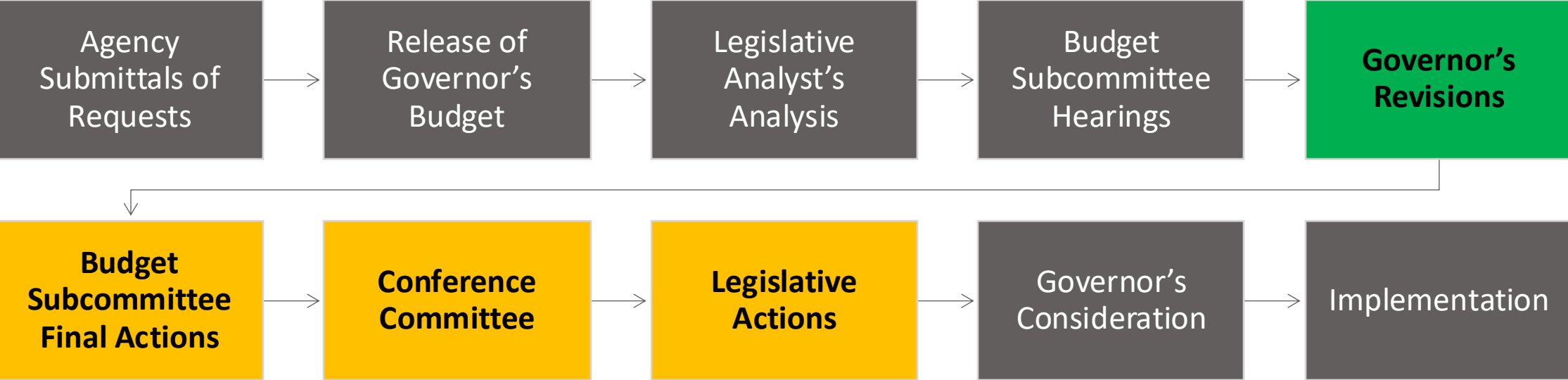


# **Governor's May Revision & MSJC's Tentative Budget FY 2024-25**

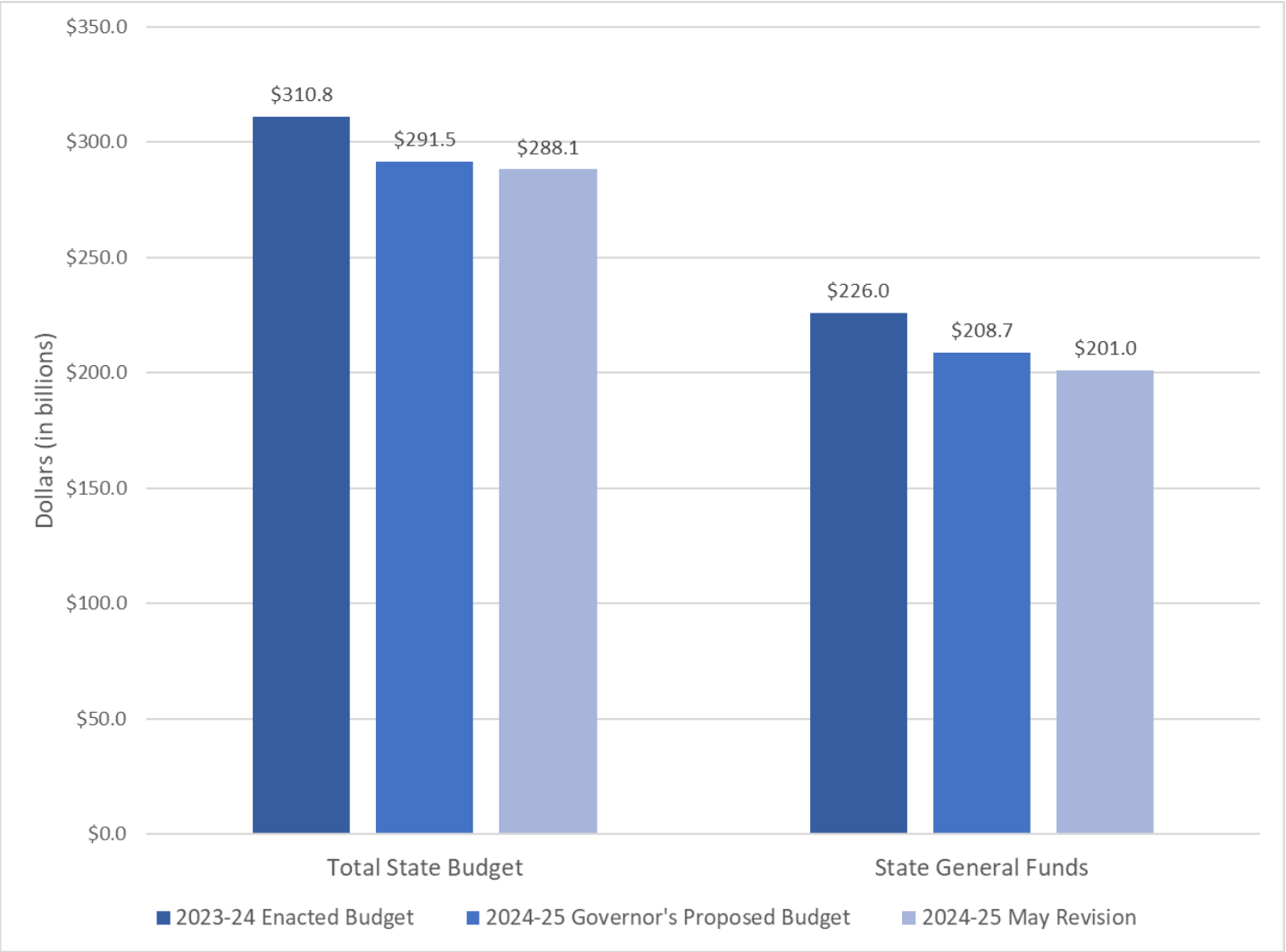
Board of Trustees Meeting  
June 13, 2024

