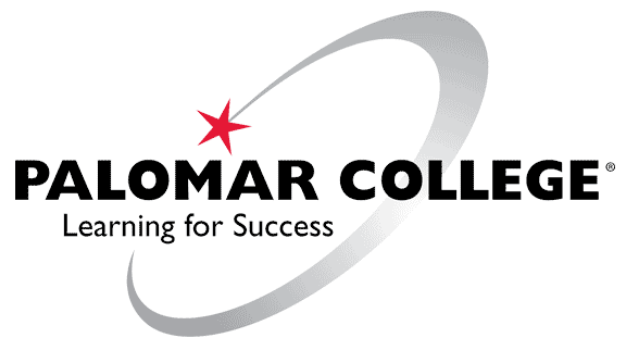




# Enacted 20/21 State Budget

and impact on Palomar College



JULY 2, 2020

## JUNE 29 – GOVERNOR SIGNS 20/21 BUDGET

### Highlights for Community Colleges

- Maintains apportionment funding
- Extends “Hold Harmless” two years to 23/24
- Deferrals - \$330 mil 19/20; \$1.45 bil 20/21 (\$791 mil trigger/Fed)
- Maintains Strong Workforce and SEA at 19/20 levels

**THIS STATE BUDGET, WHILE WELCOMED, PROVIDES  
PALOMAR TEMPORARY BUDGETARY RELIEF**

Enacted 20/21 State Budget

**Legislature rejected May Revise cuts, instead convincing Newsom to sign a plan that balances the budget by relying more on reserves, borrowing from other state funds and delayed spending.**

**“Taking those actions this year will just make it harder to pass a balanced budget in future years,”** said Assemblyman Jay Obernolte, a Republican from Big Bear Lake who is vice chair of the Assembly Budget Committee.

“We appreciate and recognize that this budget agreement averts immediate education cuts and thousands of educator layoffs, but **without additional revenues, it also kicks difficult funding problems down the road,**” California Teachers Association President E. Toby Boyd said in a written statement.

**“Without revenues, California will be forced to revisit the proposed cuts,”** Anthony Wright, director of consumer advocacy group Health Access, said in a written statement.

**“California will ultimately need both federal funds and additional state revenues to sustain these essential services.”**

# Enacted 20/21 State Budget

# FY 2019-20 Chronology

- Initial 19/20 Adoption Budget with **\$11.7 mil deficit**, offset by a **\$5 mil loan from the OPEB Fund**.
- Final 19/20 Adoption Budget **\$6.7 mil deficit**
- Spring budget reductions; budgeting practices/savings
  - Fiscal impact approximately \$4.1 mil (May) - **\$2.6 mil deficit**
- Additional 19/20 items, net of near \$2 mil
  - Prior Year state and local revenue adjustments; CARES Act
  - Further Reductions from Campus Response to COVID-19
  - Expected 19/20 - **\$0.7 mil deficit**
- 19/20 State deficit factor – backfill in budget bill

# FY 2019-20 Adoption Budget Compared to May and July Projections

	FY 2019-20		
	7/1/2019	5/27/2020	7/2/2020
Net SCFF	115,125	115,125	115,125
Other State Revenues	15,512	15,517	15,672
Other Local Revenues	7,022	5,619	6,572
Transfers	<u>5,019</u>	<u>5,411</u>	<u>5,900</u>
<b>Total Revenues</b>	<b>142,678</b>	<b>141,672</b>	<b>143,269</b>
Expenditures			
Certificated	56,083	54,174	53,847
Classified	30,225	29,006	28,805
Benefits	46,483	44,838	44,471
Supplies	1,081	1,073	1,041
Other Operating	10,284	9,974	10,539
Equipment	71	54	75
Other Outgo	<u>5,199</u>	<u>5,191</u>	<u>5,190</u>
<b>Total Expenditures</b>	<b><u>149,426</u></b>	<b><u>144,310</u></b>	<b><u>143,968</u></b>
<b>DEFICIT</b>	<b>-6,748</b>	<b>-2,638</b>	<b>-699</b>
Beg. Fund Balance	<u>20,670</u>	<u>20,670</u>	<u>20,670</u>
End. Fund Balance	<u>13,922</u>	<u>18,032</u>	<u>19,971</u>
Reserve Percent	<b>9.3%</b>	<b>12.5%</b>	<b>13.9%</b>

## Expenditures

- Travel, supplies, other
- Hourly staffing
- Class offerings
- Unfilled vacancies
- Benefits budgeting
- Changes to HDHP

## Revenues

- CARES Act
- Prior year apportionment, property taxes

# FY 2020-21 Budget Chronology

- May 14 – Governor’s May Revise
- June 15 – Legislative budget proposals
- June 22 – Governor and Legislature budget agreement
- June 29 – Signed 20/21 State Budget
- Expected budget trailer bills:
  - August – Amendment to State Budget
  - October – Finalized State Budget

