

Glendale Community College



2023-24 Fiscal Implications of the Preliminary Final Budget

August 15, 2023

Presented by Amir Nour

Interim Vice President, Administrative Services



Key Features of the State Final Budget

- Signed on July 10, 2023 by Governor Newsom
- Reflects expenditures of approximately \$310B Statewide
- General Fund spending decreases more than 3% compare to prior year
- Includes a \$678M (8.22%) for COLA and another \$112.4M COLA for categorical
- Concerns with the impacts of:
 - \$31.5B revenue shortfalls related to downturn in the stock market
 - Delayed tax filings and revenue projections
 - High interest rates
 - Total reserve of \$38B, including \$22.3B in the state's Rainy Fund



New/Revised Revenue

- The final budget maintains the 8.22% COLA, including and additional \$112.4M COLA for EOPS, Adult Education Program, CalWORKs, CARE and DSPS
 - Will result in approximately \$8.6 million in “ongoing funding” to GCC unrestricted general fund.
- The Final budget includes a one-time funding of \$50M to continue supporting college efforts to increase student retention rates and enrollment(reduced from May Revise proposal of \$100).
 - Will result in approximately \$615K in “one-time funding” to GCC.



FY 2022-23 Revised Cuts

- The final budget reverses the May Revise proposal of a cut/reapportionment of the 2022-2023 COVID-19 Recovery Block Grant of \$345 million
 - GCC will maintain its \$4.2M that tentative budget would have returned to the state
- The final budget increases the May Revise proposed cut/reapportionment of the 2022-2023 Deferred Maintenance from \$452M to \$494.3M (-\$6.1 million for GCC, approximately an additional \$500K cut)



The Fiscal Priorities

- Maintain compliance with 50% law
- Partner with CSEA and the Guild to determine ways to further support employees through negotiations
- Identify ways to decrease ongoing costs throughout the college
 - Replacing sub-contractors with employees
 - Offering Supplementary Retirement Plan
- Identify ways create additional stabilization reserves in the event of the Slope or Cliff



Salary and Benefits Savings/ Expenses

The Final Budget has been adjusted for:

- All vacant position: Faculty, Classified and Managers
- Step and Columns
- Retirees savings
- Health insurance carriers rate increases
- Retention Rebate decrease



Schedule of Adjustments

Schedule of Adjustments					
FY 2023-24					
	Certificated Payroll	Classified Payroll	Benefits	Transfers-Out	Contracts
	1XXX	2XXX	3XXX	73XX	5XXX
2022-23 Final Payroll	47,547,642	22,998,562	28,462,400	6,484,111	-
2022-23 Hires-Adjustments	71,539	305,780	492,348	-	-
2022-23 Retirees	(638,201)	(751,256)	(893,598)	-	-
2023-24 Vacant Positions-Faculty	969,125	-	851,445	-	-
2023-24 Vacant Positions-Classified	-	477,544	542,424	-	-
2023-24 Vacant Positions-Managers	86,160	330,349	313,194	-	-
2023-24 Class Offering Decreases	(600,000)	-	(38,750)	-	-
2023-24 Step & Columns	400,000	400,000	237,920	-	-
2024 Kaiser Rate Increase-13.36% @ 50%	-	-	195,512	-	-
2024 Blue Shield Increase-12.00% @ 50%	-	-	1,033,498	-	-
2024 Retention Rebate Decrease	-	-	975,345	-	-
2023-24 Interfund Transfer Saving-CDC	-	-	-	(250,000)	-
2023-24 Interfund Transfer Saving-DSPS	-	-	-	(50,000)	-
2023-24 Interfund Transfer Saving-Health Center	-	-	-	(150,000)	-
2023-24 Interfund Transfer Saving-HEERF	-	-	-	(1,600,000)	-
2023-24 Potential Sub-Contractor Savings @50%	-	-	-	-	250,000
Total	47,836,265	23,760,979	32,171,738	4,434,111	250,000

