



SAN DIEGO COMMUNITY COLLEGE DISTRICT

FY 2024-2025 TENTATIVE BUDGET



BOARD OF TRUSTEES PRESENTATION

JUNE 20, 2024 – NANCY LANE, FINANCE AND BUSINESS SERVICES

CALIFORNIA COMMUNITY COLLEGE BUDGET PRIMER

- Student Centered Funding Formula - Total Computational Review (SCFF TCR)
 - Basic Allocation – fixed amount based on number of colleges, centers, and FTES
 - FTES Allocation – revenue earned based on three-year average FTES
 - Supplemental Allocation – revenue earned based on headcount of AB 540, Pell, CCPG
 - Success Allocation – revenue earned based on three-year average headcount in various outcome categories
- Stability Protection – additional revenue provided when a district's SCFF TCR is less than its prior year TCR plus funded COLA
- Hold Harmless Protection – additional revenue provided when a district's SCFF TCR is less than its 2017-2018 TCR plus funded COLAs

CALIFORNIA COMMUNITY COLLEGE BUDGET PRIMER

- SCFF TCR Revenue Funding Sources
 - Local property taxes and Education Revenue Augmentation Fund
 - Student Enrollment Fees
 - Education Protection Account (EPA)
 - State General Fund Allocation
- Revenue Variability
 - Local property taxes – most stable source of revenue
 - Student enrollment fees – fluctuate based on enrollment and proportion of students required to pay fees
 - State General Fund Allocation – least stable, Prop 98 revenues distributed to 64 districts in which local property taxes do not fully fund SCFF TCR
 - Basic Aid Districts – Marin, MiraCosta, Napa Valley, San Jose-Evergreen, San Mateo, Sierra, South Orange County, West Valley-Mission,

CALIFORNIA COMMUNITY COLLEGE BUDGET PRIMER

- 2023-2024 SDCCCD SCFF TCR Revenue Earned
 - Basic Allocation - \$32,197,738 (three colleges, five centers)
 - FTES Allocation - \$221,925,097 (38,836 FTES)
 - Supplemental Allocation - \$38,635,280 (31,190 headcount)
 - Success Allocation - \$28,899,923 (37,718 headcount 3-year avg)
 - Total (as of 2/2024) \$321,658,038
 - *Hold Harmless TCR* \$316,190,578

