



# FISCAL SERVICES UPDATE FY 2024-25 STATE BUDGET

Larry Strong, Director of Fiscal Services

January 2024

Governor Newsom recently released the proposed FY 2024-25 State Budget, signaling the beginning of the budget process. In the coming weeks, there will be ongoing negotiation and discussion in the legislature, and we will learn more about resources available to SBCCD. Some factors impacting us over the next few months will be inflationary pressures on the economy, how this will affect the state's ability to fund the budget proposal, and the political situation at both the state and federal levels, particularly in an election year. The Governor's proposed budget can be viewed at [www.ebudget.ca.gov](http://www.ebudget.ca.gov).

## Areas of Importance

- The proposed budget projects a state deficit of \$37.9 billion, significantly worse than prior estimates. This forecasting miss is attributed to a large decline in the stock market and to the “unprecedented delay” in tax collections due to tax filing extensions granted. The increased clarity necessary for a more accurate estimate may not be available until the May Revision.
- Details released in this preliminary budget document regarding specific strategies were unusually brief. However, it did include that last year's budget set aside – approximately \$38 billion in reserves – and indicated the Governor may propose using some of these funds to address the estimated shortfall.

## Unrestricted General Fund

- Student-Centered Funding Formula—increase of \$69.1 million to fund a 0.76% (less than 1%) COLA for increased operating costs such as step and column increases, additional benefit costs, increases to retirement rates, and operating costs for SBCCD.
- Withdrawal of \$486.2 million in 2024-25 from the Rainy-Day Fund to support the Student-Centered Funding Formula.
- \$29.6 million for enrollment to fund 0.50% growth in FTES.

## Other

The budget proposal includes additional important provisions regarding the Community College system, including:

- Increase of \$60 million for expansion of nursing programs/Bachelor of Science in Nursing partnerships.



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- Continued commitment to student housing and a statewide revenue bond to support housing projects already selected.
- 0.76% COLA for categorical programs.

Staff will continue to monitor the State budget process and keep the SBCCD community updated on important developments. In the meantime, for more details and a look at the Joint Analysis of the 2024-25 proposed budget, you can visit the CCCC Budget News webpage (<https://www.cccc.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News>).