RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: Fiscal Resources Committee

Agenda for April 15, 2020

1:30 p.m. - 3:00 p.m.

Zoom Meeting: https://cccconfer.zoom.us/s/113427690

1. Welcome

2. State/District Budget Update – Hardash
   - SSC Article – Legislature Passes Emergency Legislation Related to COVID-19
   - SSC Article – COVID-19 Emergency Legislation Has Parochial Impact on Community Colleges
   - SSC Article – LAO Issues Cautious Fiscal Outlook Amidst COVID-19 Outbreak
   - SSC Article – Status of the 2020-21 Statutory Cost-of –Living Adjustment
   - SSC Article – DOF Planning for Workload Budget in 2020-21
   - DOF-2020 Budget Change Letter and May Revision
   - LAO-Update on State and School District Reserve
   - LAO-State Budget Effects of Recent Federal Actions to Address COVID-19
   - Budget Update from Assembly California Legislature – posted April 6, 2020

3. FON Suspension

4. Follow up regarding Tentative Budget Assumptions/Phase One Budget Reductions

5. 2020/21 Proposed Meeting Schedule

6. District Services Indirect Cost Expenditure History – Enrique Perez

7. Continued Discussion of SCFF and Review of BAM - Cambridge West Partnership Consultants
   - BAM Simulation Review Based on SCC Proposed Language Change
   - Section 5 – "Other Modifications" – **Action**
   - Section 2 – "Implementation" – Discussion

8. Review Planning Design Manual (request from District Council)

9. Standing Report from District Council – Shahbazian

10. Informational Handouts
    - District-wide expenditure report link: https://intranet.rsccd.edu
    - Vacant Funded Position List as of April 6, 2020
    - Measure "Q" Project Cost Summary March 31, 2020
    - Monthly Cash Flow Summary as of March 31, 2020
    - SAC Planning and Budget Committee Agendas and Minutes
    - SCC Budget Committee Agendas and Minutes

11. Approval of FRC Minutes – February 19, 2020

12. Other

Next FRC Committee Meeting: (Executive Conference Room #114 1:30 pm – 3:00 pm)

Thursday, May 21, 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.

Click Here for COVID-19 Related Resources

VOLUME 40 NO. 6

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MARCH 20, 2020

Legislature Passes Emergency Legislation Related to COVID-19

BY LEILANI AGUINALDO
BY PATTI F. HERRERA, EDD
BY KYLE HYLAND

posted March 17, 2020

On March 16, 2020, the California State Legislature introduced emergency legislation to address the state of emergency that Governor Gavin Newsom declared on March 4, 2020, in connection with the COVID-19 pandemic. Senate Bill (SB) 89 appropriates at least $500 million and up to $1 billion from the General Fund to be used for any purpose related to the COVID-19 state of emergency. SB 117 institutes necessary changes in law primarily for K-12 local educational agencies (LEAs) in line with Executive Order N-26-20 which the Governor issued on March 13. The major provisions of SB 117 that may be of interest to community colleges are addressed below.

K-12 Average Daily Attendance

For the purposes of apportionment for the 2019-20 school year, the K-12 average daily attendance (ADA) reported to the California Department of Education (CDE) "shall only include all full school months from July 1, 2019, to February 29, 2020." This condensed ADA period applies to K-12 LEAs that comply with Executive Order N-26-20, and the bill further states the intent of the Legislature that LEA's employees and contractors are paid during the period of a school closure due to COVID-19. The bill also waives instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to COVID-19 caused the LEA to fall below applicable instructional time requirements.

ASES and Childcare Programs

SB 117 also addresses considerations for certain educational programs. Average annual attendance for the After School Education and Safety (ASES) Program will be credited consistent with what the ASES grantee would have received if not for the school closure. And the Superintendent of Public Instruction (SPI) will develop guidance and bulletins to address attendance, contractual, and reporting requirements for childcare and development programs.

Emergency Appropriation

Finally, SB 117 also includes an appropriation of $100 million to be distributed to K-12 LEAs to be used "to purchase personal protective equipment, or to pay for supplies and labor related to cleaning school sites, or both." These funds will be distributed on the basis of "average daily attendance generated by K-12 LEAs that provide a classroom-based educational program to pupils after March 4, 2020, and before June 30, 2020." LEAs will receive at least $250 per school site.

To expedite the passage of the emergency legislation, the Governor used his authority to waive the constitutionally required 72-hour period for legislation to be in print before being considered by the Legislature. The emergency measures passed the Legislature unanimously and will take effect immediately upon the Governor's signature.

