

**2019-2020**  
**District Budget Advisory Committee (DBAC)**

**Meeting Agenda - June 16, 2020**

**Location: Via Zoom**

**Time: 1:30-3:00 p.m.**

**Remote participation in the meeting is available using Zoom.**

Note Taker: Carla Maitland

Time	Agenda Topic	Discussion Leader
1:30-2:00	2020-2021 Tentative Budget	Cheu
2:00-2:30	2020-2021 State Budget Update - Legislative Proposal	Cheu
2:30-3:00	Measure G General Obligation Bond Program Planning Update	Cheu
Handouts:	2020-2021 Tentative Budget 2020-21 State Budget Update - Legislative Proposal from 6/3/2020 Measure G General Obligation Bond Program Planning Update	

# **2020-21 Tentative Budget**

**June 8, 2020**

Susan Cheu, Vice Chancellor, Business Services  
Raquel Puentes-Griffith, Executive Director, Fiscal Services  
Sirisha Pingali, Director, Budget Operations



## **Overview**

- Projected 2019-20 Ending Fund Balance
- Latest Updates – May Revise and Student Centered Funding Formula (SCFF)
- 2020-21 Assumptions, Projected Revenues/Expenses and Fund Balance
- FTES Trends
- Future Fiscal Planning
- Looking Ahead – Extended Deadlines

## Projected 2019-20 Ending Fund Balance – Allocation

### ☐ \$36.8M 2019-20 Projected Fund Balance Allocation:

- \$8.0M - Colleges & Central Services “B” budget carryover
- \$1.9M - Districtwide carryover
- \$2.0M – Supplemental Retirement Program Reserve
- \$9.7M - Maintain district’s budgeted 5% reserve
- **\$15.2M – Projected Stability Fund**

***Please note:** Stability Fund will fluctuate based on final year-end close figures and changes in carryforwards.*

*Depending on timing, the reclassification implementation retro of \$3.5 – 4.5 million could also affect projected ending fund balance and the stability fund.*

## May Revise, SCFF & Basic Aid Update

- ☐ Uncertainty moving into new fiscal year and August Revision
  - Personal and corporate tax returns due 7/15
  - Delay of second property tax payment
  - Possibility of federal aid package could reverse cuts
- ☐ Proposed 10% reduction (2.31% COLA and 7.69% base)
- ☐ Three changes to SCFF
  - Rates locked in at fiscal year 2019-20 with COLA
  - Additional two years of hold harmless; Includes removal of prior years’ COLA from 2017-18 rates
  - 70/20/10 percentage split remains
- ☐ Community Funded/Basic Aid Status
  - Property tax + enrollment fee revenue > state apportionment
  - Based on 2019-20 revenue, FHDA is \$11 million or 7% from Basic Aid status
  - Assumes property tax and enrollment revenue stays the same or increases
  - Shrinking down to basic aid, not growing into it

**Major Revenue Assumptions  
Best Case Scenario  
2020-21 General Fund**

- ☐ May Revise 10% Reduction in State Apportionment
  - 2.3% forgone COLA
  - 7.7% base revenue decline
- ☐ Basic Aid Status
- ☐ Flat Property Tax and Enrollment Fees
- ☐ 30% Reduction in NonResident Revenue

**2020-21 General Fund  
Revenue – Best Case Scenario**

<b>2019-20 Base Revenue</b>	<b>\$ 200.1M</b>
<small>(Local Property Tax, Resident Enrollment Fees, NonResident, STRS On-Behalf, and Other Revenues)</small>	
State Apportionment Reduction	(11.1M)
NonResident Tuition	(8.8M)
Local Revenue Adjustments	(0.4M)
Other State Apportionment (EPA/FTFH)	3.4M
STRS On-Behalf (corresponding expense)	<u>0.3M</u>
<b>Net Changes</b>	<b>\$(16.6M)</b>
<b>2020-21 Total Tentative Budget Revenue</b>	<b>\$ 183.5M</b>

