



# 2016-2017 TENTATIVE BUDGET

Board of Trustees Meeting  
June 13, 2016

*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
2. RSCCD 2016-2017 Proposed Tentative Budget
3. District Budget Supporting Information
4. Timeline and Recommendation

# State Budget Status

# State Budget Status

- ▣ Discussed majority of 2016-2017 Tentative budget details at May 31<sup>st</sup> Board of Trustees meeting
- ▣ Budget Conference Committee on Friday included a reshuffling of existing proposed funds
  - Increasing a number of allocations to categorical programs
  - Reducing Scheduled Maintenance/Instructional Equipment
  - Reducing estimate of Property Tax Backfill
  - Some additional language changes made
  - No net change to expected overall budget allocation
- ▣ State Budget approved by Legislature by June 15<sup>th</sup> and Governor to sign by July 1
  - No major changes expected
- ▣ Proposed Tentative Budget does not include any of these additional or shifted funds
  - Enacted state budget allocations will be included in Adopted Budget

RSCCD  
2016-2017  
Proposed Tentative Budget

# Proposed Tentative Budget Process

- ▣ Includes Board approved Budget Assumptions, updated with the latest information from May Revise (p. 84-86)
- ▣ Fiscal Resources Committee (FRC) unanimously recommended to District Council on May 18<sup>th</sup>
- ▣ District Council unanimously recommended to the Chancellor on May 23<sup>rd</sup>

# Budget Assumptions Recap

* <u>New Revenues</u>		Ongoing Only	One-Time
B	COLA 0.00%	\$0	
B	Growth -0-	\$0	
B	Base Allocation	\$1,800,000	
B	Deficit Factor est. at 0.70%	\$481,255	
D	Unrestricted Lottery	\$75,028	
H	Mandates Block Grant (one-time)	1	\$2,700,000
I	Non-Resident Tuition	2	\$600,000
J	Interest Earnings	\$45,000	
L	Apprenticeship - SCC	\$627,900	
EGK	Misc Income	\$73,860	
	<b>Total</b>	<b>\$3,683,041</b>	<b>\$2,700,000</b>
	<u><b>New Expenditures</b></u>		
B	COLA 0.00%	\$0	
C	Step/Column	\$1,100,000	
D	Health and Welfare/Benefits at 5% (1/2 year)	\$810,000	
D	CalPERS Increase	\$630,063	
D	CalSTRS Increase	\$1,161,452	
E	Full Time Faculty Obligation Hires	\$0	
E/F	Hourly Faculty Budgets (Convert to Full Time)	\$0	
H	Estimated Salary and Benefit Placement Savings	(\$2,300,000)	
I	Capital Outlay/Scheduled Maintenance Match	\$0	
J	Utilities Increase	\$200,000	
K	ITS Licensing/Contract Escalation Cost	\$125,000	
L	Property, Liability and All Risks Insurance	(\$203,033)	
L.L	Apprenticeship - SCC	\$627,900	
M.	Other Additional DS/Institutional Costs	\$0	\$310,000
L.H	Holding for Allocation of One-Time Expense	1	\$2,390,000
	<b>Total</b>	<b>\$1,951,382</b>	<b>\$2,700,000</b>
	2016-17 Budget Year Surplus (Deficit)	<b>\$1,731,659</b>	



# District Budget Supporting Information

# Historical Comparison of Unrestricted General Fund Balance Components

	2012-2013	2013-2014	2014-2015	2015-2016
Santa Ana College	3,385,208	3,620,244	2,548,789	2,457,949
Santiago Canyon College	1,811,931	984,425	0	0
District Services	866,623	897,403	565,271	274,140
Subtotal Budget Centers	6,063,762	5,502,072	3,114,060	2,732,089
5% Board Policy	7,190,256	7,209,150	7,445,802	8,944,553
Revolving Cash/Vacation Payout	100,000	100,000	150,000	150,000
Change in Election Budget				(400,000)
Budget Stabilization Fund	30,041,836	24,821,968	16,556,830	13,690,485
Total Beginning Fund Balance	43,395,854	37,633,190	27,266,692	25,117,127

- ▣ SAC estimated 6/30/2016 ending balance/carryover to 2016-2017 of \$7,200,000
- ▣ SCC estimated 6/30/2016 ending balance/carryover to 2016-2017 of \$400,000
- ▣ District Services no longer have reserves/carryover accounts under RSCCD Budget Allocation Model (BAM)

