

Los Rios Community College District
2023-24 Adopted Budget
September 13, 2023

Economic Forecast

- GDP growth is projected to slow as high interest rates and tighter financial conditions dampen consumer and business demand
- Job growth is projected to slow, in line with the slowing of GDP growth
- Inflation will continue to slow due to FOMC action and resolution of supply chain issues
- Additional layoffs in the tech industry and additional disruptions in the banking sector pose significant risks to the forecast

Revenue Forecast

	2020-21	2021-22 ^{e/}	2022-23 ^{e/}	2023-24 ^{e/}	2024-25 ^{e/}	2025-26 ^{e/}	2026-27 ^{e/}
Personal Income Tax	\$128.9	\$137.1	\$122.8	\$118.2	\$118.9	\$127.5	\$141.8
<i>(Year-over-Year Change)</i>	29.4%	6.4%	-10.5%	-3.7%	0.6%	7.2%	11.2%
Corporation Tax	\$22.6	\$45.1	\$42.1	\$42.1	\$43.4	\$36.4	\$26.6
<i>(Year-over-Year Change)</i>	61.9%	99.8%	-6.7%	0.0%	3.1%	-16.1%	-26.8%
Sales and Use Tax	\$29.1	\$33.0	\$33.1	\$33.4	\$34.4	\$35.5	\$36.3
<i>(Year-over-Year Change)</i>	14.0%	13.6%	0.1%	0.9%	3.0%	3.3%	2.2%
Total	\$180.5	\$215.3	\$197.9	\$193.6	\$196.7	\$199.4	\$204.8
<i>(Year-over-Year Change)</i>	29.8%	19.3%	-8.1%	-2.2%	1.6%	1.4%	2.7%

^{e/}Estimated

Source: California Department of Finance, 2023-24 May Revision Forecast.

Proposition 98

- 2023-24 is estimated at \$108.3 billion
 - A reduction of \$2.1 billion from the \$110.4 billion in the 2022-23 budget
- 2022-23 is estimated at \$107.4 billion
 - A reduction of \$3 billion from the \$110.4 billion in the 2022-23 budget
- 2021-22 is estimated at \$110.6 billion
 - An increase of \$0.4 billion from the \$110.2 billion in the 2022-23 budget
- 10% cap in Proposition 98 “rainy day fund” has been met

CCC Proposals

- \$678 million ongoing for 8.22% COLA for the Student-Centered Funding Formula (SCFF)
 - One-time investment of \$503 million to support SCFF costs for 2023-24
 - ≈\$30 million for Los Rios
- \$95.5 million ongoing for 8.22% COLA for selected categorical programs
 - ≈\$3 to \$4 million for Los Rios
- \$493 reduction to Deferred Maintenance
 - ≈\$15 to \$20 million reduction for Los Rios

District Enrollment

- Up 5% from Spring 2022 to Spring 2023
- Up 10% from Summer 2022 to Summer 2023
- Up 10% from Fall 2022 to Fall 2023
- Continued growth at CRC and FLC outpacing ARC and SCC
- Comparably favorable regional adult demographic trends
- Comparably favorable high school student trends
- Reductions in older adult students and students with financial need
- Significant increases in dual enrollment students

X, Y, Z Budget Assumptions

- X Budget assumes full restoration of pandemic decline
- Y Budget assumes additional 1% on top of X Budget
- Z Budget assumes additional 1% on top of Y Budget
- 8.22% COLA for SCFF
- Budget approval at Z level, yet operations at X level

Future Concerns

- Continuing to mitigate impacts of the pandemic
 - Less students with financial need attending college
 - Future demographic analysis provided this fall on restoration
- Uncertain revenue and budget model at the state level
 - Ongoing budget allocation made with one-time revenue
 - Unreasonably high levels of spending in 2023-24 state budget
- Uncertainty with global conflicts
 - Russia and Ukraine
 - China and Taiwan
- Restoring enrollment with harder to reach students
 - Financial need
 - Older adults

Fiscal Health

- Reserves/contingency in-line with best practices
 - Roughly two months of expenses
- Fully funded OPEB trust
 - Annual payments to keep with increased cost estimates
- No short or long term liabilities that impact operations
 - Vacation balances, workers compensation, self insurance fund, etc.
- Plan for pension cost increases through 2027-28
 - Rolling 5-year plan that we annually fund
- Strong ratings and reviews from outside agencies
 - Ratings agencies, CCCCO, and ACCJC
 - FCMAT's Fiscal Health Risk Analysis score of 3.7% (very low risk)

Questions?