

CALIFORNIA ONLINE COMMUNITY COLLEGE DISTRICT



2020-2021 Calbright Budget Summary

SUBMITTED BY

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October 20, 2020

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President's Message



We are thankful to the Governor's office, key members of the legislature, and strong advocates throughout the state who helped secure Calbright's future through the legislative budget process earlier this year.

Calbright's mission has been created for this moment. In the intervening months, we've been pursuing our mission across three critical areas: improving internal processes and staffing to enhance the student experience, mapping out the changing labor market in the new post-COVID reality, and building partnerships with other institutions. Individually, each of these goals is essential; together, they are building out the trajectory of how Calbright will support an equitable recovery for Californians across the state.

This budget summary outlines the way we intend to meet the challenges today's adult students and employers face, and explains the ways in which we've been strong stewards of public money over the past year.

As the state prepares to establish a new budget in 2021 focused on economic recovery, it is critical that solutions like Calbright--built around the needs of underserved populations--remain a priority. Our actions now add value to our work together with other California Community Colleges that will help our higher education system navigate and survive the difficult environment COVID-19 demands of today's students.

Sincerely,

A handwritten signature in black ink that reads "Ajita Menon". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Ajita Menon
President & CEO
Calbright College

Financial Outlook

The COVID-19 pandemic has created unprecedented financial uncertainty for state revenues. Already, the current fiscal year state budget agreement has reduced Calbright's ongoing revenue from \$20 million to \$15 million and reduced the one-time funds available to fully implement the College's programs by \$40 million.

Budget Objectives

In response to the uncertainty discussed above, Calbright has identified the following objectives to guide its budget and financial planning:

- **Stepping up our efforts** to serve more students and solve for the challenges facing Californians—students and employers—displaced by current economic conditions.
- **Doing more, with less.** Developing a leaner organization positioned to flexibly respond to changing programmatic needs of the state's economy (consistent with the vision of Calbright's enabling statute).
- **Readying for scale.** Building the functional capacity of the college to grow including expanding our technological and staffing infrastructure, developing new revenue models, and a growth strategy for the college to withstand economic changes.

2019-20 Financial Results

Calbright expended \$14.7 million from its ongoing revenue and \$324,000 from its one-time funding in 2019-20. This included expenditures to support students throughout the California community college system as well as to provide instruction and support to Calbright's own students.

COVID-19 caused a rapid spike in demand for remote learning technologies and need for supportive services across the community college system. Calbright leveraged its device lending library to loan rural colleges and their students over 1,000 computers and wifi devices to help with distance learning. In addition, Calbright leveraged its contract with WellConnect to connect students in these colleges to counseling and mental health care from licensed clinicians around the state.

Expenditures in 2019-20 were lower than what was projected when the 2019-20 Budget was adopted. The 2019-20 Budget included a high estimate of 95 positions to ensure there was

sufficient funding to accommodate whatever level of staffing Calbright achieved in its first year; less than half of these staff were hired before the end of the fiscal year.

Calbright used consultants as a temporary measure to meet its acute needs while administering recruitment and selection processes for permanent staff. As a result, expenses for consultants were high due to the need for professional expertise to support the development of Calbright’s programs and its administrative functions.

The \$14.8 million budgeted for build-out and tenant improvement of offices in Oakland, Sacramento, Southern California, and the Central Valley has been delayed and will be reconsidered in 2021. The circumstances created by the COVID-19 pandemic have forced the delay in identifying these facilities, but the need for them continues to exist.

Significant expenditures for outreach and to implement financial, human resources, and student information systems were not incurred until early in the 2020-21 fiscal year.

2020-21 Budget Process

| | |
|--|-------------------|
| Presentation of Budget Goals & Development Process to the Board: | Mar |
| Executive Team Budget Development: | Mar - Sept |
| Budget Advisory Committee Meetings (6 meetings): | May - Aug |
| Draft Budget Presentation to the Board: | June |
| Tentative Budget Presentation and Board Adoption: | July |
| Public Hearing and Board Adoption of the Final Budget: | Sept |

2020-21 Budget: Ongoing Funding

Calbright’s Final 2020-21 Budget projects ongoing expenditures of approximately \$15.1 million for 2020-21. This includes \$10.8 million for employee compensation and benefits to support approximately 62 FTE.

