

District Fiscal Outlook



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT


Your Friendly Grossmont Outreach Ambassadors
are here to answer your questions.
Simply JOIN & ASK!

GRIFFINS VIRTUAL HELP DESK

zoom
Meeting ID: 243 308 044
Or, call: 669 900 6833





Fall 2020 hours:
Mon. - Tue. : 8am - 6pm
Wed. - Thur. : 8am - 5pm
Friday : 8am - 1pm



Cuyamaca College

Student
INFO BOOTH

Student Ambassadors are here to answer your questions.
Beginning Oct 5th, Just join  and ask! 

Zoom Meeting 943 8175 0785

Fall 2020 Hours	Monday	Tuesday	Wednesday	Thursday	Friday
	9:00am - 12:00pm & 3:00pm - 6:00pm	9:00am - 12:00pm	2:00pm - 5:00pm	9:00am - 12:00pm	10:00am - 1:00pm

Points of Pride

- ▶ Finding new ways to serve our students remotely
- ▶ Commitment to student success
- ▶ Dismantling systemic racism
- ▶ Caring for our community
- ▶ Passion for the district

Spring 2021 planning update

- ▶ Largely remote, adding additional on-campus classes focused on hard to convert and lab classes
- ▶ Some in-person student support if public health permits
- ▶ New Higher Ed state guidelines
 - ▶ On-campus classes and in-person gatherings based on county's COVID-19 tier
 - ▶ Changes for athletics
 - ▶ Will have implications for spring planning
- ▶ Campus and District Rapid Response teams convening

District Fiscal Outlook

2020-21 balanced budget

- Over \$10 million in reduced expenses
- Must borrow cash to fund payroll

2021-22 ongoing budget challenges

- Increasing costs - benefits, step and column, operational costs
- No new revenue
- State economic instability

Future year challenges:

- Declining enrollments
- Expenses currently exceeding revenue
- Declining ending balances

2020/2021 State budget

- ▶ \$54.3 billion deficit
- ▶ State expenses higher than expected
- ▶ Unstable economy
- ▶ Depending on revenue from federal government
- ▶ \$1.45 billion in payments deferred

Possible Federal and State funding

Federal

- ▶ Congress debating over additional federal stimulus funding
- ▶ Unclear whether bill will be passed

