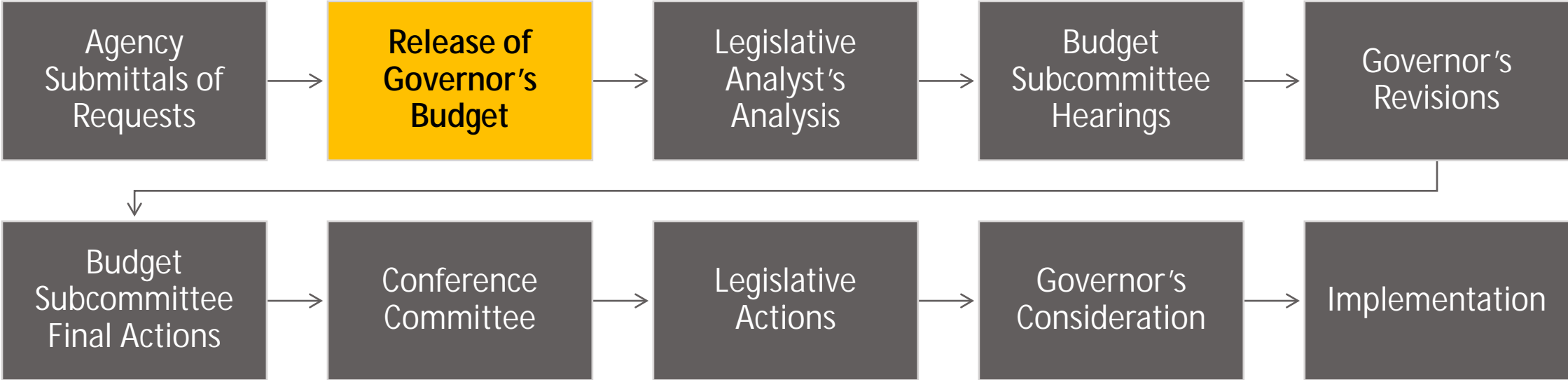


Governor's Proposed 2024-25 Budget

Board of Trustees Meeting
02/08/2024

State Budget Development Process



2024-25 Proposed Budget Priorities [1, p. 5]

- **Maintain fiscal stability**



2024-25 Proposed Budget Features

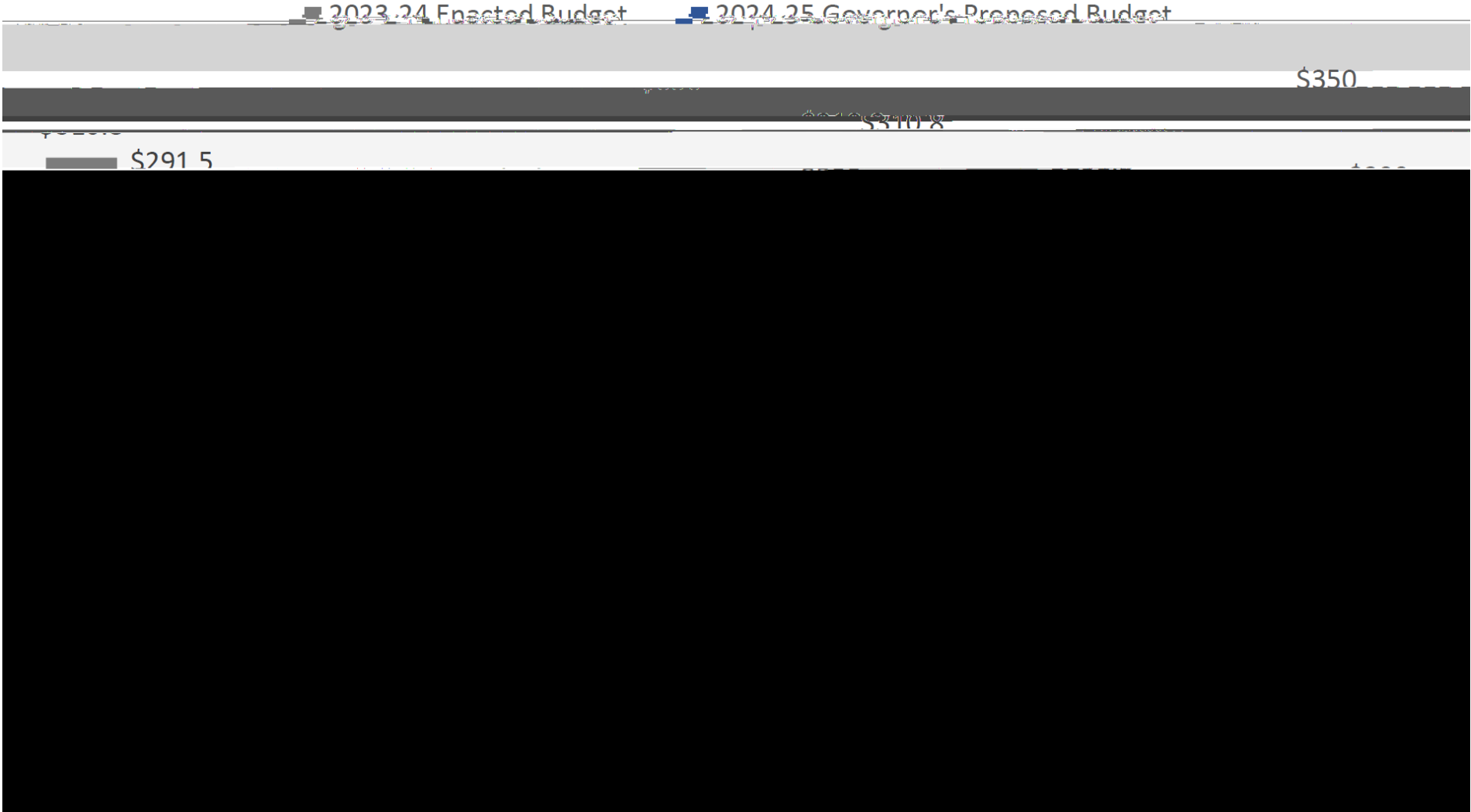
- **Notes improved conditions:**
 - Stock market rose throughout 2023 making up most losses from 2022 [1, p. 5]
 - California's GDP remained strong in 2023 [1, p. 5]

