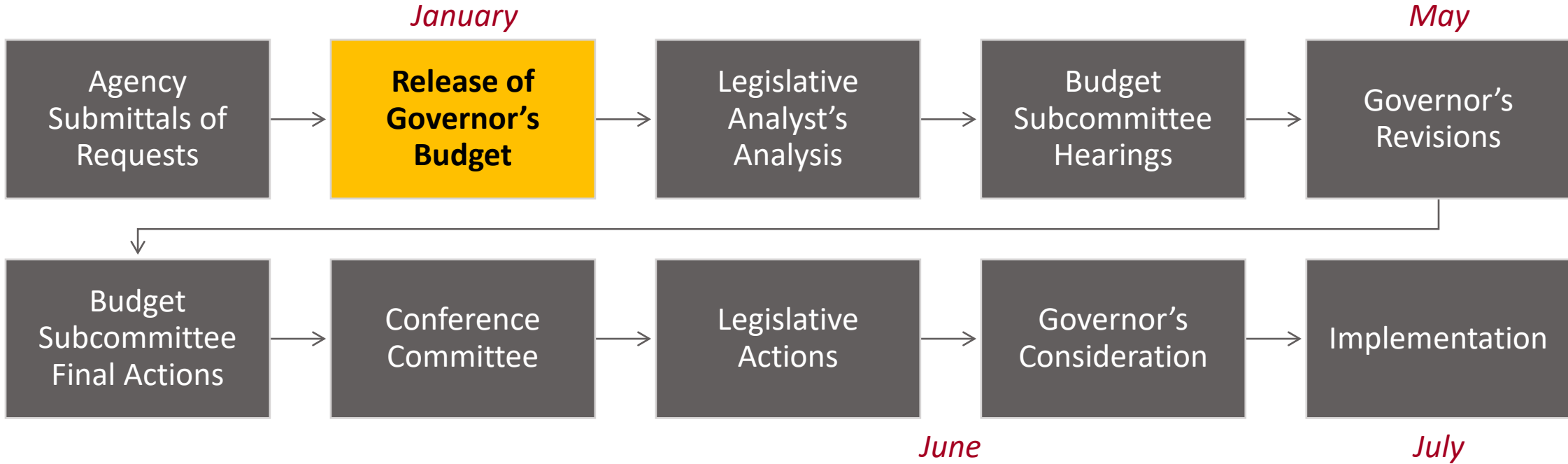


Governor's Proposed 2024-25 Budget

Board of Trustees Meeting
02/08/2024

MSJC | Mt. San Jacinto
College

State Budget Development Process



2024-25 Proposed Budget Priorities [1, p. 5]

- **Maintain fiscal stability**
- **Continue efforts to address priority issues, such as:**
 - Homelessness
 - Combatting effects of climate change
 - Avoid harmful cuts in programs essential to the well-being of Californians

2024-25 Proposed Budget Features

- **Identifies developments over last two (2) years generating budget shortfall facing lawmakers:**
 - Substantial decline in the stock market that drove down revenues in 2022 [1, p. 1]
 - Unprecedented delay in critical income tax collections [1, p. 1]
 - Personal income and corporate tax receipts through November were \$25.7B (22%) lower than projected in 2023 Budget Act [1, p. 4]

