



2019-2020 Third Quarter Budget Presentation

Board of Trustees – May 5, 2020



- **CARES Act and HEERF**
- **FEMA**
- **Economy**
- **Third Quarter Budget Review**
- **2020-2021 Concerns**



**Coronavirus Aid, Relief and
Economic Security Act (CARES)
and the Higher Education
Emergency Relief Fund (HEERF)**

CARES and HEERF

- Signed into law March 27, 2020
- Established the Higher Education Emergency Relief Fund
 - \$13.953 billion
 - \$12.6 billion to Institutions of Higher Education
 - \$1.353 billion to States – CA: ~\$333 million
 - 50% to direct student aid – to “...cover expenses related to the disruption of campus operations due to coronavirus.”
 - 50% to institutional costs – to “... cover any costs associated with significant changes to the delivery of instruction due to coronavirus.”
- Distribution based on:
 - 75% Pell FTES
 - 25% Non-Pell FTES
- Santa Monica College: \$12.193 million

- Department of Education Communication on April 9, 2020
 - Student aid portion
 - Minimal guidance provided
 - Secretary does not consider these payments aid under Title IV and HEA
 - Required filing of certifications by April 17, 2020
 - District filed April 10, 2020
 - Award letter issued May 4 – Funds not yet received
- Certificate/Compliance requirements
 - Must be direct payments to students
 - Only for expenses related to coronavirus
 - Food, housing, materials, technology, health-care, child care

- Reports due in the first 30 days and every 45 days after
 - How were the grants distributed
 - Amount given to **EACH** student
 - How was the amount calculated
 - Instructions given to students
 - Compliance with Code of Federal Regulations (CFR)
- One year timeframe to use funds
- Additional guidance April 20, 2020
 - Only Title IV students are eligible – “Citizen or national of the United States”
- Financial Aid is developing granting process
- Funds have not been received from DOE

- Department of Education Communication on April 21, 2020
 - Institutional portion
 - Minimal guidance provided
 - District is seeking clarity from DOE
- Certificate/Compliance requirements
 - Quarterly reports – As determined by the Secretary of Education
 - Must have a nexus to “...*significant changes to the delivery of instruction due to the coronavirus*”.
 - Cannot be used for Senior Administrator bonuses, stock buybacks, dividends or stock options
- One year timeframe to use funds



Federal Emergency Management Agency (FEMA)

FEMA Funding Possibilities

- Federal emergency declared for California on March 22, 2020 – FEMA-4482-DR-CA
- Possibility to recoup some expenditures related to COVID response
- California Office of Emergency Services (CalOES) is the cognitive agency
- District has filed a FEMA grant application
- May or June a “scoping” meeting will be held with CalOES to determine possible reimbursement
- Reimbursement limited to direct response to COVID-19 and only during declared emergency
 - Emergency Operations Center
 - Disinfection of eligible public facilities
 - Medical treatment
 - Medical sheltering

- Personal Protective Equipment
 - Household pet sheltering and containment
 - Purchase and distribution of food
 - Security and law enforcement
 - Communications related to COVID
 - Search and rescue
- District authorized expenditures as of April 17, 2020 - \$2,354,537
 - Unrestricted: \$96,409 (Majority PPE)
 - Restricted: \$653,595 (Majority food assistance and technology)
 - TBD: 1,604,533 (Majority technology)

The Economy



Economy – Too Early to Tell

- California State Budget
 - 2019-2020 General Fund Revenues
 - \$101.7 billion – Personal Income Tax
 - \$27.2 billion – Sales and Use Tax
 - \$15.3 billion – Corporation Tax
 - \$4.3 billion – Other
 - LAO projects a possible \$35 billion deficit in 2020-2021
 - Budget Committee Chairs issued “Baseline Budget” guidance
- Stock Market (DJ)
 - Between February 12th (29,551) and March 23rd (18,591): ~<10,960> points or ~<37%>
 - May 5th: Closed at 23,883 = ~<5,668> or ~<19%>

- Unemployment
 - February
 - California: 3.9%
 - United States: 3.5%
 - March
 - California: 5.3%
 - United States: 4.4%
- Largest one month jump on record
- California numbers were prior to “Safer at Home” order
- Since mid-March 3.1 million additional claims
- 3.7 million claims – 19.3 million labor force (March) – 19% unemployment rate
- Highest California UE rate – 12.1% in 2010

- State Budget - Revenue Updates
 - First tax count: July 15
 - June Budget – Static
 - Budget will change in September or later

- To early to tell the effect on the District



Third Quarter Budget Update

Projected Changes in Revenue Adopted *Budget* to Third Quarter Projection

Adopted Budget	\$186,082,502
Other Local Income	1,823,501
Other Student Fees	-149,770
Non-Resident Tuition	-1,292,110
Other	23,626
Third Quarter Projection	\$186,487,750

Projected Increase in Revenue of **\$405,248** or **0.2%**

Projected Changes in Expenditure Adopted *Budget* to Third Quarter Projection

Adopted Budget	\$189,836,741
Salary and Benefits	6,439,102
Supplies and Contracts	723,755
Utilities and Insurance	-151,907
Third Quarter Projection	\$196,847,691

Projected Increase in Expenditures of **\$7,010,950** or **3.6%**

Projected Changes in Fund Balance Adopted *Budget* to Third Quarter Projection

	Adopted Budget	Third Quarter
Beg. Fund Balance	\$30,676,107	\$30,676,107
Projected Change	<\$3,754,239>	<\$10,359,941>
Projected Ending FB	26,961,868	\$20,316,166

Projected Decrease in Fund Balance Since Adopted of \$6,605,702

Projected Decrease in Fund Balance 19-20 \$10,359,941 or 34%

2020-2021 Concerns



- Tentative Budget in June Without Accurate State Budget
- FCMAT April Alert - COLA
- FTES Continued Decline
 - Resident Credit: 16-17 = 20,505 ; 20-21 = 19,318
 - Non-resident: 16-17 = 4,797 ; 20-21 = 3,241
- Pensions, Health and Welfare, Salary



THANK YOU AND QUESTIONS