



# **2024-25 Proposed Budget Forum**

**Presented By:**

**Claudette Dain**

**Vice President of Finance and Administrative Services**

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# Presentation Overview

- State Budget - Overview
- Citrus College Budget Priorities and Key Budget Items
- Citrus College 2024-25 Proposed Budget
  - Focus on Ongoing Revenues & Expenses
- Budgetary Strains
- Future Considerations and State Budget Concerns

# 2024-25 State Budget Overview



# 2024-25 State Budget Overview

- Multi-year budget deficit (\$75 billion two-year deficit)
  - \$45 billion in 2024-25
  - \$30 billion for 2025-26
- Cuts to government operations, reductions to programs, internal fund shifts and borrowing, pausing new investments
  - 7.95% cut to California Community Colleges Chancellor's Office
- No major core reductions to community college programs or services

## 2024-25 State Budget Overview (continued)

- Draws on reserves and operational savings
- Withdraws \$12.2 billion over 2024-25 and 2025-26 from the Budget Stabilization Account (BSA; Rainy Day Fund), leaving \$10.5 billion
- Withdraws all funding from the Public School System Stabilization Account (PSSSA; Prop. 98 Reserve)
- Total Budget - \$298 billion (4.2% decline)
- Total General Fund spending - \$211.5 billion (6.4% decline)

# 2024-25 State Budget Overview

## Community Colleges

- 0.50% Enrollment Growth
  - 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
  - Leaves several other programs without augmentations which has been the case for several years



# 2024-25 State Budget Overview

## Community Colleges (continued)

- One-time funding:
  - \$12 million for e-Transcript program
  - \$6 million for Credit for Prior Learning project
  - \$20 million for Financial Aid Assistance related to FAFSA delays
- Establishes a Rebuilding Nursing Infrastructure Grant program but proposes no new funding for it
  - Reappropriates \$18.8 million in unspent 2020 Strong Workforce Program Funds (confirmed unspent amount = \$854,616)
  - Reappropriates \$21.3 million in unused 2022 Student Success Completion Grant funds (confirmed unspent = \$22.5 million)

# **2024-25 Proposed Budget**



# Full-Time Equivalent Students (FTES)

- 2023-24 FTES of 9,327.57 as of Annual CCFS-320 Report
  - 367.89 FTES (4.11%) above 2022-23 actual (8,959.68)
- ECA FTES protections 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
  - (\$8,677,936 - \$6,508,449 = \$2,169,487 ongoing funding)
- 2024-25 Budgeted FTES of 9,933.86 - 6.5% increase
  - Assumes a combination of growth and a gain in FTES due to the enacted change in attendance accounting methodology
- 2025-26 Target FTES of 10,281.55 - additional 3.5% increase

# Full-Time Equivalent Students (FTES) Base Allocation

	2023-24 Actual FTES (Annual 320)	2024-25 Budgeted FTES	2025-26 Target FTES
<b>Credit (\$5,294)</b>	8,424.26	8,971.84	9,285.85
<b>Noncredit (\$4,465)</b>	124.62	132.72	137.37
<b>CDCP (\$7,425)</b>	109.44	116.55	120.63
<b>CCAP (\$7,425)</b>	669.25	712.75	737.70
<b>Total</b>	<b>9,327.57</b>	<b>9,933.86</b>	<b>10,281.55</b>

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 \$3.1 million; 3-year Protection
  - Assumes 40% ongoing due to restoration; 60% one-time

## Ongoing Revenue Assumptions (cont.)

- Unrestricted Lottery at \$191 per FTES - \$1.9 Million
- Non-Resident Tuition budgeted at \$3.2 Million:
  - Assumes same level of non-resident FTES, at current adopted rates of \$353 per semester unit
- Interest Earnings - \$1 million
- Mandated Cost Block Grant Program at \$38.80 per FTES - approximately \$385,000

# 2024-25 Unrestricted General Fund Ongoing Revenues

Apportionment (Includes 40% Restoration of Stability)	\$ 91,059,858
Non-Resident Tuition	3,172,398
Unrestricted Lottery	1,897,367
Mandated Cost Block Grant	385,434
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>\$ 99,895,544</u>

