



**SANTA ANA**  
**COLLEGE**



**Santiago**  
**Canyon**  
**College**

# 2017-2018 ADOPTED BUDGET

Board of Trustees Meeting  
September 11, 2017

*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. District Budget Assumptions Update
2. RSCCD 2017-2018 Proposed Adopted Budget
3. Multi-year Projections and Related Information
4. Recommendation

# District Budget Assumptions Update

# Adopted Budget Assumptions

- ▣ Includes latest information from enacted State Budget
- ▣ Includes June 30, 2017 fiscal year end closing balances
  - 2016-2017 unaudited actual revenues
  - 2016-2017 unaudited actual expenditures
- ▣ 5% Board Policy Contingency at \$9.1 million
- ▣ Budget Stabilization Fund at \$14.6 million
- ▣ Budgeted revenues are distributed in accordance with the RSCCD Budget Allocation Model (BAM)
  - Budget Cost Centers (Campuses, Programs and Departments) budget for all necessary expenditures

# Adopted Budget Assumptions

- ▣ Unrestricted new revenues
  - COLA – 1.56% (\$2.4 million)
  - Apportionment Base Allocation = \$4.3 million (~2.7%)
  - Growth/ Access – 0.00%
    - ▣ District went into Stabilization in 2016-2017 with a loss of 4.79% equal to 1,445 FTES (\$7.2 million total effective loss, held harmless in 2016-2017 meaning we received full funding that year only)
    - ▣ District is in Restoration in 2017-2018
    - ▣ Any FTES not restored is an automatic reduction in our apportionment revenue
    - ▣ Budgeting for same level of FTES generation plus maximum summer borrowing capacity
    - ▣ This leaves an estimated loss of 237 FTES in 2017-2018 = (\$1.16 million). However, if we fully restore, the earned revenue will be distributed through the model



