



Governor's Budget Proposal in General February 12, 2019

On January 10, 2019, Governor Gavin Newsom held the annual press conference to introduce his budget proposal for FY 2019-20, which marks the official start of the state's budget development process. The Governor's Budget Proposal will be followed by legislative discussions, advocacy from the public and private sectors, and further analysis by the State Department of Finance and the Legislative Analyst's Office as more is known about revenue being generated in the current year. The next official step in the process will be the governor's second budget proposal, known as the May Revision, which will be issued later in the spring, and will be based upon updated revenue figures, as well as input from legislative discussions and public advocacy efforts. The total proposed state budget, is \$209 billion, including a number of the one-time initiatives and special funding items that are included in the overall budget.

Governor Newsom's January Proposal includes three major themes: a further investment of \$4 billion toward the elimination of remaining budgetary debt and deferrals; \$4.8 billion to build reserves, which will increase the state's rainy-day fund to \$15 billion and \$4.8 billion to pay down unfunded retirement liabilities. In addition, the governor proposes increased funding for higher education, including funds to provide for the second year funding of Promise programs that offer tuition-free enrollment to first-time/full-time students. The governor also has proposed increases in the Cal Grant programs. The Governor also recognizes the negative impact of the recent and extremely sharp increases in employer contributions to the CalSTRS retirement system.

While the governor's budget keeps the new state funding formula intact, two important factors have been addressed. First, as many know, the new "Student Centered Funding Formula" provides 70% enrollment-based funding, 20% supplemental funding and 10% student success funding. Second, a legislative committee (the Student Centered Funding Formula Oversight Committee) has been formed to provide oversight and review. To better ensure that the Chancellor's Office and the Oversight Committee have sufficient time to consider revisions that would further the goals of the formula, address its long-term fiscal stability, and improve the accuracy of the data reported by districts, the budget proposes maintaining the current rates for the Student Success Allocation factors in FY 2019-20.

Budget Impact on Palomar Community College District for FY 2019-20

The Palomar Community College District has always followed a conservative approach to fiscal policy and district operations. We will continue to explore opportunities for additional revenue streams.

Below are the key highlights of the additional funding identified in the budget along with the estimated impact on the PCCD.

- ❖ **Cost of Living Adjustment (COLA).** The Governor's Budget includes a 3.46% COLA in the amount of \$248.3 million.
 - PCCD Impact. This will yield approximately \$3.8 million. COLA is used for salary increases, step advancements, and inflationary costs.

Apportionment Funding for Growth. The governor has proposed 0.5% in growth funding in the amount of \$26 million.

- PCCD Impact. The District is not eligible for apportionment growth as the college has not fully restored from our FY 2015-16 FTES base decline.
- ❖ **Adult Education Block Grant.** Because noncredit programs are not included in the state funding formula, the governor has proposed an increase of \$18 million to provide the 3.46% COLA increase for these programs.
 - PCCD Impact. The grant is a pass-through and there is no additional revenue to PCCD.
- ❖ **Funding the Second Year of Promise Programs.** The Governor's Budget includes \$40 million to fund the second year of free tuition for first-time/full-time community college students.
 - PCCD Impact. There is no estimate as yet for this impact. However, this funding will enable the District to expand the Palomar College Promise Program.
- ❖ **CalSTRS Offset.** The governor's proposal includes a \$3 billion one-time payment to CalSTRS on behalf of employers to reduce the future ("out year") contribution rates. The original estimate of the out year for STRS was 18.13% and this is estimated to be reduced to 17.10%.
 - PCCD Impact. The District will see its STRS employer contribution increase reduced from \$630K to \$288K. No additional revenue but a reduction in the FY 2019-20 budgeted expense.

Total Revenue Increase: \$3.8 million.

More details forthcoming at the May Revise. Overall, the governor's budget proposal promises another year of solid support and progress for California's community colleges.



