

# FISCAL YEAR 2024-25 BUDGET UPDATE

FEBRUARY 3, 2024



SAN MATEO COUNTY  
**COMMUNITY**  
COLLEGE DISTRICT

# Overview



- ▶ Budget Guidelines
- ▶ State Budget
- ▶ Preliminary 2024-25 Budget Assumptions
- ▶ General Fund Summary 2023-24 Budget vs. Preliminary 2024-25 Budget
- ▶ 2024-25 Initiatives Funded in Preliminary Budget
- ▶ Auxiliary Services
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- ▶ 50% Law / 75/25 Goal / FON
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# Budget Guidelines



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

# State Budget



- ▶ Governor released his Proposed 2024-25 Budget on January 10<sup>th</sup>
  - ▶ Proposed Budget addresses \$37.9 billion deficit
    - ▶ The overall state budget is proposed to decrease by about 6%, affected by the substantial decline in the share of personal income tax revenue from capital gain taxes, as well as, corporate taxes
    - ▶ Solutions to balance include reductions, internal borrowing, funding delays, funding shifts, deferrals, and drawing from reserves
      - ▶ K-14 shielded

# State Budget-Community Colleges



- ▶ **Ongoing:**

- ▶ .76% COLA for Apportionment (does not apply to SMCCCD)
- ▶ .76% for various categorical programs such as EOPS, DSPS, Apprenticeship, CalWORKS, Mandated Block Grant, and CARE

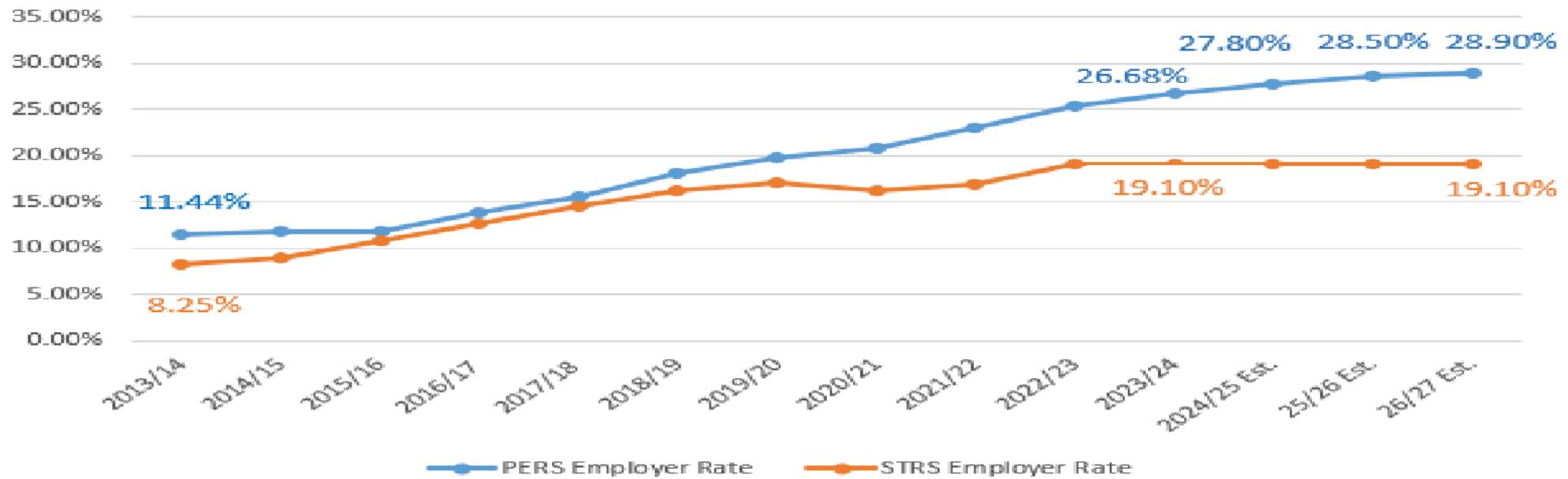
- ▶ **One-Time:**

- ▶ \$60 million to expand capacity in Nursing programs
- ▶ Statewide Funding Plan for Affordable Student Housing Projects to be Pursued
  - ▶ More information will be provided in the May Revise along with Cal Grant Reform
- ▶ No Funding for Scheduled Maintenance

