



2014-2015 ADOPTED BUDGET

Board of Trustees Meeting
September 08, 2014

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities

Outline of Presentation

1. State Budget Status and District Update
2. RSCCD 2014-2015 Proposed Adopted Budget
3. What's Next?
4. Recommendation

State Budget Status and District Update

State Budget Status

- ▣ State Budget signed by Governor on June 20, 2014
- ▣ State Budget based on Governor's more fiscally conservative estimates
 - More revenues trigger remaining deferrals buy down
- ▣ Growth/Restoration/Access – 2.75%
- ▣ Cost of Living Allowance – 0.85%
- ▣ Large infusion of funds into categorical programs
 - Student Success and Support Program
 - Student Equity Program
 - DSPS
- ▣ Buys down more deferrals

District Update -FTES

FTES growth history (p. 129)

Growth = the most important driver of new unrestricted funding for our budget

Recap of Full-Time Equivalent Students

| | 2009-10 | | change | | 2010-11 | | change | | 2011-12 | | change | | 2012-13 | | change | | 2013-14 | | change | | 2014-15 | | change | |
|--------------|---------|---------|---------|--|---------|---------|--------|--|---------|---------|---------|--|---------|---------|--------|--|---------|---------|--------|--|---------|---------|--------|--|
| | Actual | | FTES | | Actual | | FTES | | Actual | | FTES | | Actual | | FTES | | Actual | | FTES | | Targets | | FTES | |
| SAC | | | | | | | | | | | | | | | | | | | | | | | | |
| Credit | 15,780 | | | | 16,107 | | | | 14,494 | | | | 15,375 | | | | 15,437 | | | | 15,862 | | | |
| Non-Credit | 5,909 | | | | 5,610 | | | | 4,926 | | | | 4,558 | | | | 4,593 | | | | 4,719 | | | |
| Total | 21,689 | 70.96% | -11.36% | | 21,717 | 71.17% | 0.13% | | 19,420 | 70.08% | -10.58% | | 19,933 | 70.72% | 2.64% | | 20,030 | 69.97% | 0.49% | | 20,581 | 69.97% | 2.75% | |
| SCC | | | | | | | | | | | | | | | | | | | | | | | | |
| Credit | 6,409 | | | | 6,441 | | | | 6,261 | | | | 6,359 | | | | 6,791 | | | | 6,977 | | | |
| Non-Credit | 2,466 | | | | 2,357 | | | | 2,030 | | | | 1,893 | | | | 1,807 | | | | 1,857 | | | |
| Total | 8,875 | 29.04% | -9.81% | | 8,798 | 28.83% | -0.87% | | 8,291 | 29.92% | -5.76% | | 8,252 | 29.28% | -0.47% | | 8,598 | 30.03% | 4.19% | | 8,834 | 30.03% | 2.75% | |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Credit | 22,189 | | | | 22,548 | | | | 20,755 | | | | 21,734 | | | | 22,228 | | | | 22,839 | | | |
| Non-Credit | 8,375 | | | | 7,967 | | | | 6,956 | | | | 6,451 | | | | 6,400 | | | | 6,576 | | | |
| Total | 30,564 | 100.00% | -10.92% | | 30,515 | 100.00% | -0.16% | | 27,711 | 100.00% | -9.19% | | 28,185 | 100.00% | 1.71% | | 28,628 | 100.00% | 1.57% | | 29,415 | 100.00% | 2.75% | |

Budget Assumptions Recap

New Revenues

| | |
|---|--------------------|
| COLA 0.85% | \$1,138,982 |
| Growth 2.75% | \$3,684,941 |
| Incr. in Apportionment Deficit 1.72% to \$2.3 million | (\$1,038,825) |
| Unrestricted Lottery | \$114,570 |
| Mandates Block Grant/Reimbursement | \$890,000 |
| Non-Resident Tuition | (\$100,000) |
| Interest Earnings | (\$30,000) |
| Misc Income | (\$59,405) |
| Total | \$4,600,263 |

