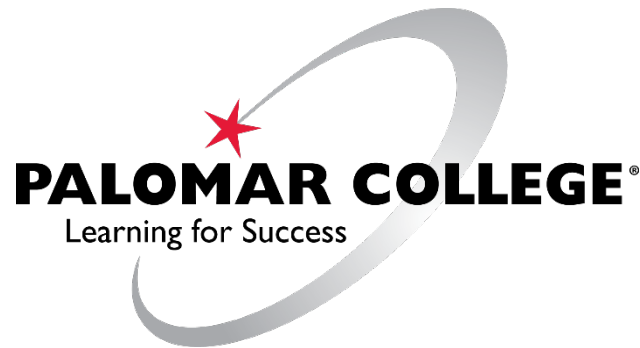


Palomar Community College District

Budget Committee

2018-19



May 13, 2019
Presented by Carmen Coniglio
Sr. Director, Fiscal Services

Updates on the First Principal Apportionment for 2018-19



April Revision to the First Principal Apportionment for 2018-19

Chancellor's Office Adjustments

- 1. 3-Year Credit FTES Rolling Average Recalculated:** Special admit students and students in correctional facilities omitted from the calculation of the 2016-17 and 2017-18 funded FTES **[Results in a decrease in system-wide SCFF costs of \$72 million]**
- 2. Additional \$4 million offsetting revenues were reflected:** Property tax collections and federal oil and mineral revenues
3. Corrections to use most current data and unrounded FTES rates
- 4. Basic Allocation:** used the 2017-18 FTES to determine the size of each district

April Revision to the First Principal Apportionment for 2018-19

Apportionment

The Chancellor's Office intends to apportion at least the 2017-18 TCR, adjusted by the 2018-19 COLA (2.71%)

- As of the April Revision, the Chancellor's Office estimates a **\$228 million** funding shortfall. Specifically:
 - **Revenues:** \$144 million lower than estimated in the Budget Act of 2018
 - **SCFF Costs:** \$84 million higher than assumed when the Budget Act of 2018 was enacted
- **“Constrained TCR”** – A district's TCR was constrained to **no greater than 8.13% more than the 2017-18 TCR**



2018-19 3rd Quarter Financial Status

CCFS-311 Quarterly Financial Status Report

Unrestricted General Fund	Adopted Budget	Projected FYE
A. Revenues		
Objects 8100, 8600, 8800	121,714,116	124,690,838
Other Financing Sources		
F41 State Mandate	2,959,145	2,959,145
FBC Reserve W/D	2,000,000	2,000,000
Intra-fund Transfers-In (F/Des)	1,414,389	1,734,447
Total Unrestricted Revenues	128,087,650	131,384,430
B. Expenditures		
Objects 1000-6000	124,718,579	131,646,773
Est. Salary/Benefit Savings		(1,567,000)
Exp. Transfers to Other Funds		(2,387,000)
Other Outgo		
F69 Contribution	3,808,898	3,808,898
ASG Contribution	30,000	30,000
Intra-fund Transfers Out	3,172,381	3,523,403
Total Unrestricted Expenditures	131,729,858	135,055,074
Revenue Over (Under) Expenditures	(3,642,208)	(3,670,644)
Fund Balance, Beginning	21,890,470	21,890,470
Fund Balance, Ending	18,248,262	18,219,826
Percentage of GF FB to Exp	13.9%	13.5%

2018-19 3rd Quarter Financial Status

CCFS-311 Quarterly Financial Status Report

GFU REVENUES	Adopted Budget	Projected FYE
Unrestricted Revenues		
Apportionment	111,233,842	111,490,107
Other Revenue Sources	10,480,274	13,200,731
CY Unrestricted Revenue	121,714,116	124,690,838
F41 State Mandate	2,959,145	2,959,145
FBC W/D	2,000,000	2,000,000
Intra-fund Transfers-In	1,414,389	1,734,447
Other Financing Sources	6,373,534	6,693,592
Total Unrestricted Revenues	128,087,650	131,384,430

2018-19 3rd Quarter Financial Status

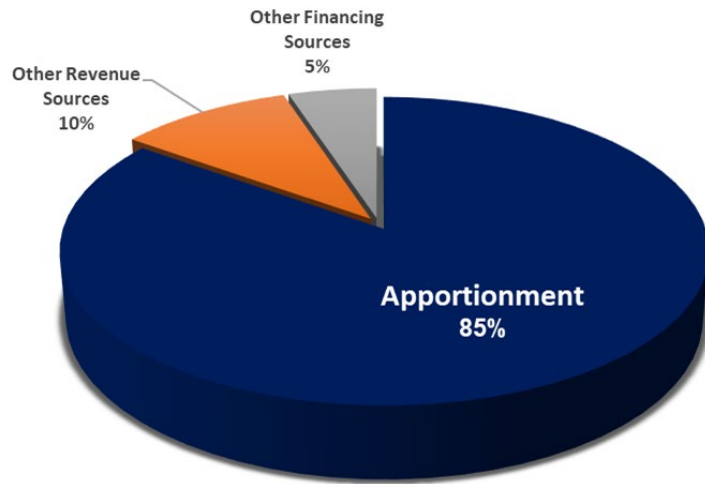
CCFS-311 Quarterly Financial Status Report

