



Budget Committee Update

8-13-2020

The state of California is experiencing a significant budget deficit for FY2019-20

- ❖ State funding allocations go to districts, not to individual colleges
- ❖ The state situation equates to about a \$9.4M deficit for the GCCCD in 2019-20
- ❖ The Grossmont College share of this deficit is about \$6.4M

Impacts of the COVID-19 Pandemic on the 2019-20 budget

- ❖ **Postponement of tax filing and payment deadlines
for 2019 tax returns**
- ❖ **At Grossmont College, salaries and benefits = 95.1%
of the Unrestricted General Fund**

Steps to address FY2019-2020 issues

- ❖ **Curtailed travel**
- ❖ **Reduced expenses for hourly employees**
- ❖ **Monitored end-of-year expenditures**
- ❖ **Defunded a number of vacant faculty and staff positions**
- ❖ **Reduced our ending balance**

Tentative Budget FY2020-21

- ❖ Fiscal year runs July 1st through June 30th of the following year
- ❖ Now in FY2020-21, which began July 1st
- ❖ Projected state budget *surplus* is now a \$54.3B *deficit*
- ❖ Began the fiscal year with a very low beginning balance

Tentative Budget Timeline

- ❖ TB normally goes to the Governing Board for approval in June
- ❖ Extension put in place state-wide
- ❖ TB was approved by the Board on July 21st
- ❖ Adoption Budget Board approval by October 31st

Elements of the 2020-2021 Budget Act

- ❖ Defers \$1.5B in funding to community colleges to 2021-22
- ❖ Deferral will require the District to take out loans to cover expenses (with interest)
- ❖ Of the \$1.5B deferral, it is estimated that up to \$791M could be rescinded if Congress approves a fourth stimulus package *with sufficient funding* by October 15, 2020
- ❖ Extends existing hold harmless (minimum revenue) provision by 2 years, through 2023-24.
- ❖ Fully funds the Cal Grant program
- ❖ Includes capital outlay funding from Prop 51 to support the preliminary and working drawing phases for 25 new projects statewide, including our remodel projects in Bldgs. 51 & 53

Revenue Reductions

- ❖ 8% base reduction
- ❖ Possible extended budget impacts
- ❖ Decreases in revenue from international student tuition
 - ❖ Was about \$3M in 2019-20
 - ❖ We originally budgeted for a 15% reduction in the Tentative Budget
 - ❖ We now anticipate that the reduction will be at least 50%

Planning

- ❖ **Multi-year planning required**
- ❖ **District working on a 5-yr revenue/expenditures projection**
- ❖ **Need to review contracts and operating costs for cost-saving opportunities**
- ❖ **Work together to adapt to our new normal in a remote environment**

Thank you.