



El Camino College

Town Hall Financial Status

Administrative Services

April 26, 2024

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- As questions arise today please put them in chat – all questions in chat will be answered at the end of Town Hall
- Purpose of Today's Town Hall – **Continue to** Update and Inform of Current Status
- 23-24 Budget and future year projections – few surprises - **REMINDER**
- Current California Budget Information – Revenues Declining - **REMINDER**
- Budget Leadership Strategies Team – Planning & Budget Committee
- Financial Spreadsheets – **still available on line for your review, new spreadsheets from today's Town Hall will be added later**
- 23-24 thru 25-26 Financial Projections – total picture with possible solutions
 - Showing the process, information, items for consideration and the latest projections
- Next Steps – how to find information and participate in the solution
- Next Steps – Chat Questions
- Reference Materials for self study
- Questions after today's Town Hall please send via email and answers will be posted online

Purpose of Today's Town Hall

- Continue to provide update and inform of current status
- Continue to accurately inform everyone of the current financial challenges
- Continue to inform everyone of the participatory governance process to help solve our financial challenges which can be solved
- Continue to provide everyone with access to the financial models that document our past, current and projected financial situation – will post on website after Town Hall
 - [Budget Leadership Strategies Team | El Camino College | Torrance, CA](#)
- Continue to provide a follow up process to ask and receive information to ask questions and receive answers or seek additional information
- Continue to seek any suggestions from everyone to help solve our challenges
- Continue the dialogue so everyone realizes we can, will and MUST solve our situation by changing our current and past expenditure patterns

23-24 Budget and future year projections – few surprises *REMINDER*

- **WE WOULD BE HERE REGARDLESS OF RECENT OR FUTURE STATE FINANCIAL SHORTFALLS FOR EDUCATION SPENDING**
- 23-24 Budget adoption established the need to change our historical expenditure and budget patterns
- Multi-year projections with the 23-24 Budget adoption established that we had to change historical budget and expenditure patterns
- Current State 23-24 Deficit and 24-25 COLA reduction from 4% to 0.76%. Current total 2 year impact is about \$12M revenue decrease
 - There is no official update of prior State information
 - Waiting on State May Revise
 - No guarantee that the State delivers what is promised until the check arrives in August
- State revenue shortfalls causes larger budget and expenditure issues than we had and knew of at 2023-2024 Budget adoption

Current California Budget Information - Revenues Declining **REMINDER**

- Governor's January budget proposal shows a 3 year \$43.6B drop in revenues from the June 2023 forecast
 - LAO forecasts a \$58B decrease— a \$15.3B difference
 - **Everyone continues to disagree as to a specific number**
- LAO's February forecast increases concern about downside risk up to \$23.7B thru 2024-25 due to current tax collections
- ECC 23-24 and future assumptions are significantly affected by State reduced revenues
- Additional State changes will likely come with the May revise
- State changes are likely to be more variable than in past years – we will need to continually readjust our multiple approaches and there is no one set and forget solution. There will be constant updates that will be maintained in a web location for everyone to review.

Current California Budget Information

- THE MAY REVISE WILL BE OUT SHORTLY AND WE WILL UPDATE OUR MODELS AND REPORT OUT WHEN UPDATED INFORMATION IS AVAILABLE
 - We aren't reacting to rumors or opinions
 - We will respond to documented information
 - May Revise information should be available prior to month end May
 - Remember the May Revise promised numbers are not proven until August

Budget Leadership Strategies Team & Planning and Budgeting Committee

- We are following a process and making positive progress – see President Thames memorandum with Budget Leadership Strategy Team recommendations that should be available shortly
- Planning and Budget Committee (PBC)
 - The PBC makes recommendations to the Superintendent/President on all campus-wide annual planning and budgeting issues
 - To assure that campus-wide annual planning and budgeting are integrated and evaluated while driven by the mission and strategic initiatives set forth in the Strategic Plan.
- Planning and Budget Committee (PBC) – members
 - Co-Chairs – V. Unda and B. Suppelsa
 - Academic Senate – C. Brewer-Smith and J. Troesh
 - Management – K. Martinez and J. Aramburo
 - Classified Staff – L. Marquez and P. Mariano
 - ECC Federation of Teachers – Vacant
 - ECC Classified Employees/ECCE – R. Dietz
 - Confidential Employees – S. Warriar
 - Police Officers Association – G. Robertson
 - Associated Student Organization – K. Hayashi

Budget Leadership Strategies Team & PBC - continued

Budget Leadership Strategies Team – Ad Hoc Committee – agreed principles

- Protect Students from Budget Reductions
- Communicate Clearly and with Integrity
- Operate Collaboratively and with Transparency
- Retain Employees to Extent Possible
- Review All District Expenditures for Potential Reduction and Develop Revenue Generation Strategies
- Advocate for Funding at the State/Federal Levels and Pursue Extramural Funding

Budget Leadership Strategies Team – Ad Hoc Committee – members

- Co-Leads: VP Lopez and Dr. VP Stephenson
- Executive Team: VP Miyashiro and VP Suppelsa
- Academic and Student Services Deans: Dr. Chris Gold and Dr. Kristina Martinez
- ECCE: Roy Dietz and Lissette Marquez
- El Camino College Federation of Teachers: Dr. Kelsey Iino and Dr. Darcie McClelland
- Academic Senate: Charlene Brewer-Smith and Joshua Troesh
- Police Officers Association: Officer Oscar Castro and Officer Erika Solorzano
- Associated Students Organization: Jose Merino and Mia Wroe

Financial Spreadsheets –available on-line for your review

- The next slides are spreadsheets
- The numbers are small and difficult to read
- **All of the spreadsheets, related information, question and answers will be posted on-line and you can review them in detail. Any follow up questions please send an email**
- Please listen for the information and process
 - Original information plus new decisions will change the projected financial conclusions
 - Updated Spreadsheets will be posted when new information is available
 - We will answer any assumption or number questions in the coming days/weeks once you have time to review the spreadsheets in detail

23-24 thru 25-26 Financial Projections – total picture with possible solutions – SAME INFORMATION PREVIOUSLY BRIEFED

