

# 2020-21 Tentative Budget

BOARD OF TRUSTEES

JULY 1, 2020

# State Budget

- ▶ Governor and Legislature reached a compromise to close the \$54.1B gap. The Budget agreement:
  - ▶ Assumes significant Federal \$ support
  - ▶ Draws down reserves
  - ▶ Cancels program increases
  - ▶ Limits some business credits (1-time)
  - ▶ Uses borrowing/transfers/deferrals

# Budget Gap

## Summary of Solutions

(Dollars in Billions)

Category	2020 Budget Act
1 Reserves	\$8.8
2 Borrowing/Transfers/Deferrals	9.3
3 Revenues	4.4
4 Federal Funds	10.1
5 Cancelled Expansions, Updated Assumptions, and Other	10.6
7 Trigger Reductions/Additional Deferrals	11.1
<b>Total</b>	<b>\$54.3</b>

# State Budget

- ▶ The economy remains in bad shape
- ▶ State relying on limited information for decisions
- ▶ COVID-19 cases have been increasing
- ▶ Federal stimulus is unknown
- ▶ State may need to revise budget during the year

# Education

- ▶ Prop 98 down over \$10 billion from the 2019 Budget
- ▶ Despite this – the budget is relatively flat
  - ▶ No Growth or COLA
  - ▶ No categorical program cuts or increases
  - ▶ \$1.45 billion (16%) deferred from 2020-21 until the next year
- ▶ SCFF Hold Harmless extended

# Education

- ▶ No deferred maintenance/instructional equipment
- ▶ \$120M 1-time COVID-19 Block Grant
- ▶ \$10M for immigrant legal services
- ▶ \$5.8M for Dreamer Resource Liaisons
- ▶ Calbright lives with a haircut -
  - ▶ \$5M ongoing reduction
  - ▶ \$40M 1-time reduction
- ▶ Pension relief for 2 years

# Tentative Budget

## Key Assumptions:

- ▶ Flat revenues – No COLA or direct state reductions
- ▶ Assumes no increases for deferred maintenance or instructional equipment
- ▶ Assumes hold harmless status until local revenues surpass state funding target (basic aid)

# General Apportionment

Source	Revenue	Percentage
Property Tax	\$46.2 million	88.8%
Fees	\$3.8 million	7.3%
EPA/Prop 55	\$2 million	3.9%
State General Fund	\$0	0%
<b>Total</b>	<b>\$52 million</b>	<b>100%</b>

