

Spring Town Hall 2025-26 Budget

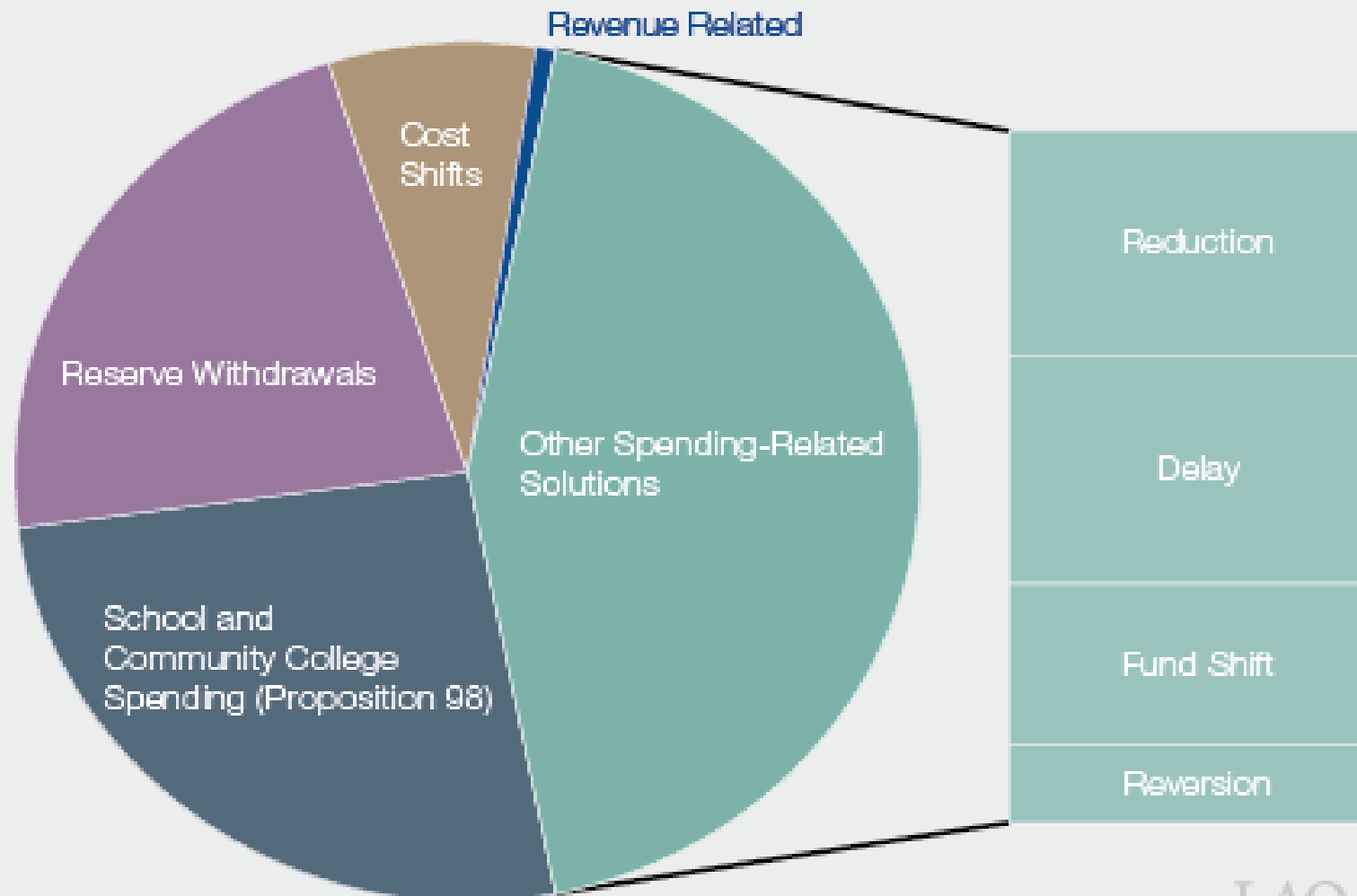


Iris Ingram, Vice Chancellor, Business Services
May 22, 2025

Governor's Revised Budget

- Framed by worsening economic conditions.
 - The “Big Three” sources of state revenue (i.e., personal income, corporation, and sales and use taxes) are projected to be lower by \$4.8 billion over the three-year budget window when compared to January
 - Job growth has been downgraded due to weaker labor market conditions and federal policy changes
 - Inflation assumptions are about 1.0% higher than Governor's Budget estimates
- Lower-than-projected revenues for 2025-26.
 - Slow growth is expected to continue through 2028
 - The May Revision forecasts a 27.0% average California tariff rate, significantly higher than the 2.4% tariff rate in 2024
 - May Revision assumes a “Growth Recession”
 - To last through the first three quarters of 2025
 - Below trend growth
 - Rising unemployment
- Projected budget deficit of \$12 billion.

