



SANTA ANA
COLLEGE



Santiago
Canyon
College

2018-2019 TENTATIVE BUDGET

Board of Trustees Meeting
June 11, 2018

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. Budget Planning Process
2. Governor's New Community College Funding Formula
 - AKA - "Community College Student-Focused Apportionments Formula"
3. RSCCD 2018-2019 Proposed Tentative Budget
4. Recommendation

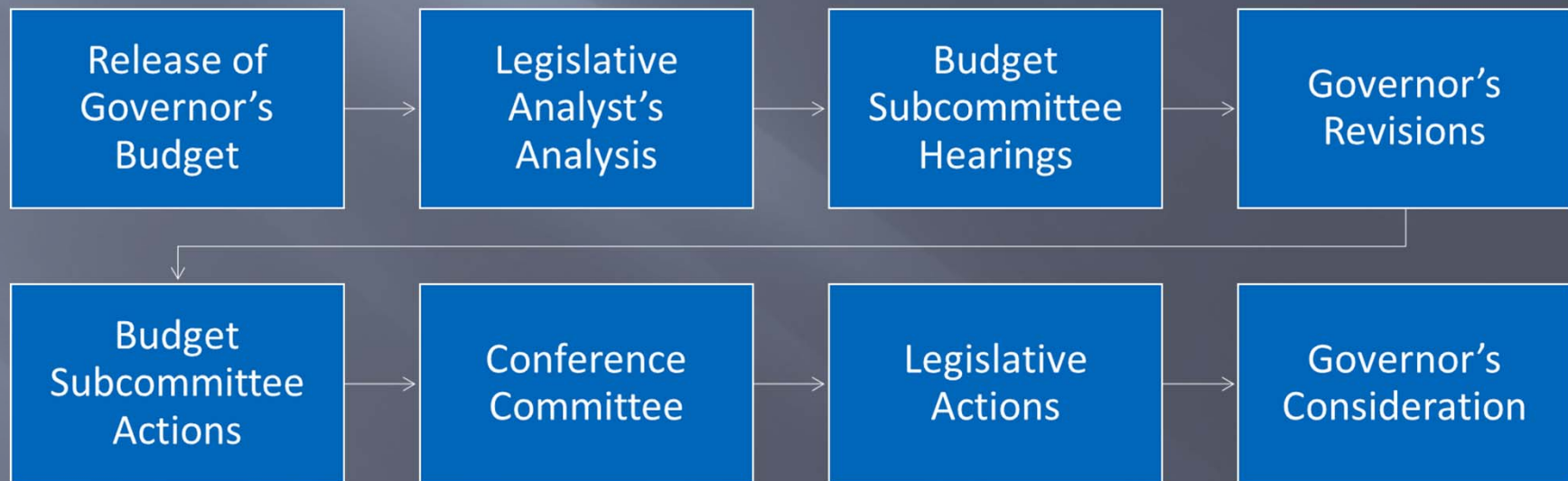
Budget Planning Process

RSCCD Budget Planning Process

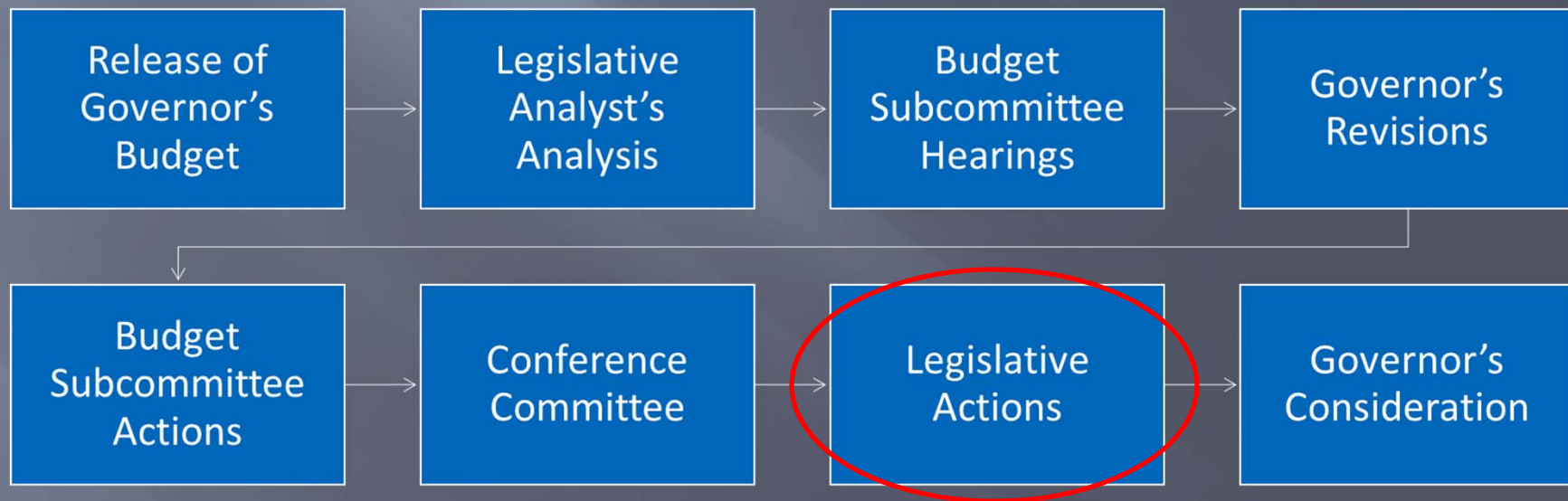
How we got here...

- ▣ Governor's January Proposal for 2018-2019 Released January 10, 2018
- ▣ RSCCD Board Presentations on Governor's Proposal and 2018-2019 Tentative Budget Assumptions (January 22nd and March 26th)
 - FRC and District Council Review and Recommended Assumptions
- ▣ Governor's May Revision Released May 11th
- ▣ 2018-2019 Tentative Budget Approval Tonight
 - FRC and District Council Review and Recommended Tentative Budget
 - Includes May Revise adjustments except for new funding formula
 - Current RSCCD BAM funding model used to prepare Tentative Budget

State Budget Planning Process



State Budget Planning Process



State Budget Planning Process Latest Information

- ▣ Last week, Governor negotiated budget deal with legislative leaders and announced agreement on June 8th
 - Includes new funding formula as modified through final negotiations
 - ▣ Different from May Revise version
 - Includes new Online College proposal as modified
- ▣ Legislative Budget Conference Committee concluded their work on Governor's negotiated budget deal on Friday evening, June 8th
- ▣ State Budget will be approved Legislature by June 15th (this Friday) and Governor to sign by July 1st

Governor's Proposed New Community College Funding Formula

“Community College Student-Focused
Apportionments Formula”

Proposed New State Funding Formula Action by both Houses prior to negotiated deal

Item	Governor	Senate	Assembly
Funding Formula (Including Apportionment Adjustments)	Proposes new funding formula and makes adjustments to general apportionment, including: <ul style="list-style-type: none"> • \$175 million for transition. • \$173 million for 2.71-percent COLA. • \$60 million for 1-percent growth. Also provides \$104 million in discretionary resources.	Rejects the formula. Funds COLA and growth. Includes \$108 million for base increase.	Rejects the formula. Funds COLA and growth. Uses \$175 million so that all districts would receive at least the total amount of funds received in 2017-18, adjusted for changes in cost-of-living. Creates task force to make recommendations on funding formula.

