

# TOWN HALL MEETING

---

May 21, 2020

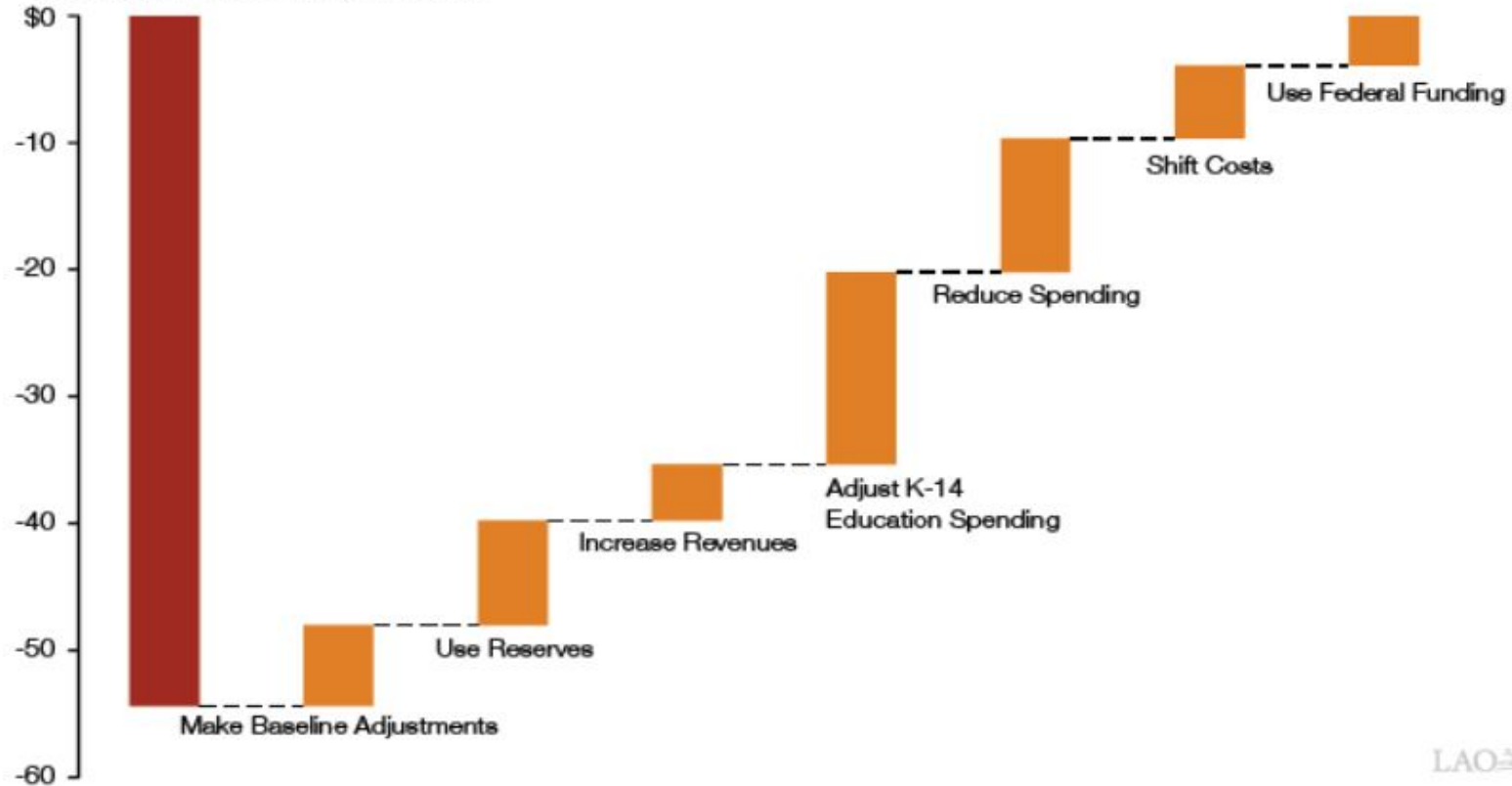
# \$54.3 Billion Problem

Figure 3

