



2024-25 Tentative Budget Forum

Presented By:

Claudette Dain

Vice President of Finance and Administrative Services

June 13, 2024

Presentation Overview

- State Budget - Governor's May Revise
- Citrus College Budget Priorities and Key Budget Items
- Citrus College 2024-25 Tentative Budget
 - Focus on Ongoing Revenues & Expenses
- Budgetary Strains
- State Budget Concerns and Future Considerations

2024-25 State Budget (Governor's May Revise)



2024-25 State Budget Overview

- Governor emphasizes the need to be mindful of “budget year plus one” and May Revise notes planned actions over two-year period (2024-25 and 2025-26)
- State revenues continued to underperform since the release of the Governor’s January Budget Proposal
- State’s projected deficit has worsened by \$7 billion
- Deficit of \$45 billion for 2024-25 (up from \$38 billion in Jan.)
- Additional deficit of \$28.4 billion projected for 2025-26
- Total two-year deficit projected to be over \$73 billion

2024-25 State Budget Overview (continued)

- Early Action Agreement - Legislature's attempt to begin addressing structural deficit (AB 106, passed in April)
 - Mix of reductions, revenue borrowing, funding delays, deferrals, and cost shifts – No direct impact on community colleges
- Resulted in amendment to the 2023 Budget Act to reduce the expected \$45 billion shortfall by \$17.3 billion, leaving a remaining shortfall of \$27.6 billion for 2024-25.
- Total Budget - \$288 billion (7% or \$22.7 billion decline)
- Total General Fund spending - \$201 billion (11% or \$25 billion decline)

2024-25 State Budget Overview

Community Colleges

- 0.50% Enrollment Growth (\$28 million system-wide)
 - Must be “earned” by colleges through the generation of additional full-time equivalent students (FTES)
- COLA
 - Apportionment COLA of 1.07% to increase SCFF (originally estimated at 3.94% in the 2023-24 Enacted Budget)
 - Restricted COLA of 1.07% for EOPS, DSPS, CalWORKs, CARE
- One-time funding - \$60 million for expansion of nursing programs and \$35 million for projects related to Vision 2030

Citrus College 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
- 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

2024-25 Tentative Budget

Full-Time Equivalent Students (FTES)

- 2023-24 Estimated Actual FTES of 9,355.78 as of P-2 CCFS-320 Report
 - 396.10 FTES (4.42%) above 2022-23 actual (8,959.68)
- ECA FTES protection ended in 2022-23; must reach 10,000 FTES by end of 2025-26 to remain medium-size college
 - 3-Year Basic Allocation Stability Period
 - $(\$8,586,065 - \$6,439,546 = \underline{\$2,146,519})$ ongoing funding)
- 2024-25 Budgeted FTES of 9,963.91 - 6.5% increase
 - Assumes 3.5% Growth and 3% Gain in FTES due to CCCCCO proposed change in Attendance Accounting Methodology
- 2025-26 Target FTES of 10,312.64 - 3.5% increase

Full-Time Equivalent Students (FTES) Base Allocation

	2023-24 Estimated Actual FTES	2024-25 Budgeted FTES	2025-26 Target FTES
Credit (\$5,294)	8,434.22	8,982.45	9,296.84
Noncredit (\$4,465)	161.83	172.35	178.38
CDCP (\$7,425)	99.40	105.86	109.57
CCAP (\$7,425)	660.33	703.25	727.85
Total	9,355.78	9,963.91	10,312.64

CDCP = Career Development & College Prep (Enhanced Noncredit)

CCAP = College and Career Access Pathways (Dual Enrollment; Special Admit - Credit)

Ongoing Revenue Assumptions

- General Apportionment of \$91.1 million:
 - Base Allocation (70%) - \$64.9 million
 - Includes Medium-Size College Basic Allocation of \$8.7 million
 - Supplemental Allocation (20%) - \$13.6 million
 - Student Success Allocation (10%) - \$11.4 million
- Stability Funding of \$1.2 million (due to FTES decline)
 - Total Stability Funding is \$3.0 million; 3-year Protection
 - Assumes 40% ongoing due to restoration; 60% one-time

Ongoing Revenue Assumptions (cont.)