Publish date: February 1, 2024

Town Hall 3 Year Fund 11 Financial Projections as of January 2024

2023-24 Current Budget Fund 11	
Estimated Beginning Fund Balance	\$ 58,702,909
Revenue	
Federal Revenue	18,000
General Apportionment Rev (Sept 2023) ¹	151,739,734
Other State Revenue	12,688,195
Other Local Revenue	7,740,200
Contributions in from other ECC Funds	-
Total Revenues	172,186,129
Expenditures ²	
Certificated Salaries	61,805,202
Classified Salaries	35,866,395
Employee Benefits	40,461,093
Books & Supplies Pool	3,342,435
Other Operating Expenses & Services	13,849,672
Capital Outlay	462,843
Other Outgo	4,759,243
Negotiation Settlement Costs (ECCE & Unrepresented)	
ECCE (Settled) - Cumulative	6,224,285
Unrepresented (Settled) - Cumulative	4,021,042
AFT (Last District Offer) - Cumulative ⁴	21,329,053
Operating Necessity Contingencies	
Transfer out of Fund 11 to OPEB to fund present liabilities	-
Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense	-
Transfer out of Fund 11 for Capital Outlay Needs	-
Transfer out of Fund 11 for Workers Compensation liabilities/claims/expense	-
Transfer out of Fund 11 for District Insurance - Proerty & Liabilities expense	-
Total Expenditures	192,121,263
Projected Change to Fund Balance	(19,935,134)
Projected Ending Fund Balance	38,767,775
Ending Fund Balance % =>	20.2%
State Required Reserve @ 3% =>	\$ 5,763,638
Board Required Reserve @ 6% =>	\$ 11,527,276
Emergency Conditions Required Reserve @ 17% =>	\$ 32,660,615
Update of Information since Budget Adoption in September XX, 2024:	
Changes to Revenues	
1) Deficit factor @ 2.2926% ¹	(3,478,764)
Changes to Expenditures	
1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD)	2,081,557
2) Savings from unfilled positions 7/1/23 to 12/31/23	2,701,777
3) Additional recurring expenses Institutional Research Requests ³	(515,000)
4) Anticipated indirect Overhead transfers from Restricted Funds	500,000
5) Measure E labor transfers ⁵	348,720
6) Initial 23-24 Budget Leadership / PBC recommended reductions	-
7) Change to Cost of AFT (Final Settlement vs Sept Last District Offer-above)	(2,761,978)
8) 35% estimated incr. to interfund transfers out for Prop and Liability Insurance (Fd62)	750,000
9) AFT Part time medical reimbursement	-
Total	(373,688)
Current Projected Change to Fund Balance	(20,308,822)
Projected Fund balance	\$ 38,394,087
Ending Fund Balance as % =>	20%
State Required Reserve @ 3% =>	\$ 5,774,849
Board Required Reserve @ 6% =>	\$ 11,549,697
Emergency Conditions Required Reserve @ 17% =>	\$ 32,724,142

footnotes 2023-24:
 1 - Calculated using SCFF Simulator (Chancellor's Office website)
 2 - Funded based on 2023-24 Stability funding (5150,660,697)
 3 - 2023-24 Annual Planning (IRP) Costs continued into 2024-25 and 2025-26
 4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll retro payment for 2022-23 negotiated increases recorded in the 2023-24 Fiscal Year
 5 - Based on 2022-23 Sand-Along Labor Transfers to Measure E

2024-25 Projected Budget Fund 11	
Estimated Beginning Fund Balance	\$ 38,394,087
Revenue	
Federal Revenue	18,000
General Apportionment Rev (Sept 2023) ¹	155,679,265
Other State Revenue	12,688,195
Other Local Revenue	7,740,200
Contributions in from other ECC Funds	-
Total Revenues	176,125,660
Expenditures ³	
Certificated Salaries	62,886,793
Classified Salaries	36,339,831
Employee Benefits	41,088,240
Books & Supplies Pool	3,342,435
Other Operating Expenses & Services	13,849,672
Capital Outlay	462,843
Other Outgo	4,759,243
Negotiation Settlement Costs (ECCE & Unrepresented)	
ECCE (Settled) - Cumulative	7,207,065
Unrepresented (Settled) - Cumulative	4,412,930
AFT (Last District Offer) - Cumulative ⁴	16,967,525
Operating Necessity Contingencies	
Transfer out of Fund 11 to OPEB to fund present liabilities	-
Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense	-
Transfer out of Fund 11 for Capital Outlay Needs	-
Transfer out of Fund 11 for Workers Compensation liabilities/claims/expense	-
Transfer out of Fund 11 for District Insurance - Proerty & Liabilities expense	326,027
Total Expenditures	191,642,605
Projected Change to Fund Balance	(15,516,945)
Projected Ending Fund Balance	22,877,142
Ending Fund Balance % =>	11.9%
State Required Reserve @ 3% =>	\$ 5,749,278
Board Required Reserve @ 6% =>	\$ 11,498,556
Emergency Conditions Required Reserve @ 17% =>	\$ 32,579,243
Changes to Revenues	
1) Deficit amount (continued from 2023-24) ¹	(3,478,764)
2) Reduction of COLA from 3.94% to 0.76% ^{1,2}	(5,018,568)
3) Deficit factor on the 2024-25 General Apportionment	-
Changes to Expenditures	
1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD)	2,081,557
2) Savings from unfilled positions 7/1/24 to XX/XX/2X	-
3) Additional recurring expenses Institutional Research Requests ³	-
4) Anticipated indirect Overhead transfers from Restricted Funds	500,000
5) Measure E labor transfers ⁵	100,000
6) Initial 24-25 Budget Leadership / PBC recommended reductions	-
7) change to Cost of AFT (Final Settlement vs Sept Last District Offer from above)	904,852
8) 35% estimated incr. to interfund transfers out for Prop and Liability Insurance (Fd62)	see above
9) AFT Part time medical reimbursement	-
Total	(4,910,923)
Current Projected Change to Fund Balance	(20,427,868)
Projected Fund balance	\$ 17,066,219
Ending Fund Balance as % =>	9%
State Required Reserve @ 3% =>	\$ 5,896,606
Board Required Reserve @ 6% =>	\$ 11,793,212
Emergency Conditions Required Reserve @ 17% =>	\$ 35,438,106

footnotes 2024-25:
 1 - Calculated using SCFF Simulator (Chancellor's Office website)
 2 - Funded based on 2023-24 Stability funding (5150,660,697)
 3 - 2023-24 Annual Planning (IRP) Costs may continue into 2024-25 and 2025-26
 4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll retro payment for 2022-23 negotiated increases recorded in the 2023-24 Fiscal Year
 5 - Based on 2022-23 Sand-Along Labor Transfers to Measure E