New Expenditures

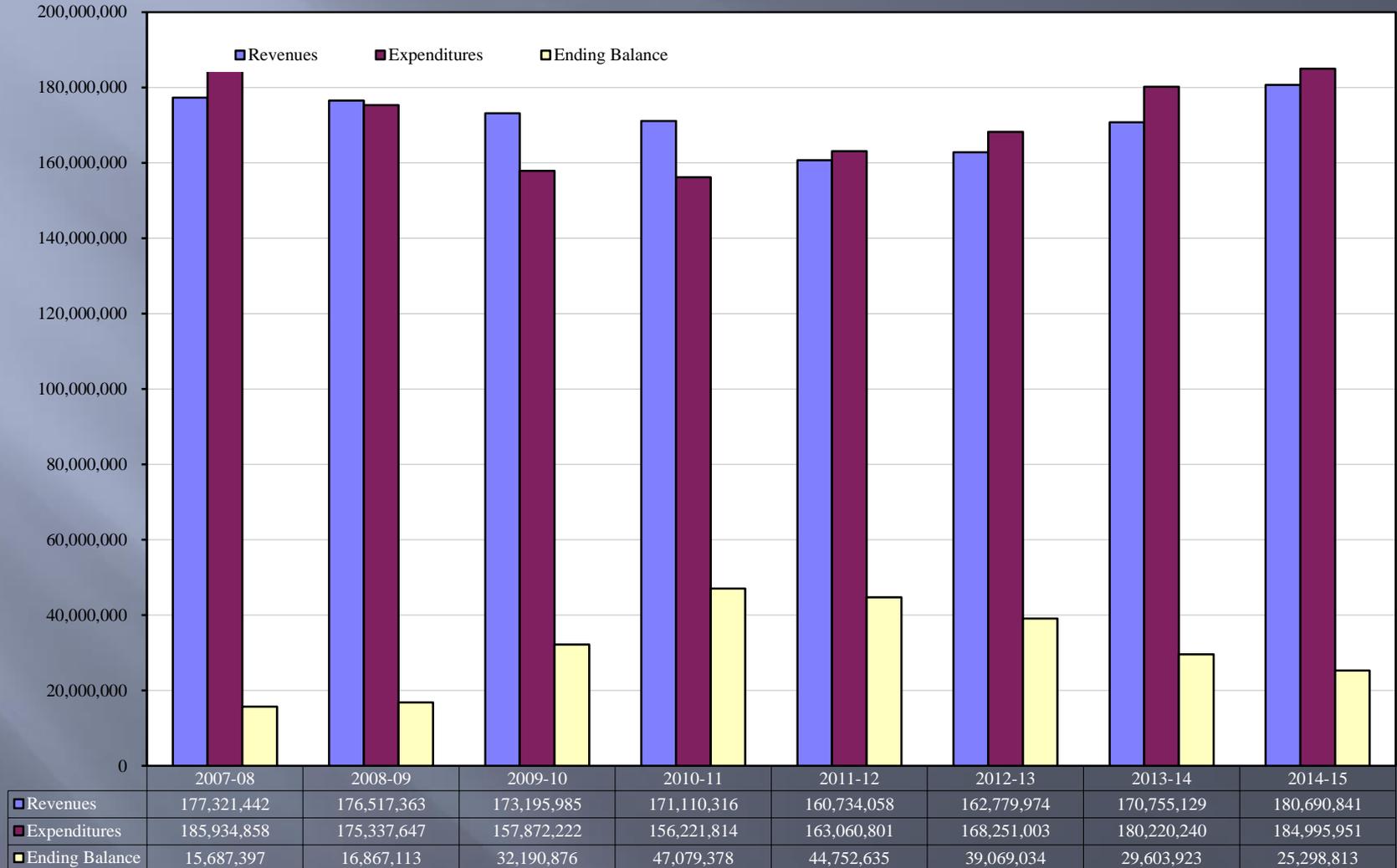
| | |
|---|----------------------|
| COLA 0.85% | \$1,138,982 |
| Step/Column | \$1,200,000 |
| Health and Welfare/Benefits 8.2% | \$1,650,000 |
| CalPERS Increase | \$98,700 |
| CalSTRS Increase | \$346,500 |
| Full Time Faculty Obligation Hires | \$2,702,501 |
| Hourly Faculty Budgets (Convert to Full Time) | (\$774,840) |
| SSSP Match | \$0 |
| Capital Outlay/Scheduled Maintenance Match | (\$750,000) |
| Utilities Increase | \$200,000 |
| ITS Licensing/Contract Escalation Cost | \$197,105 |
| Property and Liability Insurance | \$100,000 |
| Child Development Fund Transfer | \$150,000 |
| Other Additional DS/Institutional Costs | \$674,000 |
| Total | \$6,932,948 |
| 2014-15 Budget Year Deficit | (\$2,332,685) |
| 2013-14 Ongoing Base Structural Deficit | (\$2,754,568) |
| Total Ongoing 2014-15 Structural Deficit | (\$5,087,253) |

