



2023-24 Proposed Budget Forum

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2023-24 State Budget Overview

- Signed by Governor on July 10, 2023
- Significant revenue shortfalls related to a downturn in the stock market
- \$31.5 billion budget shortfall
- Several mechanisms used to close the gap:
 - Funding Delays
 - Internal fund shifts and borrowing
 - Reductions from 2021-22 and 2022-23 enacted budgets
- Limited one-time funding
- Total state expenditures of \$310 billion, less than 1% increase over prior year

2023-24 State Budget Highlights Community Colleges

- Enrollment Growth of 0.50% – must be “earned”
- 2023-24 COLA of 8.22% to fund apportionments
- No relief for Community College Pension Systems
 - CalSTRS – 19.10% (No Change)
 - CalPERS – 26.68% (1.31% increase)
- No Change to Hold Harmless Provisions – Available through 2024-25. Will become funding “floor” thereafter.

2023-24 State Budget Highlights Community Colleges (cont.)

- Deferred Maintenance Cut - \$494.3 million; over 41% cut from prior year funding of \$840 million
 - Approximately \$5.5 million “take-back” for Citrus College
- Retention and Enrollment Cut - \$5.4 million (net) from prior years
 - Approximately \$56,000 “take-back” for Citrus College
- COVID-19 Recovery Block Grant - 2023 Budget Act maintains full funding of 2022 allocation of \$650 million

2023-24 State Budget Highlights Community Colleges (cont.)

- State “take-backs” of prior budget act allocations are particularly concerning as this is an unprecedented provision
- Chancellor’s Office is working to smooth the take-backs over a number of months to avoid cash-flow challenges
- New Flexibility Provision provided - allows colleges flexibility in the use of Deferred Maintenance, COVID-19 Recovery Block Grant, and Retention and Enrollment funds

Citrus College 2023-24 Proposed Budget



Full-Time Equivalent Students (FTES)

- 2022-2023 Annual FTES of 8,957.50
 - Approximately 277 FTES (3.19%) above budgeted FTES
- 2023-24 Budgeted FTES of 9,002.29; reflects an increase of 0.5% over 2022-23 Actual FTES
- COVID-19 Emergency Conditions Allowance (ECA) ended June 30, 2023

History of FTES

	<u>2017-18*</u>	<u>2018-19</u>	<u>2019-20^</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Credit	11,619.06	11,053.21	11,136.78	9,830.22	8,419.59	8,662.52
Non-Credit	295.13	211.88	193.63	105.00	158.55	203.09
CDCP	<u>99.64</u>	<u>95.85</u>	<u>83.36</u>	<u>68.43</u>	<u>59.54</u>	<u>91.89</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>	<u>8,957.50</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 \$91.2 million:
 - Base Allocation (70%) - \$66.1 million
 - Includes Basic Allocation of \$8.6 million (medium-size college)
 - Supplemental Allocation (20%) - \$13.5 Million
 - Student Success Allocation (10%) - \$11.6 Million

Ongoing Revenue Assumptions (cont.)

- Unrestricted Lottery at \$177 per FTES - \$1.6 million
- Non-Resident Tuition - \$3.2 million:
 - Assumes same level of non-resident FTES as 2022-23, at current adopted rates of \$360 per semester unit
- FT Faculty Hiring/PT Faculty Reimb. - \$1.9 million
- Interest Earnings - \$945,000
- Mandated Cost Block Grant Program at \$35.37 per FTES - \$318,411

2023-24 Unrestricted General Fund Ongoing Revenues

Apportionment	\$ 91,163,016
Non-Resident Tuition	3,235,307
Unrestricted Lottery	1,593,405
Mandated Cost Block Grant	318,411
FT Faculty Hiring/PT Faculty Reimbursement	1,906,068
Interest/Fee Waiver Admin/Other Local Revenues	1,164,418
Transcripts/Parking/Other Student Fees	<u>150,000</u>
Total	<u><u>\$ 99,530,625</u></u>

