COUNCIL ON BUDGET AND FACILITIES

May 12, 2025 2:00 p.m. Anaheim Campus – Chancellor's Conference Room

Videoconferencing of the meeting will be available at Cypress College CCCPLX 404 and the Fullerton College President's Conference Room B

AGENDA

1.	Approval of March 10, 2025 Summary Notes	Irma Ramos	Action
2.	Budget Update		
	P-2 Information	Erika Almaraz	Information
	 Updated Budget Assumptions 	Erika Almaraz	Information
	IT Budget	Khaoi Maddy	Information
	LAO Report	Erika Almaraz	Information
3.	Facilities Updates	Budget Officers	Information
1	Other Items		

- 4. Other Items
- 5. Future Meeting Dates: June 9

NOTE: The numerical order of items on this agenda is for convenience of reference. To promote efficiency and as an accommodation to the parties involved, agenda items may be taken out of order upon request of the Chair or Members of the CBF.

COUNCIL ON BUDGET AND FACILITIES March 10, 2025

UNAPPROVED SUMMARY

Members Present: Belinda Allan, Erika Almaraz, Terry Cox, Karla Frizler, Henry Hua, Bridget Kominek, Cherry Li-Bugg, Elaine Loayza, Kathleen McAlister, Michelle Patrick-Norng, Irma Ramos, Marlo Smith, Kyle Sue, Leslie Tsubaki, Lourdes Valiente, and Fred Williams

Members Absent: Jeremy Peters

Guests Present: Allison Coburn, Nicole Crockrom, Maria Hernandez, Jaclyn Magginetti, Thu Nguyen, Deb Perkins, Valentina Purtell, Debbie Shandy and Scott Thayer, Bryan Ventura, Richard Williams.

Call to Order: The meeting was called to order at 2:05 p.m.

1. **Summary:** The summary notes of February 10, 2025 meeting were approved.

NOCE Update – Terry Cox, Director of Administrative Services, provided a recap from the February CBF meeting, noting that the CDCP calculations at P-1 were lower than expected, primarily due to the non-credit emeritus program.

2. Budget Update – Vice Chancellor, Fred Williams and Executive Director, Erika Almaraz provided the following highlights:

2023-24 Actuals

- The District closed the books for 2023-24 recording a 1.0% deficit factor which equated to \$2.66 million.
- The recalculation published in February 2025 by the State Chancellor's Office showed a 0.0% deficit factor. An adjustment will run through fiscal year 2024-25 and results in an additional \$2.66 million of revenue.

Budget at P-1

- The District reported 30,976.14 FTES at P-1 which was 254.81 FTES below the target used during the Proposed Budget. This resulted in a shift of \$1.75 million between earned revenue and hold harmless revenue. Total revenue is not affected.
- No deficit factor was used during the Proposed Budget, however, the deficit factor reported by the Chancellor's Office at P-1 is 7.11% or \$18.68 million for the District.
- District staff believe the deficit factor will shrink as property taxes are trued up at P-2 and more information on EPA funding is released by June.
- At this point, staff are comfortable using the 1.0% deficit factor carried over from the prior year.
- Overall, a surplus at the end of the year is anticipated.

2025-26 Budget Assumptions

- Total Estimated Revenues = \$286 million
 - SCFF Revenue: Includes 2.43% COLA applied to the SCFF rates; 24-25 P-1 FTES; 23-24 headcount data for Supplemental & Student Success allocations; total SCFF revenue is expected to remain at \$262.4 million, of which \$256.2 million is earned revenue and \$6.2 million is hold harmless revenue.

- Other Revenues: Unrestricted lottery based on \$191 per FTES and 24-25 P1 FTES, and self-supporting revenues based on 23-24 actuals.
- Total Estimated Expenses = \$274 million
 - Other Budget Center Expenses based on 23-24 actuals increased by 2.92% CPI.
- Not Currently Included
 - Results of CSEA negotiations (Cost of 1.5% increase = \$1.2 million)
 - Results of Adjunct Faculty negotiations (Cost of 1% increase = \$328,171;
 Cost of 5% increase = \$1.6 million; Cost of 15% increase = \$4.9 million)
- Estimated Cost of adding 34 new FT Faculty = \$6.4 million
- Cost Savings from Vacant Positions (approximately \$15.4 million)
- Impact of Job Family Studies (projected between \$6.6 million and \$8.2 million)
- Additional Budget Center Costs (student food and book programs, student advocates)
- State Deficit Factor not included

<u>California's Economic Outlook – Key Economic Indicators</u>

- Cost of Living rising, potential tariffs, and federal funding reductions
- Unemployment higher than national average
- Construction activity slows
- Reliance on stock market
- High school demographics

Multi-Year Projections

Several four-year forecast scenarios were shared that factored 2024-25 FTES at P-1, FTES (both stagnant and with growth), budgeted expenses based on 2023-24 actuals, adjusted for annual salary increases and pension costs, and the retiree benefit contribution is paid from the Irrevocable Trust. The various scenarios highlighted the budgetary impact across the four years that would result if there were no growth in FTES, FTES growth of 1%, and a 1% decline in FTES.