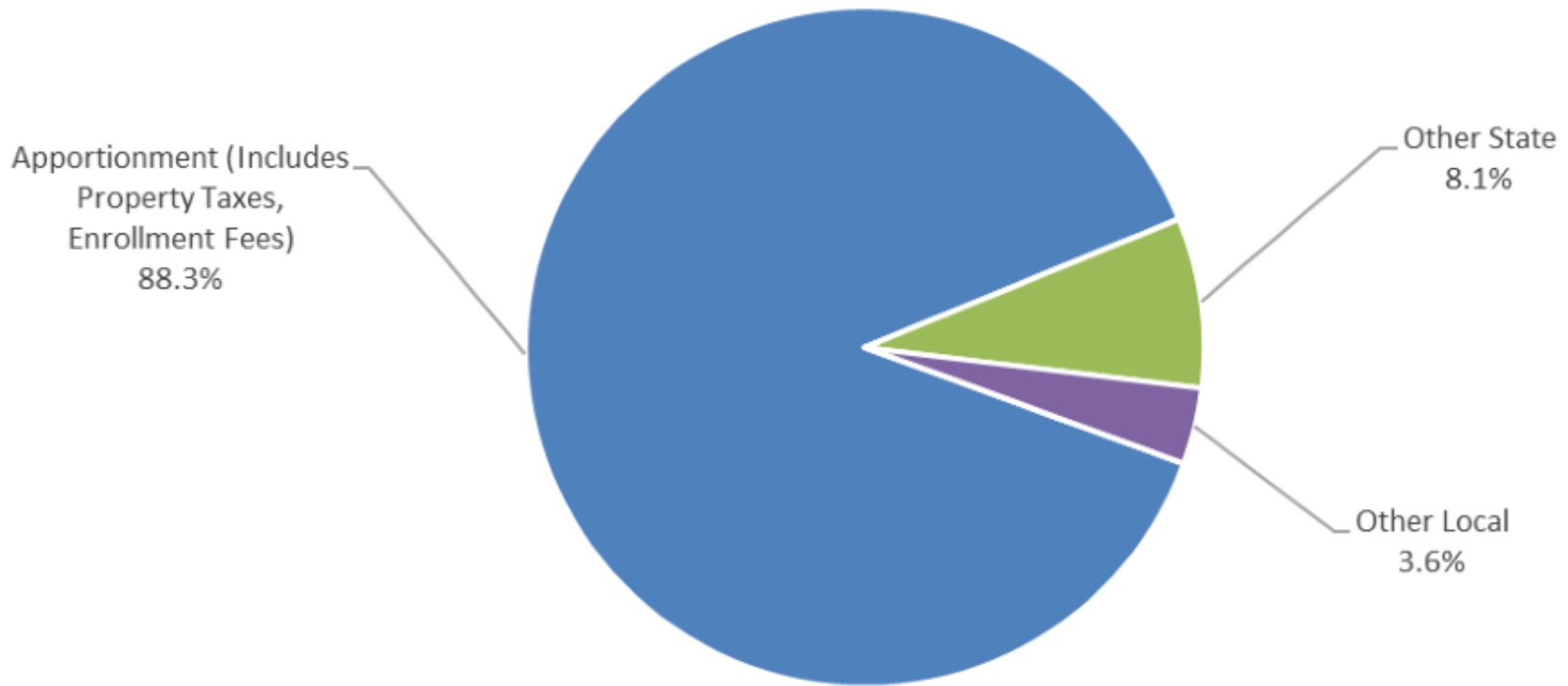


# GF Revenues

Source	2020-21
Beginning Balance	\$7,690,950
Federal Revenue	\$4,700
State Revenue	\$6,775,161
Local Revenue	\$52,169,993
Total Revenue	\$58,949,854
<b>Revenue + Balance</b>	<b>\$66,640,804</b>

