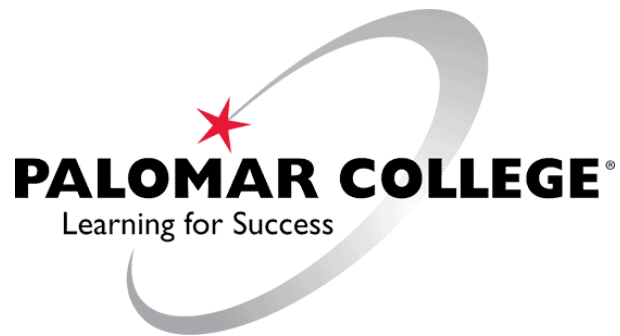




State of the Budget

March 24, 2021



Presentations by:

Jack Kahn, Interim Superintendent / President

Ambur Borth, Assistant Superintendent / VP Finance & Administration

Robert Threatt, Internal Auditor / Analyst


Budget Assumptions/Multi-Year Projections (MYP)

Revenue Assumptions

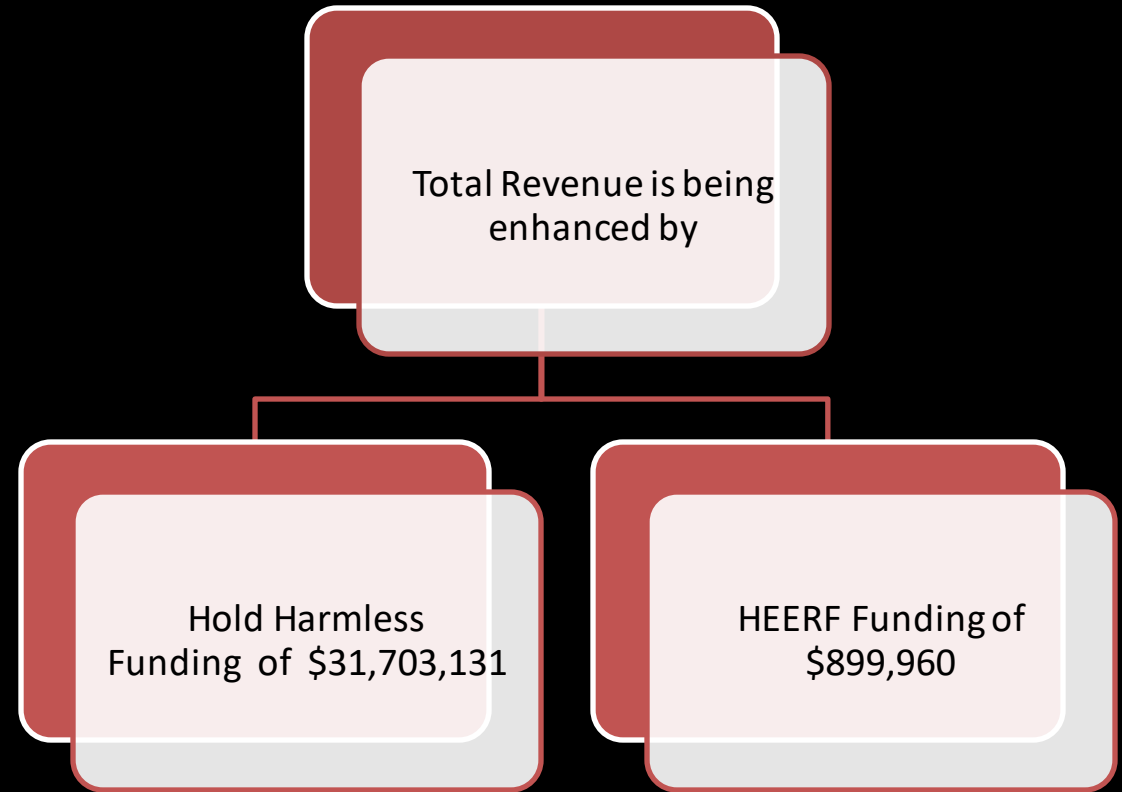
Factor	2020-21 Projected		2021-22 Assumption		2022-23 Assumption		2023-24 Assumption		2024-25 Assumption	
Enrollment Growth Applied globally to SCFF			5%		7%		1%		1%	
FTES Enrollment / FTES Funded	15,214	18,342	15,974	17,303	17,092	17,055	17,263	16,805	17,436	17,274
Cost of Living Adjustment (COLA)	0.00%		1.50%		1.28%		1.61%		1.90%	
Growth Factor	0.00%		0.50%		0.00%		0.00%		0.00%	
Total Computational Revenue (TCR)	\$115,124,684		\$116,851,555		\$118,347,255		\$120,252,645		\$114,959,835	
Deficit Factor 2.3826%	(\$2,742,994)									
Funded SCFF	\$112,381,690		\$116,851,555		\$118,347,255		\$120,252,645		\$114,959,835	
<i>Hold Harmless Revenue</i>	<i>\$3,484,854</i>		<i>\$8,802,558</i>		<i>\$8,770,927</i>		<i>\$9,379,976</i>		<i>\$0</i>	
<i>Stability Protection Adjustment</i>	<i>\$1,264,816</i>		<i>\$0</i>		<i>\$0</i>		<i>\$0</i>		<i>\$0</i>	
<i>Center Status Funding</i>	<i>\$0</i>		<i>\$0</i>		<i>\$0</i>		<i>\$0</i>		<i>\$0</i>	
“Earned” SCFF	\$107,632,020		\$108,048,997		\$109,576,328		\$110,872,669		\$114,959,835	