## 2020-21 General Fund Expenditures

<b>2019-20 Expenditures and Net Transfers</b>	<b>\$ 186.8M</b>
COLA Increase 6%	7.0M
SRP Methodology Correction	(2.1M)
SRP Classified Position Adjmts	(0.4M)
Other Operating, Supplies, & Capital	(0.4M)
Net Salary Changes (Step/Column, PTF Adjmts, Position Funding Changes)	(2.3M)
Transfer Support – Parking, DSPS, Debt	1.0M
STRS On-Behalf (corresponding revenue)	0.3M
Net Benefits (STRS/PERS Rate Reduction)	<u>0.4M</u>
<b>Net Changes</b>	<b>\$ 3.5M</b>

<b>2020-21 Tentative Budget Expenditures and Net Transfers</b>	<b>\$ 190.3M*</b>
--	-------------------

*\*Anticipated reclassification of \$3.5 – 4.5 million will be reflected at Adopted Budget*

## 2020-21 Projected Ending Fund Balance – *Best Case Scenario*

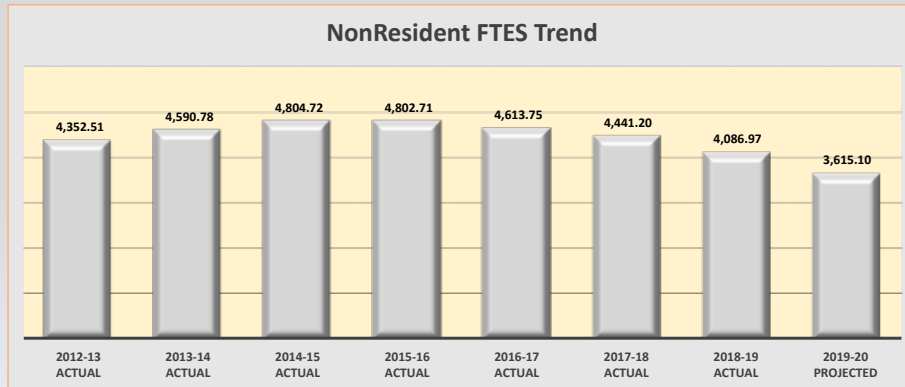
<b>Projected Beginning Fund Balance, July 1, 2020</b>	<b>\$ 36.8M</b>
Ongoing Structural Deficit and Projected Change	(6.8M)
<i>Anticipated Reclassification Implementation</i>	(4.6M)
<b>Projected Ending Fund Balance, June 30, 2021</b>	<b>\$ 25.4M</b>

### Fund Balance Allocation:

College & Central Services Carryforwards	\$ 8.0M
Districtwide Restricted Carryforwards	1.9M
Supplemental Retirement Plan (SRP)	2.0M
Required 5% Budgeted Reserve	<u>9.7M</u>
<b>Projected Stability Fund, June 30, 2021</b>	<b>\$ 3.8M</b>

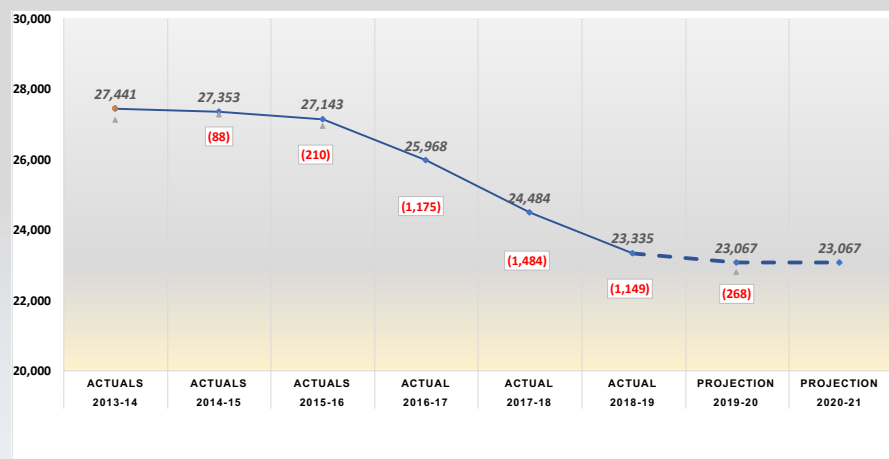
**Please note:** *Stability Fund will fluctuate based on final year-end close figures, actual reclassification costs and changes in carryforwards.*