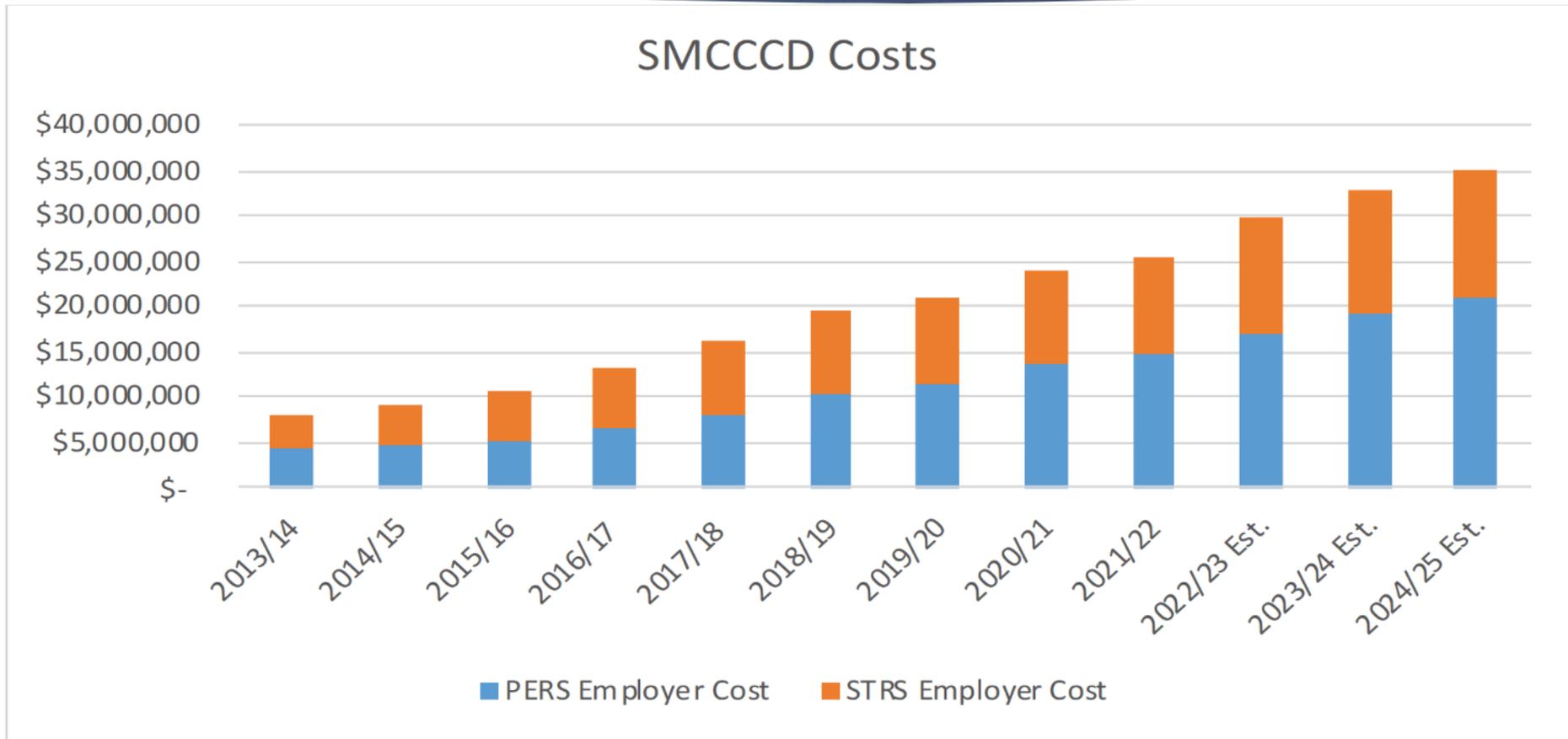
# PERS and STRS Rates Impact on SMCCCD



### Employer Contribution Rates

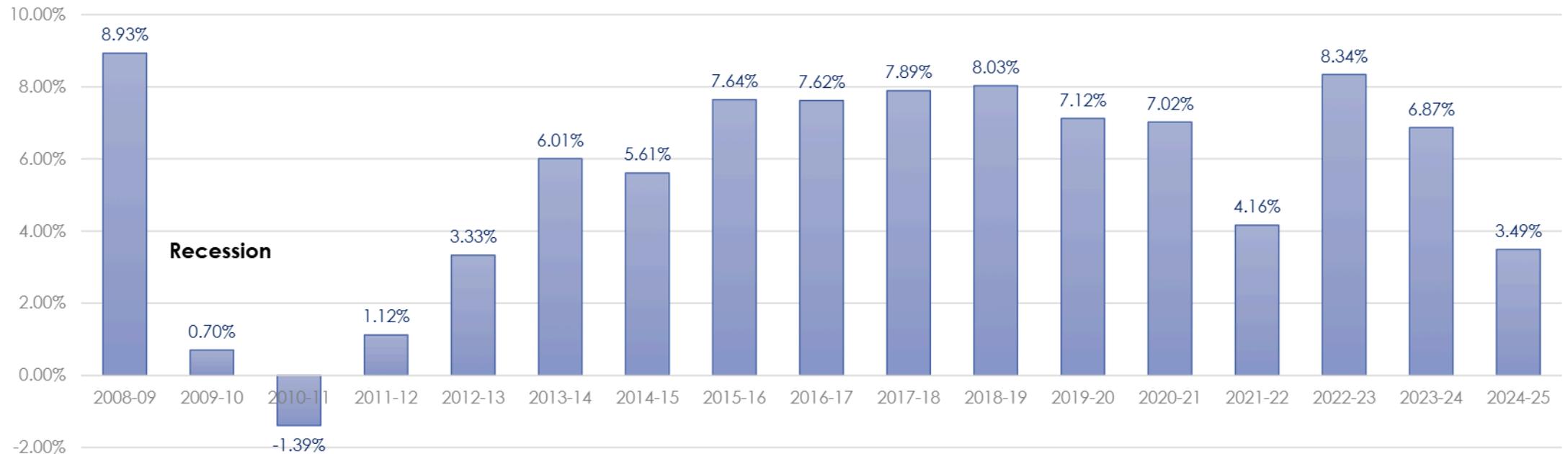


# PERS and STRS Rates Impact on SMCCCD



# Assessed Valuation Update (as of January 12, 2024)

AV History-San Mateo County



# Preliminary Budget Assumptions (as of January 12, 2024)



- ▶ Property tax increase: 3.49%
- ▶ Enrollment: Resident FTES 14,469 (3% projected increase from 2023-24)
  - ▶ Resident Tuition: \$46/unit - no increase
  - ▶ Prop 55 (EPA): Ongoing \$100/FTES
  - ▶ Lottery: \$177/FTES
  - ▶ Mandated Cost Block Grant: \$35.64/FTES
- ▶ Non-resident Tuition: \$378/unit
- ▶ Inflation: 3.03% based on CA CPI
- ▶ State COLA: .76% - for certain categorical programs

# Unrestricted General Fund Projected Increases in Revenue & Expense Fiscal Year 2024/25

## Revenue Increases

|   |                  |
|---|------------------|
| Property Taxes (AV)                       | 4,249,772        |
| RDA                                       | 1,672,905        |
| Non-Resident Tuition                      | 1,099,747        |
| Student Fees                              | 377,677          |
| Other                                     | 416,040          |
| <b>Total Increase in Budgeted Revenue</b> | <b>7,816,141</b> |

## Expense Increases

|  |                  |
|--|------------------|
| Site Allocations                           | 3,028,441        |
| Free College Initiative                    | 3,106,956        |
| Utilities                                  | 1,203,709        |
| Other                                      | 477,035          |
| <b>Total Increase in Budgeted Expenses</b> | <b>7,816,141</b> |

