

# ***A Plan for An Equitable Recovery***

## **Community College Finance Update**

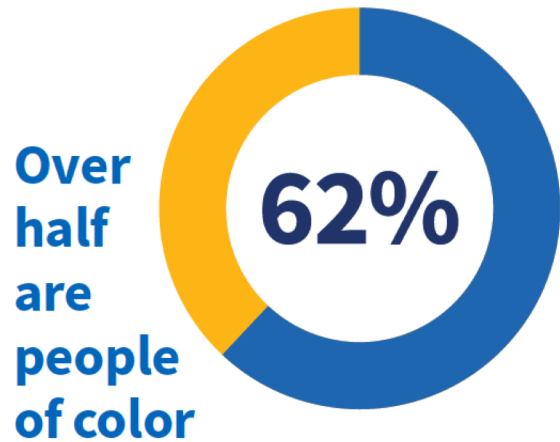
# THANK YOU!

## For your leadership, responsiveness, and commitment.

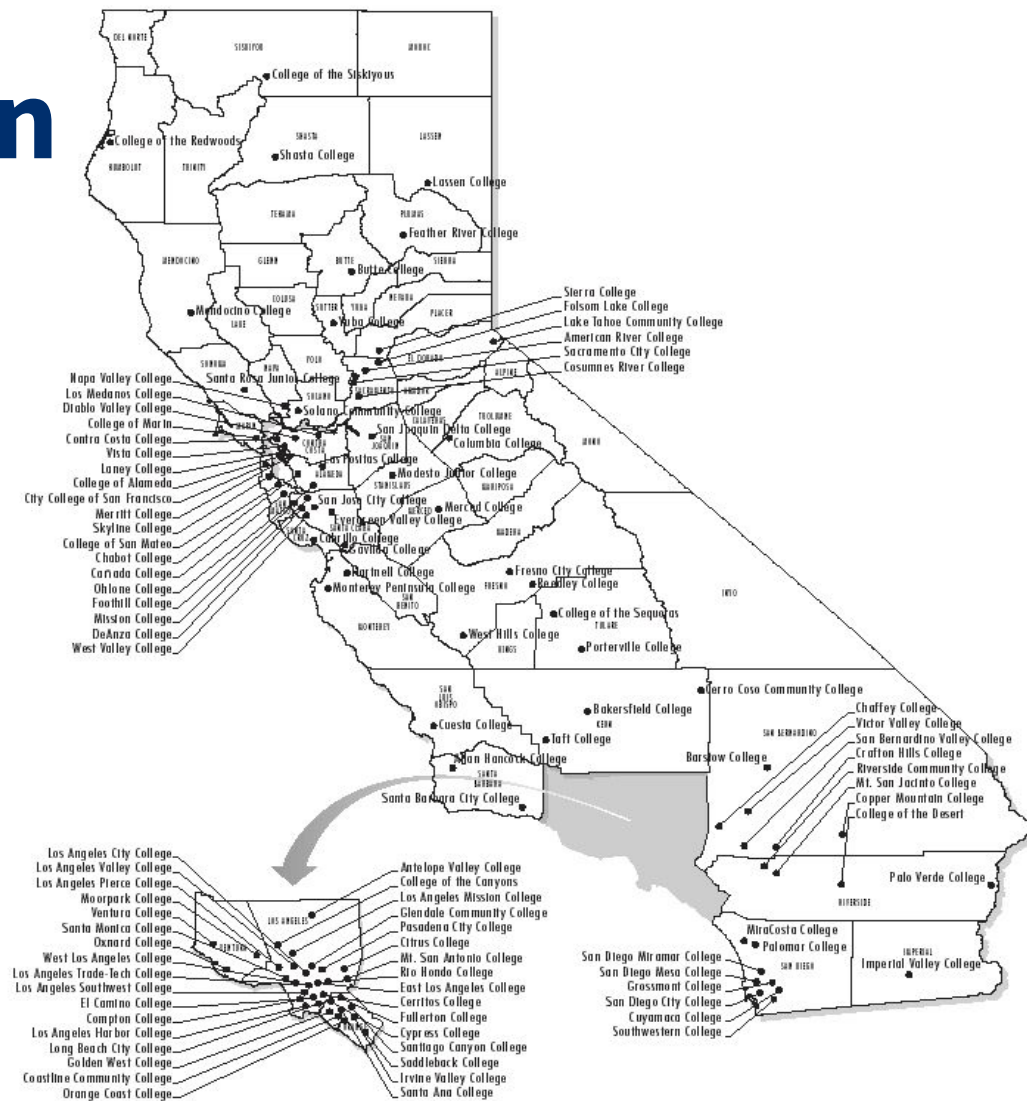
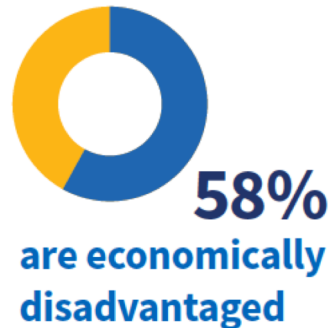
- Coping with COVID-19 is complicated for colleges because you serve such a wide variety of functions:
  - students learning
  - faculty teaching
  - are major local employers
  - important drivers of local and regional economies
  - support local healthcare system
  - And so much more....