FCMAT Fiscal Health Risk Analysis

The FCMAT Tool helps evaluate an institution's fiscal health and risk of insolvency in the current and two subsequent fiscal years. A higher score points to a greater potential risk of insolvency or fiscal issues with high risk at 40% or more, moderate risk at 25% to 39%, and a low risk at 24% or less. The District's risk score was 17.2% based on the common risk indicators sections.

Erika Almaraz also shared Budget Planning Considerations, including:

- Board Policies and Strategic Direction
 - Assure fiscal health and stability (BP 2200 Board Duties and Responsibilities)
 - Maintain unrestricted general fund reserves no less than two months of total general fund expenditures (BP 6250 Budget Management)
 - Revenues accruing to the District in excess of amounts budgeted shall be added to the District's reserve for contingencies. They are available for appropriation only upon a resolution of the Board of Trustees. (BP 6250 Budget Management)
 - The District will promote a shared vision of responsible stewardship of District resources through transparent and inclusive decision-making and integrated planning. (2020-2030 NOCCCD Strategic Directions)
- Budget Process Major Principles Established by the Council on Budget and Facilities

- Balance on-going expenditures with on-going revenues.
- o Maintain board policy reserve for economic uncertainties.
- Maintain appropriate autonomy for each budget center (Cypress College, Fullerton College, NOCE, and District Services) to use resources in a manner that best addresses the budget center's needs. Budget center allocations are expected to align with the NOCCCD Mission Statement and link District Strategic Directions and District Objectives to the resources needed to accomplish these institutional goals.
- Other Considerations
 - Ongoing Revenues Growth
 - Basing budgets on the number of FTES that we realistically believe can be generated.
 - 50% Law Compliance: Reduce non-instructional expenses or increase instructional expenses charged to Unrestricted General Fund.
 - Construction & Facilities Maintenance: The State has not funded scheduled maintenance in recent years despite the systemwide need.
 - Insurance Limits & Uninsured Risks: No earthquake coverage and atomic verdicts.
 - Uncertainties: Impact of job family studies, collective bargaining negotiations, impact of recent wildfires, stock market volatility, and impact of new federal executive orders.

Questions/Comments

- 1. Is a 7% deficit factor typical at this point in the year? While the current deficit factor is higher than usual, staff anticipate it will decrease over time. Unlike K–12 education, community colleges do not receive an automatic backfill for funding shortfalls. Any additional funding must be approved by the Legislature and typically comes from the following fiscal year revenues.
- 2. Do the calculations include longevity? Yes, the calculations include actuals.
- 3. Why doesn't the District carry earthquake insurance? The cost of obtaining earthquake insurance is too high. However, due to California's stringent building standards, we are focusing on extensive seismic upgrades to ensure safety and compliance.
- 4. When will the attendance formula changes be in effect? The switch to the new formula is scheduled for fiscal year 2026–27. Will this have an impact on in-person classes, online courses, or both? It primarily impacts online classes.
- 3. Vacancy List by Budget Center At the February 10, 2025, meeting, members requested a list of vacant positions by budget center. Executive Director, Erika Alamarz provided the committee with a list outlining the position title, last activity date, and the costs associated with the position.

Questions/Comments:

- 1. On the list of vacancies, what does "NEW" signify? Newly added positions that are currently in the recruitment process at this time and will be removed once filled.
- 2. How far back do these vacancies go? The ones listed are from 2023 Are the positions prior to that purged? The campuses have the responsibility to purge those positions and as we prepare for the tentative budget, staff will begin their process to clean the list up.
- **4. One-time Funding –** As of February 2025, \$1,487,011 unallocated one-time funds remained available for allocation.

Student Success Advocates Request – The budget centers have made great strides to increase retention and persistence though the support of the Student Advocates and is requesting \$1,400,000 of the one-time funds to continue the Student Success Advocates efforts.

Each of the budget officers/campus representatives provided an analysis of the Student Success Advocates program and the insight into the effectiveness of student support initiatives. All three centers reported a positive impact and increase in persistence/retention rates compared to the prior year.

Questions/Comments:

1. What does "enhanced technology" mean, and how will it be incorporated? Currently, staff are using older technology to engage with students. Ideally, they would like to transition to newer, more advanced tools. While the use of enhanced technology is not required at this time, it has been included as a potential option for future implementation.

Vice Chancellor Williams emphasized that the primary goal is to increase enrollment, while also noting that student retention is equally important in maintaining enrollment numbers. Campuses will need to identify sustainable funding sources once the one-time funding is exhausted, as there will be no opportunity to replenish it. So far, the initiative has had a positive impact on both students and the campuses.