# Unrestricted General Fund Revenue- Year-to-Year Comparison



|  | Adopted 2023-24    | Preliminary 2024-25 | Variance between<br>Adopted 2023-24 and<br>Preliminary 2024-25 |
|--|--------------------|---------------------|--|
| Property Taxes                                   | 201,186,434        | 205,436,206         | 4,249,772  |
| RDA Funds  | 17,522,913         | 19,195,818          | 1,672,905  |
| Student Fees                                     | 9,582,215          | 9,959,892           | 377,677  |
| Non-resident Tuition<br>(Int'l and Out-of-State) | 7,302,034          | 8,401,780           | 1,099,747  |
| EPA  | 1,282,249          | 1,371,358           | 89,109   |
| STRS on Behalf                                   | 5,076,032          | 5,076,032           | 0  |
| Other Rev/Tsfrs                                  | 10,826,194         | 11,153,126          | 326,932  |
| <b>Total</b>                                     | <b>252,778,071</b> | <b>260,594,212</b>  | <b>7,816,141</b>   |

# Unrestricted General Fund Expense- Year-to-Year Comparison



|                                    | Adopted 2023-24    | Preliminary 2024-25 | Variance between<br>Adopted 2023-24 and<br>Preliminary 2023-25 |
|------------------------------------|--------------------|---------------------|--|
| Site Allocations                   | 187,617,083        | 190,645,523         | 3,028,441  |
| STRS on Behalf                     | 5,076,032          | 5,076,032           | 0  |
| Utilities                          | 7,845,479          | 9,049,188           | 1,203,709  |
| Districtwide Technology            | 7,335,499          | 7,335,499           | 0  |
| Salary Commitments/Office<br>Hours | 20,270,747         | 18,801,339          | (1,469,408)  |
| Strategic Initiatives              | 9,693,044          | 12,800,000          | 3,106,956  |
| Insurance                          | 3,822,119          | 3,822,119           | 0  |
| Other                              | 11,118,068         | 13,064,512          | 1,946,443  |
| <b>Total</b>                       | <b>252,778,071</b> | <b>260,594,212</b>  | <b>7,816,141</b>   |

# 2024-25 Initiatives



- ▶ SB893 Free College Initiative
  - ▶ \$10.8M in ongoing funds
  - ▶ \$2M to offset waiver of health and parking fees
- ▶ Promise Scholars Program
  - ▶ Foundation \$400K
  - ▶ Housing Fund \$300K
  - ▶ State Resources (AB19) \$1.6 million
- ▶ \$1M Food Insecurity Initiative
- ▶ \$200K Housing Insecurity Initiative (Rapid Response Hotel Stay Program)

# Free College Initiative FY 2023/24 YTD Costs and FY 2024/25 Preliminary Budget



| SB893 Costs as of January 30, 2024 | Skyline             | Cañada              | CSM                 | Total               |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Fees                               | \$ 2,917,219        | \$ 1,927,065        | \$ 3,298,566        | \$ 8,142,850        |
| Textbook Support                   | \$ 43,615           | \$ 136,633          | \$ 79,934           | \$ 260,182          |
| Transportation Support             | \$ 120,905          | \$ 98,248           | \$ 116,120          | \$ 335,273          |
| Technology Support                 | \$ 25,483           | \$ 29,192           | \$ 26,595           | \$ 81,270           |
| <b>Total</b>                       | <b>\$ 3,107,222</b> | <b>\$ 2,191,136</b> | <b>\$ 3,521,216</b> | <b>\$ 8,819,574</b> |

- ▶ FY 2023/24 Budget is \$10 mil ( \$7.7 mil in new allocation and \$2.3 mil in carryover)
- ▶ Preliminary Budget for 24/25 is \$10.8 million in new money (requires \$3.1 mil allocation increase).

