

Governing Board
Tentative Budget Workshop
FY20-21

JULY 14, 2020

The Apportionment Cycle

Certification Period	Timing	Payments
Advance Apportionment	July 15th of the current fiscal year	July through January
First Principal Apportionment	February 20th of the current fiscal year	February through May
Second Principal Apportionment	June 25th of the current fiscal year	June
Recalculation	February 20th of the subsequent fiscal year	February of the subsequent fiscal year



Actual State Funding for the FY20-21 Year will not be known until February 2022 (8 months after the year ends).

Provisions in State Budget Act



Temporary reduction to pension costs.

- CalPERS estimated employer contributions from 22.67% to 20.7% in 2020-21
- CalSTRS estimated employer contributions from 18.41% to 16.15% in 2020-21

Districts are prohibited from laying off any permanent or probationary employee with a classification in nutrition, transportation, or custodial services in FY20-21.

COVID-19-related expenditures are exempt from the Fifty Percent Law through June 30, 2021.

Penalties related to FON obligations are temporarily suspended for the Fall 2020 report until further notice.

As a condition of receiving Student Equity and Achievement Program funds, colleges must support or establish on-campus food pantries or regular food distribution programs.

FY20-21 Tentative Budget Building Assumptions

- FY20-21 is the second year of a planned, 2-year strategy to step down the Unrestricted General Fund Ending Balance in line with the Governing Board's Policy 6210.
- No funding for enrollment growth, new programs, or COLA.
- Build in resiliency to withstand 6% mid-year reduction to the SCFF allocations.
- No change to EOPS, Strong Workforce or Student Equity and Achievement Programs from FY19-20.
- Federal revenues may trend in a positive direction in response to COVID-19 assistance.
- Hold Harmless provision is extended through 2024. However, the protection will be eroded in years with State revenue deficits.
- FY20-21 apportionment payments of \$20 Million will be deferred until FY21-22. Up to \$10.6 Million in deferrals will be triggered off if additional Federal aid is received by the State.
- Local revenue is projected to decrease by \$3 Million. The decrease is principally comprised of foregone parking permit sales, food service sales, and facility leasing revenue due to remote operations.
- Balance budget using FY19-20 ending fund balance and prudent fiscal management to ensure fiscal stability.

Full-time Equivalent Students (FTES) Goals and Analysis

Table 2: Full Time Equivalent Student Trends and FY20-21 Goals

FTES TRENDS and Budget Year Goals

Fiscal Year	Funded FTES	Actual FTES	Funded Credit FTES	Incarcerated Credit	Funded Special Admit	CDCP	Funded Noncredit FTES
14-15	15,409.89	14,659.67	15,153.63			37.19	219.07
15-16*	13,767.21	15,025.00	13,509.49			37.32	220.62
16-17	15,877.07	14,736.47	15,625.79			38.97	212.31
17-18*	13,317.70	14,424.06	12,778.47	72.45	232.22	38.40	196.28
18-19**	14,694.00	14,694.29	14,199.03	62.87	201.63	44.87	185.89
19-20** (P1)	14,209.08	15,008.59	14,688.02	30.98	189.50	50.82	49.27
20-21***	14,750.00	14,750.00	14,184.33	73.99	237.21	45.53	208.95