How the Governor Addresses a \$58 Billion Budget Problem



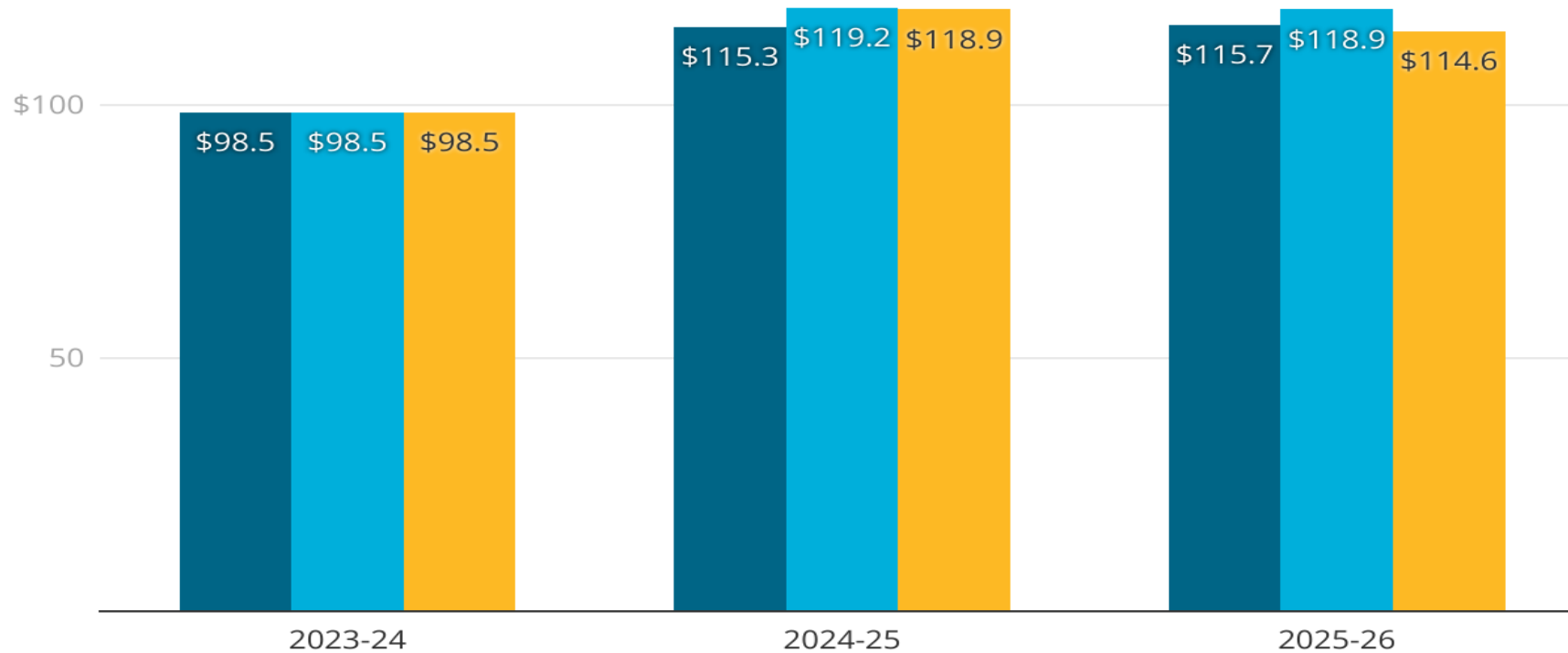
Governor's Revised Budget

- Proposition 98 Rainy Day Fund
 - The January Budget proposed deposits of \$1.2 billion for 2024-25 and \$376 million for 2025-26.
 - The May Revision eliminates these deposits, withdrawing the balance of \$540 million.
- Apportionment Deferrals
 - Provides \$311 million one-time towards 2024-25
 - Reduction of \$59 million one-time to offset apportionment deferrals.
- Defers \$531.6 million from the SCFF for 2025-26 to 2026-27 (for May and June 2026).
- TK-12 Resource Treatment
 - Transitional Kindergarten expansion resources taken "off the top" before computing the Prop. 98 split.
 - This action impacts community college funding in the amount of \$492 million, of which \$230 million is ongoing.

Under the May Revision, Prop. 98 Estimate for 2025-26 Drops by \$1.1 Billion Compared to the June 2024 Projection

Prop. 98 Guarantee Levels in May 2025 Compared to Prior Estimates, Dollars in Billions