## NonResident FTES – Revenue Exposure



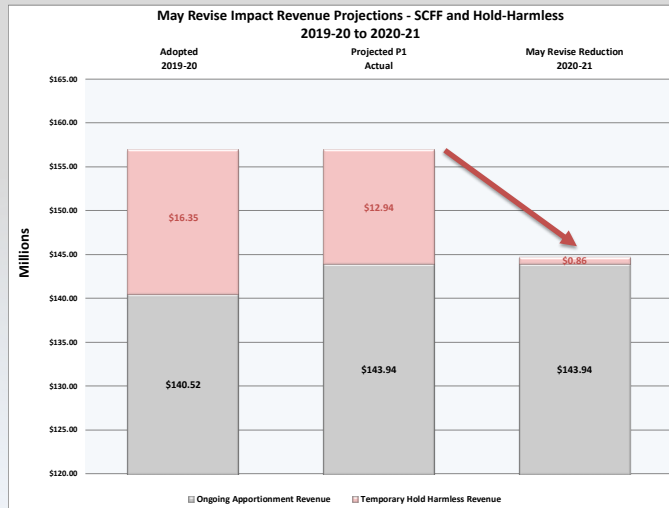
- In 2019-20 Adopted Budget, \$26.8M accounted for 15% of Base Revenue
- Best Case Scenario is assuming a 30% reduction of NonResident Revenue
- Evaluate exposure going forward of \$18.6M or 10% 2020-21 Revenue

## Resident FTES Trend – ?



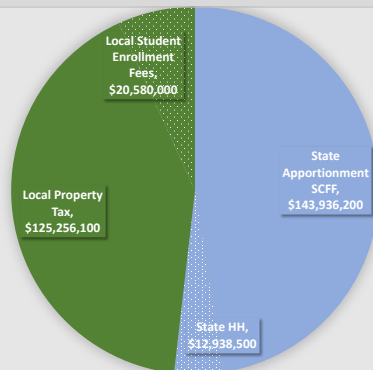
The enrollment effect of the pandemic is unknown...

## May Revise Impact to SCFF and Hold-Harmless



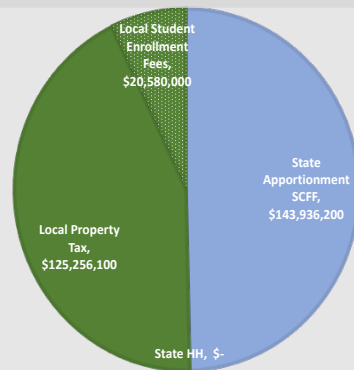
The 7.7% proposed base revenue reduction decrease base to \$144.8M and virtually eliminates hold-harmless revenue and results in Basic Aid status.

## Sizing Down to Basic Aid (barely) through Revenue Loss



2019-20

Apportionment > Local  
\$156.9      \$145.8M



Est. 2020-21

Apportionment < Local  
\$143.9M      \$145.8

**Foothill-De Anza Community College District**  
**Multi-Year Projections For General Purpose Fund (Fund 114)**

**2020-21 Tentative Budget - Best Case Scenario**

*Note: Projected amounts are estimates only and subject to change as new information becomes available.*

