



2015-2016 TENTATIVE BUDGET

Board of Trustees Meeting
June 15, 2015

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 2015-2016 Proposed Tentative Budget
3. Timeline and Recommendation

State Budget Status and District Update

State Budget Status

- ❑ State Budget should be approved by Legislature by end of today June 15
- ❑ Both houses, through conference committee, included higher revenue estimates from LAO – approximately \$3 billion more
 - \$80 million more for community colleges
- ❑ Governor and legislature will need to negotiate how much additional revenues he would accept in final budget deal
- ❑ Proposed Tentative Budget does not include any of these additional funds

RSCCD
2015-2016
Proposed Tentative Budget

Proposed Tentative Budget Process

- ▣ Includes Board approved Budget Assumptions, updated with the latest information from May Revise (p. 86)
- ▣ Fiscal Resources Committee (FRC) unanimously recommended to District Council on May 27th
- ▣ District Council unanimously recommended to the Chancellor on June 1st

State Budget Update Community Colleges Impact

- ▣ Ongoing Funding vs. One Time Funding
 - Dynamics of Prop 98 and settle up funds
 - Governor has been using conservative state revenue estimates and therefore conservative Prop 98 minimum funding guarantee estimates
 - With increased actual revenues = increased minimum funding guarantee for Prop 98
 - Governor's concerns going forward such as Prop 30 expiring, dependency on capital gains and state due for another downturn
- ▣ Important to distinguish one time funds from ongoing funds
- ▣ Ongoing unrestricted funds will be primarily used to reduce the RSCCD structural budget deficit

State Budget Update Community Colleges Impact

▣ Ongoing Funding

- ▣ No increase to student enrollment fees proposed
 - Remains at \$46 per credit unit
- ▣ COLA (Cost of Living Allowance) – 1.02% - \$61 million
 - Was estimated at 1.58%
 - Calculated number came in lower (lower gas prices to blame)
 - RSCCD = approximately \$1.45 million
- ▣ \$156.5 million (3.0%) in growth/access/restoration funding
 - SAC and SCC project to grow 1.0% in 2014/15
 - Growth is funded when it has been earned
 - RSCCD = potential to earn approximately \$1.3 million at 1% estimate
 - No growth funding budgeted in the Tentative Budget, need to fine tune estimates
 - Utilizing the new state prescribed growth formula beginning in 2015/16
 - RSCCD maximum earnable growth is 1.57% at 3.0% statewide

State Budget Update Community Colleges Impact

▣ Ongoing Funding

- ▣ \$266.7 million increase to base allocation funding
 - Assist with operating costs and increases to PERS and STRS over the next few years and other general expenses
 - ▣ Districts encouraged to allocate some of these funds for future cost increases for PERS and STRS
 - Partially restore purchasing power lost during the recession
 - RSCCD = approximately \$6.0 million on per FTES basis

State Budget Update Community Colleges Impact

▣ Ongoing Funding

- ▣ Full Time Faculty hires allocation - \$75 million
 - Low proportional districts will need to hire more FTE than higher proportional districts
 - Quintile system using 14/15 FON report
 - Revenue on per FTES basis
 - RSCCD = approximately \$1,800,000
 - Estimated additional hires = 13 to 15 FTE based on current draft formula
 - Quintile 3
 - Quintile 1 - increase obligation by one full-time faculty position for every \$70,000 received
 - Quintile 2 - increase obligation by one full-time faculty position for every \$100,000 received
 - Quintile 3 - increase obligation by one full-time faculty position by every \$130,000 received
 - Quintile 4 - increase obligation by one full-time faculty position by every \$160,000 received
 - Quintile 5 - increase obligation by one full-time faculty position by every \$190,000 received
- ▣ Conference Committee approved quintile range of \$73,000 to \$125,000
 - Likely require more full-time faculty hires with adjusted ranges
 - Any remaining funds are to be spent on full-time faculty and part time faculty