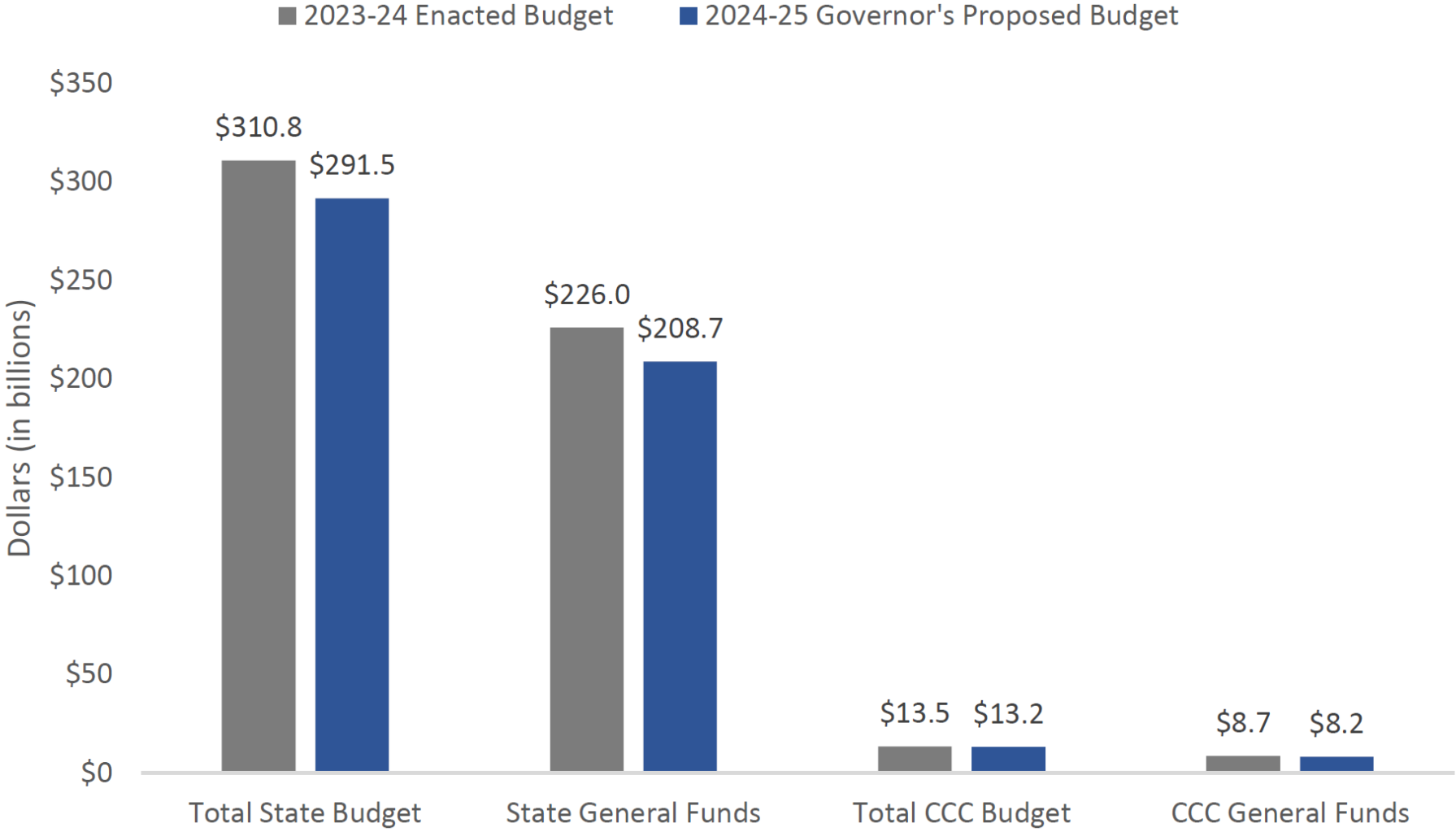
2024-25 Proposed Budget Features

- **Notes improved conditions:**
 - Stock market rose throughout 2023 making up most losses from 2022 [1, p. 5]
 - California's GDP remained strong in 2023 [1, p. 5]
- **Identifies potential risk factors that could negatively impact ongoing economic & revenue growth:**
 - Significant shock from tightening financial conditions [1, p. 5]
 - Stock market and asset price volatility and declines [1, p. 5]
 - Geopolitical turmoil [1, p. 5]

2024-25 Proposed Budget Features

- Revenue projections predicated on “continued, but slowing economic growth and does not assume a recession” [1, p. 145]
- **Projected \$37.9B budget gap** [1, pp. 5-7]
 - Reserves (\$13.1B)
 - Reductions (\$8.5B)
 - Revenue/Internal Borrowing (\$5.7B)
 - Delays (\$5.1B)
 - Fund Shifts (\$3.4B)
 - Deferrals (\$2.1B)

2024-25 Proposed Budget vs. 2023-24 Enacted Budget



[2, p. 3]

Proposition 98 Funding by Source (In Millions)

Source	2022-23 Revised	2023-24 Revised	2024-25 Proposed	Change From 2023-24 (Amount)	Change From 2023-24 (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$68,563	\$74,633	\$76,894	\$2,261	3.0%
Local property tax	29,742	30,953	32,185	1,232	4.0%
Totals	\$98,306	\$105,586	\$109,050	\$3,493	3.3%
COMMUNITY COLLEGES ONLY ^a					
General Fund	\$7,634	\$8,189	\$8,193	\$4	0.0%
Local property tax	3,860	4,036	4,210	175	4.3%
Totals	\$11,494	\$12,225	\$12,403	\$179	1.5%

