





# 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**

*	New Revenues		Ongoing Only	One-Time
B B B D H I J EGK	COLA 0.00% Growth -0- Base Allocation Deficit Factor est. at 0.70% Unrestricted Lottery Mandates Block Grant (one-time) Non-Resident Tuition Interest Earnings Apprenticeship - SCC Misc Income	1 2	\$0 \$0 \$1,800,000 \$461,255 \$75,026 \$0 \$600,000 \$45,000 \$627,900 \$73,860	\$2,700,000
	Total		\$3,683,041	\$2,700,000
	New Expenditures			
B C D D E E/F H I J K L. I.L M. I.H	Estimated Salary and Benefit Placement Savings Capital Outlay/Scheduled Maintenance Match Utilities Increase ITS Licensing/Contract Escalation Cost Property, Liability and All Risks Insurance Apprenticeship - SCC Other Additional DS/Institutional Costs Holding for Allocation of One-Time Expense Total	1	\$0 \$1,100,000 \$610,000 \$630,063 \$1,161,452 \$0 \$0 (\$2,300,000) \$0 \$200,000 \$125,000 (\$203,033) \$627,900 \$0 \$1,951,382	\$310,000 \$2,390,000 \$2,700,000
	2016-17 Budget Year Surplus (Deficit)		\$1,731,659	

### All District Funds

List of Funds Budgeted							
General Fund							
Expenditures	\$ 244,463,585						
Board Policy Contingency (5%)	8,778,521						
Restricted Reserves	1,464,433						
Budget Stabilization	13,690,485						
Unrestricted Contingency	7,034,003						
Total General Fund		\$	275,431,027				
Bond Interest and Redemption Funds			50,431,872				
Bookstore Fund			11,684,450				
Child Development Fund		7,106,346					
Capital Outlay Projects Fund		66,546,401					
General Obligation Bond Fund - Measure E		6,689,224					
General Obligation Bond Fund - Measure Q		168,396,325					
Self-Insurance Fund - Property and Liability		5,485,549					
Self-Insurance Fund - Workers' Compensation		9,917,643					
Retiree Benefits Fund		(3,354,064)					
Associated Students Fund		561,330					
Representation Fee Trust Fund		245,401					
Student Financial Aid Fund		30,236,666					
Community Education Fund		1,212,929					
Diversified Trust Fund		4,197,316					
Total All Funds	\$	634,788,415					

# <u>District Budget</u> <u>Supporting Information</u>

# 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 2017Adopted 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
Personnel Rollup Cost Increases	\$5,333,039	\$4,085,491	\$4,970,133	\$6,848,473	\$5,791,229
New Faculty Costs	\$2,702,501	\$3,000,121	\$0	80	
Other (Savings) Cost of Salary/Ben	(\$377,914)	\$3,055,184	(\$2,319,487)		
<b>Total Change Salary and Benefits</b>	\$7,657,626	\$10,140,796	\$2,650,646		

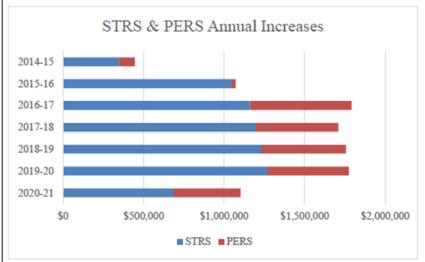
#### **STRS & PERS Cost Increases**

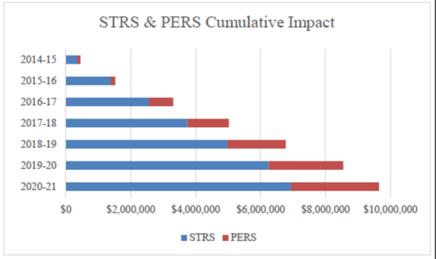
#### STRS & PERS - Future Employer Rates and Additional Ongoing Costs

		STRS				PERS			Total	Combined
	Annual		Annual	Cumulative	Annual		Annual	Cumulative	Annual	Cumulative
	Change	Rate	Impact <sup>1</sup>	Impact	Change	Rate	Impact 2	Impact	Impact	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>&</sup>lt;sup>1</sup> Each 1% increase in STRS rate is approximately \$700,000

Employee Contribution % for STRS = 10.25%/9.205% Employee Contribution % for PERS = 7.00%/6.00%





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

### 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 <u>placeholder</u> 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