# Largest System in the Nation

- 73 Locally Governed Districts
  - 116 colleges



A proportion that has  
been increasing since 2001

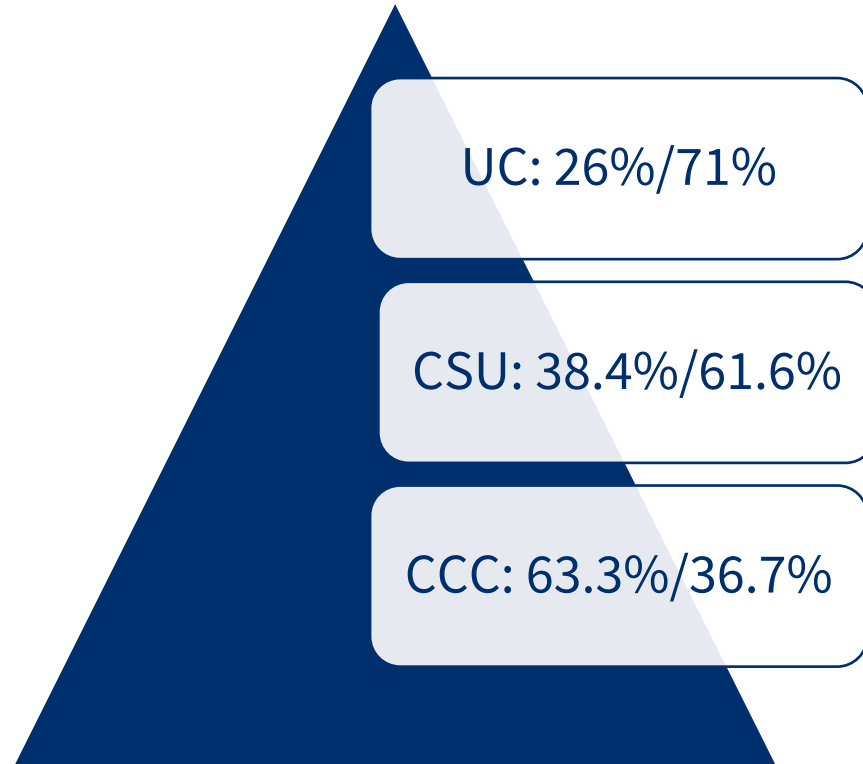


# Engines of Social and Economic Mobility

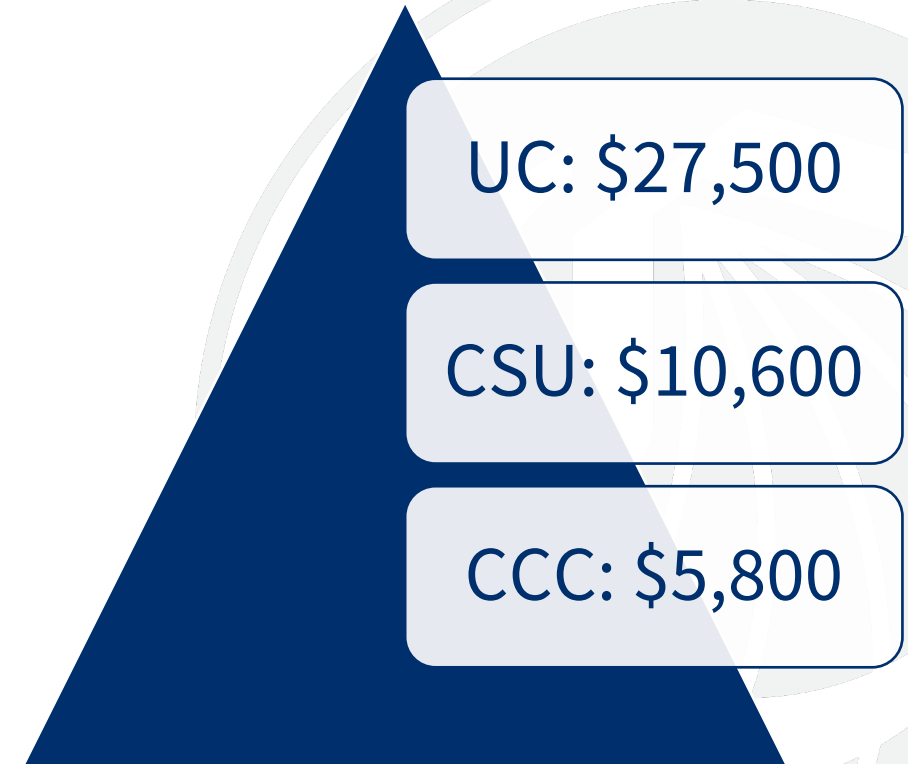
- Largest system of higher education in the nation: 115 colleges serving over 2.1 million students
- Open access to provide all students a college degree, workforce education, adult skills courses, and lifelong learning
- Most diverse student body of any system of higher education
- Largest provider of workforce training in the state and nation
- Nearly 30 percent of UC and 50 percent of CSU graduates started at a California Community College