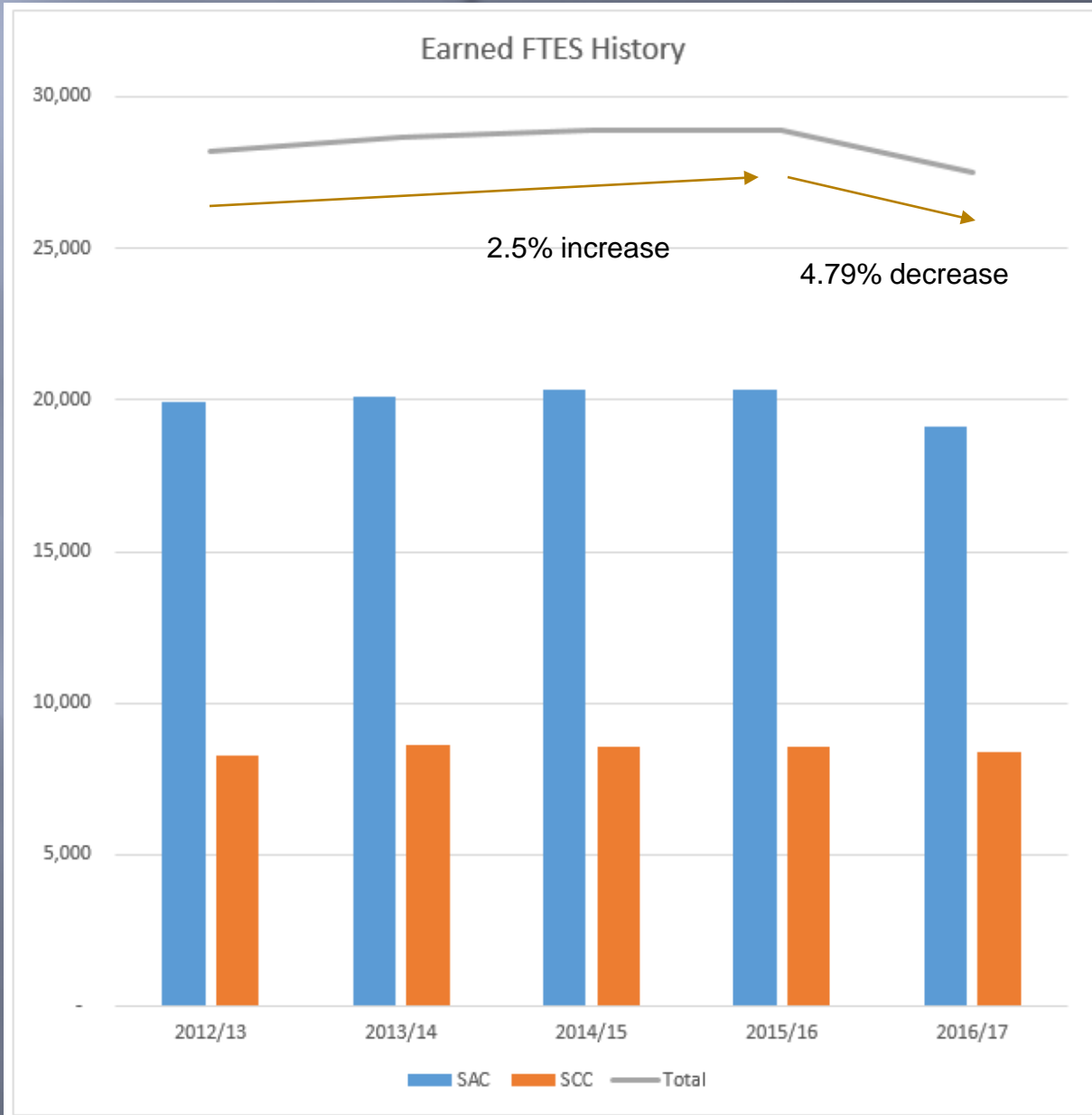
# Adopted Budget Assumptions

- ▣ Unrestricted expenditures
  - Continued increases to PERS and STRS cost (pg 135)
  - Increased cost of Annual Required Contribution (ARC) for Retiree Health Benefits (\$11.7 million)
  - Other cost increases including step/column, health benefits, utilities, etc.
- ▣ \$4 million in total budget reductions
  - \$2 million of ongoing budget reductions were made at Tentative Budget
  - \$2 million of one-time budget reductions are included in the Adopted Budget as well
- ▣ Ongoing expenses greater than ongoing revenue in 2017-2018 Adopted Budget will need to be considered when planning for the 2018-2019 budget

# Adopted Budget Assumptions Recap – page 107

<b><u>New Revenues</u></b>	Ongoing Only	One-Time
COLA 1.56%	\$2,435,506	
Growth (Decline of 4.79%/District in Stabilization) 1	(\$1,161,106)	
Base Allocation	\$4,286,638	
Deficit Factor est. at 0.708%	\$0	
Unrestricted Lottery	(\$19,726)	
Mandates Block Grant (one-time)	\$0	
Non-Resident Tuition	\$325,000	
Interest Earnings	\$115,000	
Apprenticeship - SCC	\$87,015	
Misc Income	\$19,945	
<b>Total</b>	<b>\$6,088,272</b>	<b>\$0</b>
<b><u>New Expenditures</u></b>		
COLA 1.56%	\$2,435,506	
Step/Column	\$1,200,000	
Health and Welfare/Benefits Increase	\$671,000	
CalPERS Increase	\$607,948	
CalSTRS Increase	\$1,196,296	
Full Time Faculty Obligation Hires	\$287,982	
Hourly Faculty Budgets (Convert to Full Time)	\$0	
Increased Cost of Retiree Health Benefit ARC	\$2,576,106	
Capital Outlay/Scheduled Maintenance Match	\$0	
Utilities Increase	\$100,000	
ITS Licensing/Contract Escalation Cost	\$125,000	
Property, Liability and All Risks Insurance	\$0	
Other Additional DS/Institutional Costs	\$235,000	
One-time Budget Reductions	\$0	(\$2,000,000)
SCC ADA Settlement Costs	\$0	\$628,000
Ongoing Budget Reductions	(\$2,000,000)	
<b>Total</b>	<b>\$7,434,838</b>	<b>(\$1,372,000)</b>
2017-18 Budget Year Surplus (Deficit)	<u><b>(\$1,346,566)</b></u>	<b>\$25,434</b>

