

PASADENA AREA COMMUNITY COLLEGE DISTRICT Tentative Budget / Fiscal Year 2019-2020



**PASADENA
CITY COLLEGE**

**PRESENTED TO BRAC BY:
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MAY 28, 2019**

Highlights from State Budget Governor's May Revise – May 9, 2019

OVERALL BUDGET FRAMEWORK:

- May revise maintains Governor's commitment to reducing state debt, paying down liabilities, building reserves, and allocating spending to one-time initiatives.
 - It deposits an additional \$1.2 billion into the Rainy-Day Fund, bringing the total reserve to \$16.5 billion in 2019-2020
 - It deposits \$389 million to Prop 98 funds in the Public Schools Stabilization Account.
- May revise leaves Governor's January proposal for CCC largely unchanged.
- Prop 98 funding slightly higher than estimated in January - 10.99%
- Lower Local Property tax revenues are offset by higher general fund amounts.
- May revise makes the first transfer to Public School System stabilization account. - New state reserve for schools and community colleges. Transfer of \$389.3 million.

Student Center Funding Formula Changes from the January Proposal:

- Provides 3.26% COLA – a decrease from the January proposal of 3.46%
- 2019-2020 uses 2018-2019 funding rates adjusted by COLA
- Capping year to year growth in a district student success allocation to 10%
- Refining definition of transfer outcome for the student success allocation.
Student's successful transfer would be attributed to the Student's District of residence. Currently a transfer is attributed to each district in which a student enrolled before transferring.
- Hold harmless – 2017-2018 -Total Computation Revenue (TCR) plus COLA extend to 2021-2022

Other Changes to January Proposal:

- Expansion of College Promise for a second year
- Cal Grant Expansion
- Relief on Pension costs. – Contribution rate for STRS to drop from 18.1% to 16.7% for 2019-2020 and 19.1% to 18.1% for 2020-2021
- Longitudinal Data System

Potential 2018-2019 Apportionment Shortfall:

- Under the Governor's May Revisions estimates the revenues would be sufficient to cover the 2018-2019 Total Computational revenues which would mean the Chancellor's Office would not administer a deficit.
- Although P1 had assumed a deficit of \$228 million, the Governor's proposal reduces the 2018-2019 apportionment through reducing the transfer counts in the student success allocation 49 million and assumes higher revenue of \$178 million.
- As in any year the final budget could include a general apportionment shortfall particularly if the Governor and Legislator do not make changes to the SCFF or if offsetting revenues do not materialize.

Potential 2018-2019 Apportionment Shortfall:

	Budget Act of 2018	First Principal Apportionment (P1) Revision (April 2019)	May Revision	Change P1 Revision to May Revision
Student Centered Funding Formula Allocations				
Base	\$4,974	\$4,918	\$4,919	\$1
Supplemental	1,421	1,396	1,391	(5)
Student Success	710	787	739	(48)
Total	\$7,105	\$7,102	\$7,049	(\$52)
Minimum Revenue	25	112	116	3
Total Computational Revenue	\$7,130	\$7,214	\$7,165	(\$49)
Available Revenues				
General Fund	\$3,599	\$3,604	\$3,641	\$33
Local Property Tax	3,110	2,919	3,056	137
Enrollment Fees	418	459	464	5
Other Offsetting Revenues	3	4	4	(0)
Total Available Revenues	\$7,130	\$6,987	\$7,165	\$178
Surplus (Shortfall)	\$0	(\$228)	\$0	\$228

Highlights from Revision to California Community Colleges Funding by Program

- Student Success Completion Grant – increase 13.98% - adjusts for revised estimates
- Financial Aid - decrease 17.28% - removes \$14 million one adjustment for fee waivers.
- California Promise - increase 79.4% - expansion for the second year.
- Deferred Maintenance – increase 39.12% - adds one time funding
- Part time faculty office hours - decrease 80.42% - removes one time funding
- U Building not included – though will be included in proposed assembly bills.