[2, p. 6]

- Revised levels represent a decrease of approximately \$11.3B relative to the 2023 Budget Act [1, p. 16]
- Governor proposes to reduce General Fund spending in 2022-23 by \$8B through statutory changes, but does not detail how the state will make the reduction [1, p. 16] [3, p. 10]

CCC Student Centered Funding Formula (SCFF)

Statewide 2024-25 SCFF: \$9,460M [2, p. 8]

- **0.76% COLA, \$69.15M** [1, p. 30] [2, p. 7]
- **0.5% Growth, \$29.59M** [1, p. 30] [2, p. 7]
- **\$486.2M of SCFF costs (approx. 5.14%) for 2024-25 covered by *one-time* reserve funds** [1, p. 30] [2, p. 6]

Statewide 2023-24 SCFF Adjustment [1, p. 30] [2, p. 6]

- **\$235.9M in *one-time* reserve funds added to offset low revenues bringing total *one-time* funding for 2023-24 SCFF funding to \$525.9M**

CCC Other Statewide Policy Adjustments

- **Ongoing Investments:**

- **0.76% COLA** for Adult Ed., EOPS, DSPS, CalWORKS, Mandates Block Grant, Apprenticeship, CARE, & Childcare Tax Bailout [1, p. 30] [2, p. 7]
- **\$0.65M** increase Mandates Block Grant & Reimbursements [2, pp. 7, 11]
- **\$50.0M** increase to Student Success Completion Grant [2, p. 11]
- **\$1.53M** increase to Financial Aid Administration [2, p. 7]

- **One-time Investments:**

- **\$60.0M** to expand nursing program capacity [1, p. 30] [2, p. 7]

Outlook

- **January tax receipts already below Governor's Proposed Budget projections**
 - Estimated Tax Payments \$3B short [4, p. 1]
 - Personal Income Tax withholding \$1B (11%) short [5, p. 1]
- **Governor's General Fund Multiyear Forecast predicts sizable deficits continuing after 2024-25** [6, p. 1]
 - \$36.5B for 2025-26
 - \$30.2B for 2026-27
 - \$28.5B for 2027-28

Budget News on MSJC Homepage

Budget News Link
www.msjc.edu



The screenshot shows the MSJC homepage with a navigation bar at the top containing links for About, Athletics, Performing Arts, Board of Trustees, Employment, Give, Student Support Hub, and an Enroll Now button. Below the navigation are dropdown menus for Programs & Classes, Getting in, Student Life, Departments, and Login. A large banner features the text "Succeed online." and lists services available online: Financial Aid, Enrollment Services, Counselors, and Submit Documents. The banner also includes an image of a student on a laptop and a smartphone displaying the Student Support Hub. Below the banner, a section titled "The MSJC Eagles Landing has resources available for students who may be in need." is visible. The "MSJC Events" section lists three events for February 8th: a Scholars' Workshop | Internship at 11:00 AM, a FAFSA/CADAA Application Workshop at 3:00 PM, and a Babson Financial Literacy Project | Building A Financial Plan For College at 3:30 PM. A "Budget News" button is located at the bottom of the events list. To the right, there is a "my MSJC" section with icons for Self-Service, Canvas, Student Support Hub, Library, Student Email, MSJC Career Coach, Account Management, and For Faculty & Staff. A "Late-start classes begin in March." notice is also present.

Sources

- [1] Governor's Budget Summary – 2024-25
<https://ebudget.ca.gov/2024-25/pdf/BudgetSummary/FullBudgetSummary.pdf>
- [2] Joint Analysis: Governor's January Budget
https://www.cccco.edu/-/media/CCCO-Website/docs/report/2024_Joint-Analysis-Governors-Budget.pdf?la=en&hash=869B806DA3DBEE3BD6662BD8CF8D1D2518A25525
- [3] LAO -- The 2024-25 Budget: Overview of the Governor's Budget
<https://lao.ca.gov/reports/2024/4825/2024-25-Overview-Governors-Budget-011324.pdf>
- [4] LAO – Recent Revenues Coming in Below Governor's Budget Projections
<https://lao.ca.gov/LAOEconTax/Article/Detail/795>
- [5] LAO – Income Tax Withholding Tracker
<https://lao.ca.gov/LAOEconTax/Article/Detail/756>
- [6] 2024-25 Governor's Budget General Fund Multiyear Forecast
<https://ebudget.ca.gov/reference/MultiYearProjection.pdf>

Questions?