CALIFORNIA COMMUNITY COLLEGE BUDGET PRIMER

- SDCCCD SCFF TCR Revenue Funding Sources

- Local property taxes and ERAF - \$157,934,059

- Student Enrollment Fees - \$12,825,222

- Education Protection Account - \$68,496,324

- State General Fund Allocation - \$70,979,834

- Total \$310,235,439

- *SDCCCD SCFF TCR* \$321,658,038

- State General Fund Deficit - \$310,017,612

- **Impact on SDCCCD - \$11,422,599**

PARALLEL BUDGET PROCESSES

State

January
Proposal

May 15
Revision

June Budget

SDCCD

Jan-Feb
Preliminary

June Tentative

September
Adopted

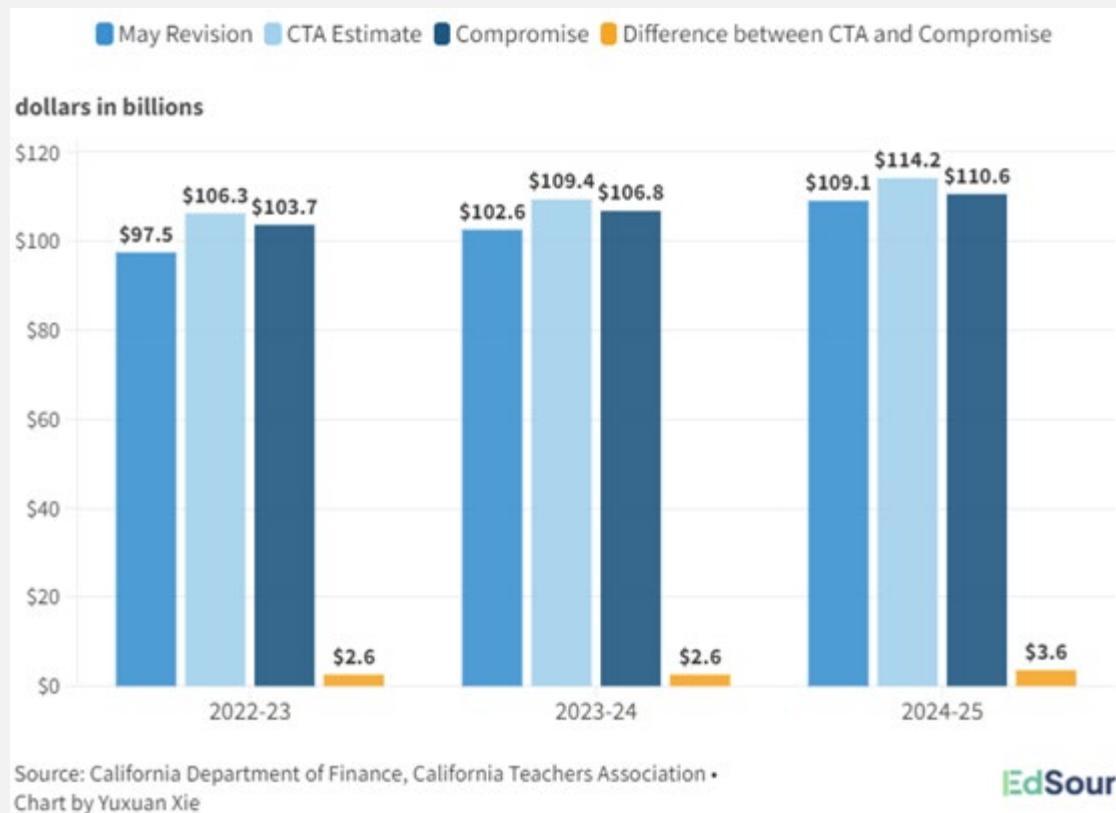
MAY REVISE - CHANGES

- Overall state budget decreases to \$288 billion (7% reduction) due to a projected budget deficit of \$45 billion. General Fund spending would decrease by about \$25 billion (11.1%) to \$201 billion.
- State reserves and the Rainy Day Fund drawn over the next two fiscal years – \$3.3 billion in FY 2024-25, and \$8.9 billion in FY 2025-26 – leaving \$23 billion in the reserve.
- Revenue shortfall solutions include reductions, internal borrowing, delays and deferrals, and fund shifting.
- Maintain Prop 98 funding maneuver to avoid future reductions to K-12 and Community Colleges.

MAY REVISE - PROP 98 FUNDING

- 2023-2024 state budget used revenue projections due to delays in tax filings
- Proposition 98 revenues were overestimated by \$8.8 billion
- Governor's May Revision considered the prior year Prop 98 funding as an 'overpayment' which would not establish a new funding floor for 2024-2025

