



**SANTA ANA**  
**COLLEGE**



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

# 2020-2021 TENTATIVE BUDGET

Board of Trustees Meeting  
June 15, 2020

*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 – COVID-19
2. RSCCD 2020-2021 Proposed Tentative Budget
3. Recommendation

# State Budget – COVID-19

# State Budget Process

## Recap how we got here...

- ❑ Governor's January Budget Proposal for 2020-2021 released January 10, 2020
- ❑ RSCCD Board approval of 2020-2021 Tentative Budget Assumptions (March 23)
  - Fiscal Resources Committee (FRC) (February 19) and District Council review (March 2) recommended assumptions
- ❑ COVID-19 crisis – March 18, 2020 – transition to TRI
- ❑ Governor announces \$54.3 billion budget problem on May 7
- ❑ Governor's May Revision proposal released May 14
  - \$54.3 billion projected budget problem
  - \$41 billion projected revenue shortfall
    - Reduces Prop 98 minimum funding by \$14 billion
- ❑ Senate/ Assembly – provided very different proposal
  - To preserve Education
  - Over appropriates Prop 98 by \$2.7 billion
- ❑ Senate and Assembly leaders currently negotiating final budget deal with Governor

# Governor's May Revise Proposal

- ▣ Federal Funds – Trigger Off approach
  - Cuts occur first
  - Reinstate cuts (trigger off) if Federal Funds provided
- ▣ No COLA
- ▣ No growth
- ▣ 10% reduction of Student Centered Funding Formula apportionment
  - Includes COLA then removes
  - RSCCD – approximately \$15 million (8%)
- ▣ 15% reduction to select Categorical Programs
  - Primarily Student Equity and Achievement Program (SEAP)
  - RSCCD – approximately \$2 million
- ▣ \$148 million reduction to Strong Workforce
  - Appropriates only \$100 million
- ▣ Apportionment deferrals (IOU's)
- ▣ Extends Hold Harmless two additional years through 2023-2024
- ▣ Reduces Calbright College by \$3 million
- ▣ Provides additional STRS/PERS rate relief
  - RSCCD – approximately \$2 million savings

# What are Deferrals?

- ▣ Deferrals are IOU's
  - Promise to pay at a future date
- ▣ Cash flow issue, not a budget issue
  - Use of Reserves and Ending balances for cash flow
  - Liquidity
- ▣ 2019-2020 June apportionment deferred and to be paid in July or August
  - RSCCD – approximately \$8 - \$10 million
  - State to provide Hardship waivers for small districts and financially struggling districts
- ▣ 2020-2021 April, May, June apportionment deferred until ? – Sept, Oct?
  - RSCCD – approximately \$28 - \$30 million estimate
    - ▣ Possible need to temporarily borrow cash from other funds of the district

# Senate/Assembly Proposal

- ▣ Federal Funding – Trigger On approach
  - No cuts - expect full funding with federal funds
  - Additional larger deferrals if federal funds not provided
- ▣ COLA – 2.31%
- ▣ Growth – 0.50%
- ▣ These augmentations funded through larger apportionment deferrals into 2021-2022
- ▣ Extend SCFF Hold Harmless two additional years
  - Currently through 2021-2022
  - Extends through 2023-2024
- ▣ Funds current levels and restores reduced funding for various Categorical Programs
- ▣ Funds current levels of Strong Workforce
- ▣ Defunds/abolishes Calbright College and redistributes funds

RSCCD  
2020-2021  
Proposed Tentative Budget



# Proposed RSCCD Tentative Budget

- ❑ Tentative Budget is a placeholder budget in order to continue to pay employees and obligations starting July 1
- ❑ RSCCD a “hold harmless” district under Student Centered Funding Formula (SCFF)
- ❑ Hold Harmless = 2017-2018 Total Computational Revenue (TCR) plus COLA plus COLA plus COLA
  - ❑ 2018-2019 – 2017-2018 TCR funding plus 2.71% COLA
  - ❑ 2019-2020 – 2017-2018 TCR funding plus 2.71% COLA plus 3.26% COLA
  - ❑ 2020-2021 – 2.71% plus 3.26% plus 2.31% (Senate/ Assembly)
- ❑ Chancellor’s Office has extended Tentative Budget deadline to July 31, however, a Tentative Budget needs to be approved by June 30 in order to have spending authority as of July 1
  - Therefore, proposed RSCCD Tentative Budget presented today