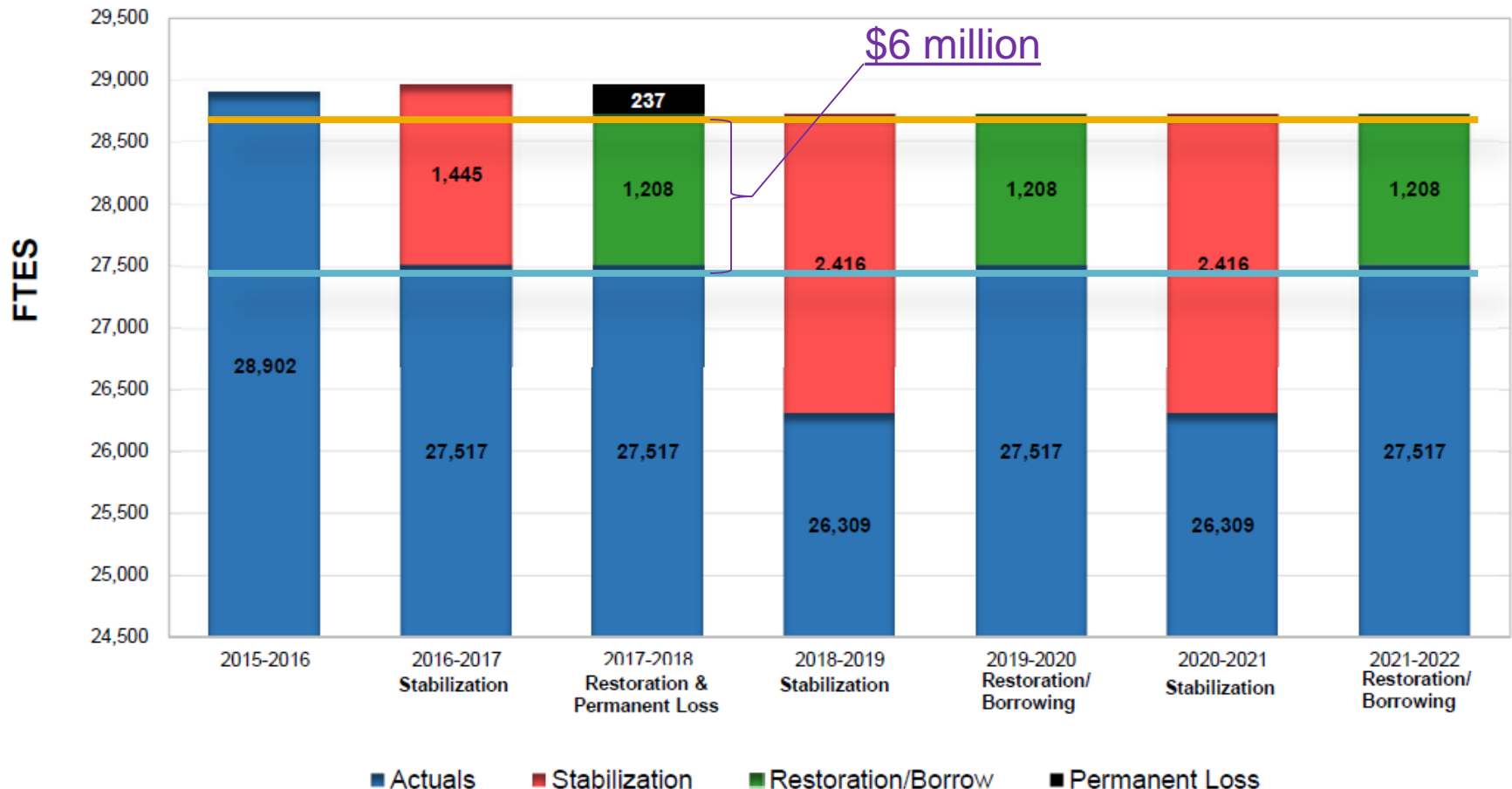
# Recap of FTES





# Stabilization, Borrowing and Restoration

**RSCCD Effects of Stabilization and Borrowing FTES**  
**Based on 2016-2017 P3 Negative Growth -4.79%**



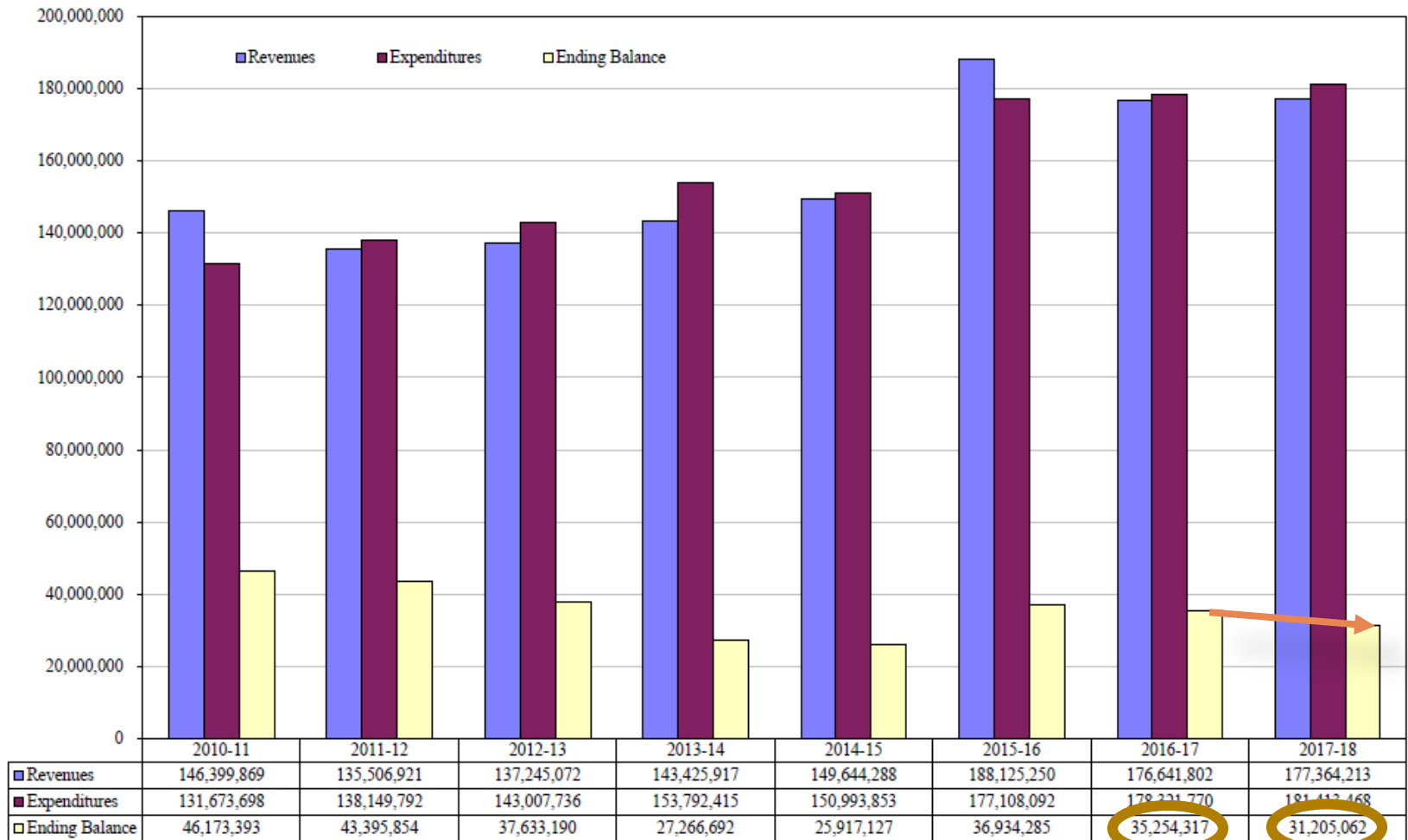
RSCCD  
2017-2018  
Proposed Adopted Budget