■ June 2024 Estimates ■ January 2025 Estimates ■ May 2025 Estimates



Source: California Department of Finance, Legislative Analyst's Office



California Budget
& Policy Center

Key Changes to Proposition 98 in the May Revision

Reduced Proposition 98 Guarantee

- Funding guarantee is revised downward to \$114.6 billion for 2025–26,
 - \$4.3 billion decrease from the January estimate.
- Drawdown of the Proposition 98 Reserve
 - The Public School System Stabilization Account (PSSSA), also known as the Proposition 98 reserve, will be fully drawn down.
 - Reduced 2024-25 deposit of \$540 million
 - 2025-26 withdrawal of \$540 million to support education funding
- Allocates \$2.1 billion in ongoing Proposition 98 General Fund to support universal TK implementation in 2025–26 down from the previous estimate of \$2.4 billion due to revised average daily attendance estimates and a lower cost-of-living adjustment

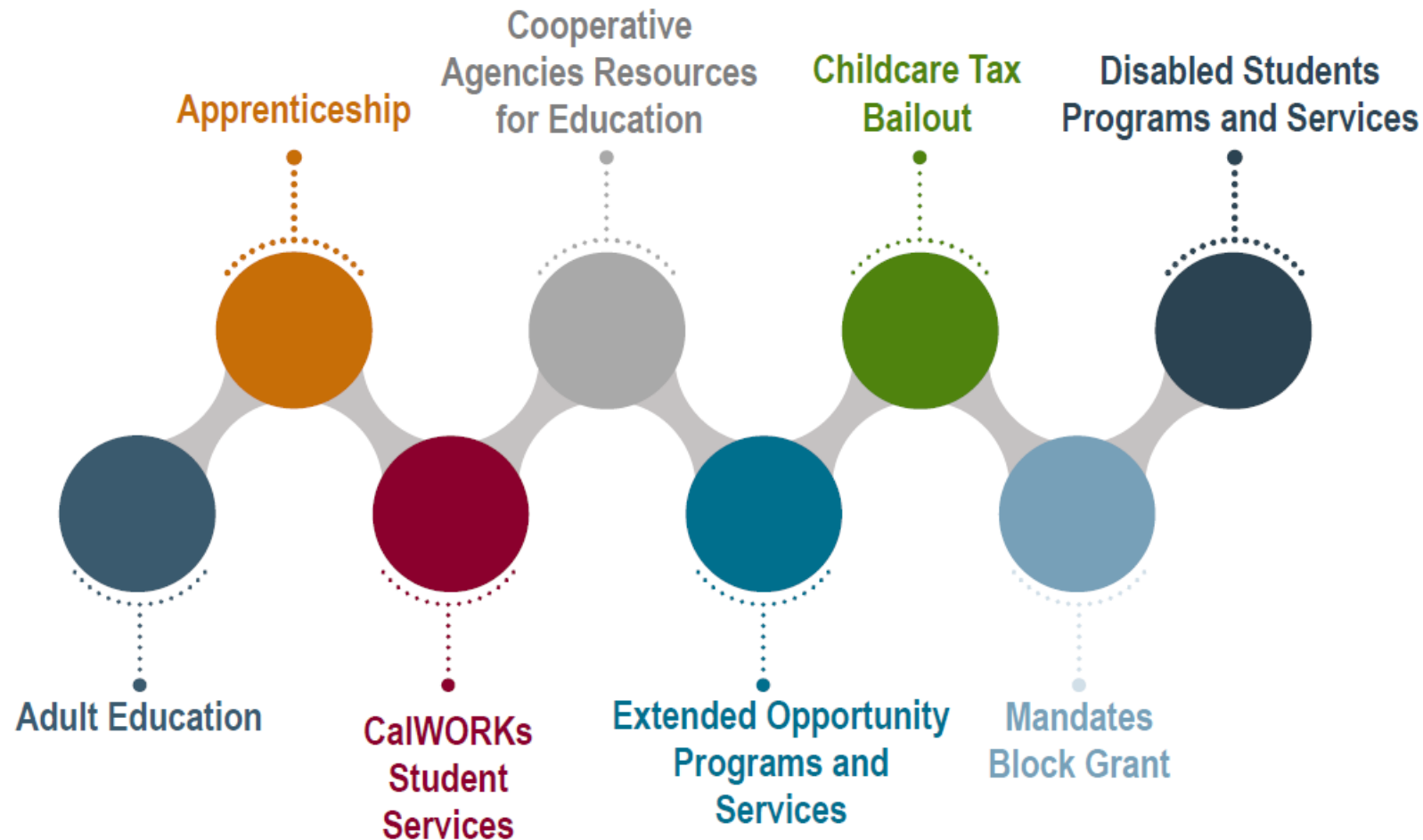
May Revision is committed to protecting core funding for community colleges