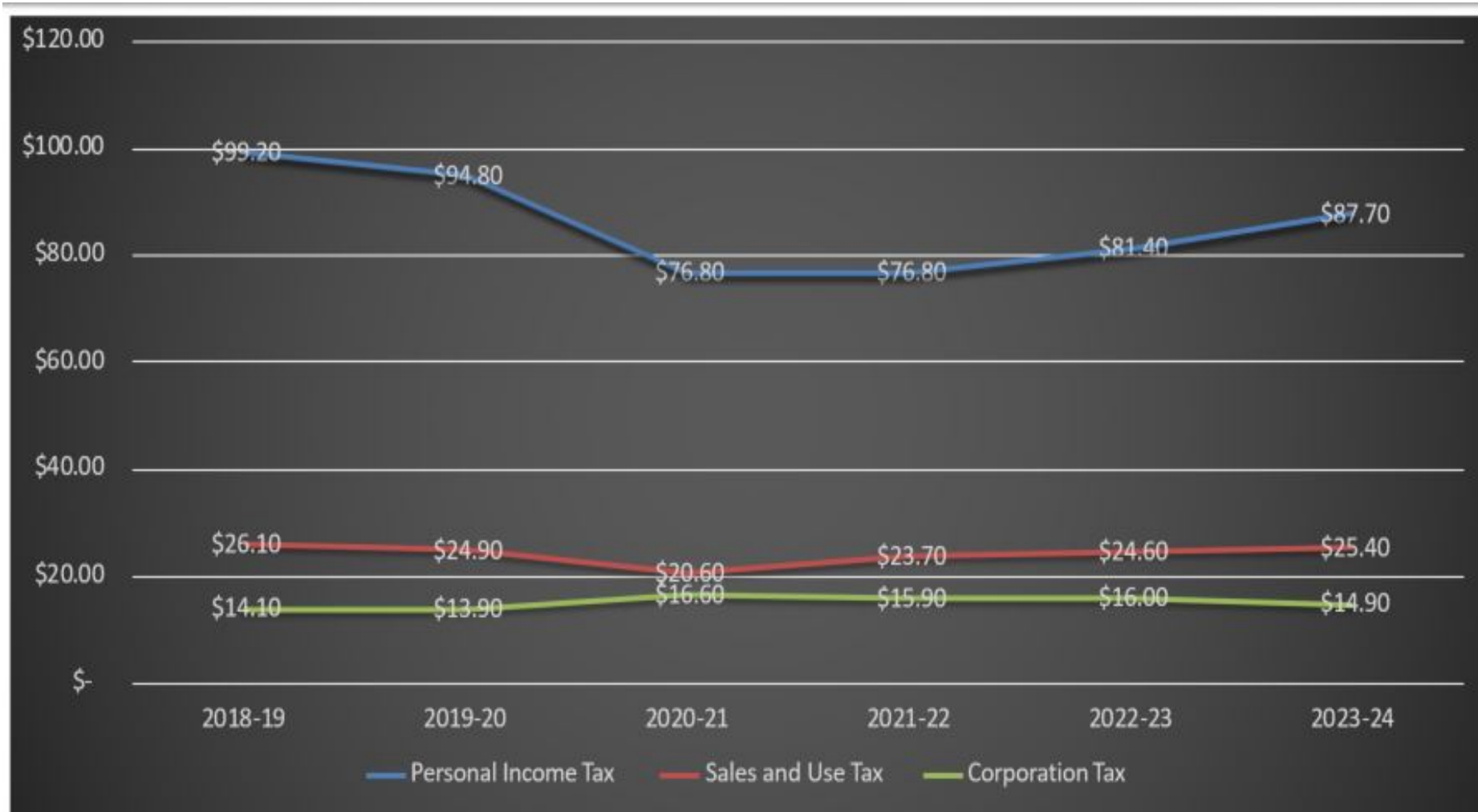
## How the Governor Proposes Solving a \$54.3 Billion Budget Problem

(In Billions)

