



**SANTA ANA**  
**COLLEGE**



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

# 2016-2017 ADOPTED BUDGET

Board of Trustees Meeting  
September 12, 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. District Budget Assumptions Update
2. RSCCD 2016-2017 Proposed Adopted Budget
3. Related Information
4. Recommendation

# District Budget Assumptions Update

# Adopted Budget Assumptions

- ▣ Includes latest information from enacted State Budget
- ▣ Includes June 30, 2016 fiscal year end closing balances
  - 2015-2016 unaudited actual revenues
  - 2015-2016 unaudited actual expenditures
- ▣ Budget Stabilization Fund remains at \$13.69 million
  - No spend down in 2015-2016
  - No budgeted spend down in 2016-2017
- ▣ 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 – 0.0%
  - Growth/ Access – 0.00%
    - ▣ Opportunity = 0.60%
  - Apportionment Base Allocation = \$1.9 million
    - ▣ Approximately 1.2%
  - One-Time Mandates Block Grant = \$2.6 million
  
- ▣ No Student Fee increase – remains \$46/cr. unit



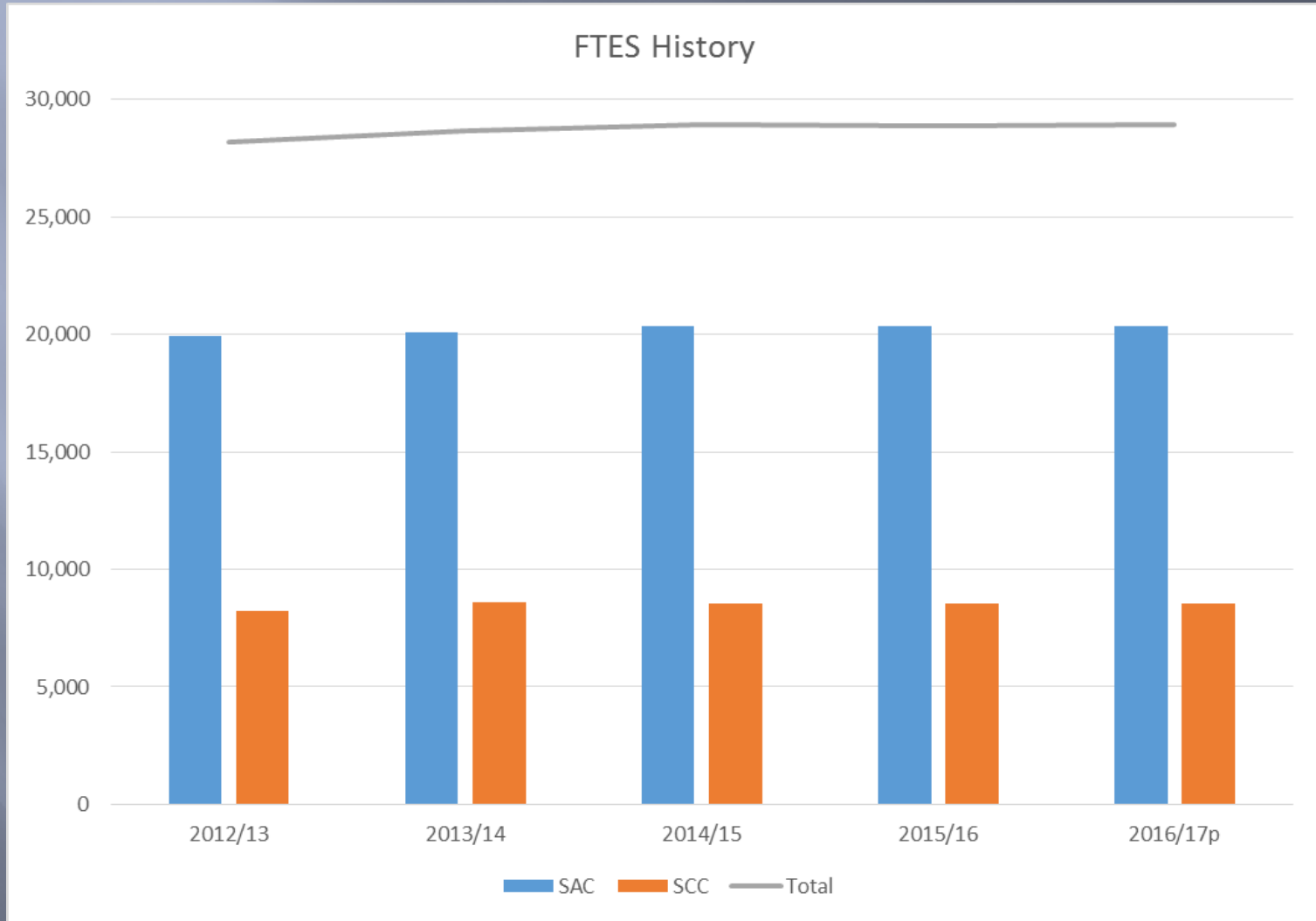
# Adopted Budget Assumptions Recap – page 109