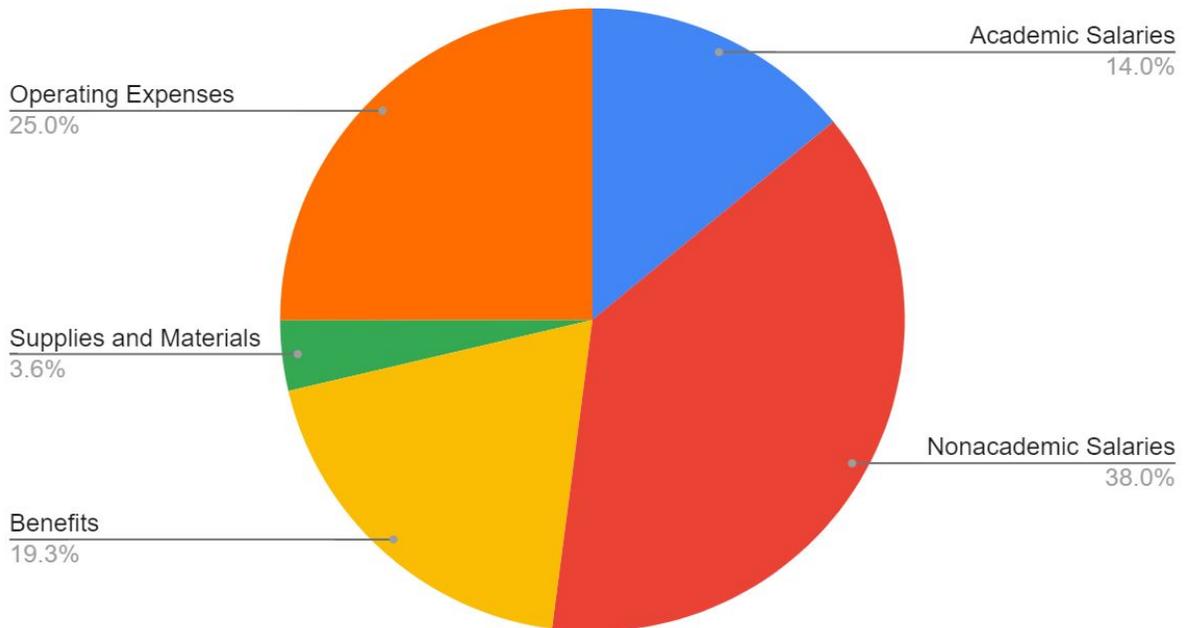
The Budget projects ongoing staffing of approximately 62 FTE. The allocation of these positions is currently:

- Learning/Instruction: 8.5 FTE (including 5 instructors)
- Student Services: 12 FTE (including 3 counselors and 2.5 student support specialists)
- Workforce Strategy: 3.5 FTE
- Research and Development: 2 FTE

- Technology: 9.5 FTE
- External Affairs: 7.5 FTE
- College Administration, Business, and Human Resources: 19 FTE

The Budget assumes approximately 18 of the 62 FTE will be added in the first half of 2020-21. Note that, for budget development, we assume that it will take a few months to fill the new positions.

Distribution of Expenditures



Operating expenses of \$4.3 million include funding for supplies and equipment for students and staff, travel and professional development, software licenses, and facilities leases.

- **\$2.9 million budgeted** for employee benefits – more than double last year’s costs due to increased tax costs and employer contributions for STRS and PERS.
- **\$550,000 budgeted** for supplies, which includes increases for added staff and students.
- **\$1.3 million budgeted** for expenses for consultants and contract services, which reflect reduced costs as more staff come on board and programs and administrative functions are fully implemented (included in Operating Expenses).

We anticipate a continued need for the contractors currently assisting with instruction and student advising. However, these costs are expected to be temporary and will be funded from the one-time funding.