- This includes applying the 2.30% cost-of-living adjustment (COLA) to the Student-Centered Funding Formula (SCFF),
- Increases funding for enrollment growth above the historical 0.5%, and provides relief to colleges impacted by the L.A. fires

SCFF	In addition to applying the 2.30% COLA to the SCFF, the May Revision also proposes a one-time increase of \$210.2 million to fully fund the SCFF in 2024-25 and an ongoing increase of \$104.7 million in 2025-26
SCFF Deferrals	Defers \$531.6 million from the SCFF for 2025-26 to 2026-27 (for May and June 2026)
Enrollment Growth	Proposes an ongoing increase of \$109.5 million to fund 2.35% enrollment growth in the SCFF in 2025-26
Wildfire Relief	Provides \$3.8 million one-time in 2024-25 and \$8 million one-time for 2025-26 for community colleges impacted by the wildfires

Categorical Programs Receiving COLA

- The May Revision applies the 2.30% estimated statutory COLA to the following categorical programs:



Modified Proposals from January to May

- Due to the revenue situation, Governor Newsom proposes to pare down or withdraw several California Community Colleges (CCC) proposals from his January Budget

Proposal	January Proposed Investment	May Proposed Investment
Collaborative Enterprise Resource Planning Project	\$168 million, one-time Proposition 98	Withdrawn
Common Cloud Data Platform	\$133.5 million, one-time \$29 million, ongoing Proposition 98	\$12 million, one-time Proposition 98
Rising Scholars Network Augmentation	Increase of \$30 million, ongoing Proposition 98	Increase of \$10 million, ongoing Proposition 98

What Does it Mean for RSCCD?

- 2025-26 Budget Assumptions
 - The governor's state budget proposal includes 2.35% systemwide growth funding and 2.30% COLA. The components remain at 70/20/10 split with funded COLA added to all metrics each year. Any changes to our funding related to the SCFF will be incorporated when known.
 - Projected COLA of 2.30% \$5,524,591
 - Projected SCFF Base Increase \$0
 - Projected Growth/Restoration \$0
 - Deficit Factor (from 3.55% to 2%) \$3,484,558
- Unrestricted lottery is projected at \$191 per FTES (\$6,072,039).
- Restricted lottery at \$82 per FTES (\$2,606,844).
 - 2024/25 @ P2 of resident & nonresident factored FTES, $31,790.78 \times \$191 = \$6,072,039$ unrestricted lottery;
 - $31,790.78 \times \$82 = \$2,606,844$ restricted lottery

Budget Assumptions

- Estimated reimbursement for part-time faculty compensation is estimated at \$707,056 (2024/25 @ P1)
- Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures.
 - COLA is being proposed on certain categorical programs.
 - Without COLA, other categorical reductions would be required to remain in balance if settlements are reached with bargaining groups.
 - Colleges will need to budget for any program match requirements using unrestricted funds
- College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2024/25 @ P1 of \$219,878.
- Mandated Costs Block Grant estimated at a total budget of \$1,046,832 (\$35.64 x 29,372.40 FTES @ P2). No additional one-time allocation proposed.