# Auxiliary Services

## FY 2023/24 Projection

|                              | <b>Athletic Centers</b> | <b>Bookstores</b> | <b>Café</b> | <b>Total</b> |
|------------------------------|-------------------------|-------------------|-------------|--------------|
| <b>Revenue</b>               | 8,194,000               | 5,494,000         | 430,000     | 14,118,000   |
| <b>Expenses</b>              | 6,770,000               | 7,040,000         | 345,000     | 14,155,000   |
| <b>Net Surplus (Deficit)</b> | 1,424,000               | (1,546,000)       | 85,000      | (37,000)     |

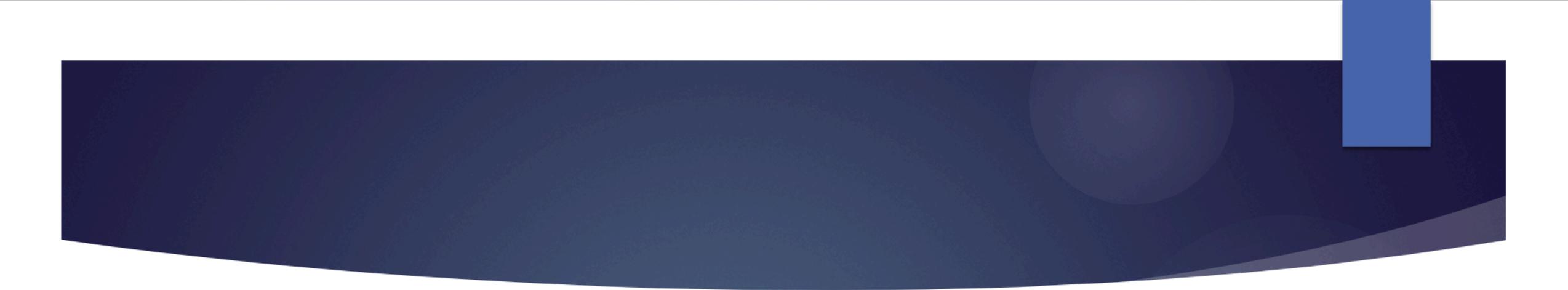
# 2024-25 Budget Unknowns

- ▶ Property Tax Receipts
- ▶ Enrollment
- ▶ Auxiliaries Sustainability
- ▶ Impact of Adopted State Budget

# Summary



- ▶ 2024-25 Preliminary Budget is balanced
- ▶ Property taxes projected to increase 3.49% over 2023-24  
*(projections as of January 12, 2024)*
- ▶ Funding set aside to support Board Initiatives
- ▶ No additional federal / state funds to offset the impact of Covid-19 pandemic
- ▶ The reserves are, as planned, at 15% / two months of operating expenses



**50% Law**

**75/25 Goal**

**Faculty Obligation Number**

# Laws and Regulations

## 50% Law, 75/25 Goal, FON

### **50% Law (1961)**

- ▶ Enacted in 1961 when community college districts were part of K-12
- ▶ Designed to be a class-size reduction measure for K-12, but applies equally to community colleges
- ▶ Requires 50% of Fund 1 expenditures to be instructional

### **75/25 Goal (1988)**

- ▶ AB1725 established a goal to reach 75% of instructional hours to be taught by full-time faculty

### **Faculty Obligation Number “FON” (1989)**

- ▶ Community college districts are required to increase their base number of full-time faculty over the prior year in proportion to the amount of growth in credit FTES

[California Code of Regulations (CCR), title 5, Section 51025]

# Historical Scorecard: 50% Law, 75/25 Goal, FON

|      | 50% Law  |        |              |
|------|----------|--------|--------------|
|      | Required | Actual | Over (Under) |
| 2023 | 50.0%    | 40.47% | -9.53%       |
| 2022 | 50.0%    | 41.06% | -8.94%       |
| 2021 | 50.0%    | 41.58% | -8.42%       |
| 2020 | 50.0%    | 42.46% | -7.54%       |
| 2019 | 50.0%    | 42.24% | -7.76%       |

| 75/25 Goal |
|------------|
| 67.2%      |
| 70.7%      |
| 70.1%      |
| 69.2%      |
| 65.2%      |

| Faculty Obligation Number (FON) |        |              |
|---------------------------------|--------|--------------|
| Required                        | Actual | Over (Under) |
| 223.7                           | 353.8  | 130.1        |
| 263.7                           | 361.5  | 97.8         |
| 249.7                           | 349.9  | 100.2        |
| 257.7                           | 346.5  | 88.8         |
| 279.7                           | 349.5  | 69.8         |



**QUESTIONS?**

Thank You!