Negotiated State Budget Deal

- ▣ Governor negotiated a state budget deal with legislative leaders last week
 - Includes new Online College
 - Includes new Funding Formula

- ▣ Funding Formula
 - May Revise version with modifications
 - Three year phase-in instead of two
 - ▣ Three years of funding “stabilization”
 - “Greater of their past year or current year funding”
 - All districts assured at least COLA in three year transition
 - Summer “shift” (borrowing) remains the same
 - ▣ Not taken away

Negotiated State Budget Deal

- ▣ Three year phase-in
 - 2018-2019 – 70% / 20% / 10%
 - 2019-2020 – 65% / 20% / 15%
 - 2020-2021 – 60% / 20% / 20%

- ▣ 2018-2019 – First transitional year
 - 70% funding – Base Funding and FTES
 - ▣ College size and Full time Equivalent Students
 - 20% funding – Equity Allocation
 - ▣ College Promise Grant (BOG) – all recipients count, not just age 25 and older. Pell Grant headcounts/ AB 540 student counts
 - 10% funding – Student Success
 - ▣ Progress/Outcomes/Wages as defined in May Revise version

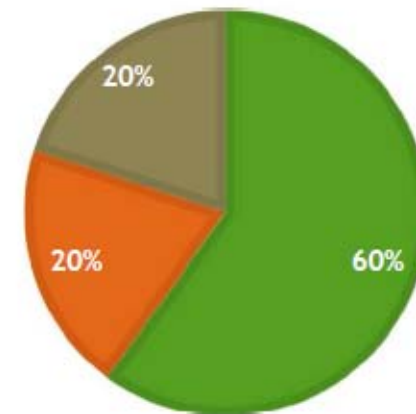
Proposed New State Funding Formula May Revise version

Where we are today - May Revise

■ Base ■ Supplemental ■ Student Success

▶ Model Elements

- ▶ Base Allocation - 60%
- ▶ Supplemental Allocation - 20%
- ▶ Student Success Incentive Allocation - 20%



▶ Other Initiatives

- ▶ Summer Shift goes away Summer 2019
- ▶ Hold Harmless extended to 2018-19 and 2019-20 with COLA in 2018-19 only
- ▶ Annual External Audit step required to be added to CDAM
- ▶ Equity Bump = \$660 per student receiving a Pell Grant in the 7 Student Success Incentive metrics

Proposed New State Funding Formula

Where we are today - May Revise

▶ Statewide Dollars	\$7,068,037,103
▶ Base Allocation - 60%	\$4.2 billion
▶ Supplemental Allocation - 20%	\$1.4 billion
▶ Student Success Incentive Allocation - 20%	\$1.4 billion

Proposed New State Funding Formula

May Revision Funding Formula

60% Base	20% Supplement (Equity)	20% Success
<ul style="list-style-type: none"> Measures FTES enrollment based on a <u>three-year average</u>. Consistently counts summer session enrollments in the fiscal year that follows the summer term. Provides a rural allocation consistent with the current formula. 	<ul style="list-style-type: none"> Pell Grant headcount enrollment Headcount enrollment of students 25 years and older who receive a College Promise Grant fee waiver (formerly known as the BOG Fee Waiver) AB 540 students per the California Dream Grant application 	<p>Progress</p> <ul style="list-style-type: none"> Transfer-level mathematics and English within first year <p>Outcomes</p> <ul style="list-style-type: none"> AA/AS degree Transfer to <u>ANY</u> accredited 4-year institution ADT Credit certificates 18 units or greater 9 (CTE) units <p>Wages</p> <ul style="list-style-type: none"> Regional living wage after one year

Proposed New State Funding Formula

Where we are today - May Revise

- ▶ Base Allocation - 60%
 - ▶ Credit FTES funded at \$3,103
 - ▶ Carve out:
 - ▶ CDCP - \$5,457
 - ▶ Non-credit - \$3,347
 - ▶ Special Admit FTES - \$5,457
 - ▶ Fund at existing rates
 - ▶ 3-year rolling average of FTES
 - ▶ Current year, Prior year, and prior prior year
 - ▶ Basic Allocations remain the same

Proposed New State Funding Formula

Where we are today - May Revise

- ▶ Supplemental Allocation - 20%
 - ▶ # of students receiving Pell grant
 - ▶ \$1,526 per point
 - ▶ # of students receiving California Promise Waiver that are 25 years old or older
 - ▶ \$1,526 per point
 - ▶ # of students granted exemption from nonresident tuition
 - ▶ \$1,526 per point