Description	2019-20 Adopted Budget	2020-21 Tentative Budget	2021-22 Projection	2022-23 Projection
Resident FTES (F/T Equiv Student)	22,335	23,067	23,067	23,067
FTES Restoration	-4.29%	-1.15%	0.00%	0.00%
COLA	3.26%	0.00%	0.00%	0.00%
Ongoing Revenues	\$183,768,129	\$183,462,850	\$184,217,850	\$184,984,250
Ongoing Expenses & Net Transfers Out	186,838,886	194,845,189	192,753,789	194,313,494
<b>Structural Surplus/(Deficit)</b>	<b>(\$3,070,757)</b>	<b>(\$11,382,339)</b>	<b>(\$8,535,939)</b>	<b>(\$9,329,244)</b>
One-Time and Temporary Revenue	16,350,600	0	0	0
One-Time Expenditures & Transfers; Anticipated Compensation Adjustments	(11,625,000)	0	1,000,000	1,000,000
<b>Net Change in Fund Balance</b>	<b>\$1,654,843</b>	<b>(\$11,382,339)</b>	<b>(\$7,535,939)</b>	<b>(\$8,329,244)</b>
Beginning Fund Balance	33,405,207	36,856,980	25,474,641	17,938,702
<b>Net Change in Fund Balance</b>	<b>1,654,843</b>	<b>(11,382,339)</b>	<b>(7,535,939)</b>	<b>(8,329,244)</b>
<b>Ending Fund Balance</b>	<b>\$35,060,050</b>	<b>\$25,474,641</b>	<b>\$17,938,702</b>	<b>\$9,609,458</b>
<b>Less: Carryforwards/Restricted</b>				
Colleges/CS/DW Carryforwards, 5% Reserves	23,612,304	21,658,259	21,503,689	21,581,675
<b>FHDA Stability Fund</b>	<b>\$11,447,746</b>	<b>\$3,816,381</b>	<b>(\$3,564,988)</b>	<b>(\$11,972,217)</b>

**Variance: +/- \$1-2 million subject to revenue fluctuations**

## Planning Within This Fiscal Environment

- ☐ Extremely "Tentative" Budget
- ☐ Uncertainty of effects from August Revision
- ☐ Depending on federal aid or other changes to state budget, FHDA could "float" in and out of basic aid
- ☐ Monitoring of non-resident to see what effect that will have on overall revenue
- ☐ Stability fund is anticipated to end at \$15.2 - \$10.7 million; taking into account the projected (\$7- 11.4 million) deficit, the balance would only last one year when the reclassification retro and its ongoing implementation are added.
- ☐ Current deficit necessitates budget planning to have a balanced budget for 2021-22



## **Looking Ahead – Extended Schedule**

### **Key Final Budget Dates:**

- ✓ Revised budget due from the legislature to the governor by June 15, 2020
- ✓ Governor must finalize budget by June 30, 2020 – pending July updated state revenue
- ✓ 2019-20 ending fund balance will be finalized
- ✓ State “August Revision” for updates to State Budget
- ✓ Late August and September revise FHDA Budget
- ✓ October 5, 2020 – Final Budget Adoption

## **Questions/Comments**



**TO:** California Community Colleges

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

**RE:** 2020-21 State Budget Update – Legislative Proposal

---

### **2020-21 State Budget Update – Legislative Proposal**

**Context:**

Late June 3, 2020, the Senate and Assembly reached an agreement around the 2020-21 state budget legislative plan. This memo provides a brief update on the proposal. The leaders of the State Senate and the State Assembly will now negotiate with the Governor to reach an agreement before presenting a spending plan for both houses to approve by June 15.

**Senate-Assembly 2020-21 Budget Agreement:**

The legislature closes a [\\$54 billion budget](#) shortfall by adopting the Department of Finance’s revenue forecast and the Legislative Analyst’s Office lower COVID-19 expense estimates.