Click Here for COVID-19 Related Resources

VOLUME 40 NO. 6

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MARCH 20, 2020

COVID-19 Emergency Legislation Has Parochial Impact on Community Colleges

BY PATTI F. HERRERA, EDD
BY SHEILA G. VICKERS

posted March 17, 2020

Last night before the Legislature adjourned through April 12, 2020, in an effort to curb the spread of the novel coronavirus (COVID-19) gripping California, lawmakers passed two emergency bills (see "Legislature Passes Emergency Legislation Related to COVID-19," in the current Community College Update) to help state and local agencies, private businesses, and California residents get through the pandemic.

Of the two bills passed, Senate Bill (SB) 117 specifically deals with local educational agencies (LEAs)—namely, K–12 agencies—impacted by COVID-19 and Executive Order N-26-20 issued by Governor Gavin Newsom on Friday, March 13, 2020. However, there is a narrow provision in the bill that will provide some relief for community college districts.

Section 5 of SB 117 requires the State Superintendent of Public Instruction (SSPI) to develop directives and bulletins to address contractual and reporting obligations relating to child development programs. The bill states that, "[to] ensure continuity of payments to state-subsidized childcare and development programs, the attendance and reporting requirements [...] are waived for programs that comply with an Executive Order," and makes waivers granted by the bill subject to further guidance from the SSPI.

We know that may community colleges operate state-subsidized childcare and preschool centers under the jurisdiction of the SSPI and the California Department of Education (CDE). The CDE and the California Health and Human Services Agency are expected to issue joint guidance today to expand upon Executive Order N-26-20 that will likely include additional guidance for child development program providers.

Click Here for COVID-19 Related Resources

VOLUME 40 NO. 6

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: MARCH 20, 2020

LAO Issues Cautious Fiscal Outlook Amidst COVID-19 Outbreak

BY JOHN GRAY
BY PATTI F. HERRERA, EDD

posted March 18, 2020

Legislative Analyst Gabriel Petek issued a new *Fiscal Perspective* today, March 18, 2020, to account for the economic and budget effects of the novel coronavirus (COVID-19) gripping the state, the nation, and the world. The *Perspective*, not unlike other accounts of the current crisis, highlights the sobering signals coming from Wall Street, but buffers it by acknowledging that California is better prepared to handle the rapidly evolving situation than it would have been even just a few years ago.

The Wall Street Effect on State Revenue

Let's start with the bad news. Petek notes that Governor Gavin Newsom's January State Budget projected that the state would benefit from $30 billion in capital gains taxes across fiscal years 2019−20 and 2020−21, which assumed that stock prices would remain relatively flat before gradually increasing. Importantly, capital gains taxes are a significant source of state revenue as California's personal income tax structure is aggressively progressive, relying heavily on the state's highest income earners who tend to invest more heavily in the stock market than most. Over two-thirds of all state general fund revenue is derived from personal income taxes.

Although the market had been outperforming budget expectations before the stultifying effects of COVID-19 were felt, the recent and magnitudinous correction of the stock market—namely, the S&P 500 index—puts current market performance well below the Governor's projections. And while we cannot predict how the market will respond to the recent monetary policies put in place by the Federal Reserve—including cutting rates to near zero and reinstating the quantitative easing policies it reverted to during the Great Recession, along with an impending fiscal stimulus package from Washington DC—Petek notes that in the past a correction of this magnitude is not likely to recover quickly. He predicts that tax revenues from capital gains will be several billion dollars below the Governor's January estimates.

Forecast Calls for Rain, California Has an Umbrella

Now, the good news. It appears that the fiscal prudence of the Brown Administration era continued by the Newsom Administration is paying off. Many of you will recall that former Governor Jerry Brown inherited a dizzying $27 billion state deficit when he assumed office in 2011. He committed his second tenure as governor to restoring California's fiscal health by tearing down its wall of debt and aggressively saving for a rainy day. By the time he left office in 2018, the state had set aside roughly $16 billion in reserves. In January, Governor Newsom proposed increasing the current reserve levels to nearly $21 billion. While this will likely need to be adjusted given the current situation, California's robust savings account makes the state "better prepared to weather the public health crisis and unfolding economic downturn."

