

Grossmont-Cuyamaca Community College District

Tentative Budget Workshop

July 21st, 2020

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Interim Vice Chancellor – Business Services

Budget Roller Coaster



2019/20 Apportionment

- P1 – February 2020
 - 3.69% Revenue Deficit - \$3.7 million
- P2 – June 2020
 - 8.16% Revenue Deficit - \$9.5 million
- P2 Revised – August 2020 (anticipated)
 - New reporting period
 - Revenue deficit estimated between 1% to 2%

2020/21 State Budget Timeline

- Proposed Budget - January
 - \$5.6 billion surplus & \$21 billion in reserves
 - Budget included COLA & Growth
- Revise Budget - May
 - \$54.3 billion deficit
 - Major cuts to community colleges
- Approved Budget – June
 - Restored many of the proposed cuts from the May Revise
 - No COLA or Growth included in the budget
 - \$1.5 billion in payment deferrals into next fiscal year
- Revised Budget – August
 - New this year
 - Changes to the approved budget are unknown at this time

2020/21 Enacted State Budget California Community Colleges

- No cost-of-living adjustment (COLA)
- No Enrollment growth
- Extends hold harmless provision by two years, through 2023-24
 - District will earn at least their 2017/18 revenue adjusted by COLA each year without base reduction

Payments Deferrals

- No reduction for most CCC programs even with 9% reduction in CCC funding from prior year
- Defers apportionment payments of \$1.5 billion into next fiscal year
- \$791 million would trigger-off if Congress approves a stimulus package
- These deferrals provide immediate, one-time savings for the state

GCCCD Apportionment Deferrals in 20/21

Month Earned FY 2020/21	Month Paid FY 2021/22	# Months Deferred	Estimated Amount Deferred
February 2021	November 2021	9	\$4 million
March 2021	October 2021	7	\$4.5 million
April 2021	September 2021	5	\$4.5 million
May 2021	August 2021	3	\$4.5 million
June 2021	July 2021	1	\$4.5 million
Total Deferral			<u>\$22 million</u>

Deferrals Drawbacks

- Cash flow problems for districts
- The need to use reserves and borrow cash to meet ongoing obligations
- Significant amount in interest expense with borrowing cash
- Huge impact on the State budget for FY 2021/22 that could lead to budget reduction statewide

\$120 million one-time Block Grant due to COVID-19

- Support student learning and mitigate learning loss related to COVID-19
- Prioritize services for underrepresented students
- Allocated on actual reported FTES
- Estimated funding for GCCCD = \$1.8 million
 - \$800K must be spent by 12/31/2020
 - \$1 million must be spent by 6/30/2022

Uses of Block Grant

- Reengagement strategies for Incompletes or failing grades in Spring 2020
- Developing online, accelerated learning modules for Incompletes and failing grades in Spring 2020
- Professional development opportunities for faculty and student services professionals
- Investments to close the digital divide
- Support to address other barriers to learning related to the pandemic
 - i.e. Mental health needs and food and housing insecurity
- Cleaning supplies & PPE

Temporary Reduction in Pension Costs

- Reduce employer pension contributions in 2020/21 and 2021/22
- Reduce CalPERS rates from
 - 22.67% to 20.7% in 20/21
 - 24.6% to 22.84% in 21/22
- Reduce CalSTRS rates from
 - 18.41% to 16.15% in 20/21
 - 17.9% to 16.02% in 21-22
- Savings for GCCCD:
 - \$1.7 million in 20/21
 - \$1.5 million in 21/22

2020/2021 GCCCD Tentative Budget

- Based on Governor's May Revise
- TB Includes 8% reduction to apportionment
 - \$9.3 million
- 2019/20 estimated ending balance includes 1% deficit to apportionment
 - \$1.2 million
- Adoption Budget will reflect final approved state budget in August
 - Will build in some deficit in anticipation of mid-year budget cut

Challenges

- Enrollment has been declining 4 years in a row – 17%
- Salaries & Benefits continue to rise
- Hold Harmless will end
- in 2023-24
- District will need to borrow cash to make payments including payroll
- Reserves are low
- Instability of State's economy

Challenges

- Tentative Budget Shortfall - \$3.9 million
 - Grossmont College - \$2.3 million
 - Cuyamaca College - \$1 million
 - District Services - \$633 K
- Placeholder as holding account in the budget to balance
- Planning in the next few months to reinstate some of the deep cuts to the departments depending upon the August Revised Budget

Challenges

- Salaries & Benefits are high compared to revenue we receive

	Revenue	Salaries & Benefits	Percent
2019/20 Projections	\$127,137,601	\$110,601,628	87%
2020/21 Tentative Budget	\$117,073,052	\$110,057,134	94%
2020/21 Estimated Adoption Budget	\$120,479,927	\$110,604,102	92%

Next Steps

- Develop 5 year revenue & expenditures projections
- Develop 5 year enrollment Management Plan for when the district is out of hold harmless provision
- Examine strategy to reduce salaries & benefits cost in proportion to revenue
- Continue to freeze vacant positions
- Continue to look at cost savings measure in contracts & operating expenses
- Estimate reimbursement from FEMA & CARES Act due to COVID-19 expenses
- Finalize Adoption Budget in October

COMMENTS/
QUESTIONS??