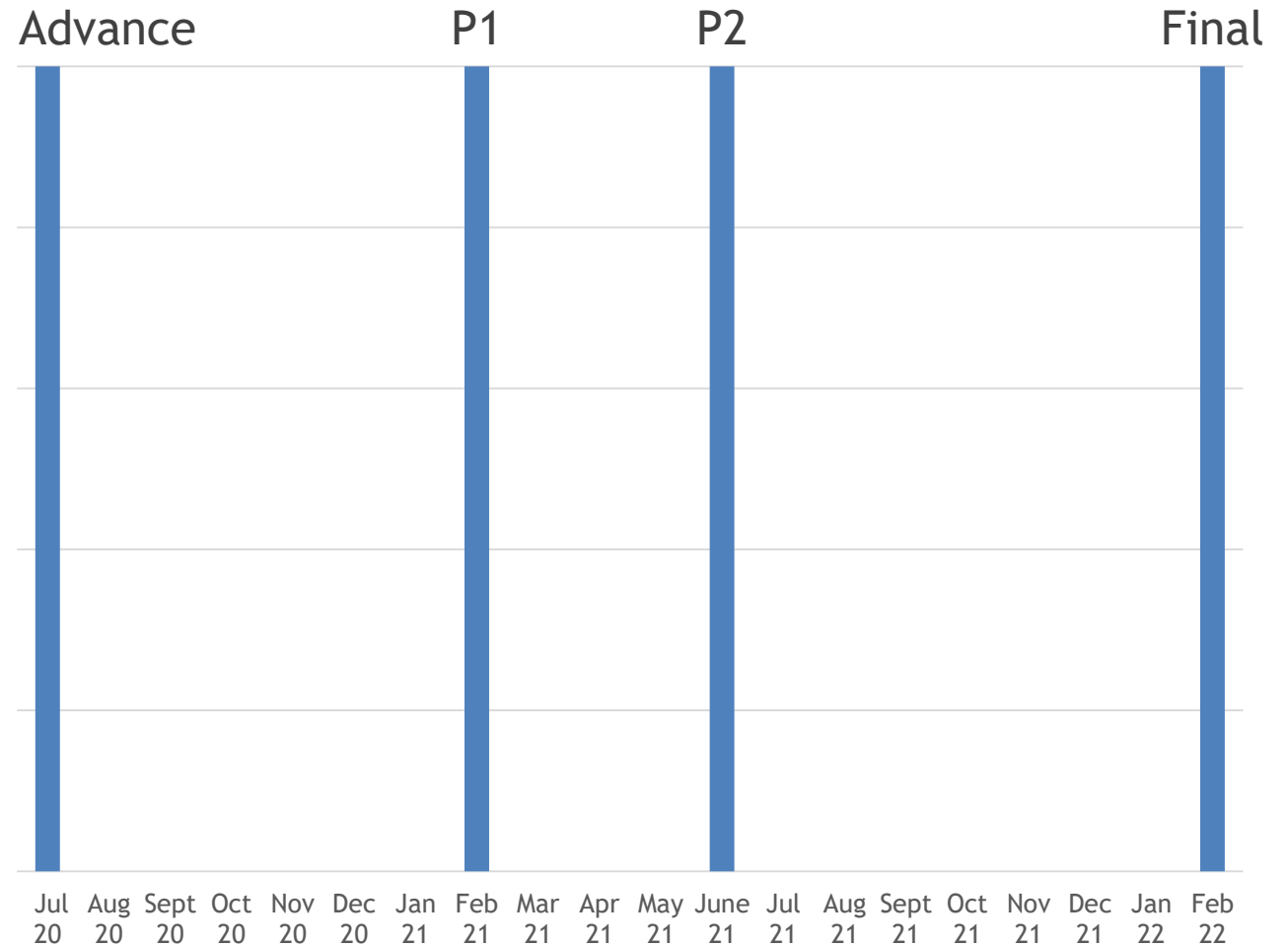
State

- ▶ Proposition 15 on November ballot estimated to generate up to \$12.4 billion a year
- ▶ Estimated to bring \$8.7 million annually to GCCCD
- ▶ Unknown when funds would be available if passed

State Budget Cycle 2020/2021

- ▶ Fiscal Year : July 2020-June 2021
 - ▶ 12 months
- ▶ State Budget Cycle:
July 2020-February 2022
 - ▶ 12 months + 8 months = 20 months

State Reporting Timeline



2020/2021 Adoption Budget Unrestricted General Fund

► Revenues:


- ❖ No Cost of Living Adjustment (COLA)
- ❖ Includes 4% reduction to apportionment in anticipation of mid-year cut - **\$4.6 million**
 - ❖ We won't know until February 2021
- ❖ 6% less compared to 2019/20 actuals - **\$7.5 million**

2020/2021 Adoption Budget Unrestricted General Fund

► Expenditures:


- ❖ To balance the budget, expenditures had to be reduced to address increases in personnel costs and reductions in revenue.
- ❖ Total Reduction: \$10.8 million
- ❖ Total Increases: \$3.2 million

2020/2021 Adoption Budget Reduction in Expenditures



▶ Froze/delayed hiring 45 positions	\$3.3 million
▶ Reduced adjuncts & hourlies salaries	\$4.5 million
▶ Reduced vendor contracts	\$1.4 million
▶ Reduced District Services budget	\$500K
▶ Reduced electricity	\$200K
▶ Reduced OPEB Funding	\$600K
▶ Froze Reserve Level	\$300K

2020/2021 Adoption Budget Increases in Expenditures



▶ Step & Column increases	\$1.4 million
▶ Benefits increases	\$1.3 million
▶ Unemployment expenses	\$300K
▶ Property & Liability Insurance	\$130K
▶ Interest Expense-cash borrowing	\$90K

District Budget Challenges

▶ COVID-19 impacts revenue

➤ Parking Fund

- Projected \$1.1 million shortfall

➤ Bookstore Commissions

- Bookstore employees - salaries & benefits \$530,000

- Was funded by Barnes & Noble

➤ Food Services

➤ OH Sales

➤ Child Development Center

➤ Facilities Rentals

District Budget Challenges

▶ Structural Deficit

- ▶ Expenditures exceeding Revenue

 - ▶ 2020/21 **-5.3 million**

- ▶ No new revenue

- ▶ Personnel cost continue to increase annually

 - ▶ Step & Column increase \$1.3 million every year

 - ▶ Benefits increase \$1.3 million every year

 - ▶ Kaiser rate increased by 6.5% in 2021

 - ▶ UHC rate increased by 2.9% in 2021

 - ▶ Had we not frozen and delayed positions - additional \$1.4 million in benefit increase

District Budget Challenges

▶ State Deferrals

- ▶ Huge impact on our cash flow
- ▶ No payments from the State February to July 2021
- ▶ Need to borrow \$27 million this year
- ▶ Pay interest expense
- ▶ Impact on the State for next year
 - ▶ In 2021/22, State will need to make 17 payments instead of 12
 - ▶ This will continue to have impact on our cash flow for future years

