2020-21 Tentative Budget
BOARD OF TRUSTEES
JULY 1, 2020
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
## Summary of Solutions

(Dollars in Billions)

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

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$46.2 million</td>
<td>88.8%</td>
</tr>
<tr>
<td>Fees</td>
<td>$3.8 million</td>
<td>7.3%</td>
</tr>
<tr>
<td>EPA/Prop 55</td>
<td>$2 million</td>
<td>3.9%</td>
</tr>
<tr>
<td>State General Fund</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52 million</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
## GF Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$7,690,950</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>$4,700</td>
</tr>
<tr>
<td>State Revenue</td>
<td>$6,775,161</td>
</tr>
<tr>
<td>Local Revenue</td>
<td>$52,169,993</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$58,949,854</td>
</tr>
<tr>
<td>Revenue + Balance</td>
<td>$66,640,804</td>
</tr>
</tbody>
</table>
Unrestricted General Fund Revenues By Source
Total $58,949,854

- Apportionment (Includes Property Taxes, Enrollment Fees) 88.3%
- Other State 8.1%
- Other Local 3.6%
## Major GF Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Salaries</td>
<td>$23,867,475</td>
</tr>
<tr>
<td>Classified</td>
<td>$10,993,503</td>
</tr>
<tr>
<td>Benefits</td>
<td>$13,565,764</td>
</tr>
<tr>
<td>Other Operating</td>
<td>$7,029,203</td>
</tr>
<tr>
<td>Contingency</td>
<td>$7,292,969</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$56,201,124</strong></td>
</tr>
</tbody>
</table>
GF Expenditures

General Fund Unrestricted Expenditures
Total $56,201,124

- Salaries: 62.0%
- Benefits: 24.1%
- Other Operating Expenses: 12.5%
- Supplies: 0.6%
- Capital Outlay: 0.4%
- Other Outgo: 0.4%
Multi-year Projections

- 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

- $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

- 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

- 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 CCCCO
- Resource allocation decisions
- Final Budget to be presented in October
Tentative Budget

Questions?