



2022-2023 Tentative Budget Forum

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June 8, 2022

Presentation Overview

- State Budget Overview – Governor's May Revise
- State Budget Highlights – Community Colleges
- Citrus College 2022-23 Tentative Budget Highlights
 - Focus on Ongoing Revenues & Expenses
- Future Considerations

2022-2023 State Budget (Governor's May Revise)



2022-23 State Budget Overview

- 2022 May Revise reflects 2nd consecutive year of revenue growth
- Governor's key priorities:
 - provide relief from rising inflation
 - ensure public safety
 - address homelessness
 - transform public education
 - combat climate change
- \$300.7 billion spending plan
 - Over \$50 billion higher than projected at January budget proposal

State Budget - Community Colleges

- 0.50% Enrollment Growth
 - Must be “earned” by colleges through the generation of additional full-time equivalent students (FTES)
 - Growth funded at \$26.2 million system wide
- COLA
 - 2022-23 Statutory COLA of 6.56% to fund apportionments
 - Restricted COLA of 6.56% for DSPS, EOPS, CalWORKs, CARE
- Pension Systems - No Relief for Community Colleges
 - CalSTRS – 19.10% (2.18% increase)
 - CalPERS – 25.37% (2.46% increase)

State Budget - Community Colleges

- 5% Augmentation for SEAP (\$25 million)
- \$250 million augmentation to the SCFF funding rates
- \$125 million augmentation to the Basic Allocation component of the SCFF
 - Supports technological investments needed to accommodate long-term shifts in student learning modality demand
- *(Legislative Version includes additional \$325 million for SCFF augmentations)*
- SCFF augmentations do not result in any additional funding for districts in hold harmless status

State Budget - Community Colleges

- Discretionary Block Grant - \$750 million in one-time funding
 - Allocated based on 2021-22 actual reported FTES
 - Available to spend over a 5-year period
 - *(Legislative Version reduces this to \$550 million Flexible COVID-19 Block Grant)*
- Deferred Maintenance Funding - \$1.5 billion in one-time funding
 - To support deferred maintenance and energy efficient projects
 - *(Legislative Version reduces this to \$800 million)*

Citrus College 2022-2023 Tentative Budget Highlights

Budget Priorities

- Approved by Financial Resources Committee on 4/6/22:
 - 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 general fund operating expenditures, in accordance with GFOA Budgeting Best Practices and the Chancellor's Office
 - Ensure compliance with state and federal regulations
 - Support critical new hires/replacement of vacant positions - staffing
 - Completion of construction projects in progress
 - Maintain a commitment to support scheduled maintenance needs
 - Ensure funding for STRS, PERS, OPEB and cash-in-lieu benefit programs
 - Maintain multi-year fiscal planning perspective which honors institutional planning priorities

Full-Time Equivalent Students (FTES)

- Declining Enrollments
 - 2021-22 estimated actual FTES of 8,662.83
 - 2022-23 budgeted FTES of 8,706.14; reflects an increase of 0.5%
 - With a decline of approximately 2,751 FTES (24%) from 2019-20 (pre-pandemic) actual FTES, Citrus College is in hold harmless status under the SCFF
 - Hold Harmless is adjusted for COLA annually, through 2024-25
 - Governor's Budget proposes a funding "floor" after 2024-25, with no COLA augmentations

Ongoing Revenue Assumptions (assuming 8,706.14 FTES)

- SCFF Funding of \$73.9 million:
 - Base Allocation (70%) - \$50.4 million
 - Supplemental Allocation (20%) - \$13.7 million
 - Student Success Allocation (10%) - \$9.8 million
- Hold Harmless Funding - \$7.0 million
- Budgeted Apportionment Funding of \$80.9 million

Ongoing Revenue Assumptions

- Unrestricted Lottery at \$163 per FTES - \$1.5 million
- Non-Resident Tuition budgeted at \$2.3 million:
 - Assumes reduced enrollment due to COVID-19 impact, at current adopted rates of \$332 per semester unit
- Mandated Cost Block Grant Program at \$32.68 per FTES - approximately \$300,712
- Interest Earnings - \$260,000

2022-23 Unrestricted General Fund Ongoing Revenues

Apportionment	\$ 80,912,341
Non-Resident Tuition	2,278,259
Unrestricted Lottery	1,499,879
Mandated Cost Block Grant	300,712
Part-time Faculty Comp/Fee Waiver Admin	418,692
Interest Earnings/Other Local Revenues	360,000
Transcripts/Parking Fines/ Other Student Fees	<u>96,000</u>
Total	<u>\$ 85,865,883</u>

Ongoing Expenditure Assumptions

- Salary and Benefits - \$60.4 million
 - Includes step/column movements, retirements/separations, new hires, and approved recruitments
 - Assumes medical benefit premium increases of 5%
 - 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
 - Accounts for Declining FTES

Ongoing Expenditure Assumptions

- Retiree medical and in-lieu costs - \$1.3 million
- Cost Center Allocations - \$11.3 million
- Utilities Expense - \$1.7 million
- Transfers/Contributions - \$2,055,000, made up of:
 - Scheduled Maintenance - \$1,000,000
 - Retirement Health Fund - \$750,000
 - PERS/STRS Set-Aside Fund - \$250,000
 - Golf Driving Range - \$50,000
 - Federal Work Study Match - \$5,000

2022-23 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 60,446,443
Adjunct/Overload Budgets	8,590,680
Cost Center Allocations	11,334,500
Retiree Benefits	1,329,038
Utilities	1,650,000
Transfers	<u>2,055,000</u>
Total	<u>\$ 85,405,661</u>

2022-23 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 85,865,883
Ongoing Expenditures	<u>85,405,661</u>
Ongoing Revenues over Ongoing Expenditures	<u>\$ 460,222</u>

Future Considerations

- Significant enrollment declines
- Student support and success
- Continued COVID-19 Impacts
- LAO's concern regarding the state's statutory appropriations limit leading to large budget deficits
 - Projected \$25 billion requirement in 2023-24
- LAO's concern for a "heightened risk of recession"
 - High inflation; tight labor markets; decline in real GDP; decline in home sales (rapid rise in interest rates)
- Need for Long-Term Fiscal Perspective Remains

2022-23 Budget Development Calendar

6/8/22	Tentative Budget Forum
6/21/22	Adoption of Tentative Budget by BOT
July – Aug	Monitor State Budget developments and make budget modifications; analyze carryovers
Aug	Proposed Budget reviewed by FRC
9/1/22	Proposed Budget Forum
9/6/22	Public Hearing and BOT adoption of 2022-23 District Budget

2022-2023 Tentative Budget Forum Questions