# **Budgeting Ongoing Expenditures Financial Resources Committee (FRC) Planning Considerations**

- A status-quo budget allocation process would result in an ongoing budget deficit (approximately \$1.3 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 \$993,000
- **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 - \$70.1 million
  - Includes negotiated salary increases, step/column movements, retirements/separations, new hires, and approved recruitments
  - Assumes medical benefit premium increase of 5.5% for Anthem and a decrease of 5% for Kaiser
  - Includes 0.37% increase in PERS employer contribution rate, from 26.68% to 27.05%
  - Includes STRS employer contribution rate of 19.10%; no change

## Ongoing Expenditure Assumptions (cont.)

- Adjunct/Overload budgets - \$9.9 million
- Retiree medical and in-lieu costs - \$1.7 million
- Cost Center Allocations - \$12 million
- Utilities Expense - \$2.2 million
- Transfers/Contributions - \$1,582,772, 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 - \$7,190
  - DSPS/DHH Match - \$25,582

# 2024-25 Unrestricted General Fund Ongoing Expenditures

Personnel (Salaries & Benefits)	\$ 70,086,763
Adjunct/Overload Budgets	9,900,587
Cost Center Allocations	12,013,043
Retiree Benefits	1,708,568
Utilities	2,185,000
Transfers	<u>1,582,772</u>
Total	<u>\$ 97,476,733</u>

# 2024-25 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	\$ 99,895,544
Ongoing Expenditures	<u>97,476,733</u>
Ongoing Revenues over Ongoing Expenditures	<u>\$ 2,418,811</u>

# Budgetary Strains

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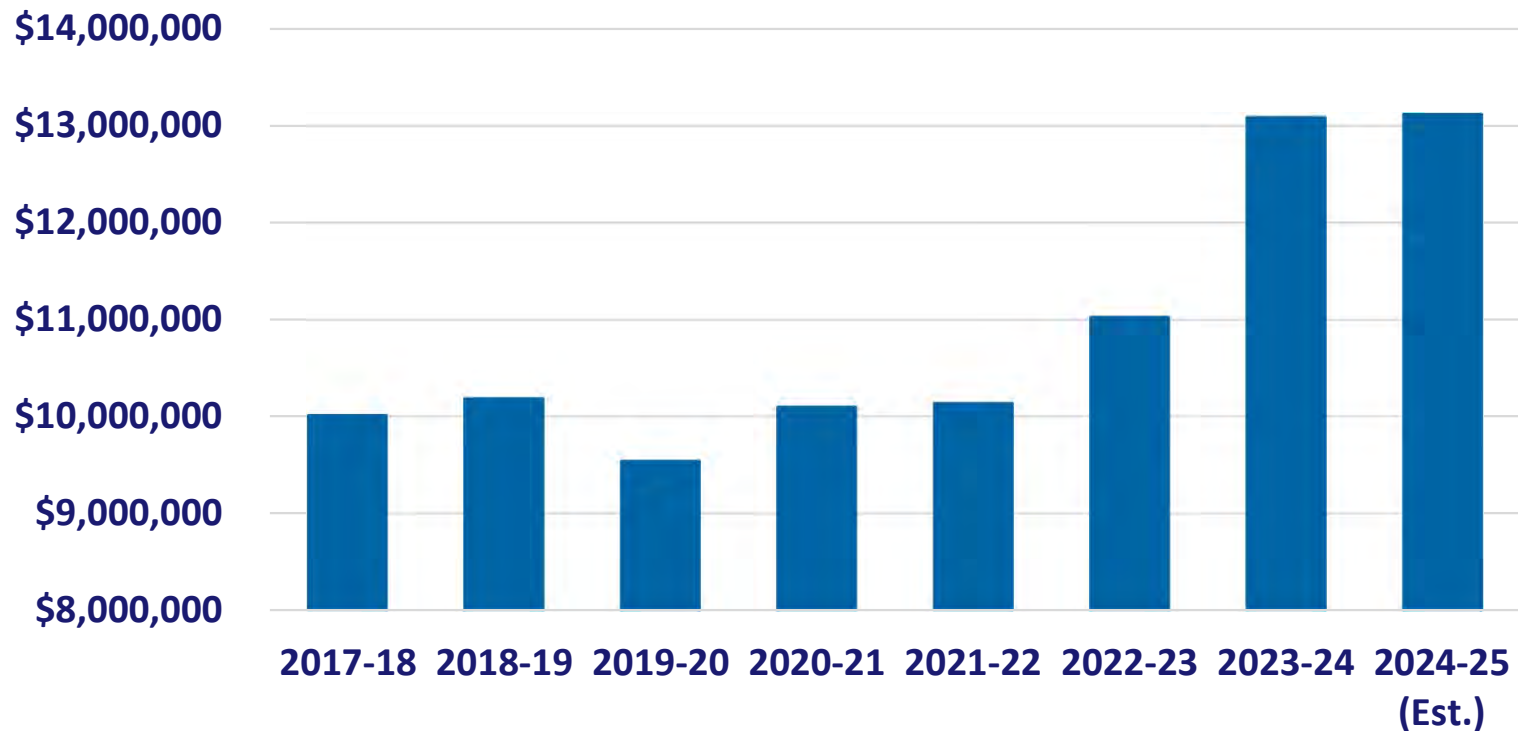
- Rising Healthcare Costs
- Rising Utility Costs
- Insurance Premiums
- JPA Assessments
  - SELF - Excess Workers Comp - \$22,710
  - SELF - AB 218 - \$247,849 (3 assessments)
  - ASCIP - AB 218 - \$308,566
- Construction Escalations
  - 40% Escalation since 2020 (Measure Y)
  - \$298 million in 2020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