# Proposed Adopted Budget

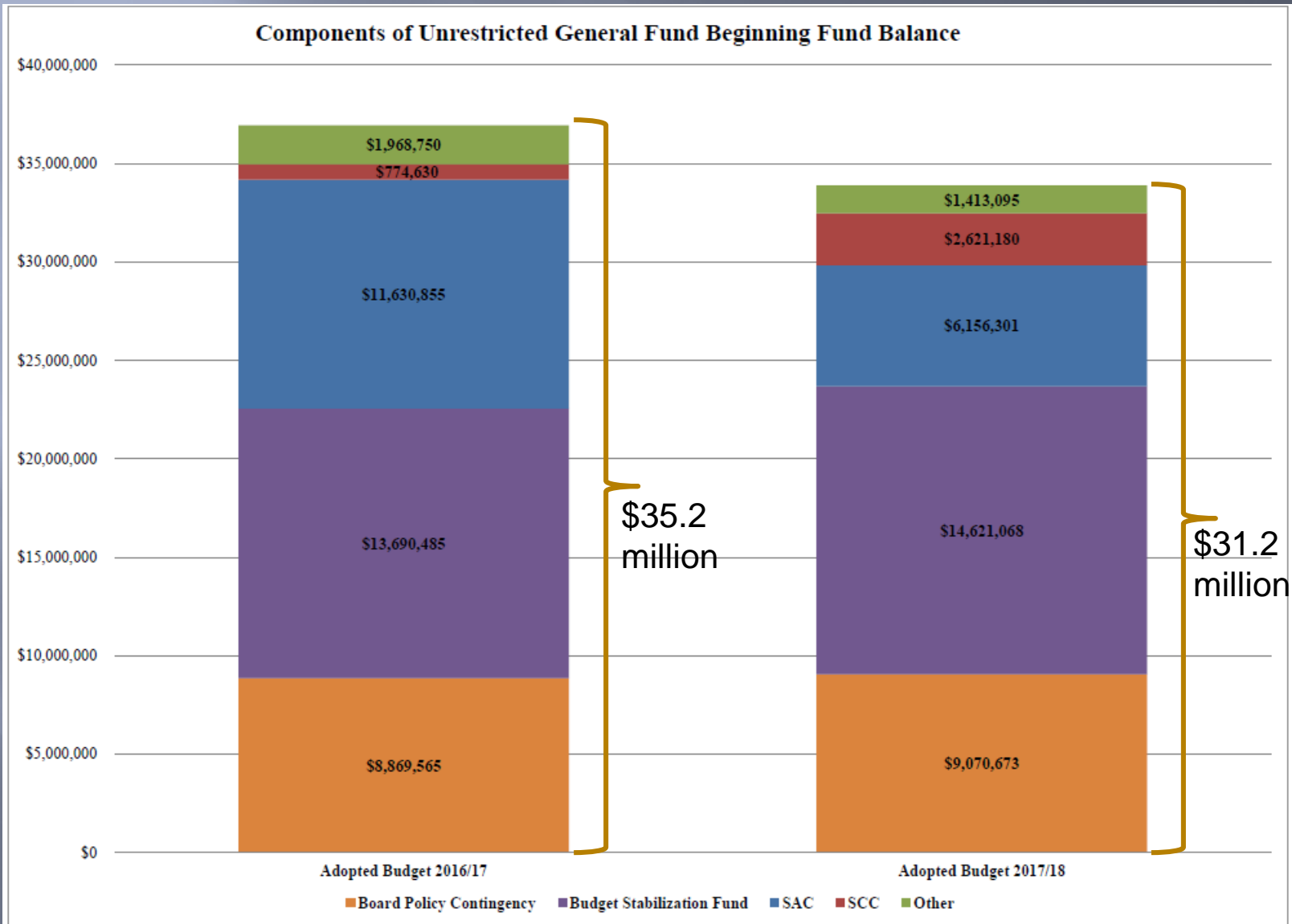
- ▣ Includes Board approved Budget Assumptions for the Adopted Budget
  - ▣ Approved at July 17<sup>th</sup> Board meeting
  - ▣ Updated with latest information
- ▣ Reviewed and recommended by both Fiscal Resources Committee (FRC) and District Council
- ▣ Balanced budget in 2017-2018
  - ▣ Ongoing structural deficit of \$1.3 million offset in current year with one-time budget reductions to bring it in balance
  - ▣ Any collective bargaining settlements in excess of 1.56% COLA are costs above and beyond this Adopted Budget plan
  - ▣ Any ongoing structural deficit will need to be considered in planning for the 2018-2019 budget