State Budget Update Community Colleges Impact

▣ Ongoing Funding

- ▣ CDCP Funding enhancement - \$49 million
 - RSCCD = approximately \$7 million
 - Per FTES funding now equivalent to Credit FTES funding
 - RSCCD largest benefactor of this funding increase
- ▣ Categorical Programs COLA - \$2.5 million
 - For EOPS, DSPS, CalWORKs and Child Tax Bailout programs
 - State has historically not funded Categorical Program COLA's
 - RSCCD = approximately \$60,000

State Budget Update Community Colleges Impact

▣ Ongoing Funding

- ▣ Student Success and Support Program – additional \$100 million expansion
 - Total SSSP funding = \$299.2 million
 - Formerly Matriculation program
 - RSCCD = approximately \$2.8 million additional
 - 2 to 1 matching requirement on all funds through 2014/15
 - No match required for new additional funds in 2015/16
- ▣ Student Equity Program - additional \$115 million
 - RSCCD = approximately \$2.8 million
 - No matching requirement

State Budget Update Community Colleges Impact

▣ Ongoing Funding

- ▣ Apprenticeship Program - \$29.1 million
 - \$14.1 million to grow existing programs
 - \$15 million to create innovative demonstration projects focused on new and emerging industries with unmet labor market demand
 - RSCCD = unknown at this time

State Budget Update Community Colleges Impact

▣ Ongoing Funding

- ▣ Adult Education – K-14 - \$500 million
 - Funding for K-14 consortiums from by AB 86
 - To fund primary and secondary basic skills, classes and courses in citizenship and ESL, short term FTE and programs for adults with disabilities
 - Governor proposes to change allocation committee structure
 - Maintenance of Effort - approximately \$300 million of \$500 million
 - ▣ we will get what we have been getting in the past
 - Additional funding will be determined by consortiums
 - RSCCD = unknown at this time

State Budget Update Community Colleges Impact

▣ One Time Funding

- ▣ Mandate claims block grant - \$627.8 million
 - Allocated on per FTES basis
 - ▣ Based on 14/15 P2 FTES
 - Retire outstanding mandate claims to the extent district has any such obligations on the books
 - Can be used any way district chooses (unrestricted)
 - Scheduled Maintenance, Instructional Equipment, other one time costs
 - RSCCD = approximately \$16.2 million
 - ▣ No match required

State Budget Update Community Colleges Impact

▣ One Time Funding

- ▣ Scheduled Maintenance/Instruction Equipment - \$148 million
 - No match requirement
 - RSCCD = approximately \$3.7 million
- ▣ Basic Skills & Student Outcomes Transformation Program - \$60 million
 - RSCCD - unknown

Budget Assumptions Recap

<u>New Revenues</u>	Ongoing Only	One-Time
Base Allocation Increase	\$6,000,000	
CDCP FTES Funding Equalization	\$7,000,000	
COLA 1.02%	\$1,450,000	
Growth -0-	\$0	
Allocation for Full-time Faculty	\$1,875,000	
Unrestricted Lottery	\$87,262	
Mandates Block Grant (one-time)		\$14,600,000
Non-Resident Tuition	\$100,000	
Interest Earnings		
Misc Income		
Total	\$16,512,262	\$14,600,000
<u>New Expenditures</u>		
COLA 1.02%	\$1,450,000	
Step/Column	\$1,400,000	
Health and Welfare/Benefits at 2.2%	\$475,000	
CalPERS Increase	\$23,484	
CalSTRS Increase	\$1,048,025	
Full Time Faculty Obligation Hires	\$1,462,500	
College Budget Cuts for Faculty Hires	(\$3,390,161)	
Allocation for Full-time Faculty	\$1,875,000	
Hourly Faculty Budgets (Convert to Full Time)	\$0	
SSSP Match	\$0	
Capital Outlay/Scheduled Maintenance Match	\$750,000	\$1,500,000
Utilities Increase	\$200,000	
ITS Licensing/Contract Escalation Cost	\$147,000	
Property and Liability Insurance	\$50,000	
Public Safety Task Force Recommendations	\$0	
Election Expense		(\$400,000)
Other Additional DS/Institutional Costs	\$250,000	
Holding for Allocation of One-Time Expense		\$13,500,000
Total	\$5,740,848	\$14,600,000
2015-16 Budget Year Surplus (Deficit)	\$10,771,414	
2014-15 Ongoing Base Structural Deficit	(\$8,394,806)	
Total 2015-16 Net Revenue (Deficit)	\$2,376,608	