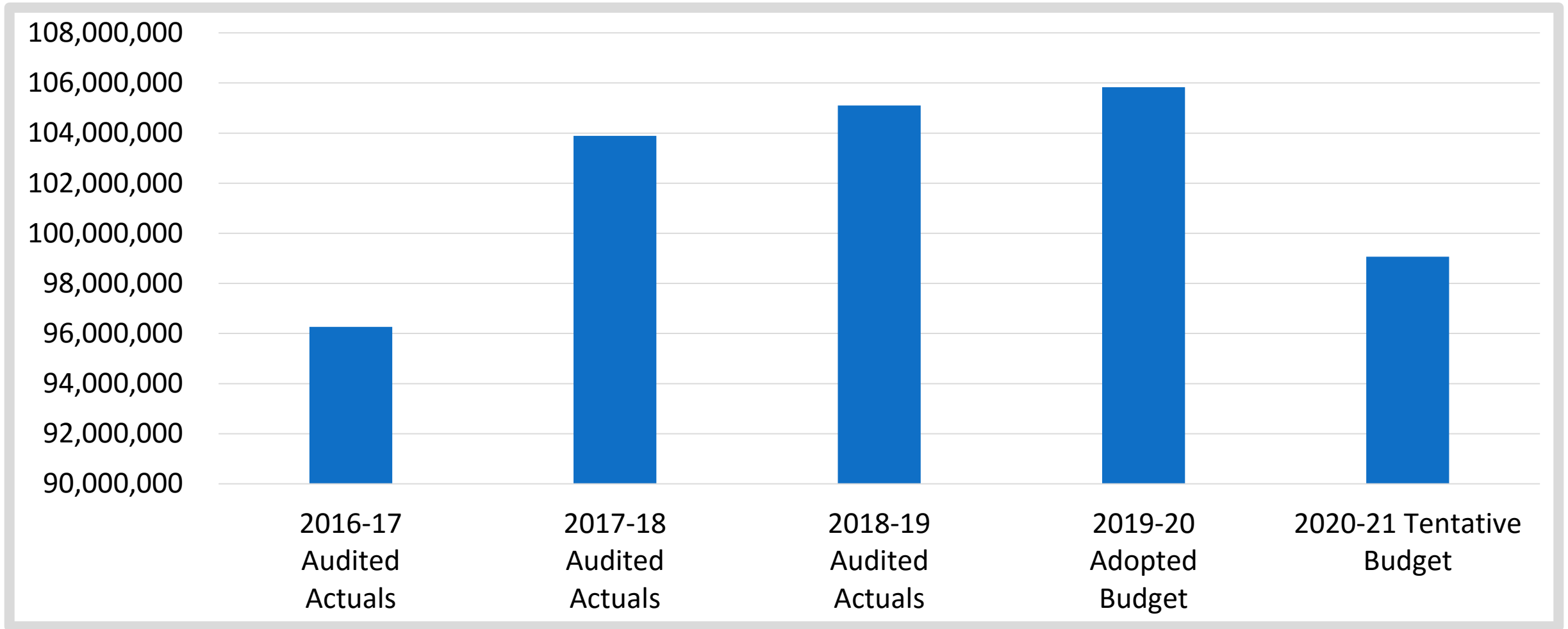
** The District received additional funding under the Hold Harmless provision of the SCFF in FY18-19 and FY19-20.

*** FY20-21 goals.

19/20 Emergency Conditions Allowance



Total Unrestricted General Fund Revenue Trend





State Apportionment Revenues

TOTAL COMPUTATIONAL REVENUES

	2018/19	2019/20	2020/21
Basic Allocation	\$9,141,496	\$9,439,509	\$8,873,138
FTES	54,992,469	57,434,881	59,132,750
Supplemental Allocation	20,831,892	21,271,579	21,909,726
Student Success Allocation	8,134,048	8,351,579	8,577,072
SCFF Calculated Revenue	93,099,905	96,497,548	98,492,686
Hold Harmless (Deficit)	2,022,702	1,726,056	(6,162,499)
Total Computational Revenue (Net of Deficit)	\$95,122,607	\$98,223,604	\$92,330,188

Deferrals Schedule

Despite a 9%, year-to-year reduction in CCC funding for 2020-21, the Budget Act does not reduce funding for most CCC programs. Instead, the budget defers apportionment payments to CCC into the next fiscal year.

Fiscal Year / Month Earned	Fiscal Year / Month Paid	Time Deferred (In Months)	CCCCO Amount Deferred	Projected SCCD Amount Deferred
2020-21 February	2021-22 November	9	\$ 253,243,000	\$ 3,431,443
2020-21 March	2021-22 October	7	\$ 300,000,000	\$ 4,065,000
2020-21 April	2021-22 September	5	\$ 300,000,000	\$ 4,065,000
2020-21 May	2021-22 August	3	\$ 300,000,000	\$ 4,065,000
2020-21 June	2021-22 July	1	\$ 300,000,000	\$ 4,065,000
Net Deferral	-	-	\$ 1,453,243,000	\$ 19,691,443

State leaders hope to receive federal aid to rescind a portion of the deferrals—\$791 million of the \$1.5 billion total.

