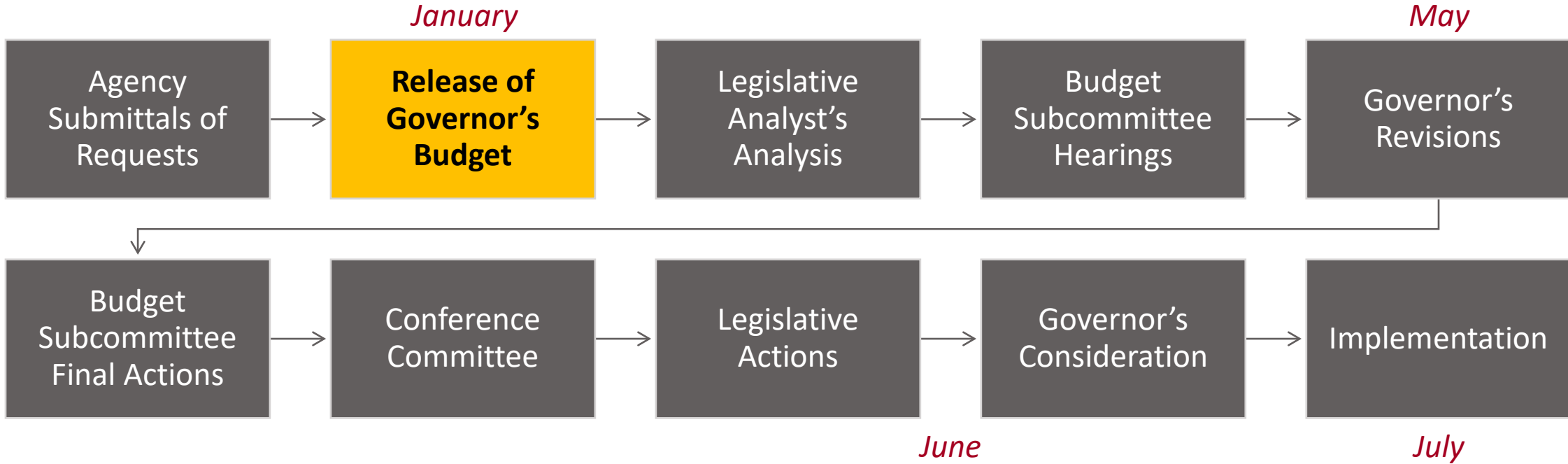


Governor's Proposed 2024-2025 Budget

Budget Development Committee
02/01/2024

State Budget Development Process



2024-25 Proposed Budget Priorities

- **Maintain fiscal stability**
- **Continue efforts to address priority issues, such as:**
 - Homelessness
 - Combatting effects of climate change
 - Avoid harmful cuts in programs essential to the well-being of Californians

