

GOVERNOR'S 2020-21 MAY REVISE BUDGET



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MAY 28, 2021

Tonight

- Impact of Economic Down Turn
- Positive Notes
- Reduction to Prop 98
- Governor's Solutions
- Impact on Budget Calendar

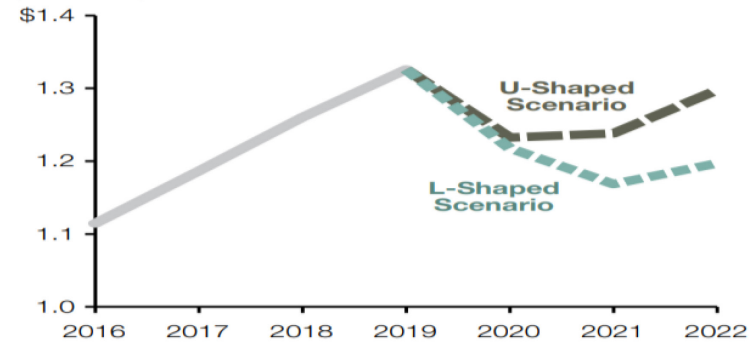
LAO –Spring Fiscal Outlook (Paul Steenhausen)

- **Recession is here....**Recovery models differ.
- U Shaped –begins in Summer 2020 and kicks in 2nd half of 2021
- L Shaped –begins in Summer 2021 and recovers in 2023

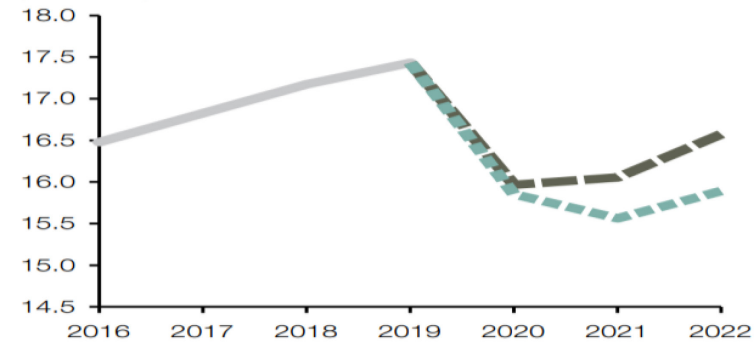
Figure 1

Projections of Key Economic Variables

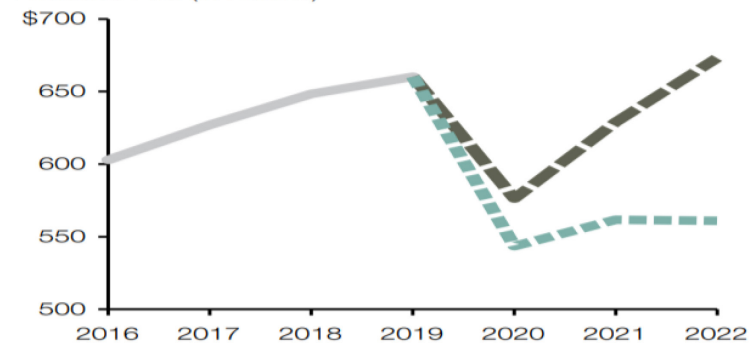
Wages and Salaries (In Trillions)



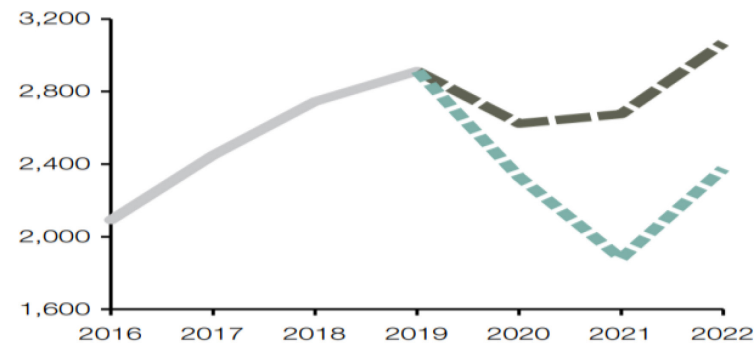
Payroll Jobs (In Millions)



Taxable Sales Excludes Fuel (In Billions)



S&P 500 Index



LAO –Spring Fiscal Outlook (Paul Steenhausen)

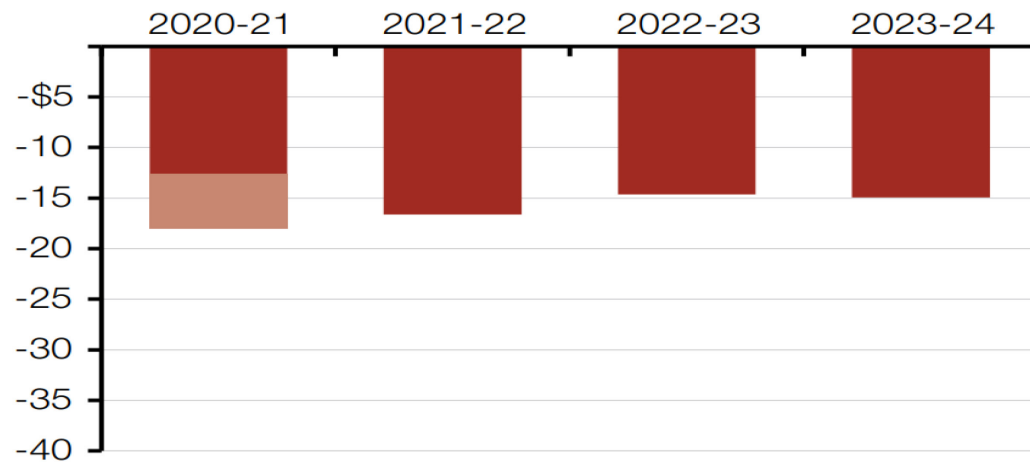
- Budget problems persist through at least 2023-24