Revenue Assumptions (continued)

Factor	2020-21 Projected	2021-22 Assumption	2022-23 Assumption	2023-24 Assumption	2024-25 Assumption
Apportionment Revenue / SCFF	\$112,381,690	\$116,851,555	\$118,347,255	\$120,252,645	\$114,959,835
<i>Sub-Total Ongoing Revenue</i>	<i>\$14,987,251</i>	<i>\$14,785,438</i>	<i>\$14,894,581</i>	<i>\$14,942,874</i>	<i>\$15,004,235</i>
<i>Sub-Total One-Time Revenue*</i>	<i>\$3,024,299</i>	<i>\$1,906,786</i>	<i>\$2,725,310</i>	<i>\$3,075,310</i>	<i>\$3,025,310</i>
Total Revenue	\$130,393,240	\$133,543,778	\$135,967,145	\$138,300,829	\$133,039,380
Less Hold Harmless and Stability Revenue	(\$4,749,670)	(\$8,802,558)	(\$8,770,927)	(\$9,379,976)	
TOTAL "EARNED" REVENUE	\$125,643,570	\$124,741,220	\$127,196,218	\$128,890,853	\$133,039,380
*HEERF Funding Included Above for Revenue Loss	\$449,980	\$449,980			




Revenue Assumptions Take-away



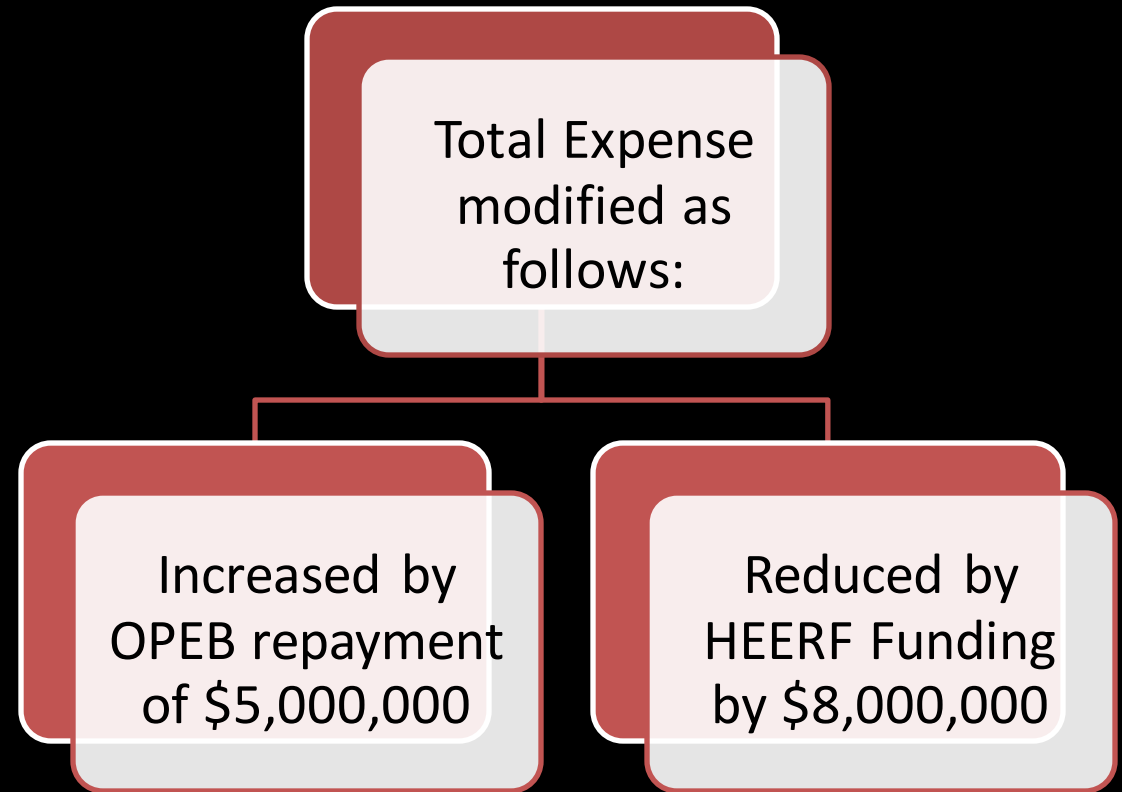
Expenditure Assumptions

Factor	2020-21 Projected	2021-22 Assumption	2022-23 Assumption	2023-24 Assumption	2024-25 Assumption
Step & Column		1.08%	1.08%	1.08%	1.08%
COLA		1.50%	1.28%	1.61%	1.90%
CalPERS	20.70%	23.00%	26.30%	27.30%	27.80%
Cal STRS	16.15%	15.92%	18.00%	18.00%	18.00%
Health & Welfare	4.00%	4.00%	4.00%	4.00%	4.00%
OASDI	6.20%	6.20%	6.20%	6.20%	6.20%
Unemployment	0.05%	0.05%	0.05%	0.05%	0.05%
Workers Comp	1.57%	1.57%	1.57%	1.57%	1.57%
Apple	2.50%	2.50%	2.50%	2.50%	2.50%
Energy Cost Increase (Rebate/Reopening)	\$0	\$600,000	\$200,000	\$0	\$0
Board Election Costs	\$250,000	\$0	\$150,000	\$0	\$250,000
Reserve for Re-Org		\$750,000	\$758,100	\$766,287	\$774,563
OPEB Contribution	\$2,696,531	\$6,916,531*	\$2,023,192	\$2,134,120	\$2,999,485
Contribution to Police Department (HEERF Offset for Revenue Loss)	(\$1,300,000)	(\$1,300,000)	(\$1,300,000)	(\$1,300,000)	\$1,300,000