<u>New Revenues</u>	Ongoing Only	One-Time
COLA 0.00%	\$0	
Growth -0-	\$0	
Base Allocation	\$1,904,074	
Deficit Factor est. at 0.708%	\$433,516	
Unrestricted Lottery	\$17,535	
Mandates Block Grant (one-time)	\$0	\$2,660,407
Non-Resident Tuition	\$600,000	
Interest Earnings	\$370,000	
Apprenticeship - SCC	\$770,285	
Misc Income	\$56,423	
<b>Total</b>	<b>\$4,151,833</b>	<b>\$2,660,407</b>
<u>New Expenditures</u>		
COLA 0.00%	\$0	
Step/Column	\$1,100,000	
Health and Welfare/Benefits at 5% (1/2 year)	\$610,000	
CalPERS Increase	\$630,063	
CalSTRS Increase	\$1,161,452	
Full Time Faculty Obligation Hires	\$0	
Hourly Faculty Budgets (Convert to Full Time)	\$0	
Estimated Salary and Benefit Placement Savings	(\$2,300,000)	
Capital Outlay/Scheduled Maintenance Match	\$0	
Utilities Increase	\$200,000	
ITS Licensing/Contract Escalation Cost	\$125,000	
Property, Liability and All Risks Insurance	(\$173,033)	
Apprenticeship - SCC	\$770,285	
Other Additional DS/Institutional Costs	\$54,995	\$376,685
One-Time Cost to Cover Retiree Health ARC		\$2,283,722
<b>Total</b>	<b>\$2,178,762</b>	<b>\$2,660,407</b>
2016-17 Budget Year Surplus (Deficit)	<b>\$1,973,071</b>	

# Budget Assumptions - FTES

- Growth = the most important driver of new unrestricted funding for our budget
- District has only grown combined total of 2.6% since 2012-2013 (four years)
  - Average 0.65% per year
- Budgeting for zero growth 2016-2017
  - Could earn up to constrained cap of 0.60%
  - Up to \$855,000
- Borrowed for 2015-2016 approx. 15 FTES from Summer 2016 to stay out of stabilization
- 2016-2017 growth or stabilization?

# Recap of FTES





RSCCD  
2016-2017  
Proposed Adopted Budget

# Proposed Adopted Budget

- ▣ Includes Board approved Budget Assumptions for the Adopted Budget
  - ▣ Approved at July 18<sup>th</sup> Board meeting
  - ▣ Updated with latest information
- ▣ Balanced budget = Projected current year revenues greater than or equal to projected current year expenditures
  - No structural deficit in Adopted Budget in 2016-2017
  - Note: Any collective bargaining settlements in 2016-2017 are costs above and beyond this Adopted Budget plan