Committee members shared personal experiences and positive feedback to the program and impact.

By consensus, the committee agreed to approve the \$1,400,000 one-time funding request for the Student Advocates program and move the request to DCC.

5. Facilities Updates

Anaheim Campus - Rick Williams provided an update on behalf of the campus.

- Outdoor Patio Remodel Project has been delayed due to fire line relocation. Expected
 concrete work to be done by this week (weather permitting). Completion is targeted for
 the end of May.
- Signage Project Metal panels installed, with large letters and marquee sign installation in progress.
- Community Green Space & ADA Plan A meeting with NOCE reps and the architects has been scheduled to refine design and confirm funding.
- East Lot Restoration A follow-up meeting will be held after the Community Green space discussion. Project is currently in the planning and funding stage.
- Upper Deck Close-Out Project is 90% complete; approx. \$0.5M–\$1M in unused funds to be returned to state.
- Boardroom Modernization (Non-Bond) Framing and HVAC complete; electrical work underway; aiming for a mid-late May completion date.
- Lighting Control Upgrade 75% construction drawings complete; bidding is expected in June.
- Cooling Tower & High Voltage Projects Maintenance-focused upgrades to prepare for the summer.
- Elevator Concerns Replacement costs estimated at \$2.5M–\$3M+; phased replacement is likely needed due to the anticipated budget.

Cypress College – Allison Coburn provided an update on behalf of the campus.

- Fine Arts Building Project is 44% complete; ongoing framing and mechanical/electrical work; targeting completion date of Fall 2026.
- Health & Wellness Center Project is 32% complete; drywall and MEP rough-in in progress; minor delays due to structural steel changes; goal of Fall 2025 opening.
- Gym Fire Alarm Upgrade Work is scheduled to begin in two weeks.
- Softball Renovation Design phase 60% CDs; revised survey required; target completion date in Summer 2027.
- LRC Tutoring Reconfiguration Project is nearing completion; there are AV equipment delays which have pushed the final AV installation to mid-April.
- Tech III X-ray Replacement Equipment is now operational, and the punch list nearly complete.
- LRC Patio Upgrades Kickoff user meetings have been scheduled. Staff are targeting Spring 2027 for an anticipated completion date.
- Central Plant Upgrade Upgrades to increase chiller capacity. Phase I begin soon.
- Aviation Tech 2 Upgrades Bids are due soon and work is scheduled to start June 4.
 Cabin trainers ordered and are in route.
- LRC Secondary Data Center Project is in its final step to add generator and reconfigure space for ADA/accessibility upgrades.

Fullerton College - Henry Hua provided and update on behalf of the campus.

- 300 Building Exterior nearly complete; interior framing ongoing; substantial completion by November and full use anticipated by September 2026.
- Chapman Newell Student Center & M&O Building Interiors nearly complete; substantial completion targeting for April; staff are currently working with the Furniture Fixtures & Equipment group. Ribbon cutting planning is underway.
- STEM Lab Internal kickoff meeting was recently held and user group walk-throughs and FPP/IPPs are under review.
- Performing Arts Center Project \$100M was approved by the Board; staff continue to plan site logistics.
- Wilsher Chiller Relocation The unforeseen conditions are progressing, and staff continue to negotiate cost and review project schedule.
- Softball Field: Project has been unveiled to the team. Next step is to go out to bid.

Vice Chancellor Williams emphasized patience as all three campuses undergo major facility improvements.

6. Future Meetings – During the Anaheim Campus construction, meetings will be held in the Chancellor's Conference Room. Videoconferencing options are also available on the campuses.

May 12 June 9

Meeting was adjourned at 3:42 p.m.

			NOCE	Ē	
Comparison to Target FTES:	СС	FC	Non-Credit	CDCP*	Total
Target	11,500.00	15,730.95	1,309.00	2,691.00	31,230.95
Actual	12,044.71	14,991.33	1,572.93	2,668.40	31,277.37
Variance Favorable (Unfavorable)	544.71	(739.62)	263.93	(22.60)	46.42
% Variance	4.74%	-4.70%	20.16%	-0.84%	0.15%
Annualizer Used - C/Y	1.200/1.500 1.000:	1.0000	1.1500/1.1182		
Annualizer Used - P/Y	1.5000;1.2000	1.0000	1.2500;1.2400		
			NOCE	<u> </u>	
Comparison to Prior Year Actuals:	CC	FC	Non-Credit	CDCP*	Total
2023-24 @ Annual (Final)	10,985.20	14,392.45	1,251.54	2,569.88	29,199.07
2024-25 @ P2	12,044.71	14,991.33	1,572.93	2,668.40	31,277.37
Variance Increase (Decrease)	1,059.51	598.88	321.39	98.52	2,078.30
% Variance	9.64%	4.16%	25.68%	3.83%	7.12%
Comparison to Funded FTES:	Funded <u>PY *</u>	Reported 2024-25 P2	<u>Variance</u>		Variance %
Total (* Emergency Conditions Applied,					
based on 2019-20 P1)	31,539.93	31,277.37	262.56		0.83%
*Note: The Emergency Conditions Provision p	hases out after 2024-	25.			
			NOCE	<u>.</u>	
Comparison to 2017-18 Actuals:	СС	FC	Non-Credit	CDCP*	Total
2017-18 Actuals	11,487.53	18,042.34	2,400.76	2,664.91	34,595.54
2024-25 @ P2	12,044.71	14,991.33	1,572.93	2,668.40	31,277.37
Variance Increase (Decrease)	557.18	(3,051.01)	(827.83)	3.49	(3,318.17)
% Variance	4.85%	-16.91%	-34.48%	0.13%	-9.59%