RSCCD
2014-2015
Proposed Adopted Budget

Proposed Adopted Budget

- ❑ Includes Board approved Budget Assumptions for the Adopted Budget
 - Approved at August Board meeting
- ❑ FRC unanimously recommended and District Council also had an opportunity to review the Proposed Adopted Budget
- ❑ Third fiscal year of the District's new SB 361 Budget Allocation Model (BAM)
- ❑ Adopted Budget document includes Multi-year projections (p. 108) and full BAM write-up (p. 109)

Recap of Revenues and Expenditures General Fund (Combined 11, 12 & 13)

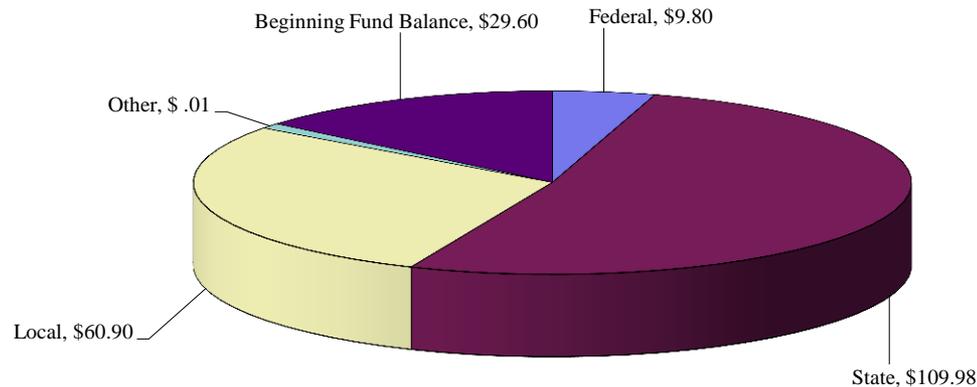


Proposed Adopted Budget

- ▣ 2014/15 Budgeted Unrestricted General Fund Expenditures, including carryover funds:
 - Santa Ana College \$77,448,795
 - Santiago Canyon College \$33,953,304
 - District Services \$28,018,668
 - Institutional Costs \$10,718,240

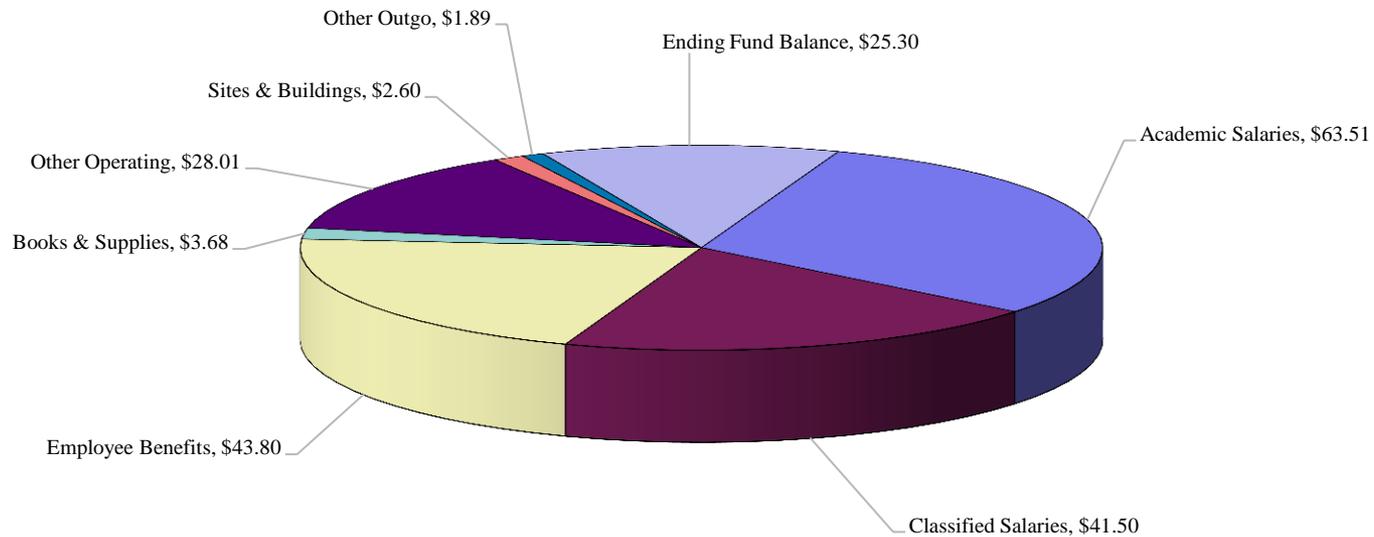
Proposed Adopted Budget

**Total Combined General Fund Revenue \$180.69 million,
plus Beginning Fund Balance \$29.6 million**



Proposed Adopted Budget

Total Combined General Fund Expenditures \$184.99 million, plus Ending Fund Balance \$25.3 million