FISCAL SERVICES BUDGET DEVELOPMENT TIMETABLE FOR FISCAL YEAR 2019-2020

January 10, 2019	Governor rolled out 2019-2020 Proposed Budget.
February 12, 2019	Budget Committee (BC) begins budget review.
February 13, 2019	Divisional Planning Councils begin budget development process for Divisions in accordance with Divisional PRP's and Strategic and Master planning documents.
February 28, 2019	Input by Fiscal Services for General Fund Unrestricted budgets for implementation in the FY19-20 Tentative Budget using FY18-19 General Fund Unrestricted budget data as of February 28, 2019.
March 8, 2019	Designated and Restricted budget development forms due to Fiscal Services for input into PeopleSoft Financials. Proposed budgets are acceptable. Attach grant letter, if applicable.
March 8, 2019	Fiscal Services will project available resources in accordance with the Resource Allocation Model (RAM) and Integrated Planning Model (IPM). Fiscal Services will project all salaries with grade/step impacts (including benefits) and fixed non-discretionary costs in accordance with the RAM based upon targeted FTES.
April 9, 2019	BC finalizes budget review.
April 16, 2019	SPC begins budget review.
April 30, 2019	SPC finalizes budget review.
June 4, 2019	Tentative Budget finalized and printed for Governing Board approval.
June 11, 2019	Tentative Budget presented to Governing Board for approval.
July 5, 2019	Restricted (final) budgets submitted to Fiscal Services.
August 9, 2019	Fiscal Services finalizes revisions to Adopted Budget .
Sept.2-Sept.6, 2019	Proposed Adopted Budget available for Public Inspection.
Sept. 10, 2019	Proposed Adopted Budget presented to Governing Board. Governing Board holds public hearing on proposed Adopted Budget .

Prepared: December 1, 2018

Updated: January 25, 2019

Budget Committee Reviewed: February 12, 2019

About FCMAT

The Fiscal Crisis and Management Assistance Team (FCMAT) was created by legislation in 1992 as an independent and external state agency. FCMAT's mission is to provide proactive and preventive fiscal, business and management review services that help local educational agencies comply with fiscal accountability standards and incorporate best practices.

FCMAT has performed more than 1,000 reviews for K-12 school districts, county offices of education, community colleges and charter schools. Management assistance requests represent approximately 75% of FCMAT's work. Areas of review include budgets and multiyear financial projections, reviews of business services, organizational effectiveness, special education, transportation services, maintenance and operations, and technology. Approximately 5% of FCMAT's work is on reviews assigned by the state Legislature or county superintendents and involves assistance with averting the need for emergency state loans. Assembly Bill 139 extraordinary audits, which review possible fraud or misuse of funds and are requested by county offices of education, also comprise approximately 5% of FCMAT's work.

The remaining 15% of FCMAT's work includes developing and providing numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their oversight responsibilities. FCMAT manages the California School Information Services (CSIS) database, the largest known K-12 educational data collection system.

Funding

FCMAT is funded through appropriations in the state budget and modest fees to client agencies.

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FCMAT
FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services



Management & Technical Assistance
Professional Development
Software & Publications
Data Management

FCMAT's Services

Fiscal & Management Assistance

FCMAT's primary mission is to help California's local educational agencies and institutions identify, prevent and resolve financial challenges. FCMAT's services are used not just to help avert fiscal crises, but to promote sound financial practices and effective and efficient operations.

FCMAT's services may be requested by a school district, charter school, community college, county office of education, the state, the Community College Chancellor's Office, Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local educational agency to define the scope of the study, conduct a review and provide a written report with detailed findings and realistic recommendations to help resolve issues, overcome challenges and successfully plan for the future. This approach, combined with a high level of professionalism and service, has resulted in consistently high ratings on clients' post-study evaluations.

Study Teams

FCMAT study teams are led by one or more experienced full-time staff members and include highly qualified consultants with demonstrated expertise in their respective fields. Most consultants are actively working in a school agency, institution or JPA, or are retired from a successful career in the specific area to be reviewed.

Fiscal Advisor Services

FCMAT staff members occasionally serve as short-term fiscal advisors to districts and county offices that are in a fiscal or leadership transition or that require additional fiscal expertise.

For more information or to request services, visit www.fcmat.org and click on "request our services," or call (661) 636-4611.

Fiscal Tools

Budget Explorer Software

FCMAT's free online Budget Explorer software provides school districts and county offices of education with a streamlined and intuitive tool for creating multiyear financial projections.