# Recap of Revenues and Expenditures (Unrestricted General Fund 11 & 13) - Page 139

Recap of Revenues and Expenditures  
General Fund 11 and 13  
2010-11 to 2017-18

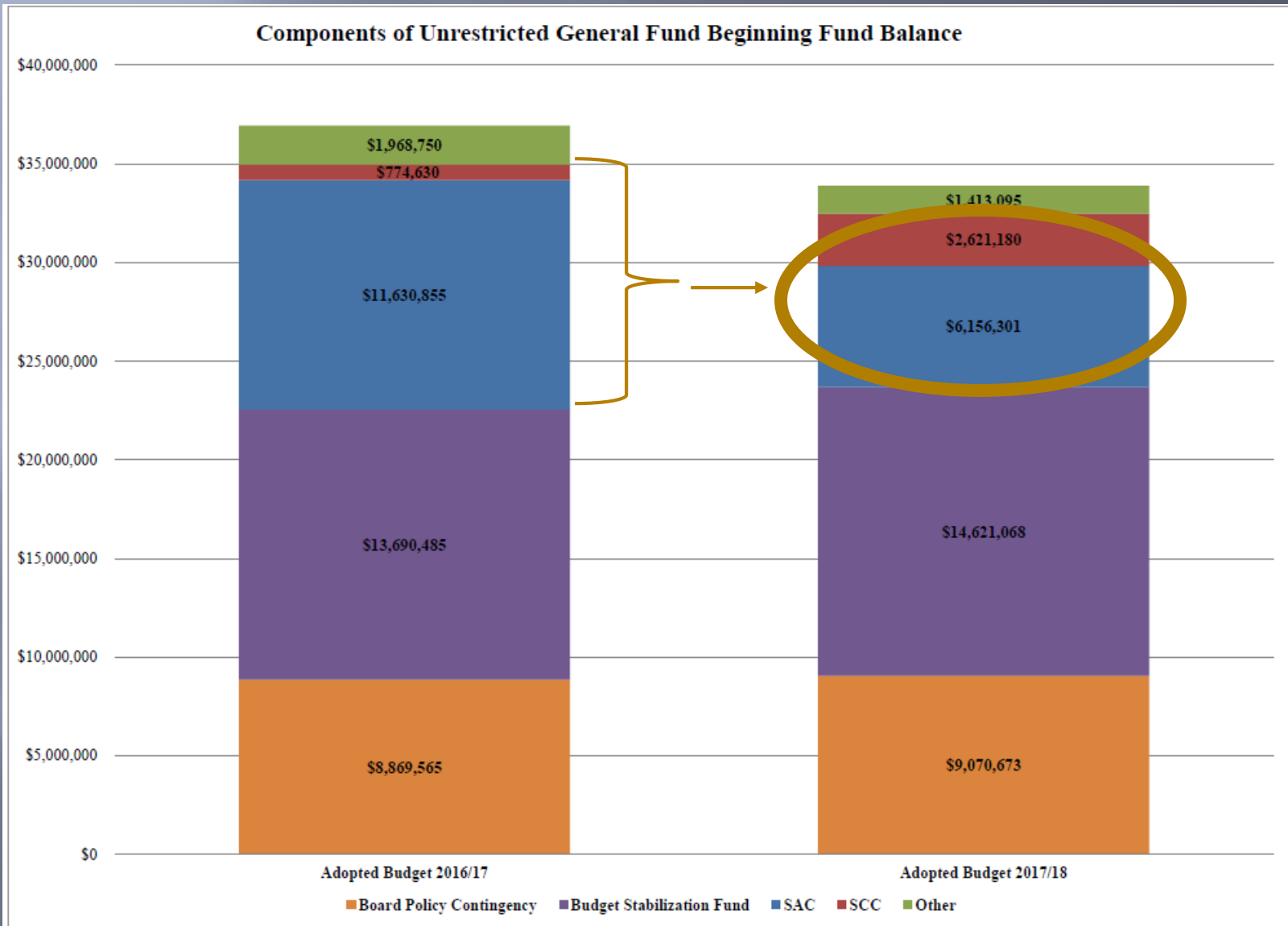


# Components of UGF Beginning Fund Balance (Page 38)





# Components of UGF Beginning Fund Balance (Page 38)



# Recap of College Carryovers/Reserves

Changes to Fund Balance	SAC	SCC
<b>Beginning Balance 7/1/16</b>	<b>11,630,855</b>	<b>774,630</b>
FD 13 Capital Outlay Expenses	(2,230,554)	
FD 13 Other Net Income (Costs)	(900,297)	221,001
FD 13 interfund transfer to Fund 41	(6,750,000)	-
<b>FD 13 Balance</b>	<b>1,750,004</b>	<b>995,631</b>
<b>FD 11 Income</b>		
No state deficit factor	766,586	337,416
PY apportionment settleup	580,556	255,535
Local Income and Other Changes	750,874	188,499
Shift in FTES based on P3	(861,082)	861,082
<b>Increase from budgeted Income</b>	<b>1,236,934</b>	<b>1,642,532</b>
<b>FD 11 Underspent budgeted exp</b>	<b>5,304,607</b>	<b>471,173</b>
FD 11 interfund transfer to Fund 41	(1,000,000)	
<b>FD 11 Change from budgeted exp</b>	<b>4,304,607</b>	<b>471,173</b>
<b>TOTAL Carryover Budget FD 11/13</b>	<b>7,291,545</b>	<b>3,109,336</b>
<b>One - time Reduction</b>	<b>(1,135,244)</b>	<b>(488,156)</b>
<b>TOTAL Carryover Budget 6/30/17</b>	<b>6,156,301</b>	<b>2,621,180</b>

# Multi-year Projections and Related Information

# Multi-year Projections

- ▣ Multi-year Projections (MYP)
- ▣ Projections, based on assumptions
- ▣ Several models reviewed by FRC each year
- ▣ No matter the assumptions, similar pattern over time
- ▣ Ongoing expense increases (~\$5 million/year) outpace ongoing revenues
- ▣ Easier to project expenditures in future years
- ▣ Future revenues very difficult to project as they are dependent on a number of external factors such as state revenue, prop 98, growth or decline of FTES
- ▣ Projections are harder to get accurate the further out we project
- ▣ Look back at past projections

# Multi-year Projections

## Looking Back at Base MYPs

- ▣ 2014/15 Adopted Budget MYP (page 108) estimated a loss of \$11,788,041 in 2015/16
- ▣ 2015/16 Adopted Budget received \$14,672,307 in Base Increase and CDCP Funding Equalization
- ▣ 2015/16 Adopted Budget MYP (page 110) estimated a loss of \$3,384,946 in 2016/17
- ▣ 2016/17 Adopted Budget received \$1,904,074 in Base Increase and had Salary & Benefit Savings of \$2,300,000
- ▣ 2016/17 Adopted Budget MYP (page 110) estimated a loss of \$5,112,554 in 2017/18
- ▣ 2017/18 Adopted Budget received \$4,286,638 in Base Increase along with \$4 million in budget reductions
- ▣ 2017/18 Adopted Budget MYP (page 108) estimates a loss of \$2,404,397 in 2018/19



