

Budget Update

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Agenda



- 2017-18 Budget Update
- 2018-19 Budget

2017-18 Budget

- Recap of the Adopted Budget
 - Beginning fund balance - \$28.7M
 - FTES – 16,800
 - Budget Deficit - $\langle \\$3.8M \rangle$
 - 9 vacant positions (classified/management)
 - 6.99% increase in salary/benefits
 - 2.50% salary increases (\$2M)
 - 1.00% step/column increases (\$860K)
 - 1.85% STRS rate increase (\$678K)
 - 1.64% PERS rate increase (\$348K)

2017-18 Budget



- Current Status

- Beginning fund balance - \$28.7M
- FTES
 - 16,800 - Budget
 - 16,813 - P1
 - 16,555 - P2
 - 16,799 – Annual
- 19 vacant positions (classified/management)
- Vacancy cost savings \$1.2M
- Budget Deficit - **<\$3.5 - \$4>** million (estimate as of July 17, 2018)

2018-19 Budget

- June 27, 2018, Governor Brown signed the State Budget for the 2018-2019 fiscal year
- Key Items:
 - **New Funding Formula** – creates a new funding formula that will be phased in over three years. The formula contains three components as follows:
 1. **Base Allocation**
 2. **Supplemental Allocation**
 3. **Student Success Incentive Allocation**

2018-19 Budget

(New Funding Formula)



- **New Funding Formula** – creates a new funding formula that will be phased in over three years. The formula contains three components as follows:
 - 1. Base Allocation**
 - i. Represents 70% of the formula and is calculated on credit FTES at \$3,727 for Cerritos Community College District using a three-year rolling average of FTES.
 - ii. The three-year rolling average is calculated as follows: For 2018-19 budget year rolling average is **16,773.60** – using current year FTES – 2018-19, prior year FTES – 2017-18, & the year prior FTES 2016-17 (16,800 - estimate, 16,799.48 - actual, 16,721.31 - actual, respectively).
 - 2. Supplemental Allocation**
 - i. Represents 20% of the formula and is calculated on the number of students who receive Pell grants, the number of students who receive a California Promise Grant (fee waiver), and those that are exempted from non-resident tuition (AB 540 students). Paid at \$919 per point for each of the three metrics.

2018-19 Budget

(New Funding Formula)



3. Student Success Incentive Allocation

- i. Represents 10% of the formula and is paid at \$440 per total points computed using the following metrics:
 - **AA/AS or BA/BS degree** – Three points
 - **ADT degree** – Four points
 - **Credit Certificates (18 or more units)** – Two points
 - **Completion of transfer level math and English in 1st year** – Two points
 - **Transfer to a four-year university** – One and one-half points
 - **Completion of 9 or more CTE units** – One point
 - **Regional Living Wage within 1 year** – One point
 - **Equity Component** – An additional \$111 per total points computed in the above metrics for students who receive California Promise Grants (fee waiver) plus \$111 per total points computed in the above metrics at one and one-half times the point value above for students who receive a Pell grant.

2018-19 Budget

(New Funding Formula)



- **Formula Structure and Transition** – The funding formula will be phased in over three years as follows:
 - 1. 2018-2019:** Base = 70%, Supplemental = 20% and Student Success = 10%.
Rates: Base = \$3,727/FTES, Supplemental = \$919/point, Success = \$440/point plus \$111/point for Equity.
 - 2. 2019-2020:** Base = 65%, Supplemental = 20%, and Student Success = 15%
Rates: Base = \$3,387/FTES, Supplemental = \$919/point, Success = \$660/point plus \$167/point for Equity. These rates will be adjusted by COLA.
 - 3. 2020-2021:** Base = 60%, Supplemental = 20% and Student Success = 20%
Rates: Base = \$3,046/FTES, Supplemental = \$919/point, Success = \$880/point plus \$222/point for Equity. These rates will be adjusted by COLA.

2018-19 Budget

(New Funding Formula)



- **Hold Harmless** – In 2018-19, 2019-20, and 2020-21 no district will receive less funding than they received in 2017-18, and each will receive an increase to reflect a cost-of-living adjustment.
- **Noncredit FTES** – Both noncredit and career development college preparation (CDCP) FTES continue funding at existing levels and fall outside of the formula.

2018-19 Budget



- **New Funding Formula** – it is projected the new formula will provide Cerritos College additional revenues.
 - Under the Old Funding Formula
 - \$96.2 million - 2018-19 General Purpose Apportionment Funding Pursuant to Education Code Section 84750.4(h) (Hold Harmless). (2018-19 Tentative Budget).
 - Under the New Funding Formula
 - \$104 - \$105 million (approximately \$8 - \$9 million revenues more than approved in the Tentative Budget).

2018-19 Budget



- **Adopted Budget Changes** – the following budget changes will appear of the Adopted Budget scheduled for approval at the September 5, 2018 board meeting:
 - **State General Apportionment** – Cerritos College will receive between \$8 - \$9 million in additional revenues.
 - **Deferred Maintenance and Instructional Equipment** – Provides approximately \$418,797 to Cerritos College. This is a significant decrease from the May Revise.

2018-19 Budget



- **Financial Aid Technology Improvements** – Provides one-time and ongoing funds to upgrade financial aid management systems. Cerritos College will receive \$159,259 one-time funds (available September 2018) and \$58,985 ongoing (available July 2018). Fund must be spent by June 30, 2020.
- **California College Promise Program** – Provides \$46 million in ongoing funds for implementation of the California College Promise Program. At this point, we do not know how the Chancellor's Office will distribute these funds.
- **Adult Education Program** – Provides \$26.6 million in ongoing funds and \$5 million for investments in a data collection and accountability system to ensure comprehensive and shared data reporting by regional consortia members. The formerly named Adult Education Block Grant program was renamed the Adult Education Program.

2018-19 Budget



- **Key Considerations**

- **2018-19 Tentative Budget**

- **<\$400,000>** Budget Deficit
 - \$2.2 million one-time cost savings from vacancies (13 faculty, classified, management positions) which will have to be filled in fiscal year 2019-20.

Questions?