

2023-24 HCCD FINAL BUDGET PROPOSAL

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- July 10, 2023: Governor Newsom signed the 2023-24 Budget Act reflecting state expenditures of approx. \$310B. Up less than 1% from 2022-23 (\$308B)
- Budget reflects lower revenues and a substantial budget deficit estimated at \$31.5 B (increased from January estimate of \$22.5B)
- General Fund spending decreases by more than 3% from its level in the 2022-23 enacted budget, to \$226B.
- The enacted budget uses several mechanisms to close the projected shortfall, including funding delays and reductions from the 2021-22 and 2022-23 budgets, as well as some internal fund shifts and internal borrowing.
- The budget avoids major cuts to ongoing programs and increases funding for some, including K-12 schools, higher education institutions, welfare payments, and health coverage.

2. CA Community Colleges Funding



- The 2023 Budget Act provides a small increase in overall funding for community colleges with increases in ongoing funding provided as a cost-of-living-adjustment (COLA).
- The budget for Community Colleges reflect stable total funding, including approx. \$790M in ongoing adjustments to the SCFF, of which \$678M is for an 8.22% COLA, and another \$112.4M provided for an 8.22% COLA to various categorical programs. 0.50% is also provided for enrollment growth.
- One-time funding is limited but includes \$50M one-time funding for continued support of increasing student retention rates and enrollment.
- Reduces 2022-23 deferred maintenance funds and maintains full funding for COVID-19 Block Grant.
- Provides flexibility for use of remaining funds for deferred maintenance, retention/enrollment, and the COVID-19 Block Grant.

3. Changes in Affordable Student Housing Initiative

- Eliminates the 2022-23 General Fund appropriation for the grants but provides \$81.3 million ongoing General Funds to support debt service for student housing projects in 2022-23, 2023-24 and 2024-25 funded with revenue bonds.
- Community College housing projects will need to be funded through local revenue bonds to be issued by community college districts or as a part of a state pool.
- \$200 million appropriated in one-time General Funds for the California Student Housing Revolving Loan Fund, providing zero-interest loans for construction.

4. General Fund Budget Summary

- General Fund Budget is balanced at \$71.3M.
 - Includes proposed COLA revenue.
 - Includes 2.3% deficit factor.
 - Salary and benefits account for approx. 80 percent of total expenditures.
 - Estimated year-end Fund Balance (reserve) is approx. 23 percent or \$16M.

- All identified requirements have been funded, including increases in benefits.
 - Step and column increases.
 - STRS rate remains at 19.10 percent (same as 2022-23).
 - PERS rate increase to 26.68 percent (from 25.37%).
 - Worker's Compensation rate increase to 1.8685% (from 1.8558%)
 - Estimated 7.12 percent increase in health and welfare benefits.

- All District Funds are projected to have a positive balance at the end of 2023-24.

5. Changes from Tentative Budget

General Unrestricted Fund	Tentative Budget	Final Budget	Difference	Note
Revenue	\$ 72,381,661	\$ 71,260,629	\$ (1,121,032)	1
Expenses				
Academic Salaries	22,320,444	22,320,444	-	
Classified Salaries	14,215,597	14,231,191	15,594	
Payroll Costs/Benefits	20,056,747	20,114,295	57,548	
Supplies/Materials	1,231,389	1,237,097	5,708	
Operating Expenses	14,824,917	13,625,940	(1,198,977)	
Capital Outlay	120,555	120,555	-	
Other Outgo-Student FA/(Indirect Costs)	(387,988)	(388,893)	(905)	
Total Expenses	\$ 72,381,661	\$ 71,260,629	\$ (1,121,032)	1
Net Surplus/(Deficit)	\$ -	\$ -	\$ -	

Note 1: Reduction in both revenue and expenses is due to including deficit factor of 2.3%

September 15th due date:

- Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.
- Hold a public hearing on the proposed budget. Adopt a final budget.

September 30th due date:

- Complete the adopted annual financial and budget report and make public.

October 10th due date:

- Submit an annual financial and budget report to Chancellor's Office.

Thank you!