Ongoing Expenditure Assumptions

- Salary and Benefits - \$67.3 million
 - Includes negotiated salary increases, step/column movements, retirements/resignations, new hires, and approved recruitments
 - Assumes medical benefit premium increases of 30.67% for Anthem and 14.53% for Kaiser
 - 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 - \$9.6 million
 - Adjusted for negotiated salary changes
- Retiree medical and in-lieu costs - \$1.6 million
- Cost Center Allocations - \$12.1 million
- Utilities Expense - \$1.9 million
- Transfers/Contributions - \$4,055,000, made up of:
 - Scheduled Maintenance - \$2,500,000
 - Retirement Health & PERS/STRS Set-Aside Funds - \$1,000,000
 - Property & Liability Fund - \$500,000
 - Golf Driving Range - \$50,000
 - Federal Work Study Match - \$5,000

2023-24 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 67,326,007
Adjunct/Overload Budgets	9,621,562
Cost Center Allocations	12,078,043
Retiree Benefits	1,627,348
Utilities	1,900,000
Transfers	<u>4,055,000</u>
Total	<u>\$ 96,607,960</u>

2023-24 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 99,530,625
Ongoing Expenditures	<u>96,607,960</u>
Ongoing Revenues over Ongoing Expenditures	<u>\$ 2,922,665</u>

Long-Term Fiscal Planning and Future Budget Considerations

Future Considerations

- Lasting Impact on Enrollments
 - Despite recent enrollment increases, Citrus College has experienced a 21.5% decline in FTES since the onset of the pandemic
 - ECA protections expired in 2022-23
 - What does this mean for future Citrus College budgets?
- Rising PERS and STRS employer contribution rates
 - PERS 26.68% - 127% increase since 2014-15
 - STRS 19.1% - 115% increase since 2014-15
- Rising healthcare premiums
 - \$29,800 projected for Kaiser - 45.4% increase since 2014-15
 - \$35,091 projected for Anthem - 61.7% increase since 2014-15

COVID-19 Protections Have Ended How Long Do We Have to Restore?

- Emergency Conditions Allowance (ECA) ended in 2022-23
- For 2023-24, Basic Allocation funding is based on the greater of:
 - 2022-23 reported FTES **(8,957.50)**, or
 - Three-year Stability Protection: greatest of 2021-22, 2020-21, or 2019-20 FTES, including ECA protection **(11,413.77)**

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

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

COVID-19 Protections Have Ended How Long Do We Have to Restore? (cont.)

- FTES Stability Funding for 2023-24
- FTES Restoration
 - ECA FTES less 2023-24 Actual FTES = FTES Restoration Balance
- Three-year Restoration Period:
 - 2026-27 = Year 3

(10,001.00 – 9,002.29 Budgeted FTES) = 998.71; 11% growth
(11,413.77 – 9,002.29 Budgeted FTES) = 2,411.48; 27% growth

Hold Harmless

2017-18 Total Computational Revenue	\$ 68,139,191
2018-19 COLA @ 2.71% (\$1,846,572)	
Hold Harmless for 2018-19	\$ 69,985,763
2019-20 COLA @ 3.26% (\$2,281,536)	
Hold Harmless for 2019-20	\$ 72,267,299
2020-21 COLA @ 0%	
Hold Harmless for 2020-21	\$ 72,267,299
2021-22 COLA @ 5.07% (\$3,663,952)	
Hold Harmless for 2021-22	\$ 75,931,251
2022-23 COLA @ 6.56% (\$4,981,090)	
Hold Harmless for 2022-23	\$ 80,912,341
2023-24 COLA @ 8.22% (\$6,650,994)	
Hold Harmless for 2023-24	\$ 87,563,336
2024-25 COLA @ ____% (\$_____)	
Hold Harmless Base "Floor" - Ongoing "Static" Amount	\$ XXXXXXXX

Future Considerations

- Significant Construction Cost Escalations
 - \$298 million Measure Y bond may not support as many projects as originally anticipated
- Concern for future state actions to pull back prior-years' funding allocations
 - Has the state set a troubling precedent?
- Economic concern over continued interest rate hikes
 - Increased borrowing costs could further slow the economy
 - Is there ongoing concern in the financial system?
- Need for Long-Term Fiscal Perspective Remains

THANK YOU!

2023-24

Proposed Budget