District Budget Challenges

- ▶ **Low Reserve Levels** - Currently there are 2 reserves
 - ▶ Contingency Reserve
 - ▶ Board Policy 6250 requires our reserve to be no less than 5% of budget
 - ▶ Currently our reserve level is 6.75%
 - ▶ Statewide average is 20%
 - ▶ \$8.5 million
 - ▶ September payroll including benefits was \$9 million
 - ▶ STRS/PERS Reserve - One Time
 - ▶ Current balance \$2.2 million
 - ▶ Will be depleted in 2 years

District Budget Challenges

▶ Decreasing Enrollment

- ▶ Enrollment down 20% from funded level
- ▶ Will have significant impacts on future funding
- ▶ Hold harmless provision ends 2023/24
- ▶ In 2024/25, State will fund us based on our enrollment and student outcomes

District Budget Challenges

- ▶ **Outdated Facilities and Prop V shortfall**
 - ▶ No State revenue to support facilities repairs
 - ▶ This year, no funds set aside in the general fund budget for facilities repairs, emergencies and to address Prop V shortfall
- ▶ Construction costs continue to increase, which will have impact on Prop V projects
 - ▶ Cost increased 40% from 2012
 - ▶ Projects coming in over budget and will not be able to complete all planned projects
 - ▶ Current shortfall **\$35 million**

Looking Ahead to 2021-2022

- ▶ Expenses anticipated to exceed revenue by \$4.6 million
 - ▶ No new revenue
 - ▶ Beginning balance declining
 - ▶ Mechanism to offset structural deficit
 - ▶ Personnel costs projected to increase over \$3 million
- ▶ Solutions to address shortfall
 - ▶ Continue to freeze vacancies where possible
 - ▶ SERP savings
 - ▶ Reduce health benefits costs
 - ▶ Continue to evaluate vendor contract needs

Supplementary Early Retirement Plan (SERP)

- ▶ 24 Classified Employees
 - ▶ 7 Faculty Members
 - ▶ 3 Supervisors
 - ▶ 1 Classified Manager
-
- ▶ October 27: Board to approve retirement requests
 - ▶ October 30: Participants to receive final benefit letters
 - ▶ December 18: Retirement date per SERP
 - ▶ February 1: SERP Retirement benefits begin

Estimated SERP savings

- ▶ Anticipated higher savings (\$1.9 million year 1)
 - ▶ Lower participation
 - ▶ Categorical funded positions
 - ▶ Higher replacement needs
- ▶ Projected savings - \$3.6 million over 6 years
 - ▶ Year 1 - \$666,646
 - ▶ Year 2 - \$817,553
 - ▶ Year 3 - \$441,055
 - ▶ Year 4 - \$433,899
 - ▶ Year 5 - \$470,586
 - ▶ Year 6 - \$733,983

Rising Health Benefits Costs

- ▶ Rising cost of the district current benefit plan is fiscally unsustainable
- ▶ Because costs are rising and revenue is not, district proposing benefits changes.
- ▶ Projected annual ongoing savings = **\$1.7 million**
- ▶ Regional and statewide comparisons illustrate the challenge

Statewide Summary Comparison

- ▶ Only 14% of sampled districts do not charge employees for healthcare
- ▶ 60% have HMO plans with higher co-pays than GCCCD
- ▶ In districts with higher co-pays, 100% also charge employees for a portion of higher-cost plans
- ▶ 67% with similar co-pays also charge employees for a portion of higher-cost plans

Current VEBA Regional Comparison

EMPLOYEE Monthly Contribution	GCCCD	Southwestern College	San Diego CCD
Kaiser EE	\$0.00	\$0.00	\$0.00
Kaiser DEP (E1/EF)	\$0.00	\$187.35 / \$264.15	\$0.00
UHC HMO 1 EE	\$0.00	\$50.00	\$204.53
UHC HMO 1 DEP (E1/EF)	\$0.00	\$398.35 / \$553.15	
UHC HMO 2 EE	\$0.00	\$288.00	\$641.53
UHC HMO 2 DEP (E1/EF)	\$0.00	\$870.35 / \$1,218.15	
UHC HMO Alliance EE	\$0.00	\$107.00	\$204.53
UHC HMO Alliance DEP (E1/EF)	\$0.00	\$505.35 / \$695.15	
UHC HMO Alliance HRA EE	\$0.00	\$136.00	n/a
UHC HMO Alliance HRA DEP (E1/EF)	\$0.00	\$512.35 / \$698.15	
UMR PPO EE	\$0.00	\$974.00	\$1,744.53
UMR PPO DEP (E1/EF)	\$0.00	\$2,222.35 / \$3,109.15	