Budget Assumptions

Other Revenue

- Non-Resident Tuition budgeted at \$4,000,000.
 - (SAC \$2,500,000, SCC \$1,500,000)
 - Increase of \$300,000
- Interest earnings estimated at \$3,000,000
- Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately \$404,737
- Apprenticeship revenue estimated at \$5,733,479
 - Increase of \$506,125.
- Scheduled Maintenance/Instructional Equipment allocation
 - no new allocation is proposed
- Full-time Faculty Hiring Allocation
 - no new allocation is proposed

Selected Budget Assumptions

- Salary Schedule Adjustments - estimated at 2.30% for unrestricted general fund = \$4,284,669
- The colleges will need to budget for bargained increased costs in Salaries and Benefits for part-time employees.
 - The estimated cost of a 1% salary increase is \$2.49 million for all funds.
 - The estimated cost of a 1% salary increase is \$1.86 million for the unrestricted general fund.
- Step and column movement is budgeted at an additional cost of approximately \$2.35 million including benefits for FD 11
 - The colleges would need to budget for step/column increases for P/T faculty.
- Health and Welfare benefit premium cost increase as of 1/1/2026 is estimated at 3.0% for an additional cost of approximately \$613,747 for active employees.
 - For retirees estimated to be \$184,273. PT Health continue budget of \$1M. State Unemployment Insurance (.05%) CalSTRS employer contribution rate will stay the same in 2025/26 at 19.10% for no increase.
 - CalPERS employer contribution rate will decrease from 27.05% to 26.81% for savings of \$111,474
- The full-time faculty obligation (FON) for Fall 2025 is estimated to be 354.
 - The Fall 2024 report indicated the District was 66.6 faculty over its FON and will meet its Fall 2025 obligation without the need to hire additional faculty.
 - The current cost for a new position is budgeted at Class VI, Step 11 at approximately \$178,566.
 - Each faculty hired over the FON adds cost of (\$182,677- \$63,944) = \$118,733 if deduct hourly cost.

Selected Budget Assumptions

- Capital Outlay Fund - The District will continue to budget \$1.5 million for capital outlay needs as a transfer from General Fund to Capital Outlay Fund (no change).
- Utilities cost increases of 15%, estimated at \$100,000.
- Information Technology licensing contract escalation cost of 5%, estimated at \$240,000.
- Property and Liability Insurance transfer estimated at \$3,900,000 adding \$1M for expected annual cost of AB218 assessments.
- Ninth contribution of Santiago Canyon College ADA Settlement expenses of \$2 million from available one-time funds.
- SRP 1 Expense Reduction of \$1.2 million