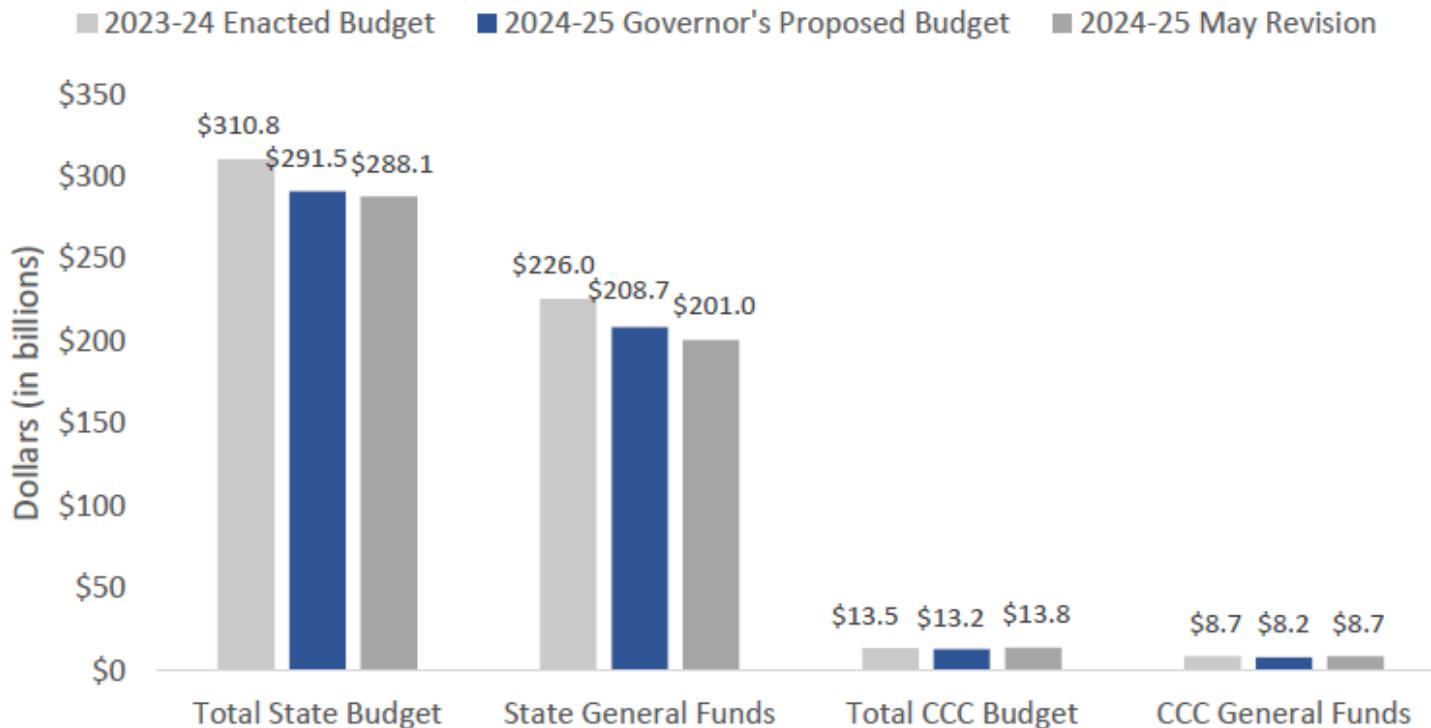
A negotiated agreement with CTA and CSBA incorporates most of the \$8.8 billion into the Prop 98 funding floor going forward.



GOVERNOR NEWSOM'S FY 2024-25 MAY REVISE

- The Legislative Analyst Office (LAO) estimates that state deficit will be \$44 billion (down from \$73 billion), while the Governor estimates a \$27 billion deficit.

Figure 1: May Revision for 2024-25 budget reflects projected deficit of \$45 billion (dollars in billions).



2024-25 TENTATIVE BUDGET: PROPOSED INVESTMENTS IN CCC SYSTEM

ONE-TIME FUNDS

- \$60M to expand nursing programs
- \$29M capital outlay – one project
- \$35M Vision 2030 priority projects - NEW
- \$12M Systemwide Technology - NEW
- \$5M Low-Income Workers project - NEW

ON-GOING FUNDS

- \$100M in COLA (1.07%)
 - Up from \$69M (0.76%) in January
- \$28M in Growth funding (0.5%)
 - Down from \$30M in January
- \$13M for some categorical programs (1.07%)
 - Up from \$9M in January (0.76%)



FINAL BUDGET EXPECTATIONS

- The Governor's May Revise for FY 2024-25 provides California Community Colleges (CCC) approximately \$33 million in ongoing funds, including a 1.07% Cost of Living Allowance (COLA).
- The traditional share of Prop 98 funds dedicated to CCCs is 10.93%.
- Active discussions around alternative budget solutions are ongoing.
- **It is critical to note that the final enacted budget may look very different than the May Revision proposal and is dependent on continued negotiations between the Administration and Legislature.**

FINAL BUDGET EXPECTATIONS

- State revenue shortfalls are a multi-year concern
- The Early Action Plan would allow freezing one-time funding from the 2021, 2022, and 2023 Budget Acts.
- The Legislative Analyst's Office recommended sweeping unspent funds from the Strong Workforce Program, Part-Time Faculty Office Hours and Health Insurance Programs, Health Care Pathways for English Language Learners, Student Success Completion Grant, Zero Textbook Cost Initiative, California Apprenticeship Initiative, Classified Employee Summer Assistance Program, and the COVID-19 Recovery Block Grant.
- Learning-Aligned Employment Program funding is also at-risk.
- SDCCCD Advocacy
 - Preserve prior year funds, including unspent funds
 - Fully-fund COLAs
 - Predictability and Stability

