

2022-2023 Proposed Budget



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Presentation Overview

- **2022-23 State Budget Overview and Highlights**
- **Citrus College Budget Priorities**
- **Citrus College 2022-23 Proposed Budget**
 - **Focus on Ongoing Revenues & Expenses**
- **Long-Term Fiscal Planning Considerations**

2022-2023 State Budget Highlights



2022-23 State Budget Overview

- Budget reflects a period of revenue growth for the state
- Focused on providing: inflation relief, ensuring public safety, addressing homelessness, transforming public education, and combating climate change
- State Budget provides an over \$300 billion spending plan
- An increase of 17%, (\$45 billion) over the previous year's enacted budget.

2022-23 State Budget Overview

- Provides a multi-year framework for higher education
- Framework for CC's includes a refined set of metrics and goals, focused on equity and student success
- CC's key goals and expectations:
 - Increased collaboration across sectors to enhance timely transfer
 - Improved completion rates and reduction in excess units
 - Closure of equity gaps
 - Better alignment of the system with K-12 and workforce needs

2022-23 State Budget Highlights

- Enrollment Growth of 0.50% - must be “earned”
- 2022-23 COLA of 6.56% to fund apportionments
- No relief for Community College Pension Systems
 - CalSTRS – 19.10% (2.18% increase)
 - CalPERS – 25.37% (2.46% increase)
- \$400 million augmentation to the SCFF funding rates
- \$200 million augmentation to the Basic Allocation component of the SCFF

2022-23 State Budget Highlights (cont.)

- Modifies Existing Hold Harmless Provisions
 - 2021-22 Budget Act extended provisions through 2024-25
 - 2022-23 Budget Act extended Hold Harmless indefinitely, but in a modified form, with the intent of avoiding sharp funding declines in 2025-26
 - 2024-25 will represent a district's new funding "floor"
 - COLA augmentations will no longer apply to Hold Harmless
 - After 2024-25, Hold Harmless funding will not increase
 - Starting in 2025-26, districts will be funded at their SCFF-generated amount, or their "floor", whichever is greater

2022-23 State Budget Highlights (cont.)

- \$840.7 million (one-time funding) for physical plant and energy efficiency needs, available over 5 years
- \$650 million (one-time funding) COVID-19 Recovery Block Grant, available over 5 years
 - For activities that: directly support students and mitigate learning losses related to the pandemic; support professional development; address technology infrastructure; develop OER and ZTC degrees; and support mental health and wellness needs of students and staff

Citrus College 2022-23 Proposed Budget



2022-23 Budget Priorities

- Approved by Financial Resources Committee 4/6/22:
 - Ensure student access, success and completion in conjunction with established FTES targets 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 guidance
 - Ensure compliance with state and federal regulations
 - Support critical new hires/replacement of vacant positions - staffing
 - Support the completion of construction projects in progress
 - Maintain a commitment to support scheduled maintenance needs
 - Ensure funding for STRS, PERS, OPEB
 - Maintain multi-year fiscal planning perspective, honoring institutional priorities

FTES

- 2021-22 Annual FTES of 8,637.68
 - Decline of 2,776.09 FTES; 24.32% from pre-pandemic FTES
- Emergency Conditions waiver submitted to hold FTES at 2019-20 level, for funding purposes (11,413.77)
- 2022-23 Budgeted FTES of 8,680.87; reflects an increase of 0.5% over 2021-22 Actual FTES
- 2022-23 is the last year of Emergency Conditions FTES protection

History of FTES

	2017-18*	2018-19	2019-20^	2020-21	2021-22
Credit	11,619.06	11,053.21	11,136.78	9,830.22	8,419.59
Non-Credit	295.13	211.88	193.63	105.00	158.55
CDCP	<u>99.64</u>	<u>95.85</u>	<u>83.36</u>	<u>68.43</u>	<u>59.54</u>
Total	<u>12,013.83</u>	<u>11,360.94</u>	<u>11,413.77</u>	<u>10,003.65</u>	<u>8,637.68</u>