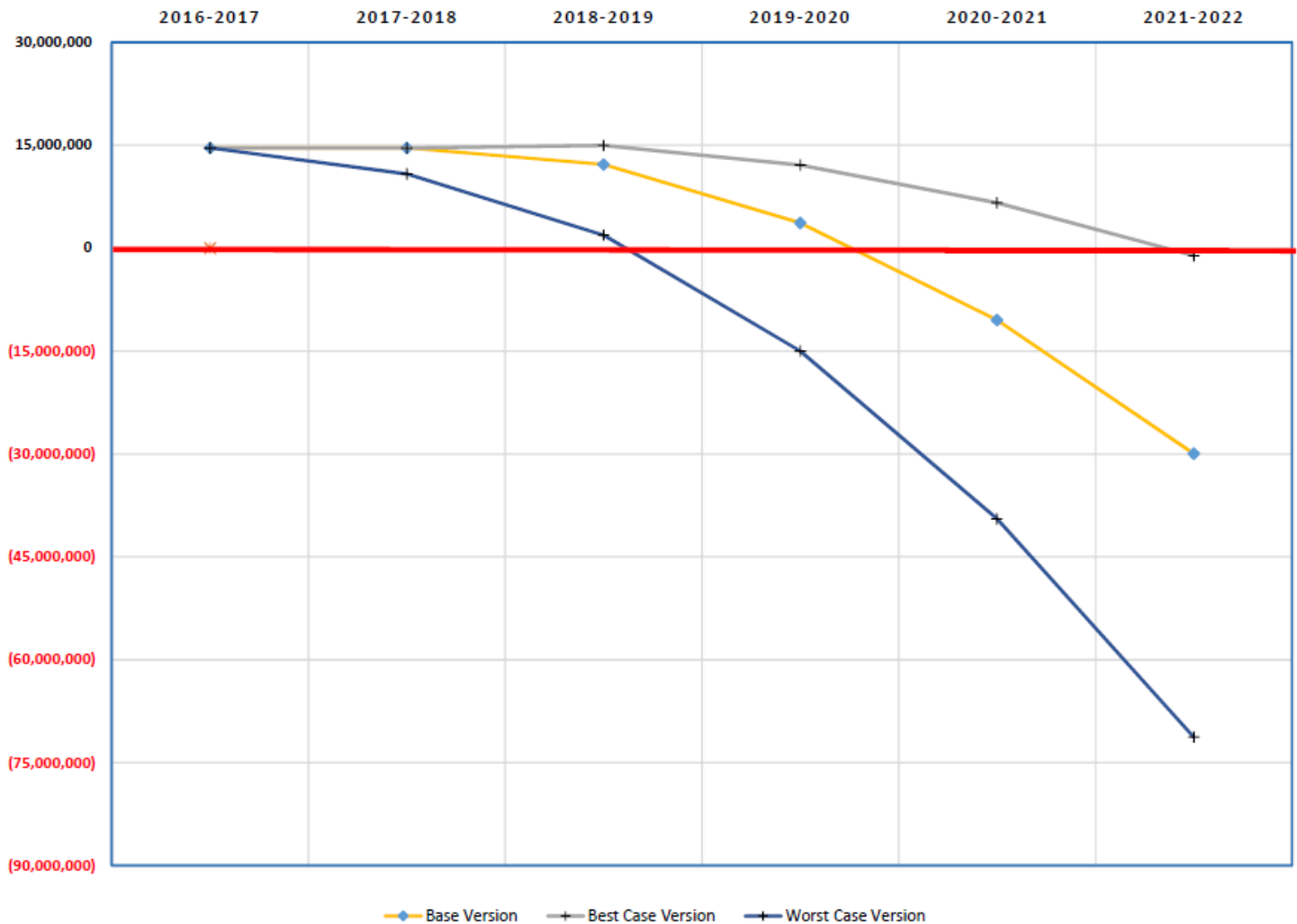
# Multi-year Projections

## Looking into the Crystal Ball

- ▣ What does the future have in store?
- ▣ Multi-Year budget projections (pages 108 - 112)
  - ▣ Baseline, best and worst case modeling
    - MYP's are based on best information we know now
    - District's ability to earn back from FTES decline and any Growth funding?
    - Continuing STRS/PERS cost increases
    - Stable H&W premium cost increases?
- ▣ Regardless of which assumption model chosen, the Budget Stabilization Fund is estimated to be exhausted between 2019 and 2021 without additional ongoing revenues or expenditure reductions
- ▣ Need to closely monitor state economy/budget developments and make expenditure reductions as necessary into the foreseeable future

# Multi-year Projections

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION  
CHANGES IN BUDGET STABILIZATION FUND BALANCE  
FY 2016-2017 TO 2021-2022



# Ongoing Issues

- ▣ System-wide structural deficit unresolved
- ▣ Several districts in Restoration or about to be
  - How will this be funded as districts restore?
- ▣ New State funding model?
  - Performance-based funding?
- ▣ Anticipated state economic slowdown
  - Prop 98 funding increases will continue to be limited
- ▣ Continued PERS/STRS cost increases