# Systemic Challenges



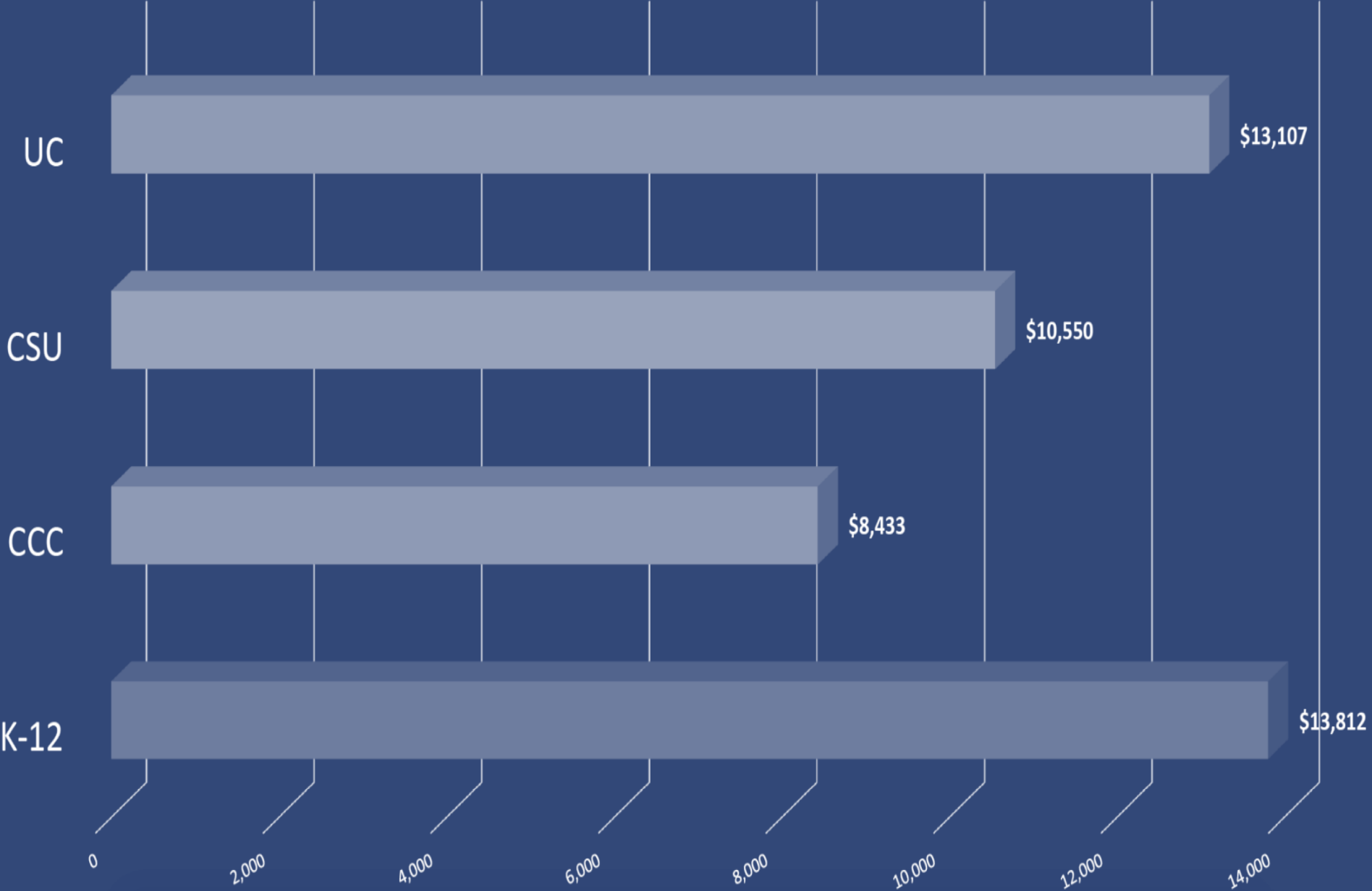
Demographics:  
Student of Color/Non Students of Color