THE APPORTIONMENT CYCLE

Certification Period	Timing	Payments
Advance Apportionment	July 15th of the current fiscal year	July through January
First Principal Apportionment	February 20th of the current fiscal year	February through May
Second Principal Apportionment	June 25th of the current fiscal year	June
Recalculation	February 20th of the subsequent fiscal year	February of the subsequent fiscal year

Actual State Funding for the FY2023-24 Year will not be known until February 2025
(8 months after the year ends)

SCFF HOLD HARMLESS PROTECTIONS

- The Student Centered Funding Formula's (SCFF) hold harmless provision is extended through 2024-25. Districts will earn at least their 2017-18 total computational revenue (adjusted by COLA each year).
- Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their "floor" (2024-25 funding amount), whichever is higher. This revised hold harmless provision will no longer include adjustments to reflect cumulative COLAs over time, so a district's hold harmless amount will not grow.
- SDCCD's 2023-2024 SCFF TCR revenue exceeds hold harmless floor by over \$5 million

SDCCD BUDGET PLANNING ASSUMPTIONS FOR FY 2024-25

Summary of State Budget Changes

- For Community Colleges, state will be use Rainy Day fund to avoid cuts and deferrals.
- The May Revision proposes to address the \$27 billion shortfall with a combination of Revenue and Borrowing (\$5.2B), Delays and Deferrals (\$5.2B), Reductions (\$3.6B), and Shifts (\$3.4B) in other areas.
- District revenue protections are expected to continue with the introduction of the 'floor' in FY 2024-25.

SDCCD BUDGET PLANNING ASSUMPTIONS FOR FY 2024-25 (CONT'D)

Continuous Revenue

- 1.07% Cost of Living Adjustment (COLA): \$100 million for GFU and \$9.3 million for some Categorical programs.
 - SDCCD Impact: \$3.4 million in new ongoing GFU revenue.
 - **FY 2024-25 SCFF TCR is anticipated to be \$325 million.**
 - **This amount would be the district's 'floor' starting in FY 2025-26.**
- 1.07% COLA is anticipated for Adult Ed, EOPS, DSPS, Apprenticeship and CalWORKs CARE and the Childcare tax bailout.
 - No COLA for SEAP or Strong Workforce.
- Apportionment Funding for Growth: 0.5% in enrollment growth (\$28 million total).
 - The current assumption is that the district will be out of hold harmless in FY 2023-24, and the impact of growth funding will be determined when we get to Adopted Budget, if the state is able to fund it.

SDCCD BUDGET PLANNING ASSUMPTIONS FOR FY 2024-25 (CONT'D)

Student Housing

- The Governor remains committed to the affordable student housing programs already approved and continues the plan for a statewide lease revenue bond
- Lease revenue bond terms may negatively impact City College housing program – it may be better to decline state funding

Nursing Program Support

- \$60 million in one-time funding to expand nursing programs and BS in Nursing partnerships to advance the next generation of registered nurses through the community college system remains in place.

PLANNING FACTORS

- Compensation costs are about 87% of the District’s operating budget in FY 2023-24
- Pension System Cost Escalation:
 - For 2024-25, employer contributions are expected to increase to 27.05% for CalPERS and remain at 19.1% for CalSTRS.

Table C-1: Planning Factors for Proposed 2024-25 Budget

Factor	2022-23	2023-24	2024-25
Cost-of-living adjustment (COLA)	6.56%	8.1322%	1.07%
State Lottery funding per FTES ^a	\$237	\$249	TBD
Mandated Costs Block Grant funding per FTES	\$32.68	\$35.37	\$35.75
RSI reimbursement per hour	\$8.82	\$8.82	\$10.08
Financial aid administration per College Promise Grant	\$0.91	\$0.91	\$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	25.37%	26.68%	27.05%
State Teachers' Retirement System (CalSTRS) employer contribution rates	19.10%	19.10%	19.10%

CURRENT YEAR OPERATING RESULTS

PROJECTION AS OF APRIL 30TH ACTUALS

- FY 2023-24 GFU operations as of April 30th projected to yield a healthy surplus of \$12 million.
- GFU ending fund balance is projected to be \$62.5 million or 18% of GFU expenditures.
- Surplus is due to cost controls, adjustment in fair market value of our holdings with the county, and SCFF TCR exceeding advance apportionment projections by over \$5 million