2023-24						
Preliminary Final Budget Development						
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>	<u>Projection</u>	<u>Projection</u>	<u>Projection</u>
Revenue Projection						
Federal Veterans education	1,000	1,000	1,000	1,000	1,000	1,000
State Apportionment Revenue	84,827,897	84,827,897	84,827,897	84,827,897	84,827,897	84,827,897
State Revenue Funds	5,579,512	5,579,512	5,579,512	5,579,512	5,579,512	5,579,512
Property Taxes	25,070,696	25,070,696	25,070,696	25,070,696	25,070,696	25,070,696
Other Revenue	<u>6,436,404</u>	<u>5,875,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Total Projected Revenue	121,915,509	121,354,105	121,479,105	121,479,105	121,479,105	121,479,105
Expenditure Projection						
Salary and Step & Column	71,597,244	72,397,244	73,397,244	74,397,244	75,397,244	76,397,244
Employee Benefits	<u>32,171,738</u>	<u>33,171,738</u>	<u>34,171,738</u>	<u>35,171,738</u>	<u>36,171,738</u>	<u>37,171,738</u>
Labor Expenditures	103,768,982	105,568,982	107,568,982	109,568,982	111,568,982	113,568,982
Other Operational Expenditures	<u>13,081,504</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
Total Expenditure Projection	116,850,486	117,568,982	119,568,982	121,568,982	123,568,982	125,568,982
Transfers Out	4,434,111	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Surplus (Deficit)	<u>630,912</u>	<u>185,123</u>	<u>(1,689,877)</u>	<u>(3,689,877)</u>	<u>(5,689,877)</u>	<u>(7,689,877)</u>
Reserve						
Beginning Balance	7,604,027	8,234,939	8,420,062	6,730,185	3,040,308	(2,649,569)
Surplus (Deficit)	630,912	185,123	(1,689,877)	(3,689,877)	(5,689,877)	(7,689,877)
Ending Balance	8,234,939	8,420,062	6,730,185	3,040,308	(2,649,569)	(10,339,446)
Reserve as a % of expenditures	7.05%	7.16%	5.63%	2.50%	-2.14%	-8.23%
Apportionment TCR						
State Revenue	84,827,897	84,827,897	84,827,897	84,827,897	84,827,897	84,827,897
Property Tax	25,070,696	25,070,696	25,070,696	25,070,696	25,070,696	25,070,696
Enrollment Fees @98%	3,823,376	3,823,376	3,823,376	3,823,376	3,823,376	3,823,376
	<u>113,721,969</u>	<u>113,721,969</u>	<u>113,721,969</u>	<u>113,721,969</u>	<u>113,721,969</u>	<u>113,721,969</u>
Revenue COLA	8.22%	0.00%	0.00%	0.00%	0.00%	0.00%



Conservative Approach

Thru a collaborative efforts, we have done a GREAT job:

- GCC has moved from a deficit of \$950K in 2022-23 to a surplus of \$631K in 2023-24
- GCC has increased its ending balance from \$4.2M in 2022-23 to \$8.2M in 2023-24
- GCC was able to close its 2022-23 fiscal year with a surplus, despite covering additional HEERF expenses of \$1.7M



The Plan

- Increase enrollment and SCFF metrics to move out of Hold Harmless as soon as possible. Estimated revenue increase will be present in September based on Fall transition to SCFF
- Evaluate the possibility of offering a Supplementary Retirement Plan to reduce the costs of salary and benefits. An estimated saving summary will be presented in September
- Maintain use of one-time funds to support enrollment growth through outreach and marketing
- Finalize five-year projections based on the three models representing a Best, a Moderate and a Worst scenarios
- Identify and build into the five-year projections planned costs savings
- Ensure all plans projections and associated plans protect the College, our students and our colleagues



The Timeline

- 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
 - ACCJC site visit
 - Begin Collective Bargaining
 - Update five-year projections as known costs change



Uncertainties

HEERF Funds:

Due to the incomplete audit with the Department of Education, \$4.7M of HEERF Funds has been placed on hold until further notice.



Questions?