Of course, how much cushion the state's reserves provide in a recession depends on how long it takes for the economy to recover and ultimately the path of the COVID-19 virus. In light of the rapidly changing economic situation, the Legislative Analyst suggests that the Legislature may consider adopting a "workload budget" for the near term (to meet its June 15th constitutional deadline to pass a budget) to be able to assess the state's fiscal condition as more data becomes available.

What It All Means for Proposition 98

As we have discussed in recent reports, the Proposition 98 minimum guarantee is directly tied to the performance of state general fund revenues. In Test 1 years like 2019–20 and 2020–21, the minimum guarantee is no less than roughly 38% of general fund revenue. Notably, the last two of the fiscal year's four quarters in 2019–20 are being significantly impacted by COVID-19, and we do not yet know if and how protracted the virus will be in the coming budget year. The uncertainty is exacerbated by the State Treasurer's recent announcement that the Franchise Tax Board approved extending critical tax filing dates for corporations, entities, and individual tax filers to June 15. Given the urgency of the crisis, this is the right thing to do; however, it does make it much more difficult for lawmakers and the Governor to accurately estimate state revenue to inform state budget negotiations.

While we do not know the full impact on Proposition 98, we know that the collective call from local educational leaders to boost the revenues to local school agencies through the K-12 Local Control Funding Formula and the community college Student Centered Funding Formula, revenue above the statutory cost-of-living-adjustment (COLA) of 2.29% will require re-evaluation, depending on any downward revision to the minimum guarantee. The statutory COLA is derived from the implicit price deflator on a third-quarter to third-quarter basis (prior April 1 to current March 30) from the prior year, so it is unlikely that the COLA will significantly change from January as a result of the current health crisis, which was just starting to be felt earlier this month.

At this time, there appears to be sufficient cushion in the previously estimated growth in the minimum guarantee to cover the 2.29% statutory COLA for K-12 and community college apportionments, but it may be that the COLA encumbers a greater share of the year-over-year growth in the guarantee. We also have to acknowledge that events are moving quickly and estimates can rapidly change.

In closing, it goes without saying that these are unprecedented, rapidly changing times. We remain vigilant in our monitoring of events in order to report them quickly.

Click Here for COVID-19 Related Resources

VOLUME 40 NO. 7

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

Status of the 2020–21 Statutory Cost-of-Living Adjustment

BY JOHN GRAY
BY SUZANNE SPECK

posted April 8, 2020

We are all waiting for the United States Department of Commerce to release the 2020 first quarter value of the Implicit Price Deflator for state and local governments, which provides the last piece of information needed to establish the 2020–21 statutory cost-of-living adjustment (COLA) for K–14 education apportionments. Recall that the current forecasted COLA of 2.29% from the Governor's January 2020 State Budget is down from the 3.00% projected in July 2019. The statutory COLA is derived from the implicit price deflator on a third-quarter to third-quarter basis (prior April 1 to current March 30). That means that seven of the eight data points used in the calculation were known when the 2.29% estimated COLA was calculated in January.

With seven of the eight data points already known, it is unlikely that the COLA will dramatically change from January to the final calculation in late April. However there is a high probability that it will go down as a result of the current health crisis. We don't know how far down it will go, but we believe it could easily dip below 2.00%.

At School Services of California Inc., we will continue to keep you informed of changes as they occur through our *Community College Update*. With all of the uncertainty the COVID-19 pandemic has caused, we stand ready to provide LEAs with the information they need to prepare their budgets in June.

Click Here for COVID-19 Related Resources

VOLUME 40 NO. 7

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: APRIL 3, 2020

DOF Planning for Workload Budget in 2020–21

BY LEILANI AGUINALDO

posted March 24, 2020

On March 24, 2020, the Department of Finance (DOF) issued a memo to all state agencies and departments that Governor Gavin Newsom's proposed budget for 2020–21 will now be prepared within the context of a workload budget. This drastic change for 2020–21 comes as the state responds to COVID-19, which continues to spread and impact nearly all sectors of California's economy. The DOF is anticipating an immediate impact on revenues in the 2019–20 fiscal year and beyond.

Government Code Section 13308.05 defines a workload budget as "the budget year cost of currently authorized services, adjusted for changes in enrollment, caseload, or population, or all of these changes," as well as other considerations including statutory cost-of-living adjustments, chaptered legislation, and costs resulting from constitutional requirements.

The DOF states that "agencies and departments should have no expectation of full funding for either new or existing proposals and adjustments. The only exception to this new evaluation criteria will be proposals or adjustments necessary to support the emergency response to COVID-19."