# STRS On-Behalf

- ▣ New accounting requirement beginning 2015-2016
- ▣ GASB 68, which requires LEAs to recognize employer costs and obligations for pensions, now also requires us to recognize the state's on-behalf pension contribution to CalSTRS
  - 16/17 employer rate = 12.58%
  - 16/17 employee rate = 10.25%
  - 14/15 state contribution rate = 8.828%
- ▣ We accomplish this requirement by “grossing up” the financial statements by recognizing state revenue and a corresponding expense
- ▣ In 2015-2016 this amounted to \$4.2 million
- ▣ Only a paper (journal entry) transaction
  - District never receives the \$4.2 million
  - District doesn't pay (expense) the \$4.2 million

# STRS On-Behalf (page 13 & 15)

## General Fund Revenue Budget - Combined - Unrestricted - Fund 11, 13

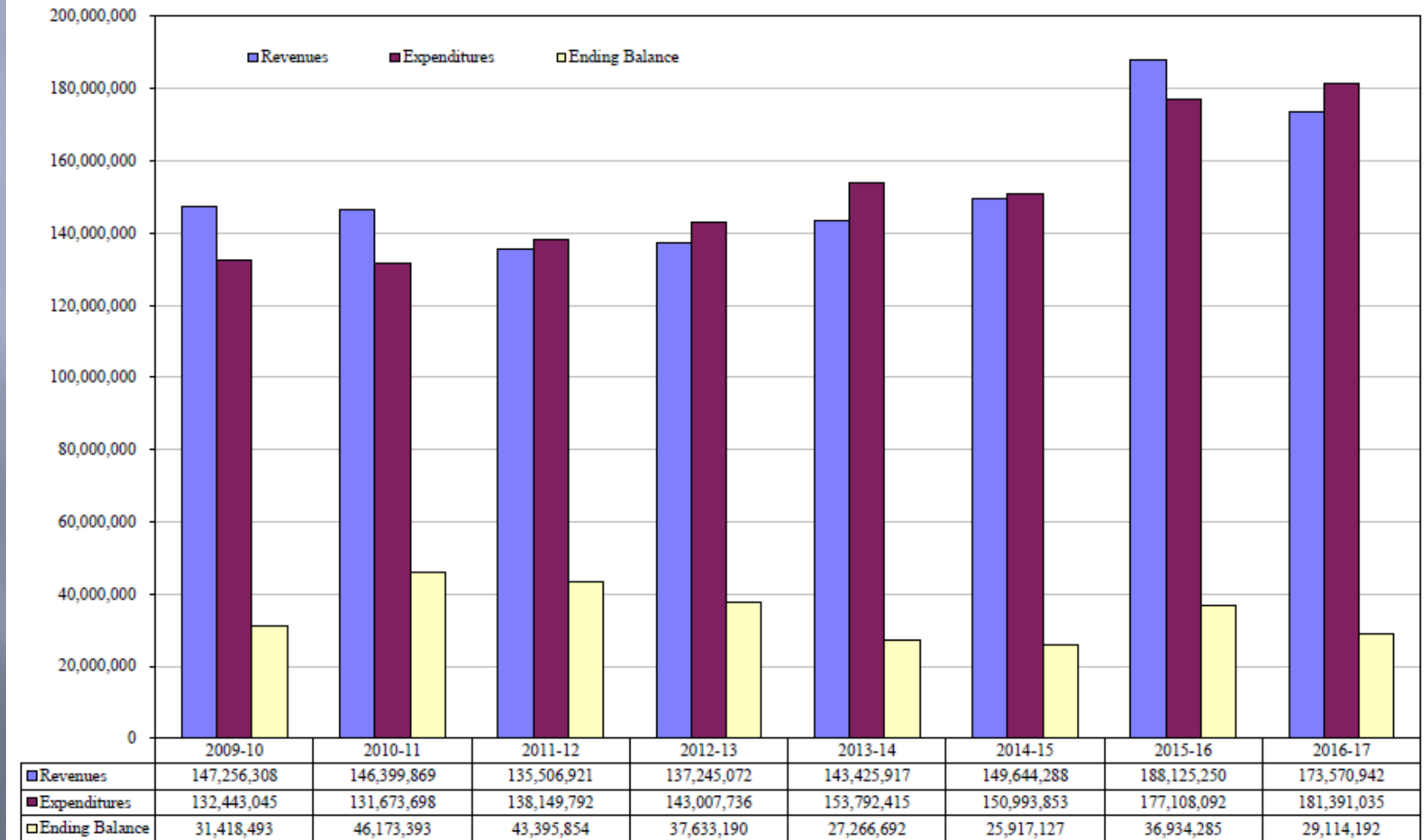
<u>Revenues by Source</u>		2015-16	2015-16	2015-16	% change	2016-17	% change
		Adopted Budget	Allocated Budget	Actual Revenue	15/16 Actual/ 15/16 Budget	Adopted Budget	16/17 Adpt/ 15/16 Actual
8600	State Revenues						
8611	Apprenticeship Allowance	1,911,000	2,538,900	2,417,811	(4.77)	2,670,285	10.44
8612	State General Apportionment	53,042,488	53,042,488	49,983,203	(5.77)	59,487,994	19.02
8612	Base Allocation Increase	6,763,458	6,763,458	6,951,816	2.78	1,904,074	(72.61)
8612	State General Apportionment-Deficit	(1,537,518)	(1,537,518)	0	(100.00)	(1,104,002)	-
8612-8630	State General Apportionment-Prior year adjustme	0	0	850,796	-	0	(100.00)
8619	State General Apportionments-Full-Time Faculty	1,537,621	1,537,621	1,573,700	2.35	0	(100.00)
8619	Other General Apportionments-Enroll Fee Admin.	284,586	284,586	284,586	-	294,302	3.41
8619	Other General Apportionments-Part-Time Fac Cor	601,066	601,066	601,066	-	592,773	(1.38)
8630	Education Protection Account	23,946,110	23,946,110	23,577,290	(1.54)	22,607,921	(4.11)
8672/8673	Homeowners' Property Tax Relief/Timber Yield Tax	360,129	360,129	292,416	(18.80)	292,411	(0.00)
8681	State Lottery Proceeds	4,125,006	4,125,006	4,421,852	7.20	4,142,541	(6.32)
8682	State Mandated Costs	16,140,000	16,892,668	16,892,454	(0.00)	3,455,407	(79.54)
8699	Other Misc State Revenue	0	4,219,705	4,221,901	0.05	4,000,000	(5.26)

