

Los Rios Community College District  
2024-25 Adopted Budget  
September 11, 2024

---

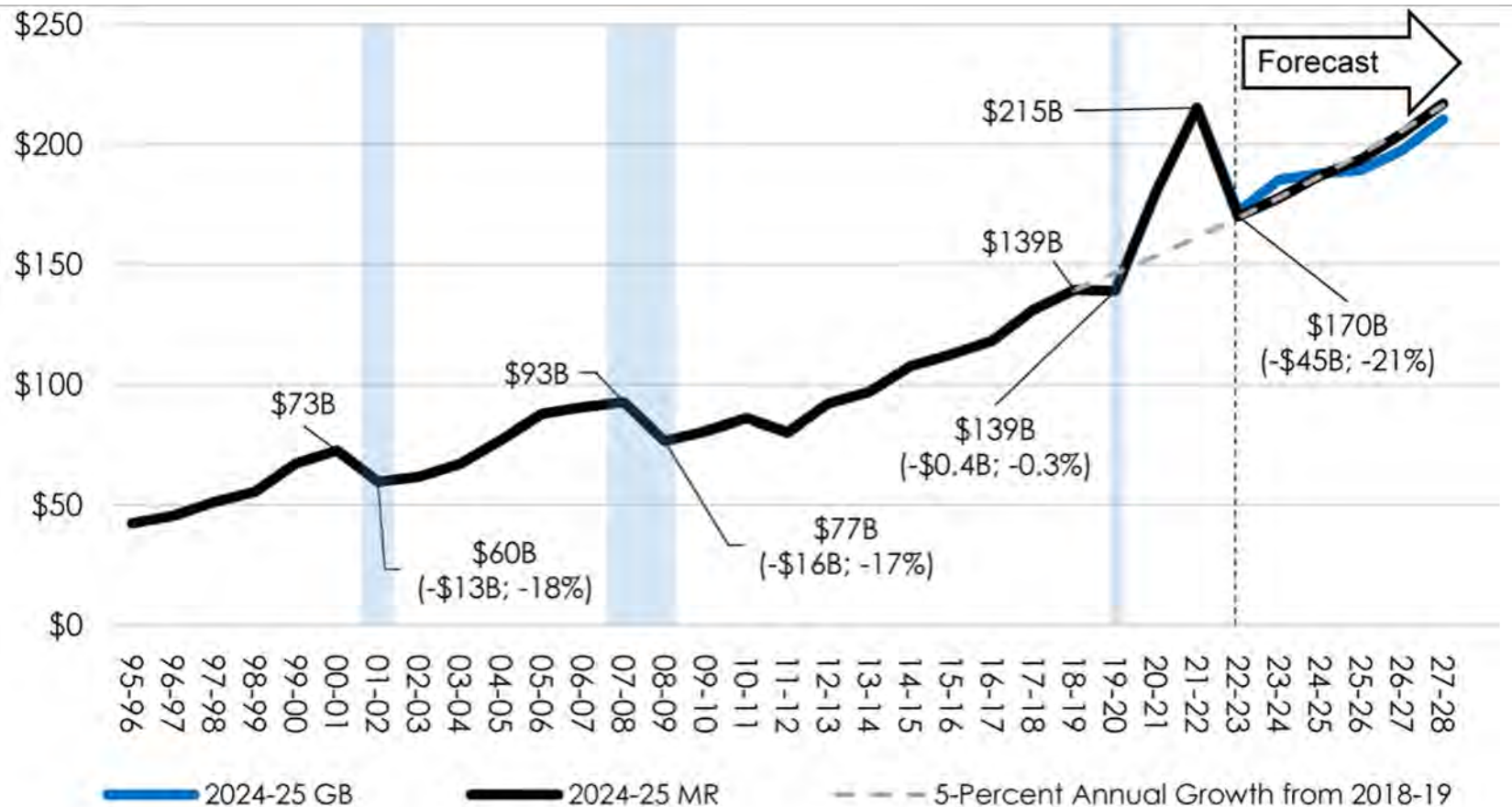
# State Budget

---

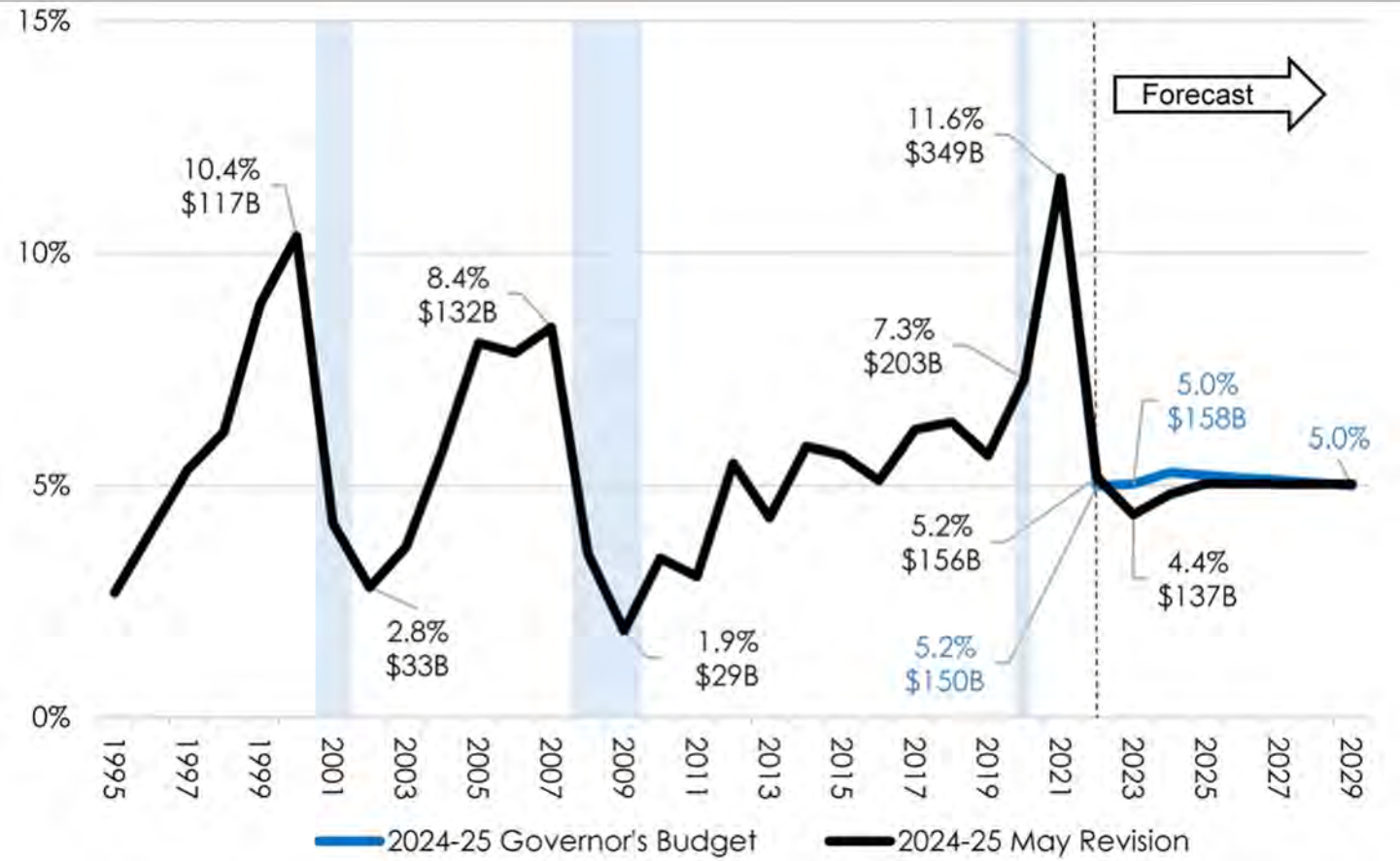
# Economic Forecast

- Slow, but steady economic growth through 2027
  - Driven by strong personal consumption, but will moderate with restrictive monetary policy
- Job growth to return to steady state
  - Technology layoffs, a high interest rate environment, and already nearing pre-pandemic employment result in less projected job growth
- Inflation is expected to cool
  - Slows to historical inflation rates of around 2% by early 2025 due to fiscal and monetary policy changes since the end of the pandemic

# Big Three Revenues



# Capital Gains as a share of PIT



# Proposition 98

- Provides \$97.5 billion in 2022-23, \$98.5 billion in 2023-24, and \$115.267 billion in 2024-25
- Rebenchers the guarantee to reflect the Proposition 28 arts funding and Universal Transitional Kindergarten
- Suspends the guarantee in 2023-24, creating an estimated \$8.3 billion in maintenance factor
- Reduces the P98 “Rainy Day” fund to \$1.1 billion by withdrawing \$8.4 billion to support 2023-24 levels of spending
- Creates \$2.6 billion in deferrals from 2024-25 to 2025-26

