



2015-2016 Budget Update

2016-2017 Tentative Budget Preview

Board of Trustees Meeting
May 31, 2016

RSCCD Tentative Budget Preview

- Current year 2015-2016 Adopted Budget was balanced at adoption
 - No budget deficit in current year budget with infusion of new state ongoing base allocation funds and one-time funds
 - Increased base allocation
 - CDCP per FTES funding rate increased to credit rate
 - Original projections without infusion of new unrestricted funds estimated the structural deficit at approximately \$8 million

- Proposed 2016-2017 Tentative Budget is balanced with a projection of \$1.7 million in unallocated/uncommitted funds at this time
 - Tentative Budget Assumptions approved at March 28, 2016 Board meeting
 - At that time, showed a possible \$3.55 million structural deficit based on Governor's January Budget Proposal
 - However, May Revision proposed additional new ongoing base allocation funds and removed COLA funding.
 - Updated Tentative Budget Assumptions, as recommended by FRC at the May 18, 2016 meeting and as recommended and approved by District Council at the May 23, 2016 meeting, show an estimated positive financial position of \$1.7 million

RSCCD Tentative Budget Preview

- 2015-2016 Tentative Budget presentation on June 15, 2015

- Proposed 2015-2016 Tentative Budget document showed a balanced budget with a slight increase of unallocated unrestricted contingencies – approximately \$2.8 million
 - Page 11 of 2015-2016 Tentative Budget document
 - Slides 17 on the June 15, 2015 presentation

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	

RSCCD Tentative Budget Preview

- 2015-2016 Adopted Budget presentation on September 14, 2015
- Proposed 2015-2016 Adopted Budget document showed a balanced budget with a slight increase of unallocated unrestricted contingencies – \$616,584
 - Page 11 of 2015-2016 Adopted Budget document
 - Slide 7 and 8 of September 14, 2015 presentation

Budget Assumptions Recap – page 109

<u>New Revenues</u>	Ongoing Only	One-Time
Base Allocation Increase	\$6,783,458	
CDCP FTES Funding Equalization	\$7,908,849	
COLA 1.02%	\$1,468,618	
Growth -0-	\$0	
Allocation for Full-time Faculty	\$1,537,621	
Deficit Factor 1%	\$847,663	
Unrestricted Lottery	\$404,671	
Mandates Block Grant (one-time)	(\$900,000)	\$15,400,000
Non-Resident Tuition	\$500,000	
Interest Earnings	\$60,000	
Apprenticeship	\$521,029	
Misc Income	(\$56,669)	
Total	\$19,055,240	\$15,400,000
 <u>New Expenditures</u>		
COLA 1.02%	\$1,468,618	
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	\$1,537,621	
Hourly Faculty Budgets (Convert to Full Time)	\$0	
SSSP Match	\$0	
Capital Outlay/Scheduled Maintenance Match	\$1,500,000	\$750,000
Utilities Increase	\$200,000	
ITS Licensing/Contract Escalation Cost	\$147,000	
Property and Liability Insurance	\$140,000	
Public Safety Task Force Recommendations	\$0	
Election Expense	\$125,000	(\$400,000)
Other Additional DS/Institutional Costs	\$250,000	
Remaining Revenue Allocated to Colleges	\$10,273,347	
Holding for Allocation of One-Time Expense		\$14,300,000
Total	\$16,660,434	\$14,650,000
2015-16 Budget Year Surplus (Deficit)	\$2,394,806	
2014-15 Ongoing Base Structural Deficit	<u>(\$2,394,806)</u>	
Total 2015-16 Net Revenue (Deficit)	\$0	

2014/2015

Deficit Spending Reconciliation

- ❑ 2014/15 Adopted Budget was expected to deficit spend by approximately \$5 million
- ❑ Mid fiscal year increased expenditure estimates increased deficit spending estimates to \$8 million
- ❑ Due primarily to increased prior year Prop 98 settle up revenues attributable to the 2013/14 and 2014/15 fiscal year and other adjustments, actual deficit spend down of Budget Stabilization Fund was \$1.4 million in 2014/15
- ❑ Budget Stabilization Fund balance projected in 2014/15 Adopted Budget was \$10.8 million
- ❑ Actual Budget Stabilization Fund balance, as of July 1, 2015 is \$13.7 million

RSCCD Tentative Budget Preview

- 2015-2016 budget deficit was originally estimated at approximately \$8.4 million
 - Actual 2014-2015 budget deficit was approximately \$9.4 million
 - Also projected estimated cost increases for 2015-2016 by approximately \$4 to \$5 million

- With infusion of new State unrestricted funding 2015-2016 projected structural deficit of approximately \$12 - \$13 million was resolved
 - Base allocation increase = \$6,763,458
 - CDCP per FTES funding rate increase = \$7,908,849

RSCCD Tentative Budget Preview

- Proposed 2016-2017 Tentative Budget to be presented for approval at June 13, 2016 Board meeting

- COLA (Cost of Living Allowance) – zero COLA proposed
 - Was estimated at 0.47% in January Proposal
 - Calculated number came in lower at 0.0029%
 - Rounded down to zero

- Growth/Access – 2.0% statewide
 - SAC and SCC project no FTES growth in 2016/2017
 - No growth funding budgeted in the RSCCD Tentative Budget

RSCCD Tentative Budget Preview

- Includes additional state base allocation revenue increases proposed in May Revision

- \$75 million increase to Base Apportionment funding
 - “For increased operating expenses, such as employee benefits, facilities, professional development, and converting faculty from part-time to full-time and other general expenses”
 - RSCCD = approximately \$1.8 million

- State apportionment deficit reduction
 - Anticipate a slightly lower apportionment deficit in 2016-2017
 - From 1.0% to 0.7% - \$461,255 additional revenue

RSCCD Tentative Budget Preview

- Expenditure savings in Tentative Budget
 - Health Benefit savings - \$2.3 million
 - Actual costs of hires vs. estimated vacant position budget
 - Property/Liability premium savings - \$203,033

- The new unrestricted revenues of approximately \$2.2 million and the expenditure savings of approximately \$2.6 million greatly assist in balancing the Tentative Budget

- 2016-2017 Proposed Tentative Budget anticipates a \$1.7 million budget “surplus”
 - Detailed budget still a work in progress

RSCCD Tentative Budget

- May Revision changes to proposed State revenues are included in the proposed RSCCD 2016-2017 Tentative Budget
 - No conference committee unresolved items are included at this time
- Tentative Budget is prepared with Budget Assumptions as amended and recommended by FRC and District Council
- Tentative Budget is considered a “placeholder” budget
- Proposed RSCCD 2016-2017 Tentative Budget to be presented at June 13, 2016 Board meeting