



# **2023-2024 Tentative Budget Forum**

**Presented By:**

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# Presentation Overview

- State Budget - Governor's May Revise
- Citrus College Budget Priorities and Key Budget Items
- Budget Cycle
- Citrus College 2023-24 Tentative Budget
  - Focus on Ongoing Revenues & Expenses
- State Budget Concerns and Future Considerations

# **2023-2024 State Budget (Governor's May Revise)**



# 2023-24 State Budget Overview

- Governor Newsom's May Revise attempts to balance the protection of existing investments while also anticipating continued economic uncertainties
- State revenues continued to underperform since the release of the Governor's January Budget
- Increased budget deficit by \$9 Billion
- Total deficit of \$31.5 Billion
- Overall State Budget - \$306 Billion (\$2 Billion below 2022-23)

# 2023-24 State Budget Overview

## Community Colleges

- 0.50% Enrollment Growth
  - Must be “earned” by colleges through the generation of additional full-time equivalent students (FTES)
  - \$26.4 Million system-wide
- COLA
  - Apportionment COLA of 8.22% to increase SCFF
  - Restricted COLA of 8.22% for DSPS, EOPS, CalWORKs, CARE
- One-time Apportionment Prop 98 funding of \$503 Million to support SCFF

# **2023-24 State Budget Overview Community Colleges (cont.)**

- Deferred Maintenance Cut - \$452 Million; 54% from 2022 Enacted Budget
  - Approximately \$5 Million “take-back” for Citrus College
- COVID-19 Recovery Block Grant Cut - \$345 Million; 53% from 2022 Enacted Budget
  - Approximately \$3 Million “take-back” for Citrus College
- Retention and Enrollment - \$100 Million
- No Pension relief funding for CalSTRS or CalPERS employer contribution rates


# Citrus College Budget Priorities

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- Ensure mindfulness of Diversity, Equity, Inclusion and Accessibility+ (DEIA+) initiatives in budgetary considerations
- 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

# Budget Cycle

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Typical Timeline	State	Citrus College
Jan	January Budget Proposal	
May	Governor's May Revise	
May/June	Senate & Assembly Budget Committees	Tentative Budget Adoption
June	Budget Conference Committee	
June	Adopted State Budget (on or before June 15)	
July/Aug		Year End Close
Sept		Adopted Budget
Ongoing/ As-Needed		Budget Revisions

## 2023-24 Budget Calendar Highlights

5/16/23	Preliminary Budget Assumptions provided to BOT
6/7/23	Tentative Budget reviewed by FRC
6/8/23	Tentative Budget Forum
6/20/23	Adoption of Tentative Budget by BOT
July – Aug	Monitor State Budget developments and make budget modifications; analyze carryovers
8/9/23	Proposed Budget reviewed by FRC
9/7/23	Proposed Budget Forum
9/12/23	Public Hearing and BOT adoption of 2023-24 District Budget

# **2023-2024 Tentative Budget**

# Full-Time Equivalent Students (FTES)

- 2022-23 Estimated Actual FTES of 8,974.40 as of April 19, 2023 P-2 CCFS-320 Report
  - Approximately 293.53 FTES (3.38%) above budgeted FTES
- 2023-24 budgeted FTES of 9,019.27 - 0.5% above 2022-23 P2 FTES
- COVID Emergency Conditions Allowance (ECA) ends June 30, 2023

# Ongoing Revenue Assumptions

- General Apportionment of \$91.3 Million:
  - Base Allocation (70%) - \$66.2 Million
    - Includes Medium-Size College Basic Allocation of \$8.5 Million
  - Supplemental Allocation (20%) - \$13.5 Million
  - Student Success Allocation (10%) - \$11.6 Million

## Ongoing Revenue Assumptions (cont.)

- Unrestricted Lottery at \$170 per FTES - \$1.5 Million
- Non-Resident Tuition budgeted at \$3.3 Million:
  - Assumes same level of Non-resident FTES as 2022-23, at current adopted rates of \$360 per semester unit
- Interest Earnings - \$775,000
- Mandated Cost Block Grant Program at \$35.37 per FTES - approximately \$300,000