Rancho Santiago Community College District
Tentative Budget
2025-26

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Unrestricted General Fund Revenue Budget - Fund 11					
<u>Revenues by Source</u>	2023-24 Actual Revenue	2024-25 Revised Budget	2024-25 Estimated Revenue	2025-26 Tentative Budget	% change 25/26 Tent/ 24/25 Est
8819 RDA Funds - Residuals	8,811,668	8,811,668	8,811,668	8,811,668	*
8850 Rents and Leases	64,457	404,870	145,495	338,480	132.64
8860 Interest & Investment Income	7,962,049	3,000,000	5,585,218	3,000,000	(46.29)
8866/8867 Gain(Loss)on Invest-Realized/Unrealized	0	0	0	0	-
8874 CCC Enrollment Fees	7,660,762	8,657,316	8,657,316	8,657,316	*
8875 Bachelor's Program Fee	85,008	40,000	68,292	40,000	(41.43)
8880 Nonresident Tuition	3,741,128	3,700,000	4,058,743	4,000,000	(1.45)
8890 Other Local Revenues (Student Transcript/Representation/ Discounts/Fines/Instr. Mat./Health Serv. Use Fees, etc.)	3,072,990	524,200	1,622,897	524,200	(67.70)
Total Local Revenues	134,593,760	137,749,522	140,446,841	137,983,132	(1.75)
8900 Other Financing Sources					
8910 Proceeds-Sale of Equip & Suppl	104,344	5,000	13,380	5,000	(62.63)
8981/8983 Interfund/Intrafund Transfer In	7,354	0	0	0	-
Total Other Sources	111,698	5,000	13,380	5,000	(62.63)
Total Revenues	273,329,161	253,679,837	257,942,823	262,900,896	1.92
Net Beginning Balance	0	0	0	0	-
Adjustments to Beginning Balance	0	0	0	0	-
Adjusted Beginning Fund Balance	0	0	0	0	-
Total Revenues, Other Financing Sources and Beginning Fund Balance	\$273,329,161	\$253,679,837	\$257,942,823	\$262,900,896	1.92
* Component of Apportionment				\$237,888,488	

Rancho Santiago Community College District
Tentative Budget
2025-26

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Unrestricted General Fund Expenditure Budget - Fund 11						
<u>Expenditures by Object</u>		2023-24 Actual Expenses	2024-25 Revised Budget	2024-25 Estimated Expenses	2025-26 Tentative Budget	% change 25/26 Tent/ 24/25 Est
1000	Academic Salaries					
1100	Instructional Salaries, Regular Contract	\$34,392,900	\$37,839,387	\$36,046,034	\$37,845,339	4.99
1200	Non-Instructional Salaries, Regular Contract	16,960,656	20,634,794	19,830,480	20,591,759	3.84
1300	Instructional Salaries, Other Non-Regular	43,283,721	33,677,197	45,968,016	33,699,563	(26.69)
1400	Non-Instructional Salaries, Other Non-Regular	2,551,709	1,890,276	2,113,668	1,915,642	(9.37)
	Subtotal	<u>97,188,986</u>	<u>94,041,654</u>	<u>103,958,198</u>	<u>94,052,303</u>	(9.53)
2000	Classified Salaries					
2100	Non-Instructional Salaries, Regular Full Time	39,259,325	48,479,952	45,842,319	49,210,782	7.35
2200	Instructional Aides, Regular Full Time	694,399	1,033,010	950,131	988,933	4.08
2300	Non-Instructional Salaries, Other	2,106,593	1,906,051	1,949,462	1,815,483	(6.87)
2400	Instructional Aides, Other	1,354,554	1,808,042	1,361,503	1,835,288	34.80
	Subtotal	<u>43,414,871</u>	<u>53,227,055</u>	<u>50,103,415</u>	<u>53,850,486</u>	7.48
3000	Employee Benefits					
3100	State Teachers' Retirement System Fund	15,877,614	17,030,773	16,492,940	16,987,787	3.00
3200	Public Employees' Retirement System Fund	11,859,384	15,015,865	13,806,884	15,224,990	10.27
3300	Old Age, Survivors, Disability, and Health Ins.	4,941,783	5,690,375	5,305,763	5,773,457	8.81
3400	Health and Welfare Benefits	25,052,566	30,001,539	27,491,049	30,093,731	9.47
3500	State Unemployment Insurance	112,003	326,703	123,478	326,010	164.02
3600	Workers' Compensation Insurance	2,140,095	2,230,523	2,323,522	2,240,294	(3.58)
3900	Other Benefits	3,258,853	3,520,493	3,351,703	2,364,973	(29.44)
	Subtotal	<u>63,242,298</u>	<u>73,816,271</u>	<u>68,895,339</u>	<u>73,011,242</u>	5.97
	TOTAL SALARIES/BENEFITS	203,846,155	221,084,980	222,956,952	220,914,031	(0.92)
	Salaries/Benefits Cost % of Total Expenditures	90.34%	89.20%	89.04%	89.24%	

Rancho Santiago Community College District

Tentative Budget

2025-26

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Unrestricted General Fund Expenditure Budget - Fund 11