The DOF memo seeks to set expectations for the 2020–21 State Budget and makes clear that any proposals for new investments are being reevaluated "within the context of a workload budget, based on the merits of each proposal, and ultimately subject to the availability of funding."

While a sweeping change from the State Budget proposed in January, this should not be a significant surprise as the DOF incorporates the negative impact of the coronavirus pandemic on California's economy in its work to prepare the State Budget for 2020–21.

BUDGET LETTER

SUBJECT:	2020 BUDGET CHANGE LETTERS AND MAY REVISION	**NUMBER:**	20-08
		DATE ISSUED:	March 24, 2020
REFERENCES:		**SUPERSEDES:**	BL 20-04, BL 19-19

TO: Agency Secretaries
Department Directors
Departmental Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This BL informs agencies and departments of revisions to the 2020-21 Budget Change Letter (Spring Finance Letter) process previously established in BL 20-04, as well as budget policy criteria described in BL 19-19.

Background

On March 4, 2020, the Governor declared a state of emergency to help the state prepare and respond to COVID-19. Since then, state departments have been engaged in numerous and various response activities and the Legislature appropriated up to $1.1 billion General Fund to support these and local efforts. Despite the sustained efforts, the virus continues to spread and is impacting nearly all sectors of California's economy. Among these impacts is a severe drop in economic activity, with corresponding negative effects on anticipated revenues. The impact on revenues could be immediate, affecting the 19-20 fiscal year, and will certainly produce impacts for the upcoming 2020-21 fiscal year and beyond.

Evaluation of Spring Finance Letters and May Revision Requests

As a result of the conditions noted above, the Department of Finance will now reevaluate all budget changes within the context of a workload budget, based on the merits of each proposal, and ultimately subject to the availability of funding. This includes all Spring Finance Letter requests, all potential adjustments to be included in the May Revision, as well as previously approved adjustments incorporated in the Governor's Budget. This reevaluation applies to all support and local assistance adjustments, inclusive of Capital Outlay and information technology projects. It also applies to all funds and all departments, including those departments not directly under the Governor's authority.

Government Code Section 13308.05 defines a workload budget as "the budget year cost of currently authorized services, adjusted for changes in enrollment, caseload, or population, or all of these changes and any of the following:

(a) Statutory cost-of-living adjustments.
(b) Chaptered legislation.
(c) One-time expenditures.
(d) The full-year costs of partial-year programs.

(e) Costs incurred pursuant to constitutional requirements.
(f) Federal mandates.
(g) Court-ordered mandates.
(h) State employee merit salary adjustments.
(i) State agency operating expense and equipment cost adjustments to reflect price increases."

As indicated above, the Department of Finance will reevaluate both Spring Finance Letter requests and already approved adjustments included in the Governor's Budget within this definition of workload budget. This definition is intended to provide a general framework for evaluating both new and existing proposals and adjustments. Resource constraints may ultimately force a prioritization even within this definition. As a result, agencies and departments should have no expectation of full funding for either new or existing proposals and adjustments. The only exception to this new evaluation criteria will be proposals or adjustments necessary to support the emergency response to COVID-19. New requests which fall outside these parameters will not be reviewed.

BL 20-04 had established a deadline of March 27, 2020, to discuss any proposed May Revision adjustments with your Program Budget Manager. Given the timing of this BL issuance, agencies and departments should work with their Program Budget Manager to establish acceptable alternative timelines for the discussion and submission of May Revision requests.

If you have questions regarding this BL, please contact your Program Budget Manager.

/s/ Keely Bosler

KEELY BOSLER
Director

Attachment

LAO Legislative Analyst's Office
The California Legislature's Nonpartisan Fiscal and Policy Advisor

Budget and Policy Post

April 5, 2020

COVID-19

Update on State and School District Reserves

As the Legislative Analyst recently noted <https://lao.ca.gov/Publications/Report/4203> , California could face a budget problem in the coming months. As the public health crisis has unfolded, this possibility seems increasingly likely. Revenues are likely to be at least several billions of dollars lower than anticipated in January for 2019-20 and/or 2020-21. This could mean that the costs of maintaining the state's existing services would exceed revenue projections and the state would face a deficit—or a budget problem—in one or both years. If this is the case, the state will need to address the budget problem using some combination of tools. One key tool to solve a budget problem is reserves. This post assesses the current reserve situation of the state and school districts in California.

State Reserves

What Are the State's Reserves?

