2025-26
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
- Citrus College 2025-26 Tentative Budget
    - Focus on Ongoing Revenues & Expenses
- State Budget Concerns - State's Fiscal Health
    - LAO's Analysis of May Revision

2025-26 State Budget
Governor's May Revise

2025-26 State Budget Overview

- May Revise released on May 14, 2025 - statutory deadline
- Revenues continued to underperform since the release of the January Budget Proposal
- State's General Fund expenditures increased by $15 billion
  - Particularly attributed to the state's Medi-Cal program
- May Revise provides an overall budget deficit of $12 billion
- California is now the 4th largest economy in the world
- Governor's message emphasized "deep uncertainty" of the impacts of federal actions on the state's fiscal situation
- May Revise does not reflect any potential Federal cuts

2025-26 State Budget - PSSSA

- Public School System Stabilization Account (PSSSA), a.k.a. Prop. 98 Reserve Account and Prop. 98 Rainy Day Fund
  - Approved by voters in 2014 as Proposition 2, under Governor Brown's administration
  - Governor's January Budget proposal projected deposits would be made to the PSSSA
    - $1.2 million for 2024-25
    - $376 million for 2025-26
- May Revise eliminates deposits and projects withdrawals, resulting in fully eliminating the reserve balance by 6/30/26

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2025-26 State Budget - Prop. 98

- May Revise reflects Governor's interest in expanding universal access to Transitional Kindergarten (TK)
- Historical statutory split of Prop. 98 funding has been roughly 89% for K-12 and less than 11% for Community Colleges
- Since 2021-22, TK has been included with K-12 split
- Currently community colleges serve nearly 15% of the Prop. 98-funded population, yet receive less than 11% of total Prop. 98 funding

2025-26 State Budget - Prop. 98

Rebenching of Prop. 98

- May Revise proposes a rebenching of the statutory Prop. 98 split
- Proposes additional funding to expand TK and to shift the full expansion to the TK-12 side of Prop. 98, rather than applying the statutory split
- Results in a reduction of Prop. 98 funding for Community Colleges by $492 million, $230 million of which would be a permanent, ongoing reduction

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2025-26 State Budget - Community Colleges

- 2.35% Enrollment Growth ($139.9 million system-wide)
  - Must be "earned" by colleges through the generation of additional full-time equivalent students (FTES)
- 2.30% Apportionment COLA to increase SCFF ($217.5 million system-wide)
  - Previously estimated at 2.43% in January
  - Restricted COLA - 2.30% for EOPS, DSPS, CalWORKs, and CARE
- Deferrals of $531.6 million in SCFF apportionments from 2025-26 budget year to 2026-27 budget year
- Provides Property Tax Backfill for Recent Wildfires

2025-26 State Budget - Community Colleges

- Capital Outlay Funding - $68.5 million from Props. 51 and 2
  - Supporting one continuing project and 29 new projects
  - **Includes Funding for Citrus College's new CTE Building**
- No Funding for Deferred Maintenance and Instructional Support
- Common Cloud Data Platform - reduced from $133.5 million one-time and $29 million ongoing (proposed in January), to $12 million one-time only
- Technology Transformation - fully eliminated $168 million one-time funding (proposed in January)

2025-26 State Budget - Community Colleges

- e-Transcript California - provides $6.6 million in one-time funding, to maintain $12 million one-time provided in 2024-25 enacted state budget
- Credit for Prior Learning - reduced from $93 million one-time and $7 million ongoing (proposed in January), to $15 million and $5 million, respectively
- Career Passport - reduced from $50 million one-time (proposed in January), to $25 million
- Rising Scholars - reduced $30 million ongoing augmentation (proposed in January), to $10 million, bringing total proposed ongoing funding to $35 million

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Budget Priorities

Citrus College Budget Priorities

- 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 GF operating expenditures, in accordance with GFOA Budgeting Best Practices and Chancellor’s Office guidance
- Ensure compliance with state and federal regulations
- Support critical new hires/replacement of vacant positions - staffing
- Maintain a commitment to support scheduled maintenance needs
- Ensure funding for long-term employment obligations such as the STRS and PERS retirement systems and the Districts post-employment medical and cash-in-lieu benefit programs
- Maintain multi-year fiscal planning perspective; honoring institutional priorities

2025-26
Tentative Budget

Full-Time Equivalent Students (FTES)

- 2024-25 Estimated Actual FTES of 9,656.01 as of P-2 CCFS-320 Report
  - 324.62 FTES (3.36%) above 2023-24 actual (9,331.39)
- ECA FTES protection ended on 6/30/23
- 3-Year Basic Allocation Stability Period (2023-24 Yr. 1; 2024-25 Yr. 2; 2025-26 Yr. 3)
- Must reach 10,000 FTES by end of 2025-26 to remain medium-size college
  - ($8,877,529 - $6,658,143 = $2,219,386 ongoing funding)
- 2025-26 Budgeted FTES of 10,018.11 – 3.75% Increase