Summary of Proposed Changes

- ▶ No monthly contributions for Kaiser, UHC HMO 1, UHC Alliance
- ▶ Monthly contribution for UHC HMO 2
- ▶ Plan design changes for Kaiser and UHC HMO 1 & 2
- ▶ Eliminate PPO Plan to ensure continuity of care provisions
 - ▶ UHC Alliance (no contributions) includes Scripps, UCSD, Rady Children's Hospital
 - ▶ Employees can switch to UHC Alliance and maintain the provider above

Summary of Proposed Changes

- ▶ Second option proposed
 - ▶ In response to concern about increased co-pay, a second option has been offered to CSEA:
 - ▶ Plan design remains the same for UHC as 2020 and employees make monthly contribution

Proposed Changes for Monthly Contributions

EMPLOYEE Monthly Contribution	GCCCD	Southwestern College	San Diego CCD
Kaiser EE	\$0.00	\$0.00	\$0.00
Kaiser DEP (E1/EF)	\$0.00	\$187.35 / \$264.15	\$0.00
UHC HMO 1 EE	\$0.00	\$50.00	\$204.53
UHC HMO 1 DEP (E1/EF)	\$0.00	\$398.35 / \$553.15	
UHC HMO 2 EE Total Empl = 8	\$235	\$288.00	\$641.53
UHC HMO 2 DEP (E1/EF) Total Empl = 2/6	\$489 / \$694	\$870.35 / \$1,218.15	
UHC HMO Alliance EE	\$0.00	\$107.00	\$204.53
UHC HMO Alliance DEP (E1/EF)	\$0.00	\$505.35 / \$695.15	
UHC HMO Alliance HRA EE	\$0.00	\$136.00	n/a
UHC HMO Alliance HRA DEP (E1/EF)	\$0.00	\$512.35 / \$698.15	
UMR PPO EE Total Empl = 15	n/a	\$974.00	\$1,744.53
UMR PPO DEP (E1/EF) Total Empl = 19/14	n/a	\$2,222.35 / \$3,109.15	

Proposed Plan Design Changes Kaiser

- ▶ Increase from \$10 to \$15 for office visit co-pay
- ▶ Increase from \$10 to \$15 for Urgent Care/Outpatient Surgery
- ▶ Increase from \$10 to \$20 for Chiropractor Service
- ▶ Increase from \$10 to \$20 for Generic Prescription drug for 100-day supply
- ▶ Increase from \$10 to \$40 for Preferred Prescription drug for 100-day supply

Proposed Plan Design Changes

UHC HMO Network 1

- ▶ Increase from \$10 to \$20 for office visit co-pay
- ▶ Increase from \$10 to \$20 for Urgent Care in network
- ▶ Increase from \$50 to \$75 for Urgent Care out of network
- ▶ Increase from \$100 to \$150 for Emergency Room (waived if admitted)
- ▶ Increase from \$0 to \$250 per admit for Inpatient Hospital Care
- ▶ Increase from \$10 to \$20 for Chiropractor Service
- ▶ Increase from \$10 to \$20 for Generic Prescription drug

Proposed Plan Design Changes

UHC HMO Network 2

- ▶ Increase from \$20 to \$30 for primary care office visit co-pay
- ▶ Increase from \$20 to \$40 for Specialist Office visit co-pay
- ▶ Increase from \$20 to \$30 for Urgent Care in network
- ▶ Increase from \$50 to \$100 for Urgent Care out of network
- ▶ Increase from \$100 to \$200 for Emergency Room (waived if admitted)
- ▶ Increase from \$0 to \$500 per admit for Inpatient Hospital Care
- ▶ Increase from \$20 to \$30 for Chiropractor Service
- ▶ Increase from \$20 to \$30 for Generic Prescription drug
- ▶ Increase from \$30 to \$35 for Preferred Prescription drug

Benefit Changes: Current Status

- ▶ Governing Board and Chancellor - Agreed to changes
- ▶ Chancellor's Cabinet - Agreed to changes
- ▶ AFT - Agreed to changes
- ▶ Confidential Administrators - In discussion
- ▶ Confidential Staff - In discussion
- ▶ AA - In negotiations
- ▶ CSEA - In negotiations
 - ▶ Offered one-time \$250 stipend to help with first-year out-of-pocket expenses

Leadership transitions

- ▶ Vice Chancellor of Student and Institutional Success
 - ▶ Short-term interim position being considered
 - ▶ Looking at reorganization of division based on IEPI feedback and needs assessment
- ▶ Associate Vice Chancellor for Research, Planning & Technology
 - ▶ Position is currently frozen pending reorganization
- ▶ Grossmont College President
 - ▶ Interim position January-June 2021
 - ▶ Begin search in November 2020 for permanent replacement
 - ▶ New president beginning July 1, 2021

