

Glendale Community College



2024-25 Fiscal Implications of the Tentative Budget

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Governor's May Revise

- May Revise was released on May 10, 2024
- Budget proposal continues to reflect a focus on California community Colleges
- Cost of Living Adjustment (COLA) is proposed at \$1.07%
 - Includes certain categorical such as SEA, EOPS & DSPS
- Reflects a deficit of \$44.9 billion
 - Potential additional deficits due to Elevated Interest Rates and Inflation
- One-time funding of \$60M for expansion of nursing program



Deficit Recovery

- Funding Delay
- Internal borrowing
- Systemwide cuts
- Fund Shifting
- Prior-year reductions



GCC Fiscal Matters

- 50% Law
- Faculty Obligation Number (FON)
- Health Benefits
- Funding of 2024-25 Budget Requests
- Negotiation with employee groups
- Deficit Factor
- Deferment
- CalPERS & CalSTRS rate changes



Conservative Approach

- GCC has included the revenue deficit of \$4.3M in its 2023-24 ending balance to accurately calculate its Total Computational Revenue (TCR) for 2024-25.
- The 2024-25 Tentative Budget is projecting a reserve balance of \$14.8M. This number is sensitive to the year-end transactions from now till GCC's fiscal year is officially closed in mid-August 2024.
- In addition, this ending balance is subject to potential following adjustments:

Ending Balance:	\$14,872,634
Potential Deferment:	(\$3,300,000)
Deficit Factor:	<u>(\$4,259,117)</u>
Adjusted Ending Balance:	\$7,313,517

- Revenue projections will reflect SCFF adjustments for Final budget

2024-25						
Budget Development						
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Projection	Projection	Projection	Projection	Projection
Revenue Projection						
Federal Veterans education	1,000	1,000	1,000	1,000	1,000	1,000
State Apportionment Revenue	88,402,732	88,402,732	88,402,732	88,402,732	88,402,732	88,402,732
State Revenue Funds	4,736,000	4,736,000	4,736,000	4,736,000	4,736,000	4,736,000
Property Taxes	29,510,725	29,510,725	29,510,725	29,510,725	29,510,725	29,510,725
Other Revenue	6,078,780	5,875,000	6,000,000	6,000,000	6,000,000	6,000,000
Total Projected Revenue	128,729,237	128,525,457	128,650,457	128,650,457	128,650,457	128,650,457
Expenditure Projection						
Salary and Step & Column	73,156,484	72,000,000	73,000,000	74,000,000	75,000,000	76,000,000
Employee Benefits	31,615,231	31,000,000	32,000,000	33,000,000	34,000,000	35,000,000
Labor Expenditures	104,771,715	103,000,000	105,000,000	107,000,000	109,000,000	111,000,000
Other Operational Expenditures	13,146,503	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total Expenditure Projection	117,918,218	115,000,000	117,000,000	119,000,000	121,000,000	123,000,000
Transfers Out	4,150,026	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Surplus(Deficit)	6,660,993	9,925,457	8,050,457	6,050,457	4,050,457	2,050,457
Reserve						
Beginning Balance	8,211,641	14,872,634	24,798,091	32,848,548	38,899,005	42,949,462
Surplus (Deficit)	6,660,993	9,925,457	8,050,457	6,050,457	4,050,457	2,050,457
Ending Balance	14,872,634	24,798,091	32,848,548	38,899,005	42,949,462	44,999,919
<i>Reserve as a % of expenditures</i>	<i>12.61%</i>	<i>21.56%</i>	<i>28.08%</i>	<i>32.69%</i>	<i>35.50%</i>	<i>36.59%</i>
Apportionment TCR						
State Revenue	88,402,732	88,402,732	88,402,732	88,402,732	88,402,732	88,402,732
Property Tax	29,510,725	29,510,725	29,510,725	29,510,725	29,510,725	29,510,725
Enrollment Fees @98%	2,933,904	2,933,904	2,933,904	2,933,904	2,933,904	2,933,904
	120,847,361	120,847,361	120,847,361	120,847,361	120,847,361	120,847,361
<i>Revenue COLA</i>	<i>1.07%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>



The Fiscal Priorities

- Fully fund 5% cash reserve following year-end close
- Fully fund existing employee obligations
 - Step, column and benefits increases estimated to be between \$1.5 and \$2 million increase
- Maintain compliance with 50% Law & FON
- Partner with CSEA and the Guild to determine ways to further support employees through negotiations
- Increase enrollment and SCFF metrics to move out of Hold Harmless
- Identify ways to decrease ongoing costs throughout the college



The Timeline

- July – begin to modify tentative budget based on Final State Budget due prior to July 1st.
 - Analyze all budget trailer bills for impact
 - Communicate any substantive changes to College
- August – Provide Final Budget for review to the College and Board
 - Include/update any additional changes to the state budget
 - Include/update year-end closing numbers
- September – Board Approval of final budget
 - Begin Collective Bargaining
 - Update five-year projections as known costs change



Questions?