Indirect Charge to HEERF II and III	(\$1,300,000)	(\$1,500,000)	\$0	\$0	\$0

* Repayment of loan taken from Fund 69 in 2019/20; \$5 million



Expenditure Assumptions Take-away



Multi-Year Revenue Projections

	2020-21 Projected Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget	2024-25 Projected Budget
Total SCFF	\$112,381,690	\$116,851,554	\$118,347,254	\$120,252,645	\$114,959,835
Total Ongoing Revenue	\$14,987,251	\$14,785,438	\$14,894,581	\$14,942,874	\$15,004,235
Total One-Time Revenue	\$3,024,299	\$1,906,786	\$2,725,310	\$3,075,310	\$3,075,310
Less SCFF Hold Harmless Revenue	(\$4,749,724)	(\$8,802,558)	(\$8,770,927)	(\$9,379,976)	
TOTAL "EARNED" REVENUE	\$125,643,516	\$124,741,220	\$127,196,218	\$128,890,853	\$133,039,380

Multi-Year Expenditure Projections

	2020-21 Projected Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget	2024-25 Projected Budget
Total Salaries	\$75,099,338	\$77,049,067	\$78,870,037	\$80,995,135	\$83,413,219
Total Benefits	\$35,496,734	\$37,090,490	\$40,613,420	\$42,202,836	\$43,779,891
Hold for Re-org.	\$0	\$750,000	\$758,100	\$766,287	\$774,563
<i>Sub-Total Employee Compensation</i>	<i>\$110,596,072</i>	<i>\$114,889,556</i>	<i>\$120,241,558</i>	<i>\$123,964,258</i>	<i>\$127,967,673</i>
Total Supplies, Op. Services & Capital Outlay	\$10,051,045	\$10,880,215	\$11,816,602	\$11,895,101	\$12,155,329
Total Transfers Out	\$3,381,976	\$7,421,976	\$4,028,637	\$4,214,458	\$6,452,957
<i>Sub-Total Other Operating Expense</i>	<i>\$13,433,021</i>	<i>\$18,302,191</i>	<i>\$15,845,239</i>	<i>\$16,109,559</i>	<i>\$18,608,286</i>
TOTAL EXENDITURES	\$124,029,092	\$133,191,748	\$136,086,797	\$140,073,817	\$146,575,959
Compensation as a % of Revenue	84.82%	86.03%	88.43%	89.65%	96.19%
Compensation as a % of Revenue (no HH)	88.02%	92.10%	94.53%	96.18%	96.19%
Compensation as a % of Expenditure	89.17%	86.26%	88.36%	88.50%	87.30%