Southwestern Community College District
 FY 2019-20 Adopted Budget and 2020-21 Tentative Budget
 Unrestricted Budget Expense Comparison

	2019-20	2019-20	2020-21	2020-21	Difference
	Revised Adopted	Revised Adopted	Tentative	Tentative	Difference
Expense	Budget	Budget	Budget	Budget	\$
	\$	%	\$	%	\$
Academic Salaries	\$ 46,220,994	41.9%	\$ 47,227,142	43.6%	\$ 1,006,148
Non-Academic Salaries	24,563,620	22.2%	24,149,392	22.3%	(414,228)
Employee Benefits	25,627,510	22.7%	24,942,520	21.8%	(684,990)
Vacant Positions - savings (net of SERP)	(539,584)	-0.5%	(1,323,799)	-1.0%	(784,215)
Total Personnel Expense	\$ 95,872,540	86%	\$ 94,995,254	87%	\$ (877,286)
Supplies	\$ 2,006,441	1.8%	\$ 1,578,024	1.5%	\$ (428,418)
Other Operating Expenses	10,071,907	9.1%	8,942,606	8.3%	(1,129,302)
Capital Outlay	279,216	0.3%	91,920	0.1%	(187,296)
Other Outgo	2,191,350	2.0%	2,715,556	2.5%	524,206
Total Other Expense	\$ 14,548,914	13%	\$ 13,328,105	12%	\$ (1,220,809)
Total Unrestricted Expenses	\$ 110,421,454	100%	\$ 108,323,359	100%	\$ (2,098,095)

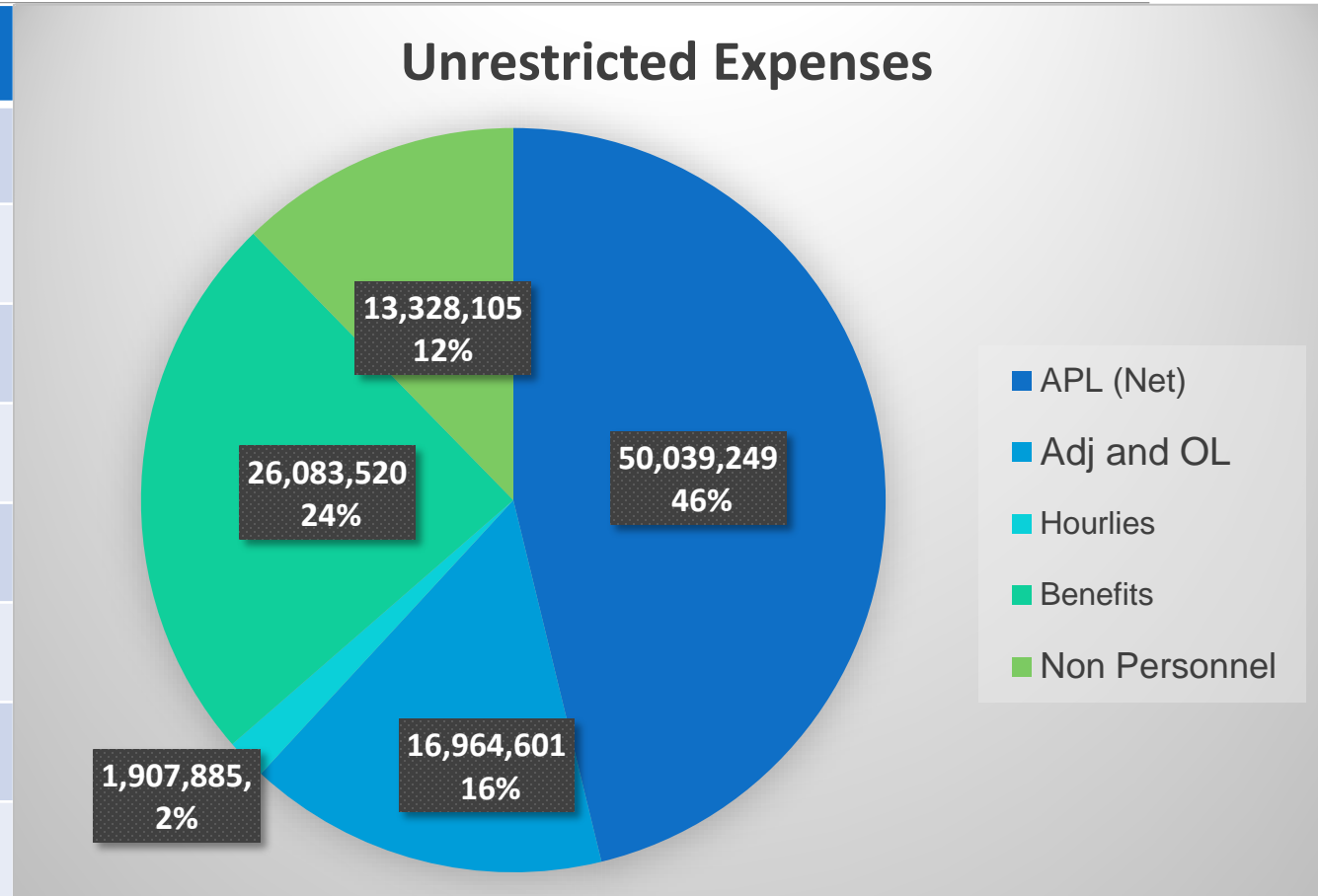
EXPLANATION OF CHANGES IN PERSONNEL EXPENSES

