

Chaffey College

BUDGET FORUM

February 27, 2024



TODAY'S PRESENTATION

- 2023-24 Current year update
- 2024-25 Proposed State Budget
- 2024-25 Budget Projections
- Economic Outlook
- District Challenges/Strategies



CURRENT YEAR BUDGET UPDATE

Total Computational Revenue Refresher

The Student-Centered Funding Formula (SCFF) which emphasizes student success.

The Total Computational Revenue (TCR) is the max of A, B or C.

A. SCFF Calculated Revenue

- Base Allocation - Access (70%) – based on Full Time Equivalent Students (FTES) and basic allocation
- Supplemental Allocation - Equity (20%)
- Student Success Incentive Allocation - Success (10%)

B. Prior Year TCR Stability

- Prior year SCFF calculated revenue plus COLA

C. Minimum Revenue Commitment

- Hold Harmless through 2023-24 – was the 2017-18 TCR adjusted for COLA
- Hold Harmless Revised - the District's 2024-25 TCR will represent its new "funding floor", below which it cannot drop and will not be adjusted for COLA



CURRENT YEAR BUDGET UPDATE

2023-24 Enrollment & SCFF Revenue

Approximately 60% of the SCFF comes from FTES

Current Year 2023-24 Projected FTES	15,447.05**
Prior Year 2022-23 Funded FTES	16,773.19*
Prior Year 2022-23 Actual FTES	13,984.11

* Emergency condition allowance (ECA) were applied for the pandemic in fiscal years 2020-21, 2021-22, 2022-23 as a funding protection. This allowance modified the actual FTES to the 2019-20 funded FTES.

** The maximum current year TCR is projected to be Computation B - Prior Year TCR Stability as we are not quite at pre-pandemic level which corresponds to our current year budget.