GFU EXPENDITURES	Adopted Budget	Projected FYE
Unrestricted Expenditures		
Objects 1000-6000	124,718,579	131,646,773
Est. Salary/Benefit Savings		(1,567,000)
Exp. Transfers to Other Funds		(2,387,000)
CY Unrestricted Expenditures	124,718,579	127,692,773
F69 Contribution	3,808,898	3,808,898
ASG Contribution	30,000	30,000
Intra-fund Transfers Out	3,172,381	3,523,403
Other Outgo	7,011,279	7,362,301
Total Unrestricted Expenditures	131,729,858	135,055,074

2018-19 3rd Quarter Financial Status

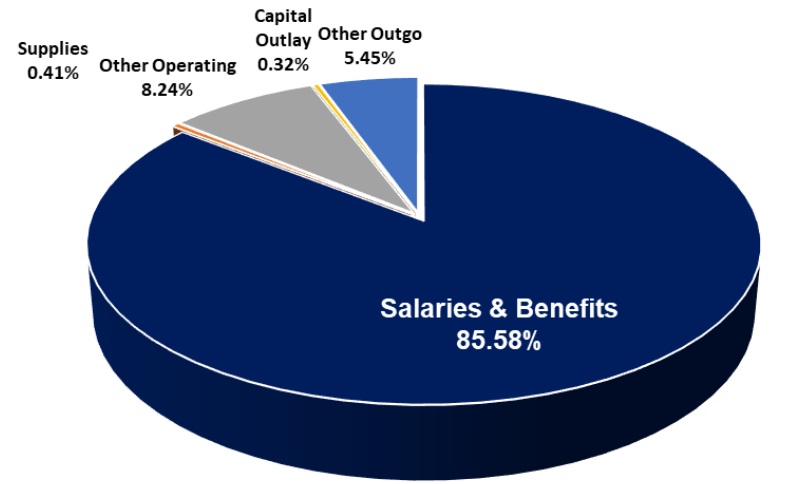
CCFS-311 Quarterly Financial Status Report

General Fund Unrestricted
2018-19 Q3 Projected FYE Revenues



■ Apportionment ■ Other Revenue Sources ■ Other Financing Sources

General Fund Unrestricted
2018-19 Q3 Projected FYE Expenditures



■ Salaries & Benefits ■ Supplies ■ Other Operating ■ Capital Outlay ■ Other Outgo

2018-19 3rd Quarter Financial Status

Fund Balance

GFU SUMMARY	Adopted Budget	Projected FYE
Beginning Balance	21,890,470	21,890,470
(+) Revenues	128,087,650	131,384,430
(-) Expenditures	131,729,858	135,055,074
Deficit	(3,642,208)	(3,670,644)
Projected Ending Fund Balance	18,248,262	18,219,826
% FUND BALANCE OVER EXP	13.9%	13.5%

2019-20 Governor's May Revise

The May Revision includes:

- Routine adjustments using updated estimates of revenue, enrollment, program participation, and inflation adjustments
- CCC shares of Prop 98 at May Revision are: 10.99% (PY), 10.97% (CY), and 10.93% (BY). CCC funding totals remain largely unchanged
- **COLA** rate is reduced from 3.46% to **3.26%**
 - **\$3.7m in additional Base Funding for Palomar**
- New funding proposed for **Deferred Maintenance**: (\$40 million one-time to be allocated based on P2 FTES)
 - **\$600K one-time funds for Deferred Maintenance, if enacted**
- **Cal-STRS Relief** (\$2.3 billion one-time, non-Prop 98)
 - **Projected District contribution rate reduced to 0.4% (down from 1.85%)**
- Second Year of California College **Promise** (\$40 million allocation)

Changes to Governor's January Proposals

Student Centered Funding Formula Policy Discussions

Three refinements proposed:

- 1) For 2019-20, mirror 2018-19 funding rates plus COLA, maintaining 70/20/10
- 2) Capping year-to-year growth in Success Allocation Growth to 10% beginning in 2019-20
- 3) Proposed Definition of Successful Student Transfer Outcomes: attributed to student's district of residence

For 2019-20, Palomar will be funded the highest of:

1. 2019-20 SCFF Calculated Revenue: 70% Base Allocation, 20% Supplemental, 10% Student Success + 2019-20 COLA (3.26%)
2. 2018-19 SCFF Calculated Revenue: 70% Base Allocation, 20% Supplemental, 10% Student Success + 2018-19 COLA (2.71%)
3. 2017-18 TCR + 2018-19 COLA (2.71%) + 2019-20 COLA (3.26%)

Every year, districts would receive at least the prior year SCFF calculation

Next Steps

Governor's May Revise

- DOF proposed adjustments to the January Budget
- LAO publishes additional analyses