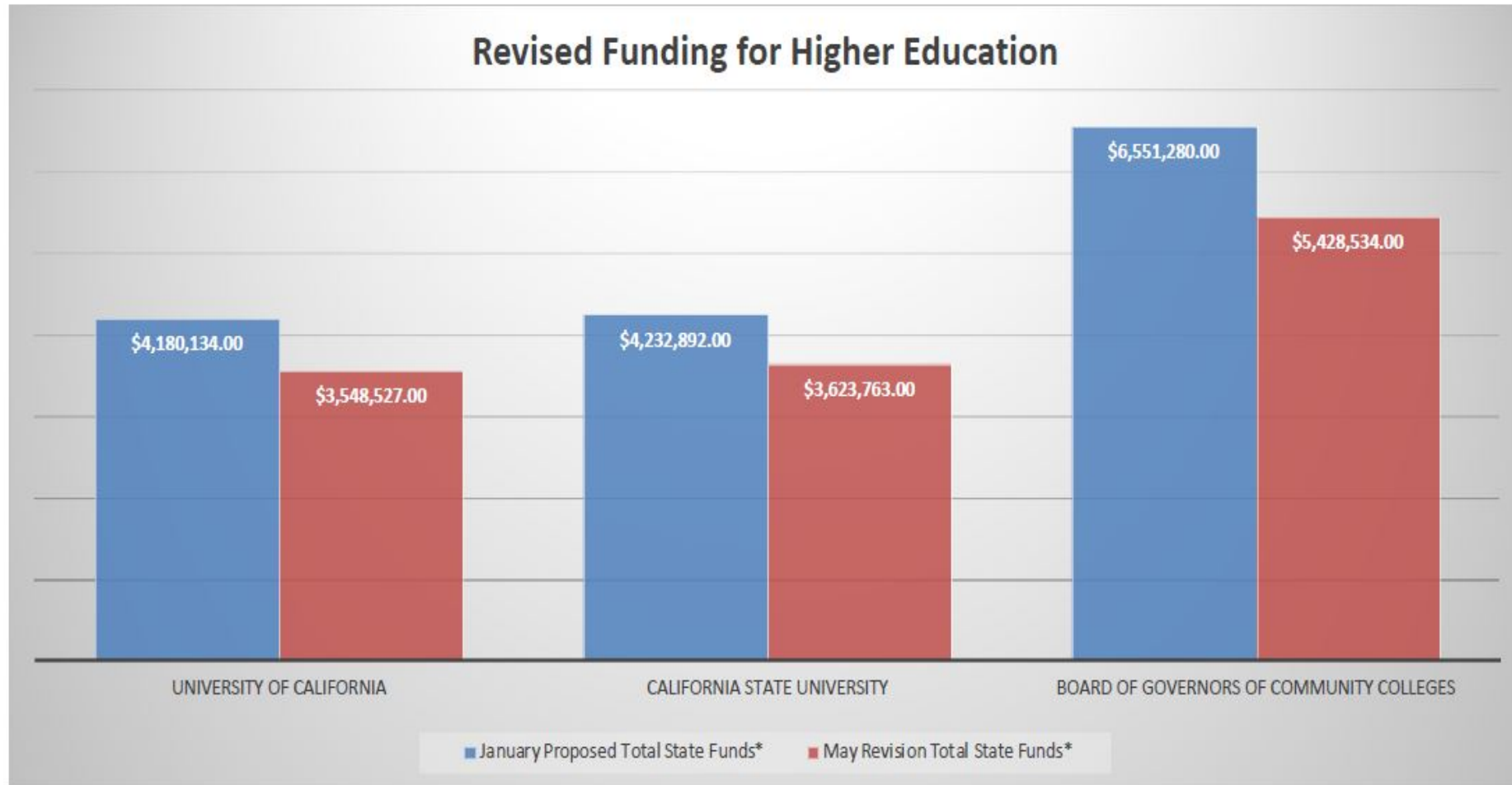
Total Budget Problem — \$54.3 Billion



# Long Term Revenue Forecast



# Pandemic's Impact on Higher Ed



## May Revise Adjustments

Increased revenues from Prop 98 to offset decrease in local property taxes	\$130.10 mil.
Decrease in Prop 98 for food pantries	\$11.40 mil.
Decrease in Prop 98 for Dream Resources Center	\$5.80 mil.

