

# **Impact on Mt. San Antonio College of May Revision of 2020-21 Proposed Budget and 2019-20 Budget Adjustments**

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## **Opportunities from 2019-20 Budget Adjustment**

- **That the current year budget is based on the P1 Rebenching allocation** is an opportunity for Mt. SAC. This state action reinforces the state's commitment to an ongoing, stable, and predictable funding formula. This commitment honors the hard work of Mt. SAC faculty and staff to increase access, qualify more students for financial aid, and invest in practices that increase student completion. With the uncertainty of the SCFF allocation for 2019-20 going into the fiscal year, Mt. SAC's adopted budget assumed no more than the hold harmless funding guarantee. The considerable gain in SCFF funding from the P1 Rebenching provided both more current year resources (booked as onetime) and a higher base revenue as the college addresses the 2020-20 proposed cuts.
- **The state's action to protect cuts for the 2019-20 year** is an opportunity for Mt. SAC. Cuts in current year funding late in a fiscal year are nearly impossible to manage.
- **Use of Rainy Day funds and employing a one month deferral** are strategic wins for the college. During the extended period of economic growth last decade, Mt. SAC developed and grew a solid ending cash balance each year that will enable the college to cover deferrals in both the current year and next year, even for a two month deferral. This strategy enables Mt. SAC to be a partner with the state in managing what is projected to be a relatively short downturn in anticipation of a strong economic recovery. That the deferral applies just to the state allocation is also a benefit to colleges like Mt. SAC which have a strong property tax base.

## **Challenges from 2019-20 Budget Adjustment**

- **Additional, unexpected costs and income losses not mentioned in the May Revision** are a challenge. This Spring Mt. SAC experienced a great deal of additional costs and some unexpected revenue shortfalls. While these are only tangentially related to the state's approach to its budget shortfall in the current year, they are harbingers of challenges that will extend into 2020-21. Many of these expenses can be addressed with FEMA claims and CARES Act funding. These include faculty training to teach online and computers supplied to students to learn online. Also of considerable fiscal impact are expanded resources for student basic needs such as emergency grants and food pantry distribution not covered by FEMA or CARES Act? More attention to basic needs in the state allocation for 2019-20 would have helped to

meet this need. Also significant is loss of income due to refunds for unused student parking permits.

#### Opportunities from 2020-2021 proposed Budget Reduction

- **Basing the Student Centered Funding Formula 10 percent reduction on the 2019-20 P1 Rebench Allocation AFTER applying the COLA of 2.31%** is an opportunity for Mt. SAC. The resulting 7.69% reduction is much more manageable than expected given the state's fiscal condition. Mt. SAC will meet this budget adjustment with a combination of utilization of reserves, trimming department allocations where budgets exceeded expenditures over the last three years, targeted reduction in temporary at-will staff, and a modified freeze on filling vacant positions. This moderate level of budget adjustment allows Mt. SAC the opportunity to continue existing levels of equity, quality, and access for students while maintaining all of our currently employed permanent faculty, staff, and managers.
- **Continuing the existing funding for EOPS/CARE, DSPS, and the two years of Promise Program funding** is an opportunity for Mt. SAC and our students of highest need. Note that Mt. SAC uses Promise funds to support first time students in their first year by providing book vouchers, loaner laptops, food cards, transit passes, school supplies, and student success workshops. This continued level of funding is an opportunity for Mt. SAC to sustain services for high risk populations to achieve their full educational potential
- **Proposing Prop 51 bond funds for additional community college facility projects** is an opportunity for Mt. SAC. Our college has a major facility for Technology and Health Profession instructional programs that is in line for funding in 2021-22. The May Revise shows a high level of commitment to Prop 51 projects that will be essential to the future of these important facilities for essential programs. In addition the investment in the construction of these facilities will help the regional economy going forward.
- **Backfills of shortfalls in property tax, EPA, and student fees** is a win for Mt. SAC. Like all other community colleges, we depend on a stable mix of these sources for our funding. Frankly, the dramatic and sudden downturn in our economy put not only the state budget in jeopardy but these local sources as well. Stability and predictable funding enables effective planning and budgeting, and this commitment by the state is an unexpected and welcome development.
- **Redirecting \$2.3 billion from CalPERS and CalSTRS investment pools to pay down employer contribution rates by 2% for 2020-21** is an opportunity for Mt. SAC. These escalating costs have pulled significant dollars from our ability to teach and support students. While this is admittedly a temporary fix, it gives Mt. SAC the breathing room to adjust to lower ongoing funding in time to assume this obligation in the following year. In fact, during the recent "salad years," Mt. SAC managed to put

away \$11 million in an irrevocable trust dedicated to future contributions to the STRS and PERS retirement pools. We plan to pull from this trust to further level the budget impact of this obligation for the next three years.

- **Identifying \$167.7 M as potential funding if “triggered” by federal funding** is an opportunity. To write in the budget California’s intention to pursue these funds in Congress and commit their use to public education is a huge opportunity for Mt. SAC. Part of our opportunity is to complement the governor’s advocacy for these funds with our own outreach. It has been my pleasure to do so recently with both Congresswoman Norma Torres and Congressman Gil Cisneros who are strong advocates for this federal funding.
- **The state’s commitment to increase the Test 1 Prop 98 minimum guarantee from 38% to 40% over four years by investing state general funds in public education** is an amazing opportunity for Mt. SAC. This pledge doubles our commitment to provide the training that will put our unemployed back to work and provide the marketing, planning, fiscal, and personnel skills to help struggling business reopen and flourish. Knowing that these efforts will not only assist in California’s recovery but benefit our own future fiscal health is an opportunity we will pursue with vigor.
- **Extending Hold Harmless provisions of the SCFF for two more years while applying the SCFF rate reduction to all districts** is an opportunity for Mt. SAC. The fiscal health and stability of each of our colleges strengthens us all. Having the state recognize this shared value is an opportunity to have Mt. SAC join in unity with other colleges to support this budget.