\$	95,872,540	Personnel Expenses AB FY19-20			
	779,366	FT Faculty Hiring			
	1,444,132	Step Increases			
	(971,202)	Reduction in Hourlies			
	(961,067)	Decrease PERS STRS other			
	615,604	Increase HW			
	(784,215)	Additional Vacancies			
	(398,234)	Reduction in PTOL			
	(601,670)	Frictional Vacancies during recruitment			
\$	94,995,254	Personnel Expenses TB FY20-21			

	2017-18	2018-19	2019-20	2020-21
Personnel Costs as a % of			Revised	
Unrestricted General Fund	Audited	Audited	Adopted	Tentative
Expenditures	Actuals	Actuals	Budget	Budget
Personnel Costs	86.26%	87.18%	86.82%	87.70%

Unrestricted General Fund Expenses TB20-21

Approved Positions	\$ 52,504,048
Adjuncts & Overload	16,964,601
Hourly Workers	1,907,885
Benefits & SERP Premium	26,083,520
Vacancies	(2,464,799)
Non Personnel Expenses	13,328,105
TOTAL	\$108,323,360



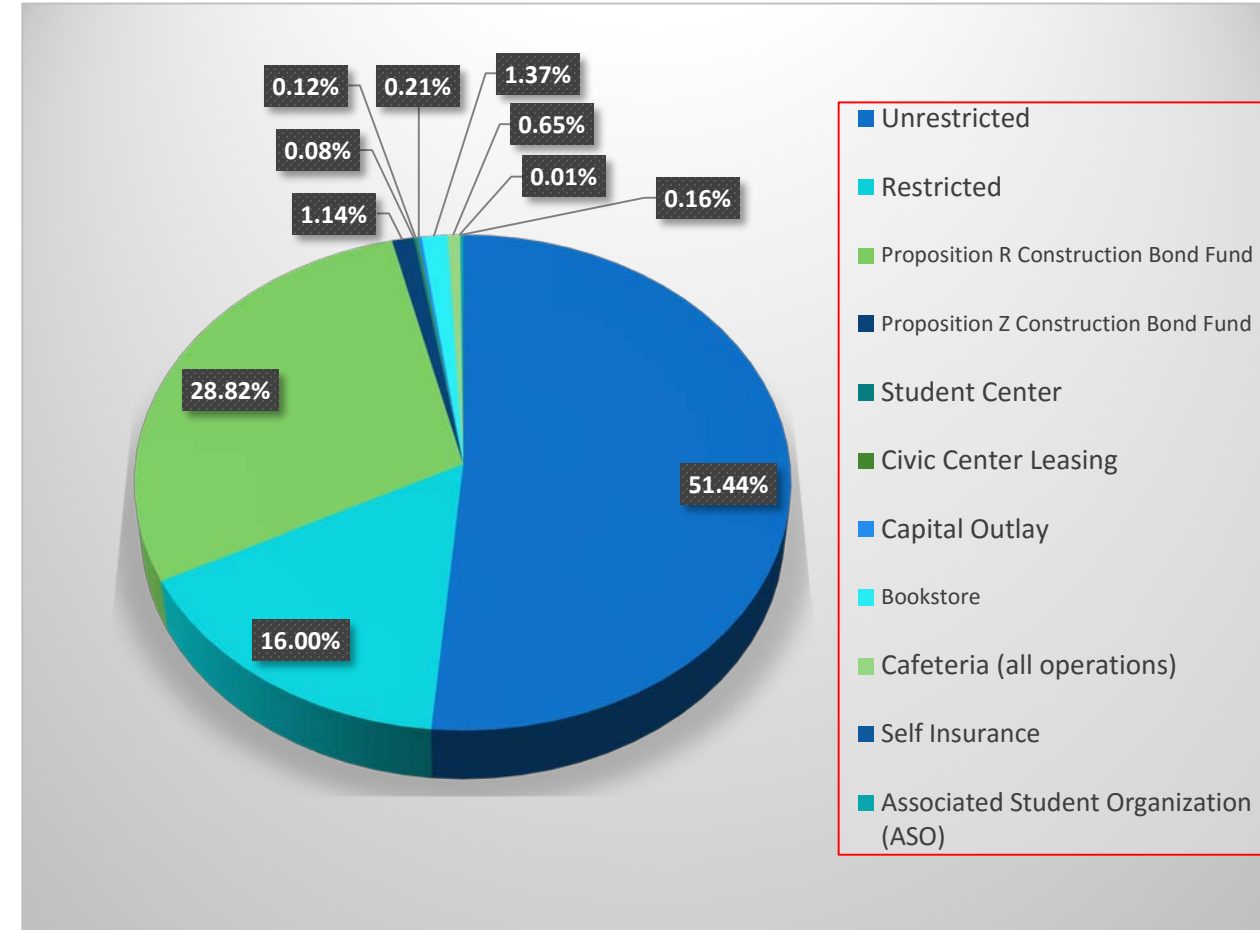
Unrestricted General Fund Balance FY20-21

