education courses</td>
<td>$200,000</td>
<td>Categorical</td>
</tr>
<tr>
<td>• Implement a process for program review.</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>• Clarify understanding of roles in governance.</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Description</td>
<td>Cost</td>
<td>Funding</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>----------</td>
<td>--------------</td>
</tr>
<tr>
<td>• Re-evaluate resources in a changing operating environment to prepare the College to operate differently.</td>
<td>$21,500</td>
<td>General Fund</td>
</tr>
<tr>
<td></td>
<td>$50,000</td>
<td>Categorical</td>
</tr>
<tr>
<td>• Develop a staffing plan.</td>
<td>$40,000</td>
<td>Categorical</td>
</tr>
<tr>
<td>• Develop a framework for resource allocation.</td>
<td>$60,000</td>
<td>Categorical</td>
</tr>
<tr>
<td>• Develop an enrollment plan to increase admission, registration, and retention.</td>
<td>$100,000</td>
<td>Categorical</td>
</tr>
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</table>
Retirement Contributions (STRS/PERS)

Unrestricted General Fund (Fund 10)

*Based on tentative 2020-21 staffing levels and annual step/column increases. Amounts subject to change.

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**Year** | **STRS** | **PERS** | **Total**
---|---|---|---
2015-16 | 1.47M | 1.27M | 2.74M
2016-17 | 1.87M | 1.67M | 3.53M
2017-18 | 2.23M | 2.07M | 4.30M
2018-19 | 2.66M | 2.54M | 5.20M
2019-20 | 2.96M | 2.79M | 5.75M
2020-21 | 3.17M | 2.73M | 5.90M
2021-22 | 3.54M | 2.74M | 6.28M
2022-23 | 4.01M | 3.14M | 7.15M
2023-24 | 4.18M | 3.18M | 7.36M
2024-25 | 4.30M | 3.22M | 7.52M
2025-26 | 4.36M | 3.26M | 7.63M
# Ohlone College 2020-2021 Tentative Budget

## Unrestricted General Fund (Fund 10) Multi Year Projection

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-20 Est. Actuals</th>
<th>2020-21 Tentative Budget</th>
<th>2021-22 Projected Budget</th>
<th>2022-23 Projected Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apportionment per SCFF</td>
<td>43,632,987</td>
<td>45,222,885</td>
<td>44,975,313</td>
<td>47,343,236</td>
</tr>
<tr>
<td>Hold Harmless One-time Funds</td>
<td>8,085,806</td>
<td>6,495,908</td>
<td>6,743,480</td>
<td>5,926,707</td>
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<tr>
<td>Reduction in Apportionment (8%)</td>
<td>-</td>
<td>(4,137,503)</td>
<td>(4,137,503)</td>
<td>(4,261,595)</td>
</tr>
<tr>
<td>Other Sources</td>
<td>7,440,544</td>
<td>7,596,534</td>
<td>7,818,345</td>
<td>8,119,049</td>
</tr>
<tr>
<td><strong>Revenue Total</strong></td>
<td>59,159,337</td>
<td>55,177,823</td>
<td>55,399,635</td>
<td>57,127,397</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditures</td>
<td>62,258,397</td>
<td>63,227,644</td>
<td>63,131,131</td>
<td>64,572,211</td>
</tr>
<tr>
<td>Temporary reduction</td>
<td>(3,487,914)</td>
<td>(5,598,435)</td>
<td>(5,734,850)</td>
<td>(5,734,850)</td>
</tr>
<tr>
<td><strong>Expenditures Total</strong></td>
<td>58,770,483</td>
<td>57,629,209</td>
<td>57,396,281</td>
<td>58,837,362</td>
</tr>
<tr>
<td><strong>Net Increase/Decrease</strong></td>
<td>388,854</td>
<td>(2,451,386)</td>
<td>(1,996,647)</td>
<td>(1,709,965)</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>11,003,529</td>
<td>11,392,383</td>
<td>8,940,997</td>
<td>6,944,350</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>11,392,383</td>
<td>8,940,997</td>
<td>6,944,350</td>
<td>5,234,385</td>
</tr>
<tr>
<td>Fund Balance % of Expenditures</td>
<td>19.38%</td>
<td>15.51%</td>
<td>12.10%</td>
<td>8.90%</td>
</tr>
</tbody>
</table>

