



TO: Chief Executive Officers
Chief Business Officers

FROM: Lizette Navarette, Executive Vice Chancellor, Institutional Supports and Success
Wrenna Finche, Assistant Vice Chancellor, College Finance and Facilities Planning

RE: Fiscal Forward Portfolio and Budget Architecture and Development Recommendations

This memo provides 1) an overview of the Fiscal Forward portfolio for monitoring districts' fiscal health and 2) recommendations related to districts' budget architecture and development.

Fiscal Forward Portfolio

With the goal of moving beyond critical stage engagement towards proactive district fiscal health supports, the Chancellor's Office has refined its strategy with a new portfolio, Fiscal Forward. The cornerstone of Fiscal Forward is prevention through early engagement and technical assistance.

The Fiscal Forward portfolio is designed to provide fiscal planning resources, support best practices in governance, and to provide training and technical assistance to new chief executive officers and chief business officers through personalized desk sessions with Chancellor's Office experts.

Fiscal Forward desk sessions provide comprehensive information invaluable to the successful onboard of new district leaders. The desk sessions include an overview of district responsibilities to report financial and audit information and comply with [Title 5 section 58311 Principles of Sound Fiscal Management](#), summary of fiscal monitoring triggers and interventions, review of district operational efficiency metrics, and discussion of data-informed practices for strategic enrollment management and budget architecture and development.

A customized synopsis of the district's fiscal health indicators and recent audit report results is prepared for each session. Fiscal health indicators include enrollment trends, unrestricted reserve levels, annual trends of surplus or deficit spending and ending cash balances, as well as salaries and benefits as a share of total expenditures. Audit report results include a review of audit findings and a look at the district's Other Post-Employment Benefits (OPEB) total liability and unfunded portion of that liability.

In addition, Fiscal Forward desk sessions include a deep dive into the calculation of the Student Centered Funding Formula (SCFF), a detailed walkthrough of the district's most recent *Exhibit C – Total Computational Revenue and Revenue Sources* and other apportionment exhibits, and a custom tour of the [SCFF Dashboard](#).

New chief executive officers and chief business officers interested in a Fiscal Forward desk session can contact Wrenna Finche, Assistant Vice Chancellor of College Finance and Facilities Planning, at wfinche@cccoco.edu, to schedule their appointment.

Budget Architecture and Development Recommendations

The Chancellor’s Office recommends that districts adopt policies and practices consistent with the [Budgeting Best Practices](#) published by the Government Finance Officers Association (GFOA). Foremost among these best practices is consideration of financial reserves. As demonstrated by recent challenges facing our system brought on by the global pandemic, a sufficient unrestricted reserves balance is critical to a district’s ability to operate effectively and maintain fiscal resiliency. **The Chancellor’s Office recommends that districts adopt formal policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of total general fund operating expenditures.**

To achieve a structurally balanced budget, districts should adopt rigorous policies around alignment of recurring revenues with recurring expenditures and use of one-time revenue for short-term or non-recurring purposes. Additionally, districts should develop transparent budget presentations for trustees and stakeholders which identify how revenues are aligned with expenditures, and include budget projections of three to five out years. The table below provides a description of recurring and non-recurring revenues and expenditures.

Table: Recurring and Non-Recurring Revenues and Expenditures

	Recurring	Non-Recurring
Revenues	Conservative estimates of portion of revenue that can be relied on for an extended period: <ul style="list-style-type: none"> • Property taxes • Local Fees • State general apportionment • Other federal/state allocations 	<ul style="list-style-type: none"> • HEERF and other stimulus revenue • COVID-19 Emergency Conditions Allowance • SCFF One-year stability • SCFF Hold Harmless • Windfall in local revenue
Expenditures	Salaries, benefits, supplies, materials	Capital asset acquisition or projects

Contact Information

If you have questions regarding the Fiscal Forward portfolio or are interested in participating in a Fiscal Forward desk session, please contact Wrenna Finche, Assistant Vice Chancellor of College Finance and Facilities Planning, at wfinche@cccoco.edu, Natalie Wagner, Director of Fiscal Standards and Accountability, at nwagner@cccoco.edu, or Executive Vice Chancellor of Institutional Supports and Success, Dr. Lizette Navarette at lnavarette@cccoco.edu.