



2025-26

Proposed Budget Forum

Presented By:

Claudette Dain

Vice President of Finance and Administrative Services

September 9, 2025

Presentation Overview

- State Budget - Overview
- Citrus College Budget Priorities and Key Budget Items
- Citrus College 2025-26 Proposed Budget
 - Focus on Ongoing Revenues & Expenses
- Long-Term Fiscal Planning and Future Budget Considerations

2025-26 State Budget Overview



2025-26 State Budget Overview

- Signed by Governor Newsom on June 27, 2025
- Following January Budget Proposal, revenue and spending estimates were adjusted for:
 - Projected deficits resulting from stock market volatility
 - Impacts of federal tariffs
 - Increases in costs for Medi-Cal program
 - Potential federal cuts for health and social service programs
- \$321.1 billion in total state expenditures; an increase of 7.8% over the Prior Year's Budget
- Indicates an overall \$12 billion budget deficit

2025-26 State Budget Overview

- Deficit addressed primarily through a combination of Reserves; Program Reductions; Deferrals, and Borrowing:
 - Pre-planned withdrawal of over \$7 billion from the Prop 98 Reserve Account (“Rainy Day Fund”) leaving a remaining balance of \$11.2 billion
 - Withdrawal of \$455 million from the Public School System Stabilization Account (PSSSA)

2025-26 State Budget Overview

- Sets an asset limit of \$130,000 for Medi-Cal eligibility; freezes Medi-Cal enrollment for certain undocumented immigrants starting in 2026; and establishes premiums of \$30/month for those receiving medical coverage, beginning in 2027
- Adds \$100 million in one-time funding for counties to begin enforcing Prop 36, the Homelessness, Drug Addiction and Theft Reduction Act, passed in Nov. 2024
- Defers some base funding for UC and CSU systems until July 2026 and defers some compact funding to later years

2025-26 State Budget Overview

Community Colleges

- Despite a challenging fiscal environment, state budget focuses on maintaining stability
 - No ongoing reductions to core programs or services
 - Reflects a slight increase over 2024-25
 - Funding provided from use of some one-time funds, deferrals, and withdrawals from reserves
- \$140 million in Growth funding, across 2024-25 and 2025-26, to provide a combined systemwide Growth rate of 2.35%
 - Must be “earned” by colleges through the generation of additional full-time equivalent students (FTES)

2025-26 State Budget Overview

Community Colleges

- \$217.4 million to fund a 2.30% COLA for state general apportionments
 - Previously estimated at 2.43% in January
 - Restricted COLA - 2.30% for EOPS, DSPS, CalWORKs, and CARE
- Deferrals of \$408.4 million in SCFF apportionments from 2025-26 budget year to 2026-27 budget year
 - Reduced from previously estimated deferral amount of \$531.6 million

2025-26 State Budget Overview

Community Colleges

- Funds the expansion of TK outside of the Prop 98 split; effectuating a reduction of Prop 98 funding for CCs
 - Historical Prop 98 split has been roughly 89% for K-12 and less than 11% for Community Colleges
 - Notable disparity between students served and funding was already prevalent
- This action, to account for the TK expansion outside of the Prop 98 split, results in an overall reduction of Prop 98 funding for CCs, further exacerbating the funding disparity

2025-26 State Budget Overview

Community Colleges

- Provides \$68.5 million from Prop 51 and Prop 2, legally restricted for Capital Projects
 - Includes Funding for Citrus College's new CTE Building
- Provides \$60 million in one-time funding to establish a Student Support Block Grant
- Provides \$3.8 million (for 2024-25) and \$8.1 million (for 2025-26) in one-time funding, for systemwide property tax revenue losses, to backfill the decreased property taxes for those districts impacted by the wildfires

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

2025-26 Proposed Budget

Full-Time Equivalent Students (FTES)

- 2024-25 Actual FTES of 9,624.56 per Annual CCFS-320 Report
 - 293.17 FTES (3.14%) above 2023-24 actual (9,331.39)
- Prior to the effects of pandemic, Citrus College generated 11,413.77 FTES in 2019-20
- ECA (FTES protection) ended in 2022-23
- District entered Stability and 3-Year Restoration Period in 2023-24; Final Year of Restoration is 2025-26
- Must reach 10,000 FTES by end of 2025-26 to remain medium-size college ($\$8,877,529 - \$6,658,143 = \underline{\$2,219,386}$)
- **2025-26 Budgeted FTES of 10,004.73 - 3.95% Increase**

Full-Time Equivalent Students (FTES) Base Allocation

	2023-24 Actual FTES	2024-25 Annual FTES	2025-26 Budgeted FTES
Credit (\$5,416)	8,426.29	8,595.14	8,934.65
Noncredit (\$4,568)	124.73	110.14	114.49
CDCP (\$7,596)	110.60	101.50	105.51
CCAP (\$7,596)	669.77	817.78	850.08
Total	9,331.39	9,624.56	10,004.73

CDCP = Career Development & College Prep (Enhanced Noncredit)

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

Ongoing Revenue Assumptions

- SCFF General Apportionment (earned) = \$88.0 million:
 - Base Allocation (70%) - \$62.7 million
 - Includes Medium-Size College Allocation of \$8.9 million
 - Supplemental Allocation (20%) - \$14.4 million
 - Student Success Allocation (10%) - \$10.9 million
- Hold Harmless Floor (guarantee) = \$88.5 million
- Other Funding Provision (budgeted for 2025-26) = \$91.6 million:
 - PY (2024-25) SCFF Apportionment Revenue + PY (2024-25) COLA of 1.07%