## Withdrawn Proposals (From January Gov's Budget)

Dual Enrollment Instructional Material	Proposed ongoing	\$5 mil.
2.31% cost-of-living adjustment for various categorical programs	Proposed ongoing	\$ 9.3 mil.
Faculty Pilot Fellowship	Proposed one-time	\$15 mil.
Part-time faculty office hours	Proposed one-time	\$10 mil.
Zero Textbook Cost	Proposed one-time	\$10 mil.
Work group to develop report required by SB 206	Proposed one-time; now private philanthropy	\$0.7 mil.

## Proposed Year-Over-Year Deferrals

2019-2020 to 2020-2021	\$330.10 mil.
2020-2021 to 2021-2022	\$662.10 mil.

## Cuts to Occur in Absence of Federal Action

2.31 % COLA	\$167.7 mil.
Enrollment growth	\$31.9 mil.
Student Centered Funding Formula	\$593 mil.
Apprenticeship programs	\$83.2 overall (40.4 one-time) mil.
CCC Strong Workforce Program	\$135.6 mil.
Student Equity and Achievement Program	\$68.8 mil.
Part-Time Faculty Compensation, Part-Time Faculty Office Hours, Academic Senate	\$7.3 mil.
Calbright College	\$3 mil.



# The Budget: Where Are We Now?



Iris Ingram, Vice President,  
Administrative Services  
Town Hall  
May 21, 2020

# The New Reality

# The “Big 3” of State Revenue

- Income Tax
- Sales Tax
- Property Tax

# Impact on Revenues

“Job losses and business closures will sharply reduce state revenues. Compared to the January forecast, the state’s three main General Fund revenue sources are projected to drop for the 2020-21 fiscal year as follows:

- Personal Income Tax: -25.5 percent.
- Sales and Use Tax: -27.2 percent.
- Corporation Tax: -22.7 percent.

Specifically, Finance projects that General Fund revenues will decline by \$41.2 billion below January projections, as follows:

- 2018-19: +\$0.7 billion
- 2019-20: -\$9.7 billion
- 2020-21: -\$32.2 billion

Under Proposition 98’s constitutional calculation, this revenue decline results in a lower required funding level by \$18.3 billion General Fund for K-12 schools and community colleges.”

# Major Changes to Governor's January Proposed Budget

- Surplus of \$5.6 B is now a projected deficit of \$54.5B
- There is a projected  $\geq$  10% reduction in State Revenue
- It is projected that there will be no COLA for at least 2 years
- There are projected deferrals in fiscal years 2019-20 and 2020-21
- One time budget allocations are projected to be eliminated