- **Identifies potential risk factors that could negatively impact ongoing economic & revenue growth:**
 - Significant shock from tightening financial conditions [1, p. 5]
 - Stock market and asset price volatility and declines [1, p. 5]
 - Geopolitical turmoil [1, p. 5]

2024-25 Proposed Budget Features

- Revenue projections predicated on “continued, but slowing economic growth and does not assume a recession” [1, p. 145]
- Projected \$37.9B budget gap [1, pp. 5-7]
 - Reserves (\$13.1B)
 - Reductions (\$8.5B)
 - Revenue/Internal Borrowing (\$5.7B)
 - Delays (\$5.1B)
 - Fund Shifts (\$3.4B)
 - Deferrals (\$2.1B)

2024-25 Proposed Budget vs. 2023-24 Enacted Budget



[2, p. 3]

Proposition 98 Funding by Source (In Millions)

	2022-23 Revised	2023-24 Revised	2024-25 Proposed	2022-24 (Amount)	2023-24 (Percent)	Change From Source
PROPOSITION 98 PROGRAMS						
General Fund	\$68,563	\$74,633	\$74,633	\$6,070	8.8%	\$6,070
Local property tax	29,749	30,953	32,185	2,436	8.2%	2,436
Total	\$98,312	\$105,586	\$106,818	\$8,506	8.6%	\$8,506
COMMUNITY COLLEGES ONLY^a						
General Fund	\$7,634	\$8,199	\$8,199	\$565	7.4%	\$565
Local property tax	2,860	4,026	4,210	\$1,350	47.2%	\$1,350

[2, p. 6]

- Revised levels represent a decrease of approximately \$11.3B relative to the

CCC Student Centered Funding Formula (SCFF)

Statewide 2024-25 SCFF: \$9,460M [2, p. 8]

- 0.76% COLA, \$69.15M [1, p. 30] [2, p. 7]
- 0.5% Growth, \$29.59M [1, p. 30] [2, p. 7]
- \$486.2M of SCFF costs (approx. 5.14%) for 2024-25 covered by *one-time* reserve funds [1, p. 30] [2, p. 6]

CCC Other Statewide Policy Adjustments

- **Ongoing Investments:**

- **0.76% COLA** for Adult Ed., EOPS, DSPS, CalWORKS, Mandates Block Grant, Apprenticeship, CARE, & Childcare Tax Bailout [1, p. 30] [2, p. 7]
- **\$0.65M** increase Mandates Block Grant & Reimbursements [2, pp. 7, 11]
- **\$50.0M** increase to Student Success Completion Grant [2, p. 11]
- **\$1.53M** increase to Financial Aid Administration [2, p. 7]

- **One-time Investments:**

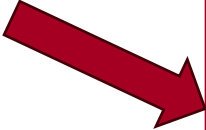
- **\$60.0M** to expand nursing program capacity [1, p. 30] [2, p. 7]

Outlook

- **January tax receipts already below Governor's Proposed Budget projections**
 - Estimated Tax Payments \$3B short [4, p. 1]
 - Personal Income Tax withholding \$1B (11%) short [5, p. 1]
- **Governor's General Fund Multiyear Forecast predicts sizable deficits continuing after 2024-25 [6, p. 1]**
 - \$36.5B for 2025-26
 - \$30.2B for 2026-27
 - \$28.5B for 2027-28

Budget News on MSJC Homepage

Budget News Link
www.msjc.edu



Sources

- [1] Governor's Budget Summary – 2024-25
<https://ebudget.ca.gov/2024-25/pdf/BudgetSummary/FullBudgetSummary.pdf>
- [2] Joint Analysis: Governor's January Budget
https://www.cccco.edu/-/media/CCCO-Website/docs/report/2024_Joint-Analysis-Governors-Budget.pdf?la=en&hash=869B806DA3DBEE3BD6662BD8CF8D1D2518A25525
- [3] LAO -- The 2024-25 Budget: Overview of the Governor's Budget
<https://lao.ca.gov/reports/2024/4825/2024-25-Overview-Governors-Budget-011324.pdf>
- [4] LAO – Recent Revenues Coming in Below Governor's Budget Projections
[https://lao.ca.gov/LAOEconTax/Article/Detavd1v-\(v\)7.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4 \(e\)o.4](https://lao.ca.gov/LAOEconTax/Article/Detavd1v-(v)7.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4 (e)o.4)

Questions?