

# Budget Update

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**JULY 16, 2020**

**Deficit** = Expenses > Revenues

**Structural Deficit** = a deficit is posted regardless of how well the economy is functioning – recession or boom.

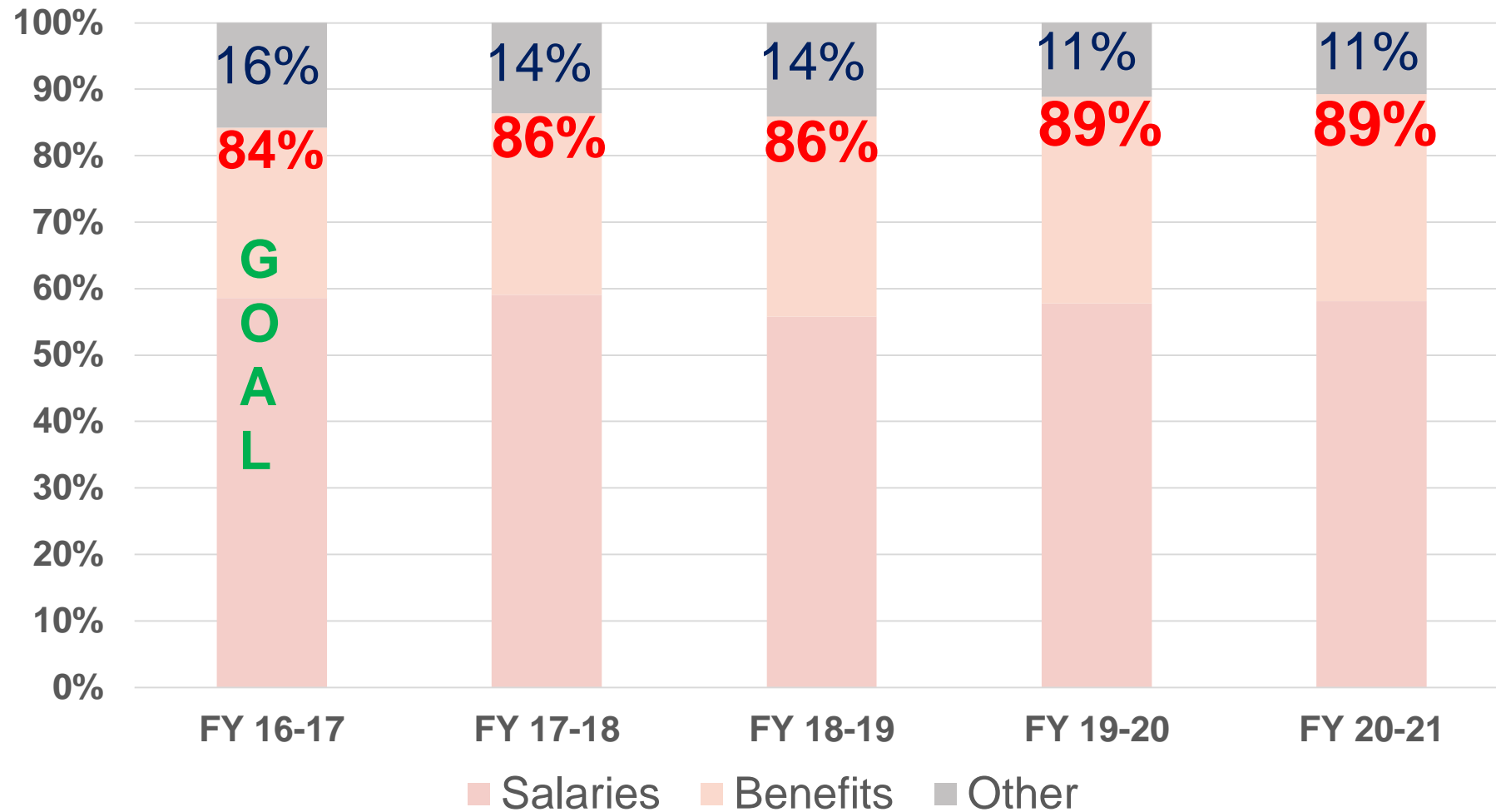
**Deficits** lead to increased debt loads, increasing deficit.

How to **eliminate structural deficits**?