# Proposed RSCCD Tentative Budget

- ▣ 2020-2021 Tentative Budget
  - FRC (May21) and District Council (June 1) reviewed and recommend Tentative Budget as presented
    - ▣ Data Integrity Specialist position removed
    - ▣ Cost of raises removed for Management/Confidential employees
    - ▣ Reflects updated CEFA settlement
- ▣ Allocates revenues to the campuses based on the SCFF for campus size Base Allocations, FTES percentage split, Supplemental Grants data and Student Success data
- ▣ Includes \$4 million in anticipated new revenue (Senate/ Assembly)
  - \$4 million of which is 2.29% COLA
    - ▣ 2.31% COLA produces an additional \$35,000
- ▣ Balanced Tentative Budget at this point in time
  - Positive unallocated of approximately \$2 million
  - Based on assuming Senate/ Assembly budget proposal

# New Revenues Budget Assumptions

<u>New Revenues</u>	Ongoing Only	One-Time
Student Centered Funding Formula (see note below)		
COLA 2.29%	\$4,003,793	
Growth	\$0	
State Augmentation	\$0	
Unrestricted Lottery	\$352,286	
Mandates Block Grant	\$77,096	
Non-Resident Tuition	\$0	
Interest Earnings	\$0	
Apprenticeship - SCC	\$0	
Misc Income	(\$53,641)	
<b>Total</b>	<b>\$4,379,534</b>	<b>\$0</b>

# New Expenditures Budget Assumptions

## New Expenditures

Salary Schedule Increases/Collective Bargaining 4.00% **	\$4,019,430	
Step/Column	\$1,686,330	
Health and Welfare/Benefits Increase (3.5%)	\$926,074	
CalSTRS Increase	\$1,253,020	
CalPERS Increase	\$1,125,548	
Full Time Faculty Obligation Hires	\$0	
Hourly Faculty Budgets (Match Budget to Actual Expense)	\$0	
Decreased Cost of Retiree Health Benefit ADC	(\$1,899,032)	
Capital Outlay/Scheduled Maintenance Contribution	\$0	
Utilities Increase	\$100,000	
ITS Licensing/Contract Escalation Cost	\$125,000	
Property, Liability and All Risks Insurance	\$0	
Apprenticeship - SCC	\$0	
Other Additional DS/Institutional Costs	\$400,000	\$0
SCC ADA Settlement Costs	\$0	\$2,000,000
Round One Budget Reductions	(\$3,000,000)	
<b>Total</b>	<b>\$4,736,370</b>	<b>\$2,000,000</b>
2020/21 Budget Year Unallocated (Deficit)	(\$356,836)	
2019/20 Structural Unallocated (Deficit)	\$1,809,582	
Savings Faculty replacement budget at VI-12	\$590,360	
Savings 2019/20 all employees - budgeted vs actual		
Total Net Unallocated (Deficit)	\$2,043,106	(\$2,000,000)

\*\* Excludes Management & CEFA

# List of All District Funds Budgeted

General Fund		
Expenditures	\$	406,513,195
Board Policy Contingency (12.5%)		26,563,461
Restricted Reserves		1,225,440
Budget Stabilization		485,832
Unrestricted Contingency		2,226,106
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Total General Fund	\$	437,014,034
Bond Interest and Redemption Funds		60,979,736
Bookstore Fund		9,009,656
Child Development Fund		10,297,200
Capital Outlay Projects Fund		115,722,252
General Obligation Bond Fund - Measure Q		36,140,863
Self-Insurance Fund - Property and Liability		7,118,012
Self-Insurance Fund - Workers' Compensation		5,643,744
Retiree Benefits Fund		(24,534,569)
Associated Students Fund		1,598,269
Representation Fee Trust Fund		193,334
Student Financial Aid Fund		33,406,721
Community Education Fund		1,028,018
Retiree Benefits-Irrevocable Trust Fund		43,500,000
Diversified Trust Fund		5,580,654
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Total All Funds	\$	742,697,924

# What's next?

- ▣ Approval of state budget expected today – June 15
- ▣ State Budget planned to be updated in late August or September
  - To reflect actual personal income tax collections/capital gains/sales taxes/property tax collections
  - Provide updated projections for budget year
  - Advised that state budget shortfall may be larger at the point
  - Trailer bills used to update enacted state budget
- ▣ RSCCD Adopted Budget Assumptions to Board of Trustees at August 10 meeting
  - May or may not include updated state budget status at that time
  - FRC review and approval – July 1
  - District Council review and approval – July 6
- ▣ Chancellor's Office has extended districts' adopted budget deadline from September 15 to October 31
  - Plan to present Adopted Budget at October 12 Board of Trustees meeting
    - ▣ FRC review and approval – September 16
    - ▣ District Council review and approval – September 28

# Tentative Budget Recommendation

- ▣ Recommend approval of the proposed 2020-2021 Tentative Budget as presented