Special Fund for Economic Uncertainties. The *1980-81 Budget Act* established within the General Fund the Reserve for Economic Uncertainties. In 1985, the fund was renamed the Special Fund for Economic Uncertainties (SFEU). Simply put, the SFEU is the difference between spending and available resources (most notably, revenues) for a given fiscal year. In any year, its balance (the amount by which resources available exceed spending) is the state's discretionary reserve. Article IV of the State Constitution prohibits the Legislature from enacting a budget bill that would appropriate more in General Fund expenditures than are available in resources. (In this case, resources include both revenues as well as withdrawals from reserves.) In effect, this means the estimated balance of the SFEU—at the time of the budget's passage—cannot be lower than zero.

Budget Stabilization Account (BSA). The BSA is the state's general purpose constitutional reserve and it is governed by the rules of Proposition 2 (2014), which determine deposits into and withdrawals from the BSA. Under the measure, the amount of each annual deposit is determined as follows:

- First, the state must set aside 1.5 percent of General Fund revenues (we refer to this as the "base amount").
- Second, the state must set aside a portion of capital gains revenues that exceed a specified threshold (we refer to this as "excess capital gains").

The state combines these two amounts and then allocates half of the total to pay down eligible debts and the other half to increase the balance of the BSA. Under Proposition 2's "true-up" provisions, the state reevaluates each year's BSA deposit twice: once in each of the two subsequent budgets. The state does this because initial estimates of future capital gains revenues are highly uncertain.

Safety Net Reserve. The 2018-19 budget created the Safety Net Reserve to set aside funds for future costs of two programs—California Work Opportunity and Responsibility to Kids and Medi-Cal—in the event of a recession. Absent policy changes, these programs typically experience increased expenditures during a recession when unemployment increases and their caseloads rise.

How Much Does the State Have in Reserves?

Enacted 2019-20 Reserves Most Relevant. Before updated revenue estimates in May, the most relevant figure for considering the amount of reserves that will be available to the Legislature as it passes the 2020-21 budget is the enacted level from 2019-20. (The proposed level from the 2020-21 January budget, $20.5 billion, is the amount that would have existed in June 2021 under the Governor's budget assumptions.) This is the amount the state currently had "in the bank" and—at the time of the Governor's proposal—was available for expenditures in the next budget.

State Currently Has About $17.5 Billion in Reserves. As of February 2020, the state has $17.5 billion in reserves. This includes $16.5 billion in the BSA and $900 million in the Safety Net reserves. (These figures exclude the Proposition 98 School Reserve, which is described more in the next section.) The balance of the SFEU currently is nearly zero. Although the state enacted an SFEU level of $1.4 billion for 2019-20, the administration transferred $1.3 billion from the SFEU to the state's disaster fund to address the effects of coronavirus disease 2019 (COVID-19) pursuant to a letter dated March 25, 2020. (That said, the state likely will be reimbursed for most—if not all—of these funds by the federal government.)

BSA Balance Will Adjust Automatically to New Revenue Estimates. The "true down" provisions of Proposition 2 will automatically adjust the balance of the BSA pursuant to new revenue estimates. (The state will adopt new revenue estimates for the purposes of the budget enacted in June.) The 2019-20 balance of the BSA could be trued down—or automatically reduced—by around $2 billion if capital gains revenues are estimated to be lower by at least a few billion dollars in that year. While this would mean that the BSA balance would be lowered to $14.5 billion, these funds would become available to offset a budget problem.

How Can the State Access Its Reserves?

Accessing BSA Requires Fiscal Emergency Declaration. Beyond the automatic adjustments to the BSA under the true down rules, the Legislature also can make a withdrawal from the BSA in the case of a budget emergency. This can only occur upon declaration by the Governor and majority votes of both houses of the Legislature. The Governor may call a budget emergency in two cases: (1) if estimated resources in the current or upcoming fiscal year are insufficient to keep spending at the level of the highest of the prior three budgets, adjusted for inflation and population (a "fiscal budget emergency") or (2) in response to a natural or man-made disaster. If the state faces a budget problem for either (or both) 2019-20 or 2020-21, the conditions for a fiscal emergency likely will be met.

State Can Access "Amount Needed to Cover Emergency." In the case of a fiscal emergency, the Legislature may only withdraw the lesser of: (1) the amount needed to maintain General Fund spending at the highest level of the past three enacted budget acts, or (2) 50 percent of the BSA balance. Hypothetically, if resources available for 2019-20 were expected to be lower than the enacted budget for 2019-20 by $5 billion, then the Legislature could access that amount from the BSA. If the amount of the budget emergency in 2019-20 exceeded half of the reserve balance (currently, $7.8 billion) then the Legislature could only access that lower amount. In this situation, however, the state also likely would face a budget emergency for 2020-21. In that case, the state could—in one budget cycle—use up to half of the BSA balance to address the current-year budget problem and still have the option to use the remaining balance to address the budget problem for 2020-21 as well.

