



2021-2022 ADOPTED BUDGET

Board of Trustees Meeting
September 13, 2021

Iris Ingram, Vice Chancellor, Business Services

Outline of Presentation

- State Budget Overview
- Review of FY2021-22 RSCCD Budget Assumptions
 - Budget Structure
 - Cash Position
 - Fiscal Health
 - Future Outlook
- Recommendation

Statewide Budget Overview

- 5.07% COLA
- \$511M in deferred maintenance needs
- Hold Harmless extended to FY2024-25
- \$115M open Educational Resources and zero-cost textbook
- \$50M – Guided Pathways program
- \$42M – increase to Strong Workforce Program

Statewide Budget Overview

- An increase of \$565.6M million one-time funds
 - American Recovery Plan Act of 2021 funds to support emergency student financial assistance grants
 - \$73M in Institutional funding to RSCCD
 - \$26.5M in direct Student Emergency Aid to RSCCD
- \$218.8 million in on-going funding (Prop 98)
- Local Property Tax adjustment Decrease of \$230.2M
- Repayment of 2020-21 Apportionments Deferral—
 - RSCCD = \$34.8 million in deferrals.
- Hold Harmless funding extended through FY2024-25

Review of FY2021-22 RSCCD Budget Assumptions

- The FY2021-22 Budget was built based upon the some of the following assumptions about REVENUE
 - Projected COLA of 5.07% or \$8.9M
 - Deficit factor of 2% or (\$3.7M)
 - \$0 Growth since RSCCD is in Hold Harmless status
 - Unrestricted Lottery \$4.1M
 - Restricted Lottery \$1.6M
 - Estimated reimbursement for PT Faculty \$607K
 - Mandated Block Grant estimated at \$779K
 - Non-Resident Tuition at \$2.7M
- Includes June 30, 2021 fiscal year end closing balances
 - SAC/CEC Carryover of approx. \$7.1M
 - SCC/OEC Carryover of \$3.7M
- 12.5% Board Policy Contingency at \$26.5 million
- Budget Stabilization Fund at \$1.9 million

Review of FY2021-22 RSCCD Budget Assumptions

- The FY2021-22 Budget was built based upon the some of the following assumptions about EXPENDITURES (page 100):
 - Salary Schedule increases due to CBA = \$3.9M (4% for FARSCCD/CSEA/CEFA & 3% for Management)
 - Step/Column increases = \$1.3M
 - Health & Welfare increase of 3.5% or \$859K
 - Estimated savings due to Retiree Companion Care (\$440K)
 - CalSTRS increase = \$573K
 - CalPERS increase = \$877K
 - Increased cost of Retiree Health Benefit ADC = \$1.03M
 - Utilities increase = \$100K
 - Additional District Services/Institutional Costs = \$615K (ongoing) +\$71K (one-time)
 - SCC ADA Settlement = \$2M (1 time)

