

Budget Forum

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Rules of Engagement

- This forum is recorded.
- Feel free to type questions or comments in the Chat during the presentation.
- Hold **verbal** questions until the end
- At the end of the presentation, raise your virtual hand if you have questions or comments.

Monthly Budget to Actuals Report

Intro

- **Purpose:** Provide monthly transparency on actual expenditures compared to the adopted and adjusted budgets.
- **Background:** Responds to longstanding campus requests for greater budget visibility by VP area.
- **Scope:** Unrestricted General Fund (Fund 11); excludes categorical and restricted funds.

Summary of Total Fund 11 (Districtwide)

Category	April 2025	May 2025	Change
Adjusted Budget	\$192.2 million	\$185.8 million	▼ \$6.4 million
Actual Expenditures	\$136.8 million	\$145.7 million	▲ \$8.9 million
Encumbrances	\$3.1 million	\$2.6 million	▼ \$0.5 million
Remaining Variance	\$52.3 million	\$37.5 million	▼ \$14.8 million
Spend Rate	~71%	~78%	▲ 7%

Observations and Insights – May vs. April

- **Increased Spending Activity:** Districtwide spending increased by nearly \$9 million in May, indicating accelerated year-end purchasing and service delivery.
- **Slight Decrease in Budgeted Amount:** The adjusted budget dropped by ~\$6.4 million, likely due to mid-year budget transfers or re-allocations.
- **Encumbrances Decreased:** May shows fewer outstanding obligations, suggesting that previously encumbered funds have now been spent.
- **Improved Spend Rate:** Utilization jumped from ~71% in April to nearly 78% in May—typical as we approach fiscal year-end.

Area-by-Area Highlights

VP Area	Adjusted Budget	Actuals	Variance	Spend Rate	Change
President's Office	\$6.18M	\$4.69M	\$1.27M	80%	▲ 7%
Human Resources	\$3.06M	\$2.53M	\$0.51M	83%	▲ 7%
Academic Affairs	\$97.82M	\$85.19M	\$12.56M	87%	▲ 2%
Student Services	\$22.54M	\$17.46M	\$4.97M	78%	▲ 4%
Administrative Services	\$33.93M	\$24.51M	\$8.17M	76%	▲ 5%
District-Wide Costs	\$22.21M	\$11.29M	\$10.04M	55%	▲ 6%

May 2025 Area Budget Summary

- **Academic Affairs** continues to lead in overall spending, with actuals reaching \$85.19M and a strong spend rate of 87%.
- **Spend rate improvements** range from a modest ▲2% in Academic Affairs to a notable ▲7% in both President's Office and Human Resources, reflecting accelerated use of budgeted funds as the fiscal year closes.
- **All divisions increased their spending in May**, consistent with typical year-end expenditure patterns.

Conclusion & Key Takeaways

- **Strong Year-End Execution:** All VP areas increased spending in May, aligning with typical year-end budget activity.
- **Balanced Use of Funds:** Most divisions are pacing well, with spend rates ranging from 76% to 87%, reflecting thoughtful resource management.
- **Academic Affairs Remains Central:** With nearly \$85.2M in actuals, Academic Affairs continues to represent the majority of unrestricted spending.
- **Continued Monitoring Needed:** While overall spending is on track, District-Wide Costs remain underutilized (55% spend rate), warranting closer review for year-end accruals or delayed transfers.
- **Supports Budget Planning:** These insights will guide strategic allocations and rebalancing for the 2025–26 budget cycle.

Governor's May Revise Update

Remember April?

- Economic **volatility and state revenue uncertainty** make cautious, flexible budgeting essential.
- While the **2025–26 proposed budget is balanced**, it relies on **one-time solutions** and **optimistic FTES projections**.
- The **May Revise will be pivotal** in shaping our final budget, particularly around Prop 98 funding, COLA, and apportionment deferrals.
- Let's remain **vigilant, collaborative, and ready to pivot** as new data emerges.

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State Budget Shortfall & Reduced Prop 98 Funding

- California is facing a **\$12 billion budget deficit**, driven by Medi-Cal cost overruns, federal tariffs, and emergencies like the LA fires.
- **Proposition 98 minimum guarantee** has been **reduced by \$4.6 billion across the 3-year window**. For 2025-26, this means CCCs lose a share of funding reducing the community college split.



SCFF COLA and Enrollment Growth

- The **Cost-of-Living Adjustment (COLA)** for the Student Centered Funding Formula (SCFF) is set at **2.30%** (slightly down from January's 2.43%).
- The **SCFF will receive an additional \$104.7 million** in ongoing funding and **\$109.5 million for 2.35% enrollment growth**—an improvement from the Governor's January proposal of 0.5%.
- However, ECC should note a **\$531.6 million statewide deferral** of SCFF apportionments from 2025-26 to 2026-27—impacting cash flow and potentially delaying revenue.