The [legislative budget agreement](#) aligns to many elements of the [Senate’s plan May 28<sup>th</sup> plan](#). The Senate-Assembly agreement rejects many of the Governor’s May Revision proposed cuts, including \$8.1 billion in proposed reductions to Proposition 98 funding. The [legislative budget](#) agreement instead assumes federal funding would be available to backfill California’s General Fund and COVID-19 expenses. Under this “trigger” mechanism, if federal funds do not materialize by September 1, 2020, the proposed trigger solutions would take effect on October 1, 2020. The trigger solutions include \$5.3 billion in deferrals to K-14 education of which over \$670 million is funding to California’s community college which would be paid in future years. In practice, this relies on local community college district to use reserves for payments, expenses, payroll during the months of April, May and June of 2021.

Below is a top-level summary of key differences between the Governor’s May Revision and the Legislature’s Proposals:

<b>Governor’s May Revision</b>	<b>Legislative Proposal with Federal Funding Assumptions</b>	<b>Legislative Proposal without Federal Funding</b>
Reductions and deferrals totaling \$925 million for 2020-21.	No reductions to Proposition 98.	Defers nearly \$700 million in community college funding to future years.

<b>Governor’s May Revision</b>	<b>Legislative Proposal with Federal Funding Assumptions</b>	<b>Legislative Proposal without Federal Funding</b>
Does not provide a COLA. Reduces the Student Centered Funding Formula by \$593 million.	Provides funding for the Student Centered Funding Formula, including a COLA.	Assumes available revenue for COLA.
Defers \$330 million in 2019-20 to 2020-21.	Approves \$332 million in deferrals in the 2019-20 and 2020-21 budget years.	Approves an Oct. 1 trigger deferral of \$674.3 million Proposition 98 if the state does not receive federal funding.
Reduces Student Equity and Achievement Program by 15%. Reduces Strong Workforce Program to \$100 million ongoing.	Rejects the Governor’s proposed cuts to apportionments and several categoricals, including Strong Workforce and Student Equity and Achievement.	Defers funding to certain categoricals to future years.
Reduces Calbright College by 15% ongoing.	Would eliminate Calbright and redirects funds.	Would eliminate Calbright and redirects funds.
Proposes greater coordination and transparency of statewide technical assistance funding through a System Support Program.	Rejects coordination of statewide technical assistance funding through the System Support Program.	Rejects coordination of statewide technical assistance funding through the System Support Program.
No proposal	Allocates \$11.4 million for food pantries.	Allocates \$11.4 million for food pantries. Included in overall deferrals.
Reduces the part-time faculty categorical by 15%.	Proposes \$10.6 million for part-time faculty.	Proposes \$10.6 million for part-time faculty.
Provides no enrollment growth.	Provides \$31.9 million for enrollment growth.	Defers \$31.9 million for enrollment growth.
Provides ongoing support for immigrant legal services.	Provides ongoing support for immigrant legal services.	Provides ongoing support for immigrant legal services.
Moves the Dreamer Resource Liaison program to the Student Equity and Achievement Program.	Provides \$5.8 million ongoing to support the Dreamer Resource Liaison program.	Provides \$5.8 million ongoing to support the Dreamer Resource Liaison program. Included in overall deferrals.

**Next Steps:**

The Senate-Assembly budget agreement allows both chambers to circumvent the Conference Committee process. The Senate President pro Tempore and the Assembly Speaker now begin negotiations with Governor Newsom and the Department of Finance. A budget agreement is expected in time for a vote by the full Senate and Assembly in time for the June 15 Constitutional deadline.

For more information throughout the budget process, please visit the ***Budget News*** section of the Chancellor's Office website:

[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), or contact me at [lnavarette@cccco.edu](mailto:lnavarette@cccco.edu).