School Reserves

Funding for K-12 education is the largest General Fund expenditure, representing about 40 percent of the state's General Fund. Although individual school districts are responsible for adopting their local budgets, the Constitution requires the state to provide funding for schools and ensure K-12 education is available to all students. Moreover, California schools receive most of their funding from the state General Fund. These factors mean that the fiscal condition of school districts and the state are closely connected. A decline in state revenues—as the state is likely to experience in response to the COVID-19 emergency—is likely to reduce school funding. In this section, we analyze two sources of reserves that are available to mitigate some of this reduction. First, the state has a state-level reserve for schools (although as we will describe shortly, the balance in that account is very low). Second, school districts hold reserves in their local operating accounts.

State-Level School Reserve

State Has a Reserve Account Specifically for Schools. In addition to making rules for deposits into the BSA, Proposition 2 established a reserve account for schools. The Constitution requires the state to deposit funding into this reserve when school funding is growing relatively quickly and various other conditions are met. The reserve is intended to smooth out some of the volatility in funding to schools and community colleges. Unlike the BSA, which is available to support any program in the state budget, the state school reserve can only be used to support schools.

How Much Is in the State-Level School Reserve? Compared with the BSA, the rules regarding deposits into the school reserve are more restrictive. Whereas the state has accumulated a significant balance in the BSA over the past several years, the state did not make its first deposit into the school reserve until it enacted the 2019-20 budget plan. That deposit was $377 million—representing less than 1 percent of state spending on schools in 2019-20.

Local Reserves

What Reserves Do School Districts Have? Similar to the state, school districts hold reserves in their local operating accounts. Also similar to the state, districts can use some portion of these reserves to cover a higher expenditure level when revenues decline. Our analysis focuses on the portion of school reserves that have no legal restrictions on their use. We also exclude reserve data for community colleges, charter schools, county offices of education, and education-related joint powers authorities because the budgets of these entities often look much different than those of school districts.

How Do School Districts Use Reserves? Districts use reserves for a variety of purposes in addition to mitigating revenue volatility. This includes, for example, managing cash flow, addressing unexpected costs, and saving for large purchases. For example, regarding cash flow, while districts' largest expense—salaries—is paid relatively evenly throughout the school year, districts receive revenue on a more uneven schedule. Property tax revenue, for example, arrives in two large installments (in December and April). Districts also save money for large, anticipated costs like replacing computers or unexpected costs like repairing a damaged roof. When districts are holding reserves to pay for specific future projects or activities, they usually earmark that portion of their reserves within their local budgets. Reserves intended to address economic uncertainty and unanticipated expenditures, by contrast, generally are not earmarked.