# Impact on El Camino College

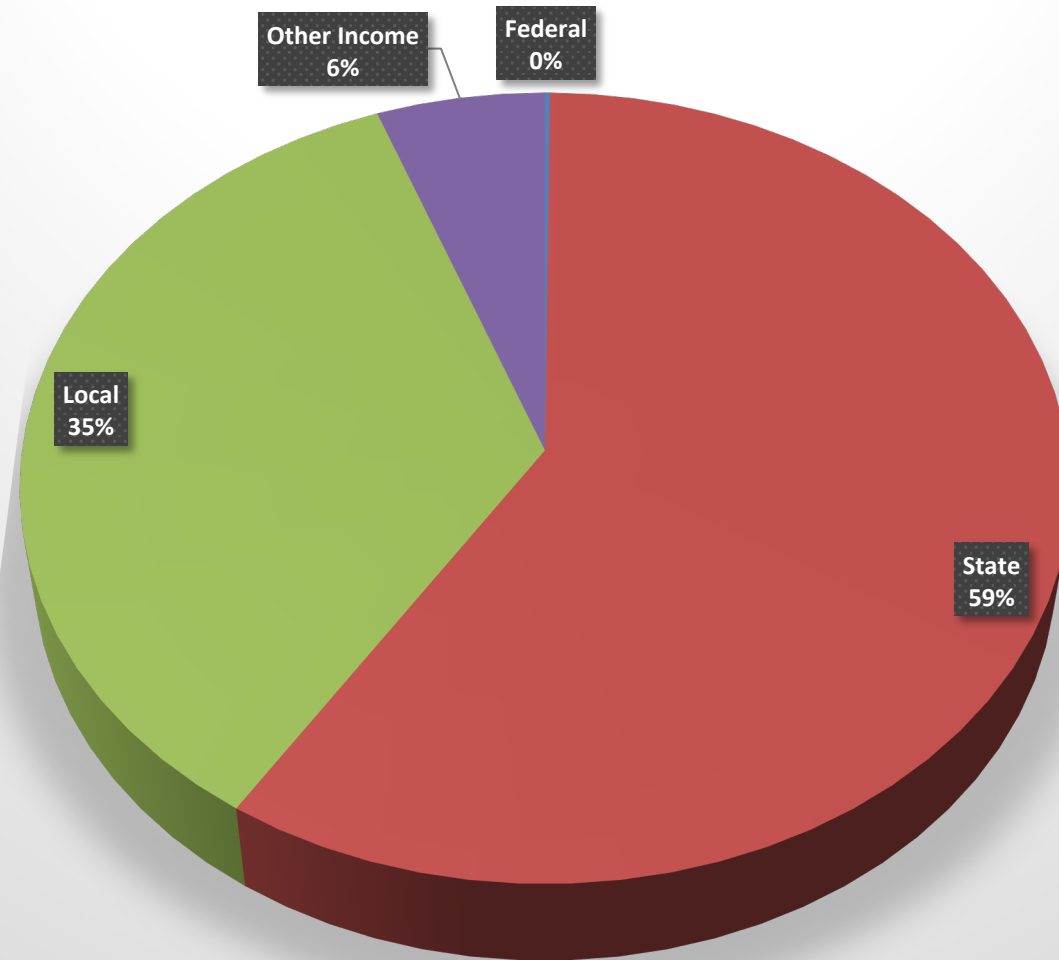
- Projected deferred revenue of approximately \$6M in fiscal year 2019-20 and \$12M in fiscal year 2020-21
  - Impacts cash flow severely in FY 2020-21 and subsequent years
- *Projected* year-end fund balance is approx. \$28M
- *Projected* deficit of \$14.7M in fiscal year 2020-21
- *Projected* deficit of \$16.9M in fiscal year 2021-22
- Expected to impact all Unrestricted General Funds (Funds 11 & 12)
- No projected impact on Bond Projects

# Budget Projections 2020-21 through 2022-23\*\*

Total Available Funds for Each Year	2018-19	2019-20	2020-21	2021-22	2022-23**
<b>Projected Beginning Fund Balance</b>	\$ 24,359,407	\$ 28,476,320	\$ 28,828,863	\$ 14,040,227	\$ (2,929,932)
<b>adj. to Beginning Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Adjusted Beginning Fund Balance</b>	\$ 24,359,407	\$ 28,476,320	\$ 28,828,863	\$ 14,040,227	\$ (2,929,932)
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Add: Revenues</b>	\$ 138,596,829	\$ 142,397,126	\$ 130,370,769	\$ 130,817,528	\$ 125,529,982
<b>Total Available Funds</b>	\$ 162,956,236	\$ 170,873,446	\$ 159,199,632	\$ 144,857,755	\$ 122,600,050
<b>Less: Total Expenditures</b>	\$ 134,479,916	\$ 142,044,583	\$ 145,159,405	\$ 147,787,687	\$ 150,316,035
<b>Projected Ending Fund Balance</b>	\$ 28,476,320	\$ 28,828,863	\$ 14,040,227	\$ (2,929,932)	\$ (27,715,985)
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Surplus / (Deficit)</b>	\$ 4,116,913	\$ 352,543	\$ (14,788,636)	\$ (16,970,159)	\$ (24,786,053)
<b>Actual Reserve Level <sup>1</sup></b>	-17%	-20%	-10%	-2%	-18%
<b>Board Required Reserve @ 5% <sup>3</sup></b>	\$ 6,723,996	\$ 7,102,229	\$ 7,257,970	\$ 7,389,384	\$ 7,515,802
<b>Amount above Board Required Reserve</b>	\$ 21,752,324	\$ 21,726,634	\$ 6,782,257	\$ (10,319,316)	\$ (35,231,787)