^{*} CDCP = Career Development and College Preparation.

North Orange County Community College District 2025-26 Tentative Budget

Resource Allocation Model - Budget Assumptions

Student-Centered Funding Formula

Student-Centered Funding Formula			
Estimated COLA		2.43%	
Apportionment Base:		2025-26	
Basic Allocation	\$	17,777,618	
Credit FTES	Ψ	137,719,622	
Special Admit		7,190,328	
Non-Credit FTES		7,650,563	
CDCP		20,293,049	
Subtotal	\$	190,631,180	-
Subtotat	φ	190,031,160	
Supplemental Allocation		43,729,158	
Student Success Incentive Allocation		26,414,205	
SCFF Earned Allocation	\$	260,774,543	
2025-26 SCFF Total Revenue	\$	260,774,543	
2025-26 SCFF Hold Harmless Allocation	\$	262,433,892	<a>
Amount available for backfill and reserves	\$	1,659,349	- =
State Revenue			
Enrollment Fee Waiver			
2% fee waiver administration allocation estimate:	\$	532,095	<a>
Full-Time Faculty Hiring Funds 2018-19			
Provided separately from SCFF in 2018-19 (no COLA on			
this since initial allocation)	\$	1,441,228	<a>
Part-Time Faculty Compensation Items			
Est. reimbursement for PT faculty office hours	\$	2,295,425	<a>
Est. reimbursement for PT faculty compensation	\$	703,647	
Lottery Funds			
Unrestricted lottery projection, \$191 per FTES:	\$	6,073,903	<a>
Restricted lottery projection, \$82 per FTES:	\$	2,607,644	
Mandated Costs			
Budget proposal includes funding for Mandated Block			
Grant, \$36.51 per FTES:	\$	1,148,153	<a>
Local Revenue/Self-Supporting Revenue Interest & Investment Income			
Interest earnings estimate	\$	3,000,000	<Δ>
interest carmings continue	Ψ	0,000,000	71
Miscellaneous Districtwide Income	•	10.000	. 4.5
Other miscellaneous income estimate:	\$	10,000	<a>
Budget Center Revenues			
Budget Centers have provided for the self-supported			
activities for each quarter. Included in this section,			
Cypress College and Fullerton College have budgeted			
Nonresident Tuition as part of ongoing revenues.	\$	7,702,860	<a>
Interfund Transfer In			
Transfer In from Redevelopment Funds:	\$	1,000,000	<a>
Additional Contribution from OPEB Trust			
Up to \$6.0M for FY 2024-25, 2025-26, 2026-27	\$	5,750,057	
Total Revenues (excluding Contrib. from OPEB Trust)	\$	286,341,203	= sum of <a>
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North Orange County Community College District

2025-26 Tentative Budget

Resource Allocation Model - Budget Assumptions

Appropriations and Expenditures

Position Control Budgets (Permanent Positions)	Position C	Control Buds	gets (Perman	ent Positions)
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All Permanent Positions have been budgeted based on applicable employee step, grade, and, if applicable, longevity, premium pay, professional growth and education stipends.

\$ 187,650,733

The current rates for benefits have been applied as follows:	24-25	25-26
STRS: For employer share of contributions towards STRS pension costs.	19.10%	19.10%
PERS: For employer share of contributions toward PERS pension costs.	27.05%	26.81%
OASDI: For State Disability Insurance and Medicare required.	6.20% & 1.45%	6.20% & 1.45%
SUI: State Unemployment Insurance.	0.05%	0.05%
WC: Worker's Compensation Rate to contribute towards worker's comp costs.	0.50%	0.50%
$\underline{\text{RB}}\textsc{:}$ Contribution rate toward ongoing retiree health benefit costs.	0.00%	0.00%

12,654,370 **Health Costs** Health costs are expected to increase. This estimates an increase of 5% over prior calendar year. 632,718

Dependent Care Coverage Costs

All groups' current agreements include a contribution by the District toward dependent care coverage as well as full family coverage. An estimate of these costs was added based on 24-25 employee participation.

