



# **FY 2024-25**

# **Governor's Budget Proposal**

February 6, 2024



# State Budget

## \$38 Billion Budget Problem

- Substantial Revenue Reduction due to FY 2022-23 Stock Market decline
- Delay in Income Tax Collections

## Budget Solutions

- \$13.1 Billion – Reserve Drawdown
- \$8.5 Billion – Spending Reductions
- \$5.7 Billion – Increased Tax Revenues and Internal Borrowing
- \$5.1 Billion – Delayed Spending
- \$3.4 Billion – Funding Shifts
- \$2.1 Billion – Deferrals



# State Budget

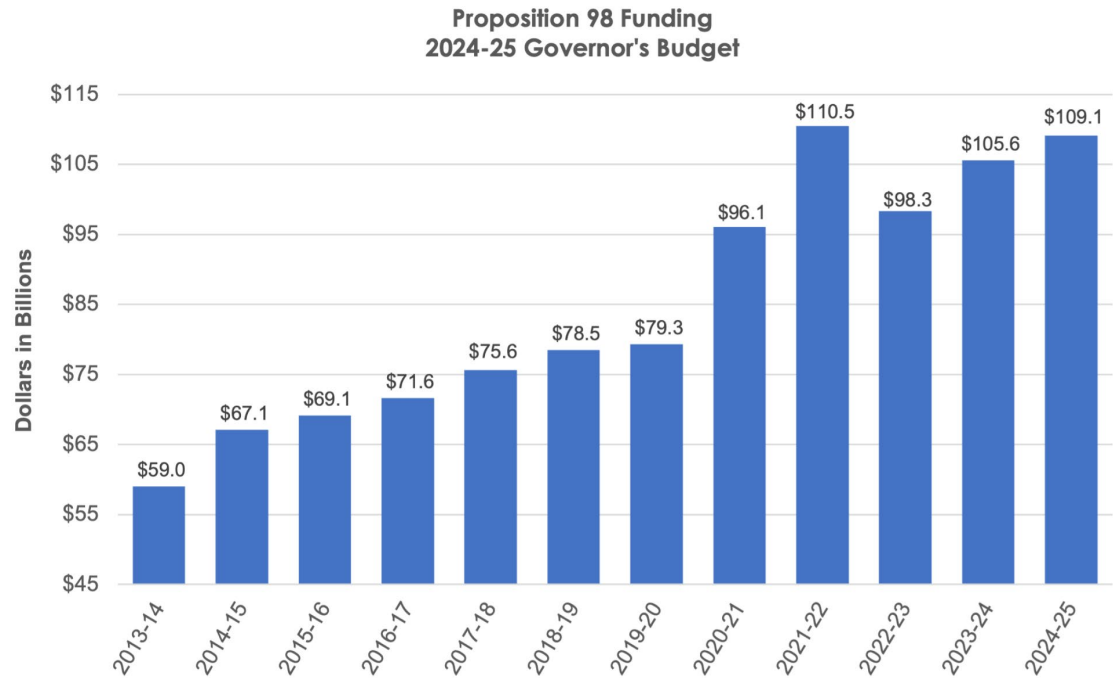
## Projected Future Operating Deficits

- \$37 Billion - FY 2025-26
- \$30 Billion – FY 2026-27
- \$28 Billion – FY 2027-28



# Proposition 98 Minimum Guarantee

- FY 2022-23 approved budget set the K-14 minimum guarantee at \$106.9 billion...now revised to \$98.3 billion.
- FY 2023-24 approved budget set the K-14 minimum guarantee at \$108.8 billion...now revised to \$105.6 billion.
- FY 2024-25 - Governor estimates the guarantee at \$109.1 billion.
  - Community College share of Proposition 98 – 10.93%





## Proposition 98 (Cont.)

- \$10.8 Billion – Total decrease over FY 2022-23 (10.98%).
- \$14.8 Billion – Lower constitutionally required spending.
  - \$8.0 Billion – Reduced funding to constitutional level without impacting existing K-14 education budgets. Statutory changes are being proposed, to include supplemental payments totaling \$8 billion over 5 years.
  - \$5.7 Billion – Reserve withholdings.
  - \$1.1 Billion - Baseline spending reduction.



# FY 2024-2025 Governor’s Budget Proposal

*(In Millions)*

<u>Unrestricted Ongoing Revenues</u>	<u>Community College System</u>
<b><u>Apportionment*</u></b>	
COLA (0.76%)	\$ 69.1
Growth (0.50%)	<u>29.6</u>
Total Apportionment/Unrestricted Ongoing Revenues	<u>\$ 98.7</u>
<b><u>Unrestricted One-Time Revenues</u></b>	<u>\$ -</u>
Total Unrestricted Revenues	<u><u>\$ 98.7</u></u>

\*These funding increases will be reflected in the rates for the Base, Supplemental, and Student Success allocations under the Student Centered Funding Formula.



# FY 2024-2025 Governor’s Budget Proposal

**Base Changes**  
*(In Millions)*

<u>Restricted Ongoing Revenues</u>	<u>Community College System</u>
COLA for Categorical Programs*	<u>\$ 9.3</u>
Total Restricted Ongoing Revenues	<u>\$ 9.3</u>

\*Categorical Programs that the Governor’s Budget Proposal included to receive COLA are: DSP&S, EPO&S, CARE, CalWorks, Adult Education, and Apprenticeship. Large programs such as Student Equity & Achievement and Student Success Completion Grant were not included to receive COLA.



# FY 2024-2025 Governor’s Budget Proposal

**Base Changes**  
*(In Millions)*

**Restricted One-Time Revenues**

**Community  
College System**

Expand Nursing Program Capacity

\$ 60.0

Total Restricted One-Time Revenues

\$ 60.0

Total Restricted Revenues

\$ 69.3





# FY 2024-2025 Governor's Budget Proposal

**Base Changes**  
*(In Millions)*

**Other**

	<u>Community College System</u>
Physical Plant & Instructional Support	\$ -
Proposition 51 - State GO Bond (1 Continuing Project)*	<u>29.3</u>
Total "Other" Restricted Revenues	<u><u>\$ 29.3</u></u>

\*Additional projects may be added to the May Revise.



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**Pension Relief** - The Governor's FY 2024-25 Budget Proposal does not provide for additional pension relief for community college districts. The CalSTRS rate is not scheduled to change from the current rate of 19.10% but the CalPERS rate is scheduled to increase from 26.68% to 27.80%.

**Hold Harmless Protection** – No changes were proposed to the expiration of “Hold Harmless” protection at the end of FY 2024-25.



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**Student Housing Program** - The Governor's Budget Proposal includes funding for UC and CSU Student Housing Project Lease Revenue Bonds issued by those systems. It also includes a statement that the "Department of Finance will pursue a trailer bill for a Statewide Lease Revenue Bond Program" for Community Colleges by the May Revision.

The Governor's Budget Proposal redirects \$61.5 million designated for annual rent subsidies for Affordable Student Housing to Affordable Student Housing Projects.

**Educational Facilities Bond** – The Governor's Budget messaging commits to pursuing a statewide education facilities bond. The exact amount of the bond and the split with the other education sectors will be determined through negotiations with the legislature.