#### **Challenges from 2020-2021 proposed Budget Reduction**

- **That the budget reduction is proposed to be accomplished primarily by decreasing the SCFF metric rates** is a challenge. In all likelihood, community colleges, including Mt. SAC, will suffer from enrollment declines in 2020-21. Reasons include student reticence to enroll online, a need for potential students to seek employment to contribute to the family income, a need for potential students to stay home to care for young children or aging parents, and the dismal job prospects that stifle student ambition to take classes. The budget certainly lays a challenge in front of Mt. SAC to maintain access and equity as well as train workers to advance the economic recovery all the while knowing that we will be paid at lower rates to do so. A solution more in line with reality is to lower the SCFF funding by lowering workload measures for all SCFF components: enrollment, number of financial aid recipients, and number of completions while keeping the metric values at 2019-20 levels. The federal trigger funds are much needed here.
- **Reducing the funding of the Student Equity and Achievement Program (SEAP)** presents a challenge. Mt. SAC uses these funds in three ways. First, to fund student support cohorts. These are support services targeted to assist student populations with barriers to success. Through SEAP Mt. SAC supports cohorts including foster youth, veterans,

undocumented, previously incarcerated, minority males, LGBTQ, African Americans, Pacific Islanders, athletes, deaf and hard of hearing, and Latinx students. Services include intrusive counseling, life skills, mental health support, university visits, disability high tech learning assistance, and basic needs support. Through SEAP Mt. SAC funds Academic Support Centers through tutoring, supplemental instruction, tutors-in-the-classroom, and focused study groups. These centers are located around campus in proximity to the programs they support. These include, Math, English, STEM, CTE, Sign Language, Public Speaking, Writing Center, Robotics Lab, Learning Assistance Center, Nursing Skills Center, and Graphic Design Center. Both the Support Cohorts and Learning Centers have dedicated facilities, a coordinator or director, counselors and senior tutors, and make use of many student peer counselors peer tutors, peer advisers, and peer ambassadors'. Mt. SAC uses SEAP to fund basic needs such as the food pantry and emergency grants to students who need, for example, a car repaired to get to school or a place to sleep until they get back on their feet. So the challenge in the budget is the dichotomy of expressing the need to provide these services to improve access, equity, and completion while cutting the primary funds for such outcomes—currently \$13 million a year for Mt. SAC which would be cut by \$2 million next year. The federal trigger funds are needed here as well.

- **Cutting the Strong Workforce Program by 57%** presents a challenge for Mt. SAC. Our college has the largest CTE enrollment in LA County. Mt. SAC hosts the Regional Labor Market Center, the resource that assures our Strong Workforce programs meet labor market demands meaning that there are both unfilled jobs and a shortage of training in our region. Mt. SAC will need to curtail many of these high demand CTE programs and cut in half the resources needed to assure that future funded programs meet labor market demand. The mixed messages in the May Revise create a challenge. How does Mt. SAC provide training to assist the region in economic recovery when the funds to do so are cut by 57%. As a state leader in workforce and economic development through community colleges for more than two decades and one of the authors of the Board of Governors Strong Workforce Task Force Plan, the evidence is clear to me that California's major job training engines, the California Community Colleges should be the last place to cut the state's workforce training investment. Repurpose the SWP money for targeted job training and business support? Yes. Cut the funding for job building? No

#### **Missed Opportunities from 2019-20 Budget Adjustment**

- **A defined role for community colleges in the economic recovery** would have been beneficial to address in the May Revise. For example:
  - **Move Calbright from a separate community college into a role within the Chancellor's Office** in economic and workforce development as an incubator and R&D resource to all colleges. Use the Calbright funding in this role with the Strong Workforce Program. The elements in Calbright that would then benefit all

colleges: competency based instruction, credit for prior learning, local, regional and state financial partnerships with business and industry and well as with labor unions for apprenticeships.

- **Reallocate and restructure the K-14 Strong Workforce Program \$164 million, For example::**
  - This funding is scored from the community college budget, and the great majority overseen by CDE. The legislative intent was to align K-12 CTE as entry into community college CTE programs. However, there was no dedicated funding to CCCs, only a liaison. As a result, progress has been marginal. Change is needed.
  - **Blend K-14 SWP with CCC SWP and share the K-14 SWP money equally between our two segments.** Actually, CCCSWP has many projects that would benefit from alignment with K-12 CTE pathways. Some of these are already done through dual enrollment which should be the mechanism overall.
- **More flexibility on use of local general obligation bond funds** would add to the fiscal flexibility which is provided in the May Revise. For example:
  - Expand **flexibility on deferred maintenance** by allowing higher dollar maintenance projects to be done this way.
  - Expand flexibility **for capital equipment investment, especially in technology**, to be funded with local bonds beyond the current requirement to be part of a capital facility project.