## General Fund Expenditure Budget - Combined - Unrestricted - Fund 11, 13

<u>Expenditures by Object</u>		2015-16	2015-16	2015-16	% change	2016-17	% change
		Adopted Budget	Allocated Budget	Actual Expenses	15/16 Actual/ 15/16 Budget	Adopted Budget	16/17 Adpt/ 15/16 Actual
3000	Employee Benefits						
3100	State Teachers' Retirement System Fund	6,629,694	10,513,815	10,064,191	(4.28)	12,256,920	21.79
3200	Public Employees' Retirement System Fund	3,544,247	3,532,273	3,395,290	(3.88)	4,314,575	27.08
3300	Old Age, Survivors, Disability, and Health Ins.	3,289,722	3,296,181	3,173,469	(3.72)	3,486,195	9.85
3400	Health and Welfare Benefits	24,379,910	23,901,667	24,878,139	4.09	24,897,475	0.08
3500	State Unemployment Insurance	297,570	297,881	76,295	(74.39)	300,214	293.49
3600	Workers' Compensation Insurance	2,285,060	2,298,018	2,278,611	(0.84)	2,264,624	(0.61)
3900	Other Benefits	1,164,619	1,168,684	1,111,084	(4.93)	1,252,878	12.76
	Subtotal	41,590,822	45,008,519	44,977,079	(0.07)	48,772,881	8.44