Funding for Operating Expenses also includes:

- Travel and professional development - \$400,000 budgeted
- Additional software licenses for added staff and students, for technology upgrades, and the new Enterprise Resource Planning (ERP) system - \$650,000 budgeted
- Facility lease costs - \$300,000 budgeted
- Services added to comply with audit and legal mandates - \$390,000 budgeted
- Insurance services - \$200,000 budgeted

2020-21 Budget: One-Time Funding

Calbright projects expenditures of \$57.3 million from the one-time funds, prioritized as follows:

Strategic Initiatives to Support Students

- \$5 million to seed a statewide workforce exchange partnership with economic development agencies, Americas Job Centers of California (AJCCs), strong workforce regional and sector partners, community colleges, and employers.
- \$5 million to further develop online competency based education and pathways with other community colleges for Calbright's students to continue their education.
- \$10 million for partnerships with place-based agencies, such as community colleges, libraries, American Job Centers, etc, and for Calbright to establish its own centers to provide facilities for in-person support of Calbright's students.

Program Pathway Development and Organizational Capacity

- \$12.5 million for approximately 42 FTE, consultants, and contract services that will be employed for two to three years to complete development of the College's instructional, student support, workforce development, technology, external affairs, and research and development programs and build organizational capacity.
- \$7 million to improve Calbright's existing programs and develop new program pathways (including to meet the acute needs created by the COVID-19 pandemic) and student support.

Outreach to Students

- \$5 million for student outreach, and partnerships with labor organizations, community based organizations, and employment intermediaries.

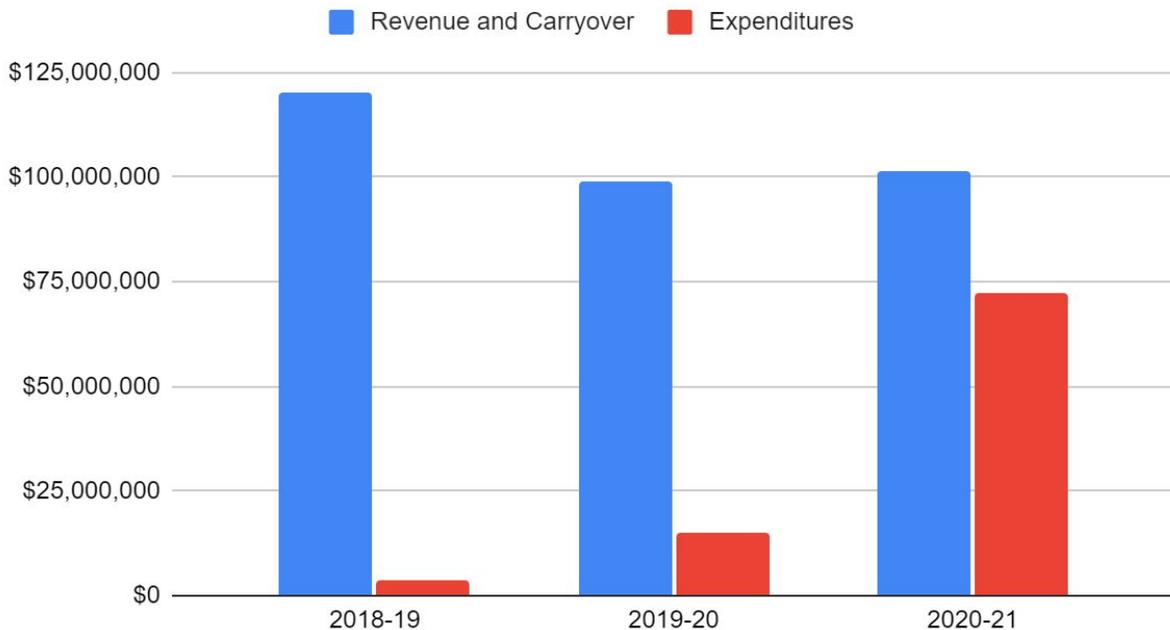
Technology and Facilities Infrastructure

- \$5 million to implement the enterprise resource planning system, and to begin development of adaptive learning, simulated experience, and student support technologies.
- \$7.9 million for capital outlay expenses including HQ buildout and equipment purchases for added staff and students.

Comparison of Available Funding to Expenditures

Calbright is making prudent use of its resources consistent with its budget objectives. Even after the significant reduction in funding from the state, the Budget leaves additional funding available for future expenses to complete Calbright’s organizational build out.