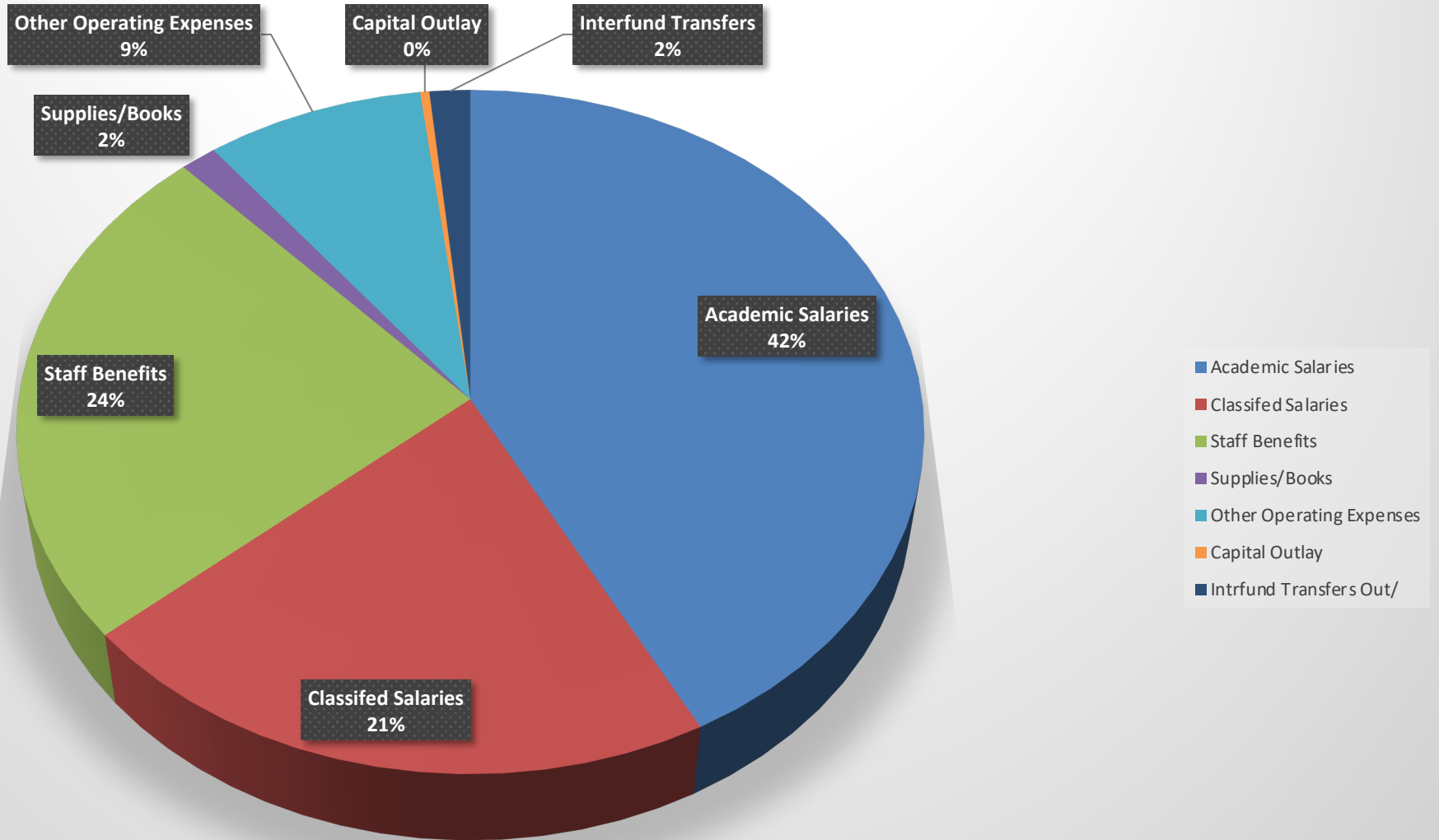
\*\* Hold Harmless extended to 2023-24 (January 2020 Gov Budget Revised Proposal)

# FY 2019-20 Fund 11 Sources of Revenue





# FY 2019 -20 Distribution of Expenditures



# Revised Budget Process

Normal Year	Changes for 2020-21
May Revise	May Revise
June 15 deadline to approve budget	Approve Budget Bill based on best available data
	<b>Possibility</b> of August Revise
	<b>Possibility</b> of Budget Bill Junior reflecting tax filings

# Questions?



# TOWN HALL MEETING

---

May 21, 2020