GENERAL FUND UNRESTRICTED

2024-25 SCFF FUNDING



SAN DIEGO COMMUNITY COLLEGE DISTRICT TENTATIVE BUDGET GENERAL FUND UNRESTRICTED DISTRICTWIDE REVENUE & EXPENSE ALLOCATIONS BY COLLEGE FISCAL YEAR 2024-2025 Campus Target FTES of 39,021

PROJECTED CONTINUOUS REVENUES:

Apportionment Allocation	Rate per FTES	Target FTES	Apportionment based on targets
Student Centered Funding Formula Calculation			
Credit Base	\$5,294	29,841	158,293,480
Special Admit (Preliminary Estimates)	\$7,425	1,230	9,132,261
CDCP Base (Preliminary Estimates)	\$7,425	7,223	53,627,902
Non-Credit Base (Preliminary Estimates)	\$4,465	727	3,246,055
Total FTES (Credit & Non-Credit Combined)		39,021	\$ 224,299,697

	City	Mesa	Miramar	CE	
Basic Allocation	7,593,194	7,593,194	6,508,449	10,847,416	32,542,253
FTES	48,623,946	73,410,002	49,402,408	52,863,341	224,299,697
Supplemental Allocation	13,785,667	18,016,670	7,246,340		39,048,677
Student Success Allocation	7,963,583	12,490,418	8,755,151		29,209,152
Total Apportionment	77,966,389	111,510,284	71,912,349	63,710,757	325,099,779

2024-2025 TENTATIVE BUDGET

COMPARISON OF 2023-2024 BUDGETED REVENUE TO 2024-2025 TENTATIVE BUDGETED REVENUE

GENERAL FUND UNRESTRICTED REVENUES

Revenue Source	2023-2024 Adopted Budget	2024-2025 Tentative Budget	Changes Over/ (Under)
Apportionment			
Basic Allocation	\$ 33,270,998	\$ 32,542,253	\$ (728,745)
Credit FTES	150,220,026	158,293,479	8,073,453
Regular Non-Credit CDCP	50,238,351	53,627,902	3,389,551
Non-Credit FTES	6,600,853	3,246,055	(3,354,798)
Special Admit	7,551,982	9,132,261	1,580,279
Minimum Revenue	(222,489) ¹⁾		222,489
Sub-Total	247,659,721	256,841,950	9,182,229
Supplemental Allocation	\$ 39,286,841	\$ 39,048,677	\$ (238,164)
Student Success Allocation	29,244,016	29,209,152	(34,864)
Sub-Total	68,530,857	68,257,829	(273,028)
Total Apportionment Revenue	316,190,578	325,099,779	8,909,201
Lottery	\$ 6,585,993	\$ 6,906,717	\$ 320,724
FY 2019-20 Full-Time Faculty	1,922,450	1,922,450	0
FY 2021-22 Full-Time Faculty	3,025,628	3,025,628	0
Mandated Cost Reimbursement	1,316,082	1,530,794	214,712
Interest Revenue	1,500,000	2,961,740	1,461,740
Non-Resident Tuition	6,000,000	4,800,000	(1,200,000)
BFAP 2% Unrestricted portion (Previously BOG Fee Waivers Admin.)	308,657	308,657	0
Student Fees	8,500	4,600	(3,900)
Apprenticeship Allowance	439,502	256,306	(183,196)
Enrollment Resident Fee (2%)	261,739	262,729	990
Part-time Faculty Compensation	884,213	884,213	0
Part-time Faculty Health Benefits	7,631,000	7,380,000	(251,000)
Part-time Faculty Office Hours	796,218	796,218	0
Indirect Cost	938,967	845,070	(93,897)
Other Local Revenue	1,197,978	996,978	(201,000)
Transfers In	522,047	522,047	0
Total Revenue	349,529,552	358,503,926	8,974,374
Beginning Balance	\$ 45,784,017	\$ 62,477,401	\$ 16,693,384
TOTAL UNRESTRICTED REVENUES	\$ 395,313,569	\$ 420,981,327	\$ 25,667,758

