



# **2022-2023 Tentative Budget Forum**

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# Presentation Overview

- State Budget Overview – Governor's May Revise
- State Budget Highlights – Community Colleges
- Citrus College 2022-23 Tentative Budget Highlights
  - Focus on Ongoing Revenues & Expenses
- Future Considerations

# 2022-2023 State Budget (Governor's May Revise)



# 2022-23 State Budget Overview

- 2022 May Revise reflects 2<sup>nd</sup> consecutive year of revenue growth
- Governor's key priorities:
  - provide relief from rising inflation
  - ensure public safety
  - address homelessness
  - transform public education
  - combat climate change
- \$300.7 billion spending plan
  - Over \$50 billion higher than projected at January budget proposal

# State Budget - Community Colleges

- 0.50% Enrollment Growth
  - Must be “earned” by colleges through the generation of additional full-time equivalent students (FTES)
  - Growth funded at \$26.2 million system wide
- COLA
  - 2022-23 Statutory COLA of 6.56% to fund apportionments
  - Restricted COLA of 6.56% for DSPS, EOPS, CalWORKs, CARE
- Pension Systems - No Relief for Community Colleges
  - CalSTRS – 19.10% (2.18% increase)
  - CalPERS – 25.37% (2.46% increase)

# State Budget - Community Colleges

- 5% Augmentation for SEAP (\$25 million)
- \$250 million augmentation to the SCFF funding rates
- \$125 million augmentation to the Basic Allocation component of the SCFF
  - Supports technological investments needed to accommodate long-term shifts in student learning modality demand
- *(Legislative Version includes additional \$325 million for SCFF augmentations)*
- SCFF augmentations do not result in any additional funding for districts in hold harmless status

# State Budget - Community Colleges

- Discretionary Block Grant - \$750 million in one-time funding
  - Allocated based on 2021-22 actual reported FTES
  - Available to spend over a 5-year period
  - *(Legislative Version reduces this to \$550 million Flexible COVID-19 Block Grant)*
- Deferred Maintenance Funding - \$1.5 billion in one-time funding
  - To support deferred maintenance and energy efficient projects
  - *(Legislative Version reduces this to \$800 million)*

# **Citrus College 2022-2023 Tentative Budget Highlights**



## Budget Priorities

- Approved by Financial Resources Committee on 4/6/22:
  - Ensure student access, success and completion in conjunction with budgeted FTES and the SCFF
  - Maintain a commitment to regular/permanent employee positions
  - Maintain minimum reserve level of two months of total general fund operating expenditures, in accordance with GFOA Budgeting Best Practices and the Chancellor's Office
  - Ensure compliance with state and federal regulations
  - Support critical new hires/replacement of vacant positions - staffing
  - Completion of construction projects in progress
  - Maintain a commitment to support scheduled maintenance needs
  - Ensure funding for STRS, PERS, OPEB and cash-in-lieu benefit programs
  - Maintain multi-year fiscal planning perspective which honors institutional planning priorities

# Full-Time Equivalent Students (FTES)

- Declining Enrollments
  - 2021-22 estimated actual FTES of 8,662.83
  - 2022-23 budgeted FTES of 8,706.14; reflects an increase of 0.5%
  - With a decline of approximately 2,751 FTES (24%) from 2019-20 (pre-pandemic) actual FTES, Citrus College is in hold harmless status under the SCFF
  - Hold Harmless is adjusted for COLA annually, through 2024-25
  - Governor's Budget proposes a funding "floor" after 2024-25, with no COLA augmentations

# Ongoing Revenue Assumptions (assuming 8,706.14 FTES)

- SCFF Funding of \$73.9 million:
  - Base Allocation (70%) - \$50.4 million
  - Supplemental Allocation (20%) - \$13.7 million
  - Student Success Allocation (10%) - \$9.8 million
- Hold Harmless Funding - \$7.0 million
- Budgeted Apportionment Funding of \$80.9 million

# Ongoing Revenue Assumptions

- Unrestricted Lottery at \$163 per FTES - \$1.5 million
- Non-Resident Tuition budgeted at \$2.3 million:
  - Assumes reduced enrollment due to COVID-19 impact, at current adopted rates of \$332 per semester unit
- Mandated Cost Block Grant Program at \$32.68 per FTES - approximately \$300,712
- Interest Earnings - \$260,000

# 2022-23 Unrestricted General Fund Ongoing Revenues

Apportionment	\$ 80,912,341
Non-Resident Tuition	2,278,259
Unrestricted Lottery	1,499,879
Mandated Cost Block Grant	300,712
Part-time Faculty Comp/Fee Waiver Admin	418,692
Interest Earnings/Other Local Revenues	360,000
Transcripts/Parking Fines/ Other Student Fees	<u>96,000</u>
Total	<u>\$ 85,865,883</u>

# Ongoing Expenditure Assumptions

- Salary and Benefits - \$60.4 million
  - Includes step/column movements, retirements/separations, new hires, and approved recruitments
  - Assumes medical benefit premium increases of 5%
  - 2.46% increase in PERS employer contribution rate
    - From 22.91% to 25.37%
  - 2.18% increase in STRS employer contribution rate
    - From 16.92% to 19.1%
- Adjunct/Overload budgets - \$8.6 million
  - Accounts for Declining FTES

## Ongoing Expenditure Assumptions

- Retiree medical and in-lieu costs - \$1.3 million
- Cost Center Allocations - \$11.3 million
- Utilities Expense - \$1.7 million
- Transfers/Contributions - \$2,055,000, made up of:
  - Scheduled Maintenance - \$1,000,000
  - Retirement Health Fund - \$750,000
  - PERS/STRS Set-Aside Fund - \$250,000
  - Golf Driving Range - \$50,000
  - Federal Work Study Match - \$5,000

# 2022-23 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 60,446,443
Adjunct/Overload Budgets	8,590,680
Cost Center Allocations	11,334,500
Retiree Benefits	1,329,038
Utilities	1,650,000
Transfers	<u>2,055,000</u>
Total	<u>\$ 85,405,661</u>



# 2022-23 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 85,865,883
Ongoing Expenditures	<u>85,405,661</u>
Ongoing Revenues over Ongoing Expenditures	<u>\$ 460,222</u>

## Future Considerations

- Significant enrollment declines
- Student support and success
- Continued COVID-19 Impacts
- LAO's concern regarding the state's statutory appropriations limit leading to large budget deficits
  - Projected \$25 billion requirement in 2023-24
- LAO's concern for a "heightened risk of recession"
  - High inflation; tight labor markets; decline in real GDP; decline in home sales (rapid rise in interest rates)
- Need for Long-Term Fiscal Perspective Remains

# 2022-23 Budget Development Calendar

6/8/22	Tentative Budget Forum
6/21/22	Adoption of Tentative Budget by BOT
July – Aug	Monitor State Budget developments and make budget modifications; analyze carryovers
Aug	Proposed Budget reviewed by FRC
9/1/22	Proposed Budget Forum
9/6/22	Public Hearing and BOT adoption of 2022-23 District Budget

# **2022-2023 Tentative Budget Forum Questions**