Legislative Review

- Budget Conference Committee meets to resolve differences
- Assembly and Senate enact Budget Act

June

Budget Enactment

- Governor signs Budget

Potential Policy Changes to SCFF

SCFF Structure



#	Issue	Existing Law	Recommendation
1	Appropriations for SCFF Costs	The state determines General Fund appropriations when the annual budget is enacted, based on estimated SCFF costs and offsetting revenues.	Enact statutes to authorize the state to adjust General Fund appropriations for the SCFF to account for revised estimates of costs and offsetting revenues.
2	Minimum Levels of Revenues	Existing law specifies that a district would receive at least the 2017-18 TCR adjusted by the cost-of-living adjustments (COLA) in 2018-19, 2019-20, and 2020-21.	Extend this provision through 2023-24 This length of time is consistent with the length of the transition to the Local Control Funding Formula.

Potential Policy Changes to SCFF

SCFF Structure



#	Issue	Existing Law	Recommendation
3	Adjustments to Various SCFF Rates	Existing law specifies rates for each of the factors included in the base allocation, supplemental allocation, and student success allocation.	Consistent with Governor's proposal, adjust the per-factor SCFF rates, such that the split across the three allocations would be approximately 70-20-10 in 2019-20 .
4	Use of Simple Average for Factors	Existing law uses <u>prior-year counts</u> for each of the factors in the supplemental allocation and student success allocation.	For the supplemental allocation and for the student success allocation, use a <u>simple average of the factors for the prior year and the prior prior year</u> .

Potential Policy Changes to SCFF

SCFF Student Success Allocation



#	Issue	Existing Law	Recommendation
1	Counts of Student Success Allocation Factors	Existing law <u>counts all outcomes</u> , regardless of whether the same student attained more than one of the outcomes.	<u>Count only the highest in a single year</u> : (1) associate degree for transfer, (2) associate degree, (3) baccalaureate degree, (4) credit certificate, (5) completion of transfer-level mathematics and English courses, and (6) completion of nine or more career-technical education (CTE) units.
2	Definition of Completion of Nine or More CTE Units	Existing law counts the number of students <u>who completed nine or more CTE units</u> in the same year.	Count this outcome only if the student <u>completes the units within the same two-digit TOP code</u> .

Potential Policy Changes to SCFF

SCFF Student Success Allocation



#	Issue	Existing Law	Recommendation
3	Definition of Successful Transfer to Four-Year University	Existing law counts the number of students who successfully transferred, as long as the student completed at least 12 units system-wide, with <u>outcome credited to each district in which student enrolled in prior year.</u>	<u>Count this outcome at each district where the student completed 12 or more units in any year prior</u> to transfer and enrolled in the district* in the prior year. *student's district of residence
4	Definition of Outcomes Related to Awards	Existing law counts all awards in a given year.	<u>Count this outcome only if the student had enrollment in the academic year the award is made.</u>

2019-20 Budget Assumptions

Student Centered Funding Formula

2019-20 General Fund Unrestricted Budget Assumptions	2018-19	2019-20
2017-18 Total Computational Revenue (TCR)	108,548,444	108,548,444
2018-19 COLA (2.71%)	2,941,663	2,941,663
2018-19 TOTAL COMPUTATIONAL REVENUE	111,490,107	111,490,107
2019-20 COLA (3.26%)		3,634,577
2019-20 TOTAL COMPUTATIONAL REVENUE		115,124,684
SCFF Calculated Revenue (Projected)	107,315,760	110,784,662
Hold Harmless (Funding Above the SCFF)	4,174,347	4,340,022
Base FTES	19,102	17,911
Reported FTES (Includes 19-20 Summer Shift of 1,106 FTES)	17,911	TBD
FTES Not Earned	(1,191)	
2018-19 SCFF FTES Rate \$3,727 - Proposed Reduction	(4,438,857)	
		0.50% Growth FTES
Funded (Based on P2 Second Principal Apportionment Report)		FTES
Credit	16,717	84
Special Admit Credit	495	2
Incarcerated Credit	14	0
CDCP	428	2
Noncredit	257	1
Total FTES Reported	17,911	90
Funded FTES		18,001
Total Growth \$ Equivalent (Est)		\$ 333,774

2019-20 Budget Assumptions

Community College Financial Projection Assumptions based on the
2019-20 May Revise Proposal

Factor	2018-19	2019-20	2020-21	2021-22	2022-23
Statutory COLA for Apportionments	2.71%	3.26%	3.00%	2.92%	2.90%
Growth Funding	N/A	0.55%	TBD	TBD	TBD
Unrestricted Lottery per FTES	151	151	151	151	151
Restricted Lottery (Prop 20) per FTES	53	53	53	53	53
Mandate Block Grant per FTES	29.21	30.22	31.08	31.99	32.92
CalPERS Employer Rate	18.1%	20.7%	23.4%	24.5%	25.0%
CalSTRS Employer Rate	16.3%	16.7%	18.1%	18.1%	18.1%