

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2022/23 Adopted Budget Assumptions
July 5, 2022**

I. State Revenue

A. Budgeting will begin using the new Student Centered Funding Formula (SCFF) at the hold harmless provision for the 2017/18 Total Computational Revenue plus outyear cost of living adjustments (COLA) as we are a hold harmless district less estimated deficit factor.

B. FTES Workload Measure Assumptions:

Year	Base	Actual	Funded		Actual Growth
2016/17	28,901.64	27,517.31	28,901.64	a	-4.79%
2017/18	28,901.64	29,378.53	29,375.93	b	1.65%
2018/19	Recal	25,925.52	28,068.86	c	-11.75%
2019/20	Recal	27,028.98	26,889.30		4.26%
2020/21	Recal	25,333.74	26,993.32		-6.27%
2021/22	P2	24,804.51	26,848.76		-2.09%

a - based on submitted P3, District went into Stabilization in FY 2016/17

b - based on submitted P3, the district shifted 1,392.91 FTES from summer 2018

c - To maintain the 2015/16 funding level and produce growth FTES in 2017/18, the district borrowed from summer 2018 which reduced FTES in 2018/19.

The governor's state budget proposal includes .5% systemwide growth funding, 6.56% COLA and SCFF base increase. This computes an additional approximately \$12 million. However, the district remains in hold harmless therefore we will not receive additional funding. The components now remain at 70/20/10 split with funded COLA added to all metrics each year. Any changes to our funding related to the SCFF will be incorporated when known.

Projected COLA of 6.56%	\$12,050,879
Projected SCFF Base Increase	\$0
Projected Growth/Access	\$0
Deficit Factor (2%)	(\$3,915,066)

2022/23 Potential Growth at 0.5% 25,460

C. Education Protection Account (EPA) funding estimated at \$36,656,734 based on 2021/22 @ Advance. These are not additional funds. The EPA is only a portion of general purpose funds that offsets what would otherwise be state aid in the apportionments. We intend to charge a portion of faculty salaries to this funding source in compliance with EPA requirements.

D. Unrestricted lottery is projected at \$163 per FTES (\$4,202,316). Restricted lottery at \$65 per FTES (\$1,675,770). (2021/22 @ P1 of resident & nonresident factored FTES, 25,781.08 x \$163 = \$4,202,316 unrestricted lottery; 25,781.08 x \$65 = \$1,675,770 restricted lottery)

E. Estimated reimbursement for part-time faculty compensation is estimated at \$607,563 (2021/22 @ Advance).

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is being proposed on certain categorical programs. Without COLA, other categorical reductions would be required to remain in balance if settlements are reached with bargaining groups. The colleges will need to budget for any program match requirements using unrestricted funds.

G. College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2021/22 @ Advance of \$275,040.

H. Mandates Block Grant estimated at a total budget of \$779,692 (\$30.67 x 25,421.99).
No additional one-time allocation proposed.

II. Other Revenue

I. Non-Resident Tuition budgeted at \$2,500,000. (SAC \$1,800,000, SCC \$700,000). Decrease of \$200,000.

J. Interest earnings estimated at \$800,000. Decrease of \$200,000.

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately \$404,737.

L. Apprenticeship revenue estimated at \$5,340,378. Increase of \$1,388,592.
(Corresponding expenses are also budgeted for apprenticeship course offerings.)

M Scheduled Maintenance/Instructional Equipment allocation. \$33 million estimated in the state budget.

N Full-time Faculty Hiring Allocation (\$3,325,444 - \$1,304,941 = \$2,020,503)

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III. Appropriations and Expenditures