2025-26 Projected Budget Fund 11	
Estimated Beginning Fund Balance	\$ 17,066,219
Revenue	
Federal Revenue	18,000
General Apportionment Rev (Sept 2023) ¹	155,679,265
Other State Revenue	12,688,195
Other Local Revenue	7,740,200
Contributions in from other ECC Funds	-
Total Revenues	176,125,660
Expenditures ³	
Certificated Salaries	63,987,312
Classified Salaries	37,502,706
Employee Benefits	41,807,284
Books & Supplies Pool	3,342,435
Other Operating Expenses & Services	13,849,672
Capital Outlay	462,843
Other Outgo	4,759,243
Negotiation Settlement Costs (ECCE & Unrepresented)	
ECCE (Settled) - Cumulative	7,207,065
Unrepresented (Settled) - Cumulative	4,412,930
AFT (Last District Offer) - Cumulative ⁴	16,967,525
Operating Necessity Contingencies	
Transfer out of Fund 11 to OPEB to fund present liabilities	-
Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense	-
Transfer out of Fund 11 for Capital Outlay Needs	-
Transfer out of Fund 11 for Workers Compensation liabilities/claims/expense	-
Transfer out of Fund 11 for District Insurance - Proerty & Liabilities expense	326,027
Total Expenditures	194,625,043
Projected Change to Fund Balance	(18,499,383)
Projected Ending Fund Balance	(533,163)
Ending Fund Balance % =>	-0.3%
State Required Reserve @ 3% =>	\$ 5,838,751
Board Required Reserve @ 6% =>	\$ 11,677,503
Emergency Conditions Required Reserve @ 17% =>	\$ 33,086,257
Changes to Revenues	
1) Deficit amount (continued from 2023-24)	(3,478,764)
2) Reduction of 2024-25 COLA from 3.94% to 0.76% ^{1,2}	(5,018,568)
3) Deficit factor on the 2025-26 General Apportionment	-
Changes to Expenditures	
1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD)	2,081,557
2) Savings from unfilled positions 7/1/25 to XX/XX/2X	-
3) Additional recurring expenses Institutional Research Requests ³	-
4) Anticipated indirect Overhead transfers from Restricted Funds	500,000
5) Measure E labor transfers ⁵	100,000
6) Initial 25-26 Budget Leadership / PBC recommended reductions	-
7) Change to Cost of AFT after Final Settlement vs Sept Last District Offer above	-
8) 35% estimated incr. to interfund transfers out for Prop and Liability Insurance (Fd62)	see above
9) AFT Part time medical reimbursement	-
Total	(5,815,775)
Current Projected Change to Fund Balance	(24,315,158)
Projected Fund balance	\$ (6,348,939)
Ending Fund Balance as % =>	-3%
State Required Reserve @ 3% =>	\$ 6,013,225
Board Required Reserve @ 6% =>	\$ 12,026,449
Emergency Conditions Required Reserve @ 17% =>	\$ 34,074,939

footnotes 2025-26:
 1 - Calculated using SCFF Simulator (Chancellor's Office website), no COLA until FTES full recovery
 2 - Funded based on 2023-24 Stability funding (5150,660,697)
 3 - 2023-24 Annual Planning (IRP) Costs may continue into 2024-25 and 2025-26
 4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll retro payment for 2022-23 negotiated increases recorded in the 2023-24 Fiscal Year
 5 - Based on 2022-23 Sand-Along Labor Transfers to Measure E

2023-24 Current Budget Fund 11

Estimated Beginning Fund Balance Revenue Federal Revenue General Apportionment Rev (Sept 2023) Other State Revenue Other Local Revenue Contributions in from other ECC Funds Total Revenues

Expenditures* Certificated Salaries Classified Salaries Employee Benefits Books & Supplies Pool Other Operating Expenses & Services Capital Outlay Other Outgo Negotiation Settlement Costs (ECCE & Unrepresented) ECCE (Settled) - Cumulative Unrepresented (Settled) - Cumulative AFT (Last District Offer) - Cumulative*

Operating Necessity Contingencies Transfer out of Fund 11 to OPEB to fund present liabilities Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense Transfer out of Fund 11 for Capital Outlay Needs Transfer out of Fund 11 for Workers Compensation Liabilities/claims/expense Transfer out of Fund 11 for District Insurance - Priority & Liabilities expense Total Expenditures

Projected Change to Fund Balance (19,935,134)

Projected Ending Fund Balance Ending Fund Balance % State Required Reserve @ 3% Board Required Reserve @ 6% Emergency Conditions Required Reserve @ 17%

Update of Information since Budget Adoption in September XX, 2024:

Changes to Revenues 1) Deficit factor @ 2.2926% (3,478,764)

Changes to Expenditures 1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD) 2,081,557 2) Savings from unfilled positions 7/1/23 to 12/31/23 2,701,777 3) Additional recurring expenses Institutional Research Requests* (915,000) 4) Anticipated Indirect Overhead Transfers from Restricted Funds 500,000 5) Measure 5 labor transfers* 348,720 6) Initial 23-24 Budget Leadership / PBC recommended reductions 100,000 7) Change to Cost of AFT (Final Settlement vs Sept Last District Offer above) (2,761,978) 8) One Time Fund 11 transfers to Fund 12 other other funds 750,000 9) AFT Part Time medical reimbursement (4,930,933)

Current Projected Change to Fund Balance (20,308,822)

Projected Fund balance \$ 38,394,087 Ending Fund Balance as % -20%

State Required Reserve @ 3% Board Required Reserve @ 6% Emergency Conditions Required Reserve @ 17%

Footnotes 2023-24:

- 1 - Calculated using ICF Simulator (Chancellor's Office website)
2 - Funded based on 2023-24 Stability funding (\$150,660,697)
3 - 2023-24 Annual Planning (RPI) Costs continue into 2024-25 and 2025-26
4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll net payment for 2022-23 negotiated increases recorded in the 2023-24 fiscal year
5 - Based on 2022-23 Stand-Alone Labor Transfers to Measure C

2024-25 Projected Budget Fund 11

Estimated Beginning Fund Balance Revenue Federal Revenue General Apportionment Rev (Sept 2023) Other State Revenue Other Local Revenue Contributions in from other ECC Funds Total Revenues

Expenditures* Certificated Salaries Classified Salaries Employee Benefits Books & Supplies Pool Other Operating Expenses & Services Capital Outlay Other Outgo Negotiation Settlement Costs (ECCE & Unrepresented) ECCE (Settled) - Cumulative Unrepresented (Settled) - Cumulative AFT (Last District Offer) - Cumulative*

Operating Necessity Contingencies Transfer out of Fund 11 to OPEB to fund present liabilities Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense Transfer out of Fund 11 for Capital Outlay Needs Transfer out of Fund 11 for Workers Compensation Liabilities/claims/expense Transfer out of Fund 11 for District Insurance - Priority & Liabilities expense Total Expenditures

Projected Change to Fund Balance (15,516,943)

Projected Ending Fund Balance Ending Fund Balance % State Required Reserve @ 3% Board Required Reserve @ 6% Emergency Conditions Required Reserve @ 17%

Changes to Revenues

1) Deficit amount (continued from 2023-24) (3,478,764) 2) Reduction of COLA from 3.94% to 0.76% 1,7 (5,018,568) 3) Deficit factor on the 2024-25 General Apportionment -

Changes to Expenditures 1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD) 2,081,557 2) Savings from unfilled positions 7/1/24 to 12/31/24 2,701,777 3) Additional recurring expenses Institutional Research Requests* (915,000) 4) Anticipated Indirect Overhead Transfers from Restricted Funds 500,000 5) Measure 5 labor transfers* 348,720 6) Initial 24-25 Budget Leadership / PBC recommended reductions 100,000 7) Change to Cost of AFT (Final Settlement vs Sept Last District Offer from above) 904,852 8) 15% estimated incr. to Interfund transfers out for Prop and Liability Insurance (F462) see above 9) AFT Part Time medical reimbursement (4,930,933)

Current Projected Change to Fund Balance (20,417,868)

Projected Fund balance \$ 22,877,142 Ending Fund Balance as % -9%

State Required Reserve @ 3% Board Required Reserve @ 6% Emergency Conditions Required Reserve @ 17%

Footnotes 2024-25:

- 1 - Calculated using ICF Simulator (Chancellor's Office website)
2 - Funded based on 2023-24 Stability funding (\$150,660,697)
3 - 2023-24 Annual Planning (RPI) Costs may continue into 2024-25 and 2025-26
4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll net payment for 2022-23 negotiated increases recorded in the 2023-24 fiscal year
5 - Based on 2022-23 Stand-Alone Labor Transfers to Measure C

2025-26 Projected Budget Fund 11

Estimated Beginning Fund Balance Revenue Federal Revenue General Apportionment Rev (Sept 2023) Other State Revenue Other Local Revenue Contributions in from other ECC Funds Total Revenues

Expenditures* Certificated Salaries Classified Salaries Employee Benefits Books & Supplies Pool Other Operating Expenses & Services Capital Outlay Other Outgo Negotiation Settlement Costs (ECCE & Unrepresented) ECCE (Settled) - Cumulative Unrepresented (Settled) - Cumulative AFT (Last District Offer) - Cumulative*

Operating Necessity Contingencies Transfer out of Fund 11 to OPEB to fund present liabilities Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense Transfer out of Fund 11 for Capital Outlay Needs Transfer out of Fund 11 for Workers Compensation Liabilities/claims/expense Transfer out of Fund 11 for District Insurance - Priority & Liabilities expense Total Expenditures

Projected Change to Fund Balance (18,499,383)

Projected Ending Fund Balance Ending Fund Balance % State Required Reserve @ 3% Board Required Reserve @ 6% Emergency Conditions Required Reserve @ 17%

Changes to Revenues

1) Deficit amount (continued from 2023-24) (3,478,764) 2) Reduction of COLA from 3.94% to 0.76% 1,7 (5,018,568) 3) Deficit factor on the 2025-26 General Apportionment -

Changes to Expenditures 1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD) 2,081,557 2) Savings from unfilled positions 7/1/25 to 12/31/25 2,701,777 3) Additional recurring expenses Institutional Research Requests* (915,000) 4) Anticipated Indirect Overhead Transfers from Restricted Funds 500,000 5) Measure 5 labor transfers* 348,720 6) Initial 25-26 Budget Leadership / PBC recommended reductions 100,000 7) Change to Cost of AFT after Final Settlement vs Sept Last District Offer above - 8) 25% estimated incr. to Interfund transfers out for Prop and Liability Insurance (F462) - 9) AFT Part Time medical reimbursement (5,815,775)

Current Projected Change to Fund Balance (24,315,158)

Projected Fund balance \$ 6,448,916 Ending Fund Balance as % -3%

State Required Reserve @ 3% Board Required Reserve @ 6% Emergency Conditions Required Reserve @ 17%

Footnotes 2025-26:

- 1 - Calculated using ICF Simulator (Chancellor's Office website), no COLA and FTES full recovery
2 - Funded based on 2023-24 Stability funding (\$150,660,697)
3 - 2023-24 Annual Planning (RPI) Costs may continue into 2024-25 and 2025-26
4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll net payment for 2022-23 negotiated increases recorded in the 2023-24 fiscal year
5 - Based on 2022-23 Stand-Alone Labor Transfers to Measure C

Ending Balance from prior year to beginning balance

Original forecasted revenues, General apportionment becomes sustaining with no COLA due to no growth Other State revenues likely to decrease with economy Total Revenues

Steps and columns per signed contracts included. Employee benefits likely to increase above estimated (medical) Operating & Services likely to increase not stay the same

Historical Fund 11 transfers out to other funds for normal operating activities at the total college level. Funds not available and creates future financial issues in those funds Total expenditures

Yearly Deficit spending - not sustainable

ECCE changes in process or under consideration

Revenue changes with available information

Expenditure changes under discussion

Net changes in process - must be positive

Total yearly impact on Fund Balance

Final yearly ending balance

Budget Strategies Leadership Taskforce Pricing thoughts

As of: April 24, 2024

Potential Budget Reduction Strategies Already Implemented as of February 2024 for 2023-2024 Budget:

		Estimated \$ \$0 = not priced N/A not viable	Possibly Realized \$ estimated		
			23-24	24-25	25-26
Items already in the formal discussion for action or implemented:					
A.	1	Canceled or removed 30.5 FTE positions from 23-24 ECCD Position Control as of April 23, 2024			
	2	Savings from unfilled positions 7/1/23 – 3/31/24			
	3	Anticipated Indirect Overhead transfers from restricted/categorical funds: \$500,000	estimated total		
	4	Measure E labor cost transfers as of 12/31/23: \$348,720			
	a	Measure E cost transfers for Fund 11 work in FY 23-24 (com and grass areas)			
	5	Strategic use of categorical funds to support College operations: \$750,000			
	6	One-time/recurring Fund 12 and other funds to Fund 11 – indirect transfers – duplicative to A-3			
	7	Open Position Review – Hiring Slow Down Spring 2024			
	8	Reduce number of sabbaticals from 12 to 4 for 2024-2025			
	9	Hiring frost/freeze effective March 2024 exceptions for mission critical or legally required positions (?further President direction coming?)			
	10	Reduce new faculty recruitments down in order to meet and not exceed the Faculty Obligation Number (FON) – Consider current projected Fall 2024 required FON, projected Fall 2024 Faculty FTE, and current Spring 2024 FT Faculty recruitments (10 recruitments and up to 11 positions), full time 4 positions \$390,264, Class III \$280k, Class II benefits \$55k			
	11	Restrict all non-essential travel effective Spring 2024 (\$774,058 total budget, \$537,294 unspent, >\$250,000). Grant funded travel may still occur as long as costs are fully borne by the grant/categorical			
	12	Identify additional strategic use of categorical fund usage through Spring 2024 and into 2024-2025 - a - one time lottery covid IP			
	13	Cancel specific positions due to retirements or vacancies that were previously filled as of July 1, 2023			
	14	New positions created after July 1, 2023			
From D.4	b	Management/Supervision			
		Subtotal			
Items potentially inconvenient but seem reasonable and appropriate as soon as possible					
B.	1	Elimination of the EASE program (2,452 enrollment at \$14 per plus admin fee of \$2,500. Need decision prior to 5/1/24.			
	2	Modified Zero-base budget/Discretionary reductions with targets by area at start of 24-25 FY, 2/24 actuals - encumbrances	goal		
	3	Reduce non-mission critical spending – budget block or transfer blocks - need committee specific ideas (items would be included in 29b underrun)	Carlos & Jeff S.		
	4	Reduce spending on outside vendors, professional experts, or other outsourced work (ALMA, Marcom, others) (past not Fund 11)			
	5	Reduce non-mission critical reassignments and special reassignment time (Fund 11 and 12)	JH infor to C&JS		
	6	Reduce costs for outside speakers (Fund 11) 23-24 \$98,555 budget 3/5/24 unspent \$61,561			
	7	Reduce temporary non-classified budgets – Mission critical and keep reductions away from students, < spending >\$400k			
	8	Reducing the CFA schedule or require revenue neutral/positive events – explore options for hiring temps through temp agencies			
	9	Review any overlapping functionality and make use of systems we already have - what does this mean? Licenses reductions / software			
	10	Review energy costs and renewables – heating/cooling, others			
	11	Program Review/Reduction – Program Discontinuance for low-enrolled or non-viable programs – Moved to C7			
	12	ECCD Vehicle Program – internal costs for maintenance vs bus/van rentals (sunk costs, new fees far outcost continued operations - vehicles, maint, insurance)			
	13	2023-2024 Fiscal Year end Fund 11 underruns and 2024-2025 related budget reduction			
moved	14	Total ECC software/enterprise review. Total budget within IT savings depends on campus no use/need decisions. \$3,888,392 budget			
	15	Campus wide copier review - total cost of ownership (procurement bid in process)			
	16	Fund 11 to Fund 12 Technology			
	17	Fund 11 to Fund 41 Capital Outlay			
	18	Fund 11 to Fund 61 Worker's Compensation			
	19	Fund 11 to Fund 62 Insurance			
	20	Fund 11 to Fund 69 OPEB - depends on retirees & current funding			
	20b	Proper facilities budgeting, Requires unforeseen/emergency repairs and proper Fund 41 charging			



