



Fiscal Advisory Committee Update

Robert Diamond, VP of Finance

Here is an updated budget assessment for the current year and for next year, with what we know today. Forecasting is difficult due to uncertainties about the impacts of the Coronavirus and related impacts on the economy, but we should plan for a period of economic challenge.

Expenditures:

The March budget analysis and year-end projection indicates that spending could be **\$263,000**, or 0.5%, **under** budget, assuming similar April-June spending patterns to last year. However, I have three cautions:

- COVID-19 transition expenditures have not yet been fully recognized
- Spending patterns for April-June may be less predictable than in a typical year
- Even if spending is under budget, revenues are likely to be under budget by even more. An annual deficit is probable.

Revenues:

Revenues for both the current fiscal year and next fiscal year are likely to be less than expected.

- Last week, CCCCCO told us to disregard the Governor's January budget proposal for 2020-21. They indicated that they would be looking for a budget that met our fundamental needs. I interpret that as a limited budget.
- 93% of the State's revenues come from personal income tax, sales tax, and corporate income tax. All three of those are being affected by the shelter-in-place orders and also by extended tax filing deadlines. Education gets about half of the State general fund budget, so this will impact system-wide revenues for both the current year and next year
- County tax collectors throughout the state have announced that property owners may pay their April 10th property tax late, without penalty. Property taxes are a significant source of revenue for the CC system, so delayed property taxes will affect our cash flows and revenues.
- We will have a better projection of revenues for the current year and next year in late May, when the Governor releases the May revise
- Comments from the Capitol indicate that legislative staff are trimming budget expectations for next year
- Information we have on the Federal stimulus package indicates nominal benefit to the college, perhaps generating revenues of about 0.5% of our annual budget.