CURRENT YEAR BUDGET UPDATE

Total Computational Revenue Over the Years

R1 – Recalculation Apportionment
 AD – Advance Apportionment
 PY – Prior Year

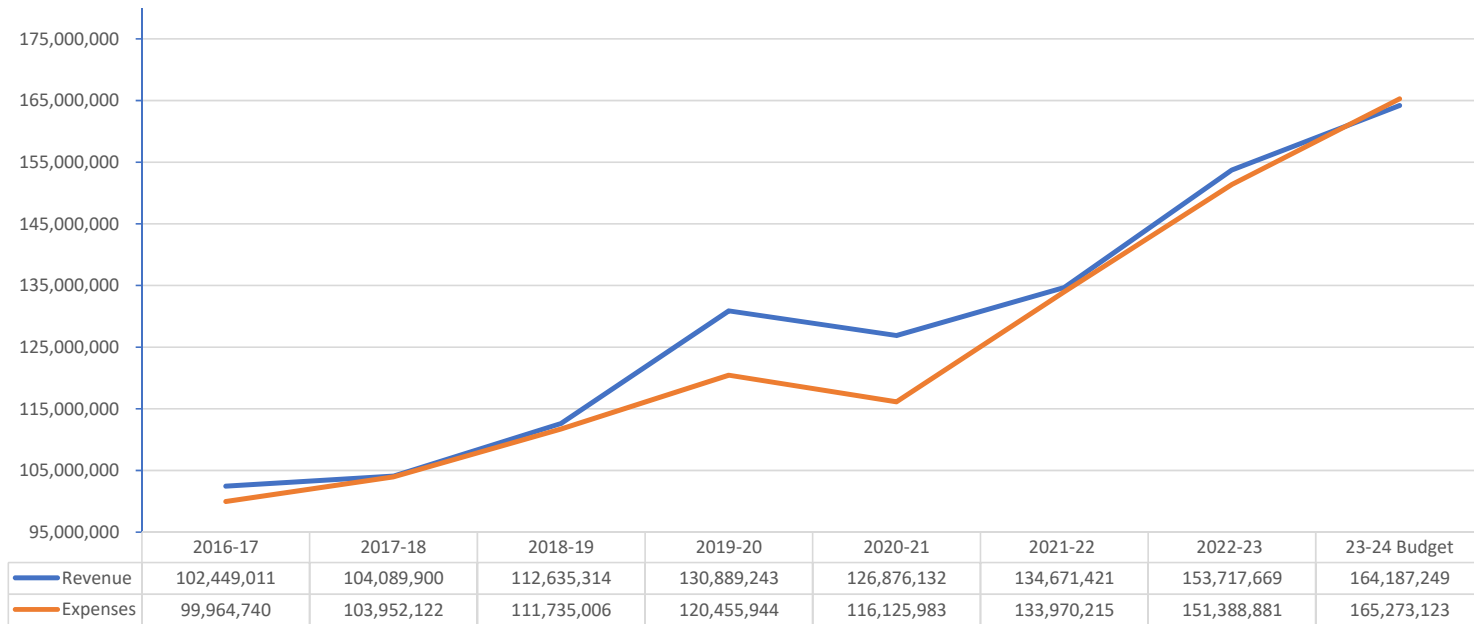
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Apportionment Period, Protections	R1 June 2021	R1 June 2022	R1 June 2023	R1 Feb 2024	AD July 2023	Estimated with known projections
COLA ==>	3.26%	0.00%	5.07%	6.56%	8.22%	0.76%
Total Computational Revenue (TCR)						
I. Base Allocation (FTES + Basic Allocation)						
College Allocation	5,394,006	5,394,006	5,667,482	7,933,899	8,586,065	8,651,320
Center Allocation	2,697,002	2,697,002	2,833,740	3,966,948	4,293,032	4,325,659
Basic Allocation	8,091,008	8,091,008	8,501,222	11,900,847	12,879,097	12,976,979
FTES Allocation	65,060,924	67,777,643	71,213,969	81,835,036	86,545,504	86,012,067
Subtotal FTES + Basic Allocation	73,151,932	75,868,651	79,715,191	93,735,883	99,424,601	98,989,046
II. Supplemental Allocation	26,924,148	27,035,064	24,495,196	25,158,738	27,226,786	27,321,379
III. Student Success Allocation	10,229,371	11,806,150	13,255,892	15,684,639	16,609,342	16,059,464
Student Centered Funding Formula (SCFF)						
Calculated Revenue (A)	110,305,451	114,709,865	117,466,279	134,579,260	143,260,729	142,369,889
PY SCFF Calculated Revenue + COLA (B)	-	110,305,451	120,525,655	125,172,067	145,641,675	145,807,597
Hold Harmless Revenue/Floor of 2024-25 (C)	99,344,661	99,344,661	104,381,435	111,228,857	120,371,869	121,286,695
Stability Protection Adjustment	-	-	3,059,376	-	2,377,946	3,437,709
Hold Harmless Protection Adjustment	-	-	-	-	-	-
Subtotal of total Protection Adjustment	-	-	3,059,376	-	2,377,946	3,437,709
TCR (Max of A, B, or C)	110,305,451	114,709,865	120,525,655	134,579,260	145,641,675	145,807,597



CURRENT YEAR BUDGET UPDATE

REVENUE & EXPENSE TREND - ACTUALS

Revenue & Expense Trend - Actuals



— Revenue — Expenses



PROPOSED STATE BUDGET

2024-25 Summary

- Overall State Budget lower than 2023-24 by about 6%.
 - The budget outlook has declined since prior year, mostly affected by substantial shortfall in revenues.
- State General Fund deficit of \$37.9 billion for the 2024-25 fiscal year.
 - The Legislative Analysis Office disagrees and projects a much higher deficit.



PROPOSED STATE BUDGET

2024-25 Summary

Governor's key changes in the budget proposal compared to 2023-24

- The budget proposal for the California Community Colleges focuses on stability in the context of the state's significant budget problem. It includes no major core reductions to programs or services, instead drawing on reserves and cancelling certain one-time projects and programs that were established but not yet funded. Overall, funding declines slightly compared to the current year enacted budget.
- The proposal for additional ongoing spending includes \$69.1 million for a 0.76% cost-of-living adjustment (COLA) for community college apportionments, about \$9.3 million for COLAs and adjustments to certain categorical programs, and \$29.6 million for systemwide enrollment growth of 0.5%.
- One-time funding in the proposal is limited to the expansion of nursing program capacity, with a \$60 million investment in 2024-25 and plans for that level of investment over five years.
- The Governor's proposal includes capital outlay funds to support the construction phase for only one continuing project, using funds from Proposition 51, although additional projects may be added to the revised proposal in May.