		2023-24 Actual Expenses	2024-25 Revised Budget	2024-25 Estimated Expenses	2025-26 Tentative Budget	% change 25/26 Tent/ 24/25 Est
Expenditures by Object						
4000	Books and Supplies					
4100	Textbooks	0	0	0	0	-
4200	Other Books	6,384	7,168	4,389	7,168	63.32
4300	Instructional Supplies	53,887	6,072	2,671	3,072	15.01
4400	Media Supplies	0	0	0	0	-
4500	Maintenance Supplies	83,624	144,309	103,446	142,952	38.19
4600	Non-Instructional Supplies	689,910	852,341	714,642	755,593	5.73
4700	Food Supplies	19,830	25,699	11,583	20,699	78.70
	Subtotal	853,635	1,035,589	836,731	929,484	11.09
5000	Services and Other Operating Expenses					
5100	Personal & Consultant Svcs	2,197,083	2,859,836	2,763,925	2,883,950	4.34
5200	Travel & Conference Expenses	174,606	240,870	149,156	279,577	87.44
5300	Dues & Memberships	134,645	164,032	142,120	158,153	11.28
5400	Insurance	0	0	0	0	-
5500	Utilities & Housekeeping Svcs	4,414,699	5,155,123	5,169,227	5,555,668	7.48
5600	Rents, Leases & Repairs	2,293,113	2,399,137	2,162,936	3,955,813	82.89
5700	Legal, Election & Audit Exp	742,037	1,363,344	1,354,466	1,074,797	(20.65)
5800	Other Operating Exp & Services	3,814,449	7,306,845	7,432,586	6,247,092	(15.95)
5900	Other (Transp., Postage, Reproduction, Special Proj., etc.)	2,637,648	4,683,381	4,658,541	4,978,142	6.86
	Subtotal	16,408,280	24,172,568	23,832,957	25,133,192	5.46
6000	Sites, Buildings, Books, and Equipment					
6100	Sites & Site Improvements	684,384	0	0	0	-
6200	Buildings	2,760,014	360,000	1,827,771	0	(100.00)
6300	Library Books	948	800	799	800	0.13
6400	Equipment	1,088,835	1,211,210	959,488	569,925	(40.60)
	Subtotal	4,534,181	1,572,010	2,788,058	570,725	(79.53)
	Subtotal, Expenditures (1000 - 6000)	225,642,251	247,865,147	250,414,698	247,547,432	(1.15)

Rancho Santiago Community College District

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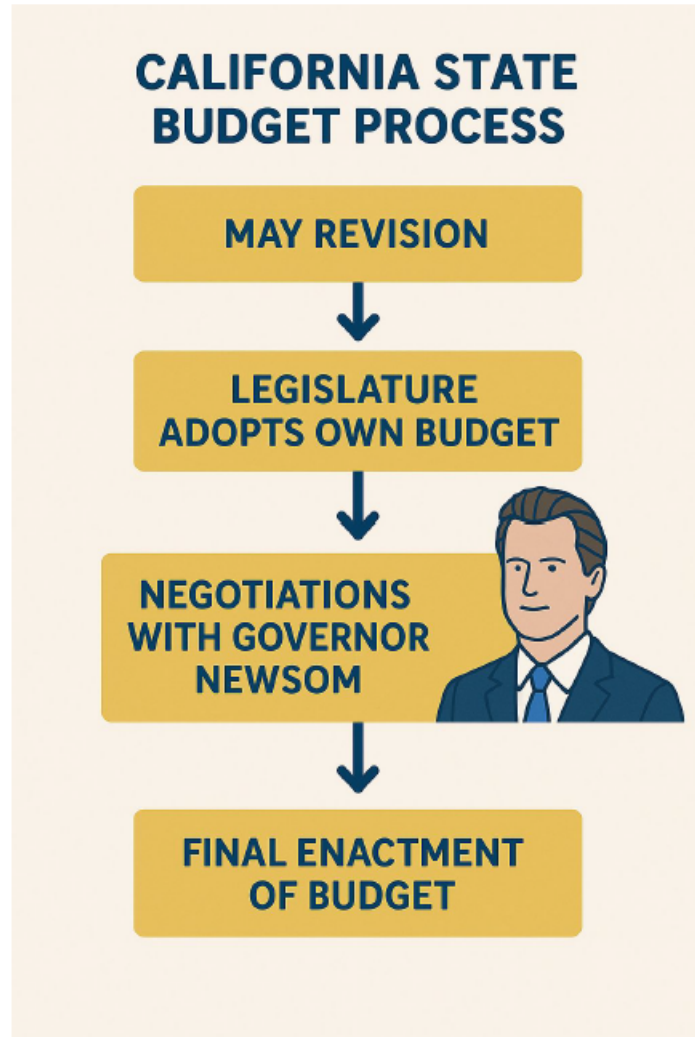
Tentative Budget