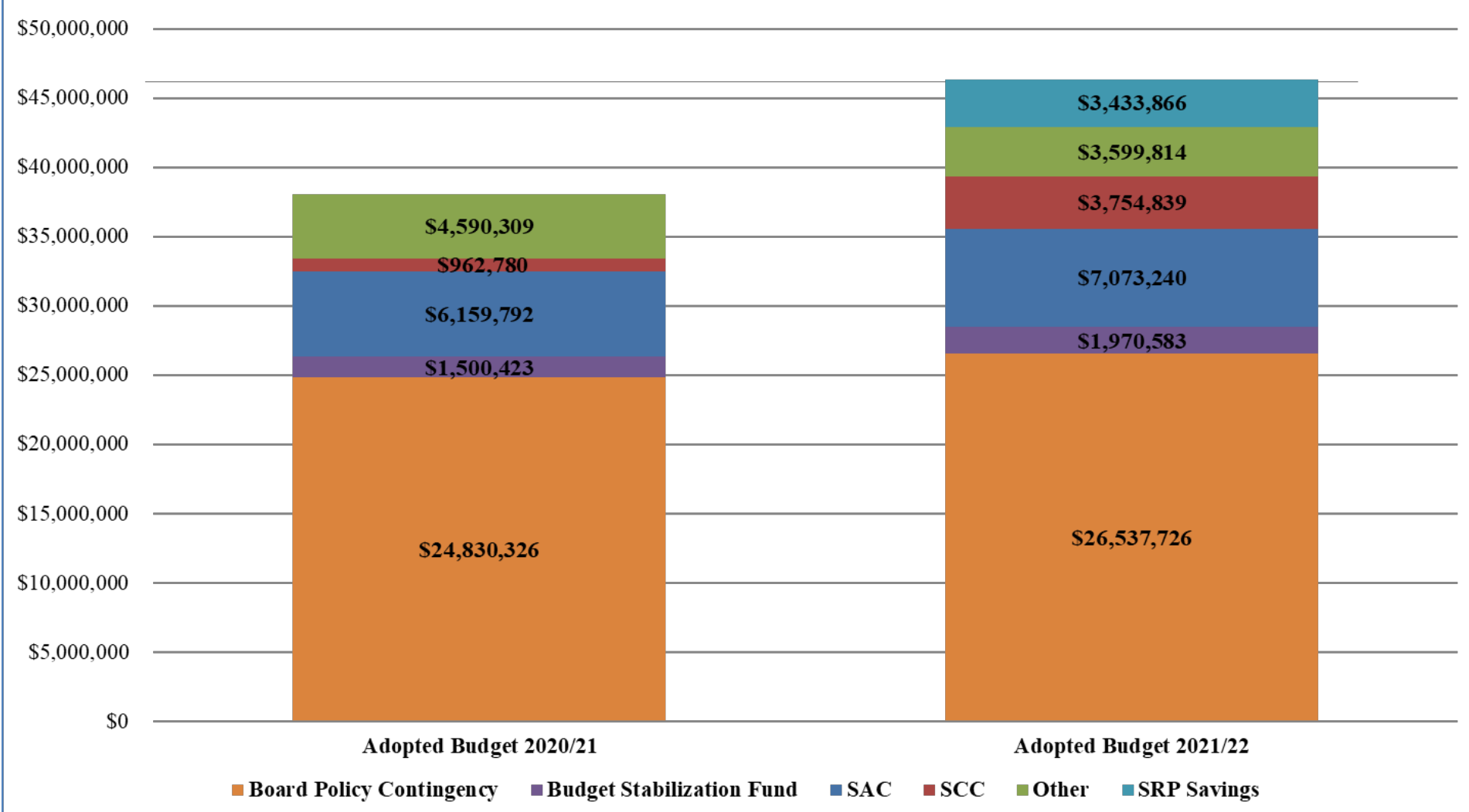
- FY2020-21 Structural Unallocated (Deficit) = (\$2.2M)Than

Review of FY2021-22 RSCCD Budget Assumptions: Budget Structure

- FY2021-22 Unallocated (Deficit) = \$105K
- FY2020-21 Structural Unallocated (Deficit) = (\$2.2M)
- Estimated utilities savings from 4/10 work schedule = \$120K
- Unemployment rate change for 0.05% to 0.50% = (\$517K)
- Cost transfer of HEERF for SUI increase = \$517K
- HEERF Indirect Cost Revenue Offset = \$2.3M
- Other Estimated Expenses = (\$359K)

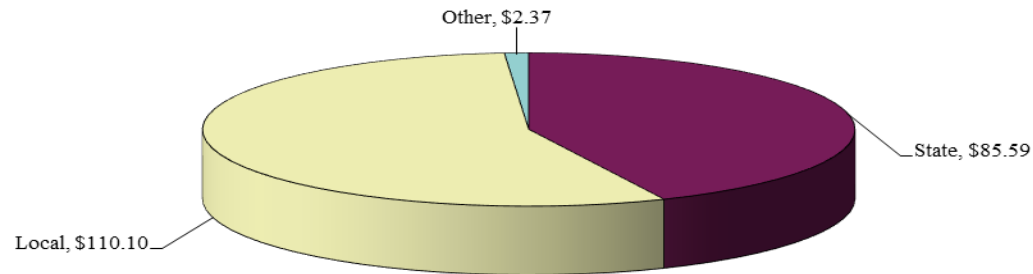
Cash Position (Reserves)