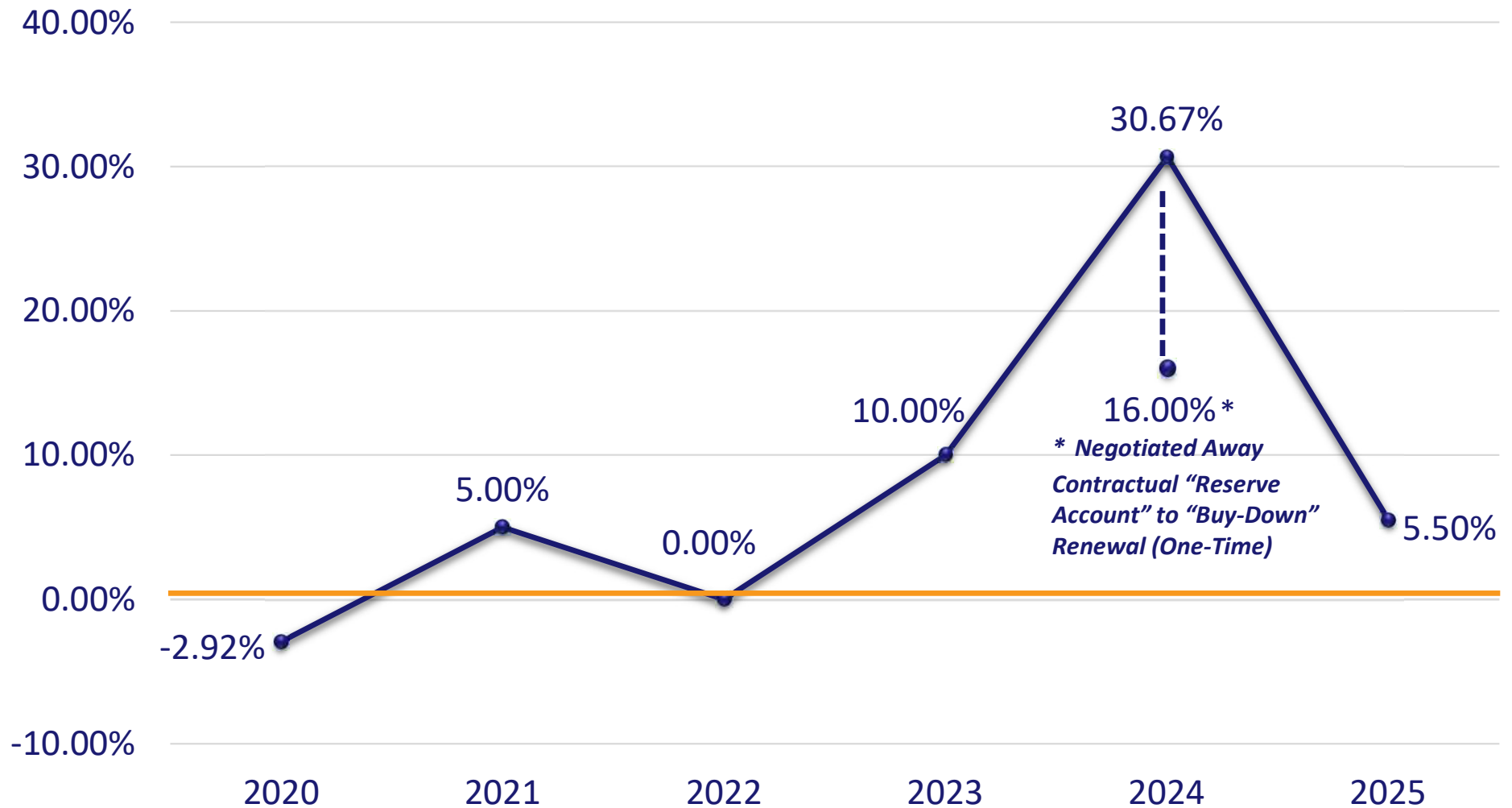
# Budgetary Strains

- Rising Healthcare Costs
  - Plan Structure - Experience Rated vs. Pooled Structure