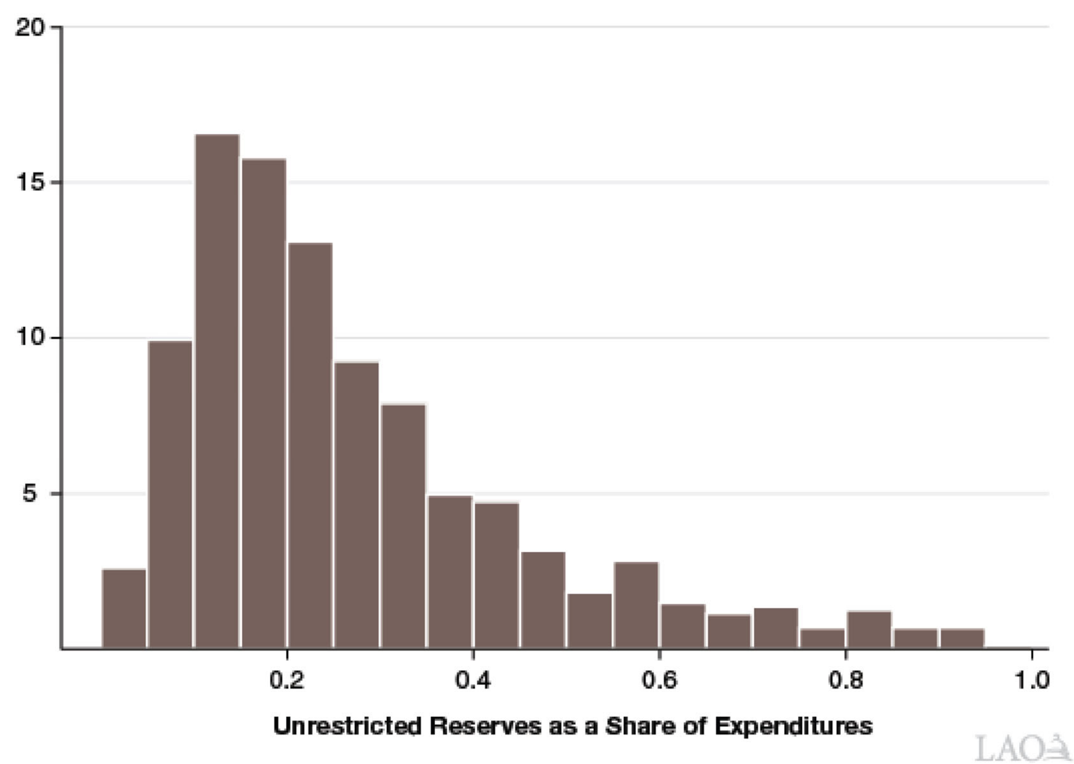
How Much in Reserves Do Schools Hold? At the end of the 2018-19 fiscal year, districts held a total of $12.8 billion in unrestricted reserves. This level represents 17 percent of district spending in that year—enough to cover about two months of expenditures. The data indicate that $6.9 billion of this amount was earmarked for specific uses and $5.9 billion was not earmarked. Some, but not all, of this funding would be available for schools to maintain a higher expenditure level if revenues declined. Many school districts would need to retain a significant portion of the reserves held in cash, for example, to continue to properly manage cash flow. Moreover, drawing upon earmarked reserves could involve foregoing various future projects or activities that districts regard as high priorities.

Reserve Levels Vary Widely by District. While district reserves average 17 percent of school spending statewide, significant variation exists at the district level. Figure 1 shows the variation in reserves as a share of expenditures. As the figure shows, the median district holds reserves equal to 22 percent of expenditures. At the lower end, about one-quarter of districts hold reserves equating to less than 14 percent of their expenditures. These districts likely would need to reduce spending quickly if their revenue were to decline. (Many districts, however, might find it difficult to reduce expenditures in a short time frame given their fixed costs and statutory requirements related to staff layoffs and the number of instructional days they must offer.) At the upper end, about one-quarter of districts hold reserves exceeding 35 percent of their expenditures. In these districts, the larger budget cushion could mitigate potential revenue reductions.