# 2023-24 Unrestricted General Fund Ongoing Revenues

Apportionment	\$ 91,349,926
Non-Resident Tuition	3,290,400
Unrestricted Lottery	1,533,276
Mandated Cost Block Grant	319,012
Part-time Faculty Comp/Fee Waiver Admin	407,013
Interest Earnings/Other Local Revenues	875,000
Transcripts/Parking/Other Student Fees	<u>80,000</u>
Total	<u>\$ 97,854,627</u>

# Ongoing Expenditure Assumptions

- Salary and Benefits - \$65.8 Million
  - Includes negotiated salary increases, step/column movements, retirements/separations, new hires, and approved recruitments
  - Assumes medical benefit premium increases of 10%
  - Includes 1.31% increase in PERS employer contribution rate
    - From 25.37% to 26.68%
  - Includes STRS employer contribution rate of 19.1%
    - No Change from 2022-23

## Ongoing Expenditure Assumptions (cont.)

- Adjunct/Overload budgets - \$9.4 Million
- Retiree medical and in-lieu costs - \$1.4 Million
- Cost Center Allocations - \$12 Million
- Utilities Expense - \$1.9 Million
- Transfers/Contributions - \$3,555,000, made up of:
  - Scheduled Maintenance - \$2,500,000
  - Retirement Health Fund - \$750,000
  - PERS/STRS set-aside Fund - \$250,000
  - Golf Driving Range - \$50,000
  - Federal Work Study Match - \$5,000

# 2023-24 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 65,882,831
Adjunct/Overload Budgets	9,449,748
Cost Center Allocations	12,078,043
Retiree Benefits	1,447,779
Utilities	1,900,000
Transfers	<u>3,555,000</u>
Total	<u>\$ 94,313,401</u>

# 2023-24 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 97,854,627
Ongoing Expenditures	<u>94,313,401</u>
Ongoing Revenues over Ongoing Expenditures	<u>\$ 3,541,226</u>

# **State Budget Concerns and Future Considerations**

## State Budget Concerns

- State's Progressive Tax System:
  - Nearly half of all personal income tax is paid by the top 1% of residents, whose income relies heavily on the performance of the stock market
  - A near 20% decline in the S&P 500 resulted in significantly less personal income tax withholdings in late 2022
- Federal Reserve Interest Rate Hikes - in May, 10<sup>th</sup> hike since March 2022, could further slow the economy
  - Increased Costs of Borrowing
- Delayed Tax Receipts - tax filing extension to October 2023 results in \$42 Billion of scheduled tax receipt revenue payments delayed until the fall
  - 23% of projected personal income tax
  - 32% of corporation tax

## COVID-19 Protections Ending

- Basic Allocation - College Size Stability and ECA
  - If opted-in to COVID-19 ECA:
    - College size is based on 2019-20 reported FTES
- For 2023-24, Basic Allocation is based on the greater of:
  - 2022-23 reported FTES, or
  - Three-year Stability Protection: greatest of 2021-22, 2020-21, or 2019-20 FTES (includes ECA protection if elected)

**Medium College > 10,000 FTES = \$8.6 Million**

**Small College < 10,000 FTES = \$6.4 Million**

## COVID-19 Protections Ending

- Basic Allocation - College Size Stability & ECA
  - If opted-in to COVID-19 ECA:
    - College size is based on 2019-20 reported FTES  
**11,413.77**
- For 2023-24, Basic Allocation is based on the greater of:
  - 2022-23 reported FTES, or  
**8,974.40**
  - Three-year Stability Protection: greatest of 2021-22, 2020-21, or 2019-20 FTES (includes ECA protection if elected)  
**11,413.77**

## COVID-19 Protections Ending (cont.)

- FTES Restoration and ECA

2019-20 FTES (calculated ECA protection in 2022-23)  
– 2023-24 Actual FTES  
FTES Restoration Balance

- Restoration is available for three years:

- 2026-27 = Year 3

**(11,413.77 ECA FTES – 9,019.27 Budgeted FTES) = 2,394.50**

## Future Considerations

- State Deficit of \$31.5 Billion
- FTES Restoration of 2,394.50 by 2026-27
- One-time Apportionment Prop 98 funding of \$503 Million
- Deferred Maintenance Cut
- COVID-19 Recovery Block Grant Cut
- Significant Construction Cost Escalations
- Rising Healthcare Premium Costs
- Rising Employer Pension Costs
- Need for Long-Term Fiscal Perspective Remains

# **2023-2024 Tentative Budget Forum Questions**