**MSJC** | Mt. San Jacinto  
College

# State Budget Development Process



# 2024-25 Budget Proposals vs. 2023-24 Enacted Budget



[2, p. 3]

# 2024-25 Governor's May Revise Budget Features

- **Assumes continued economic growth driven by strong but slowing personal consumption that moderates into 2025 due to the impacts of restrictive monetary policy [1, p. 27]**
- **Includes significant spending cuts to government operations, reductions to programs, and pauses of new investments while maintaining current service levels for key health care, social services, and other critical programs [1, p. 1]**
- **Compared to January's revenue forecast, the May Revision reflects a decrease of \$10.5B in the Big Three Revenues [1, p. 4]**

# 2024-25 Governor's May Revise Budget Features

- Budget Problem at the May Revision**

Governor's Budget	\$37.9B	
Shortfall Since Governor's Budget	\$7.0B	
<b>Budget Problem at May Revision</b>	<b>\$44.9B</b>	
Early Action Budget Package	(\$17.3B)	
<b>Remaining Budget Problem</b>	<b>\$27.6B</b>	[1, p. 4]

- Revised Solutions including \$1.2B due to “erosions of Governor’s Budget solutions”** [1, pp. 6-7]

	Jan	Adj	May
<b>Reserves</b>	\$13.1B	(\$8.9B)	\$4.2B
<b>Reductions</b>	\$8.5B	\$10.7B	\$19.2B
<b>Revenue/Borrowing</b>	\$5.7B	\$2B	\$7.7B
<b>Delays</b>	\$5.1B	\$0.5B	\$5.6B
<b>Fund Shifts</b>	\$3.4B	\$3.9B	\$7.3B
<b>Deferrals</b>	\$2.1B	\$0B	\$2.1B
	<u>\$37.9B</u>		<u>\$46.1B</u>

# Proposition 98 Funding by Source (In Millions)

Source	2023-24 Revised	2024-25 Governor's Budget (GB)	2024-25 May Revision	Change From GB (Amount)	Change From GB (Percent)
<b>ALL PROPOSITION 98 PROGRAMS</b>					
General Fund	\$71,500	\$76,894	\$76,606	\$(288)	-0.4%
Local property tax	31,072	32,185	32,524	\$339	1.1%
<b>Totals</b>	<b>\$102,572</b>	<b>\$109,050</b>	<b>\$109,129</b>	<b>\$79</b>	<b>0.1%</b>
<b>COMMUNITY COLLEGES ONLY <sup>a</sup></b>					
General Fund	\$7,851	\$8,193	\$8,336	\$143	1.7%
Local property tax	4,075	4,210	4,285	\$75	1.8%
<b>Totals</b>	<b>\$11,926</b>	<b>\$12,403</b>	<b>\$12,621</b>	<b>\$218</b>	<b>1.8%</b>

<sup>a</sup> CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, and K-12 Strong Workforce programs.

[2, p. 6]

# Proposition 98 Funding Budget Maneuver

- **May Revision Proposition 98 estimates continue to rely on a budget maneuver that postpones recognition of payments to districts for 2022-23 that ended up exceeding revised Proposition 98 estimates for that year by \$8.8B. [2, p. 6]**
- **Elements of the Budget Maneuver: [4]**
  - Reduce FY 2022-23 Proposition 98 allocation by \$8.8B
  - Shift \$8.8B already paid to schools/colleges to a non-Proposition 98, General Fund obligation
  - Recognize this obligation in \$1.8B increments over 5 years beginning with FY 2025-26
- **California School Boards Association & California Teachers Association threatened to sue to stop Governor's unprecedented budget maneuver [5]**

# CTA Negotiated Proposition 98 Compromise (In Billions)

	2022-23	2023-24	2024-25	2025-26+	TL
<b>Maneuver</b>	\$ 97.5	\$ 102.6	\$ 109.1	\$ 9.0	\$ 318.2
<b>Compromise</b>					
Base	\$ 106.3	\$ 105.5	\$ 110.4	\$ -	\$ -
Deferral Out	\$ (2.6)	\$ (1.3)	\$ (2.4)	\$ -	\$ (6.3)
Deferral In	\$ -	\$ 2.6	\$ 1.3	\$ 2.4	\$ 6.3
Suspension/Maint	\$ -	\$ (5.5)	\$ 1.3	\$ 4.5	\$ 0.3
<b>Net</b>	<b>\$ 103.7</b>	<b>\$ 101.3</b>	<b>\$ 110.6</b>	<b>\$ 6.9</b>	<b>\$ 322.5</b>
<b>Delta</b>	<b>\$ 6.2</b>	<b>\$ (1.3)</b>	<b>\$ 1.5</b>	<b>\$ (2.1)</b>	<b>\$ 4.3</b>