7,574,515

208,512,336

Total Estimated Position Control Costs

Other Operating Expenses

The remaining costs outside of position control have been budgeted to help meet departmental needs at each budget center. Included herein are estimated costs for Adjunct faculty.

Extended Day (including Adjunct & Overload)

Extended Day budgets estimated using 24-25 Proposed Budget. Associated benefits have been included.	\$ 38,888,970
Estimated cost of increasing overload by 15%	\$ 1,758,750

Health Costs

Part-time Faculty Insurance premiums	\$ 4,924,500
Expected reimbursement	\$ (4,924,500)

Other Budget Center Expenses: Amounts estimated based on 23-24 actuals and increased by 2.92% CPI. 18,815,794

Districtwide Expenses

Districtwide expenses include budget for costs that have been approved through CBF and DCC and that will be shared across all budget centers.

6,005,349

Items not included in Budgeted Expense:

Estimated cost of increasing CSEA salary schedule by 1%, including statutory fringe benefits.

273,981,199

866 889

Total Expenses (net of Contrib. from OPEB Trust)

Estimated cost of increasing Adjunct Faculty rates:

By 1%	\$ 328,171
By 5%	\$ 1,640,855
By 10%	\$ 3,281,710
By 15%	\$ 4,922,565

Estimated cost of adding 34 new Full-Time Faculty, including benefits

Cypress - adding 15			\$ 2,820,540
Fullerton - adding 15			\$ 2,820,540
NOCE - adding 4			\$ 752.144

Estimated cost savings from vacant positions, including benefits (using 24-25 Position Control) TBD

Potential estimated cost of Job Family Studies TBD

Other Budget Center costs (student food program, student advocates, book program)

TBD

North Orange County Community College District

2025-26 Tentative Budget

Districtwide (DW) Expenses in Fund 11200 (Ongoing Budget only) May 8, 2025

		Actuals 2023-24		Budget 2024-25		Budget 2025-26
Sabbatical Replacement Costs	\$	-	\$		\$	300,000
Related Activity (Additional Duty Days for Faculty)	\$	442,561.68	•	350,000	•	350,000
Subtotal 10000's	\$	442,561.68		650,000		650,000
		,		,		
Retiree Medical Benefits	\$	5,395,476.93		5,750,057		5,750,057
Contribution from Retiree OPEB Trust	\$	-		(5,750,057)		(5,750,057) ***
Net Retiree Medical Benefits Cost	\$	5,395,476.93		-		-
Part-time Faculty Insurance reimbursement program	\$	134,095.85		215,000		225,750
Part-time Faculty Insurance premiums	\$	2,304,834.59		4,475,000		4,698,750
Expected Reimbursement	\$	(2,333,385.59)		(4,690,000)		(4,924,500) ♦
Net Part Time Health Insurance Program Expense	\$	105,544.85		-		-
Fringe Benefits Clearing	\$	600,574.29		1,000,000		1,000,000
Adjustments/Fees from STRS	\$	24,607.16		40,000		40,000
Fees from PERS	\$	-		10,000		10,000
Load Banking Benefits Accrual Adjustment*	\$	39,409.01		15,000		45,000
Subtotal 30000's	\$	6,165,612.24		1,065,000		1,095,000
Other (Memberships per Contracts for Employees)	\$	-		6,000		6,000
Recruiting Budget	\$	43,761.55		55,000		55,000
Fingerprinting	\$	19,595.00		25,000		25,000
Sabbatical Bond Reimbursements	\$	4,446.50		4,500		4,500
Districtwide Memberships	\$	142,042.22		143,000		143,000
Audit Expenses*	\$	121,800.00		133,500		150,300
Information & Emergency Communication System	\$	47,481.28		51,280		51,280
Sewer Expenses*	\$	98,726.46		99,000		115,000
Additional Attorney Expenses	\$	250,968.14		350,000		350,000
Waste Disposal	\$	196,244.28		200,000		200,000
Election Expense*	\$	-		300,000		150,000
Ride Share (AQMD)	\$	100,432.78		120,000		120,000
Student Insurance*	\$	235,394.00		236,000		280,000
Employee Assistance Program	\$	41,437.02		60,000		60,000
Interest	\$	66,711.23		90,000		90,000
Life insurance	\$	171,912.25		172,000		172,000
Mandated Fees from PERS (for reports)	\$	350.00		350		350
County Payroll Postage Charges	\$	5,513.42		5,700		5,700
DW IT Expenses	\$	1,551,350.03		1,907,219		1,907,219
Subtotal 50000's	\$	3,098,166.16		3,958,549		3,885,349
FC Child Care Center Contribution (B/A 4/14/09)	\$	250,000.00		250,000		250,000
Hospitality	_\$	195,000.00		-		- *
Subtotal 70000's	\$	445,000.00		250,000		250,000
EEO Plan Implementation	\$	-		25,000		25,000
Student Success		-		100,000		100,000
Subtotal 79000's (Contingencies)	_\$	-		125,000		125,000
Total Districtwide Expenses	\$	10,151,340.08	\$	6,048,549	\$	6,005,349
Total		10,151,340.08				
Total	_	10,151,340.08				

^{***:} The Retiree Trust Board approved the use of trust fund assets for the pay-as-you-go annual costs for the health retiree benefits.