Ongoing Revenue Assumptions

- Other Funding Provision (continued):
 - Yields \$3.12 additional SCFF Apportionment Revenues for 2025-26
 - Only expected for this one budget year
 - As the three-year FTES average calculation moves further away from the ECA-funded years, this provision of the SCFF is not anticipated to yield additional funding of this magnitude, on an ongoing basis

Ongoing Revenue Assumptions

3-Year FTES Average

FTES Breakdown	2022-23 Applied	2023-24 Applied	2024-25 Actual FTES	2025-26 Target FTES	3-Yr Average (Est.)
Credit	10,734.69	8,426.29	8,752.59	9,114.10	8,764.33
Noncredit	193.63	124.73	110.14	114.49	114.49
CDCP	83.36	110.60	101.50	105.51	105.51
CCAP	402.09	669.77	660.33	670.63	670.63
Total	11,413.77	9,331.39	9,624.56	10,004.73	9,654.96

Note: ECA (Emergency Condition Allowance to hold funded FTES at pre-pandemic amount) ended on 6/30/23.

Ongoing Revenue Assumptions

- Unrestricted Lottery at \$190 per FTES - \$1.9 Million
- Nonresident Tuition budgeted at \$2.9 Million:
 - Assumes 20% reduced level of nonresident 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 - \$374,834
- 2% Enrollment Fees/Transcript/Parking/Other - \$312,929

2025-26 Unrestricted General Fund Ongoing Revenues

Apportionment	\$ 91,620,248
Nonresident Tuition	2,875,840
Unrestricted Lottery	1,900,899
Mandated Cost Block Grant	374,834
FT/PT Faculty Compensation	1,914,008
Interest Earnings/Other Local Revenues	2,120,000
Transcripts/Parking/Other Student Fees/Fee Waiver Admin	<u>312,929</u>
Total	<u>\$ 101,118,758</u>

Ongoing Expenditure Assumptions

- Salary and Benefits - \$73.3 million
 - Includes negotiated salary increases, step/column movements, retirements/separations, new hires, and approved recruitments
 - Assumes medical benefit premium increases of 10.19% for Kaiser and 14.9% for Anthem
 - 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 - \$2.0 million
- Cost Center Allocations - \$12 million
- Utilities Expense - \$2.5 million
- Transfers/Contributions - \$1.1 million, made up of:
 - Golf Driving Range - \$50,000
 - Federal Work Study match requirement - \$7,190
 - DSPS match requirement - \$25,582
 - Self-Insurance Property and Liability Fund - \$500,000
 - Scheduled Maintenance \$500,000

2025-26 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 73,301,060
Adjunct/Overload Budgets	9,896,627
Cost Center Allocations	12,141,583
Retiree Benefits	1,952,827
Utilities	2,512,750
Transfers	<u>1,082,772</u>
Total	<u>\$ 100,887,619</u>

2025-26 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 101,118,758
Ongoing Expenditures	<u>100,887,619</u>
Ongoing Revenues over Ongoing Expenditures	<u>\$ 231,139</u>

Long-Term Fiscal Planning & Future Budget Considerations

Long-Term Fiscal Planning & Future Budget Considerations

Prolonged Recovery from COVID-19's Impact on FTES

- Citrus College is approximately 1,789 FTES (15.7%) below its pre-pandemic level
- Citrus College is approximately 375 FTES (3.8%) below the medium-college level
 - $(\$8,877,529 - \$6,658,143 = \$2,219,386)$
- With the expiration of ECA protections, 2025-26 marks the start of the final year of our three-year restoration period

Long-Term Fiscal Planning & Future Budget Considerations

SCFF Funding - Other Funding Provision

- Other Funding Provision of PY SCFF apportionment plus PY COLA results in \$3.12 million above “earned” SCFF apportionment - for 2025-26 only
- This is not expected to continue producing additional revenues of this magnitude
- Future Budget Years will likely result in SCFF apportionment revenues at the “earned” or “hold harmless” levels

Long-Term Fiscal Planning & Future Budget Considerations

PERS and STRS employer contribution rates

- PERS has increased 128% since 2014-15, from 11.77% to 26.81%
 - 2024-25 General Fund Expenditures - \$6,087,431
- STRS has increased 115% since 2014-15, from 8.88% to 19.10%
 - 2024-25 General Fund Expenditures - \$5,951,188
- PERS Future Projections - 27.40% by 2028-29
- No Future Projections Released for STRS

Long-Term Fiscal Planning & Future Budget Considerations

Employee Health Benefits

- District is in a sole, fully-funded medical, dental and vision program
- District contributes 100% of the full cost of the program
- Current Structure and Plan Designs - unchanged for over 35 years
- Results in unpredictable cost volatility and creates significant budgetary challenges
 - 2024-25 General Fund Expenditures - \$12,377,092

Long-Term Fiscal Planning & Future Budget Considerations

CCCCO New Attendance Accounting Model

- Intended to simplify the methodology for calculating credit FTES and to support non-traditional terms
- Districts are required to adopt by 2026-27
- Under the new model, some curricular hours which are not part of a standard contact hour per unit or half-unit of credit, will no longer be allowed in the computation of FTES
 - Could result in a reduction of FTES for Citrus College
 - Additional review and planning is required prior to implementation

2025-26 Proposed Budget Forum

Questions?