TOTAL UNRESTRICTED GENERAL FUND REVENUE TREND

General Fund, Unrestricted Revenue (All Sources) Trend

	2020-21	2021-22	2022-23	2023-24	2024-25
	Actuals	Actuals	Actuals	Projected	Tentative
	Per 311	Per 311	Per 311	Actuals	Budget
REVENUE SOURCE					
State Revenues	\$ 136,706,884	\$ 152,299,040	\$ 156,997,125	\$ 180,037,513	\$ 180,934,691
Local Revenues	147,426,010	152,061,241	173,905,510	181,468,432	177,569,235
Total Revenue	\$ 284,132,894	\$ 304,360,281	\$ 330,902,635	\$ 361,505,945	\$ 358,503,926
Beginning Fund Balance	\$ 18,559,590	\$ 21,903,119	\$ 35,363,457	\$ 50,302,359	\$ 62,477,401
Total Resources	\$ 302,692,484	\$ 326,263,400	\$ 366,266,092	\$ 411,808,304	\$ 420,981,327
STUDENT CENTERED FUNDING FORMULA					
Base (Basic + FTES)	\$ 184,285,419	\$ 191,431,044	\$ 225,488,613	\$ 254,122,835	\$ 256,841,950
Supplemental	39,320,196	34,523,565	36,302,754	38,635,280	39,048,677
Success	24,808,986	25,739,041	28,234,231	28,899,923	29,209,152
Hold Harmless	12,542,098	22,493,554	2,148,287	-	-
Total SCFF	\$ 260,956,699	\$ 274,187,204	\$ 292,173,885	\$ 321,658,038	\$ 325,099,779
Other Revenue	23,176,195	30,173,077	38,728,750	39,847,907	33,404,147
Total	\$ 284,132,894	\$ 304,360,281	\$ 330,902,635	\$ 361,505,945	\$ 358,503,926
Beginning Fund Balance	\$ 18,559,590	\$ 21,903,119	\$ 35,363,457	\$ 50,302,359	\$ 62,477,401
Total Resources	\$ 302,692,484	\$ 326,263,400	\$ 366,266,092	\$ 411,808,304	\$ 420,981,327

UNRESTRICTED GENERAL FUND EXPENDITURES & FUND BALANCE

General Fund Unrestricted Expenditure Trend

	2020-21 Actuals Per 311	2021-22 Actuals Per 311	2022-23 Actuals Per 311	2023-24 Projected Actuals	2024-25 Tentative Budget
Salaries	\$ 172,054,723	\$ 175,098,566	\$ 188,075,787	\$ 205,387,509	\$ 211,053,267
Employee Benefits	81,614,340	87,392,210	91,789,148	100,200,485	105,041,520
Non-Personnel Expenses	27,120,302	28,409,167	36,775,985	43,742,909	44,064,212
TOTAL	\$ 280,789,365	\$ 290,899,943	\$ 316,640,920	\$ 349,330,903	\$ 360,158,999
Beginning Fund Balance	\$ 18,559,590	\$ 21,903,119	\$ 35,363,457	\$ 50,302,359	\$ 62,477,401
Operating Excess (Deficiency)	3,343,529	13,460,338	14,938,902	12,175,042	(1,655,073)
Ending Fund Balance	\$ 21,903,119	\$ 35,363,457	\$ 50,302,359	\$ 62,477,401	\$ 60,822,328
Total Budget	\$ 302,692,484	\$ 326,263,400	\$ 366,943,279	\$ 411,808,304	\$ 420,981,327
Ending Fund Balance %	8%	12%	16%	18%	17%

SDCCD FISCAL METRICS DASHBOARD

Reserve % (goal $\geq 16.67\%$)