Fiscal Health Risk Analysis

FCMAT's Fiscal Health Risk Analysis uses a simple question-and-answer format to help school districts gauge their overall fiscal and operational health in 17 key areas. The analysis document is available at no charge on FCMAT's website.

Professional Development

CBO Mentor Program

FCMAT's Chief Business Official (CBO) Mentor Program is a year-long experience that provides in-depth training, peer review and one-to-one mentoring for current and prospective chief business officials in educational agencies statewide. The depth of information, analysis, feedback and individual assistance make this program one of the strongest of its kind. More than 90% of participants are subsequently promoted to CBO or other positions of increased fiscal responsibility.

ASB and Charter School Workshops

FCMAT's ASB and charter school workshops are provided upon request and are designed to help California's school agencies and institutions understand and comply with the numerous complex financial and legal requirements for administering and overseeing student body organizations and charter schools.

Technical Assistance

Online Help Desks

FCMAT's website features free online Help Desks for fiscal and management questions, and for assistance with FCMAT's Budget Explorer software and the Local Control Funding Formula. Answers are usually provided within 48 hours. Archived questions and answers are also available for reference.

E-mail Lists

FCMAT maintains several peer email lists to help administrators in school districts and county offices of education share information.

Publications

All of these publications are available as free downloads from FCMAT's website, www.fcmat.org:

ASB Manual

The ASB Accounting Manual, Fraud Prevention Guide and Desk Reference provides guidance for associated student body organization, governance, finance and accounting.

Fiscal Oversight Guide

This publication is a resource for county offices of education to use in oversight of school districts. It outlines the responsibilities and provides guidance related to budget adoption and approval processes and the review of interim reports, including sample letters for various situations.

COE Fiscal Procedural Manual

The manual assists COE business officials in performing their required duties related to evaluating the operation of school district finances and developing consistent and common practices for reviewing and responding to various fiscal requirements of the California Education and Government codes.

Charter School Annual Oversight Checklist

This document is designed to help charter schools and their authorizing agencies evaluate their operations and practices against industry-standard best practices.

Annual Report

FCMAT's Annual Report is published each fall and summarizes the year's work and the direction of the organization.

CSIS

California School Information Services is managed by FCMAT and maintains the largest known K-12 educational data collection system. CSIS helps districts use this data to track and transfer student information statewide. More information is available at the CSIS website, www.csis.k12.ca.us.

Palomar Community College District

Documents Requested

1. Annual District External Audits - Three years. (Additional years if unresolved findings prior to three years)
2. Annual Bond Fund Audits – Three years (Additional years if unresolved findings prior to three years)
3. Annual Foundation Audits – Three years (Additional years if unresolved findings prior to three years)
4. Budget Assumptions – Three years
5. Multi-year budget projections – Three years
6. Board Policies and Administrative Procedures - Budget development process
7. Board Policies and Administrative Procedures – Acceptance of grant and restricted funds
8. Quarterly CCFS-311 - Three years.
9. Board Adopted Budget Calendars - Three years.
10. Monthly bank and investment reconciliations – Two years
11. Quarterly balance sheet reconciliations – Two years
12. County Treasurer to district and County Office of Education Reconciliations – Two years
13. Budget Calendars -Two years
14. Board Policy and Administrative - Fraud prevention.
15. Annual Budget adopted by BOT - Three years
16. Annual Final Financial Report – Three years
17. Ending Balance Report by fund for all funds – Three years
18. District Cash Flow Projections – Three years
19. Annual Budget to Actual Expense Comparison – Three years and current year YTD
20. Board Agenda – Interim CCFS 311Q
21. ACCJC – Most recent self-study
22. ACCJC – Most recent accreditation report
23. Actuarial Report on unfunded OPEB liability – Most recent report
24. All current bargaining unit contracts
25. Five-Year Scheduled Maintenance Plan - Most recent plan
26. Bond Oversight Committee – Agenda and meeting minutes last two years
27. District Facilities Master Plan
28. All Board Policies and Procedures related to communications between the business office and the Board of Trustees.
29. District developed 18/19 budget under SCFF and 3-year future projections.
30. District allocation model under SB361 and SCFF