	21	Elimination of the retiree plaques (\$2,000/year or more)	\$2,000				
	22	Elimination of the pancake breakfast on PD Day. (Tuan Hua can get #s)	\$5,000				
	23	Elimination of the lunch on PD Day. (Tuan Hua can get #s)	\$18,000				
	24	Elimination of an in-person graduation ceremony and host an online ceremony. (Ann O'Brien can get #s), charge grad fee, \$ is 22-23	\$147,000				
moved	26	Current 23-24 FY budget underruns to be booked - contrast with line items that have been reduced like #1, 2 or 6 as examples	\$1,000,000				
	27	Lecture - Lab Parity discussions March 2024	(\$55,825)				
	28	Insurance Trust account funding	(\$1,000,000)				
	29	Combining all current year 23-24 spending /budget reductions "current year underruns" - not including full time employees"					
	29a	Total ECC software/enterprise review. Total budget within IT savings depends on campus no use/need decisions. \$3,888,392 budget	\$100,000				
	29b	Current 23-24 FY budget underruns to be booked - contrast with line items that have been reduced like #1, 2 or 6 as examples	\$1,000,000	\$3,500,000			
	29c	Restrict all non-essential travel effective Spring 2024 (\$774,058 total budget, \$537, 294 unspent, >\$250,000?) within the above underrun	\$250,000		\$250,000	\$250,000	
	29d	Modified Zero base budget/Discretionary reductions with targets by area at start of 24-25 FY,2/24 actuals+ encumbrances	goal \$2,000,000+		\$2,000,000	\$2,000,000	
		Subtotal	\$3,706,581	\$3,500,000	\$752,527	\$752,527	
	Items that might be difficult						
C.	1	Retirement incentive for 2024-2025 – Does not exist for PERS. Does exist for STRS but College can research.	\$0				
	a	- STRS 2 year service credit option for qualifying STRS members - NO CURRENT DEFINITION PLACEHOLDER LINE					
	b	- SERP for qualifying PERS & other members - NO CURRENT DEFINITION PLACEHOLDER LINE					
	2	Department Chairs - what does this mean?	N/A, unknown				
	3	Reorganized Divisions – duplicative thought see C6	\$0				
	4	Review organizational structure for potential consolidation and gains in efficiency, see C 6	\$0				
	5	Individual employee choices to reduce their hours to save money	\$0				
	6	Program Review/Reduction – Program Discontinuance for low enrolled or non-viable programs	\$0				
aaa	25	Review extra curricular programs (like athletics, debate, forensics, journalism, etc)	\$0				
		Subtotal	\$0	\$0	\$0	\$0	
	Items that are probably difficult WORST CASE SCENARIO						
D.	1	Furlough days if allowable under CBA per day	\$0				
	a	- ECCE	\$130,000				
	b	- Management/Supervision	\$52,600				
	c	- AFT all (\$0 due to can't reduce instructional class days)	\$0				
	d	- Confidential	\$7,000				
	e	- POA	\$3,775				
	2	Temporary salary reductions (1% across campus based on 23-24 baseline)	\$1,468,252				
	a	- ECCE	\$427,414				
	b	- Management/Supervision	\$168,022				
	c	- AFT all	\$818,683				
	d	- TNC	\$54,133				
	e	- POA should be in here to - yes? No?	\$0				
	3	Reductions in force	\$0				
	4	Delay 2% salary increase until FY 26/27	\$0				
	a	- ECCE	\$854,828				
	b	- moved to Section A	moved Section A				
	c	- POA should be in here to - yes? No?	\$0				
	5	Reduce class schedule and services	\$0				
	6	Single enrollment only for benefits non-enrollment \$420/employee (based on 265 of current participants)	\$111,300				
		Subtotal	\$4,096,007	\$0	\$0	\$0	
	Potential Revenue Generating or Budget Reduction Strategies beginning Spring 2024:						
E.	1	Non-Resident Tuition change (financial projection based on 2023-2024 enrollment, March 2024 Board approved)	est \$360,000		\$360,000	\$360,000	
	2	Other Student Fee changes (parking fees, etc.) (Board agenda items May /June 2024)	\$400,000				

3	Target continued enrollment growth for FTES and SCFF funding (+8% over 24-25 and 25-26) - Revenue	\$0			
4	Discuss non-resident tuition, parking fees (\$20/ per?), and similar costs to be in line with regional CC's - Revenue	4/24 Board?			
5	Programs to grow in order to spur workforce, transfer etc.	\$0			
6	Increase facilities rentals - net after payment of employee expenses, campus resource limitation	\$50,000			
7	California PT medical reimbursement estimate (\$600k full year but expense vs. revenue, unspent goes to total underrun)	\$162,252			
8	Change to the Projected Deficit Factor (Original 4% reduced to .76% may increased up to? 1% est. \$1.25M)	\$0			
	Subtotal	\$972,252	\$0	\$360,000	\$360,000
	Net Total	\$16,660,741	\$9,681,828	\$9,169,918	\$8,569,853
			23-24	\$9,681,828	\$0
			24-25	\$9,169,918	\$0
			25-26	\$0	\$8,569,853
	Net Total If all implemented	Implemented		\$18,851,746	\$8,569,853
		"Goal"		\$20,000,000	\$20,000,000
		"Shortfall"		(\$1,148,254)	(\$11,430,147)
				This \$20M different from 25- 26	\$20M different from 24-25, separate \$20M
	Point in time April 23, 2024 What is REAL?			\$9,606,828	\$7,269,918
					\$6,644,853

Next Steps –

- Viewing of ALL financial spreadsheets for your personal analysis. Please go to ECC web site – Leadership – VP of Administrative Services – [Budget Leadership Strategies Team | El Camino College | Torrance, CA](#)
- All follow up questions will be addressed in a documented file on the Budget Leadership Strategies Team web page. Please send your questions Bob Suppelsa BSuppelsa@elcamino.edu or provide questions to a PBC member or Budget Leadership Strategies Team member who will forward the question for action
- We will work together with the participatory governance process and the PBC and Budget Leadership Strategies Team and all constituencies at ECC consistent with the Budget Leadership Strategies Team guidelines
- Formal 24-25 Budget development process is in process. The numbers seen here are the building blocks for the June preliminary and September final budget documents.