- Reduce Spending
- Increase revenues
- Expenditure offsets (CARES Act)

# Structural Deficit

## Salaries and Benefits as a percent of Total Expenditures



# FY 2019-20 Adoption Budget Projected Actuals

## FY 2020/21 Tentative Budget

	19/20 Adopted	7/2/2020	20/21 Tentative
Net SCFF	115,125	115,125	115,125
Other State Revenues	15,512	15,672	15,253
Other Local Revenues	7,022	6,572	4,501
Transfers	<u>5,019</u>	<u>5,900</u>	<u>147</u>
<b>Total Revenues</b>	<b>142,678</b>	<b>143,269</b>	<b>135,026</b>
Expenditures			
Certificated	56,083	53,847	51,699
Classified	30,225	28,805	27,915
Benefits	46,483	44,471	42,702
Supplies	1,081	1,041	1,130
Other Operating	10,284	10,539	10,806
Equipment	71	75	205
Other Outgo	<u>5,199</u>	<u>5,190</u>	<u>2,539</u>
<b>Total Expenditures</b>	<b><u>149,426</u></b>	<b><u>143,968</u></b>	<b><u>136,996</u></b>
<b>DEFICIT</b>	<b>-6,748</b>	<b>-699</b>	<b>-1,970</b>
Beg. Fund Balance	<u>20,670</u>	<u>20,670</u>	<u>19,971</u>
End. Fund Balance	<u>13,922</u>	<u>19,971</u>	<u>18,001</u>
Reserve Percent	<b>9.3%</b>	<b>13.9%</b>	<b>13.1%</b>

(000s)								
	<b>Adoption Budget FY 19/20</b>		<b>Projected Actuals FY 19/20</b>		<b>Projected Actuals FY 2019-20 1% State Deficit Factor</b>		<b>Tentative Budget FY 20/21</b>	
Salaries	86,308		82,652		82,652		79,614	
Benefits	46,483		44,471		44,471		42,702	
<b>Total Compensation</b>	132,791		127,123		127,123		122,316	
<b>Total Expenditures</b>	149,426	<b>89%</b>	143,968	<b>88%</b>	143,968	<b>88%</b>	136,996	<b>89%</b>
<b>Total Revenues</b>	142,678	<b>93%</b>	143,269	<b>89%</b>	142,119	<b>89%</b>	135,026	<b>91%</b>
<b>Revenues w/o F69 Loan</b>	137,678	<b>96%</b>	138,269	<b>92%</b>	137,119	<b>93%</b>	-	

<b>CCFS 311 – FY 18/19</b>			
	Compensation	Expenditures	Percent
Grossmont	115,851	141,110	82%
Imperial	41,795	52,556	80%
Mira Costa	107,621	127,816	84%
<b>Palomar</b>	121,927	141,927	<b>86%</b>
San Diego	275,296	311,041	89%
Southwestern	90,762	104,108	87%
Mt San Jacinto	68,217	80,307	85%
State Center	169,823	222,182	76%
Kern	132,129	164,755	80%
LACCD	574,209	683,831	84%
San Francisco	164,539	178,297	92%

# Short-term, mid-range, and long-term fiscal goals

## - Short –term

- Tackle 20/21 Deficit - \$2 million
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- CARES Act
  - COVID Block Grant
  - Negotiated Items
    - Benefits Plan changes
    - Other?
  - Expenditure reductions
  - Positions - vacancies/replacements/new
  - Revenue opportunities

## - Mid-range

- Repay OPEB/Fund 69 Loan
- Eliminate structural deficit situation in the next 2 years and on
- Revenue opportunities
- Center status

## - Long-range

- Fiscal stability
- Strong Reserves
- Compensation levels within sustainable range
- Revenue opportunities

# CARES Act

## Higher Education Emergency Relief Fund (HEERF)

Allocations - Four pieces defined in Section 18004 of CARES Act:

- ☐ Grants to Students – Sections 18004(a)(1) and (c)
- ☐ **Institutional Portion** – Sections 18004(a)(1) and (c)
- ☐ Historically Black Colleges and Universities (HBCUs), Tribally Controlled Colleges and Universities (TCCUs), and **Minority Serving Institutions (MSIs)** – Sections 18004(a)(2)
- ☐ Improvement of Postsecondary Education Program – Sections 18004(a)(3) and (d)(1)
- ☐ **We have until September 30, 2022 to spend!**



# CARES Act

## Intent of Funds and Code Language

- **Institutional Portion**

- **Contractual Obligation**

“Recipient retains **discretion** in determining how to allocate and use the funds...provided that the funds will be **spent only** on those costs for which Recipient has a reasoned basis for concluding such **costs** have a **clear nexus** to significant changes to the **delivery of instruction...**”

- **Code language**

“May use funds received to **cover any costs associated with significant changes to the delivery of instruction...**so long as costs do not include payment to contractors for...pre-enrollment recruitment activities; endowments; or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship....”

# CARES Act

## Intent of Funds and Code Language

- HBCUs, TCCUs, and **MSIs**

- Intent

“To address needs directly related to coronavirus, that shall be in addition to awards made in Section 18004(a)(1) of this title..”

- Code language

- Section 18004(a)(2) and (3)

“May be used to defray expenses (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, payroll) incurred...and for grants to students for any component of the student’s cost of attendance (as defined under section 472 of the Higher Education Act)....”



THANK YOU!