# GF Revenues

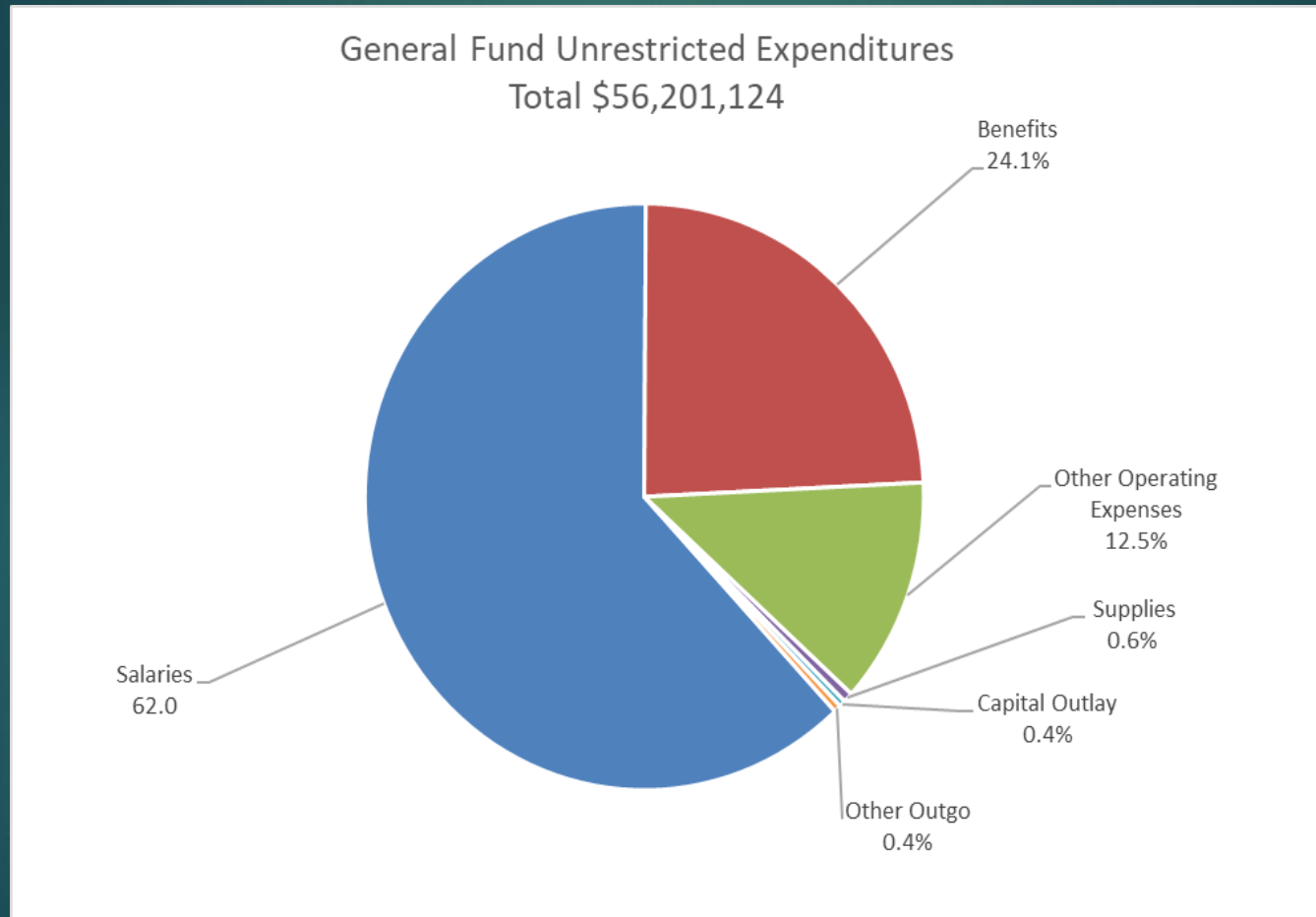
Unrestricted General Fund Revenues By Source  
Total \$58,949,854



# Major GF Expenditures

Category	2020-21
Academic Salaries	\$23,867,475
Classified	\$10,993,503
Benefits	\$13,565,764
Other Operating	\$7,029,203
Contingency	\$7,292,969
<b>Total Expenditures</b>	<b>\$56,201,124</b>

# GF Expenditures



# Multi-year Projections

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- ▶ Assumes SCFF Hold Harmless
- ▶ 0% COLAs
- ▶ Annual Property Tax Growth of 3.5%
- ▶ Moderate FTES Growth
- ▶ Basic Aid as of 2022-23 – but not much of a difference

# Reductions

Adjustments made to eliminate deficits and shield district from economic uncertainties:

- ▶ \$738,000 in faculty savings from vacant positions
- ▶ \$787,000 in classified and management savings from vacant positions
- ▶ \$1 million in savings from the Separation Agreement and other vacancies that arise
- ▶ \$200,000 in savings from hourly positions

# Reductions, cont'd

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- ▶ \$300,000 in supplies
- ▶ \$195,000 in travel
- ▶ \$50,000 in advertising
- ▶ \$175,000 in scheduled maintenance
  
- ▶ No furloughs or layoffs planned at this time

# Resulting Budget

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- ▶ 2020-21 Budget Surplus = \$2,748,730
- ▶ Contingency = \$7,407,400
- ▶ Net Ending Balance = \$10,779,467
- ▶ Prudent reserves throughout the forecast
- ▶ Take with a grain of salt! Lots of moving pieces.



# Concerns

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- ▶ State Budget Uncertainty
- ▶ Limited revenue growth over the projection period
- ▶ Pandemic duration and effects
- ▶ FTES during the pandemic
- ▶ Local Revenue Growth may slow down

# Next Steps

- ▶ Finalize 19-20 figures
- ▶ Incorporate State Budget information
- ▶ Input updated allocations from the CCCCCO
- ▶ Resource allocation decisions
- ▶ Final Budget to be presented in October

# Tentative Budget

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Questions?