[4]



# CCC Student Centered Funding Formula (SCFF)

- **Statewide SCFF, \$9.57B** [2, p. 8]
  - 1.07% COLA, \$100.22M [2, p. 7]
  - 0.5% Growth, \$28.09M [2, p. 7]
- **Increases proposed withdrawals from Proposition 98 Rainy Day Fund:** [2, p. 7]
  - \$532.5M of SCFF costs for 2023-24 covered by *one-time* funds
  - \$381.5M of SCFF costs for 2024-25 covered by *one-time* funds
- **Adoption of May Revision would entirely drain Proposition 98 Rainy Day Fund at the end of 2024-25** [2, p. 7]

# CCC Other Ongoing Statewide Policy Adjustments

- **1.07% COLA for Adult Ed., EOPS, DSPS, Apprenticeship, CalWORKS, Mandates Block Grant, CARE, Childcare Tax Bailout [2, pp. 7-8]**
- **\$1.93M for Financial Aid Administration Adjustments [2, p. 7]**

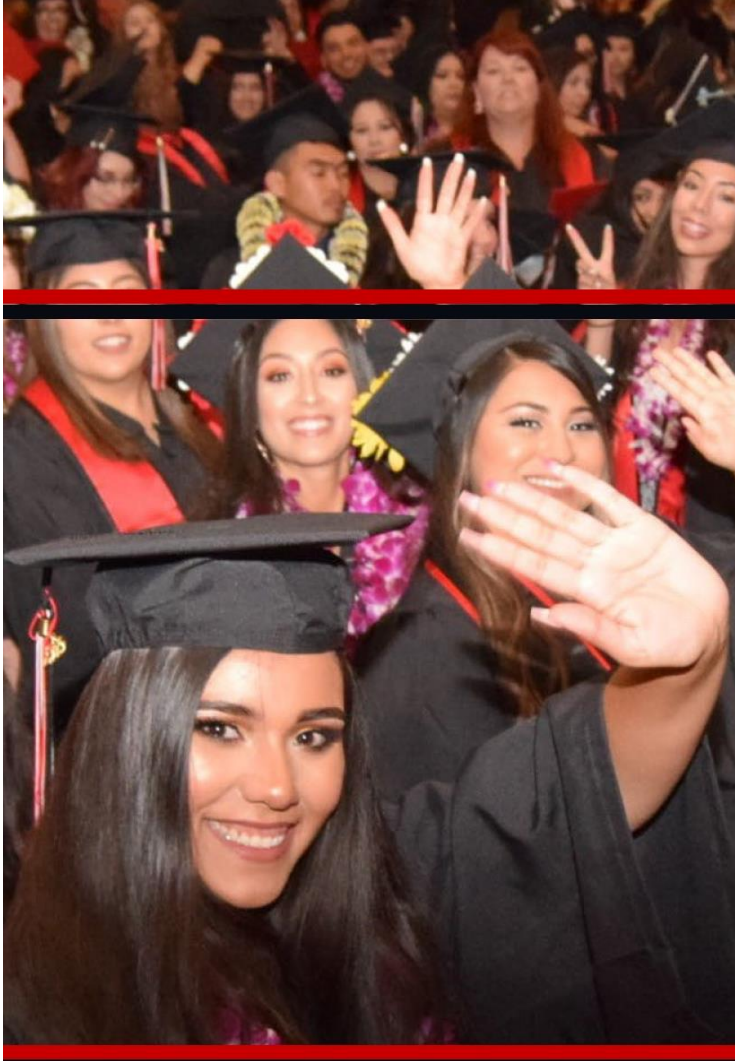
# CCC One-Time Statewide Policy Adjustments

- **\$60M to Expand Nursing Program Capacity [2, p. 8]**
- **\$12M to Expand eTranscript California [2, p. 8]**
- **\$12M for Common Cloud Data Platform Demonstration Projects [2, p. 8]**
- **\$6M for Mapping Pathways for Credit for Prior Learning [2, p. 8]**
- **\$6M for Pathways for Low-Income Workers Demonstration Project [2, p. 8]**

# Reduction to State Operations

- **May Revision applies an administrative reduction of 7.95% to all State agencies compared to the levels proposed in the Governor's Budget**
  - **Applying this reduction to the Chancellor's Office would result in \$25M of non-Proposition 98 General Fund support**
    - Down from \$25.7M provided in 2023 Budget Act
    - Down from \$27.1M proposed in January
- [2, pp. 16-17]