Proposed New State Funding Formula

Where we are today - May Revise

➤ Success Metrics - All Students (\$876 per point)

Metric	Point Value
# AA/AS or BA/BS Degrees awarded	3
# ADT Degrees awarded	4
# Credit Certificates (18 units or more)	2
# Completers of 9 CTE units	1
# of Transfers to 4-yr institution	1.5
# of Completers of transfer level math and English in first year	2
# of students attaining a living wage within 1 year of completion	1

Proposed New State Funding Formula

Where we are today - May Revise

- Success Metrics - Pell Students (\$660 per point)

Metric	Point Value
# AA/AS or BA/BS Degrees awarded	3
# ADT Degrees awarded	4
# Credit Certificates (18 units or more)	2
# Completers of 9 CTE units	1
# of Transfers to 4-yr institution	1.5
# of Completers of transfer level math and English in first year	2
# of students attaining a living wage within 1 year of completion	1

Proposed New State Funding Formula

- ❑ A three-year phase-in of the formula, with the model designed to provide 70% for the base allocation, 20% for the equity allocation, and 10% for the student success allocation in 2018-19 (a 70-20-10 split), with a 65-20-15 split in 2019-20 and a 60-20-20 split in 2020-21.
- ❑ As part of the equity and student success allocations, use of counts for all College Promise Grant recipients, rather than only College Promise Grant recipients age 25 and over (as was proposed in the May Revision).
- ❑ Extension of the discretionary funds to cover a three-year period, which guarantees that all districts would receive funding increases at least equal to the cost-of-living adjustment for those three transition years.

RSCCD
2018-2019
Proposed Tentative Budget

Proposed RSCCD Tentative Budget Reminder...

- ▣ RSCCD 2018-2019 Budget planning depends on final version of the new funding formula included in the state budget
- ▣ No District specific details or simulations are available, at this time, on the final negotiated new funding formula to assist us in determining our districts funding levels
 - Possibly not available until early August
- ▣ The proposed 2018-2019 RSCCD Tentative Budget does not include any additional funds based on this new formula except for the 2.71% COLA

Proposed RSCCD Tentative Budget

- ▣ Tentative Budget is a placeholder budget in order to continue to pay employees and obligations starting July 1st
 - This is especially true this year!

- ▣ Crystal Ball...is RSCCD a “winner” or “loser” in the new “Community College Student-Focused Apportionments Formula”?
 - May Revise version, indications are RSCCD is a “winner”, however, may not be as high as simulated in May Revise version
 - ▣ Actual final formula for 2018-2019 Advanced Apportionment certification will use actual 2017-2018 FTES and data elements as identified in the formula

Proposed 2018-2019 RSCCD Budget Example

- ▣ Current SB361 Model - \$4.3 million or \$7.0 million
 - COLA - 2.71% \$4.3 million
 - Base increase? \$2.7 million
 - ▣ Using Senate amount - \$108 million
 - ▣ Assembly did not propose a base increase

- ▣ New Community College Student-Focused Apportionments Formula - \$13.1 million
- ▣ May Revision version
- ▣ DOF simulation using 2016-17 data
 - ▣ 2.71% COLA included in this amount
 - ▣ Actual allocations will be based on 2017-18 data

Proposed RSCCD Tentative Budget Summary

- ▣ Includes Board approved Tentative Budget Assumptions, updated with the latest information from May Revise (p. 80-82)
- ▣ Uses the current SB361 funding model for state revenues and utilizes current RSCCD BAM allocation for Campuses and DO
- ▣ Includes \$4.9 million in new revenue
 - \$4.3 million of which is 2.71% COLA
- ▣ Includes ongoing cuts of \$3 million (round 2 cuts)
- ▣ Balanced Budget with estimated \$106,581 to the good