  - Any rate increases in the future over and above what we already know?
- ▣ Closely monitor budget throughout the year
  - Both Revenues and Expenditures

# STRS/PERS Increases (Page 135)

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

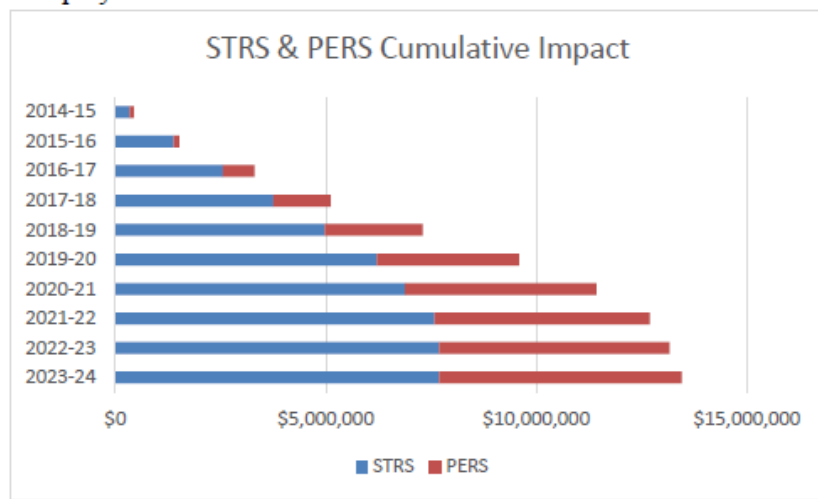
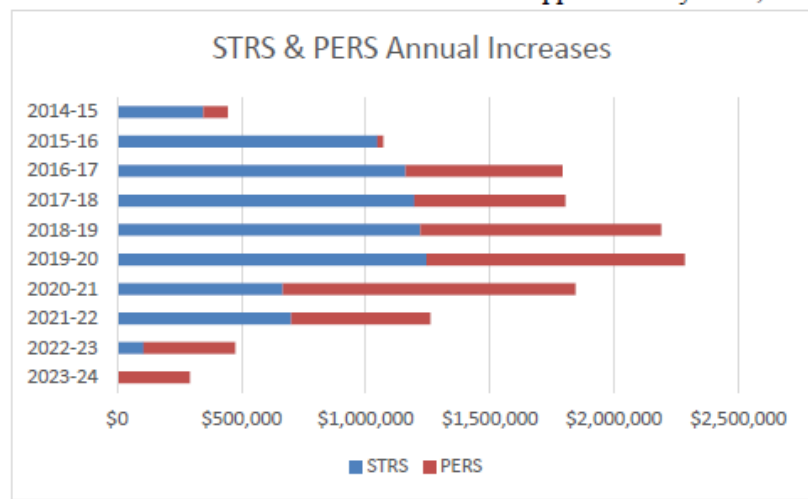
	STRS				PERS				Total Annual Impact	Combined Cumulative Impact
	Annual Change	Rate	Annual Impact <sup>1</sup>	Cumulative Impact	Annual Change	Rate	Annual Impact <sup>2</sup>	Cumulative Impact		
2013-14		8.250%				11.442%				
2014-15	0.630	8.880%	\$346,500	\$346,500	0.329	11.771%	\$98,700	\$98,700	\$445,200	\$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	1.643	15.531%	\$607,948	\$1,360,195	\$1,804,244	\$5,112,468
2018-19	1.850	16.280%	\$1,220,221	\$4,972,494	2.569	18.100%	\$969,601	\$2,329,796	\$2,189,823	\$7,302,290
2019-20	1.850	18.130%	\$1,244,626	\$6,217,120	2.700	20.800%	\$1,039,425	\$3,369,221	\$2,284,050	\$9,586,341
2020-21	0.970	19.100%	\$665,639	\$6,882,759	3.000	23.800%	\$1,178,015	\$4,547,235	\$1,843,654	\$11,429,995
2021-22	1.000	20.100%	\$699,951	\$7,582,710	1.400	25.200%	\$560,735	\$5,107,970	\$1,260,686	\$12,690,680
2022-23	0.150	20.250%	\$107,092	\$7,689,802	0.900	26.100%	\$367,682	\$5,475,652	\$474,774	\$13,165,454
2023-24	0.000	20.250%	\$0	\$7,689,802	0.700	26.800%	\$291,694	\$5,767,346	\$291,694	\$13,457,149