## Healthcare Expenses

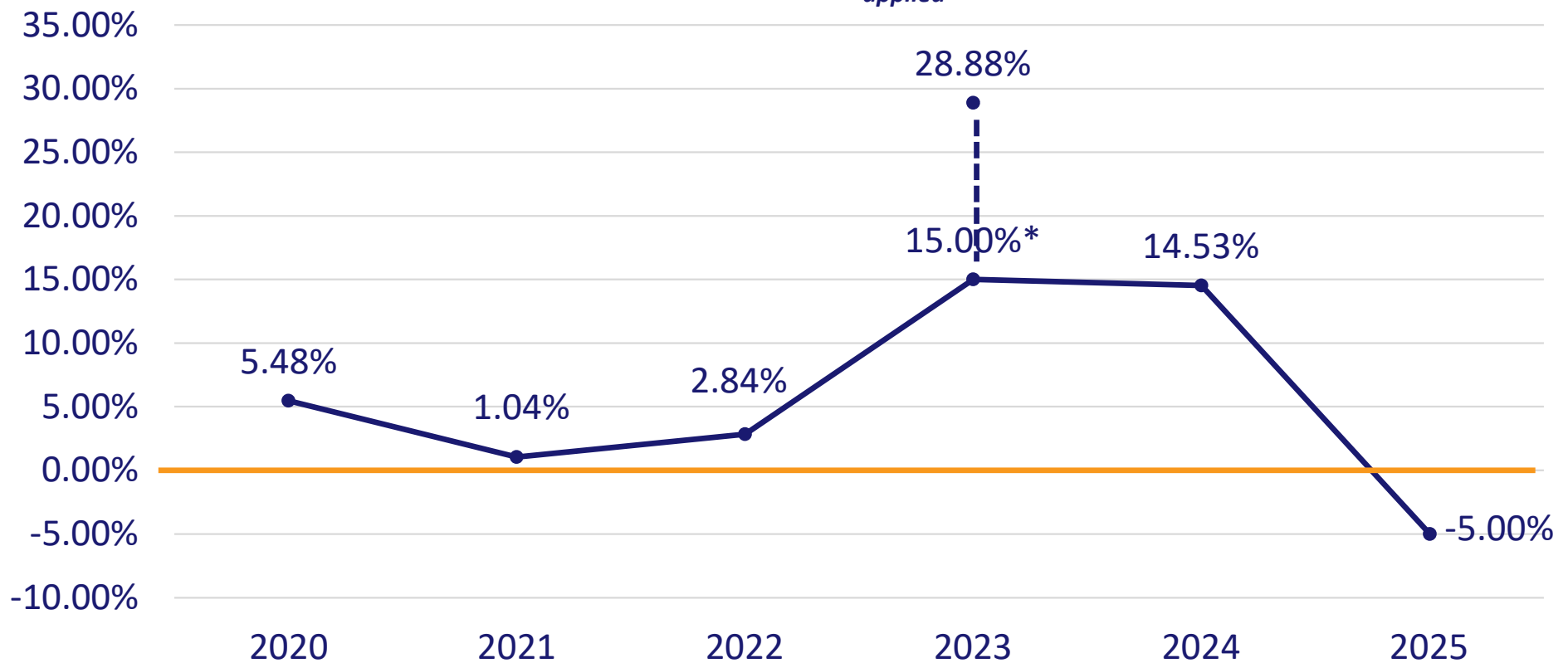


# Anthem: 5-Year Renewal History



# Kaiser: 5-Year Renewal