# California Community College Proposals

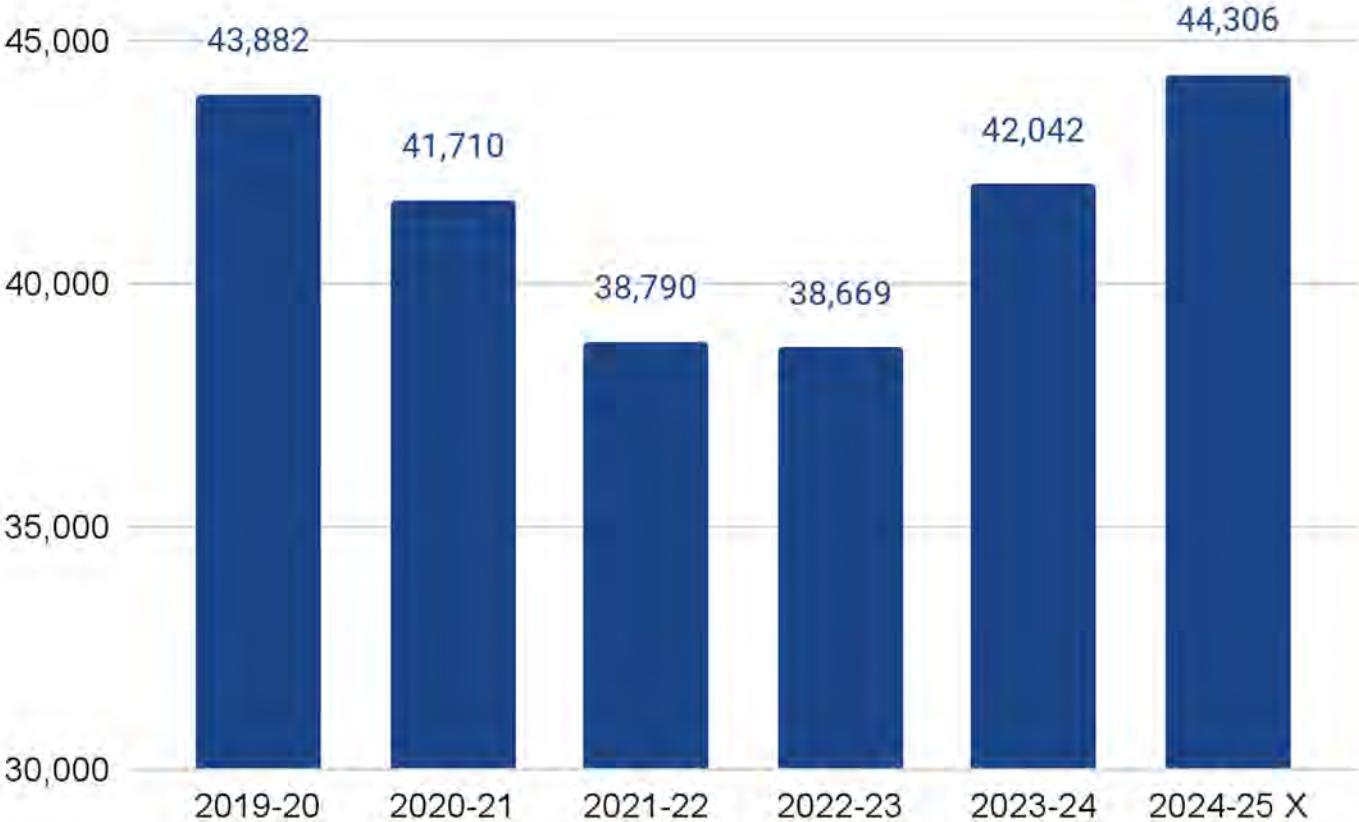
- \$100 million for a 1.07% COLA for the SCFF
  - ≈\$3 million for Los Rios
- \$12.8 million for \$1.07 COLA for various categorical programs
  - ≈\$0.3 million for Los Rios
- \$28.1 million for growth in the SCFF
- Reductions to Strong Workforce Program for specific projects
  - \$60 million to expand nursing programs
  - \$5 million for “education pathways for low-income workers”
- \$20 million for workload in financial aid offices
- Eliminates funding Learning Aligned Employment Program