Resources and Expenditures



Multi-Year Planning: One-Time Funding

Calbright will need to spend an additional \$30 million in the next few years to meet the objectives established for it in state law, as follows:

- Leverage the best of the current public infrastructure and design to the gaps that exist between economic development agencies, Americas Job Centers of California (AJCCs), strong workforce regional and sector partners, community colleges, and employers.
- Support workforce program development throughout the system focused on career pathways for low-wage workers, unemployed, and under-employed individuals.
- Integrate resources across multiple funding streams focused on workforce education and training.
- Accelerate the development of skills-based credentials that are aligned with labor market needs and designed to maximize portability across colleges.
- Provide a more seamless journey to move someone from pre-employment separation/unemployment to training to reemployment (or additional education leading to employment) including by articulating value for prior learning and non-credit/workforce learning.
- Develop collaboration and leverage points with the state Labor Agency (California Employment Development Department and California Workforce Development Board) and other partners to support the unemployed and streamline pathways for individuals to enter reskilling/upskilling training opportunities and connect with employment.
- Build out instructional technologies including personalization technologies and architecture, workflow technologies, master data management and analytics systems, and integration with existing system-wide tools.
- Design and develop demonstration pilots to test and refine student learning, support technologies, and program development to ensure effectiveness and scalability.
- Develop and deploy fully-supported virtual and mobile labs, interactive workshops, and iterative student focus groups.

- Design student-centered experience and supports, faculty and staff experience and supports, staff training, quality assurance on instructional and 24x7 supports, mobile integration, and prior learning assessment.

Financial Displays

Fiscal Year 2019-20 Annual Funding

| | Budgeted | Actual | Difference |
|--|----------------------|---------------------|----------------------|
| Beginning balance | \$16,500,000 | \$16,646,582 | \$146,582 |
| Revenue | | | |
| Other General Apportionments | \$20,000,000 | \$0 | -\$20,000,000 |
| Local Revenue | \$0 | \$108,430 | \$108,430 |
| Total Revenue | \$20,000,000 | \$108,430 | -\$19,891,570 |
| Expenses | | | |
| Academic Salaries | \$7,521,571 | \$1,509,910 | -\$6,011,661 |
| Nonacademic Salaries | \$4,963,556 | \$3,555,129 | -\$1,408,427 |
| Benefits | \$5,036,305 | \$957,546 | -\$4,078,759 |
| Supplies and Materials | \$0 | \$202,263 | \$202,263 |
| Operating Expenses | \$2,354,213 | \$8,108,251 | \$5,754,038 |
| Capital Outlay | \$0 | \$331,751 | \$331,751 |
| Total Expenses | \$19,875,645 | \$14,664,850 | -\$5,210,795 |
| Transfer to Capital Outlay Fund | -\$14,775,000 | \$0 | \$14,775,000 |
| Ending Balance | \$1,849,355 | \$2,090,162 | \$240,807 |

Fiscal Year 2019-20 One-Time Funding

| | Budgeted | Actual | Difference |
|--|---------------------|----------------------|----------------------|
| Beginning balance | \$100,000,000 | \$100,347,315 | \$347,315 |
| Revenue | | | |
| Other General Apportionments | \$0 | -\$20,000,000 | -\$20,000,000 |
| Local Revenue | \$0 | \$2,067,493 | \$2,067,493 |
| Total Revenue | \$0 | -\$17,932,507 | -\$17,932,507 |
| Expenses | | | |
| Academic Salaries | | | |
| Nonacademic Salaries | | | |
| Benefits | | | |
| Supplies and Materials | | | |
| Operating Expenses | \$8,407,397 | \$208,775 | -\$8,198,622 |
| Capital Outlay | \$7,230,000 | \$115,344 | -\$7,114,656 |
| Total Expenses | \$15,637,397 | \$324,119 | -\$15,313,278 |
| Transfer to Capital Outlay Fund | | | |
| Ending Balance | \$84,362,603 | \$82,090,689 | -\$2,271,914 |