The table above presents the budget projections for the Unrestricted General Fund (Fund 10) for the years 2019-2023. The revenue and expenditure figures are detailed for each year, along with the net increase or decrease, and the fund balance percentage of expenditures.
Transition to the Budget Book
CCC Sound Fiscal Management Self Assessment Checklist
1. **Deficit Spending** – Is this area acceptable? **Yes**

   Is the district spending within their revenue budget in the current year? Has the district controlled deficit spending over multiple years? Is deficit spending addressed by fund balance, ongoing revenue increases, or expenditure reductions?

2. **Fund Balance** – Is this area acceptable? **Yes**

   Is the district’s fund balance stable or consistently increasing? Is the fund balance increasing due to on-going revenue increases and/or expenditure reductions?

3. **Enrollment** – Is this area acceptable? **YES/NO**

   Has the district’s enrollment been stable or increasing over the past few years? Are the district’s enrollment projections updated at least semiannually? Are staffing adjustments consistent with enrollment trends? Does the district analyze enrollment and FTES data? Has the district avoided stabilization funding?
4. **Unrestricted General Fund Balance** – Is this area acceptable? **YES**

*Is the district’s unrestricted general fund balance consistently maintained at or above the required reserve minimum of 5%?*

5. **Cash Flow Borrowing** – Is this area acceptable? **YES**

*Can the district manage its cash flow without interfund borrowing? Is the district repaying any TRANs and/or borrowed funds within the required statutory period?*

6. **Bargaining Agreement** – Is this area acceptable? **YES**

*Has the district settled bargaining agreements within new revenue sources during the past three years? Did the district address any budget reductions necessary to sustain total compensation increases (step, column, longevity, etc)?*
7. **Unrestricted General Fund Staffing** – Is this area acceptable? **YES**

*Is the district ensuring that it is not using one-time funds to pay for permanent staff or other ongoing expenses? Is the % of the district’s GFU budget allocated to compensation at or less than the statewide average?*

8. **Internal Controls** – Is this area acceptable? **YES**

*Does the district have adequate internal controls to insure the integrity of the general ledger? ... to safeguard district assets?*

9. **Management Information Systems** – Is this area acceptable? **YES**

*Is the district data timely and accurate? Are required reports filed in a timely manner? Are key fiscal reports readily available and understandable?*
10. **Position Control**— Is this area acceptable? **YES / NO**
Is position control integrated with payroll? Does the district control unauthorized hiring? Does the district have controls over part-time academic staff hiring?

11. **Budget Monitoring** — Is this area acceptable? **YES**
Is there sufficient consideration to budget related to long-term bargaining agreements? Are budget revisions completed in a timely manner? Does the district openly discuss the impact of budget revisions at the board level? Does the district compile annualized revenue and expenditure projections throughout the year? Are long term debt levels manageable?

12. **Retiree Health Benefits** — Is this area acceptable? **YES**
Has the district completed a recent actuarial study to determine its unfunded liability? Does the district have a plan for addressing the retiree benefits liabilities?
13. **Leadership / Stability** – Is this area acceptable? **YES**

Has the district experienced recent turnover in its management team (including CEO, CBO, and/or Board of Trustees)?

14. **District Liability** – Is this area acceptable? **YES**

Has the district performed the proper legal analysis regarding potential litigation that may require the district to increase reserve levels? Has the district set up contingent liabilities for anticipated settlements, legal fees, etc.?

15. **Financial Reporting** – Is this area acceptable? **YES**

Has the district consistently filed the annual audit report with the Chancellor’s Office on time? Has the district taken appropriate action to address any material findings cited in the annual audit report? Has the district met the 50% Law consistently? Have Quarterly reports been filed on or before stated deadlines? Were they accurate?
What is next?

- Enacted State Budget in June
- Possible August State Revision
- Ohlone Final Budget in September
Thank You!