Chat Questions or Follow up questions from Town Hall

- Current questions from the Chat room from this Zoom meeting.
- Follow up questions to Bsuppelsa@elcamino.edu or via your representatives to PBC and/or Budget Leadership Strategies Team. Answers will be posted online for everyone to see
- Reminder - viewing of ALL financial spreadsheets for your personal analysis. Please go to ECC web site – Leadership – VP of Administrative Services – [Budget Leadership Strategies Team | El Camino College | Torrance, CA](#)
- Thank you for your time and interest on this very important financial topic for El Camino College
- Additional information is provided for you reference if interested.

Additional Reference Information for you to review

- Process of where we've been and where we are going
- 23-24 Budget Assumptions – previously presented
- 23-24 Budget Assumptions Updated February 2024 – previously presented
- Original Financial Projections thru 2-26 – previously presented
- School Services Community College updates:
 - April 24, 2024 – 23-24 State Revenues Continue to Underperform
 - April 25, 2024 – Statutory COLA for 24-25 Now Available
 - Estimated at 1.07% vs .76%. Dollar value for ECC approximately \$465,000
 - Real COLA unknown until August 2024

Reference information from prior Town Hall or other sources

- **Providing past information for reference to help everyone realize where:**
 - **Where we have been**
 - **What we are doing**
 - **Where we are**
 - **Where we are going**

Prior 23-24 Budget Assumptions – all previously documented and known

Tentative Budget - June 2023 Projection for June 24	Adopted Budget September 2023 Projection for June 24
* Apportionment based on FTES level of 18,994 - Hold Harmless	* Apportionment based on FTES level of 18,994 - Hold Harmless
* 23-24 Fund 11 Beginning balance estimated at \$64.7M	* 23-24 Fund 11 Beginning balance estimated at \$58.7M
* Funding COLA at 8.22%	* Funding COLA realized with Deficit factor $8.22\% - 2.29\% = 5.74\%$, - \$3.5M
* Step/Column increases for faculty and classified staff and management \$2.1M	* Step/Column increases for faculty and classified staff and management \$2.1M
* Cost Increases to PERS/STRS related to rate increases \$0.5M	* Cost Increases to PERS/STRS related to rate increases \$0.5M
* FY Stand alone Surplus \$11. 5M balance	* FY Stand alone Deficit -\$4.6M balance - Deficit Spending estimated at \$20.0M based on BAFO with AFT
	* Additional costs with completed negotiations ECCE @ \$3.8M, Unrepresented @ \$2.3M
	* Additional costs with pending AFT negotiations placeholder \$21.0M
* Projected Ending Balance \$38.7M	* Projected Ending Balance \$38.7M
* Projected Ending Balance Required \$34.0M	* Projected Ending Balance Required \$32.7M

23-24 Budget Assumptions Updated - February 2024

Tentative Budget - June 2023 Projection for June 2024	Adopted Budget September 2023 Projection for June 2024	Status February 2023 Projection for June 2025	Status February 2023 Projection for June 2025
* Apportionment based on FTES level of 18,994 - Hold Harmless	* Apportionment based on FTES level of 18,994 - Hold Harmless	* Apportionment based on Sustainability Funding consistent with prior year and NO COLA	* No changes from February 2024-2025 Revenue and expenditures
* 23-24 Fund 11 Beginning balance estimated at \$64.7M	* 23-24 Fund 11 Beginning balance estimated at \$58.7M	* 24-25 Fund 11 Beginning Balance estimated at \$38.4M	
* Funding COLA at 8.22%	* Funding COLA realized with Deficit factor 8.22% - 2.29% = 5.74%, -\$3.5M	* FY 24-25 Projected COLA 4.0% now at 0.76%, -\$5.1M on top of 2023-24 Deficit factor @ -\$3.5M. * Combined -\$8.6M change to earlier estimates of 2024-25 revenues.	
* Step/Column increases for faculty and classified staff and management \$2.1M	* Step/Column increases for faculty and classified staff and management \$2.1M	* Step/Column increases for faculty and classified staff and management \$2.1M	
* Cost Increases to PERS/STRS related to rate increases \$0.5M	* Cost Increases to PERS/STRS related to rate increases \$0.5M	* Cost Increases to PERS/STRS related to rate increases \$0.5M	
* FY Stand alone Surplus \$11.5M balance	* FY Stand alone Deficit -\$4.6M balance - Deficit Spending estimated at \$20.0M based on BAFO with AFT	FY estimated stand alone Deficit -\$20.4M balance	
	* Additional costs with completed negotiations ECCE @ \$3.8M, Unrepresented @ \$2.3M		
	* Additional costs with pending AFT negotiations placeholder \$21.0M		
* Projected Ending Balance \$38.7M	* Projected Ending Balance \$38.7M	* Projected 2024-25 Ending Balance \$17.9M	* Projected 2024-25 Ending Balance is negative -\$6.35M
* Projected Ending Balance Required \$34.0M	* Projected Ending Balance Required \$32.7M	* Projected Ending Balance Required \$33.4M	