- Unrestricted Lottery at \$177 per FTES - \$1.9 Million
- Non-Resident Tuition budgeted at \$3.2 Million:
 - Assumes same level of non-resident FTES as 2022-23, at current adopted rates of \$353 per semester unit
- Interest Earnings - \$1 million
- Mandated Cost Block Grant Program at \$38.80 per FTES - approximately \$387,000

2024-25 Unrestricted General Fund Ongoing Revenues

Apportionment	\$ 91,132,912
Non-Resident Tuition	3,172,398
Unrestricted Lottery	1,763,612
Mandated Cost Block Grant	386,600
FT/PT Faculty Compensation	1,906,068
Interest Earnings/Other Local Revenues	1,000,000
Transcripts/Parking/Other Student Fees/Fee Waiver Admin	<u>474,419</u>
Total	<u>\$ 99,836,009</u>

Budgeting Ongoing Expenditures Financial Resources Committee (FRC) Planning Considerations

- A status-quo budget allocation process would result in an ongoing deficit of nearly \$4 million
- State's structural deficit believed to be a multi-year problem
- Apportionment COLA of 1.07%
 - Originally estimated at 3.94% in the 2023-24 Enacted Budget
- ECA Protections have ended and District is now in Stability

Budgeting Ongoing Expenditures FRC Planning Considerations (continued)

- Maintain commitment to budget priorities:
 - Regular/permanent employee positions
 - Support critical new hires/replacements of vacant positions
 - Ensure student access, success and completion
 - Ensure funding for STRS, PERS OPEB and cash-in-lieu benefit programs
 - Completion of construction projects in progress

FRC Recommendations

Budget Reduction Strategies for 2024-25

- **Cost Center Allocations**
 - No Prior Year COLA Augmentation of 8.22%
 - Reduce Ongoing Conference Travel Budget by \$65,000
 - Reduction of approximately \$966,000
- **Adjunct/Overload Budget**
 - Increase Fill Rates by 2%
 - Reduction of approximately \$481,000
- **Suspend Scheduled Maintenance Transfer**
 - Reduction of \$2.5 million

Ongoing Expenditure Assumptions

- Salary and Benefits - \$72.2 million
 - Includes negotiated salary increases, step/column movements, retirements/separations, new hires, and approved recruitments
 - Assumes medical benefit premium increases of 20% for Anthem and 15% for Kaiser
 - Includes 0.37% increase in PERS employer contribution rate, from 26.68% to 27.05%
 - Includes STRS employer contribution rate of 19.1%; no change

Ongoing Expenditure Assumptions (cont.)

- Adjunct/Overload budgets - \$9.9 million
- Retiree medical and in-lieu costs - \$1.9 million
- Cost Center Allocations - \$12 million
- Utilities Expense - \$2.2 million
- Transfers/Contributions - \$1,555,000, made up of:
 - Retirement Health Fund - \$750,000
 - Self-Insurance Property and Liability Fund - \$500,000
 - PERS/STRS Set-Aside Fund - \$250,000
 - Golf Driving Range - \$50,000
 - Federal Work Study Match - \$5,000

2024-25 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 72,234,191
Adjunct/Overload Budgets	9,900,587
Cost Center Allocations	12,013,043
Retiree Benefits	1,922,693
Utilities	2,185,000
Transfers	<u>1,555,000</u>
Total	<u>\$ 99,810,514</u>

2024-25 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 99,836,009
Ongoing Expenditures	<u>99,810,514</u>
Ongoing Revenues over Ongoing Expenditures	<u>\$ 25,495</u>

