

SPARC Presentation Overview from May 9, 2024 Meeting

State Budget:

- No substantial updates on the state budget pending release of the May revise by the Governor's office on Friday, May 10th. I'll forward analysis on the revise once made available.
- The revise is the starting point between the Governor and legislature to negotiate, approve and sign a final budget that will be balanced for fiscal year 2024-2025. A budget should be passed by the legislature prior to June 15, 2024. The Governor will then meet with the heads of the state assembly and state senate and negotiate a final budget compromise by June 30, 2024.
- The governor and legislature will likely use all tools (cuts in spending, not filling vacant positions, deferrals in spending, shifts of costs, claw backs of unused / reserve funds and rainy-day funds) to try and mitigate impacts to the Fiscal Year 24-25 budget for community colleges and schools. Such strategies may have negative impacts in future years if state revenues do not align with current spending.

Local Budget:

- While community supported, the San Mateo County Community College District, and Skyline College specifically, utilizes state (categorical) funds for a number of high profile and important initiatives, programs and services. Holding spending flat or reduced funding will result in reductions because our local costs increase. Reductions and / or "claw backs" could have significant negative impacts on programs and services currently being funded with state dollars.
- I reviewed the SPARC Presentation FY 24-25 Tentative 20240509 Final excel document. Tabs covered were the Fund 1 tracking document and the 2024-2025 RA 20240509. Key items are: 1) Out site allocation has increased since the April 8 update. 2) Our primary source of revenue is from assessed property values and this is trending upwards but not at the same rate as the previous two years. The rate on 5/8/24 was 4.31% and on 5/7/23, it was 5.23% . 3) We anticipate future increases to the AV but appeals are on-going. The AV will lock at the end of June and be finalized. 4) Even with increased revenues we are still projecting a negative (reduction) adjustment in Step 7, although this negative has been decreasing. This reduction reduces the COLA (Cost of Living Adjustment and includes not only salaries but step / column increases, benefit increases, parity increases and statutory costs) from the current fiscal year that should go into our baseline budget for next year to be made whole. Thus, as of May 8, 2024, we project a net reduction in funds (ability to spend) of almost 1.7 million dollars. That is an improvement from our last update of over \$600,000 which is good news. Hopefully that trend continues over the summer 😊. However, even with the good news, our location projections with the state budget picture is a reason for prudence and caution at this time.
- In the past SPARC has made tentative recommendations for the next fiscal year at our last May meeting and then a final recommendation after the adopted budget is approved in September. Given the uncertainty around the state budget and that fact that appeals on the AV are still pending, I will update SPARC when we return next fall on the budget so we can make a final recommendation at our September meeting.