



Governor's May14, 2020 Revised Budget Update

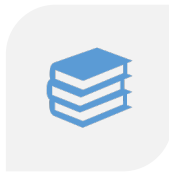
Presentation for the
Board of Trustees

Peralta Community
College District

Agenda



OVERVIEW



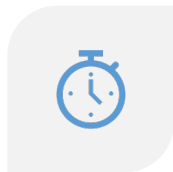
AVAILABLE
BACKGROUND
RESOURCES



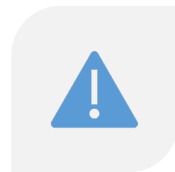
ASSUMPTIONS WITH
TENTATIVE BUDGET



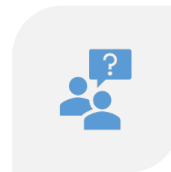
TIMELINE



CONSIDERATIONS
AND POTENTIAL
IMPACTS



STATE OF
UNCERTAINTY



REFLECTIONS



Overview

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State Chancellor's Office and
Association of Chief Business Officers Summary



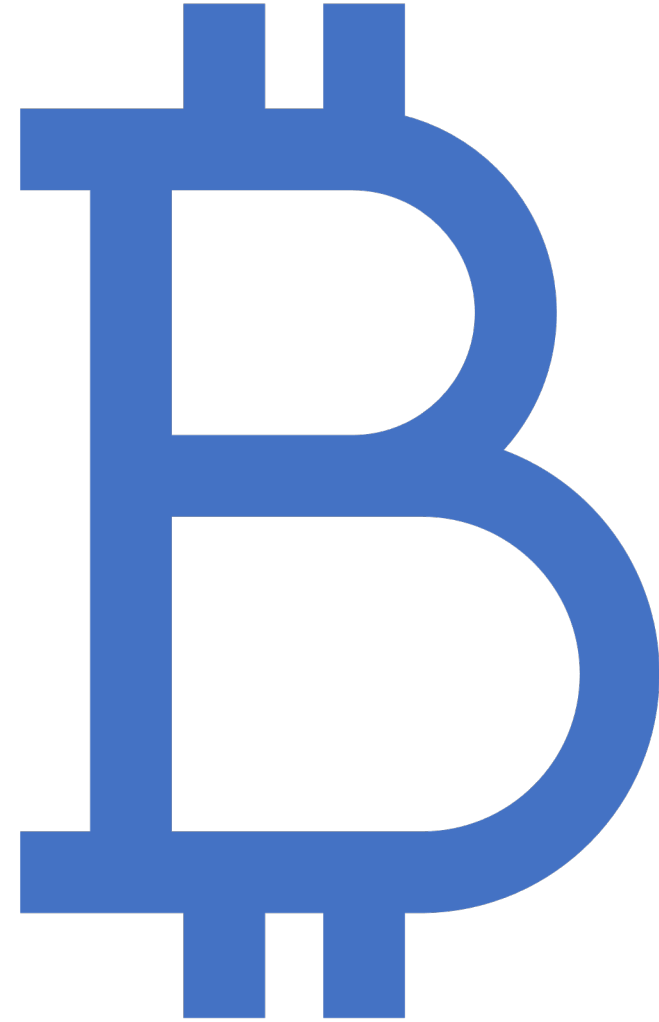
Available Background Reading Regarding California's Budget

- Governor's Revised Budget May 14, 2020
<https://www.sacbee.com/news/politics-government/capitol-alert/article242734501.html>
- Governor's Revised Budget Document for Higher Education
<http://www.ebudget.ca.gov/2020-21/pdf/Revised/BudgetSummary/HigherEducation.pdf>
- California Legislative Analyst's Office
<https://lao.ca.gov/handouts/education/2020/Overview-of-Higher-Education-May-Revision-Proposals-051920.pdf>



Policy Assumptions Guiding Developing Tentative Budget with May Revise

- Governor's May Revision is enacted as of June 15, 2020
- The 2020/21 General Fund Unrestricted beginning Fund Balance is approximately \$18,318,884
- The required board policy reserve level of at least 10% is in place
- Cash is actively managed to meet obligations
- Districts may exclude COVID 19 expenses from the 50% Law calculation
- PCCD will use shared governance processes and make recommendations to The Chancellor



Revenue Assumptions underlying the 2020/21 Tentative Budget

- Enrollment
 - Three-year average of 16,735 FTES
 - 0% growth budgeted for PCCD in 2020/21
 - No COLA
 - Hold Harmless through 2023/2024
- Unrestricted lottery at \$223.45, increased from \$204 per FTES
- Parcel Tax - Measure E estimated to be \$8,000,000



Additional Revenue Assumptions – COVID 19 related

	Total CARES Allocation	Required direct pay to students (50%)*
Alameda	1,049,170.00	524,585.00
Berkeley	1,844,524.00	922,262.00
Laney	3,313,469.00	1,656,734.50
Merrit	1,497,283.00	748,641.50
	7,704,446.00	3,852,223.00