PROPOSED STATE BUDGET

2024-25 Community Colleges

- Enrollment Growth 0.5% statewide.
- Proposed COLA - 0.76% statewide statutory cost of living adjustment (COLA) for apportionment and selected categorical funds.
- Student Centered Funding Formula - permanently extend revised Hold Harmless starting 2025-26 using 2024-25 as floor.
- Roadmap to the Future continues to shape budget proposal intended to advance equity, student success, and the system's ability to prepare students for California's future.



PROPOSED STATE BUDGET

2024-25 Community Colleges

- Use of K-14 Rainy Day Fund. A withdrawal of roughly \$235.9 million in 2023-24, and \$486.2 million in 2024-25, to support Student Centered Funding Formula resource needs.
- Investment in the nursing workforce. An increase of \$60 million one-time Proposition 98 General Fund to expand nursing programs and Bachelor of Science in Nursing partnerships to develop, educate, and maintain the next generation of registered nurses through the community college system, subject to future statutory changes.



PROPOSED STATE BUDGET

2024-25 Community Colleges

- Retroactive changes in student housing funding. The 2023 Budget Act eliminated the 2022-23 General Fund appropriation for the Affordable Student Housing grants and instead called for those projects to be funded by locally issued lease revenue bonds.
- Cal Grant Reform to be addressed in May revision. The Administration remains attentive to the 2022 Budget Act's provisions regarding the fiscal conditions upon which the Cal Grant Reform Act may be implemented, and will continue to work closely with the Legislature, the Commission, and others.



BUDGET PROJECTIONS

2024-25 Unrestricted General Fund

UNRESTRICTED GENERAL FUND	2023-2024 ADOPTED BUDGET	2024-2025 ESTIMATED BUDGET
Revenue	164,187,249	164,187,249
Max TCR Calculation B		165,922
Total Revenue	164,187,249	164,353,171
Expenses	165,273,123	165,273,123
Increases		1,952,978
Total Expenses	165,273,123	167,226,101
Surplus/(Deficit)	(1,085,874)	(2,872,930)
Reserves/Ending Bal	48,659,827	45,786,897
	29.44%	27.38%

Limited applied assumptions:

- SCFF Estimation
- Negotiated Contracts
 - Faculty
 - Classified Management and Confidential
- Benefits
- Utilities
- Elections

ECONOMIC OUTLOOK

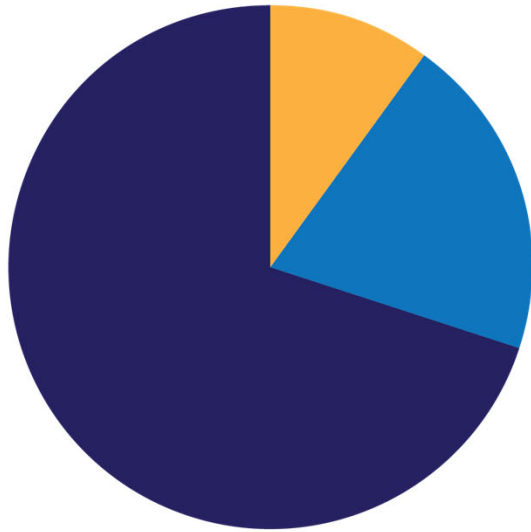


- Budget is able to maintain the majority of recent commitments
- California has moved from rapid to slow economic growth
- Lots of jobs available in health care, transportation, tech, construction and manufacturing. Job growth everywhere except Bay Area
- Sluggish existing home sales is driving new construction and related jobs
- State revenue projections are lower than in prior years. All depends on capital gains
- Despite interest rate hikes, inflationary risks remain

DISTRICT CHALLENGES

- Enrollment: Student retention & re-engagement
- New Normal: On going costs to support multiple instructional modalities, mental health, and other social services to advance equity
- Inflation: rising costs, likely increase in interest rates
- Stock market volatility: fluctuating tax revenue source

Student Centered Funding Formula (SCFF)