# MSJC 2024-25 Tentative Budget Overview



Fund	Description	
11	General -- Unrestricted	\$ 172,397,645
11	BOT Special Reserve	\$ 28,384,786
12	General -- Restricted	\$ 59,035,432
12	Parking	\$ 988,627
12	Health Center	\$ 1,720,908
12	Instructional Equipment Block Grant	\$ 2,519,045
32	Cafeteria	\$ 3,939,549
33	Child Development	\$ 1,873,230
41	Capital Outlay Projects	\$ 45,211,784
43	Bond Projects	\$ 16,425,632
61	Self-Insurance	\$ 1,724,566
71	Student Government Association	\$ 749,586
72	Student Representation Fee	\$ 176,932
74	Student Financial Aid	\$ 42,948,283
79	Foundation	\$ 7,654,105
<b>TL</b>	<b>Total</b>	<b>\$ 385,750,110</b>

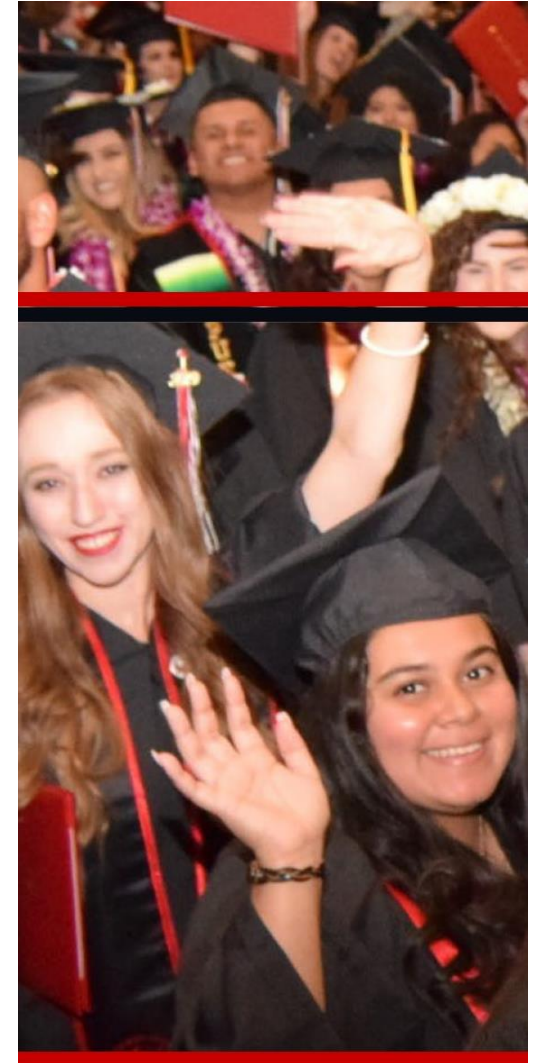
# Features of 2024-25 MSJC Tentative Budget

## Revenue

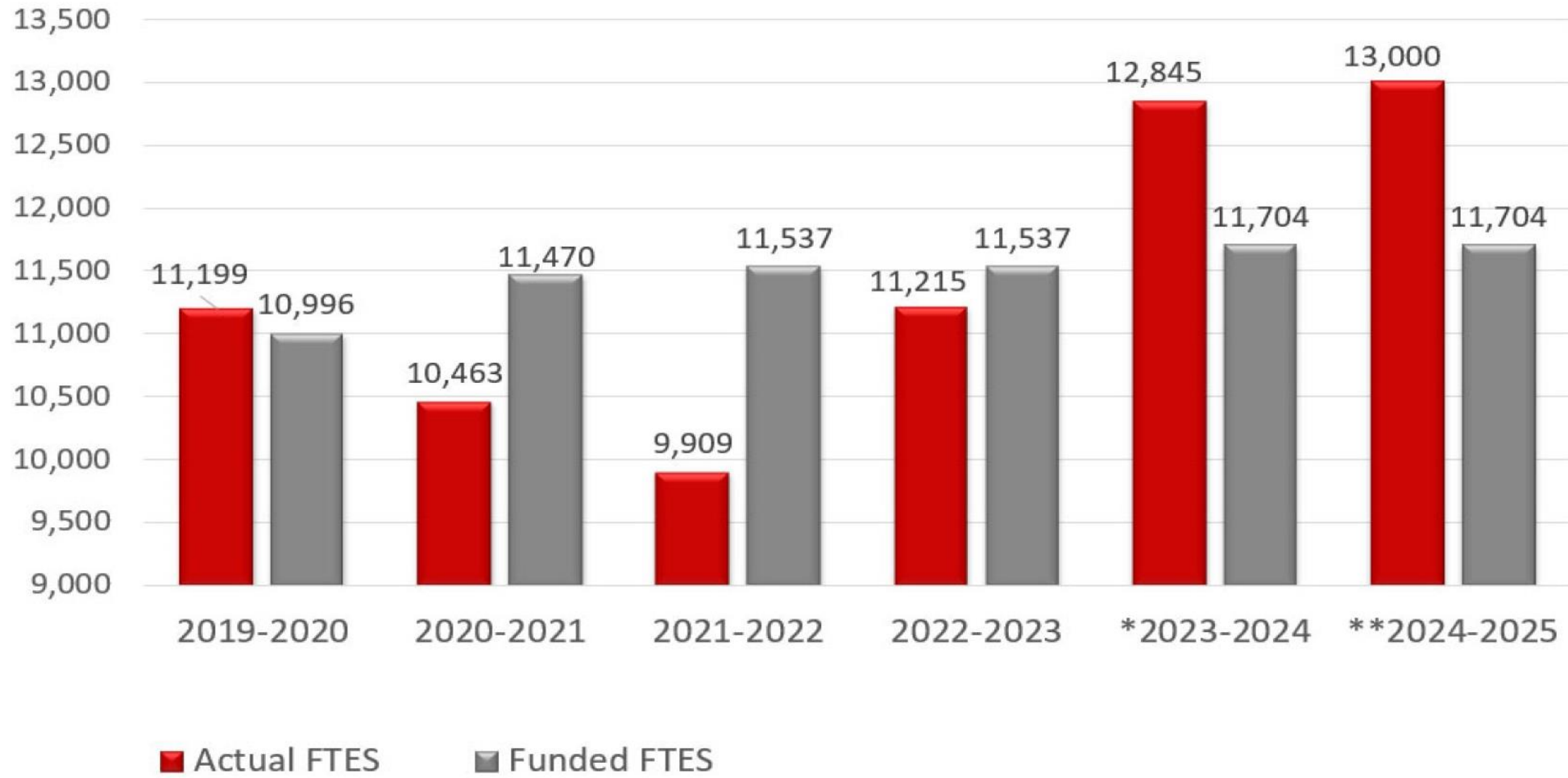
- 0.76 % COLA on apportionment
- 3% deficit applied to general fund revenue
- \$6.02M SCFF one-time