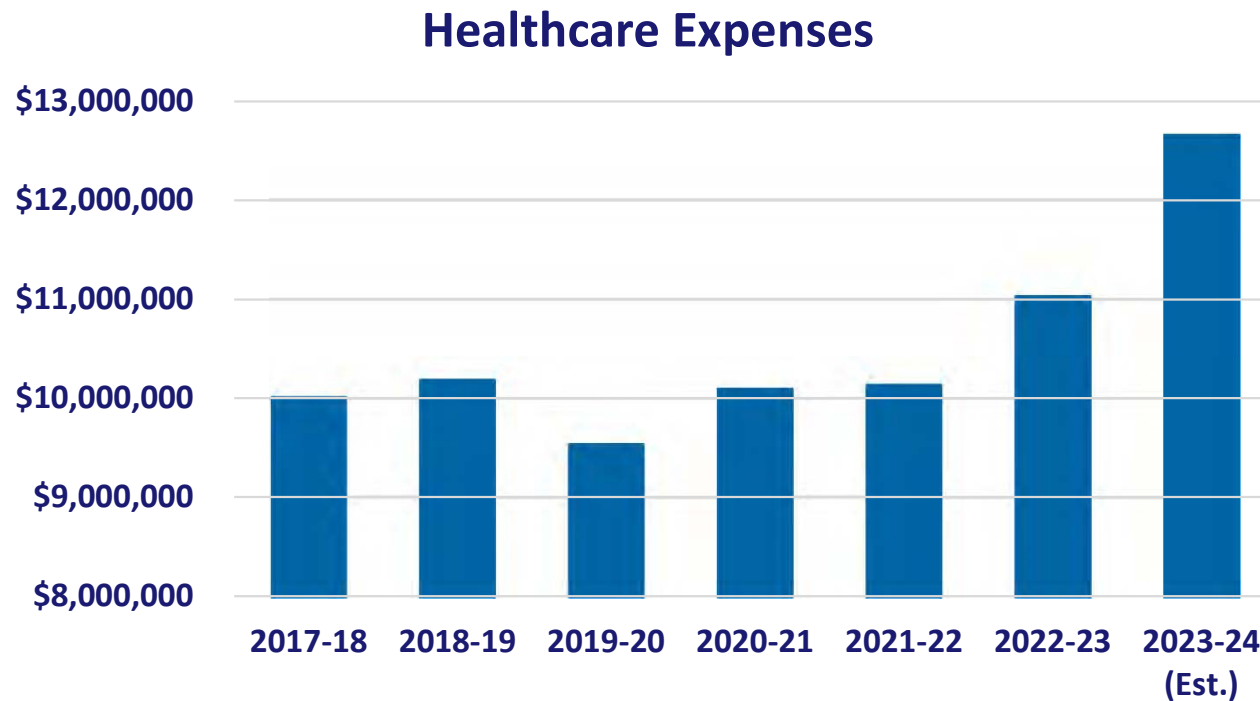
Budgetary Strains

Budgetary Strains

- Rising Healthcare Costs
- Rising Utility Costs
- Insurance Premiums
- JPA Assessments
 - SELF - Excess Workers Comp - \$22,710
 - SELF - AB 218 - \$247,849 (3 assessments)
 - ASCIP - AB 218 - \$308,566
- Construction Escalations
 - 40% Escalation since 2020 (Measure Y)
 - \$298 million in 2020 is equivalent to approximately \$212 million today