Average Grant Aid

# 2019-20 State Revenue per Student

Source: LAO's Analyses of Governor's 20-21 Budget



# ALIGNED RESOURCES AND PROGRAMS TO PUT STUDENTS FIRST

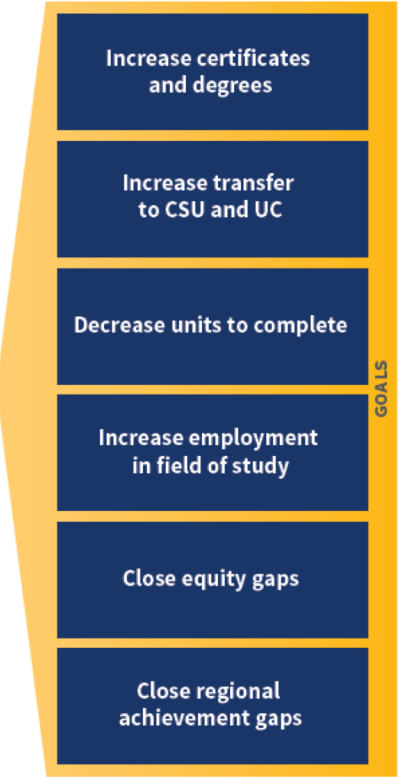
## THE WHY

Our Students and Communities



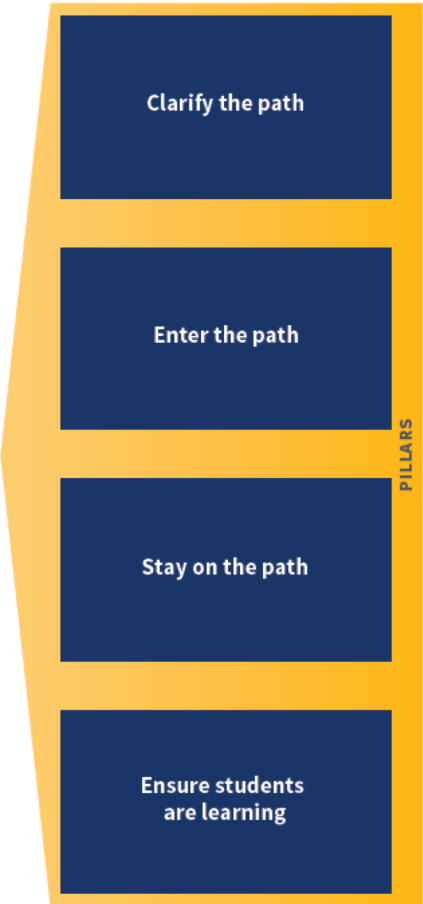
## THE WHAT

Vision for Success



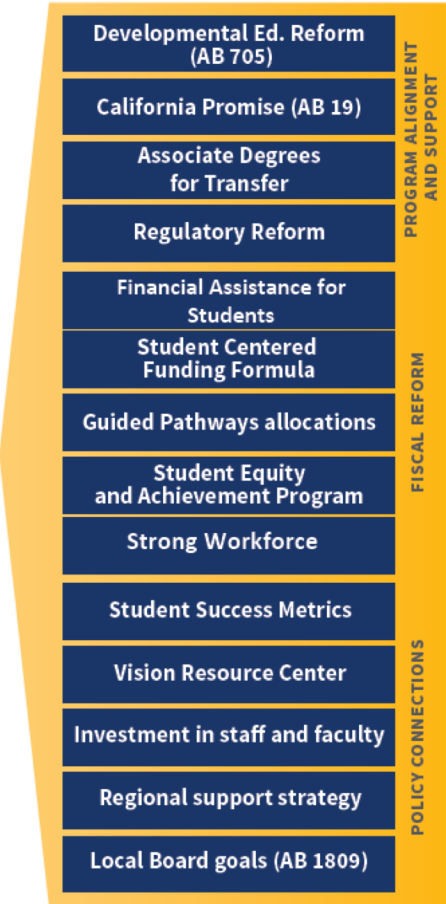
## THE HOW

Guided Pathways



## THE TOOLS

System-level Support



**And now we face this...**





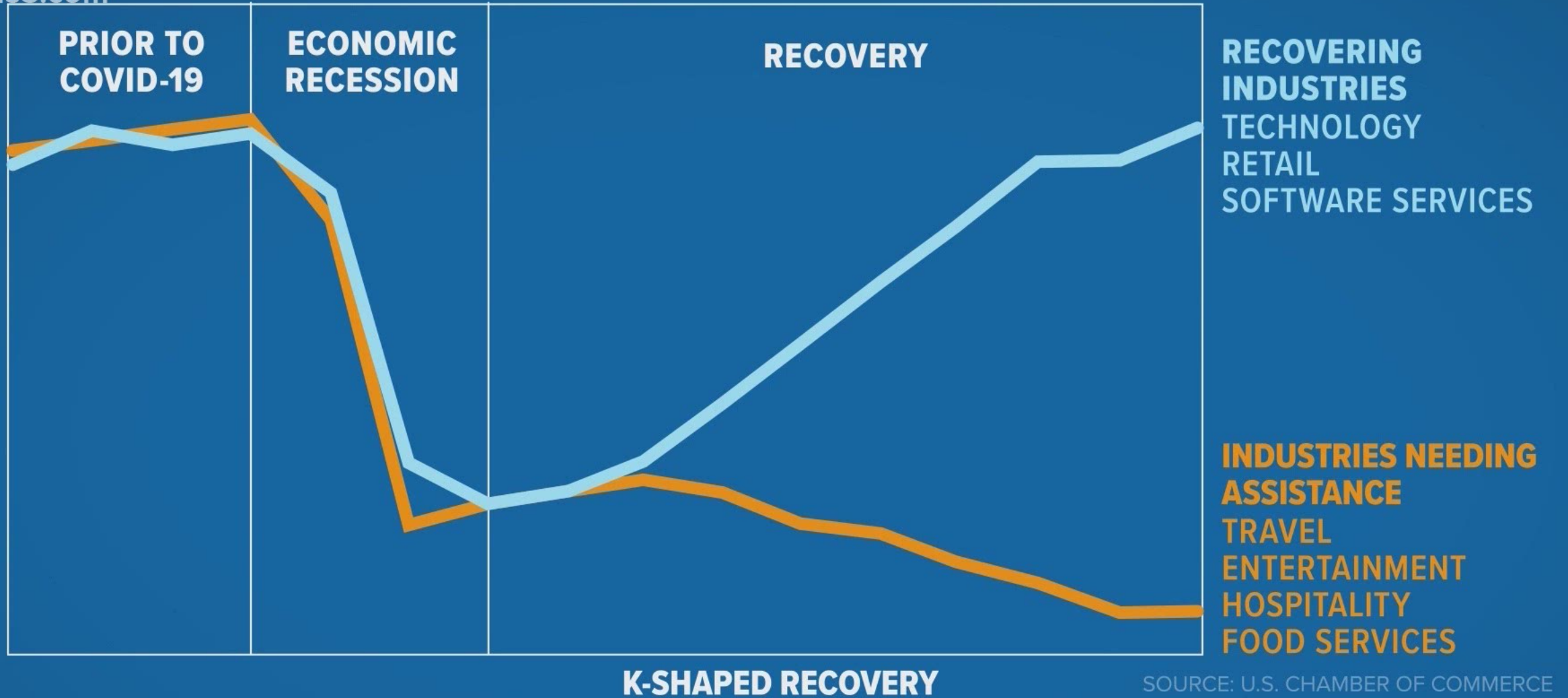












# The Legislature Will have Questions

- What have colleges done to retain or re-enroll students?
- Which students have been affected?
- How are basic needs issues being addressed?
- What is the long-term impact of fall enrollment numbers?
- Observations about instruction shift.