Projected Beginning Fund Balance					\$17,300,000
Revenues					\$ 99,067,650
Expenses					<u>108,323,359</u>
Deficit					<u>(9,255,710)</u>
Projected Ending Fund Balance					\$8,032,989
Percentage of Expenses					7.4%
Ending Fund Balance as a % of Unrestricted General Fund Expenditures	2017-18	2018-19	2019-20	2019-20	2020-21
	Audited	Audited	Revised Adopted	Pre-Year End Close	Tentative
	Actuals	Actuals	Budget	Projection	Budget
Ending Fund Balance	19.4%	19.1%	13.9%	16.1%	7.5%
Governing Board Reserve	7.0%	7.0%	7.0%	7.0%	7.0%



All Revenue Tentative Budget FY20-21

	2019-20 Adopted Budget	2021-21 Tentative Budget
General Fund:		
Unrestricted	\$ 105,833,391	\$ 99,067,650
Restricted	30,876,248	30,804,934
Total General Fund	\$ 136,709,639	\$ 129,872,584
Other Funds:		
Proposition R Construction Bond Fund	\$ 10,000	\$ 55,495,000
Proposition Z Construction Bond Fund	2,200,000	2,200,000
Student Center	151,500	163,572
Capital Outlay	250,000	411,000
Enterprise Services	5,724,138	4,117,962
Self Insurance	14,446	14,500
Associated Student Organization (ASO)	480,000	300,226
Total Other Funds	\$ 8,830,084	\$ 62,702,260
Total Budgeted Revenue	\$ 145,539,723	\$ 192,574,844



Budget Reduction Principles and District Goals

Budget Reduction Principals	Vision for Success Local Goals	Student Equity Goals	Jaguar Pathways Goals	GB Goals	S/P Goals
<p>Student centered</p> <p>Student access and support services for successful completion, transfer, skills builders, etc.</p> <p>Successful transition to remote format to meet the needs of students and faculty</p> <p>Equity focused for SWC students</p> <p>Assess and reassess effective enrollment strategies to further the goals of vision for success, student equity, and Jaguar Pathways</p>	<p>Increase completions</p> <p>Increase transfers</p> <p>Reduce units to degree</p> <p>Increase CTE students working in field of study</p> <p>Reduce equity gaps</p>	<p>Increase application to enrollment rate</p> <p>Increase fall-to-spring retention</p> <p>Increase completion of transfer-level math and English</p> <p>Increase completions</p> <p>Increase transfers</p> <p>Eliminate equity gaps</p>	<p>Redesign instruction and student services using evidence-based practices that support student learning while closing equity and achievement gaps</p> <p>Redesign student orientation and onboarding to improve student retention and completion</p> <p>Redesign placement policies and teaching practices to support educational needs of students</p> <p>Redesign educational and career pathways to provide students the information they need to navigate program requirements and to provide interventions and support for students based on academic and/or career goals</p>	<p>Increase access and attainment of educational/career goals for all students</p>	<p>Implement and operationalize VFS</p> <p>Improve equitable student access, equity, success, and achievement</p>