Financial Projections - Original Information with 2025-26 Projection Update

Publish date: February 1, 2024

Town Hall 3 Year Fund 11 Financial Projections as of January 2024

2023-24 Current Budget Fund 11		2024-25 Projected Budget Fund 11		2025-26 Projected Budget Fund 11	
Estimated Beginning Fund Balance	\$58,702,909	Estimated Beginning Fund Balance	\$38,394,087	Estimated Beginning Fund Balance	\$17,966,219
Revenue		Revenue		Revenue	
Federal Revenue	18,000	Federal Revenue	18,000	Federal Revenue	18,000
General Apportionment Rev (Sept 2023) ¹	151,739,734	General Apportionment Rev (Sept 2023) ¹	155,679,265	General Apportionment Rev (Sept 2023) ¹	155,679,265
Other State Revenue	12,688,195	Other State Revenue	12,688,195	Other State Revenue	12,688,195
Other Local Revenue	7,740,200	Other Local Revenue	7,740,200	Other Local Revenue	7,740,200
Contributions in from other ECC Funds	-	Contributions in from other ECC Funds	-	Contributions in from other ECC Funds	-
Total Revenues	172,186,129	Total Revenues	176,125,660	Total Revenues	176,125,660
Expenditures ³		Expenditures ³		Expenditures ³	
Certificated Salaries	61,805,202	Certificated Salaries	62,886,793	Certificated Salaries	63,987,312
Classified Salaries	35,866,395	Classified Salaries	36,339,831	Classified Salaries	37,502,706
Employee Benefits	40,461,093	Employee Benefits	41,088,240	Employee Benefits	41,807,284
Books & Supplies Pool	3,342,435	Books & Supplies Pool	3,342,435	Books & Supplies Pool	3,342,435
Other Operating Expenses & Services	13,849,672	Other Operating Expenses & Services	13,849,672	Other Operating Expenses & Services	13,849,672
Capital Outlay	462,843	Capital Outlay	462,843	Capital Outlay	462,843
Other Outgo	4,759,243	Other Outgo	4,759,243	Other Outgo	4,759,243
<u>Negotiation Settlement Costs (ECCE & Unrepresented)</u>		<u>Negotiation Settlement Costs (ECCE & Unrepresented)</u>		<u>Negotiation Settlement Costs (ECCE & Unrepresented)</u>	
ECCE (Settled) - Cumulative	6,224,285	ECCE (Settled) - Cumulative	7,207,065	ECCE (Settled) - Cumulative	7,207,065
Unrepresented (Settled) - Cumulative	4,021,042	Unrepresented (Settled) - Cumulative	4,412,930	Unrepresented (Settled) - Cumulative	4,412,930
AFT (Last District Offer) - Cumulative ⁴	21,329,053	AFT (Last District Offer) - Cumulative ⁴	16,967,525	AFT (Last District Offer) - Cumulative ⁴	16,967,525
<u>Operating Necessity Contingencies</u>		<u>Operating Necessity Contingencies</u>		<u>Operating Necessity Contingencies</u>	
Transfer out of Fund 11 to OPEB to fund present liabilities		- Transfer out of Fund 11 to OPEB to fund present liabilities		- Transfer out of Fund 11 to OPEB to fund present liabilities	-
Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense		- Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense		- Transfer to STRS or PERS Liability Fund to mitigate/eliminate future expense	-
Transfer out of Fund 11 for Capital Outlay Needs		- Transfer out of Fund 11 for Capital Outlay Needs		- Transfer out of Fund 11 for Capital Outlay Needs	-
Transfer out of Fund 11 for Workers Compensation liabilities/claims/expense		- Transfer out of Fund 11 for Workers Compensation liabilities/claims/expense		- Transfer out of Fund 11 for Workers Compensation liabilities/claims/expense	-
Transfer out of Fund 11 for District Insurance - Property & Liabilities expense		- Transfer out of Fund 11 for District Insurance - Property & Liabilities expense	326,027	Transfer out of Fund 11 for District Insurance - Property & Liabilities expense	326,027
Total Expenditures	192,121,263	Total Expenditures	191,642,605	Total Expenditures	194,625,043
Projected Change to Fund Balance	-19,935,134	Projected Change to Fund Balance	-15,516,945	Projected Change to Fund Balance	-18,499,383

Update of Information since Budget Adoption in September XX,2024:

Update of Information since Budget Adoption in September XX,2024:					
Changes to Revenues		Changes to Revenues		Changes to Revenues	
1) Deficit factor @ 2.2926% ¹	(3,478,764)	1) Deficit amount (continued from 2023-24) ¹	(3,478,764)	1) Deficit amount (continued from 2023-24)	(3,478,764)
		2) Reduction of COLA from 3.94% to 0.76% ^{1,2}	(5,018,568)	2) Reduction of 2024-25 COLA from 3.94% to 0.76% ^{1,2}	(5,018,568)
		3) Deficit factor on the 2024-25 General Apportionment	-	3) Deficit factor on the 2025-26 General Apportionment	-
Changes to Expenditures		Changes to Expenditures		Changes to Expenditures	
1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD)	2,081,557	1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD)	2,081,557	1) Cancel 37 positions within 9/06/23 Position Control as of Dec 31, 2023 (TBD)	2,081,557
2) Savings from unfilled positions 7/1/23 to 12/31/23	2,701,777	2) Savings from unfilled positions 7/1/24 to XX/XX/2X	-	2) Savings from unfilled positions 7/1/25 to XX/XX/2X	-
3) Additional recurring expenses Institutional Research Requests ³	(515,000)	3) Additional recurring expenses Institutional Research Requests ³	-	3) Additional recurring expenses Institutional Research Requests ³	-
4) Anticipated Indirect Overhead transfers from Restricted Funds	500,000	4) Anticipated Indirect Overhead transfers from Restricted Funds	500,000	4) Anticipated Indirect Overhead transfers from Restricted Funds	500,000
5) Measure E labor transfers ⁵	348,720	5) Measure E labor transfers ⁵	100,000	5) Measure E labor transfers ⁵	100,000
6) Initial 23-24 Budget Leadership / PBC recommended reductions	-	6) Initial 24-25 Budget Leadership / PBC recommended reductions	-	6) Initial 25-26 Budget Leadership / PBC recommended reductions	-
7) Change to Cost of AFT (Final Settlement vs Sept Last District Offer-above)	(2,761,978)	7) change to Cost of AFT (Final Settlement vs Sept Last District Offer from above)	904,852	7) Change to Cost of AFT after Final Settlement vs Sept Last District Offer above	-
8) One time Fund 11 transfers to Fund 12 other other funds	750,000	8) 15% estimated incr. to interfund transfers out for Prop and Liability Insurance (Fd62)	see above	8) 15% estimated incr. to interfund transfers out for Prop and Liability Insurance (Fd62)	-
9) AFT Part time medical reimbursement	-	9) AFT Part time medical reimbursement	-	9) AFT Part time medical reimbursement	-
	(373,688)		(4,910,923)		(5,815,775)
Current Projected Change to Fund Balance	(20,308,822)		(20,427,868)		(24,315,158)
Projected Fund balance	\$ 38,394,087	Projected Fund balance	\$ 17,966,219	Projected Fund balance	\$ (6,348,938)
Ending Fund Balance as % =>	20%	Ending Fund Balance as % =>	9%	Ending Fund Balance as % =>	-3%
State Required Reserve @ 3% =>	\$ 5,774,849	State Required Reserve @ 3% =>	\$ 5,896,606	State Required Reserve @ 3% =>	\$ 6,013,225
Board Required Reserve @ 6% =>	\$ 11,549,697	Board Required Reserve @ 6% =>	\$ 11,793,212	Board Required Reserve @ 6% =>	\$ 12,026,449
Emergency Conditions Required Reserve @ 17% =>	\$ 32,724,142	Emergency Conditions Required Reserve @ 17% =>	\$ 33,414,100	Emergency Conditions Required Reserve @ 17% =>	\$ 34,074,939

footnotes 2023-24:		footnotes 2024-25:		footnotes 2025-26:
1 - Calculated using SCFF Simulator (Chancellor's Office website)		1 - Calculated using SCFF Simulator (Chancellor's Office website)		1 - Calculated using SCFF Simulator (Chancellor's Office website), no COLA until FTES full recovery
2 - Funded based on 2023-24 Stability funding (\$150,660,697)		2 - Funded based on 2023-24 Stability funding (\$150,660,697)		2 - Funded based on 2023-24 Stability funding (\$150,660,697)
3 - 2023-24 Annual Planning (IRP) Costs continued into 2024-25 and 2025-26		3 - 2023-24 Annual Planning (IRP) Costs may continue into 2024-25 and 2025-26		3 - 2023-24 Annual Planning (IRP) Costs may continue into 2024-25 and 2025-26
4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll retro payment for 2022-23 negotiated increases recorded in the 2023-24 Fiscal Year		4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll retro payment for 2022-23 negotiated increases recorded in the 2023-24 Fiscal Year		4 - Faculty Costs decrease in 2024-25 relative to 2023-24 as a result of one-time payroll retro payment for 2022-23 negotiated increases recorded in the 2023-24 Fiscal Year
5 - Based on 2022-23 Sand-Along Labor Transfers to Measure E		5 - Based on 2022-23 Sand-Along Labor Transfers to Measure E		5 - Based on 2022-23 Sand-Along Labor Transfers to Measure E

