

FINAL

BUDGET

2020-2021

**Office of the Chancellor
September 2020**



Los Angeles Community College District



OFFICE OF THE CHANCELLOR

CITY

September 2, 2020

EAST

HARBOR

MISSION

The Honorable Members of the Board of Trustees
Los Angeles Community College District

PIERCE

SOUTHWEST

In accordance with Section 58305(c) of Title 5, California Code of Regulations, presented herein is the District's 2020-2021 Final Budget for your consideration and approval.

TRADE-TECH

VALLEY

The District's budget reflects funding from the State adopted \$202 billion budget signed by Governor Gavin Newsom on June 26, 2020, where the California Community Colleges received approximately \$8 billion under Proposition 98. This represents a decline from last year, primarily due to a drop in projected state general fund revenues. While the 2020-2021 budget prevents immediate cuts to CCC apportionments and categorical, it defers \$1.5 billion in cash payments to California Community Colleges in 2021-2022.

WEST

The Budget Act continues with the third year of the Student-Centered Funding Formula (SCFF) and extends the minimum state apportionment funding guarantee, or "hold harmless provision," for two additional years, through 2023-2024. Given the revenue uncertainties to the District, the 2020-2021 Final Budget is developed based on the minimum state apportionment funding guarantee of \$642 million and now utilizes the new District Allocation Model, approved by the Board of Trustees in September, 2019, to allocate revenues to the nine Colleges.

Due to the unprecedented events of the COVID-19 public health emergency, what was once projected as a historic surplus of \$5.6 billion in January 2020 is now a projected historic budget deficit of \$54 billion. The budget news for California is sobering and clearly points to the unprecedented and devastating impact of the COVID-19 pandemic public health emergency on our State's challenging financial condition. While the community college system was spared immediate budget cuts, the State cash deferrals could have an impact on the District's financial operations.

The COVID-19 health emergency exacerbates inequities, especially for the most vulnerable student populations, who were already under-resourced before the pandemic. Student basic needs, such as food security, housing, employment, mental health, access to technology, and technology tools, emergency aid, have become more prevalent and disproportionately impact underserved students and communities.

The development of the 2020-2021 District budget has been an evolving process beginning with Governor Gavin Newsom's proposed State Budget in January 2020 and the State Budget Development through June 2020. The District budget also includes information submitted by each of the Colleges and the Educational Services Center. Each College, through its participatory governance process, sets its own budget priorities to meet its institutional goals and objectives, and is responsible for balancing its annual budget.

The District's 2020-2021 Final Budget of \$5.4 billion for all funds reflects the following major budget areas:

- Building Fund (Prop. A, AA, Measure J and CC Bonds) of \$3.9 billion
- Unrestricted General Fund of \$832.5 million
- Restricted General Fund of \$257.4 million for categorical programs to support student services and other specially funded programs
- Student Financial Aid Fund of \$298.6 million
- Special Reserve Fund (State Funded Capital Outlay Projects) of \$54.1 million
- Bookstore Fund of \$29.8 million
- Child Development Center Fund of \$13.5 million
- Debt Services Fund of \$6.6 million
- Cafeteria Fund of \$2.6 million

The District continues to maintain a minimum 6.5% General Reserve and a 3.5% Contingency Reserve, and a 2.0% Deferred Maintenance Fund, as mandated by LACCD board policy.

For 2020-2021, the District's financial outlook remains currently stable under the new State Funding formula. The District will continue to focus on increasing enrollment and maximizing the three funding streams of the SCFF that includes college access, equity and student success. There is a fiscal imperative to increase access, equity, course completions and the number of degrees and certificates granted, as well as to generate more transfer students and achieve other progression points that lead to student success.

Your attention is directed to the Overview section of this document that presents a more detailed discussion of the State's fiscal environment, the District's current revenue projections and planned expenditures.

Respectfully,



Francisco C. Rodriguez, Ph.D.
Chancellor

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Prepared by Office of Budget and Management Analysis

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