# District Budget

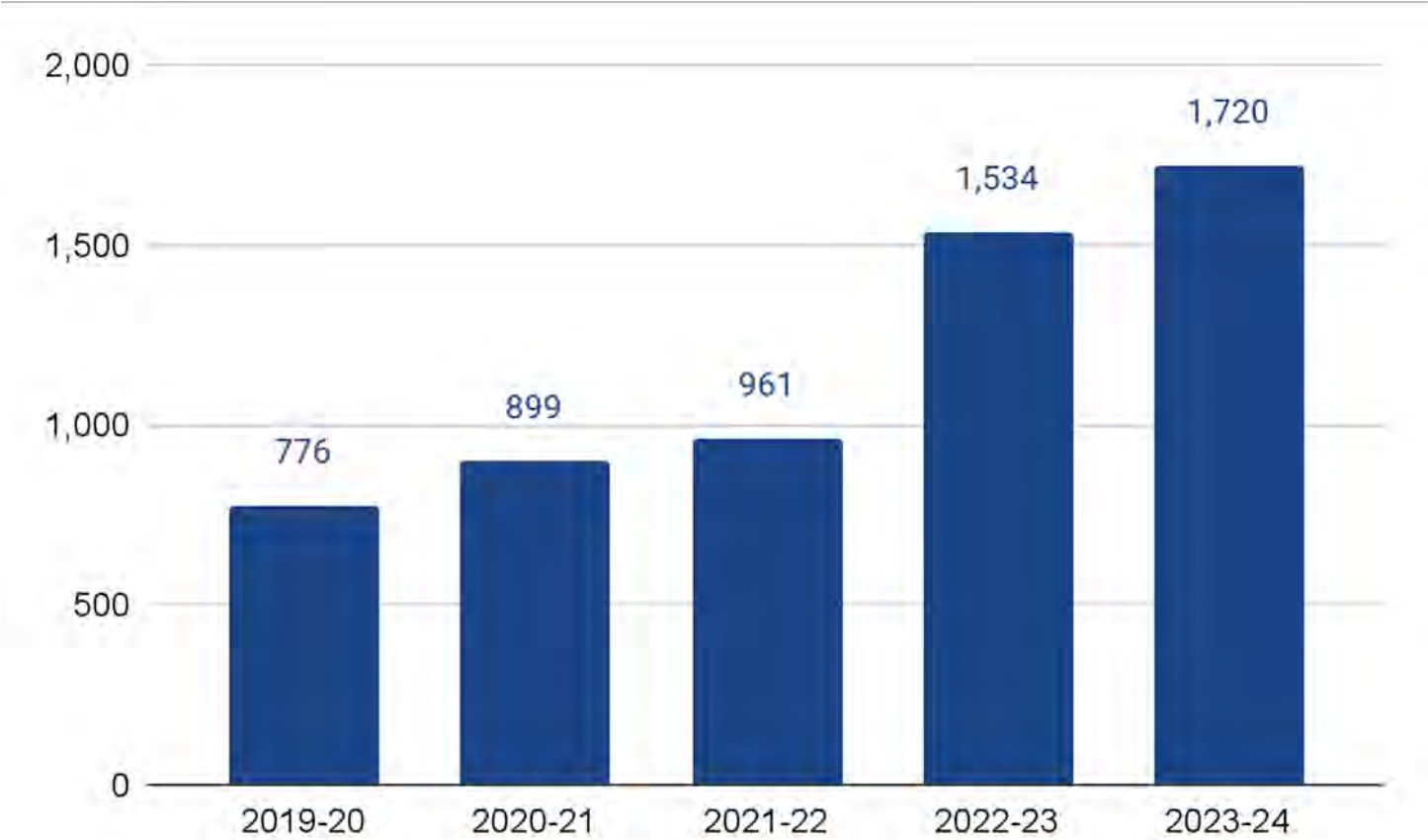
---



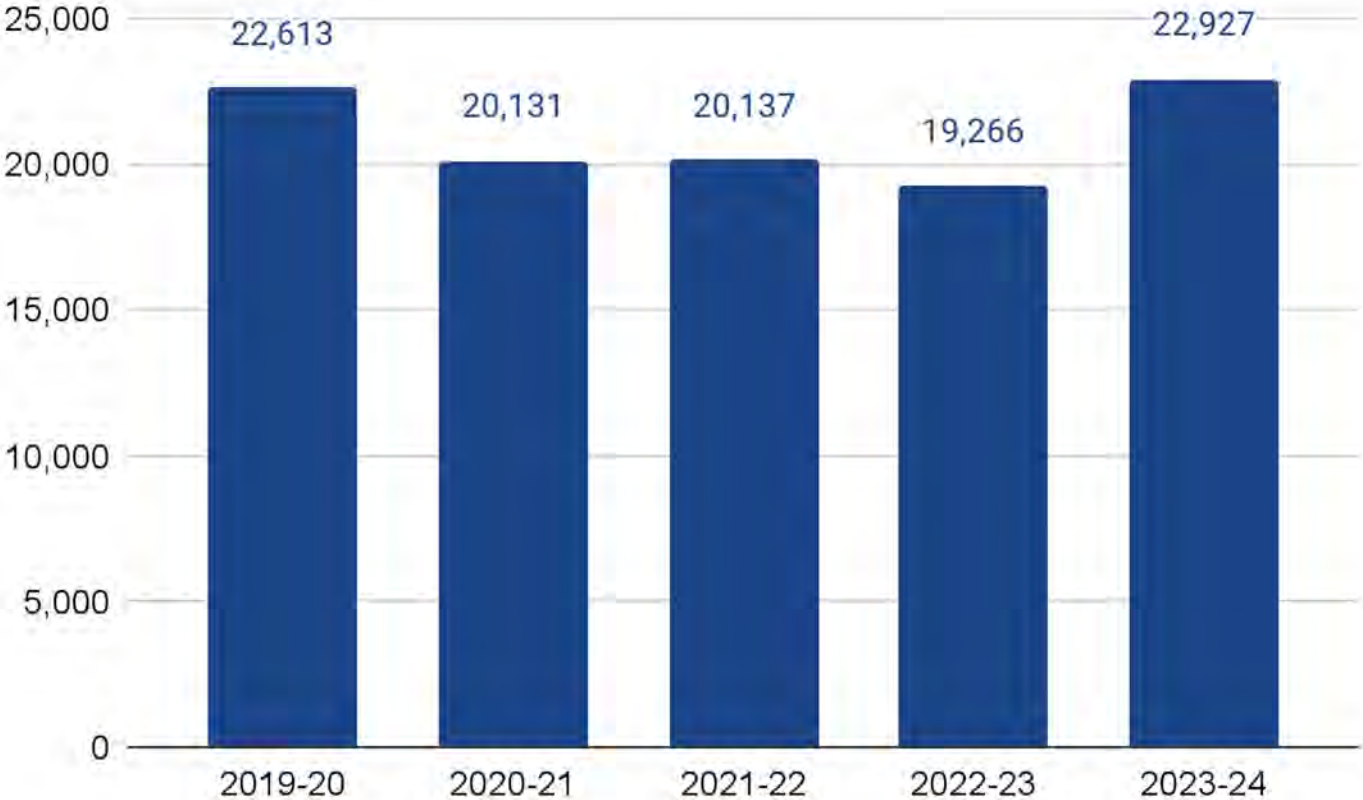
# Restoration of Credit FTES



# Growth in Dual Enrollment



# Restoring Pell Grant Student



# District Enrollment and Regional Population

- Up over 10% from Spring 2023 to Spring 2024
- Up over 10% from Summer 2023 to Summer 2024
- Up near 10% from Fall 2023 to Fall 2024
- Unique pace of restoration over the past two academic years
- Continued growth at CRC and FLC outpacing ARC and SCC
- Comparably favorable regional adult demographic trends
- Comparably favorable high school student trends
- Cost of living in Sacramento MSA continues to be relatively cheaper compared to other MSAs in California

# X, Y, Z Budget Assumptions

- X Budget assumes 4% above restoration of pandemic decline
- Y Budget assumes additional 2% on top of X Budget
- Z Budget assumes additional 2% on top of Y Budget
- 1.07% COLA for SCFF
- 18% increase in Pell Grant students
- 11% increase in Promise Grant students

# Future Concerns

- Unfunded growth in SCFF
  - State funding model focuses on three-year average
  - State funding model currently underfunds growth needs
- Returning to a normal interest rate level
  - Inflation appears to be normalizing
  - Sticky inflation could lead to persistently high interest rates
- Uncertain revenue and budget model at the state level
  - Changing tax laws may not bring in anticipated level of revenue
  - Highly dependent on 1% of earners to pay nearly 40% of total PIT
- Uncertainty with geopolitical conflicts
  - Russia and Ukraine and/or China and Taiwan

# 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 2028-29
  - 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 4.1% (very low risk)

Questions?