Appendix 3, Figure 6

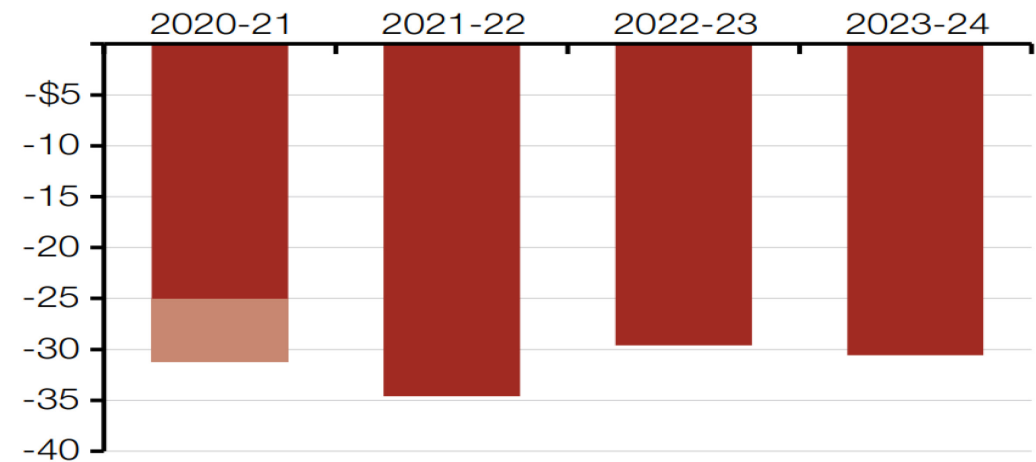
Multiyear Budget Deficits Persist Under Both Economic Scenarios

(In Billions)

U-Shaped Economic Scenario



L-Shaped Economic Scenario



Operating Deficit Carry in Deficit From 2019-20

January Revenue Estimates Revised

- ❑ Sales and Use Tax -27.2%
- ❑ Personal Income Tax -25.5
- ❑ Corporation Tax -22.7%

- ❑ Prop 98 Guarantee will decline 23% from 2019 Budget Act
 - ❑ Community Colleges down \$1.1 billion

Positive Notes

- Armen Sarafian Building is Reappropriated
- STRS and PERS Relief
- EOPS and DSPS received level funding
- Proposed reductions will be reversed if there is Federal relief
- Continues California College Promise and Student Success Completion Grant

Student Center Funding Formula

- ❑ Uses Adjusted 2019-20 SCFF rates
- ❑ Extends hold-harmless for two years, until 2023-24
- ❑ Utilize past year data sources that have not been impacted by COVID 19

Claifornia Community College Proposition 98 Funding

Minimum Grantee	Governor's Budget	May Revise	Amount Change	Percent Change
2018-19	\$8,503,000,000	\$8,521,000,000	\$17,000,000	.02%
2019-20	\$8,770,000,000	\$8,369,000,000	-\$401,000,000	-4.6%
2020-21	\$9,088,000,000	\$7,629,000,000	-\$1,459,000,000	-16.1%

Cash Deferrals

- Defer \$330 million from 2019-20 to 2020-21
- Defer \$662 million from 2020-21 to 2021-22

CCC Reductions (2020 vs 2021)

■ Student Center Funding Formula	-588 million	-8%
■ Student Equity and Achievement	-85 million	-15%
■ CCC Strong Workforce Program	-148 million	-56%
■ Physical Plant and Instruction	-13 million	-100%
■ Adult Education	-6 million	-10%
■ Part-Time Faculty Office	-3 million	-27%

Impact on Pasadena Area Community College District

Deferrals	
2019-2020	6,600,000.00
2020-2021	13,240,000.00
	\$ 19,840,000.00
Reductions	
SCFF	11,864,590.64
SEA	1,141,994.85
Strong Workforce*	618,060.24
Physical Plant/Instr.	290,612.00
Adult Education	190,881.20
Part-Time Faculty Office	25,380.00
	\$ 14,131,518.93
PERS/STRS Cost Avoidance	500,000.00
Total Impact	\$ 33,471,518.93
*only local grant	

Budget Calendar

Activity	Regulatory Due Date	Revised Due Date
Submit tentative budget to county officer	July 1, 2020	August 1, 2020
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2020	October 31, 2020
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2020	October 31, 2020
Complete the adopted annual financial and budget report and make public.	September 30, 2020	November 15, 2020
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2020	November 30, 2020
Submit an audit report to the Chancellor's Office.	December 31, 2020	February 28, 2021