Proposed Adopted Budget Reserves and Carryovers

- ▣ Board Policy Contingency Reserve of 5%
 - \$7,445,802
- ▣ Other Designated Reserves
 - ▣ Restricted Program Reserves & Revolving Cash - \$1,011,802
 - ▣ COLA \$1,138,982 & Restoration/ Access/Growth \$3,684,941
- ▣ Budget Center Carryover Funds - \$3,114,060
 - ▣ Santa Ana College - \$2,548,789
 - ▣ Santiago Canyon College - -0- (overspent 13/14 by \$332,132)
 - ▣ District Services - \$565,271
- ▣ Beginning balance of the Budget Stabilization Fund - \$16,556,830
- ▣ Projected ending balance of the Budget Stabilization Fund - \$10,794,318

List of all District Funds Budgeted

List of Funds Budgeted

| | |
|---|-----------------------|
| General Fund | |
| Expenditures | \$ 184,995,951 |
| Board Policy Contingency (5%) | 7,445,802 |
| Restricted Reserves | 5,835,725 |
| Budget Stabilization | 10,794,318 |
| Unrestricted Contingency | 1,222,968 |
| Total General Fund | \$ 210,294,764 |
| Bond Interest and Redemption Funds | 35,875,947 |
| Bookstore Fund | 11,358,782 |
| Child Development Fund | 5,393,109 |
| Capital Outlay Projects Fund | 42,082,282 |
| General Obligation Bond Fund - Measure E | 18,560,035 |
| General Obligation Bond Fund - Measure Q | 198,175,000 |
| Self-Insurance Fund - Property and Liability | 4,094,497 |
| Self-Insurance Fund - Workers' Compensation | 9,279,404 |
| Retiree Benefits Fund | (4,626,790) |
| Associated Students Fund | 517,117 |
| Representation Fee Trust Fund | 97,436 |
| Student Financial Aid Fund | 29,845,961 |
| Community Education Fund | 1,034,520 |
| Diversified Trust Fund | 2,810,000 |
| Total All Funds | \$ 564,792,064 |

What's Next?

What's Next? – “Budget Watch”

- ▣ District's ability to earn Growth funding?
- ▣ System wide structural deficit unresolved
- ▣ Closely monitor 50% Law compliance
- ▣ Closely monitor expenditures
 - No surprises
- ▣ Prop 30 tax revenue is temporary
- ▣ Decreasing Budget Stabilization fund balance
- ▣ Overall challenge - Increasing ongoing costs compared to new ongoing unrestricted revenues