^{•:} We will be using the reimbursement from the state to cover the cost of the part-time faculty health insurance program.

^{❖:} Beginning 24-25, hospitality will no longer be a districtwide shared expense. Hospitality will be budgeted at each budget center.

2024-2025

Distribution of Hold Harmless Funds

At Proposed Budget

SCFF Revenues
Additional Revenue from Emergency Conditions
Additional Hold Harmless Funding

	<u>DW</u>	<u>DS</u>	<u>cc</u>	<u>FC</u>	NOCE	<u>Total</u>
\$	-	\$ 22,918,202	\$ 87,369,827	\$ 111,660,345	\$ 25,815,982	\$ 247,764,356
	-	839,791	3,486,622	4,752,405	-	9,078,818
	5,590,718	-	-	-	-	5,590,718
\$	5,590,718	\$ 23,757,993	\$ 90,856,449	\$ 116,412,750	\$ 25,815,982	\$ 262,433,892

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At P2

SCFF Revenues
Additional Revenue from Emergency Conditions
Additional Hold Harmless Funding

<u>DW</u>		<u>DS</u>		<u>cc</u>		<u>FC</u>	<u>NOCE</u>	<u>Total</u>		
	\$	-	\$	23,165,407	\$	89,770,778	\$ 110,978,268	\$ 26,522,384	\$	250,436,837
		-		839,791		3,556,204	4,682,824	-		9,078,819
				269,937		1,046,078	1,293,164	309,056		2,918,236
	\$	-	\$	24,275,135	\$	94,373,060	\$ 116,954,256	\$ 26,831,440	\$	262,433,892

Reallocation based on P2

<u>DW</u>	<u>DS</u>	<u>cc</u>	<u>FC</u>	<u>NOCE</u>	<u>Total</u>
\$ (5,590,718)	\$ 517,142	\$ 3,516,611	\$ 541,506	\$ 1,015,458	\$ -

Vendor	Item	Description		2023-24		24-25	2025-26		26-27	Notes	
Existing Maintenance Obligations											
District-wide Core Services and											
Software											
		Banner software and maintenance									
Ellucian	Ellucian TCP	agreement	\$	578,392	\$	607,047	\$ 631,329	\$	656,582	4% anticipated increase	
	Banner Document Management, Maintenance										
	Application Extender Package, Maintenance EMC	Additional Ellucian software integration to									
Ellucian	Extender Test Package, Document Retention	Banner	\$	-	\$	-	\$ 15,855	\$	16,489	4% anticipated increase	
										PO for 2024/2025 is 250000, 173196.83 of	
AWS	Cloud Computing, Storage, Maintenance	District cloud data computing	\$	249,025	\$	250,000	\$ 250,000	\$	250,000	250000 used as of 5/8/2025	
Oracle	Oracle Enterprise Database	Database software maintenance agreement	\$	174,234	\$	181,204	\$ 192,076	\$	203,600	6% increase year-over-year trend	
		Data reporting system, document design,									
Evisions	Argos, Intellecheck, FormFusion	automation software	\$	22,758	\$	23,668	\$ 24,615	\$	25,599	4% anticipated increase	
		Address verification software integration to									
Runner Technologies	Clean Address	Banner	\$	19,095	\$	19,859	\$ 19,859	\$	19,859		
		Application complier software for Banner									
Adaptigent	NetCobol	products	\$	1,901	\$	1,977	\$ -	\$	-	Last year is 24/25	
Nth Generation	VMware software/support	Software and maintenance	\$	34,567	\$	74,880	\$ 74,880	\$	74,880		
Cohesity	Cloud hosting for disaster recovery	System backup for disaster recovery	\$	-	\$	-	\$ -	\$	-	Support until 2027	
Computerland	Microsoft Licensing	License renewal	\$	34,833	\$	21,002	\$ 21,842	\$	22,716	4% anticipated increase	
		Staff and student portal integration with									
Ucroo	Pathify	Banner	\$	93,870	\$	98,563	\$ 102,506	\$	106,606	4% anticipated increase	
VectorUSA	Cisco Licensing	License renewal	\$	-	\$	250,000	\$ -	\$	-	End in 25/26	
District-wide Software and Services											
Accruent LLC	EMS	Event management and planning tool	\$	15,541	\$	17,096	\$ -	\$	-	Last year, replaced by CollegeNet Inc 25Live	
Civitas	College Scheduler	Registration tool	\$	-	\$	-	\$ 82,000	\$		Renewal due in 25/26, 5 year contract	
Qualtrics	Qualtrics	Survey software	\$	7,525	\$	8,513	\$ 8,513	\$	8,513		
										PO for 2024/2025 is 63000, 47250 of 63000	
CollegeNet Inc	25Live Licensing	License renewal	\$	-	\$	63,000	\$ 63,000	\$	63,000	used as of 5/8/2025	
CollegeNet Inc	25Live Implementation	Setup and integration	\$	160,000	\$	48,000	\$ -	\$	-		
NextGen Web Solutions	Dynamic Forms	Software for creating forms	\$	22,050	\$	23,100	\$ 23,100	\$	23,100		
		Data visualization and business intelligence									
Salesforce.com Inc	Tableau	tool	\$	42,556	\$	50,216	\$ 50,216	\$	50,216		
Hyland	OnBase	Document management tool	\$	56,777	\$	74,519	\$ -	\$	-		
PeopleSchool	PeopleAdmin	HR talent management sutie	\$	44,166	_	38,698	\$ 38,698	_	38,698		
Maxient	Maxient	Case and conduct management tool	\$	14,850	\$	14,850	\$ 14,850	\$	14,850		
										Rave was not paid for by DW technology	
Rave	Rave	Information and emergency communication	\$	47,481	\$	-	\$ -	\$	-	budget 24/25	
										Contract is through 24/25, possible move to	
Mongoose	Cadence	SMS messaging system	\$	-	\$	-	\$ 148,194	_		campuses' budget	
Element451	Element451	Customer relationship management (CRM)	\$	-	\$	-	\$ 209,880	\$	209,880	New application for 25/26, 5 year contract	
		Total	\$	1,619,621	\$	1,866,192	\$ 1,971,412	\$	2,019,629		