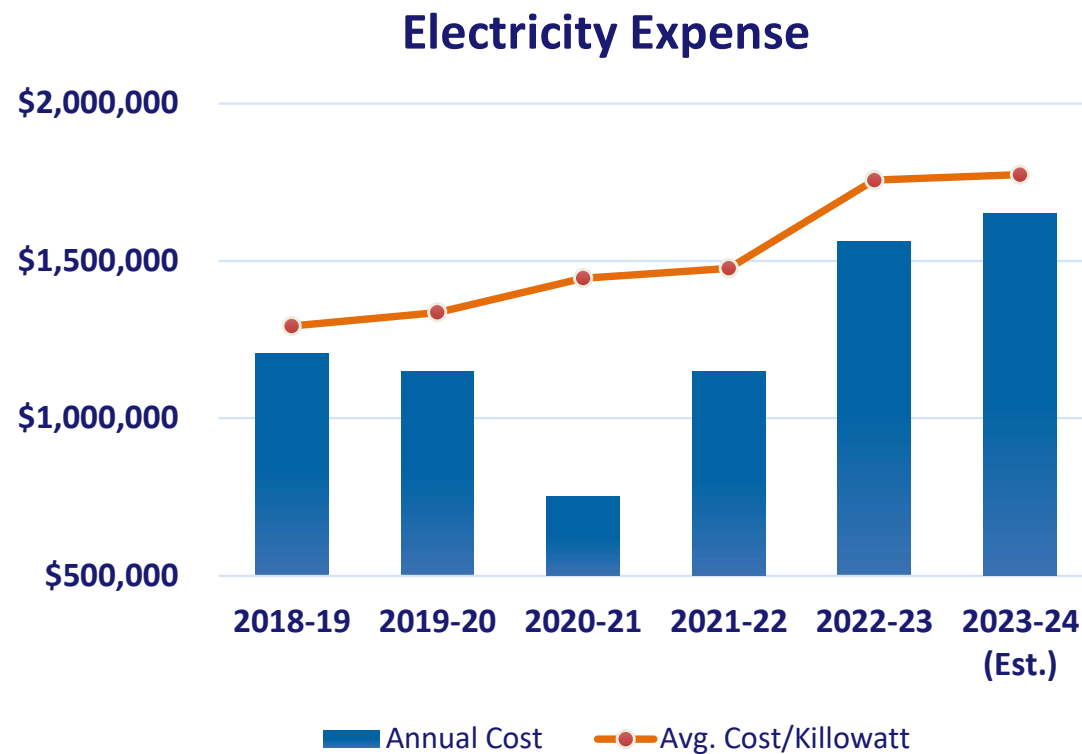
Budgetary Strains

➤ Rising Healthcare Costs



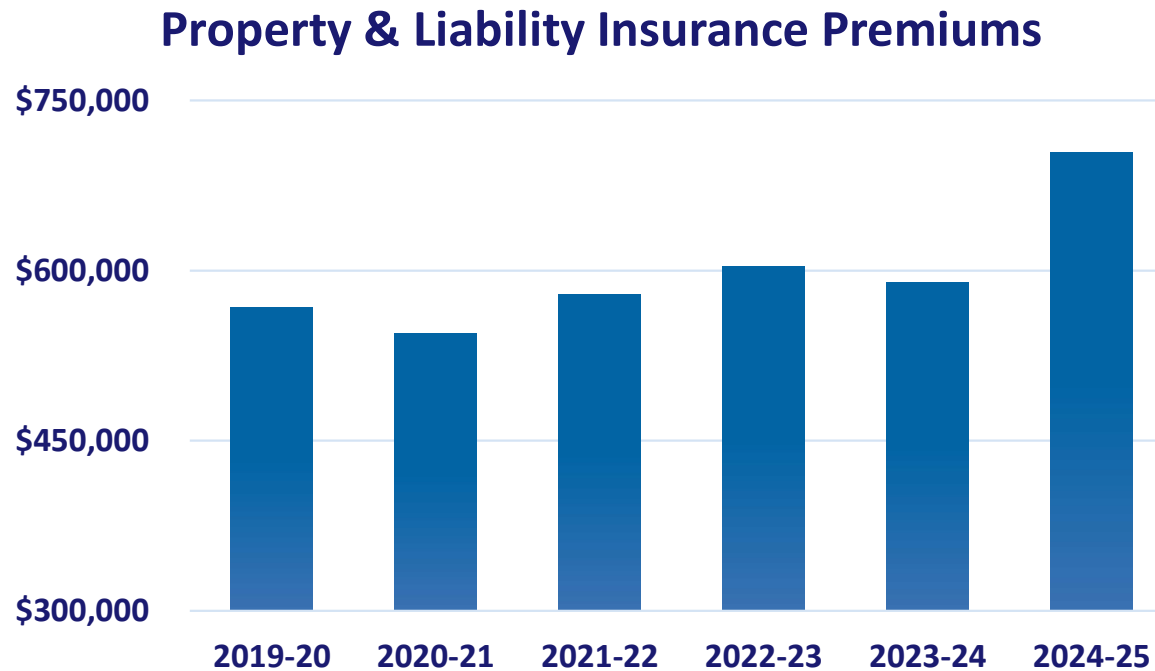
Budgetary Strains

➤ Rising Utility Costs



Budgetary Strains

➤ Insurance Premiums



State Budget Concerns and Future Considerations

State Budget Concerns

- Governor Notes Concerns with the May Revise:
 - State's Progressive Tax System and Underperformance of the Stock Market
 - 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
- Chancellor's Office Continues to Receive Requests for Remaining Unspent Funds
 - Concern that previously allocated funding may be taken back
 - Deferred Maintenance Claw-Back resulted in Citrus College needing to give back \$5.5 million that was already recognized and received (Received in 2022 and Taken Back in 2023)

State Budget Concerns (cont.)

- May Revise Maintains the “Budget Maneuver” Introduced in January
 - Would postpone the recognition of Prop 98 overpayments for 2022-23 that exceeded Prop 98 estimates for that year, thus pushing the cost of that overpayment to the future
 - Has drawn a great deal of criticism from the LAO and various K-14 stakeholder groups
 - Not GAAP-compliant and would not pass an audit performed under GAAS
- May Revise Includes a Cut of 7.95% to all State Agencies
 - Belt-Tightening
 - Sweeping of 10,000 Vacant Positions
 - Impacts CCCCO but not individual community colleges
 - LAO concerned that Governor’s estimate of “savings” is too optimistic

Future Considerations

Stability Funding and Restoration

- Stability Funding
 - Basic Allocation - College Size (Protection is available for 3 years after initial decline - 2025-26)
 - FTES
- FTES Restoration
 - 11,413.77 (2019-20 FTES and through 2022-23 due to ECA)
 - 9,355.78 (2023-24 Actual FTES @ P2)
 - 2,057.99 (Restoration Balance)
- Restoration is available for three years:
 - 2025-26 is Year 3

2024-25 Tentative Budget Forum

Questions?