Proposed RSCCD Tentative Budget Final Reminder

- ▣ With the transition to a new funding formula, we may not know funding allocations detail until early August
 - “Blue Book” is issued by State Chancellor’s Office in August at Budget Workshop
 - Limited time for inclusion into RSCCD Adopted Budget
- ▣ 2017-2018 fiscal year closing and actual balances known for Adopted Budget
- ▣ RSCCD internal Budget Allocation Model (BAM) will need to be updated to reflect the new funding model from the state and distribute performance and supplemental earned revenues by campus

Budget Assumptions Recap (page 82)

* <u>New Revenues</u>	Ongoing Only	One-Time
A New Performance Based Funding Formula	?	
B COLA 2.71%	\$4,300,000	
B Growth (Borrow from summer)	\$0	
B Base Allocation	\$0	
B Deficit Factor est. at 0.708%	\$0	
D Unrestricted Lottery	\$216,414	
H Mandates Block Grant (one-time)	\$0	
I Non-Resident Tuition	\$275,000	
J Interest Earnings	\$80,000	
L Apprenticeship - SCC	\$0	
EGHK Misc Income	\$0	
Total	\$4,851,414	\$0
<u>New Expenditures</u>		
B COLA 2.71%	\$4,300,000	
C Step/Column	\$1,260,000	
D Health and Welfare/Benefits Increase	\$580,000	
D Budget Health and Welfare at Average Cost for Vacancies	(\$152,666)	
D CalPERS Increase	\$818,632	
D CalSTRS Increase	\$1,220,221	
E Full Time Faculty Obligation Hires	\$0	
E/F Hourly Faculty Budgets (Convert to Full Time)	\$0	
G Increased Cost of Retiree Health Benefit ARC	\$0	
H Capital Outlay/Scheduled Maintenance Match	\$0	
I Utilities Increase	\$100,000	
J ITS Licensing/Contract Escalation Cost	\$125,000	
K Property, Liability and All Risks Insurance	\$0	
L Other Additional DS/Institutional Costs	\$551,143	
N SCC ADA Settlement Costs	\$0	\$2,000,000
O Ongoing Budget Reductions	(\$3,000,000)	
Total	\$5,802,330	\$2,000,000
2018-19 Budget Year Surplus (Deficit)	(\$950,916)	
2017/18 Structural Deficit	(\$1,346,566)	
2017/18 Additional cost of CSEA settlement	(\$191,807)	
2017/18 Additional cost of remaining CB settlements	?	
2017/18 Budgeted vacancies/actual salary placement less	\$425,060	
2017/18 New hires choosing less than budgeted benefits	\$687,959	
2017/18 Retirees budgeted in 2018/19 according to BAM	\$872,339	
2017/18 Savings in H/W Benefits (3.5% to 2.5%)	\$80,636	
2017/18 Other budget line item changes	\$549,876	
Total Net Surplus (Deficit)	\$106,581	(\$2,000,000)

All District Funds (page 5)

List of Funds Budgeted

General Fund		
Expenditures	\$ 345,775,619	
Board Policy Contingency (5%)	9,169,172	
Restricted Reserves	6,988,304	
Budget Stabilization	15,422,605	
Unrestricted Contingency	1,306,126	
Total General Fund		\$ 378,661,826
Bond Interest and Redemption Funds		43,836,031
Bookstore Fund		10,410,737
Child Development Fund		8,407,815
Capital Outlay Projects Fund		87,938,573
General Obligation Bond Fund - Measure Q		111,425,197
Self-Insurance Fund - Property and Liability		6,961,092
Self-Insurance Fund - Workers' Compensation		10,608,188
Retiree Benefits Fund		1,918,235
Associated Students Fund		1,424,710
Representation Fee Trust Fund		167,752
Student Financial Aid Fund		31,345,316
Community Education Fund		1,066,065
Diversified Trust Fund		4,554,712
Total All Funds		\$ 698,726,249

Tentative Budget Recommendation

- ▣ Recommend approval of the proposed 2018-2019 Tentative Budget as presented