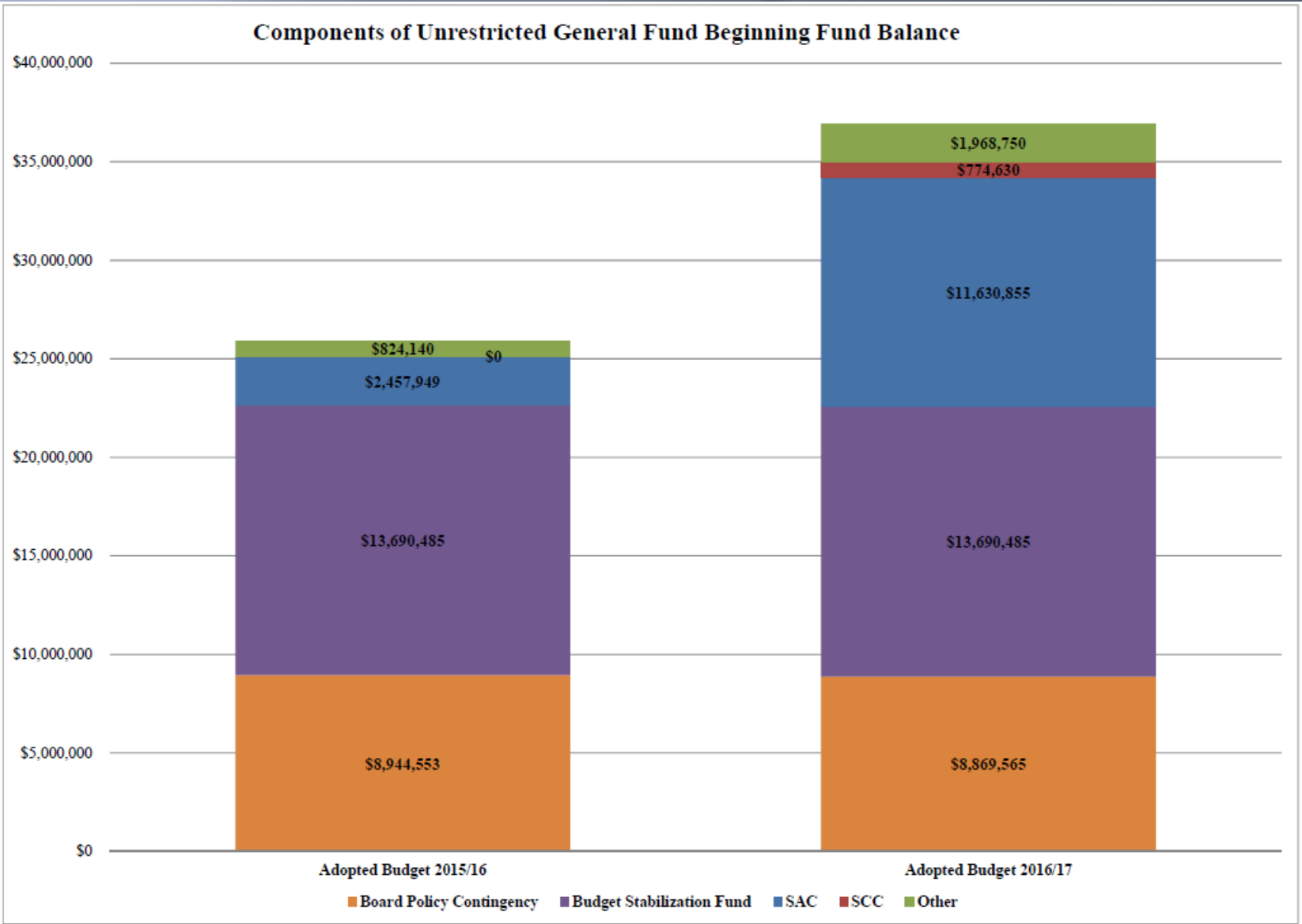
# Recap of Revenues and Expenditures (Unrestricted General Fund 11 & 13)