Multi-Year Surplus (Deficit) Projections

	2020-21 Projected Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget	2024-25 Projected Budget
Total "Earned" Revenue	\$125,643,570	\$124,741,221	\$127,196,219	\$128,920,853	\$133,039,380
Total Expense	\$124,029,092	\$133,191,748	\$136,086,796	\$140,073,817	\$146,575,959
Net Surplus (Deficit) Before HH Applied	\$1,614,477	(\$8,450,527)	(\$8,890,577)	(\$11,152,964)	(\$13,536,579)
SCFF Hold Harmless(HH) Revenue	\$4,749,670	\$8,802,558	\$8,770,927	\$9,379,976	
Net Surplus (Deficit)	\$6,364,148	\$352,031	(\$119,650)	(\$1,802,988)	(\$13,536,579)

Multi-Year Ending Fund Balance & Reserves Projections

CLIFF YEAR 

	2020-21 Projected Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget	2024-25 Projected Budget
Beginning Fund Balance	\$20,812,352	\$27,176,500	\$27,528,531	\$27,408,879	\$25,605,891
Net Surplus (Deficit) Before HH Applied	\$1,614,424	(\$8,450,527)	(\$8,890,579)	(\$11,182,964)	(\$13,536,579)
Ending Fund Balance Before HH Applied	\$22,426,829	\$13,976,302	\$5,085,725	(\$6,097,239)	(\$19,633,818)
Reserve %	18.08%	10.49%	3.74%	-4.35%	-13.39%
SCFF Hold Harmless(HH) Revenue	\$4,749,670	\$8,802,558	\$8,770,927	\$9,379,976	
Ending Fund Balance with HH	\$27,176,500	\$27,528,531	\$27,408,879	\$25,605,891	\$12,069,312
Reserve %	21.9%	20.67%	20.14%	18.28%	8.23%



Multi-Year Projections Take-away

Enhanced revenue is masking our structural deficit and artificially inflating reserve percentages.

Multi-Year Expenditure Projections

Scenario Includes Ongoing Reductions of \$1.1 million per year starting in 2022/23 for total MYP reduction of \$3.3 million

	2020-21 Projected Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget	2024-25 Projected Budget
Total Salaries	\$75,099,338	\$77,049,067	\$78,870,037	\$80,995,135	\$83,413,219
Total Benefits	\$35,496,734	\$37,090,490	\$40,613,420	\$42,202,836	\$43,779,891
Hold for Re-org.	\$0	\$750,000	\$758,100	\$766,287	\$774,563
<i>Expenditure Reductions</i>	<i>\$0</i>	<i>\$0</i>	<i>(\$973,390)</i>	<i>(\$1,948,320)</i>	<i>(\$2,909,940)</i>
<i>Sub-Total Employee Compensation</i>	<i>\$110,596,072</i>	<i>\$114,889,556</i>	<i>\$119,268,167</i>	<i>\$122,015,938</i>	<i>\$125,057,733</i>
Total Supplies, Op. Services & Capital Outlay	\$10,051,045	\$10,880,215	\$11,816,602	\$11,895,101	\$12,155,329
Total Transfers Out	\$3,381,976	\$7,421,976	\$4,028,637	\$4,214,458	\$6,452,957
<i>Expenditure Reductions</i>	<i>\$0</i>	<i>\$0</i>	<i>(\$126,610)</i>	<i>(\$251,680)</i>	<i>(\$390,060)</i>
<i>Sub-Total Other Op. Expense</i>	<i>\$13,433,021</i>	<i>\$18,302,191</i>	<i>\$15,718,629</i>	<i>\$15,857,879</i>	<i>\$18,218,226</i>
TOTAL EXENDITURES	\$124,029,092	\$133,191,748	\$134,986,797	\$137,873,817	\$143,275,959
Compensation as a % of Revenue	84.82%	86.03%	87.72%	88.24%	94.00%
Compensation as a % of Revenue (no HH)	88.02%	92.10%	93.77%	94.67%	94.00%
Compensation as a % of Expenditure	89.17%	86.26%	88.36%	88.50%	87.28%