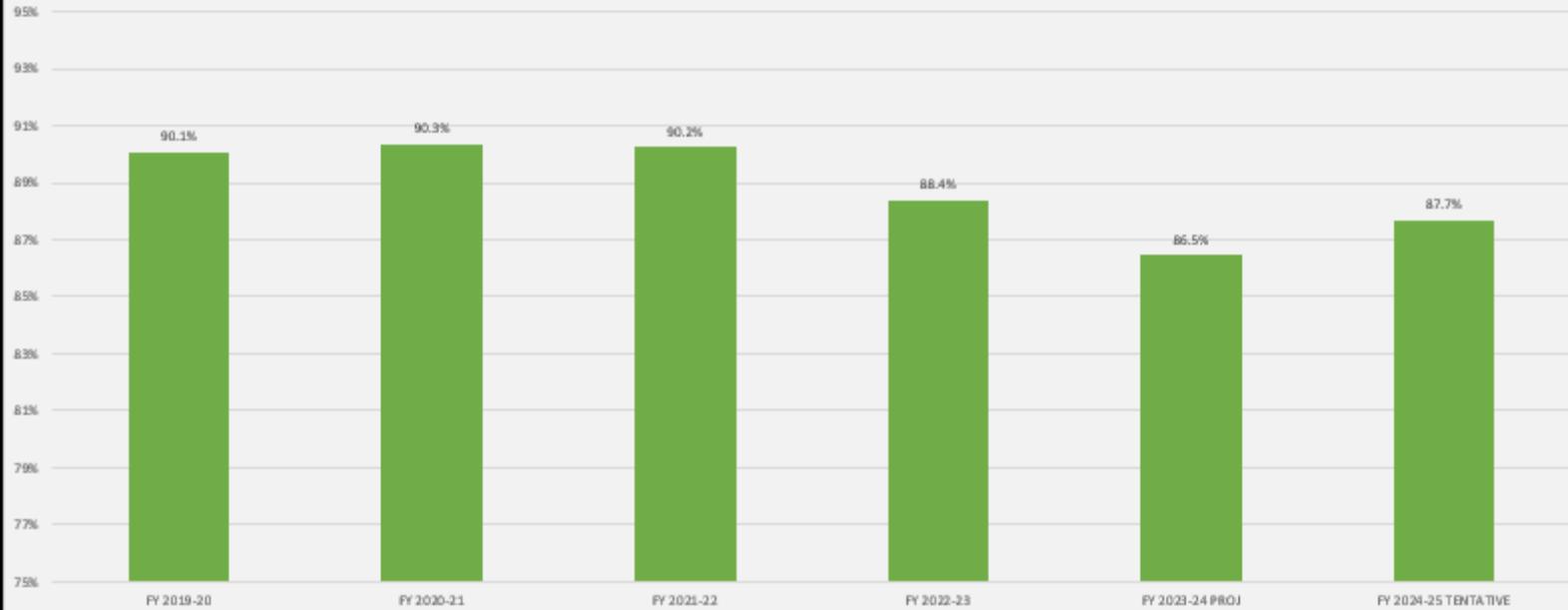


Ending Fund Balance (goal $> \$60M$)