## Expense

- Step & column raises
- PERS & STRS employer contribution increases
- Health & welfare benefit cost increases
- Discretionary accounts reduced by 5%
- Categorical grants budgeted at 95% of FY 2023-24 levels
- Funding for MVC & SJC STEM buildings, secondary effects, access controls, HVAC projects, & wayfinding



# 2024-25 Tentative Budget FTES v. Historical Trends



*\*Based on the Chancellor's Office 2023-24 P1 report released on 2/24*  
*\*\*FY 2024-2025; actuals based on projected FTES, funded based on budgeted FTES*

# 2024-25 Tentative Budget Allocation Model

	Ongoing	One-Time	Combined
<b>Unrestricted Revenues &amp; Beginning Fund Balance</b>			
Unaudited Beginning Balance	\$ -	\$ 46,469,778	\$ 46,469,778
<b>FY 2024-2025 Projected Revenue</b>			
Apportionment Entitlement	111,149,868	6,022,668	117,172,537
Less 3% Apportionment Deficit Factor	(3,334,496)	(180,680)	(3,515,176)
Other Revenue	12,686,372	-	12,686,372
	<b>120,501,744</b>	<b>5,841,988</b>	<b>126,343,732</b>
<b>Less BOT Required Intrafund Transfer</b>			
17% of Projected Revenue	(21,478,434)	-	(21,478,434)
BOT Required Reserve Unaudited Beginning Balance	21,424,829	-	21,424,829
	<b>(53,605)</b>	<b>-</b>	<b>(53,605)</b>
<b>Less Other Intrafund Transfers</b>			
Instructional Block Grant	(362,260)	-	(362,260)
	<b>(362,260)</b>	<b>-</b>	<b>(362,260)</b>
<b>Total Unrestricted Revenues &amp; Beginning Fund Balance</b>	<b>\$ 120,085,879</b>	<b>\$ 52,311,766</b>	<b>\$ 172,397,645</b>