# Looking Ahead To 2021-22

## **The Good:**

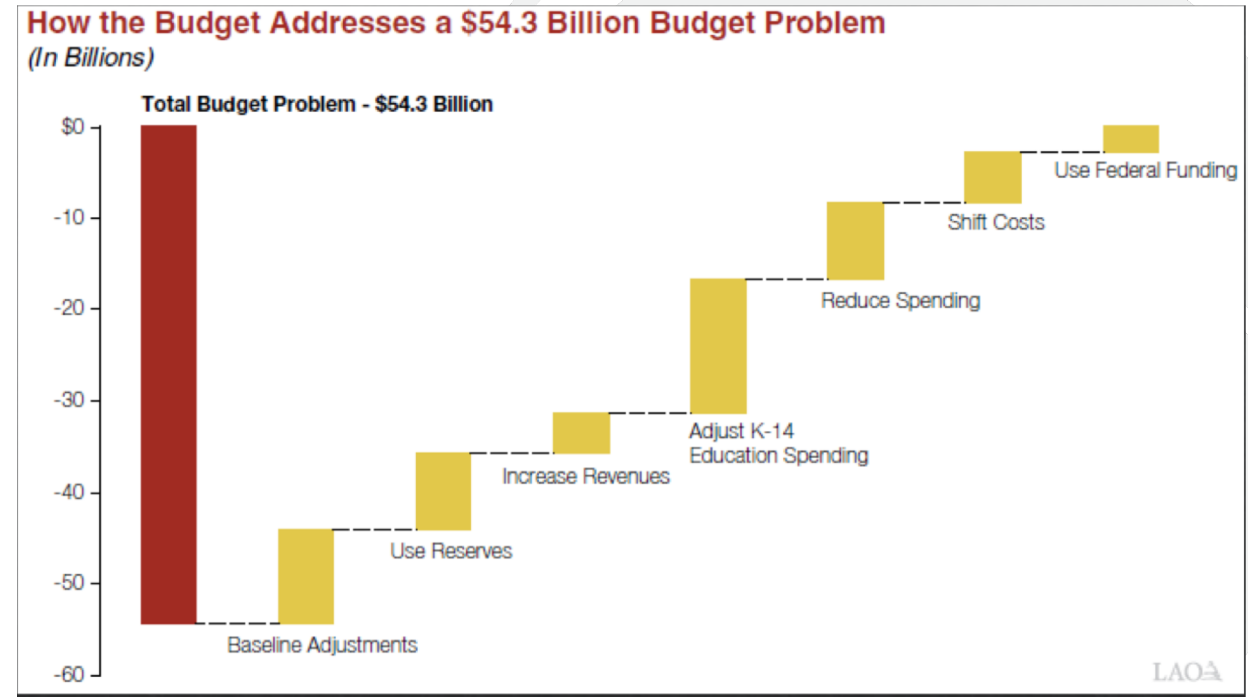
- July through September 2020-21 State Tax Collections above estimates.

## **The Bad:**

- Congress and the President were unable to reach agreement Federal Fiscal Relief Bills.
- State costs to respond to Wildfire and COVID-19 have significantly increased.
- The pandemic is not over.

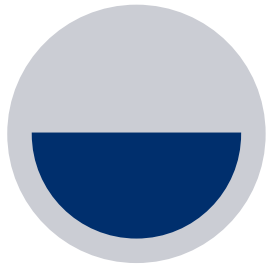
# Solutions Adopted in 2020-21 Budget Act:

- Baseline adjustments
- Education deferrals
- Cost shifts and borrowing
- Federal funds
- Reserves
- Revenue increases
- Spending reductions
- Protect certain job classifications



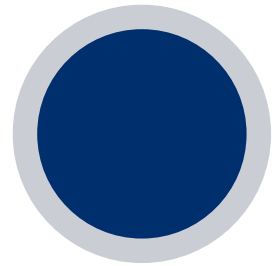
# Deferrals

- **Deferrals:** The State pays colleges in a future budget act. Deferrals allow districts spend without interruption.
- Some districts are more dependent on state resources than others.