History

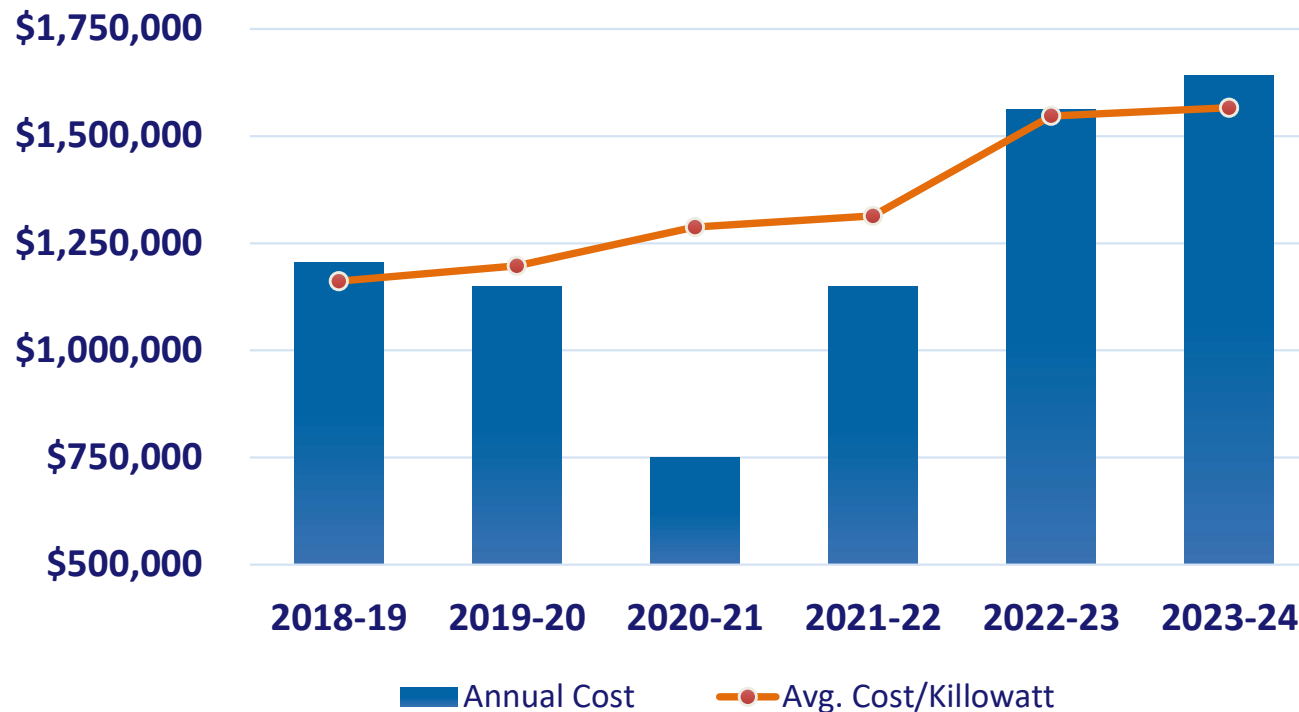
*\* Actual Renewal was 28.88% but commercial rate cap of 15% was applied*