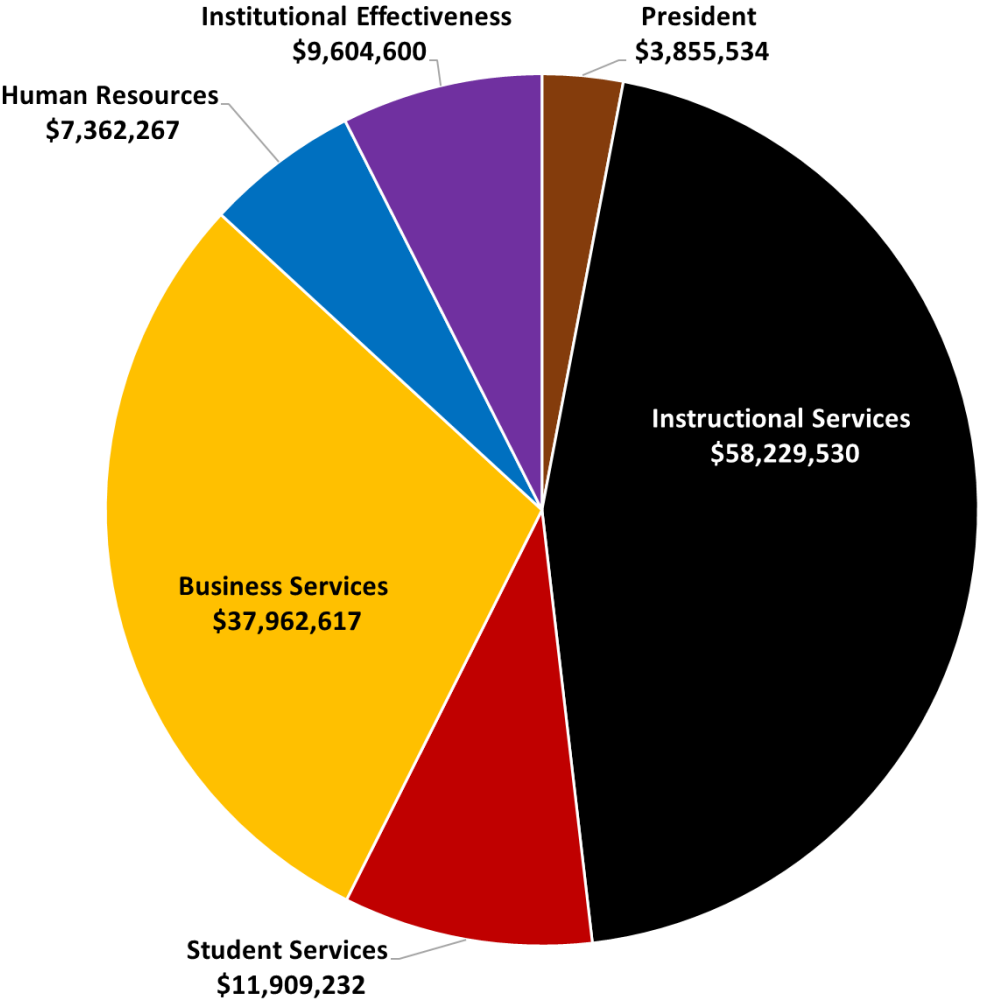
# 2024-25 Tentative Budget Allocation Model

## Unrestricted Expenditures & Ending Fund Balance

	Ongoing	One-Time	Combined
<b>Expenditure Budget</b>			
PY Base Expenditure Budget (FY 2023-2024)	\$ 111,618,905	\$ 1,208,723	\$ 112,827,628
FY 2024-2025 Budget Adjustments	8,381,974	7,714,178	16,096,152
	<b>120,000,879</b>	<b>8,922,901</b>	<b>128,923,780</b>
<b>Interfund Transfers</b>			
Childcare	-	56,261	56,261
Self Insurance	-	609,174	609,174
Capital Outlay	-	10,000,000	10,000,000
	-	<b>10,665,435</b>	<b>10,665,435</b>
<b>Other Outgo</b>			
Student Financial Services	85,000	-	85,000
	<b>85,000</b>	-	<b>85,000</b>
<b>Contingencies &amp; Reserves</b>			
One-time Economic Reserve	-	5,841,988	5,841,988
Unrestricted Reserve	-	26,881,442	26,881,442
	-	<b>32,723,430</b>	<b>32,723,430</b>
	<b>\$ 120,085,879</b>	<b>\$ 52,311,766</b>	<b>\$ 172,397,645</b>

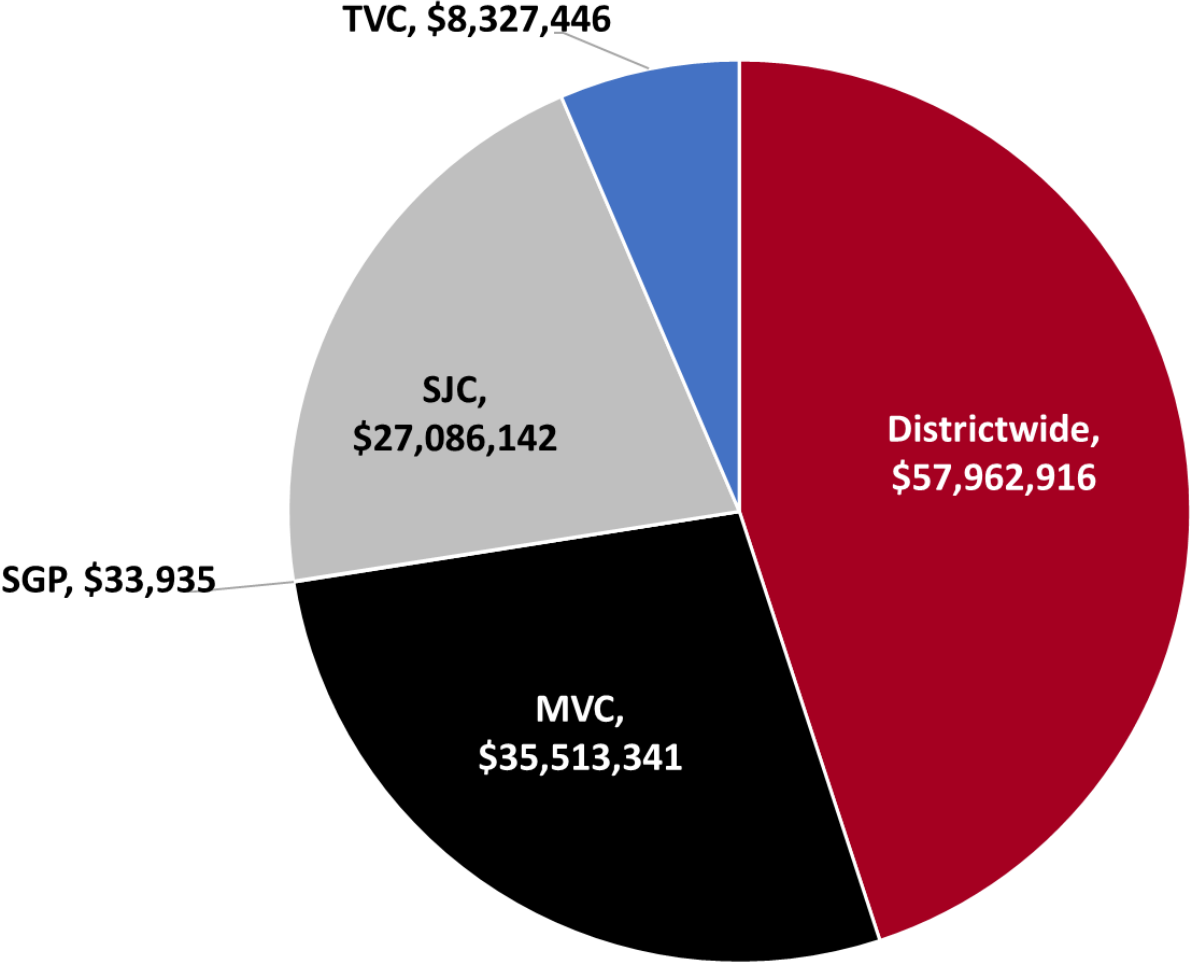
# 2024-25 MSJC Tentative Budget Expenditures by Division