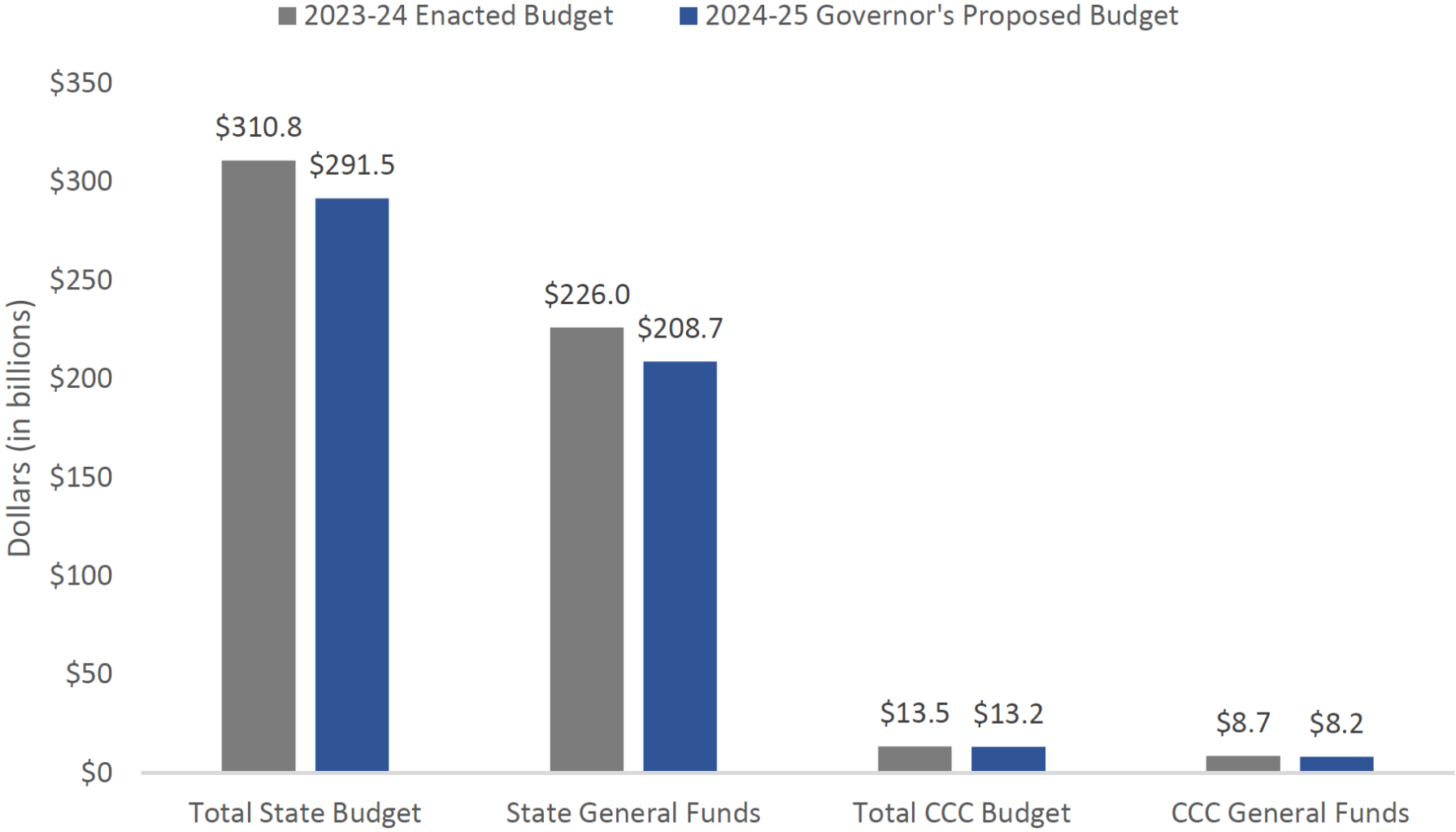
2024-25 Proposed Budget Features

- **Identifies developments over last two (2) years generating budget shortfall facing lawmakers:**
 - Substantial decline in the stock market that drove down revenues in 2022
 - Unprecedented delay in critical income tax collections
- **Projected \$37.9B budget gap**
 - Reserves (\$13.1B)
 - Reductions (\$8.5B)
 - Revenue/Internal Borrowing (\$5.7B)
 - Delays (\$5.1B)
 - Fund Shifts (\$3.4B)
 - Deferrals (\$2.1B)

2024-25 Proposed Budget Features

- **Notes improved conditions:**
 - Stock market rose throughout 2023 making up most losses from 2022
 - California's GDP remained strong in 2023
- **Identifies potential risk factors that could negatively impact ongoing economic & revenue growth:**
 - Significant shock from tightening financial conditions
 - Stock market and asset price volatility and declines
 - Geopolitical turmoil

2024-25 Proposed Budget vs. 2023-24 Enacted Budget



Proposition 98 Funding by Source (In Millions)

Source	2022-23 Revised	2023-24 Revised	2024-25 Proposed	Change From 2023-24 (Amount)	Change From 2023-24 (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$68,563	\$74,633	\$76,894	\$2,261	3.0%
Local property tax	29,742	30,953	32,185	1,232	4.0%
Totals	\$98,306	\$105,586	\$109,050	\$3,493	3.3%
COMMUNITY COLLEGES ONLY ^a					
General Fund	\$7,634	\$8,189	\$8,193	\$4	0.0%
Local property tax	3,860	4,036	4,210	175	4.3%
Totals	\$11,494	\$12,225	\$12,403	\$179	1.5%

^a CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, and K-12 Strong Workforce programs.

CCC Student Centered Funding Formula (SCFF)

Statewide SCFF, \$9,463.13M

- **0.76% COLA, \$69.15M**
- **0.5% Growth, \$29.59M**
- **\$486.2M of SCFF costs (approx. 5.14%) for 2024-25 covered by *one-time* reserve funds**
- **\$235.9M in *one-time* reserve funds added for 2023-24 to offset low revenues bringing total *one-time* funding for 2023-24 SCFF funding to \$525.9M**

CCC Other Statewide Policy Adjustments

- **Ongoing Investments:**

- **0.76% COLA** for Adult Ed., EOPS, DSPS, CalWORKS, Mandates Block Grant, Apprenticeship, CARE, & Childcare Tax Bailout
- **\$0.65M** increase Mandates Block Grant & Reimbursements
- **\$50.0M** increase to Student Success Completion Grant
- **\$1.53M** increase to Financial Aid Administration

- **One-time Investments:**

- **\$60.0M** to expand nursing program capacity

Questions?