



# 2013-2014 State Budget Update

Board of Trustees Meeting  
August 19, 2013

*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*

# State Budget Update

- State Budget Act signed by Governor on June 27, 2013
  - Based on Governor's more conservative revenue forecast
  - State's economy is improving
    - Therefore, Prop 98 funding improving
- State Chancellor's Office Budget Workshop
  - August 6<sup>th</sup> at Mt. SAC
  - “Blue Book” with apportionment and categorical funding details
  - Several errors identified and recalculated
  - These detailed reports are used in preparation of Proposed Adopted Budget

# State Budget Update Community Colleges

- No Student Fee increase – remains \$46/credit unit
- 1.57% - Cost of Living Allowance (COLA)
  - \$87.5 million statewide
  - RSCCD = \$2,037,839
  - First COLA since 2007-2008
    - K-12 will no longer receive COLA's under Local Control Funding Formula (LCFF)
- 1.63% - Restoration/Access/Growth
  - \$89.4 million statewide
  - RSCCD = \$2,148,935
  - RSCCD Chancellor has authorized additional 1% growth from Budget Stabilization Fund to restore additional classes for students
    - Approximate cost of \$1.2 million
  - Growth funds will be allocated to campuses by agreed upon split
    - SAC - 70.80%
    - SCC - 29.20%

# State Budget Update Community Colleges

- Student Success and Support Programs (Matriculation)
  - \$50 million statewide
  - RSCCD = approximately \$1.2 million
- Adult Education - \$25 million for local planning grants
  - To develop local consortia with K-12 districts
  - Funded over two years
  - Funding not included in Proposed Adopted Budget
  - Grant funding awards criteria to be developed by State Chancellor's Office
  - No changes in funding to existing noncredit/CDCP programs
- Online Education Initiative - \$16.9 million
  - Statewide Chancellor's Office initiative to develop a common learning management system available for use by all colleges
    - No funding to districts
- Scheduled Maintenance/Instructional Equipment
  - \$30 million – one time funds
  - RSCCD = \$762,439 combined
    - Schedule Maintenance = \$381,223
    - Instructional Equipment = \$381,216

# State Budget Update Community Colleges

- Additional State Apportionment Deferral buy down
  - From \$961 million down to \$592 million in IOU's
  - RSCCD = \$25 million down to \$15.4 million in IOU's
- Energy Efficiency/Prop 39 - \$49 million for CC's
  - Allocated at the discretion of the State Chancellor
  - Allocation subject to guidance approved by the California Energy Commission
  - Workforce Development Grants – 15% - \$7 million
  - FTES allocation - \$42 million
  - RSCCD = approximately \$1 million in 2013/14
  - Allocations and regulations still pending
  - Funding not included in Proposed Adopted Budget

# Watch List

- State apportionment process has become more complicated
  - RDA funds
    - When is a backfill guarantee not a guarantee?
      - When Department of Finance says so...
  - EPA funds
    - Variable funding levels year to year
    - Proposition 30 funding is temporary
      - Sale tax increase expires at the end of 2016
      - Income tax increase terminates at end of 2018
  - Property tax estimates
    - Dependence on overly stated estimates to help State Budget
      - No backfill for shortages
  - Lack of continuous appropriation for all of these estimates
  - System-wide structural funding deficits not addressed

# Watch List

- Prop 98 settle-up funds for 2012/13?
  - State collected over \$2 billion more in revenue
  - One time settle up funds?
- Prop 98 increases for 2013/14?
  - Higher revenue estimates expected
- 50% Law compliance concerns
  - RSCCD struggling to make 50.01%
    - Needed to transfer entire ARC at year-end to Retiree Health Benefits fund
    - \$1.3 million
    - Still not enough
    - Needed to transfer additional \$1.5 million to Retiree Health Benefits fund
    - Need to closely monitor as new positions are hired
- Faculty Obligation Number (FON)
  - BOG unlikely to waive in November for fall 2014
  - Need to hire additional full-time faculty for fall 2014 to avoid penalties

# RSCCD Proposed Adopted Budget

- RSCCD Proposed Adopted Budget scheduled for September 9<sup>th</sup> Board of Trustees meeting
  - Public display on September 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup>
    - District Office – 4<sup>th</sup> floor reception area
  - Public Hearing at September 9<sup>th</sup> Board meeting
  - Recommendation for approval