*Unrestricted General Fund – Expenditure Budget*



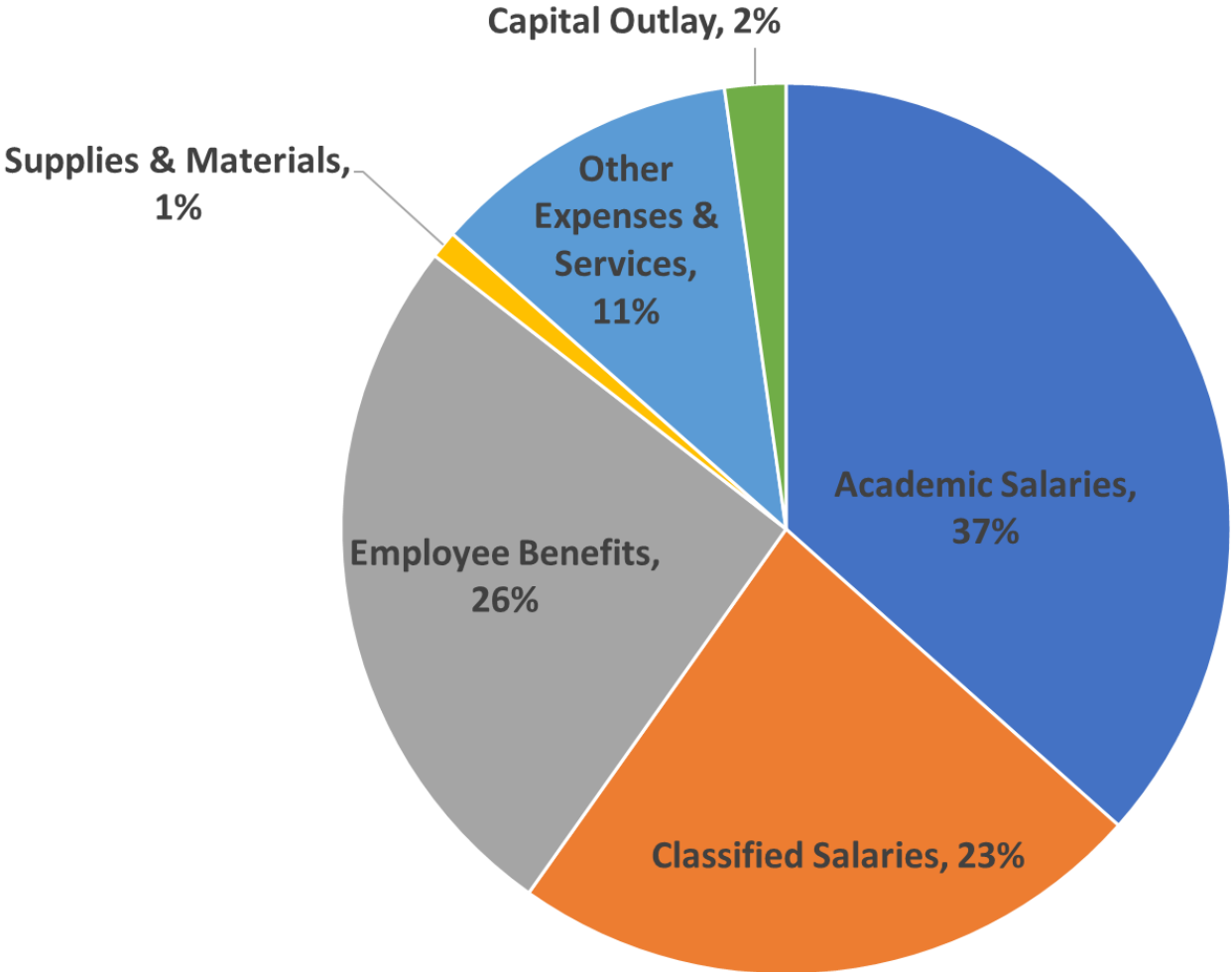
# 2024-25 MSJC Tentative Budget Expenditures by Location