# Budgetary Strains

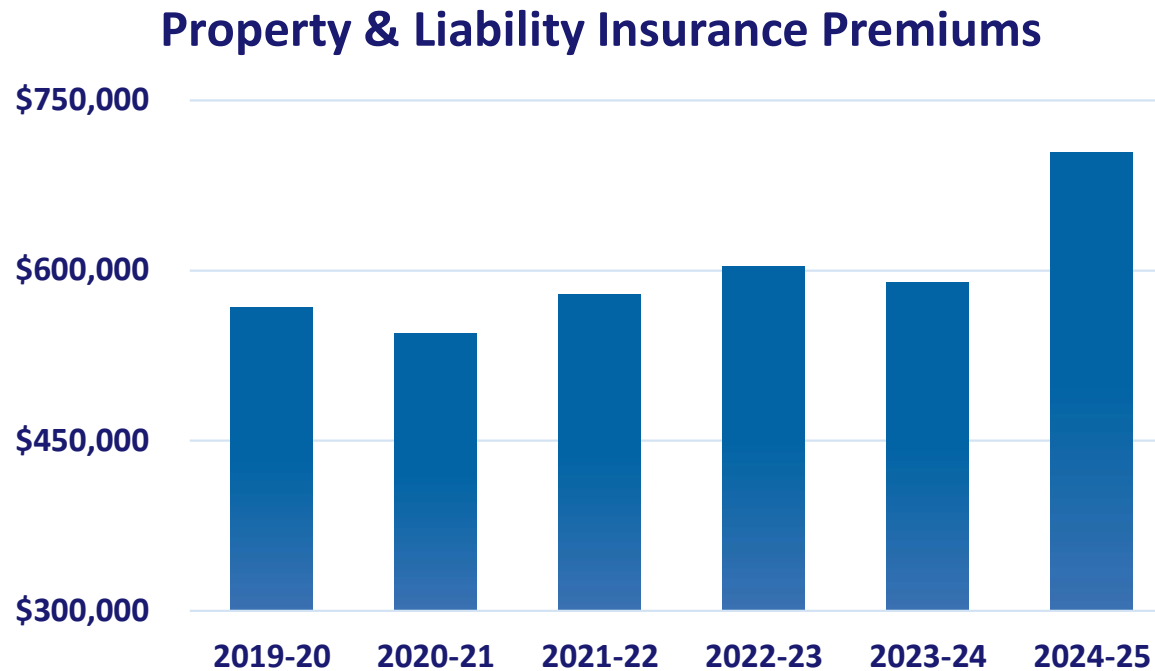
## ➤ Rising Utility Costs

### Electricity Expense



# Budgetary Strains

## ➤ Insurance Premiums



# **Future Considerations and State Budget Concerns**

# Future Considerations

## Stability Funding and Restoration

- Stability Funding
  - Basic Allocation - College Size (Protection is available for 3 years after initial decline - 2025-26)
  - FTES Restoration
- FTES Restoration
  - 11,413.77 (2019-20 FTES and through 2022-23 due to ECA)
  - 9,327.57 (2023-24 Actual FTES as of Annual)
  - 2,086.20 (Restoration Balance as of 7/1/24)
- Restoration Period is three years; Citrus College's ability to restore is through 2026-27



## Future Considerations (continued)

- PERS and STRS employer contribution rates have increased 130% and 115%, respectively, since 2014-15
  - PERS is currently 27.05% and has indicated rates are projected to grow to 29.20% by 2027-28
  - STRS is currently 19.10% and has not released future increases
- Unpredictable cost volatility of District's health benefits structure continues to create budgetary challenges
- Concern remains regarding the taking back of previously funded items
  - Take-backs in 2023-24 and Reappropriations in 2024-25

# **2024-25 Proposed Budget Forum**

## **Questions?**