## Low property tax region

Greater reliance on state dollars.  
Lower income area



## High property tax region

Less reliance on state dollars.  
Higher income areas



# Key Questions & Risks

- COVID-19 and Sustained Economic Recovery
- November Election
  - Proposition 15
  - National
- What tools can the Governor and Legislature still use?





# **Supporting CCC Fiscal Policy**



California  
Community  
Colleges



# Role in CCC Finance & Policy

Fiscal Health  
and  
Sustainability

Budget  
Advocacy

Apportionment  
of Funds to  
Colleges (SCFF)

Integrity in  
Budgeting  
Practices

Data to Inform  
Practices

# Our Primary Goal Has Been Supporting You

- Emergency Condition Allowances
- Emergency Exemptions from the 50% Law
- Expanded Use of Lottery Funds
- Student Refunds
- Budget Approval Extensions
- Weekly Updates
- Advocacy



# **Fiscal Standards & Accountability Unit**



# November Due Dates

## November 1

- CCFS-320 2019-20 Recal FTES (include all audit adjustments)
- Last Call on COVID-19 Emergency Conditions Allowance Opt In/Out
- Full-Time Faculty Obligation Report

## November 15

- 2020-21 311Q – First Quarter Financial Status Report
- CCFS-329 Property Tax & ERAF 2019-20 Actual & 2020-21 Estimates
- Unemployment Insurance Forms from Counties

## November 30

- Revised Part-Time Faculty Health Benefit & Office Hours Reimbursement Claims
- *Extended due date* for CCFS-311 2019-20 Annual Financial Report
- *Extended due date* for CCFS-323 Student Enrollment Fee Revenue Report

# Hardship Exemption from Deferrals

- Memo on Hardship Exemption from Deferrals has been posted on the [Hardship Exemptions from 2020-21 Deferrals](#) webpage, including details on how to apply for these funds.
- \$30 million available per month for February 2021 to June 2021.
- Upon approval by DOF, SCO, & STO, the amount may be revised to \$60 million in a given month.
- This should be consider as a cash source of last resort.

# Cash Flow Analysis

California Community Colleges

Request for Hardship Exemption from February 2021 Deferral

Exemption Request Amount

\$ -

District Cash Flow Projection Summary

All Funds and Component Units

	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Beginning balance, cash and available cash equivalents					
Cash inflow, excluding loans					
Cash inflow from loans	-	-	-	-	-
Available cash	-	-	-	-	-
Cash outflow					
Cash surplus (shortfall)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cash Inflow from Loans</b>					
County Treasurer					
Individual Tax and Revenue Anticipation Notes					
California School Finance Authority Pooled Tax and Revenue Anticipation Notes					
Other Pooled Tax and Revenue Anticipation Notes					
Other Loans					
Cash inflow from loans	\$ -	\$ -	\$ -	\$ -	\$ -

# Hardship Exemptions Due Dates

Deferral Hardship Exemption Request Month	Due Date	District Notification Date
February 2021	December 1, 2020	December 8, 2020
March 2021	January 1, 2021	January 8, 2021
April 2021	February 1, 2021	February 8, 2021
May 2021	March 1, 2021	March 8, 2021
June 2021	April 1, 2021	April 8, 2021



# Fall 2020 Faculty Obligation Report

- Fall 2020 penalties waived.
- Districts **MUST** continue to report actual full-time equivalent faculty (FTEF).
- Recommendation to Board of Governors for Fall 2021 is to **not** fully implement.
- Districts must continue to report and to meet compliance FON or prior year ratio of full-time FTEF to total FTEF.

# CARES Act–HEERF Awards

## HEERF Quarterly Reporting Requirements for CARES Act section 18004(a)(1) Institutional Share, (a)(2), and (a)(3) awards

Community College Districts are required to report on the CARES act awards each quarter. Institutions are required to **publicly post** the first reports on their website by **October 30, 2020**, covering the period from the date of the first HEERF grant award through September 30, 2020.

A draft of the [Quarterly Budget and Expenditure Reporting form and instructions](#) and the below HEERF Reporting Requirement table are available for further details on the [U.S. Department of Education's](#) (USDE) webpage.

# COVID-19 CRF Block Grant Reporting

Department of Finance (DOF) will open their COVID-19 CRF Block Grant Reporting portal on **November 6, 2020** (one-day interim reporting date) from **9:00 am – 5:00 pm**.

# COVID-19 CRF Block Grant Reporting (Cont.)

- DOF Sample Web Form Data Spreadsheet (for CRF reporting) - An excel sample of the primary fields that are required in the report. The web portal is modeled after this template. NOTE: This sample is not intended for official reporting purposes – Yet!
- If the designated data reporter or certifier changes, that information must be updated in the system during the open period. There will not be another opportunity for these changes until **Cycle 3 on January 6, 2021**, at this time, all funds should be expended or fully obligated.

