LOS RIOS
COMMUNITY COLLEGE DISTRICT’S
TENTATIVE BUDGET

July 10, 2020
JOB LOSSES IN CALIFORNIA

U.S. and California Unemployment Rates
REVENUE DECLINE IN CALIFORNIA

Long-Term Revenue Forecast — Three Largest Sources
(General Fund Revenue — Dollars in Billions)

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</thead>
<tbody>
<tr>
<td>Personal Income Tax</td>
<td>$99.2</td>
<td>$94.8</td>
<td>$76.8</td>
<td>$76.8</td>
<td>$81.4</td>
<td>$87.7</td>
<td>-1.9%</td>
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<tr>
<td>Sales and Use Tax</td>
<td>$26.1</td>
<td>$24.9</td>
<td>$20.6</td>
<td>$23.7</td>
<td>$24.6</td>
<td>$25.4</td>
<td>0.0%</td>
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<tr>
<td>Corporation Tax</td>
<td>$14.1</td>
<td>$13.9</td>
<td>$16.6</td>
<td>$15.9</td>
<td>$16.0</td>
<td>$14.9</td>
<td>1.6%</td>
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<tr>
<td>Total</td>
<td>$139.4</td>
<td>$133.6</td>
<td>$114.0</td>
<td>$116.4</td>
<td>$122.0</td>
<td>$128.0</td>
<td>-1.4%</td>
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<tr>
<td>Growth</td>
<td>6.4%</td>
<td>-4.2%</td>
<td>-14.6%</td>
<td>2.1%</td>
<td>4.8%</td>
<td>4.9%</td>
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</tbody>
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Note: Numbers may not add due to rounding.
REVISED BUDGET TIMELINE

May Revision is usually predicated on April 15\textsuperscript{th} tax receipts

Federal and state tax deadlines extended to July 15\textsuperscript{th}

State still has a constitutional requirement to pass a budget by July 1\textsuperscript{st}

State won’t know revenue picture until sometime in late summer

Mid-year budget adjustments likely in August/September timeframe
GOVERNOR’S MAY REVISION FOR CCCs

Without additional federal support, trigger cuts enacted
- HEROS Act could provide substantial resources, but lacks support outside of the House

Student Centered Funding Formula “rates” and “hold harmless” reduced by 10%
- $32 million ongoing reduction for Los Rios
- Hold harmless increase for two additional years

Student Equity and Achievement Program reduced by 15%
- $2 million ongoing reduction for Los Rios

Strong Workforce Program reduced by over 50%
- $4 million ongoing reduction for Los Rios

April, May, and June 2021 payments will be deferred until at least July 2021
- $51 million deferral for Los Rios
LEGISLATIVE ACTION FOR CCCs

Largely the same revenue and expenditure assumptions as May Revision
- Some adjustments for caseload outside of education

Trigger reductions/deferrals on October 1st, if federal funding does not come through
- May Revision starts the year with cuts, then adds back based on federal funding

Houses aligning to prevent meeting in Conference Committee
- Less transparency than prior years, but understandable given the public health crisis

Possibility for CCCs to be funded at less than our traditional split
- K12 may get a higher share of Proposition 98

Many issues remain outstanding
- Mix of reductions/deferrals, online college, categorical reductions, etc.
X, Y, Z BUDGETS FOR LOS RIOS

All three budgets at the “hold harmless” level of $297 million
- A reduction of 8% below what will be received in the current year

X Budget assumes a 5% enrollment decline
- Impossible to convert faculty will be paid, but will not generate FTES

Y Budget assumes a 2.5% enrollment decline
- Assumes more productivity with the same instructional schedule, which increases the FTES generated

Z Budget assumes flat enrollment
- Assumes productivity fully makes up for the difference in instructional program and impossible to convert courses

Los Rios will operate at the X Budget level until additional revenues materialize
X BUDGET REDUCTIONS

10% reduction to the fall and spring instructional schedule
- Increased productivity may offset some or all of the reduction

10% reduction in vacancy factor for classified and management positions
- Current vacancy factor is only at 2%

Significantly scaled back operational budgets
- Reductions reduce ability to support temporary classified and student help

Federal funding increase would soften reductions
- We will wait until the funding is provided before releasing funds
FISCAL HEALTH ANALYSIS

Developed by the CCCCCO and FCMAT to quantify fiscal health

- A score of 40% or more is considered high risk
- A score of 25%-39% is considered moderate risk
- A score of 24% or lower is considered low risk

Evaluates leading causes of fiscal stress

- Budgeting processes, unfunded liabilities, revenue declines, leadership changes, etc.

Los Rios has a score of 3.1%

- Safely in the lower risk category

Improvements needed in multi-year budgeting

- We have planned for multi-year factors, but don’t have an official estimate
QUESTIONS