Fiscal Year 2020-21 Budget Overview

| | Annual Funding | One-Time | Total |
|--|-----------------------|---------------------|---------------------|
| Beginning balance | \$2,090,000 | \$82,091,000 | \$84,181,000 |
| Revenue | | | |
| Other General Apportionments | \$15,000,000 | \$0 | \$15,000,000 |
| Local Revenue | \$100,000 | \$2,000,000 | \$2,100,000 |
| Total Revenue | \$15,100,000 | \$2,000,000 | \$17,100,000 |
| Expenses | | | |
| Academic Salaries | \$2,118,000 | \$450,000 | \$2,568,000 |
| Nonacademic Salaries | \$5,748,000 | \$1,824,000 | \$7,572,000 |
| Benefits | \$2,911,000 | \$841,000 | \$3,752,000 |
| Supplies and Materials | \$550,000 | \$0 | \$550,000 |
| Operating Expenses | \$3,780,000 | \$41,375,000 | \$45,155,000 |
| Capital Outlay | \$0 | \$12,850,000 | \$12,850,000 |
| Total Expenses | \$15,107,000 | \$57,340,000 | \$72,447,000 |
| Transfer to Capital Outlay Fund | \$0 | \$0 | \$0 |
| Ending Balance | \$2,083,000 | \$26,751,000 | \$28,834,000 |
| Restricted | \$0 | \$26,751,000 | \$26,751,000 |
| Unassigned | \$2,083,000 | \$0 | \$2,083,000 |
| Contingency Reserve | | | 2.9% |

Fiscal Year 2020-21 Annual Funding

| | 2019-20 Actual | 2020-21 Budget | Difference |
|--|---------------------|---------------------|---------------------|
| Beginning balance | \$16,646,582 | \$2,090,162 | -\$14,556,420 |
| Revenue | | | |
| Other General Apportionments | \$0 | \$15,000,000 | \$15,000,000 |
| Local Revenue | \$108,430 | \$100,000 | -\$8,430 |
| Total Revenue | \$108,430 | \$15,100,000 | \$14,991,570 |
| Expenses | | | |
| Academic Salaries | \$1,509,910 | \$2,118,000 | \$608,090 |
| Nonacademic Salaries | \$3,555,129 | \$5,748,000 | \$2,192,871 |
| Benefits | \$957,546 | \$2,911,000 | \$1,953,454 |
| Supplies and Materials | \$202,263 | \$550,000 | \$347,737 |
| Operating Expenses | \$8,108,251 | \$3,780,000 | -\$4,328,251 |
| Capital Outlay | \$331,751 | \$0 | -\$331,751 |
| Total Expenses | \$14,664,850 | \$15,107,000 | \$442,150 |
| Transfer to Capital Outlay Fund | \$0 | \$0 | \$0 |
| Ending Balance | \$2,090,162 | \$2,083,162 | -\$7,000 |
| Restricted | \$0 | \$0 | \$0 |
| Unassigned | \$2,090,162 | \$2,083,162 | -\$7,000 |

Fiscal Year 2020-21 One-Time Funding

| | 2019-20 Actual | 2020-21 Budget | Difference |
|--|----------------------|---------------------|----------------------|
| Beginning balance | \$100,347,315 | \$82,090,689 | -\$18,256,626 |
| Revenue | | | |
| Other General Apportionments | -\$20,000,000 | \$0 | \$20,000,000 |
| Local Revenue | \$2,067,493 | \$2,000,000 | -\$67,493 |
| Total Revenue | -\$17,932,507 | \$2,000,000 | \$19,932,507 |
| Expenses | | | |
| Academic Salaries | | \$450,000 | \$450,000 |
| Nonacademic Salaries | | \$1,824,000 | \$1,824,000 |
| Benefits | | \$841,000 | \$841,000 |
| Supplies and Materials | | \$0 | \$0 |
| Operating Expenses | \$208,775 | \$41,375,000 | \$41,166,225 |
| Capital Outlay | \$115,344 | \$12,850,000 | \$12,734,656 |
| Total Expenses | \$324,119 | \$57,340,000 | \$57,015,881 |
| Transfer to Capital Outlay Fund | \$0 | \$0 | \$0 |
| Ending Balance | \$82,090,689 | \$26,750,689 | -\$55,340,000 |
| Restricted | \$82,090,689 | \$26,750,689 | -\$55,340,000 |
| Unassigned | \$0 | \$0 | \$0 |