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Updated "Big Three" Revenue Outlook

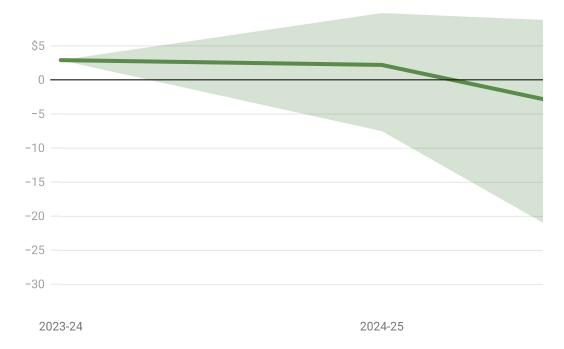
May 7, 2025

Brian Uhler Chas Alamo Seth Kerstein Alex Bentz Rowan Isaaks

Strong Growth This Year, Muted Expectations Moving Forward. Our updated forecast anticipates revenues from the state's three largest taxes (income, corporation, and sales) will post strong growth in the current fiscal year. Moving into the budget year, however, our revenue forecast is essentially flat, reflecting mounting risks and headwinds. Total collections across the budget window (2023-24 and 2025-26) roughly match the assumptions in the January Governor's Budget. The timing of those collections, however, is somewhat different, with more revenue attributed to the prior and current years and less revenue expected in the budget year.

How Much Could Revenues Differ From Budget Projections?

LAO Forecast Minus Governor's Budget (In Billions)



Personal Income Tax	Corporation Tax	K
\$20	\$20	Sales Tax
15	15	\$20
10	10	15
5	5	10
0	0	5
-5	-5	0
-10	-10	-5
-15	-15	-10
-20	-20	-15
-25	-25	-20
-30	-30	-25
2023-24 2024-25	2023-24	2024-25 -30
Created with Datawrapper	Created with Datawra	2023-24 2024-25 rapper

Strong Income Tax Collections Have Driven Recent Revenue Growth.

Our forecast has revenues ending the current year (2024-25) up almost 20 percent from two years ago, considerably above the average two-year growth rate of 13 percent. Surging income tax collections underlie this growth. In just the last twelve months, total income tax collections have grown over 15 percent. More real-time measures of income tax collections show that growth has downshifted somewhat but remains solid. April estimated payments, which reflect how much taxpayers expect to owe for 2025, were up more than 10 percent from last year. Similarly, April income tax withholding grew 5 percent from a year ago.