- 10% Student Success Allocation (Outcomes)**
Metrics are: associate's degrees for transfer, associate's degrees, bachelor's degrees, certificates 16 units or more, completion of transfer-level math and English within the first academic year, transfer to a four-year institution, completion of nine or more Career Technical Education (CTE) units and attaining the regional living wage within one year of leaving community college.
- 20% Supplemental Allocation (Equity)**
Low-income students. Students receiving a Pell Grant, a California College Promise Grant and/or an AB540 waiver for the payment of nonresident tuition.
- 70% Base & Basic Allocation (Enrollment/Access)**
62% Base Allocation (per FTES) and 8% Basic Allocation (by category - single college district, etc.). Credit/noncredit students, Career Development and College Preparation (CDCP) students, Inmates in Correctional Facilities and Special Admit students.

Student Centered Funding Formula (SCFF)



10% Student Success Allocation (Outcomes)



ADT Earners

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Earners	930	1,160	1,283	1,123	1,115

Associate Degree Earners

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Earners	858	1,003	812	728	573

Baccalaureate Earners

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Earners	0	0	0	0	0

Credit Certificate Earners

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Earners	280	333	187	220	217

Transfer Level Math & English

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Count	316	659	602	534	591

Transfer to a Four-Year Institution

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Count	950	924	1,062	1,104	TBD

Nine or More CTE Units

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Count	2,599	2,687	2,648	2,657	2,821

Regional Living Wage

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Count	2,900	3,468	3,346	3,589	3,805

Student Centered Funding Formula (SCFF)



20% Student Supplemental Allocation (Equity)



Pell Grant

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Recipients	8,619	9,087	7,515	6,853	7,190

Promise Grant

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Number of Recipients	17,885	17,929	15,458	13,884	14,134

AB 540

Fiscal Reporting Year	2019-20	2020-21	2021-22	2022-23	2023-24
Data From:	2018-19	2019-20	2020-21	2021-22	2022-23
Student Headcount	1,897	1,502	1,619	1,243	566

Targets and Scheduling Principles: AY 2024-25



70% Base & Basic Allocation (Enrollment/Access)

FALL 2024 FTES TARGETS	
ACD	2,325
ACD-C	675
BTH	675
BTH-C	225
HW	675
MIT	225
PCS	1,725
STEM	1,575
CM	150
ATHL	150
OVERALL	7,500

SPRING 2025 FTES TARGETS	
ACD	2,170
ACD-C	630
BTH	630
BTH-C	210
HW	630
MIT	210
PCS	1,610
STEM	1,470
CM	140
ATHL	140
OVERALL	7,000

Growth in Key Areas

- Dual enrollment
- Rising Scholars
- New programs

Varying Learning Options

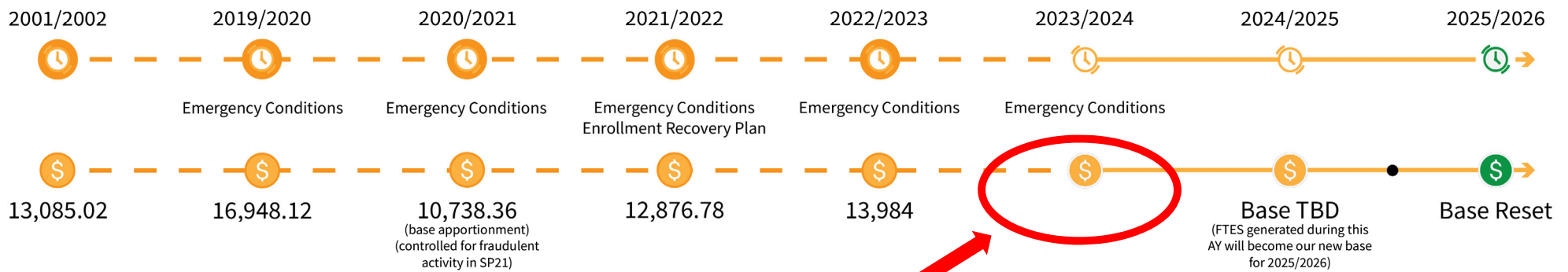
- Overall Modality Ratio: 45% in-person, 55% online.
- Expand short term offerings where possible (Fast Track and 14-week).