* Includes a shift of Summer 2018 Credit FTES in the amount of 186.63

^ Includes COVID-19 emergency withdrawals (EWs) of 489.45 FTES

Ongoing Revenue Assumptions

- General Apportionment of \$80.9 million:
 - Base Allocation - \$63.9 million
 - Based on 11,413.77 FTES (ECA Protection)
 - Supplemental Allocation - \$15.0 million
 - Student Success Allocation - \$10.8 million
 - Less Amount Above Hold Harmless - (\$8.8 million)
 - Budgeted as One-Time Revenues

SCFF General Apportionment Funding

	With ECA	Without ECA
Base Allocation	\$ 63,975,431	\$ 51,470,173
Supplemental Allocation	14,989,195	14,989,195
Student Success Allocation	10,786,370	10,786,370
Total	<u>\$ 89,750,996</u>	<u>\$ 77,245,738</u>

Ongoing Revenue Assumptions (cont.)

- Unrestricted Lottery at \$170 per FTES - \$1.9 million
- Non-Resident Tuition budgeted at \$2.3 million:
 - Assumes same level of students, at current adopted rates of \$332 per semester unit
- Mandated Cost Block Grant Program at \$32.68 per FTES - approximately \$285,000

2022-23 Unrestricted General Fund Ongoing Revenues

Apportionment	\$ 80,912,341
Non-Resident Tuition	2,282,656
Unrestricted Lottery	1,940,340
Mandated Cost Block Grant	283,691
Transcripts/Parking Fines/Other Student Fees	96,000
Part-time Faculty Comp/Fee Waiver Admin	406,550
Interest Earnings/Other Local Revenues	<u>360,000</u>
Total	<u>\$ 86,281,578</u>

Ongoing Expenditure Assumptions

- Salary and Benefits - \$59.9 million
 - Includes Step/Column movements, retirements/separations, new hires, and approved recruitments
 - Medical benefit premium adjustments - assumes 5% increase for Anthem and a 15% increase for Kaiser
 - Anthem PPO 2023 rate
 - Super-composite: \$25,635
 - Kaiser HMO 2023 rates
 - Single: \$9,194; Two-Party: \$18,388; Family: \$26,019

Ongoing Expenditure Assumptions (cont.)

- 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
 - Overall reduction of 10% to account for declining enrollments and hiring of new full-time faculty
- Retiree medical and in-lieu costs - \$1.3 million

Ongoing Expenditure Assumptions (cont.)

- Cost Center Allocations - \$11.3 million
 - Augmented to account for prior year funded COLA
- Utilities Expense - \$1.65 million
 - Accounts for increased utilization as we return to a more in-person instructional environment, and to account for rate increases
- Transfers/Contributions - \$2.06 million
 - Includes: FWS Match, Scheduled Maintenance, Retirement Health Obligations, PERS/STRS set-aside, Driving Range support for the District's Golf program

2022-23 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 59,872,953
Adjunct/Overload Budgets	8,590,680
Retiree Benefits	1,329,038
Cost Center Allocations	11,334,500
Utilities	1,655,000
Scheduled Maintenance Contribution	1,000,000
Transfers to Other Funds	<u>1,055,000</u>
Total	<u><u>\$ 84,837,171</u></u>

2022-23 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 86,281,578
Ongoing Expenditures	<u>84,837,171</u>
Difference	<u>\$ 1,444,407</u>

Long-Term Fiscal Planning Considerations

- Lasting effects of COVID-19; 24% decline in FTES since the onset of the pandemic
- COVID-19 emergency conditions FTES protection funding terminates in 2022-23
- Rising PERS and STRS employer contribution rates
 - PERS is currently at 25.37% – was 11.77% in 2014-15
 - STRS is currently at 19.10% – was 8.88% in 2014-15
- LAO's concern for a "heightened risk of recession"
 - High inflation; tight labor markets; decline in home sales (Federal Reserve has been raising interest rates)

THANK YOU!

2022-2023
Proposed Budget