Budget Reduction Principles and District Goals

Budget Reduction Principals	Vision for Success Local Goals	Student Equity Goals	Jaguar Pathways Goals	GB Goals	S/P Goals
<p>Equity focused for SWC employees</p> <p>Follow established budget policies and procedures, including maintaining compliance with all spending commitments made to grantors and categorical programs</p> <p>Maintain contractual obligations and contribute to a work environment where employees can thrive in this time of uncertainty</p> <p>Transparency, Communication, and the effective coordination of workload efforts</p> <p>Stability, Predictability, and Flexibility</p> <p>Only those purchases and expenditures that are directly necessary for: a) Student health, well-being and educational success b) Employee physical and financial health and well-being</p>			<p>Redesign SWC planning and decision-making process to support the student experience through greater integration of planning, technology, and more streamlined decision-making</p>	<p>Achieve organizational effectiveness by normalizing and operationalizing equity-minded culture</p>	<p>Foster a climate of respect, trust, and openness through building a culture of fairness, equity, and inclusion</p> <p>Maintain institutional effectiveness</p>

Student access and support services for successful completion, transfer, skills builders, etc. Successful transition to remote format to meet the needs of students and faculty

Fund Cranium Café with General Funds (Currently Student Equity & Achievement Programs SEAP grant): \$150,000.

Direct student aid: Grants, parking and other fee refunds, delivery of Chrome books – CARES funds \$5 Million.

Faculty stipends and other compensation directly related to transition to remote teaching and learning formats – CARES funds \$2.5 Million.

Increase IT platforms for remote instruction – CARES funds: \$925,000.

FT Faculty Hiring: \$780,000.



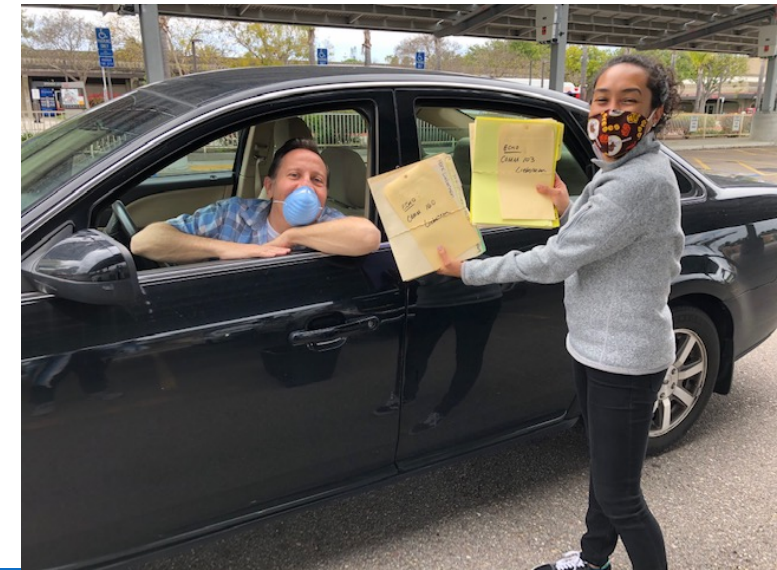
Equity Focused

Fund new positions: Clerical support for Learning Communities and CARES Coordinator.

Institutionalize equal budgets of general funds (restricted and unrestricted) for Learning Communities.

Move previously grant funded support for Restorative Justice program to General Funds.

Preserve funding levels for student tutors and classroom aides.



Follow established budget policies and procedures, including maintaining compliance with all spending commitments made to grantors and categorical programs

Emergency resolution to delay Tentative Budget with input from PBC on revised calendar.

Re-align funding sources as appropriate: 50% of Director of Facilities to Bond funds, 25% of accounting support salary to SBA funds etc.

Allocate Block grant funds to support equity in hiring and enrollment fee collection & waivers as provided by regulation.

Re-align VAWA funding to provide \$113,000 in District reimbursement.