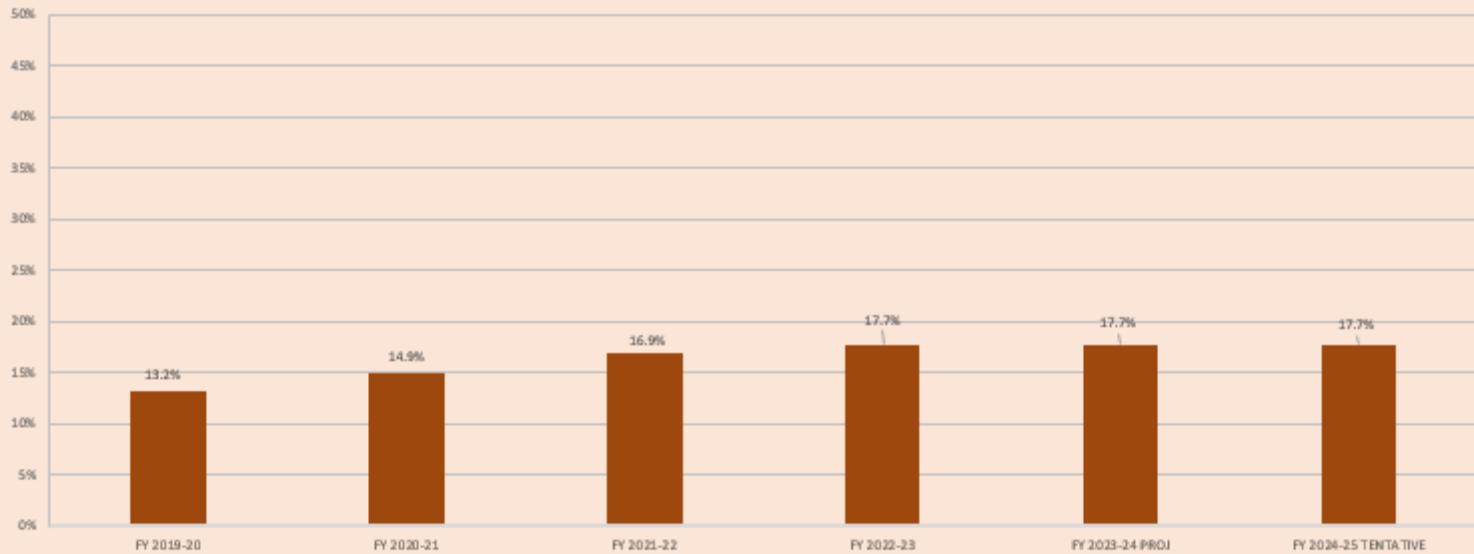


SDCCD FISCAL METRICS DASHBOARD

Compensation % of Expenditures (goal ≤85%)



JPA Funded Ratio (Actuarial - goal ≥50%)



OTHER MULTI-YEAR BUDGET PLANNING CONSIDERATIONS FOR SDCCD

- Maintain reserve of 16.67% of operating expenses in FY 2024-25.
- Align General Fund expenses with anticipated revenues and avoid balancing the budget by freezing vacant funded positions or utilizing temporary workers.
- Successful bond measure in November 2024 and plan for affordable housing program.
- Enrollment growth / management
 - Declining birth / High School Graduation rates
 - Reengaging adult students
 - Dual Enrollment
- Retiree Obligations and increasing pension costs – develop policy to increase JPA
- Decrease reliance on state apportionment by generating local revenues – Civic Center Leasing, Events, Contract Education, Gifts and Donations, Energy Efficiency Credits, etc.
- Deferred maintenance needs

RESTRICTED GENERAL FUNDS



Beginning Balance		31,371,116
Federal Revenue	13,668,112	
State Revenue	130,375,982	
Local Revenue Funds	<u>15,748,867</u>	
Total Federal, State and Local Income		191,164,077
Incoming Transfers		<u>5,751,077</u>
Total GFR Beginning Balance and Income		<u>196,915,154</u>

ALL FUNDS

Fund	2023-2024 Total Budget Adopted	2024-2025 Total Budget Tentative	Changes Over\Under
General Funds			
General Fund Unrestricted	\$ 395,313,569	\$ 420,981,327	\$ 25,667,758
General Fund Restricted	221,061,600	196,915,154	(24,146,446)
Total General Funds	\$ 616,375,169	\$ 617,896,481	\$ 1,521,312
Other Funds			
Debt Service Fund	\$ 205,613,048	\$ 213,101,278	7,488,230
Child Development Fund	4,498,926	5,273,417	774,491
Other Special Revenue Fund	884,574	604,185	(280,389)
Capital Outlay Projects Fund	72,969,533	62,964,209	(10,005,324)
Proposition S Fund	1,895,137	-	-
Proposition N Fund	3,889,420	-	-
Enterprise Funds	12,361,307	11,726,272	(635,035)
Internal Services	25,546,741	47,078,714	21,531,973
Associated Students	522,377	553,834	31,457
Student Representation Fee	689,299	645,045	(44,254)
Student Financial Aid	64,075,946	57,177,851	(6,898,095)
Scholarship/Loan	59,427	59,027	(400)
Trust and Agency	2,274,580	2,401,596	127,016
Retiree Benefit Trust	7,771,213	8,149,441	378,228
Total Other Funds	\$ 403,051,528	\$ 409,734,869	\$ 12,467,898
Grand Totals	\$ 1,019,426,697	\$ 1,027,631,350	\$ 13,989,210

Debt Service Fund is not funding available to spend. The decrease denotes a reduction in debt.

Decreases in Capital Outlay, Prop S and N are due to wrap-up of construction projects.

Decrease in Financial Aid is due in part to FAFSA issues and conservative estimates to be revisited at Adopted Budget.

QUESTIONS?