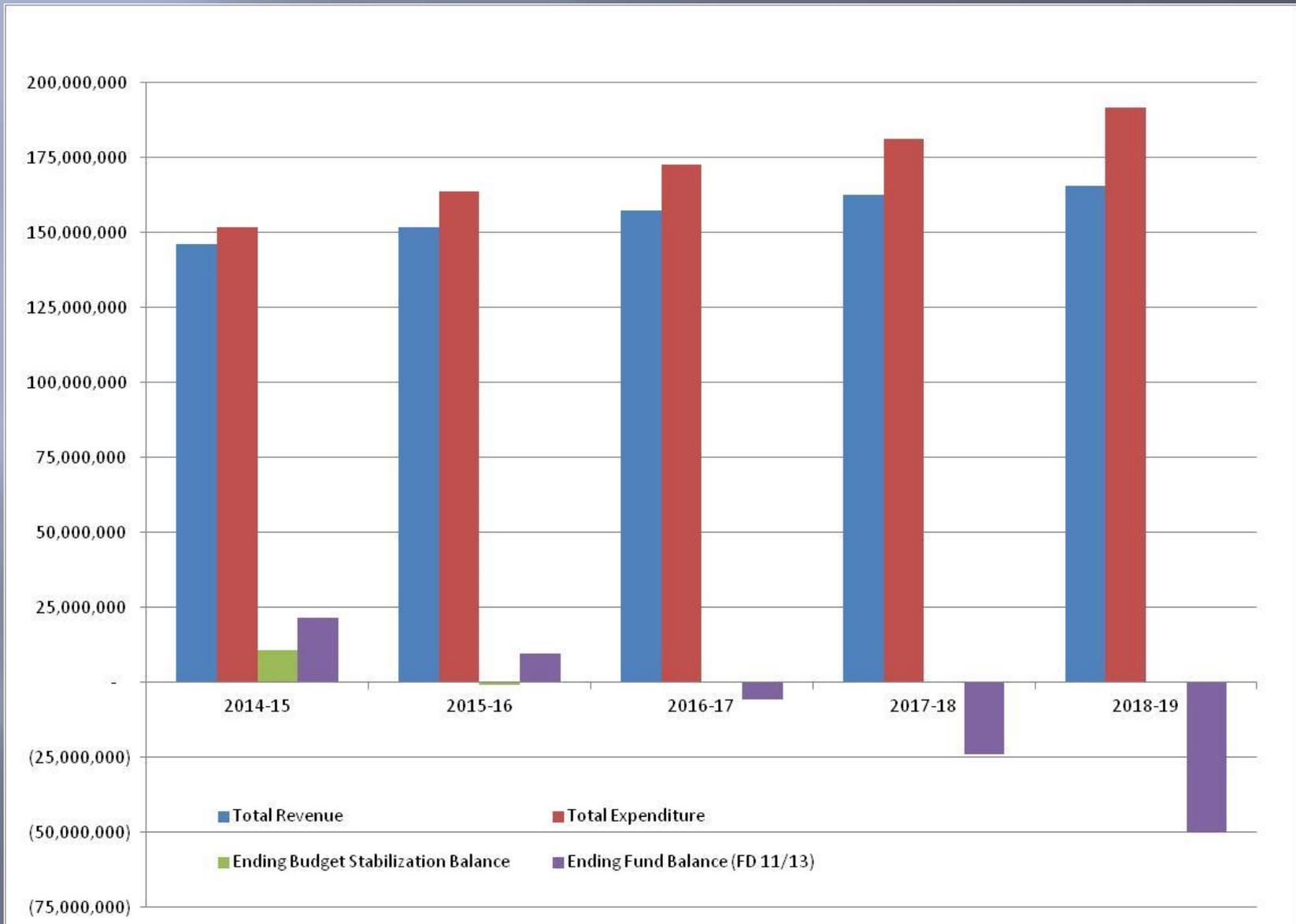
“Budget Watch”

- ❑ Multi-year projection (p. 108)
- ❑ Potential large out-year issues
- ❑ Yearly cost increases outpacing revenue increases
 - Additional SSSP Match will add to unrestricted expenditures
 - Expiration of Prop 30 EPA funds starting in 2016/17

| | 2013-2014 Actuals | 2014-2016 Proposed Budget | 2016-2018 Projected Budget | 2018-2017 Projected Budget | 2017-2018 Projected Budget | 2018-2018 Projected Budget |
|---|----------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Multi-Year Projection: | | | | | | |
| Beginning Budget Stabilization Balance | \$25,035,466 | \$16,556,830 | \$10,794,318 | (\$993,723) | (\$16,209,875) | (\$34,639,356) |
| Total Revenue | 141,861,922 | 146,086,358 | 151,783,728 | 157,445,683 | 162,723,165 | 165,526,916 |
| Total Expenditure | 146,392,415 | 151,848,870 | 163,571,769 | 172,661,835 | 181,152,646 | 191,703,426 |
| Other Fund Balance Changes and Adjustm | 1,887,862 | 0 | 0 | 0 | 0 | 0 |
| OEC Contribution/FON Penalty/One time Funds 2012/13 P3 Adjustment/CDC Roof Repair | 5,836,005 | 0 | 0 | 0 | 0 | 0 |
| Surplus/ (Deficit) | (8,478,636) | (5,762,512) | (11,788,041) | (15,216,152) | (18,429,481) | (26,176,510) |
| Ending Budget Stabilization Balance | \$16,556,830 | \$10,794,318 | (\$993,723) | (\$16,209,875) | (\$34,639,356) | (\$60,815,866) |
| Percentage | 11.3% | 7.1% | -0.6% | -9.4% | -19.1% | -31.7% |

- ❑ Budget Stabilization Fund projected to run out by 2015/2016 fiscal year – then encroachment on 5% reserves.
- ❑ Need to bring ongoing costs in line with ongoing revenues

Multi-year Projection



Recommendation

Adopted Budget Recommendation

- ▣ Recommend approval of the proposed 2014-2015 Adopted Budget, as presented