# COVID-19 CRF Block Grant Reporting (Cont.)

Reporting Cycle	Reporting Period	Report Due
Cycle 3	10/1 – 12/31/2020	1/6/2021
Cycle 4	1/1 – 3/31/2021	4/7/2021
Cycle 5	4/1 – 6/30/2021	7/7/2021
Cycle 6	7/1 – 9/30/2021	10/6/2021

# COVID-19 Block Grant CRF Report to CCCCCO

- Due January 6, 2021 to [fiscalstandards@cccco.edu](mailto:fiscalstandards@cccco.edu).
- Report Format to be provided soon.
- Provides data for required legislative report.
- Breaks federal categories into sub-categories.

# Expanded Allowable Uses of Lottery Funds

- Expanded definition of instructional materials to include laptop computers and devices that provide internet access for use by pupils, students, teachers, and faculty as learning resources.
- Student basic needs, including housing and food assistance for students.



# Non-CCAP Dual Enrollment Limit = **11.00** Units per Semester

- Education Code 76001 (d) states:  
“ a special part-time student may enroll in up to, and including, 11 units per semester...”
- SAAM and CDAM formerly read 11.99 units and will be revised to read **11.00** units.
- **11.00** unit limit will apply for 2020-21 audits.

# Attendance Accounting

## Proposed Regulation Change

- Title 5 sections 58003.1 & 58009 – proposes to allow compressed calendar districts to use 17.5 (or 11.67 for Quarter Calendars) as Term Length Multiplier for Credit Distance Education courses.
- November 2020 Board of Governor's meeting – First Reading

## In Progress

- Noncredit Distance Education – Asynchronous Open Entry/Open Exit
- Laboratory Courses
- Competency Based Education

# Facilities Planning and Utilization Unit



# CCC Facilities Needs

- 5-year Facilities Needs = \$28.9B
- 10-year Facilities Needs = \$41.4B
- Enrollment Growth Needs = 6.4M ASF
- Modernization Needs = 28M ASF
  - 59% of buildings: over 25 years old
  - 48% of buildings: over 40 years old



# Prop 51 – Bond Status

- 2017-18 State Budget
  - \$16.9M - 15 new projects  
Preliminary Plan Phase only
- 2018-19 State Budget
  - \$40.2M – 15 continuing projects  
Working Drawing Phase
  - \$9.6M – 6 new projects  
P and W Phases
- 2019-20 State Budget
  - \$486M – 20 continuing projects  
Construction Phase
  - \$48M – 38 new projects  
P and W Phases
- 2020-21 State Budget
  - \$194M – 15 continuing projects  
Construction Phase
  - \$45M – 33 new projects  
P and W Phases
  - 8 projects accelerated from 21/22  
Spending Plan

# Prop 51 – Bond Status

- *2021-22 Proposed State Budget*
  - \$707M – 44 continuing projects
  - \$2.7M – 1 new projects PW Phases
- \$203M – 8 new addition projects Continuing phase



# Prop 51 – Bond Status

- As of 2020-21
  - **92 State funded projects**
  - \$1.9B in project costs
  - \$33M in new project costs in the 21/22 Spending Plan
  - \$91M remaining
- Department of Finance
  - Local contribution needed

# Capital Outlay Updates

- Board of Governors adopted the revised Capital Outlay program in September 2020
- Aligns to the *Vision for Success*
- Collaboration with ACBO FAC, DOF, and Legislative Advocate
- Revised metrics for project scoring
- Goes into effect for FY 2021-22 5-Year Plan submissions
- Increased space for lecture and office space



# Capital Outlay Updates

- Three categories
  - Category A
    - To provide for safe facilities and activate existing space
    - Up to 50% of the total
  - Category G (Growth)
    - To increase instructional and institutional support spaces (B, E, and D)
    - 35% of the remaining total
  - Category M (Modernization or Replacement)
    - To modernize instructional and institutional support spaces. (C, F, and D)
    - 65% of the remaining total

# Fiscal Services Unit Updates

# Fiscal Services Unit Updates

- 2019-20 P2
- 2020-21 Advance
- Coordination of the apportionment of over 30 categorical program.
- Mandates Block Grant Allocations in November (\$33.4 million)
- Serves as the Budget Office for the Chancellor's Office

# 2019-20 P2

- Apportionment of \$492 million General Fund appropriated in the 2020 Budget Act for 2019-20 SCFF apportionments.
- Approximately \$24 million in authority is pending and will likely be disbursed at 2019-20 Recalculation.
- The Exhibit C published on our website reflects revenue deficits based on the pending \$24 million in authority being available.
- .95% revenue deficit for applicable districts

# 2020-21 Advance

- The Schedule A12 reflects the disbursement of the \$492 million in 2019-20 SCFF under the Prior Year Adjustment row.
- The schedule reflects the acceleration of 12 categorical program payments through January and the deferral of SCFF beginning in February.
- .85% preliminary deficit based on current SCFF calculation and estimated offsetting revenues, and General Fund.

# Next Steps

- 2019-20 Recalculation based on updated FTES, district reported property taxes, and district reported enrollment fees.
- 2020-21 P1 based on estimated FTES, county reported property taxes, and district estimated enrollment fees. Implementation of SCFF and COVID protections.
- With limited resources to disburse from February to June, most adjustments to 2019-20 and 2020-21 SCFF allocations will not be reflected until July 2021 deferral and apportionment payments.