Increased Efficiency Efforts

- Continue to enforce class size norms outlined in the contract



ENROLLMENT RECOVERY UPDATE



2023-2024 FTES Update	
SP24 Projection (2/21/24)	6,463
FA23	+ 6,521
Total	12,984
SU23 (carry forward)	+ 2,416
2023/2024 AY Total	15,400
<u>-1,051 FTES below 2023-2024 Target</u>	

ENROLLMENT RECOVERY UPDATE

Increase Touchpoints

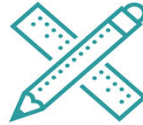
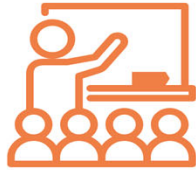
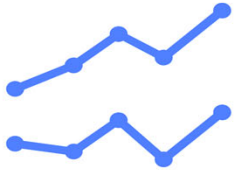
- Drop Surveys and Interventions
- Develop and implement retention strategies for enrolled students
- Market accelerated and alternative term lengths available
- Personalize messaging and marketing
- Assistance provided for gaining work experience and employment, in partnership with Student Services retention strategies

Improve Processes

- Expedite matriculation processes
- Implement proactive comprehensive support in Counseling, Admissions, and Financial Aid
- Opportunities to personalize the student experience
- Increase comprehensive education plans

Expand Programming

- Expand Dual Enrollment
- Expand Rising Scholars (formerly Turning Point)
- Expand POCR Training
- Expand offering of courses/programs to employers (E.g., ESL or Vocation ESL)
- Expand career pathways, starting from dual enrollment to employment
- Implement Non-Credit Occupational Pathways



Trends	FTES	Regulatory, Legislated Factors, and Operational Changes	Pathways	GE Offerings
<ul style="list-style-type: none"> • Enrollment by course/section • Fill rates (Adequate? Over-built? Under built?) • Waitlist data, including attempts to enroll 	<ul style="list-style-type: none"> • Earned by section and/or department • Earned by ACC • Efficiency (course cap impact) 	<ul style="list-style-type: none"> • AB 705/AB 1705/AB 928 • SB 1440 – Guaranteed Transfer Degrees • AB 288 Dual Enrollment • AB 1809 SCFF • SB 850 – CCC Bachelor Degree Programs • Curriculum Revisions 	<ul style="list-style-type: none"> • ACCs (Community) • Program Pathway Data • Student Educational Plan Data 	<ul style="list-style-type: none"> • AB 928 - Cal-GETC



Key Performance Metrics



DISTRICT STRATEGIES BUDGET DEVELOPMENT

A promotional poster for a Budget Development Workshop. The left side shows a photograph of a modern building with a glass facade and a staircase. The right side is a red banner with white text. The text includes the Chaffey College logo, the title "Budget Development Workshop", the date and time "February 28, 2024 9 - 10:30am", and the location "In-person: WH-142" and online link "Online: chaffey-edu.zoom.us".

Chaffey  College

Budget Development Workshop

February 28, 2024
9 - 10:30am

In-person: WH-142
Online: chaffey-edu.zoom.us

Budget information and materials to develop department budgets will be distributed



DISTRICT STRATEGIES

CHAFFEY'S FISCAL HEALTH

Reserve Requirements*

22/23 Actual approx.
4 months

23/24 Adopted Budget
approx.
3 1/2 months

*minimum of 2 months of
expenditures

50 Percent Law *

22/23 Actual 50.53%
23/24 Projection
in compliance

*EC 84362(d) states: "there shall be expended during each fiscal year for payment of salaries of classroom instructors by a community college district, 50 percent of the district's current expense of education."

Faculty Obligation Number (FON)

Fall 2022
—

Fall 2023
237.6 Compliance
249.8 Reported

Fall 2024
223.6 Advanced

Budgeted Salaries and Benefits of total expenses

22/23 Actual 82.61%

23/24 Budgeted 82.14%

23/24 Q2 Projection
84.81%

OPEB Trust and PST Balances: market value

OPEB:
\$15,828,313 market value
97.6% funded
as of June 30, 2023

PST:
\$27,664,208 market value
\$118.4 million liability
as of June 30, 2023

QUESTIONS