- A. As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for ALL necessary expenditures including but not limited to all full time and part time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.
- B. The state is providing 6.56% Cost of Living Allowance (COLA). Estimated 5% set aside for unrestricted general fund = \$8,079,036 (FARSCCD approximate cost \$4,178,759 CSEA approximate cost \$2,172,845, Management/Other approximate cost \$1,727,432) The colleges will need to budget for bargained increased costs in Salaries and Benefits for part-time employees. The estimated cost of a 1% salary increase is \$1.89 million for all funds. The estimated cost of a 1% salary increase is \$1.51 million for the unrestricted general fund.
- C. Step and column movement is budgeted at an additional cost of approximately \$1.82 million including benefits for FD 11 & 13 (FARSCCD approximate cost \$940,809 CSEA approximate cost \$489,196, Management/Other approximate cost \$388,914) For all funds, it is estimated to = \$2.27 million (FARSCCD = \$1,059,302, CSEA = \$725,959, Management/Others = \$582,165) In addition, the colleges would need to budget for step/column increases for P/T faculty.
- D. Health and Welfare benefit premium cost increase as of 1/1/2023 is estimated at 3.5% for an additional cost of approximately \$572,100 for active employees and \$0 for retirees, for a combined increase of \$572,100 for unrestricted general fund. The additional cost increase for all funds is estimated to = \$747,106
State Unemployment Insurance (.05% to .50%)
CalSTRS employer contribution rate will increase in 2022/23 from 16.92% to 19.10% for an increase of \$1,657,561.
(Note: The cost of each 1% increase in the STRS rate is approximately \$760,000.)
CalPERS employer contribution rate will increase in 2022/23 from 22.91% to 25.37% for an increase of \$1,010,356
(Note: The cost of each 1% increase in the PERS rate is approximately \$411,000.)
- E. The full-time faculty obligation (FON) for Fall 2022 has not been calculated at this time. The Fall 2021 report indicated the District was 17.5 faculty over its FON. This number will be reduced based on faculty taking the SRP. The current cost for a new position is budgeted at Class VI, Step 12 at approximately \$161,765. Penalties for not meeting the obligation amount to approximately \$86,771 per FTE not filled. Each faculty hired over the FON adds cost of (\$161,765 - \$55,635) = \$106,130.
SAC hiring 7 = \$1,139,341 unrestricted general fund and hiring 1 = \$161,765 in restricted general fund (categorical program)
SCC hiring 3 = \$485,295 unrestricted general fund and hiring 1 = \$161,765 in restricted general fund (categorical program)
- F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/22 for hourly faculty is \$84.07 x 18 hrs/LHE = \$1,513 (FY 2021/22)
(Total cost of salary and benefits of part-time faculty to teach 30 LHE = \$55,635)
- G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Employer Contribution Target is \$6,465,026 which is less than our current pay as you go. The District will therefore decrease the employer payroll contribution from 2% to 0% of total salaries. This provides savings of \$2,375,792 to the unrestricted general fund and \$3,046,465 for all funds.
- H. Capital Outlay Fund - The District will continue to budget \$1.5 million for capital outlay needs.
- I. Utilities cost increases of 2.5%, estimated at \$100,000.
- J. Information Technology licensing contract escalation cost of 7%, estimated at \$125,000.
- K. Property and Liability Insurance transfer estimated at \$1,970,000. Unchanged.
- L. Other additional DS/Institutional Cost expenses:
- | | Ongoing Cost | One-time Cost |
|--|--------------|---------------|
| Trustee Travel | \$ 25,000 | |
| Chancellor's Travel | \$ 25,000 | |
| Legal Fees | \$ 127,938 | |
| Human Resources - 2 new positions (Reorg 1269)
(Principal, People & Culture Business Partner) | \$ 334,165 | |
| Human Resources - 3 new positions (Reorg 1295)
(Chief Mediation, Manager P&C, Principal P&C) | \$ 676,157 | |
- M. Sixth contribution of Santiago Canyon College ADA Settlement expenses of \$2 million from available one-time funds.

Rancho Santiago Community College District
Unrestricted General Fund Summary
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*	<u>New Revenues</u>	Ongoing Only	One-Time
A	Student Centered Funding Formula		
B	Projected COLA of 6.56%	\$12,050,879	
B	Projected SCFF Base Increase	\$0	
B	Growth	\$0	
B	Deficit Factor (2%) - additional	(\$241,018)	
D	Unrestricted Lottery	\$58,532	
H	Mandates Block Grant	\$0	
I	Non-Resident Tuition	(\$200,000)	
J	Interest Earnings	(\$200,000)	
L	Apprenticeship - SCC	\$1,388,592	
EGK	Misc Income	\$0	
N	Full-time Faculty Allocation	\$1,061,300	\$959,203 ²
	Total	\$13,918,284	\$959,203

New Expenditures

B	Salary Schedule Increases/Collective Bargaining **	\$8,079,036	
C	Step/Column	\$1,818,921	
D	Health and Welfare/Benefits Increase (3.5%) - Active	\$572,100	
D	Health and Welfare/Benefits - Retirees	\$0	
D	CalSTRS Increase	\$1,657,561	
D	CalPERS Increase	\$1,010,356	
D	State Unemployment (.05% to .50%)	\$521,844	
E	Full Time Faculty Obligation Hires	\$1,617,650	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	(\$556,350)	
G	Decreased Cost of Retiree Health Benefit (OPEB Cost)	(\$2,375,792)	
H	Capital Outlay/Scheduled Maintenance Contribution	\$0	
I	Utilities Increase	\$100,000	
J	ITS Licensing/Contract Escalation Cost	\$125,000	
K	Property, Liability and All Risks Insurance	\$0	
II.L	Apprenticeship - SCC	\$1,388,592	
L	Other Additional DS/Institutional Costs	\$1,188,260	
M	SCC ADA Settlement Costs	\$0	\$2,000,000
	Total	\$15,147,178	\$2,000,000

2022/23 Budget Year Unallocated (Deficit)	(\$1,228,893)
2021/22 Structural Unallocated (Deficit)	(\$2,361,566)
Total Est. Unallocated (Deficit)	(\$3,590,459) ¹

SRP Savings/Rightsizing Recap

Beginning Balance 7/1/21 SRP Savings	\$3,433,866
Estimate SRP Savings FY 2021/22	\$4,128,645
One-time Faculty Hiring	\$2,020,503
Estimate Ending Balance 6/30/22	\$9,583,014
Total Est. Unallocated (Deficit) FY 2022/23	(\$3,590,459) ¹
SRP Estimated Savings FY 2022/23	\$5,509,375
FON Penalty (18 x \$86,771)	(\$1,561,878)
FY 2022/23 One-time Full-time Faculty Allocation	\$959,203 ²
Estimate Ending Balance 6/30/23	\$10,899,255

* Reference to budget assumption number

** 5.00% for FARSCCD/CSEA/CEFA/Management set aside