2025-26

Unrestricted General Fund Expenditure Budget - Fund 11

Expenditures by Object		2023-24 Actual Expenses	2024-25 Revised Budget	2024-25 Estimated Expenses	2025-26 Tentative Budget	% change 25/26 Tent/ 24/25 Est
7000	Other Outgo					
7200	Intrafund Transfers Out	(6,720)	0	19	0	(100.00)
7300	Interfund Transfers Out	4,244,000	4,477,412	4,400,000	5,400,000	22.73
7600	Other Student Aid	0	0	0	0	-
	Subtotal	4,237,280	4,477,412	4,400,019	5,400,000	22.73
	Subtotal, Expenditures (1000 - 7000)	229,879,531	252,342,559	254,814,717	252,947,432	(0.73)
7900	Reserve for Contingencies					
7910	Estimated COLA	0	0	0	4,284,669	-
7910	SAC/SCC	0	1,337,278	0	1,967,179	-
7950	Budget Stabilization	0	0	0	0	-
	Total Designated	0	1,337,278	0	6,251,848	-
7910	Unrestricted Contingency	43,449,630	0	3,128,106	3,701,616	18.33
	Subtotal Expenditures (7900)	43,449,630	1,337,278	3,128,106	9,953,464	218.19
Total Expenditures, Other Outgo and Ending Fund Balance		\$273,329,161	\$253,679,837	\$257,942,823	\$262,900,896	1.92

State Budget Final Steps



- The first round of budget hearings are concluding with just more than two weeks until the May Revision
- Between the May Revision and Enacted Budget adoption, the Legislature now has a history of adopting its own version of the State Budget by June 15 and then continuing negotiations with Governor Newsom
- Final enactment must take place by June 30, but trailing details, tweaks, and significant changes have become routine
 - This is especially likely with the delayed Los Angeles tax deadline

Federal Education Budget

February

April

May

July

October

4 Number of times Congress has passed a complete on-time budget since 1974

30 Number of times the budget resolution has been late in the last 49 years

4 Number of times Congress passed full-year continuing resolutions to fund government

By law, the budget proposal is due to Congress no later than the first Monday of February

April 15—Deadline for final budget resolution adoption

Committees work on appropriations details and agreements after mid-May

Budget proposal details due by July 15, including cost and baseline estimates

Appropriations bills signed and budget enacted before October 1

Federal Budget Cycle

Federal Education Policies—What's on the Horizon?

- Will the President be successful in eliminating the Education Department?
- Will the Education Department layoffs stand or will the courts reverse the 50% reduction?
- Will there be significant education cuts in the fiscal year 2026 Federal budget and subsequent years?
- What Executive Orders will survive the legal challenges?
- What new Executive Orders will be signed?
- What's on the horizon?
- A lot of uncertainty and a lot of court cases!

Proposition 30/55—Major Concern by both Labor and Management

- Proposition 30 was initially passed at the strong urging of Governor Jerry Brown in 2012
 - The “urging” came in the form of a significant cut to K-14 funding if it did not pass
- Proposition 30 was set to expire in 2019, but the income tax portion was extended to 2030 with the passage of Proposition 55 in 2016
- From 2012-13 through 2023-24, Proposition 30/55 PIT made up about 6.2% of the “Big Three” revenues
- Proposition 30/55 revenues account for approximately 9% of the total PIT revenue
- There is currently a major focus by labor to either extend or make permanent the PIT provisions of Proposition 30/55