<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%

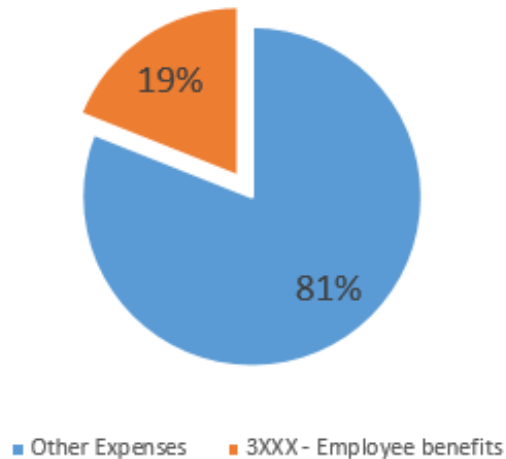
Employee Contribution % for PERS = 7.00%/6.50%



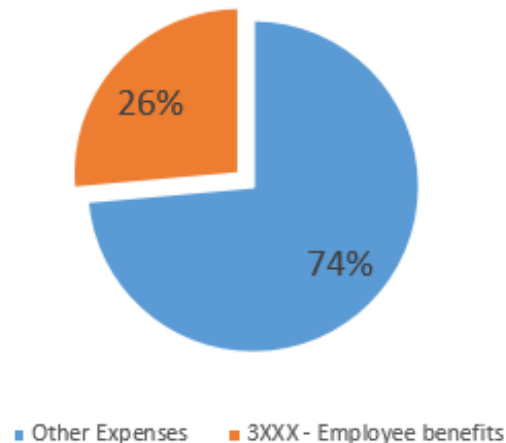
\* Current law increases contribution rates to 19.1% beginning July 1, 2020, and also gives the CalSTRS Board authority to increase rates to 20.1% beginning July 1, 2021, and to 20.25% beginning July 1, 2022, if necessary. (Current law limits the employer contribution rate to 20.25%.)

# Benefits as Percentage of Total Expenses

2007/08 Actual Expenses



2016/17 Actual Expenses



## SALARIES AND BENEFITS PERCENTAGE

- ▣ 2016-2017 actual and 2017-2018 budget for salaries and benefits cost as a percentage of total expenses = 86%



# Recommendation

# List of all District Funds Budgeted (Page 4)

## List of Funds Budgeted

General Fund		
Expenditures	\$ 273,247,257	
Board Policy Contingency (5%)	9,070,673	
Restricted Reserves	8,545,868	
Budget Stabilization	14,621,068	
Unrestricted Contingency	25,434	
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Total General Fund		\$ 305,510,300
Bond Interest and Redemption Funds		49,615,014
Bookstore Fund		11,168,988
Child Development Fund		7,493,661
Capital Outlay Projects Fund		78,957,814
General Obligation Bond Fund - Measure E		0
General Obligation Bond Fund - Measure Q		137,776,014
Self-Insurance Fund - Property and Liability		6,641,092
Self-Insurance Fund - Workers' Compensation		10,608,188
Retiree Benefits Fund		1,148,235
Associated Students Fund		1,342,431
Representation Fee Trust Fund		180,096
Student Financial Aid Fund		30,072,864
Community Education Fund		1,136,086
Diversified Trust Fund		4,278,569
		<hr/>
Total All Funds		\$ 645,929,352

# Adopted Budget Recommendation

- ▣ Recommend approval of the proposed 2017-2018 Adopted Budget, as presented