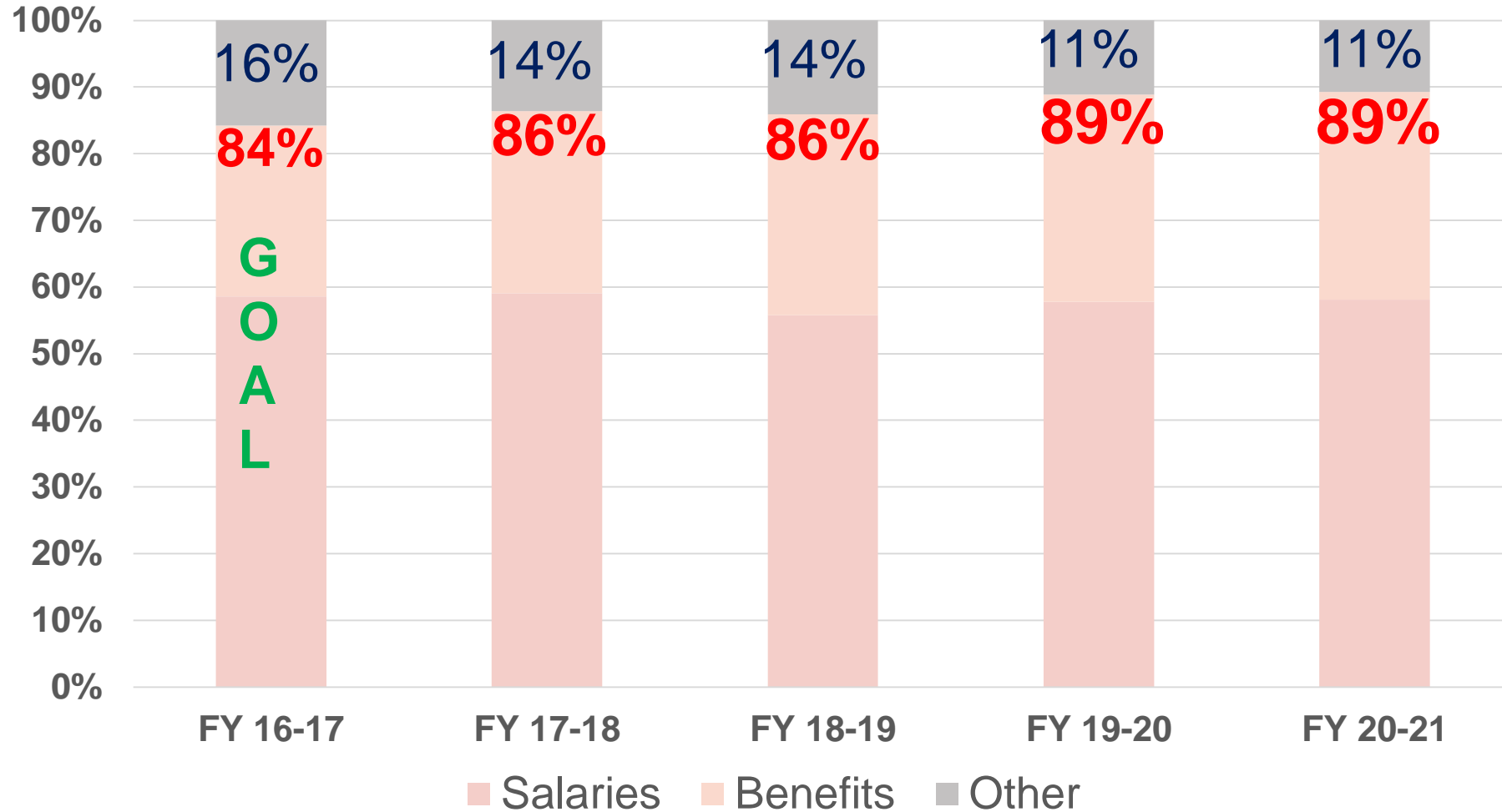
# FY 2020-21 Tentative Budget May Revise, Legislature, and Enacted

## ASSUMPTIONS – Enacted Budget

- No apportionment deficit
- No COLA, no growth
- Retirements
- Vacancies
- Step/Column
- Lower hourly budgets
- Smaller class schedule
- H/W increase about 2.5%
- No Travel
- No Inter-fund Borrowings

	FY 2020-21		
	May Revise	Legislature	Enacted
SCFF	115,125	115,125	115,125
<b>Less shortfall</b>	<b>-9,210</b>	<b>0</b>	<b>0</b>
Net SCFF	105,915	115,125	115,125
Other State Revenues	15,253	15,253	15,253
Other Local Revenues	4,682	4,682	4,501
Transfers	<u>21</u>	<u>21</u>	<u>147</u>
<b>Total Revenues</b>	<b>125,871</b>	<b>135,081</b>	<b>135,026</b>
Expenditures			
Certificated	52,139	52,139	51,699
Classified	29,013	29,013	27,915
Benefits	42,384	42,384	42,702
Supplies	681	681	1,130
Other Operating	10,833	10,833	10,806
Equipment	204	204	205
Other Outgo	<u>2,750</u>	<u>2,750</u>	<u>2,539</u>
<b>Total Expenditures</b>	<b>138,004</b>	<b>138,004</b>	<b>136,996</b>
<b>DEFICIT</b>	<b>-12,133</b>	<b>-2,923</b>	<b>-1,970</b>
Beg. Fund Balance	<u>20,670</u>	<u>20,670</u>	<u>20,670</u>
End. Fund Balance	<u>8,537</u>	<u>17,747</u>	<u>18,700</u>
Reserve Percent	6.2%	12.9%	13.7%

## Salaries and Benefits as a percent of Total Expenditures



**CONCERN: Structural Deficit and Compensation to Total Expenditure**



# Steps Considered

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## - **Temporary/One-Time**

- CARES Act
- Holding Vacancies
- Further Reduce Hourly Budgets
- Continue Travel Freeze; Reduce Supplies and Other Operating Expenditures
- Examining Class Schedule

## - **Ongoing ?**

- Benefits Plan Changes
- Re-organization, re-structuring, re-assignments
- Potential Salary Roll-back
- Local Revenue Opportunities
- Other?

# Deferrals Schedule





## - Cash Flows

## - External Borrowing

San Diego County “Dry Period Financing”  
Tax Revenue Anticipation Notes (TRANS)

Pool

Stand alone

Private Placement

Private Financier

CCCCO apportionment advance

Mid-Year TRANS

## - Internal Mechanism

Accelerate receipts, delay large payments to  
extent possible

Inter-fund borrowing?



**THANK YOU!**