2023-24 State Revenues Continue to Underperform

✓ BY PATTI F. HERRERA, EDD

✓ BY MATT PHILLIPS, CPA

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posted April 24, 2024

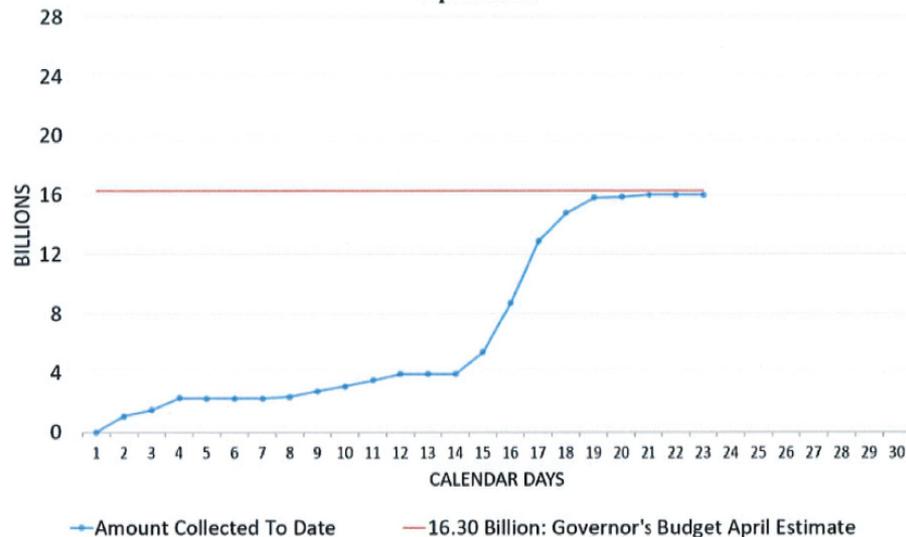
The theme of the 2024-25 Governor's Budget proposal was one of fiscal prudence and a heightened focus on the sustainability of current investments. Governor Gavin Newsom voiced that we are in a period "normalization and correction" in seeking to explain the unexpected revenue shortfall in 2022-23. He emphasized that the shortfall was not because of erroneous budgetary assumptions, but rather due to an absence of concrete information when the 2023-24 State Budget was enacted last summer. The lack of information stemmed from the extension of the 2022 tax filing deadline to November 2023.

In February 2024, one month after the 2024-25 Governor's Budget proposal was released, the Department of Finance published its monthly *Finance Bulletin* (Bulletin), reporting that January tax receipts came in nearly \$5 billion below the estimates included in the 2024-25 Governor's Budget proposal, resulting in a fiscal year-to-date shortfall of \$5.8 billion. This was a sobering start to 2024 and the impending State Budget negotiations. Fast forward to April 2024 and the Bulletin that includes state revenues through March reporting that the 2023-24 year-to-date shortfall has stabilized at \$5.8 billion, which means that February and March tax receipts have largely aligned with the Administration's monthly projections.

While February and March tax receipts are noteworthy, the month of April inarguably plays a much more significant role in determining whether the Administration's projections in the Governor's Budget proposal for 2023-24 were too aggressive, too conservative, or somewhere in between. Projections for personal income tax receipts in February and March were expected to be approximately \$10.7 billion, however, personal income tax receipt collections in April are expected to be \$16.3 billion—approximately 7.67% of total General Fund revenues.

The State Controller's Office (SCO), via their [daily income tax collection tracker](#), is reporting that the Administration's projection of \$16.3 billion is likely to be met, and possibly exceeded. Personal income tax receipts through April 23 total \$16 billion with five business days remaining in April. The final days of April are unlikely to yield significant tax collections, but it is promising that the month's projections are likely to be met.

Personal Income Tax Revenues Collected Compared to Governor's Budget Estimate April 2024



Source: SCO website as of April 24, 2024

The education community and constituents in California might be inclined to exhale a sigh of relief—and we encourage you to do so! However, it is important to remember that while the tax collections in the months of February through April have aligned with projections, the state is still playing catch-up as a result of the \$5.8 billion shortfall through January. Additionally, the state is also grappling with the \$26 billion shortfall from the 2022-23 fiscal year, which has an \$8 billion impact on the Proposition 98 minimum guarantee for that year. Budget deliberations immediately following the release of the May Revision will intensify, and partners in the K-14 field are eager to hear updates from the Governor's proposal from January, including updates regarding the proposed shift of the \$8 billion that was allocated to K-12 and community college agencies in 2022-23.

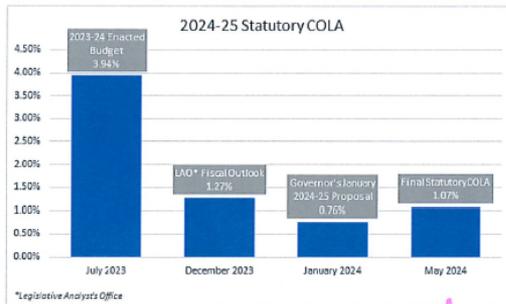
Statutory COLA for 2024-25 Now Available

BY DAVE HECKLER
BY MATT PHILLIPS, CPA

Copyright 2024 School Services of California, Inc. posted April 25, 2024

Today, April 25, 2024, the U.S. Department of Commerce released the 2024 first quarter value of the implicit price deflator for state and local government goods and services, which provides the final data point needed to calculate the 2024-25 statutory cost-of-living adjustment (COLA) for K-14 education per Education Code Section 42238.02(d)(2).

The latest data point sets the statutory COLA for 2024-25 to be 1.07%, far below the forecasted 3.94% when the 2023-24 State Budget was adopted. The decline in the statutory COLA may be attributed to the decline in state revenues, but the calculation of the statutory COLA is unrelated to state factors. Rather, the COLA is calculated based on nationally aggregated data of state and local government consumption.



The state must decide if it will have sufficient money to fund the statutory COLA for 2024-25. Last summer, when the 2023-24 State Budget was enacted, the state's economic condition was weakening, but the full extent was not known because of the delay in income tax filings to November 2023. The state's economic situation deteriorated more quickly than many expected—with a \$40 billion to \$70 billion deficit, depending on the viewpoint—and the state must now address current and future deficits, rather than determine how to spend surpluses.

31% CHANGE
APPROXIMATELY
\$ 465,000