- FEMA Funds – 75% of emergency expenditures – in process – receive in 2020/21
 - Laptops
 - Cleaning Supplies
 - OT due to cleaning
 - PPE
- CARES Funds – receive in 2020/21*
 - 50% to students that experienced issues due to COVID
 - Only US Residents
 - Only those that qualify for Title IV Funding
 - Has to be due to need for Technology, Housing, loss of income
 - 50% to institution
 - Expenses for transitioning to online instruction



Important May Revise Budget Changes



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May Revise Proposals	Potential PCCD Impact
Scheduled Maintenance & Instructional Equipment allocation \$17.2 million statewide	\$0.3 million decrease
Decrease SCFF by \$593 million General Fund Prop 98	\$9.6 million decrease
Decrease support for the CCC Strong workforce program by \$135.6 million	\$2.2 million decrease
Decrease support for the Student Equity and Achievement Program by \$68.8 million	\$1.1 million decrease
An increase of \$130.1 million ongoing Proposition 98 General fund as a result of decrease offsetting local property tax revenues	\$2.1 million <i>increase</i>
A decrease of \$11.4 million ongoing Proposition 98 General Fund to establish or support food pantries at community college campuses	\$0.2 million decrease
A decrease of \$5.8 million ongoing proposition 98 General Fund to support dreamer Resource Liaison	\$0.1 million decrease
\$10 million one-time Proposition 98 General Fund decrease for part-time faculty office hours	\$0.2 million decrease
\$9.3 Million for a 2.31% COLA for the EOPS, DSPS, CalWORKs, the Child Care, Apprenticeships, and Mandated Block Grants Programs	\$3.4 Million decrease
Total Budget Decrease in FY 2020/21	\$16,800,000



May Revise Proposals	Potential PCCD Impact
Deferral of \$330.1 million Proposition 98 General Fund	\$5.4 Million deferral from 2019/20 to 2020/21
Deferral \$662.1 million Proposition 98 General Fund	\$10.8 Million deferral from 2020/21 to 2022/23
Total Deferral	\$16.2 Million

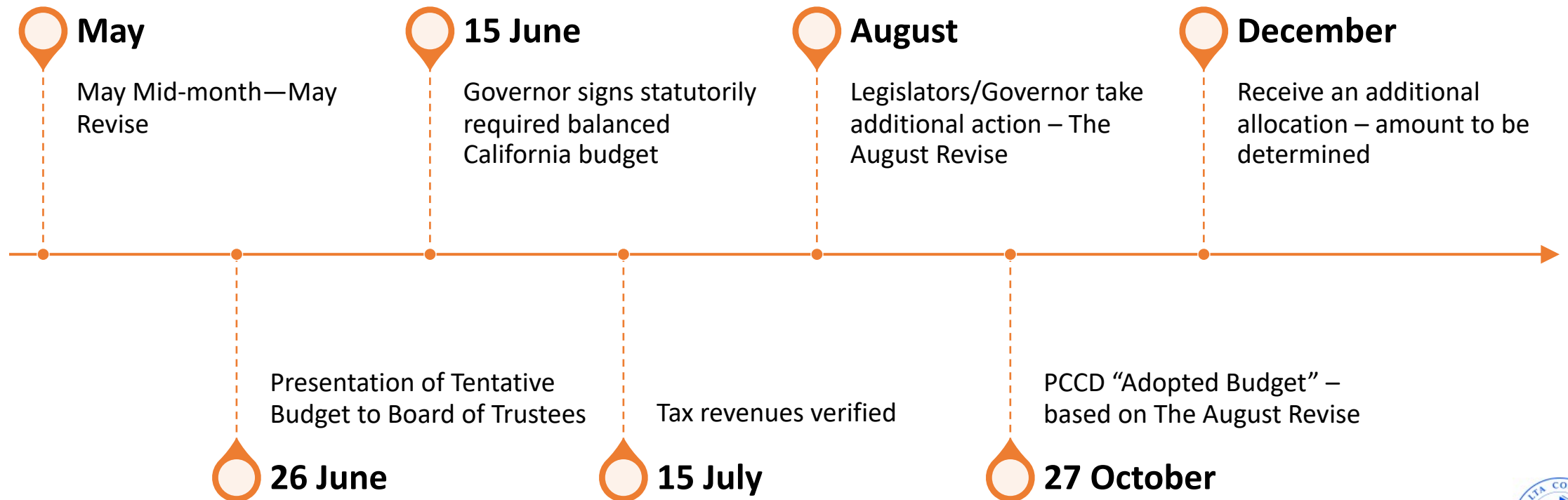
May Revise Potential Revenue Deferrals

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May Revision PERS & STRS –payment deferrals