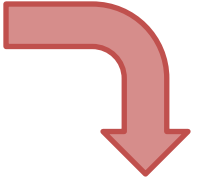
Multi-Year Surplus (Deficit) Projections

Scenario Includes Ongoing
Reductions of \$1.1 million per
year starting in 2022/23 for total
MYP reduction of \$3.3 million

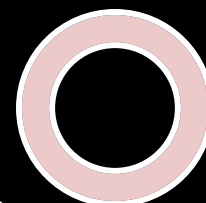



	2020-21 Projected Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget	2024-25 Projected Budget
Total "Earned" Revenue	\$125,643,570	\$124,741,221	\$127,196,219	\$128,920,853	\$133,039,380
Total Expense	\$124,029,092	\$133,191,748	\$134,986,797	\$137,873,817	\$143,275,959
Net Surplus (Deficit) Before HH Applied	\$1,614,424	(\$8,450,527)	(\$7,790,579)	(\$8,982,964)	(\$10,236,579)
SCFF Hold Harmless(HH) Revenue	\$4,749,724	\$8,802,558	\$8,770,927	\$9,379,976	
Net Surplus (Deficit)	\$6,364,148	\$352,031	\$980,348	\$397,012	(\$10,236,579)

Multi-Year Ending Fund Balance & Reserves Projections

Scenario Includes Ongoing Reductions of \$1.1 million per year starting in 2022/23 for total MYP reduction of \$3.3 million

CLIFF YEAR 

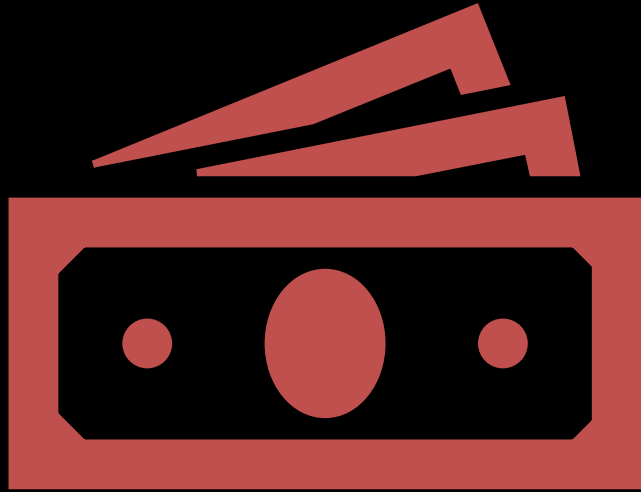
	2020-21 Projected Actuals	2021-22 Projected Budget	2022-23 Projected Budget	2023-24 Projected Budget	2024-25 Projected Budget
Beginning Fund Balance	\$20,812,352	\$27,176,500	\$27,528,531	\$28,508,879	\$28,905,891
Net Surplus (Deficit) Before HH Applied	\$1,614,424	(\$8,450,527)	(\$7,790,579)	(\$8,982,964)	(\$10,236,579)
Ending Fund Balance Before HH Applied	\$22,426,776	\$13,976,249	\$6,185,670	(\$2,797,294)	(\$13,033,873)
Reserve %	18.08%	10.49%	4.58%	-2.03%	-9.10%
SCFF Hold Harmless(HH) Revenue	\$4,749,670	\$8,802,558	\$8,770,927	\$9,379,976	
Ending Fund Balance with HH	\$27,176,500	\$27,528,531	\$28,508,879	\$28,905,891	\$18,669,312
Reserve %	21.91%	20.67%	21.12%	20.97%	13.03%



Multi-Year Projections with Reductions Take-away

Enhanced revenue is masking our structural deficit and artificially inflating reserve percentages.