General Fund Tentative Budget FY 2019-2020

Revenue	Amount	Revenue
State Apportionment	144,066,933	85.4%
Lottery	3,892,931	2.3%
State Mandated Claims	700,725	0.4%
Non-resident Tuition	10,245,669	6.1%
CalSTRS On Behalf Payment	4,000,000	2.4%
Categorical / Student Fees / Other	5,753,593	3.4%
Total Revenue	168,659,851	100%
Expenses		
Salary and Benefits	148,765,148	88.2%
Supplies and Materials	1,458,890	0.9%
Operating Expenses and Services	15,958,741	9.5%
Capital Outlay	231,072	0.1%
Other Outgoing / Transfers	2,246,000	1.3%
Total Expenses	168,659,851	100%
Surplus (Deficit)	-	

Revenue Assumptions Changes from FY 2018-2019 to FY 2019-2020

Description	Fiscal Impact
Apportionment (including COLA)	\$ 4,500,000
Total Computational Revenue Shortfall	\$ (2,500,000)
Reduction in Non Resident Tuition	\$ (2,000,000)
Reduction in Part Time Faculty Revenue	\$ (1,000,000)
Total Projected Reduction in Revenue	\$ (1,000,000)

Expense Assumptions. Changes from FY 2018-2019 to FY 2019-2020

Description	Fiscal Impact
Increase in Salary & Benefits -Step & Column and increase in Faculty Positions	\$ 3,600,000
Decrease in General Operating Expenses	\$ (1,700,000)
Decrease in Transfer to other Funds	\$ (2,900,000)
Total Projected Reduction in Expenditure:	\$ (1,000,000)

Tentative Budget 2019-2020

Transfers

Fund	Transfers
01 General Fund	\$ (2,246,000)
03 Parking Fund	\$ 350,000
33 Child Development Center Fund	\$ 36,000
41 Capital Outlay Fund	\$ 500,000
62 Property & Liability Self -Insurance Fund	\$ 1,000,000
71 Associated Students	\$ 360,000
Total	\$ -

Summary of Funds 2019-2020 Tentative Budget

	Beginning Balance	Income	Expenditures	Transfers	Net Activity	Ending Balance
01 General Fund	\$ 27,426,294	\$ 168,659,851	\$ (166,413,851)	\$ (2,246,000)	\$ -	\$ 27,426,294
03 Restricted General Fund	\$ 2,283,513	\$ 38,674,788	\$ (41,308,301)	\$ 350,000	\$ (2,283,513)	\$ -
29 Capital Servicing Fund	\$ -	\$ -	\$ -		\$ -	\$ -
33 Child Development Center Fund	\$ 361,476	\$ 1,357,832	\$ (1,581,059)	\$ 36,000	\$ (187,227)	\$ 174,249
41 Capital Outlay Fund	\$ 9,328,900	\$ 903,877	\$ (5,259,914)	\$ 500,000	\$ (3,856,037)	\$ 5,472,863
42 Building Fund - Measure P	\$ 2,417,200	\$ -	\$ (2,375,067)		\$ (2,375,067)	\$ 42,133
43 Scheduled Maintenance	\$ 1,024,682	\$ 4,182,551	\$ (5,062,956)		\$ (880,405)	\$ 144,277
59 Identity Services Fund	\$ -	\$ -	\$ -		\$ -	\$ -
61 Workers Compensation Self- Insurance Fund	\$ 2,921,178	\$ 2,200,000	\$ (2,200,000)		\$ -	\$ 2,921,178
62 Property & Liability Self -Insurance Fund	\$ 1,001,473	\$ -	\$ (1,300,000)	\$ 1,000,000	\$ (300,000)	\$ 701,473
63 Dental Coverage Self - Insurance Fund	\$ 2,810,237	\$ 1,170,000	\$ (1,170,000)		\$ -	\$ 2,810,237
64 OPEB Self-Insurance Fund	\$ 2,400,000	\$ -	\$ (2,000,000)	\$ -	\$ (2,000,000)	\$ 400,000
69 Other Internal Service Fund - PERS/STRS	\$ 1,893,844	\$ -	\$ -	\$ -	\$ -	\$ 1,893,844
74 Student Financial Aid Fund	\$ 796,977	\$ 47,519,714	\$ (47,519,714)		\$ -	\$ 796,977
Irrevocable trust OPEB	\$ 10,010,578.00	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 10,510,578
Irrevocable trust Pension	\$ 4,004,231.00	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ 4,254,231
Associated Students	\$ 143,000.00	\$ 300,000	\$ (660,000)	\$ 360,000	\$ -	\$ 143,000
	\$ 68,823,583	\$ 265,718,613	\$ (276,850,862)	\$ -	\$ (11,132,249)	\$ 57,691,334

Questions