# Retiree Health Liabilities Actuarial Report

- District has contributed full “Annual Required Contribution” (ARC) since 2011/2012 based on prior years’ actuarial report calculations of unfunded liabilities
  - ARC was approximately \$8.35 million the last two years
- Draft actuarial study calculates new ARC of approximately \$11.7 million per fiscal year
- An increase of over \$3 million per year
  - Due to newly implemented actuarial assumption changes including true cost of “pay as you go” premiums, updated mortality tables, lowered interest rates additional participants in the plan, and the new implicit rate subsidy required by actuarial standards
- Estimated cash balance in district’s Retiree Benefits Fund as of June 30, 2016 is \$44.5 million set aside for future liability
  - Calculated liability approximately \$129.6 million (up from \$82.1 million)
- Actuary to present the Retiree Health Liabilities actuarial report to the Board of Trustees at the July 18<sup>th</sup> meeting
- Discussions/direction needed on how much to budget for 2016-2017 Adopted Budget

# “Automatic Annual Cost Increases”

## Comparison of Salary and Benefits Changes

	14/15AB	15/16AB	16/17TB	17/18Proj	18/19Proj
Prior Year Bargaining Settlement	\$2,037,839	\$1,138,982	\$1,468,618	\$2,686,286	\$1,520,707
Step/Column Movement	\$1,200,000	\$1,400,000	\$1,100,000	\$1,233,333	\$1,233,333
Health & Welfare	\$1,650,000	\$475,000	\$610,000	\$1,220,000	\$1,281,000
PERS Increases	\$98,700	\$23,484	\$630,063	\$512,558	\$524,005
STRS Increases	\$346,500	\$1,048,025	\$1,161,452	\$1,196,296	\$1,232,184
<b>Personnel Rollup Cost Increases</b>	<b>\$5,333,039</b>	<b>\$4,085,491</b>	<b>\$4,970,133</b>	<b>\$6,848,473</b>	<b>\$5,791,229</b>
New Faculty Costs	\$2,702,501	\$3,000,121	\$0		
<b>Other (Savings) Cost of Salary/Ben</b>	<b>(\$377,914)</b>	<b>\$3,055,184</b>	<b>(\$2,319,487)</b>		
<b>Total Change Salary and Benefits</b>	<b>\$7,657,626</b>	<b>\$10,140,796</b>	<b>\$2,650,646</b>		

# STRS & PERS Cost Increases

## STRS & PERS - Future Employer Rates and Additional Ongoing Costs

	STRS				PERS				Total Annual Impact	Combined Cumulative Impact
	Annual Change	Rate	Annual Impact <sup>1</sup>	Cumulative Impact	Annual Change	Rate	Annual Impact <sup>2</sup>	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	\$445,200
2015-16	1.850	10.730%	\$1,048,025	\$1,394,525	0.076	11.847%	\$23,484	\$122,184	\$1,071,509	\$1,516,709
2016-17	1.850	12.580%	\$1,161,452	\$2,555,977	2.041	13.888%	\$630,063	\$752,247	\$1,791,515	\$3,308,224
2017-18	1.850	14.430%	\$1,196,296	\$3,752,273	1.612	15.500%	\$512,558	\$1,264,805	\$1,708,854	\$5,017,078
2018-19	1.850	16.280%	\$1,232,184	\$4,984,457	1.600	17.100%	\$524,005	\$1,788,810	\$1,756,189	\$6,773,267
2019-20	1.850	18.130%	\$1,269,150	\$6,253,607	1.500	18.600%	\$505,992	\$2,294,803	\$1,775,142	\$8,548,409
2020-21	0.970	19.100%	\$685,410	\$6,939,017	1.200	19.800%	\$416,938	\$2,711,740	\$1,102,347	\$9,650,757

<sup>1</sup> Each 1% increase in STRS rate is approximately \$700,000

<sup>2</sup> Each 1% increase in PERS rate is approximately \$350,000

Employee Contribution % for STRS = 10.25%/9.205%

Employee Contribution % for PERS = 7.00%/6.00%

STRS & PERS Annual Increases



STRS & PERS Cumulative Impact



# Timeline and Recommendation

# RSCCD Budget Timeline

- ▣ July 1<sup>st</sup> 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 1<sup>st</sup>
  - 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 August
    - ▣ 2015-2016 fiscal year closing and actual balances known
- ▣ Retiree Health Benefits Liabilities Actuarial Study to be presented to Board of Trustees on July 18<sup>th</sup>
- ▣ RSCCD proposed Adopted Budget scheduled for September 12<sup>th</sup> Board of Trustees meeting

# Tentative Budget Recommendation

- ▣ Recommend approval of the proposed 2016-2017 Tentative Budget as presented