2020-21 Savings

Materials & Supplies = \$460,000
Services & Other Op. = \$330,000

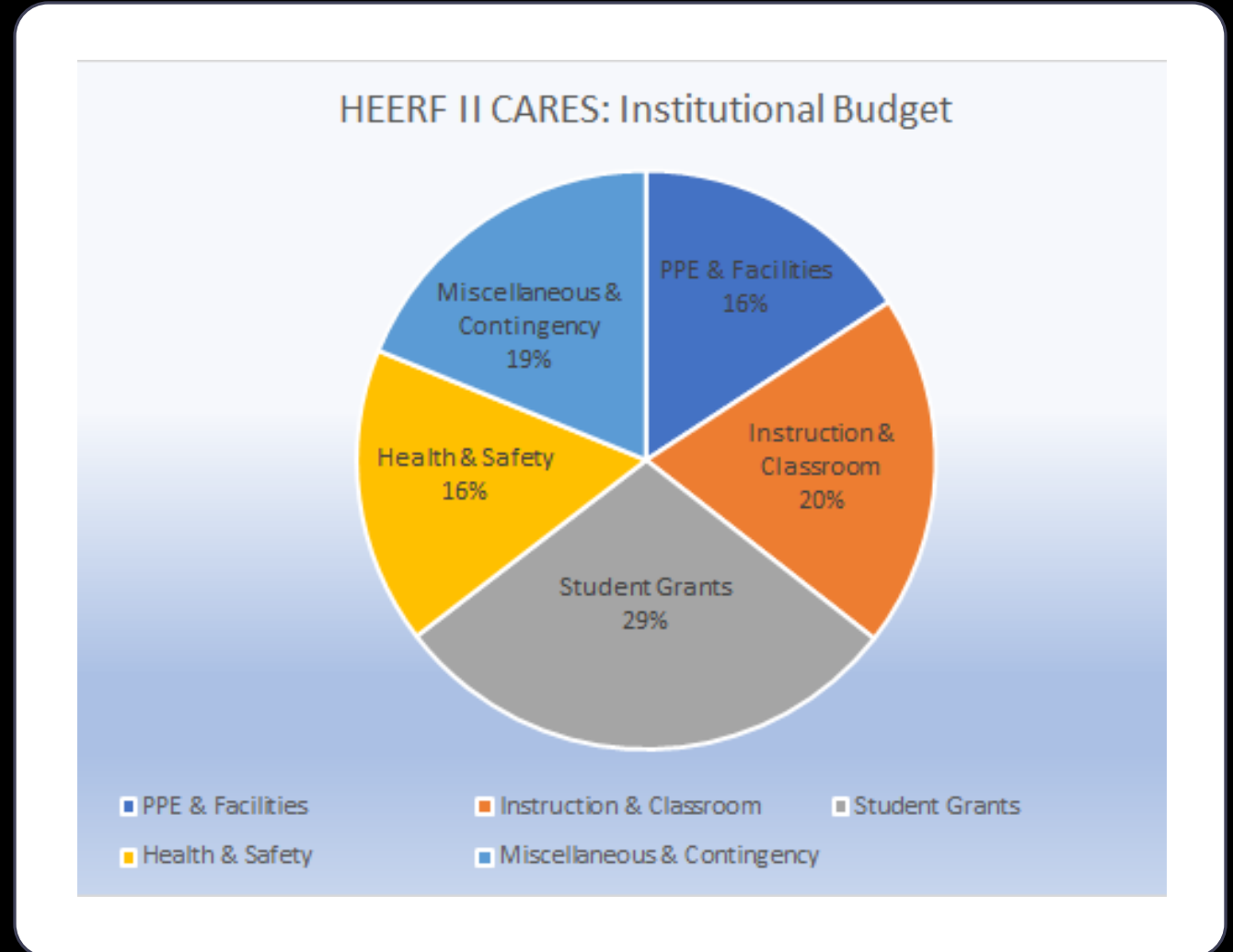
HEERF II CARES Funding Update

Budget Groups:

- A. PPE & Facilities 16%
- B. Instruction & Classroom 20%
- C. Student Grants 29%
- D. Health & Safety 16%
- E. Departmental & Contingency 19%

Notes:

- HEERF II permits considerably more flexibility over HEERF I
- District currently has ~\$1.3M in other COVID-19 allocations available (e.g. State Block Grant & CARES MSI)
- Instruction/Classroom & Student Grants represent 49% of HEERF II.



HEERF III Funding

HEERF III CARES (a.k.a. American Rescue Plan)

Palomar College Allocation: \$30,395,000*

- Student Grant Allocation: \$15,197,500 (Min. 50%)
- Institutional Allocation: \$15,197,500

*Note: Represents CCCO estimate as of March 12, 2021

Differences compared to HEERF I and II:

- Indirect expense allocation permitted (10% of grant)
- Requires colleges to spend a portion implementing evidence-based practices to monitor and suppress the coronavirus
- Increased costs from declining enrollment and efforts to mitigate declines
- Closures of revenue-producing services and facilities
- COVID-19 testing, vaccination, PPE, and classroom retrofits

President's Update



Questions / Comments





THANK YOU!