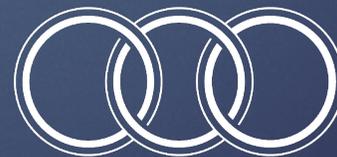


2024-25 TENTATIVE BUDGET

SMCCCD BOARD MEETING
JUNE 26, 2024



SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT

Overview



- ▶ Budget Highlights
- ▶ Budget Principles
- ▶ State Budget – Update
- ▶ Tentative Budget Assumptions
- ▶ 2024-25 Initiatives to Support Students and Community
- ▶ Tentative Budget Summary Tables
- ▶ Next Steps

Budget Highlights



- ▶ Total All Funds Budget = \$556 million (up from \$528 million)
- ▶ Balanced Budget
- ▶ Property taxes projected to increase 4.43% over 2023-24 (as of Tentative Budget)
 - ▶ Projected to close at an increase of 5.75%
- ▶ Funding to support Free College Initiative - SB893 (\$12.35 million)
- ▶ 15% Reserve (i.e., two months of operating expenses)

Budget Principles



- ▶ Address Board Goals and District's Strategic Plan
- ▶ Balanced budget projections in each of the next three years
- ▶ Maintain adequate reserves
- ▶ Use one-time funds for one-time expenses
- ▶ Support College budgeting priorities in accordance with participatory governance and accreditation standards

State Budget Update Community Colleges

- ▶ **Governor released his May Revise on May 10**
 - ▶ \$44.9 billion deficit
 - ▶ AB106 – mid-year reductions to 2023-24 budget
 - ▶ Funding delays
 - ▶ Statewide department operational reductions
 - ▶ Inclusive of State Chancellor's Office
 - ▶ Internal borrowing
 - ▶ Fund shifts
 - ▶ Reserve withdrawals
 - ▶ Focus on stability in context of the State's significant budget deficit.
 - ▶ No major core reductions to community colleges.

State Budget Update

Community Colleges - May Revise

▶ **Ongoing Resources:**

- ▶ \$100.22 million for the increased cost of living adjustment (COLA) for the Student Centered Funding Formula (SCFF) (the COLA is now calculated at 1.07%) – does not apply to the District.
- ▶ \$28.09 million to fund enrollment growth – does not apply to the District.
- ▶ \$12.6 million for increased COLA for select categorical programs – the District will receive a 1.07% COLA for EOPS, CARE, DSPS, Apprenticeship, CalWORKS, and the Mandated Block Grant.
- ▶ \$1.9 million additional for financial aid administration – the District projects to receive \$19,107.

State Budget Update

Community Colleges - May Revise

► **One-Time Resources:**

- \$60 million to expand nursing program capacity – unknown if apportioned or grant opportunity.
- \$12 million to expand eTranscript California – grant opportunity.
- \$12 million to support Common Cloud Data Platform Demonstration Project – unknown if apportioned or to remain at the system level.
- \$6 million to support mapping pathways for credit for prior learning – grant opportunity.
- \$5 million to support Pathways for Low-income Workers Demonstration Project – unknown if apportioned or to remain at the system level.

State Budget Update Community Colleges – Legislative Response

- Approve the 1.07% COLA, the .5% Enrollment Growth, and the support for mapping pathways for credit for prior learning.
- Reject the expansion of eTranscript California and the support of the Common Cloud Data Platform Demonstration Project.
- Shift the funding to support Pathways for Low-income Workers Demonstration Project and the expansion of nursing program capacity to Strong Workforce categorical funding.
- Restore funding for Middle Class Scholarship program.
- Implement modifications to Cal Grants to benefit lower income students.
- \$20 million one-time to assist financial aid offices with the unexpected workload caused by FAFSA delays and to help support students trying to submit their FAFSA.

SMCCCD Tentative Budget

Due to timing, the 2023-24 Tentative Budget is based on the May Revise and will be revised accordingly via the 2024-25 Adopted Final Budget in September 2024; thereby, incorporating any changes included in the Final State Budget signed into law by Governor Newsom.

2024-25 Budget Assumptions



- ▶ Property tax increase: 4.43%
 - ▶ Expected to lock around 5.75%
- ▶ Resident Enrollment: 14,948 FTES
 - ▶ Tuition: \$46 per unit - no increase
 - ▶ Prop 55 (EPA): Ongoing \$100 per FTES
 - ▶ Lottery: \$177 per FTES
 - ▶ Mandated Cost Block Grant: \$35.64 per FTES
- ▶ Non-resident Enrollment: 1,260 FTES
 - ▶ Out-of-State 646 FTES
 - ▶ International 614 FTES
 - ▶ Tuition: \$367 per unit – adopted February 2024
- ▶ Inflation: 2.83% based on CA CPI
- ▶ State FTES Access/Growth: (0.5%) N/A
- ▶ State COLA: (1.07%)
 - ▶ SMCCCD for select categorical programs only

2024-25 Community Priorities



▶ **SB893 Free College Initiative**

- ▶ \$10.35 million in ongoing funds
- ▶ \$2 million to offset impact of Health Fee and Parking Fee waiver
- ▶ \$1.9 million (estimated) one-time carryover from Prior Year Free College Infrastructure (i.e., implementation of OER ZTC, Dual Enrollment, and PSP support)

▶ **Promise Scholars Program**

- ▶ Foundation \$400k
- ▶ Housing Fund \$300K
- ▶ State Resources (AB19) \$1.65 million