Recap of Revenues and Expenditures  
General Fund 11 and 13  
2009-10 to 2016-17





# Components of UGF Beginning Fund Balance (Page 38)



# Recap of College Carryovers

<b>SANTA ANA COLLEGE FY 15/16 ONE-TIME CARRYOVER BUDGET</b>	
<b>FUND 13</b>	<b>FY 15/16</b>
Total FY 15/16 beginning balance	\$2,458,000
Final 2014/15 SB361 Model Closeout	452,000
SAC Allocation from BSF for SCC debt forgiveness	1,153,000
One Time Revenue - Baccalaureate Degree	350,000
<b>Total Additional funds allocated to fund 13 in FY 15/16</b>	<b>4,413,000</b>
Minus FY 15/16 expenses (net of transfers and additional revenue)	(1,075,000)
<b>Total Fund 13 Carryforward</b>	<b>3,338,000</b>
<b>Fund 11</b>	<b>FY 15/16</b>
Fulltime Faculty Allocation (Fall 2016)	1,068,000
Savings on faculty vacant positions (retirements) and reassigned/categorical transfers	1,145,000
Savings on classified salaries/vacant positions (2xxx)	625,000
Estimated Overbudgeted Benefit accounts (budget to actuals savings)	1,955,000
Utility, supplies and other expenses savings + indirect cost-Grants	1,744,000
<b>Available balance as of 6/30/16 fund 11</b>	<b>6,537,000</b>
Increase in Revenue Split in BAM	1,153,000
Additional Nonresident Tuition Revenue/ Other Local Revenue over Budget	603,000
<b>Total Fund 11 Carryforward</b>	<b>8,293,000</b>
<b>TOTAL CARRYOVER TO FY 16/17</b>	<b>\$11,631,000</b>

<b>SANTIAGO CANYON COLLEGE FY 15/16 ONE-TIME CARRYOVER BUDGET</b>	
<b>FUND 11 &amp; 13</b>	<b>FY 15/16</b>
Total FY 15/16 beginning balance	\$0
Net Rental Revenue over Budget	94,000
Net Nonresident Tuition Revenue over Budget	201,000
Increase in Revenue Split in BAM	480,000
<b>TOTAL CARRYOVER TO FY 16/17</b>	<b>\$775,000</b>

# Related Information

# What's Next?

- ▣ System-wide structural deficit unresolved
- ▣ Prop 30 EPA revenues are temporary
  - Sales tax portion expires December 31, 2016
  - Prop 55 extension passage?
    - Extend high income tax portion from 2018 through 2030
- ▣ Anticipated state economic slowdown
  - Prop 98 funding increases will be limited
- ▣ Closely monitor budget throughout the year
  - Revenues/expenditures
  - Monitor campus reserves