Continue work on Facilities Master Plan.

Optimize lottery funds as appropriate.



Assess and reassess effective enrollment strategies to further the goals of vision for success, student equity, and Jaguar Pathways

Maintain Part-time / Overload funding at FY19-20 budget amount to limit impact on sections offered.

Preserve funding levels for student tutors and classroom instructional aides.

Purchase Blocks and Tracks schedule planning software for student learning plans.

Transition all student services to remote platforms.



Transparency, Communication, and the effective coordination of workload efforts

Food Service staff working with Jag Kitchen to provide lunches to Otay Mesa students.

Civic Center Leasing staff assisting with payroll data entry to record stipends.

Custodial staff assisting Grounds crews.

Payroll checks and faculty equipment distributed by campus police personnel.



Maintain contractual obligations and contribute to a work environment where employees can thrive in this time of uncertainty

Recruit new position: Director of Inclusion, Equity, and Professional Development.

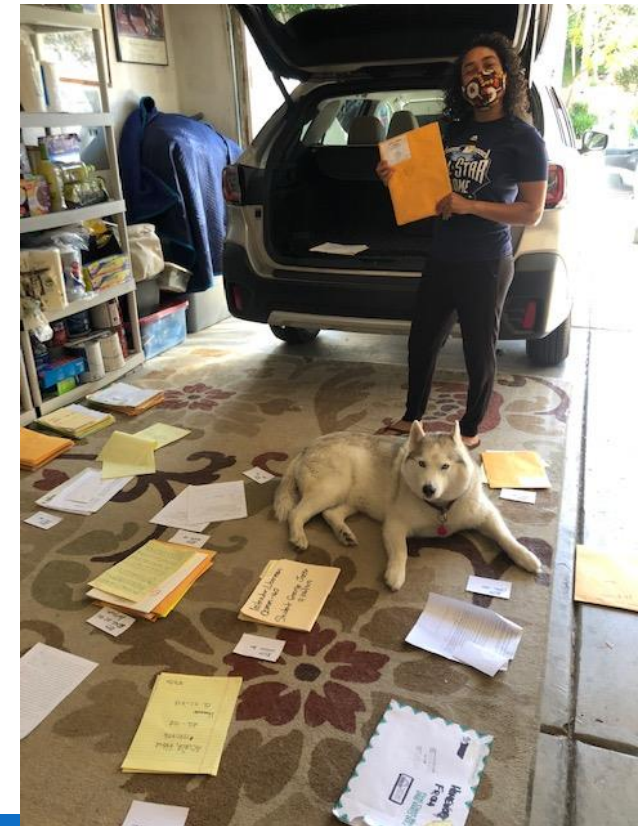
Faculty and Staff contractual step increases: \$1.44 Million.

Maintain funding for professional development office.

Increase contribution to Part Time faculty health care benefits: \$615,000.

Prioritize preservation of jobs.

Honor existing contractual commitments.



Stability, Predictability, and Flexibility

In consultation with discipline faculty, retain FHP positions but adjust timelines as requested to allow for face-to-face interviews:

- Hire 14 FT faculty for fall 2020 start.
- Postpone 10 positions for later recruitment.

Increase accreditation budget for FY20-21 by \$67,000 for overtime and stipends.

Ensure COVID-19 pandemic related expenses are being tracked and submitted for reimbursement from the Federal Stimulus, titled CARES Act Institutional funds and FEMA as appropriate.



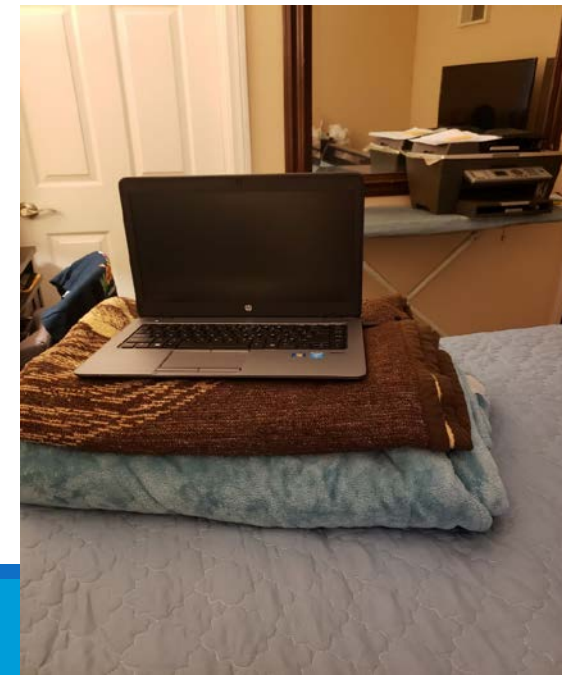
Only those purchases and expenditures that are directly necessary for:

- a) Student health, well-being and educational success
 - b) Employee physical and financial health and well-being
-

Reduced General Fund budget for student workers by 63%: \$775,000- Maintain level of student workers by maximizing Federal Work Study funding.

Decrease hourly worker expense by 51% : \$970,000. Decrease Operating expenses by 8.5% : \$1.2 Million.

Decrease Parking Services budget by \$500,000 in response to remote operations.



Budget Reduction Principles in Action

Budget Reduction Principles	Student Success & Equity
Student centered	<p>Direct student grants, parking and other fee refunds, delivery of Chrome books, Jag kitchen lunches, Otay Mesa etc. - CARES and other Grants: \$5 Million.</p> <p>Increase IT platforms for remote instruction – CARES funds (\$925,000).</p>
Student access and support services for successful completion, transfer, skills builders, etc.	<p>FT Faculty Hiring: \$780,000.</p> <p>Increase General Fund support of Institutional Research \$55,000.</p>
Successful transition to remote format to meet the needs of students and faculty	<p>Faculty stipends and other compensation directly related to transition to remote teaching and learning formats – CARES funds (\$2.5 Million).</p>
Equity focused for SWC students	<p>Add Clerical support for Learning Communities. Institutionalize equal budgets of general funds (restricted and unrestricted) for Learning Communities.</p> <p>Move grant funded support for Restorative Justice program to General Funds.</p> <p>Preserve funding levels for student tutors and classroom aids.</p>
Assess and reassess effective enrollment strategies to further the goals of vision for success, student equity, and Jaguar Pathways	<p>Maintain Part-time / Overload funding at FY19-20 budget amount.</p> <p>Maintain District funding for Jaguar Pathways re-assign time and clerical support. Transition all student services to remote platforms.</p>

Budget Reduction Principles in Action

Budget Reduction Principles	Institutional Effectiveness
Equity focused for SWC employees	Increase contribution to Part Time faculty Health Care benefits: \$615,000. Prioritize preservation of jobs. Honor existing contractual commitments.
Follow established budget policies and procedures, including maintaining compliance with all spending commitments made to grantors and categorical programs	Emergency resolution to delay Tentative Budget; input from PBC on revised calendar. Re-align funding sources as appropriate: 50% of Director of Facilities to Bond funds, 25% of accounting support salary to SBA funds etc. Allocate Block grant funds to support equity in hiring and enrollment fee collection & waivers as provided by regulation. Re-align VAWA funding to provide \$113,000 in District reimbursement. Continue work on Facilities Master plan. Optimize lottery funds as appropriate.
Transparency, Communication, and the effective coordination of workload efforts	Food Service staff working with Jag kitchen to provide lunches to Otay Mesa students. Civic Center Leasing staff assisting with payroll data entry to record stipends. Custodial staff assisting Grounds' crews.
Maintain contractual obligations and contribute to a work environment where employees can thrive in this time of uncertainty	Faculty and Staff contractual step increases: \$1.44 Million. Recruit new position: Director of Inclusion, Equity, and Professional Development.
Assess and reassess effective enrollment strategies to further the goals of vision for success, student equity, and Jaguar Pathways	Maintain Part-time / Overload funding at FY19-20 budget amount to minimize reduction in course offering.
Stability, Predictability, and Flexibility	In consultation with discipline faculty, retain FHP position but only hire 14 FT faculty for fall 2020 start. Holding on 10 positions for later recruitment. Increase accreditation budget for FY20-21 by \$67,000 for overtime and stipends.
Only those purchases and expenditures that are directly necessary for: a) Student health, well-being and educational success b) Employee physical and financial health and well-being	Reduced General Fund budget for student workers by 63% (\$775,000) Maintain level of student workers by maximizing Federal Work Study funding. Decrease hourly worker expense by 51% (\$970,000). Decrease Operating expenses by 8.5% (1.2 Million).