- Statewide, \$2.3 billion reallocated from the PERS and STRS employer long-term unfunded liability payment to offset our PERS and STRS rates in 2020/21 and 2021/22. Revision reduces pension contributions in 2020/21 and 2021/22 by about 2% in each year.
- At PCCD it reduces
 - The required 2020/21 employer contribution rates for PERS from 22.67% to 20.7%
 - The required 2020/21 employer contribution rates for STRS from 18.41% to 16.15%.
 - Further, this decreases the projected 2021/22 rates for PERS and STRS from 25% and 18.2% to 22.84% and 16.02% respectively
 - Means a delay in PCCD's payment of \$1,333,210 and supports cash management

A Special Timeline for Budget Adoption





Expenditure Assumptions:

Actively Manage Positions
Economic Growth returns in
2023/24

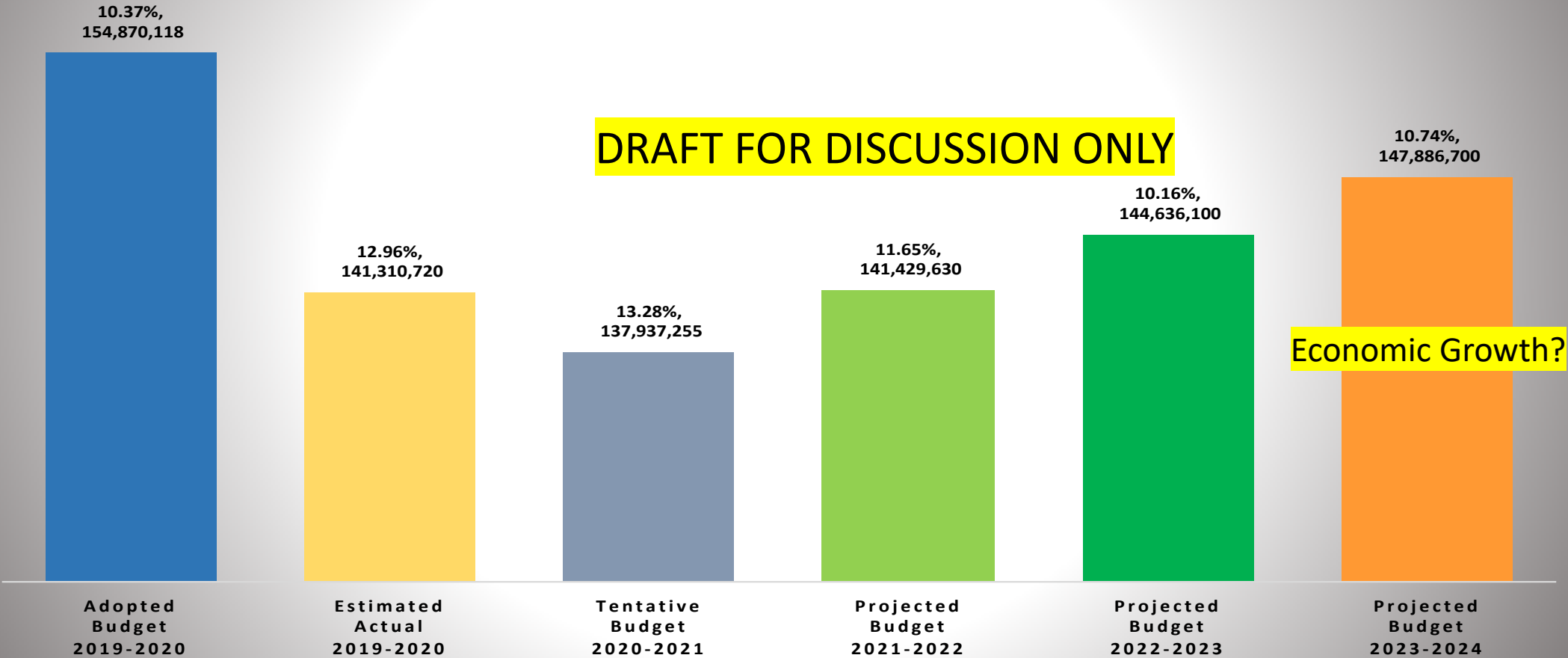
Work with shared governance
groups to develop guiding
principles





2021 Tentative Budget Five Year Projection

DRAFT FOR DISCUSSION ONLY



Projected DRAFT Change in Percentage of Fund Balance

Uncertainty – the norm over next four fiscal years



Will continue collaborating with shared governance groups and monitor external budget changes and impacts



Formulate plans and ideas within shared governance groups to develop options, including potential early retirement



Provide recommendations to The Chancellor



Engage in continual evaluation over the course of the remaining calendar year and into 2021



Adjust budget and forecasts with the “August Revise”



Present the Final 2020/21 Budget to the Board for adoption in October 2020

Reflections