# Multi-year Projections

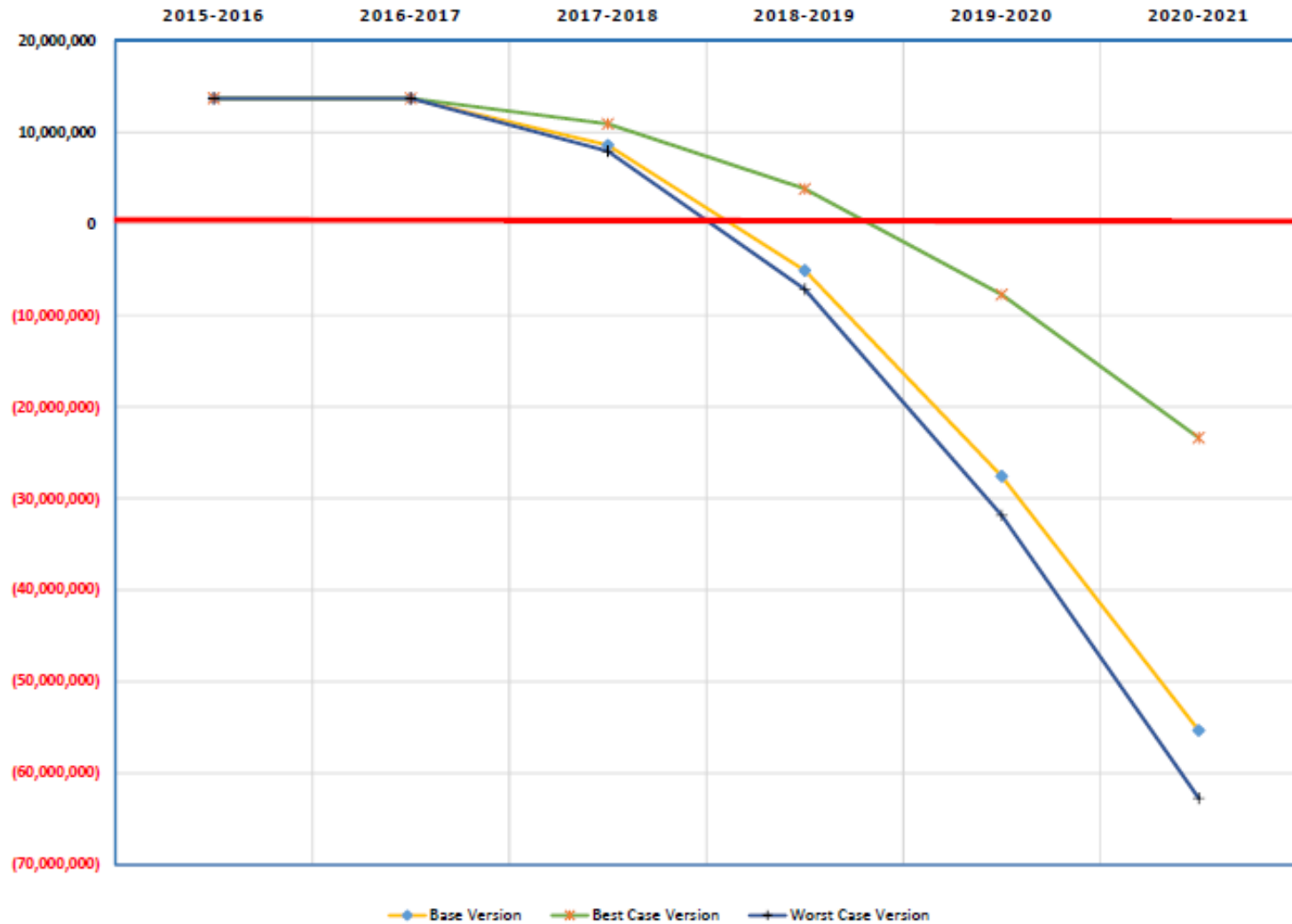
## Looking into the Crystal Ball

- ▣ Multi-Year Projections (MYP)
- ▣ Multi-Year budget projections (pages 110 - 113)
  - ▣ Best, worst and baseline modeling
  - MYP's are based on what we know now
  - New ongoing unrestricted revenues do not keep pace with increasing ongoing unrestricted expenses of approx. \$5 million or more per year
  - District's ability to earn 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 by the end of 2018-2019 budget year
- ▣ Need to closely monitor state budget developments and state economy over the next few years
  - Prop 98 minimum funding guarantee



# Multi-year Projections

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION  
CHANGES IN BUDGET STABILIZATION FUND BALANCE  
FY 2015-2016 TO 2020-2021