Full-Time Equivalent Students (FTES) Base Allocation

	2023-24 Actual FTES	2024-25 Actual P-2 FTES	2025-26 Budgeted FTES
Credit ($5,416)	8,426.29	8,770.63	9,113.99
Noncredit ($4,568)	124.73	126.63	131.38
CDCP ($7,596)	110.60	98.42	102.11
CCAP ($7,596)	669.77	660.33	670.63
Total	**9,331.39**	**9,656.01**	**10,018.11**

CDCP = Career Development & College Prep (Enhanced Noncredit)
CCAP = College and Career Access Pathways (Dual Enrollment; Special Admit - Credit)

Ongoing Revenue Assumptions

- SCFF General Apportionment of $88.533 million:
  - Base Allocation (70%) - $62.8 million
    - Includes Medium-Size College Basic Allocation of $8.9 million
  - Supplemental Allocation (20%) - $14.4 million
  - Student Success Allocation (10%) - $11.3 million
- Hold Harmless Floor Funding = $88.500 million
- Tentative Budget estimates apportionment funding will be $33,042 above hold harmless

Ongoing Revenue Assumptions

- Unrestricted Lottery at $191 per FTES - $1.9 Million
- Non-Resident Tuition budgeted at $3.6 Million:
  - Assumes same level of non-resident FTES, at current adopted rates of $400 per semester unit
- Interest Earnings - $2.1 million
- Mandated Cost Block Grant Program at $36.46 per FTES - $374,729
- 2% Enrollment Fees/Transcript/Parking/Other - $320,697

2025-26 Unrestricted General Fund Ongoing Revenues

Apportionment	$ 88,533,042
Non-Resident Tuition	3,594,785
Unrestricted Lottery	1,913,459
Mandated Cost Block Grant	374,729
FT/PT Faculty Compensation	1,914,922
Interest Earnings/Other Local Revenues	2,120,000
Transcripts/Parking/Other Student Fees/Fee Waiver Admin	320,697
Total	$ 98,771,634

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FRC Recommendations
Strategies to Balance 2025-26 Budget

- Cost Center Allocations
  - No Prior Year COLA Augmentation of 1.07%
- Adjunct/Overload Budget
  - Increase Fill Rates by 2%
- Offset Retiree Medical Costs by $1.5 million from District's OPEB funds
- Suspend Transfers/Contributions totaling $4 million
  - Scheduled Maintenance ($2.5 M); Retirement Health ($750,000); PERS/STRS set-aside ($250,000); Self-Insurance Fund ($500,000)

Ongoing Expenditure Assumptions

- Salary and Benefits - $73.8 million
  - Includes negotiated salary increases, step/column movements, retirements/separations, new hires, and approved recruitments
  - Assumes medical benefit premium increase of 15%
  - Includes 0.24% decrease in PERS employer contribution rate, from 27.05% to 26.81%
  - Includes STRS employer contribution rate of 19.1%; no change

Ongoing Expenditure Assumptions

- Adjunct/Overload budgets - $9.9 million
- Retiree medical and in-lieu costs - $454,384 (net of $1.5 million offset)
- Cost Center Allocations - $12 million
- Utilities Expense - $2.5 million
- Transfers/Contributions - $82,772, made up of:
  - Golf Driving Range - $50,000
  - Federal Work Study match requirement - $7,190
  - DSPS match requirement - $25,582

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2025-26 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	$ 73,802,990
Adjunct/Overload Budgets	9,896,627
Cost Center Allocations	12,013,043
Retiree Benefits	454,384
Utilities	2,512,750
Transfers	82,772
Total	$ 98,762,566

2025-26 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	$ 98,771,634
Ongoing Expenditures	98,762,566
Ongoing Revenues over Ongoing Expenditures	$ 9,068

State Budget Concerns
State's Fiscal Health

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State Budget Concerns

- Reduced revenue projections of $16 billion due to stock market volatility, and the impact of tariffs and other federal policies
  - No cuts from federal government reflected at this time
  - Concern remains over uncertainty of federal actions
    - Local FTES impacts, including International students
- PSSSA reserve proposed to be fully depleted by the end of 2025-26 budget year
  - Leaves less favorable mitigation options to address future economic downturns

State Budget Concerns

- State spending projected to increase due to wildfire restoration efforts
- State spending projected to increase to fund the growth in the state's Medi-Cal program
  - 14.9 million people receive Medi-Cal in California
    - Governor notes this figure to be "much higher than anticipated"
- Significant concern over Governor's proposal to re-bench the minimum guarantee for costs associated with implementing universal TK access

State Budget Concerns - LAO's Analysis

- LAO notes state's economy has been stagnant
  - No job growth in 2025 thus far
  - Consumer spending has declined - impacts sales tax collections and possibly income and corporate tax collections

- LAO acknowledges federal policies around tariffs and declining consumer sentiment
  - Increased risks to State's revenue outlook - results in larger deficits in future years
  - LAO cautions the State may not be able to backfill federal cuts to critical health or other programs, given its challenges with funding its existing programs

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Questions?