*Unrestricted General Fund – Expenditure Budget*

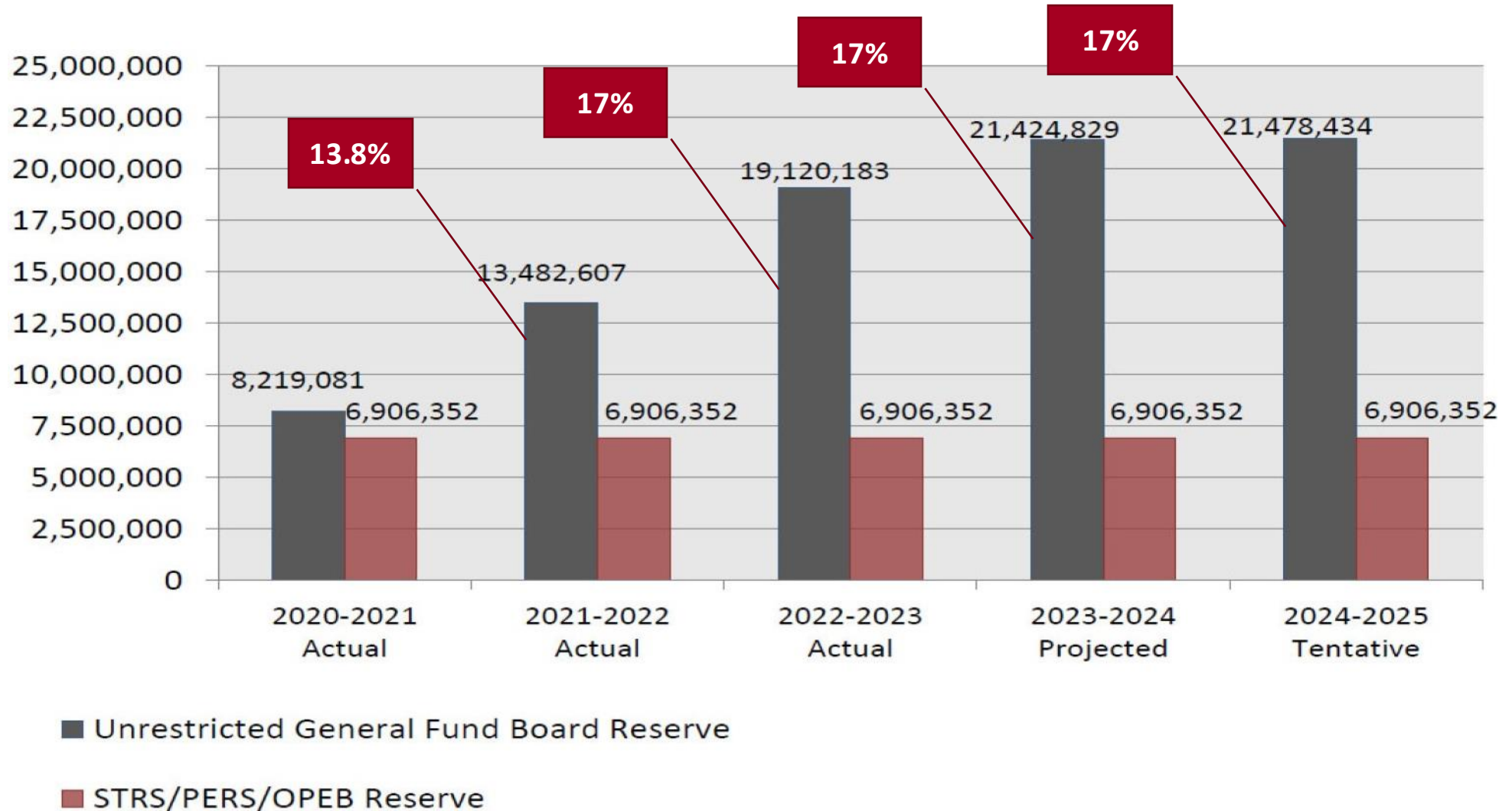


# 2024-25 MSJC Tentative Budget Expenditures by Percent

*Unrestricted General Fund Expenditure Budget – 86% Salary/Benefits*



# Board of Trustees Special Reserve Fund



# Questions?

# Sources

- [1] Newsom, Gavin; Governor. May Revision: 2023-24  
<https://ebudget.ca.gov/FullBudgetSummary.pdf>
  
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- [5] Fensterwald, John; EdSource. Teachers, School Boards Threaten to Sue Over Gov. Newsom’s Fix for Revenue Shortfall.  
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