# STRS/PERS Increases

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

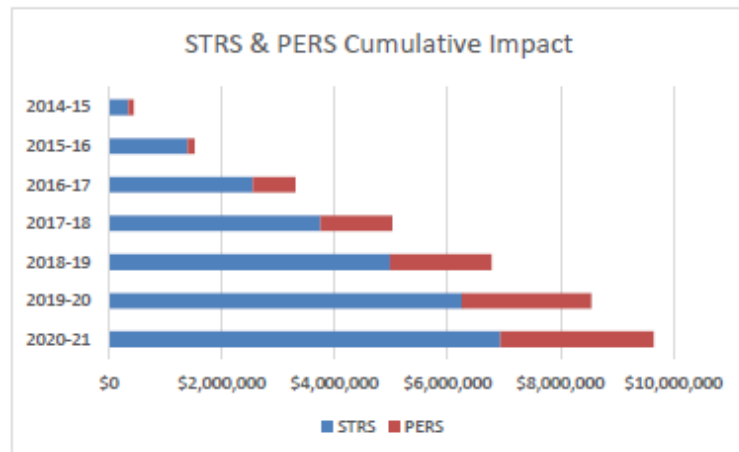
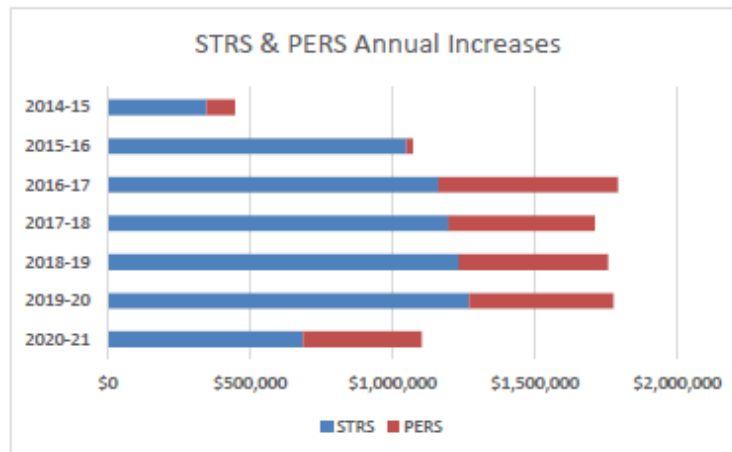
	STRS				PERS				Total Annual Impact	Combined Cumulative Impact
	Annual Change	Rate	Annual Impact <sup>1</sup>	Cumulative Impact	Annual Change	Rate	Annual Impact <sup>2</sup>	Cumulative Impact		
2013-14		8.250%				11.442%				
2014-15	0.630	8.880%	\$346,500	\$346,500	0.329	11.771%	\$98,700	\$98,700	\$445,200	\$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	1.612	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>1</sup> Each 1% increase in STRS rate is approximately \$700,000

Employee Contribution % for STRS = 10.25%/9.205%

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

Employee Contribution % for PERS = 7.00%/6.00%



# Recommendation

# List of all District Funds Budgeted

## List of Funds Budgeted

General Fund		
Expenditures	\$ 261,446,403	
Board Policy Contingency (5%)	8,869,565	
Restricted Reserves	1,469,865	
Budget Stabilization	13,690,485	
Unrestricted Contingency	6,215,228	
	<hr/>	
Total General Fund		\$ 291,691,546
Bond Interest and Redemption Funds		55,071,916
Bookstore Fund		11,967,600
Child Development Fund		6,905,877
Capital Outlay Projects Fund		69,127,589
General Obligation Bond Fund - Measure E		1,567,556
General Obligation Bond Fund - Measure Q		170,035,245
Self-Insurance Fund - Property and Liability		5,712,183
Self-Insurance Fund - Workers' Compensation		10,274,511
Retiree Benefits Fund		203,914
Associated Students Fund		618,037
Representation Fee Trust Fund		186,599
Student Financial Aid Fund		30,146,719
Community Education Fund		1,126,786
Diversified Trust Fund		4,447,437
		<hr/>
Total All Funds		<u>\$ 659,083,515</u>

# Adopted Budget Recommendation

- ▣ Recommend approval of the proposed 2016-2017 Adopted Budget, as presented
  - Both Fiscal Resources Committee on 8/17 and District Council on 8/29 unanimously recommended the 2016-2017 Proposed Adopted Budget