Program Cuts and Withdrawals

- Major one-time investments are **withdrawn or slashed**, including:
 - **\$168 million ERP system** (withdrawn)
 - **\$150.5 million Common Cloud Data Platform** (cut)
 - **\$37 million from Credit for Prior Learning** and **\$25 million from Career Passport** programs.
- Community Colleges will **not see new resources** for these technology and workforce development initiatives this year.

Transitional Kindergarten (TK) Shift

- The Transitional Kindergarten (TK) program has been **fully shifted to the K-12 portion of Proposition 98** funding.
- As a result, **\$492.4 million** in funding that previously went to California Community Colleges (CCCs) has been removed.
- This shift causes a **permanent reduction in El Camino College's share of Proposition 98** resources compared to earlier projections.
- The reallocation reflects a **structural change** in how the State prioritizes early education funding, which now **favors K-12 systems over CCCs**.

Cautious Optimism—But Plan Conservatively

- Despite COLA and enrollment growth support, **El Camino must plan cautiously** due to:
 - Revenue volatility
 - Large deferrals
 - Competition for limited resources
 - Economic uncertainty (GDP slowdown, job losses, inflation).
- The **Public School System Stabilization Account (PSSSA) "rainy day fund"** is being **depleted**, removing a key safeguard in future downturns.

Key Figures for Planning at ECC

Item	2025–26 Statewide Level	Implication for ECC
CCC Prop 98 Share	10.93% of \$110.5B	No change in share, but total CCC funding drops to \$12.07B from \$12.44B in 2024–25
SCFF COLA	2.30%	ECC revenue will increase proportionally—but won't offset inflationary costs
Enrollment Growth	2.35% funded	Useful only if ECC is growing FTES—no benefit if in stability funding
SCFF Deferral	\$531.6M statewide	Expect late payments, plan cash reserves accordingly
Prop 98 Rebenching	-\$492M to CCCs	Ongoing structural reduction in funding capacity
Withdrawn Initiatives	ERP, Cloud Data, Credit for Prior Learning	Tech modernization may need to rely on other funding sources.

May & June Cash Deferrals' Impact on ECC

- **Cash deferrals are planned** for year-ending 2024-25 and 2025-26, meaning:
 - State Aid normally paid in May and June will instead be deferred to July of each respective year.
- **State Aid accounts for 43%** of El Camino College's annual SCFF revenue:
 - This represents approximately **\$65.1 million** out of the estimated **\$152.7 million** SCFF total for 2024-25.
- For 2024-25, the **estimated deferred State Aid payments** are:
 - **May payment:** \$4,843,129
 - **June payment:** \$4,843,129
 - **Total deferral:** \$9,686,258, to be received in July 2025 (FY 2025-26).

May & June Cash Deferrals' Impact

- The **Governor's May Revision for 2025-26** also anticipates **similar deferrals** for May and June 2026, with payments shifted to July 2026.
- **No external cash borrowing is expected:**
 - El Camino College has sufficient cash reserves to cover all financial obligations for both FY 2024-25 and FY 2025-26 despite these deferrals.
- The District will **continue to monitor guidance** from the Chancellor's Office and assess potential impacts as more information becomes available.

Recommended Next Steps for ECC

1. **Reforecast Multi-Year Budget Scenarios:** Integrate reduced COLA, TK rebenching, and SCFF deferrals into projections.
2. **Monitor Enrollment:** The 2.35% growth funding won't apply unless ECC increases FTES—critical to move out of stability funding.
3. **Review Capital and Tech Projects:** With ERP and Cloud Platform funding withdrawn, determine if bond or local reserves can fill the gap for future ERP & Data Analytics initiatives.
4. **Prepare for Additional Delays:** Factor deferrals into cash flow modeling and maintain a contingency fund.

Wrapping Up

1. California is facing a **\$12 billion budget deficit**.
2. **Proposition 98** minimum guarantee has been **reduced by \$4.6 billion**.
3. **COLA** is set at **2.30%**.
4. The SCFF will receive an additional \$104.7 million in ongoing funding and \$109.5 million for **2.35% enrollment growth**.
5. Major CCCCCO Vision 2030 one-time investments are slashed (Common ERP, Common Data Platform, Credit for Prior Learning, Career Passport)
6. \$531.6 million statewide **deferral** of SCFF apportionments from 2025-26 to 2026-27.
7. **Transitional Kindergarten (TK) Shift** removed \$492.4 million in funding that previously went to CCCs.
8. The Public School System Stabilization Account (PSSSA) "**rainy day fund**" is **being depleted**.
9. For 2024-25, **the ECC estimated deferred State Aid payments totals \$9.7M**. Similar deferrals anticipated for May and June 2026.
10. El Camino College has **sufficient cash reserves to cover all financial obligations** for both FY 2024-25 and FY 2025-26 despite these deferrals.

Q&A