# **Foothill-De Anza CCD Measure G General Obligation Bond Program Planning Update**

**June 8, 2020**

**Susan Cheu, Vice Chancellor, Business Services**



# **Thank you!**

**The District appreciates the support of the community in the passage of the \$898 million Measure G General Obligation Bond!!!**

**Your continued trust and support of the District is truly appreciated. We are excited about the amazing projects and improvements that will be made possible for our students, faculty and staff at Foothill-De Anza Community College District because of you!**



# Measure G To Do List

## What has the District done?

Status	Details	Date
X	Passage of "Measure G" General Obligation Bond	March 3, 2020

## Resolutions that went for Board Approval

Status	Details	Date
X	Resolution to Accept and Certify Election Results ( <b>Resolution No. 2020-17</b> )	June 2, 2020
X	Resolution to Designate a Citizens' Bond Oversight Committee for Measure G and approve Amended and Restated Bylaws ( <b>Resolution No. 2020-18</b> )	June 2, 2020
X	Resolution Regarding the Intention to Issue Tax-Exempt Obligations ( <b>Resolution No. 2020-19</b> )	June 2, 2020
X	Resolution Requesting the Board of Supervisors of Santa Clara County to establish tax rate for bonds expected to be sold during fiscal year 2020-21 ( <b>Resolution No. 2020-20</b> )	June 2, 2020

### Status Legend:

X = Completed



= In Progress/Under Development

# Establish new Citizens' Bond Oversight Committee (CBOC) to oversee Measures C and G

Status	Details	Date
	Advertise and recruit for committee members	June 2020
	Interview prospective committee members	June 2020
	Add Measure G to District Website	June 2020
	Update community through District Measure G Website	June 2020
	Provide committee member recommendations to Chancellor	July 2020
	Recommend committee members for Board approval	July 13, 2020

## Status Legend:

X = Completed

 = In Progress/Under Development



# Facility Master Plan

Status	Details	Date
X	Met with Master Plan Architect and campuses	May 29, 2020
🚧	Start process for consultant assistance in scoping vision for De Anza Event Center	June - July 2020
🚧	Work with constituency groups to develop overall plans	June - Feb 2021
🚧	Present Updated Five-Year Plans to Board	Spring 2021

**Status Legend:**

**X** = Completed

🚧 = In Progress/Under Development

# Executive Bond Committee

Status	Details	Date
X	Met May 1, 2020	May 2020
X	Met May 11, 2020	May 2020

## Status Legend:

X = Completed



= In Progress/Under Development

## Meeting Objectives:

- Lessons learned from previous bond measures
- Establish business process foundation
- Review project delivery methods
- Analyze bond budget breakdown
- Define bond staff positions as "but for the bond"
- Discuss accounting and purchasing structure

# Distribute Requests for Qualifications (RFQ) and Proposals (RFP), including:

Status	Details	Date
	Facilities Assessment, RFQ/RFP	June 2020
	De Anza Architect Master Plan for De Anza Event Center, RFQ/RFP	June 2020
	CEQA/EIR Assessment, RFQ	June 2020
	Construction Management/Project Management, RFQ	June 2020
	General Architect Firms, RFQ	June 2020
	Civil Engineers, RFQ	June 2020
	Geotechnical Firms, RFQ	June 2020
	Hazardous Materials Testing/Reporting Firms, RFQ	June 2020



## Status Legend:

**X** = Completed

 = In Progress/Under Development



# Establish boiler plate contract language

Status	Details	Date
	Master Agreements	June 2020
	Invoice Requirements and Payment Terms	June 2020



## Status Legend:

**X** = Completed



= In Progress/Under Development

# Measure G Bond Program Plan




Status	Details	Date
	Campuses review and analyze project list for prioritization	May - October 2020
	Develop Master Project List	Summer and Fall 2020

**Status Legend:**      X = Completed       = In Progress/Under Development

## Master Project List Objectives:

- Campus Project Prioritization
- Scope statements
- Estimated budgets

# Next Steps of Measure G Bond Program Plan

Status	Details	Date
	Board Approval of Master Project List	Fall 2020
	Issuance of first bond series	Fall 2020 / Winter 2021
	Monthly Status Updates to Board	Ongoing

## Status Legend:

**X** = Completed

 = In Progress/Under Development



# Questions?