2024-25 Community Priorities



- ▶ **Basic Needs**

- ▶ \$1 million Food Insecurity
- ▶ \$162k Housing Insecurity

- ▶ **Cañada College Child Development Laboratory Center**

- ▶ \$11.4 million from one-time College Carryover
- ▶ \$2 million from District Capital Outlay Contingency
- ▶ \$3 million from funds allocated for the ADA Transition Plan

- ▶ **Districtwide Student Housing**

- ▶ \$5.3 million from one-time District Carryover
- ▶ \$55.9 million from State Lease Revenue Bonds

50% Law

- ▶ The Fifty Percent Law requires all community college districts to spend at least half of their “Current Expense of Education” for “Salaries of Classroom Instructors.” Education Code Section 84362 and the implementing regulations in the California Code of Regulations title 5, section 59200, et. al., provide for exemptions under certain circumstances.
- ▶ Enacted in 1961 when community college districts were part of K-12
 - ▶ The mode of instructional delivery has changed dramatically since 1961
 - ▶ Distance Education
 - ▶ Technology
 - ▶ Student Services
 - ▶ Smart Classrooms
 - ▶ Support Services

50% Law

Instructional:

- ▶ Salaries and Benefits for:
 - ▶ Faculty IN THE CLASSROOM
 - ▶ Instructional Tutors
 - ▶ Instructional Aides PRESENT IN THE CLASSROOM

Non-Instructional

- ▶ **Everything else**
 - ▶ e.g., faculty release time; counselors and librarians; classified personnel; student employees; student support programs; centralized functions such as payroll, facilities, human resources, etc.; operational costs such as insurance, technology, utilities, legal expenses, audit, supplies and service contracts, conference and travel, professional development, ergonomic equipment, bank and credit card fees, etc.; majority of Board and Student Success Initiatives; and the list goes on...

50% Law - Continued Commitment

- ▶ District continues to be committed towards compliance:
 - ▶ In 2020-21, the District allocated \$700,000 to convert part-time faculty to full-time faculty and an additional \$600,000 to increase part-time faculty parity for a total of \$1.3 million.
 - ▶ In 2021-22, the District allocated \$1.5 million to increase part-time faculty parity.
 - ▶ In 2021-22, the State provided \$1.5 million to increase the number of full-time faculty.
 - ▶ In 2022-23, a new salary schedule mirroring the full-time faculty salary schedule 80, which includes 5 columns and 25 steps, was implemented for part-time instructional faculty.
 - ▶ 22.5% COLA spread over three-years (2022-23 – 2024-25) for part-time instructional faculty towards parity goals.
 - ▶ Unadjusted early indicators project a 1% to 1.5% increase from prior year towards compliance (from 40.07% in 2022-23 to 41% - 41.5% in 2023-24).

Tentative Budget Revenue for Unrestricted General Fund

	Adopted 2023-24	Tentative 2024-25	Variance
Property Taxes	201,186,434	207,018,175	5,831,741
RDA Funds	17,522,913	20,386,390	2,863,477
Student Fees	9,582,215	11,134,741	1,552,526
Nonres. Tuition (int'l and out-of-state)	7,302,034	8,773,191	1,471,157
STRS on Behalf	5,076,032	5,076,032	-
Other Rev/Tsfrs	12,108,443	17,067,702	4,959,259
Total	252,778,071	269,456,230	16,678,159

Tentative Budget Expenses Unrestricted General Fund

	Adopted 2023-24	Tentative 2024-25	Variance
Site Allocations	187,617,083	198,200,933	10,583,851
Other Benefits	250,000	250,000	-
STRS on Behalf	5,076,032	5,076,032	-
Utilities	7,845,479	9,054,407	1,208,928
Districtwide Technology	7,335,499	5,723,769	(1,611,730)
Salary Commitments/Office Hours	20,020,747	20,344,682	323,935
Strategic Initiatives (Community Priorities)	9,693,044	12,354,472	2,661,428
Insurance	3,822,119	4,594,319	772,199
Other	11,118,068	13,857,615	2,739,547
Total	252,778,071	269,456,230	16,678,159

Tentative Budget - All Funds

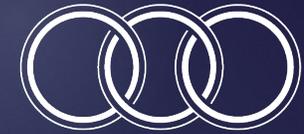


Fund	2024-25 Tentative Budget
General Fund, Unrestricted	\$ 269,456,230
General Fund, Restricted	85,302,954
Self-Insurance Fund	4,869,380
Debt Service Fund	65,960,519
Capital Projects Fund	77,938,325
Bookstore Fund	8,004,212
Cafeteria Fund	406,028
CSM Athletic Center	3,922,085
CAN Athletic Center	4,319,942
Community, Continuing, Corporate Ed	666,177
Child Development Fund	1,591,682
Trust Funds (Financial Aid)	26,817,031
Reserve Fund for OPEB / Housing Loans	6,713,111
TOTAL - ALL FUNDS	\$ 555,967,676

Next Steps



- ▶ June 26, 2024 - Board of Trustees to adopt 2024-25 Tentative Budget
- ▶ June 30, 2024 - State Budget Act becomes law
- ▶ July 31, 2024 – Close District’s 2023-24 Financials
- ▶ September 11, 2024 - Final Budget presented to the Board of Trustees for adoption
 - ▶ Post Adoption Budget Revisions, as needed
 - ▶ District will revise budget via 2024-25 Mid-Year Report in early Spring 2025 to reflect any state and local adjustments



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QUESTIONS?

Thank You!