STRS & PERS Cost Increases

	STRS				PERS				Combined Cumulative Impact
	Annual Change	Rate	Annual Impact ¹	Cumulative Impact	Annual Change	Rate	Annual Impact ²	Cumulative Impact	
2013-14		8.250%				11.442%			
2014-15	0.630	8.880%	\$346,500	\$346,500	0.329	11.771%	\$98,700	\$98,700	\$445,200
2015-16	1.850	10.730%	\$1,048,025	\$1,394,525	0.076	11.847%	\$23,484	\$122,184	\$1,516,709
2016-17	1.850	12.580%	\$1,079,466	\$2,473,991	2.400	15.000%	\$763,848	\$886,032	\$3,360,023
2017-18	1.850	14.430%	\$1,111,850	\$3,585,840	1.600	16.600%	\$524,509	\$1,410,541	\$4,996,381
2018-19	1.850	16.280%	\$1,145,205	\$4,731,046	1.600	18.200%	\$540,244	\$1,950,785	\$6,681,831
2019-20	1.850	18.130%	\$1,179,561	\$5,910,607	1.700	19.900%	\$591,230	\$2,542,015	\$8,452,622
2020-21	0.970	19.100%	\$637,027	\$6,547,634	0.500	20.400%	\$179,108	\$2,721,123	\$9,268,757

¹ Each 1% increase in STRS rate is approximately \$550,000

² Each 1% increase in PERS rate is approximately \$300,000

STRS & PERS Annual Increases



STRS & PERS Cumulative Impact



All District Funds

List of Funds Budgeted

General Fund

Expenditures	\$ 224,366,675
Board Policy Contingency (5%)	8,339,635
Restricted Reserves	2,310,602
Budget Stabilization	12,044,703
Unrestricted Contingency	2,879,151

Total General Fund \$ 249,940,766

Bond Interest and Redemption Funds	43,649,433
Bookstore Fund	11,617,848
Child Development Fund	6,267,513
Capital Outlay Projects Fund	46,325,254
General Obligation Bond Fund - Measure E	9,092,521
General Obligation Bond Fund - Measure Q	165,887,426
Self-Insurance Fund - Property and Liability	4,144,497
Self-Insurance Fund - Workers' Compensation	9,512,998
Retiree Benefits Fund	(4,456,443)
Associated Students Fund	607,817
Representation Fee Trust Fund	137,436
Student Financial Aid Fund	29,873,811
Community Education Fund	1,008,076
Diversified Trust Fund	4,040,198
Total All Funds	<u>\$ 577,649,151</u>

Timeline and Recommendation

RSCCD Budget Timeline

Preparation of Adopted Budget

- ▣ Additional expenditure concerns to reconcile for 2015-2016 Adopted Budget
 - Adjunct faculty accounts (1300) appear to be under budgeted by approximately \$2 million
 - Instructional Aides account (2400) appear to be under budgeted by approximately \$1 million
 - Utility accounts (5500) appear to be under budgeted by approximately \$1.5 million
 - Instructional Service Agreements account (included in 5800) appears to be under budgeted by approximately \$2 million
 - Combined – these listed accounts amount to approximately \$6.5 million in potentially under budgeted expenditures
 - ▣ Campuses need to revisit these accounts for the Adopted Budget in order to properly budget these obligations

RSCCD Budget Timeline

- ▣ July 1st deadline by law for an approved operating district budget
- ▣ Tentative Budget is merely a placeholder in order to continue to pay employees and obligations starting July 1st
 - More budget detail developed for Adopted Budget once:
 - ▣ state budget is enacted – more detailed revenue allocations
 - ▣ “Blue Book” is issued by state Chancellor’s Office in July
 - ▣ 2014-2015 fiscal year closing and actual balances known
- ▣ RSCCD proposed Adopted Budget scheduled for September 14th Board of Trustees meeting

Tentative Budget Recommendation

- ▣ Recommend approval of the proposed 2015-2016 Tentative Budget as presented