# **Student Centered Funding Formula**



# Principles

- In reforming funding for community college districts, the aim is to do the following:
  - Encourage progress toward access, equity, and success.
  - Provide groups of students that have faced barriers to success with additional support to meet our goals.
- Community college finance can further reforms around equity, completion and, the Guided Pathways framework.



# Local Cost of Attendance & SEARS Data

## Student Expense Data

- The Chancellor's Office released revised regional cost estimates on student expenses from the California Student Aid Commission (CSAC) based on SEARS.
- Utilizing updated student expense estimates may have a direct effect on the number of students who qualify for the CCPG (formerly the BOG fee waiver).

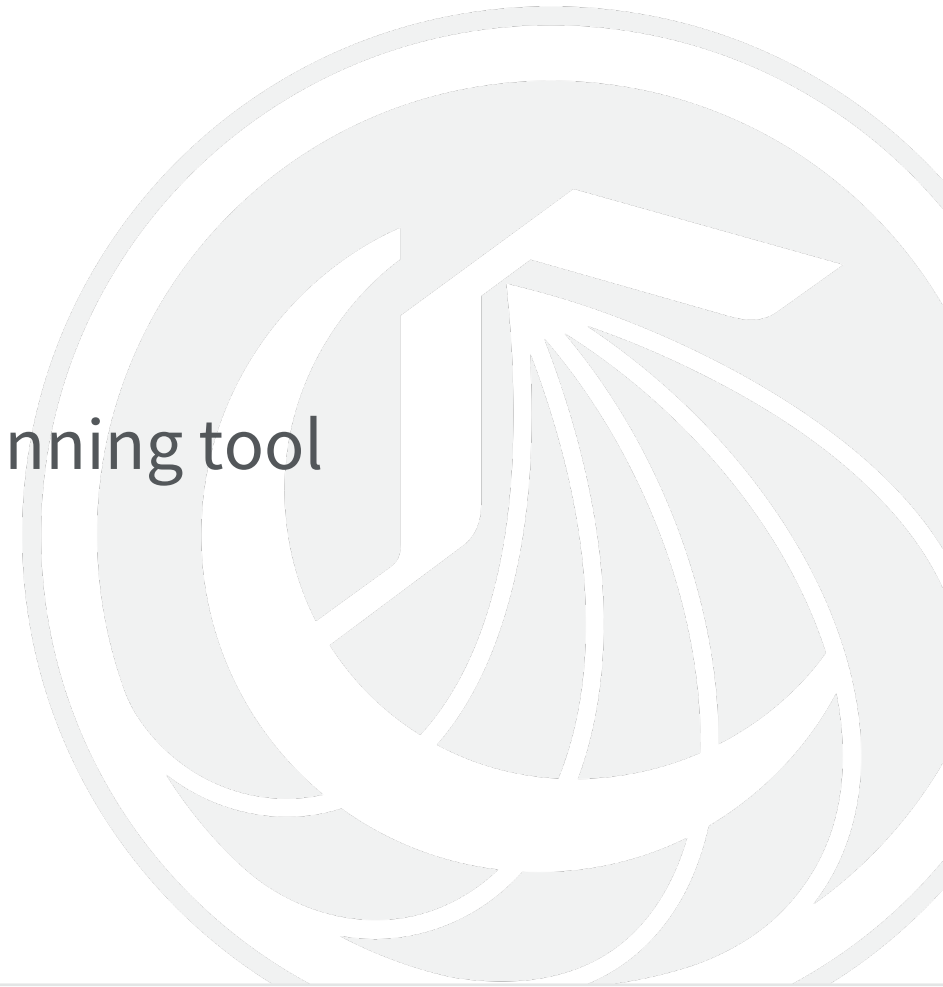
## Cost of Attendance

- The Chancellor's Office recommends that colleges review the SEARS regional data to inform their own assessments of student expense budgets and COA.

# Setting Rate

## Why It's a Big Deal

- Provides an opportunity to create a local planning tool
- Enables rates to grow by COLA
- Provide an opportunity for trend analysis



# Outcome Trends for Low-Income Students

While Systemwide enrollment of low-income students has declined in recent years, the system is increasing the number of low-income students achieving successful educational outcomes

- ADTs for Pell Grant recipients 39.6%
- ADTs for CCPG recipients 40.5%
- Transfer to a four-year institution for Pell Grant recipients 5.2%
- Transfer for CCPG recipients 6.7%

# SCFF Planning Dashboard

## Timeline:

Phase 1 – Winter 2020/21

Phase 2 – Spring 2021

Phase 3 – Summer 2021

- Phase 1: Enrollment Analysis
- Phase 2: Local Planning Tool and Hold Harmless Analysis
- Phase 3: Emerging Trends

# Budget Advocacy for 2021-22

# ADVOCACY:

## *A Plan For An Equitable Recovery*

- California faces the dichotomy of an economic recovery that exacerbates inequalities for our most vulnerable residents while further enriching the wealthy.
- The state needs a plan for an equitable recovery and such a plan should include a commitment and investment in California's Community Colleges.
- The state's 116 community colleges, with adaptable workforce education programs and quality transfer pathways, will be crucial in helping California navigate the new economy emerging from the current public health crisis.

College Finance and Facilities Planning

# Thank You!

For more information, please visit our Budget News section:

[www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News](http://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News)