Components of Unrestricted General Fund Beginning Fund Balance

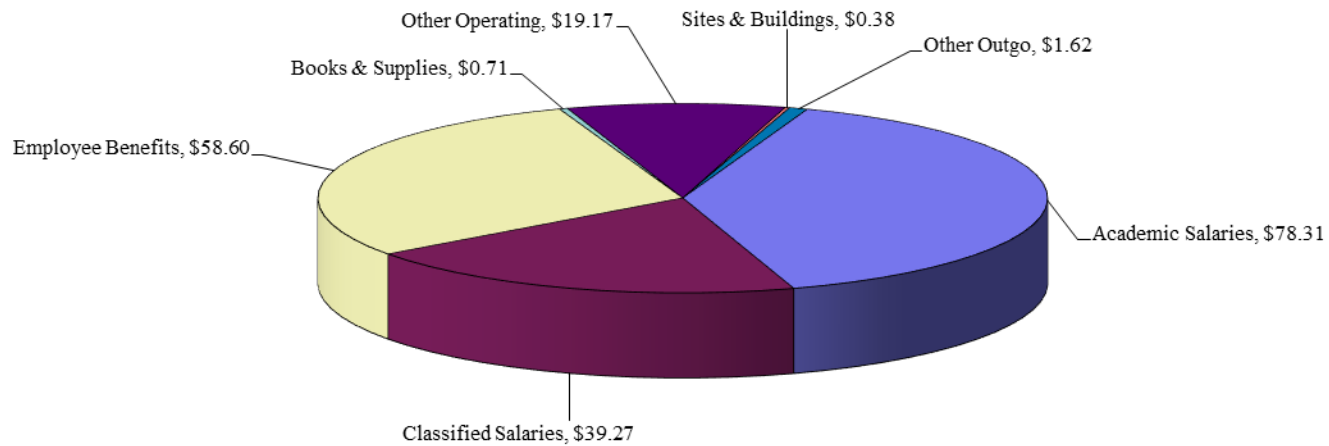


Sources and Uses of Funds

Revenue in Millions



Expenditures in Millions



All Funds Budgeted (page 4)

Rancho Santiago Community College District
Adopted Budget
2021-22

List of Funds Budgeted

General Fund		
Expenditures	\$ 387,254,358	
Board Policy Contingency (12.5%)	26,537,726	
Restricted Reserves	1,096,427	
Budget Stabilization	1,970,583	
SRP Savings	3,433,866	
Unrestricted Contingency	<u>367,388</u>	
Total General Fund		\$ 420,660,348
Bond Interest and Redemption Funds		65,088,230
Bookstore Fund		10,881,102
Child Development Fund		10,927,066
Capital Outlay Projects Fund		135,693,731
General Obligation Bond Fund - Measure Q		14,014,344
Self-Insurance Fund - Property and Liability		7,907,676
Self-Insurance Fund - Workers' Compensation		6,937,357
Retiree Benefits Fund		(27,911,559)
Associated Students Fund		1,694,872
Representation Fee Trust Fund		300,923
Student Financial Aid Fund		53,992,431
Community Education Fund		902,718
Retiree Benefits-Irrevocable Trust Fund		61,875,565
Diversified Trust Fund		<u>4,203,865</u>
Total All Funds		<u><u>\$ 767,168,669</u></u>

Proposed Adopted Budget

- District budgeting apportionment revenue at hold harmless level (2017-2018 TCR plus out year COLAs less 2% Deficit Factor).
- Any additional funds under SCFF will be distributed as one-time funds once earned and allocated.
- The ***Budget Allocation Model*** remains in effect with all revenues flowing to the colleges as earned.
 - Colleges have the responsibility for budgeting all necessary expenditures through their earned income, including all necessary costs for positions, utilities, ISAs, contracts, supplies, equipment, etc.
- Balanced budget in 2021-2022
 - Structural deficit amount of \$2.2 million will be covered with \$1.8 million rebate from HEERF indirect and eligible expense transfers
- Reviewed and recommended by both Fiscal Resources Committee (FRC) and District Council.

Re-cap of the Student Centered Funding Formula (SCFF)

➤ Base Allocation

- 3-year average of FTES (Fiscal Years 2020-21, 2019-20, and 2018-19)

➤ Supplemental Allocation

- Based on prior year (FY 20-21) Headcounts
 - Number of AB540 Students
 - Number of Pell Grants recipients (not applicants)
 - Number of California Promise Grant recipients

➤ Student Success Allocation

- 3-year average of FTES (Fiscal Years 2020-21, 2019-20, and 2018-19)
 - Highest degree attained
 - Transfer to 4-year college/university
 - Completes Math and English in year 1 at transfer level
 - Completes ≥ 9 Career Technical Education (CTE) units
 - Regional Living Wage within one year of graduation

Future Outlook and Areas of Concern

- Multi-year projection is based on hold harmless funding. Need to consider loss of hold harmless funding in planning for future budgets before adding new ongoing costs.
- Future Payroll Costs need to be considered and budgeted for by the colleges, outside of SRP savings
 - Estimated 1% salary increase = \$1.85M
 - Estimated step/column increases = \$1.78M
 - Health & Welfare cost increases are estimated at 3.5% or \$1.1M
- Full-time Faculty Obligation (FON)
- OPEB obligation increases with increased H&W benefit costs
- Other “ongoing” obligations and liabilities out of “one-time” funds

Recommendation

- **Recommend approval of the proposed FY 2021-2022 Adopted Budget, as presented**