Path to Continued Growth Appears Narrow. Typically, income tax collections like we have seen recently would suggest a positive revenue outlook. Our current forecast, however, is dampened by several factors. Some of these factors, such as the state's stagnant economy and the stock market's questionable sustainability, are issues we have raised previously but about which we remain concerned. Other factors, such as potential impacts of expanded tariffs, are new developments that add strain to an already tenuous situation. Taken together, these issues suggest the path to future growth could be narrow.

California Economy Has Been Stagnant for Some Time. The state's economy has been in an extended slowdown for over two years. The labor market has struggled https://lao.ca.gov/LAOEconTax/Article/Detail/755, marked by a growing number of unemployed workers and slowed hiring. The state has added no jobs so far in 2025. Similarly, consumer spending (measured by inflation-adjusted retail sales and taxable sales) has consistently declined. These conditions have weighed on sales tax collections in particular, which have moved sideways for multiple years. Should these conditions persist, they also could increasingly weigh down income and corporation tax collections.

Stock Market Propping Up Income Tax Collections. Income tax collections have surged over the last two years despite a weak labor market. Collections instead have been driven by the stock market, which, despite the recent volatility, is up almost 40 percent from two years ago. This is a precarious basis for revenue growth, however. As recent weeks have shown, stock markets gains can come and go quickly and unpredictably. And despite some declines, there are still reasons to be worried gains of the last two years may not be sustainable. Measures https://www.multpl.com/shiller-pe of how

https://www.longtermtrends.net/market-cap-to-gdp-the-buffett-indicator/

"expensive" stocks are remain at historically high levels. Additionally, investors have taken on increased amounts of debt https://www.finra.org/rules-guidance/key-topics/margin-accounts/margin-statistics to buy stocks. While these observations are far from conclusive, they point to a significant risk to the state's revenue outlook.

Federal Policy Turbulence Puts Fragile Economy at Risk. The risks posed by California's stagnant economy and a potentially overheated stock market have been magnified by recent federal policy actions. Over the last few months, the Trump administration has taken numerous actions to expand and modify tariffs charged on imports from other countries. These tariffs will create new costs for consumers and businesses and likely place some drag on the economy. The extent of these impacts, however, is uncertain. To inform our forecast, we looked to some imperfect signals of potential impacts:

- Declining Consumer Sentiment. Escalating tariffs appear to have created significant unease among consumers, who report being worried about potential impacts on prices. Since the beginning of the year, a commonly-cited measure of consumer sentiment has dropped 30 percent, to historic lows. Similar drops in sentiment have occurred nine times in the last three decades. These drops have not universally signaled a coming downturn. On average, however, the state's labor market and revenues have been weaker than normal following such episodes.
- Downgraded Expectations Among Economic Forecasters. Confidence in the economy also appears to have soured among economic forecasters. According to a long-standing survey of forecasters (Blue Chip Economic Indicators https://www.wolterskluwer.com/en/solutions/blue-chip), expectations for gross domestic product growth over the next few quarters are among the lowest in the survey's history. Survey readings have only been this low three times. Two of these episodes aligned with recessions. The third was in 2023, when economists consistently anticipated a near-term slowdown in the U.S. economy that did not materialize.

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COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

LAO Releases Updated State Revenue Outlook



BY PATTI F. HERRERA, EDD

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posted May 7, 2025

The Legislative Analyst's Office (LAO) released its "<u>Updated 'Big Three' Revenue Outlook</u>" on May 7, 2025, just a week ahead of the Governor's May Revision budget release. The LAO forecasts that state revenues will remain strong in the current fiscal year and by and large match the Governor's projections. However, moving into the budget year, or fiscal year 2025–26, the LAO forecasts flat revenue growth, reflecting significant risks and challenges ahead.

The LAO estimates the state income taxes will end the current fiscal year (2024-25) nearly 20% higher than two years ago with state income tax collections being the primary driver of this growth. Typically, income tax collections indicate a strong revenue outlook; however, the LAO cites the state's stagnant economy, stock market volatility, and the potential impacts of expanded tariffs as significant risk factors.

California's economy has been experiencing an extended slowdown for the last two years. The LAO cites rising unemployment and slowing hiring, noting that the state has added no jobs thus far in 2025. In addition, consumer spending has been in decline. These factors have dampened sales tax collections and, if they persist, could impact income and corporation tax collections.

Stock market gains have in large part driven the strong income tax collections over the last two years. Despite recent volatility, the stock market is up nearly 40% as compared to two years ago. The LAO points out stock market growth has frequently been unpredictable and is not a solid basis for revenue growth. There are also indications that the current market is vulnerable.

Finally, the LAO discusses how federal policies pose risks to California's economy. The Trump Administration's tariff policies that have evolved over the last few months will increase costs for consumers and businesses. The impact on the economy is still unknown, but both consumer sentiment and economic forecasters' confidence in the economy has dropped.

We will be paying close attention to Governor Gavin Newsom's May Revision that will be released next week and see how he proposes to manage the economic challenges ahead.