Figure 1

Amount of Reserves Vary Widely by District

Share of Districts

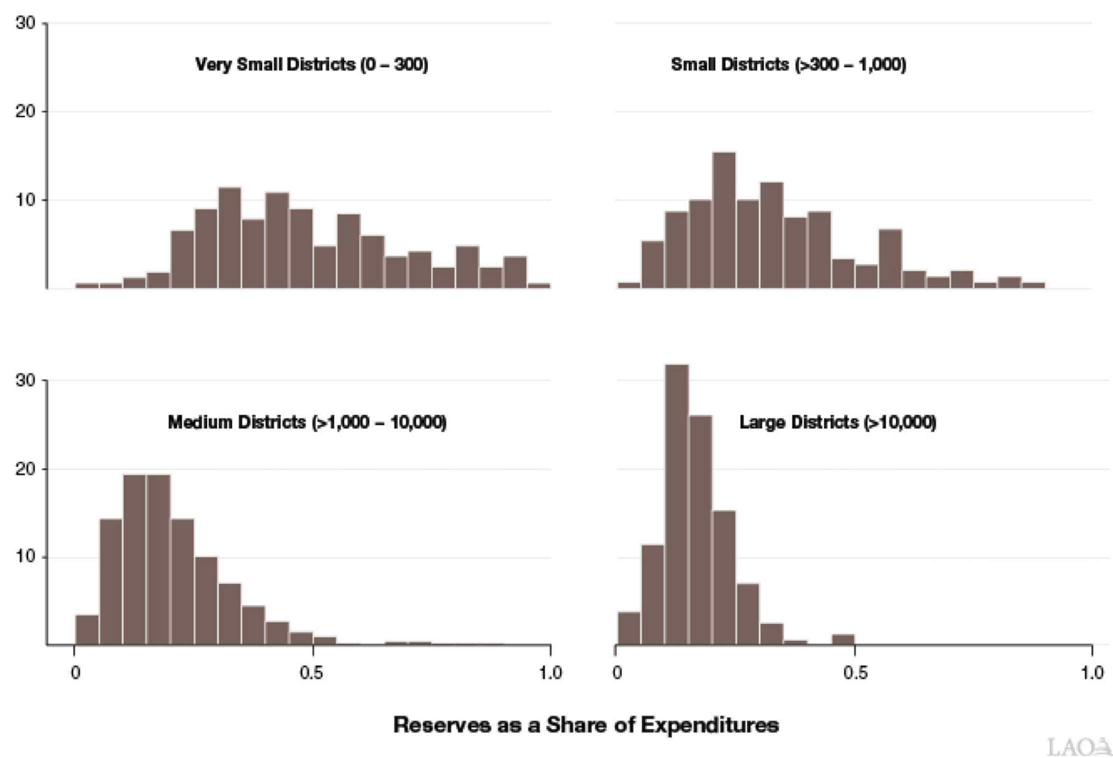


Smaller Districts Tend to Hold More Reserves. A strong relationship exists between district size and reserves. As Figure 2 shows, half of very small districts (those with fewer than 300 students) held reserves of more than 45 percent of expenditures. Large districts (those with 10,000 to 50,000 students) had median reserve levels equal to 16 percent of expenditures. One reason that small districts tend to hold more in reserves as a share of expenditures is that these reserve levels are still low in absolute terms. For example, a single major facility repair or other large cost might require a small district to deplete most of its reserves in a single year. The same repair, to a larger district, could be relatively small in percentage terms. Larger districts also typically face less difficulty managing cash flow.

Figure 2

Smaller School Districts Tend to Hold More Reserves

Share of Districts



Key Takeaways

State Reserves at Historic Level, but Likely Lower Than Discussed in January. Given economic decline due to the COVID-19 emergency, state revenues will be lower than estimated in January. Moreover, economic and budget conditions have evolved rapidly in recent weeks and are likely to continue to do so. Consequently, at this point, the most useful reference point for the state's reserve level is the amount the state currently is holding in its reserve accounts—$17.5 billion. Compared to prior recessions, the state enters this period of economic uncertainty with significant reserves. That said, in the past, we have found that a budget problem associated with a typical recession could significantly exceed this sum. As such, the Legislature will want to consider carefully how to deploy these resources once more is known about the state revenue effects of this emergency.

Local School District Reserves Could Provide Short-Term Buffer, but State-Level School Reserve Minimal. Local school district reserves could provide many school districts with time to prepare for declines in revenues. Districts with larger reserves likely will have time to adjust their spending gradually, whereas districts with smaller reserves are likely to face difficult decisions more quickly. Regardless of their exact reserve level, however, few districts have enough to maintain current service levels for an extended period if revenues were to decline significantly. Moreover, the balance in the state-level school reserve is very small compared with the revenue declines schools might face. All of these factors suggest that state and school leaders should be very cautious as they prepare for the upcoming year.

LAO Legislative Analyst's Office
The California Legislature's Nonpartisan Fiscal and Policy Advisor

Budget and Policy Post

April 5, 2020

COVID-19

State Budget Effects of Recent Federal Actions to Address COVID-19

As the Legislative Analyst noted <https://lao.ca.gov/Publications/Report/4203> in a recent *Fiscal Perspective*, California could face a budget problem as a result of the coronavirus emergency. As the public health crisis has unfolded, this possibility seems increasingly likely. In a recent post, we described the state's reserves available to address such a budget problem. However, the state has another source of support in this area: new funding from the federal government. This post discusses the sources of a potential budget problem related to the coronavirus disease 2019 (COVID-19) emergency and how recent federal legislation could help address some of the sources of a problem.

Sources of Potential Budget Problem

A budget problem occurs when the state's anticipated General Fund revenues are less than the General Fund costs to maintain the cost of state services. When the Governor releases his May Revision, the state likely will be facing a budget problem. That problem would come from three sources, all related to COVID-19:

- ***Higher Direct Costs to Respond to Public Health Emergency.*** The state already has incurred significant costs to respond to the public health emergency. For example, the state has allocated funding to lease medical centers to expand the state's hospital and laboratory capacity and purchase and refurbish medical supplies, including ventilators. Higher costs for state health programs to provide testing and treatment to COVID-19 patients also are likely.

- ***Higher Indirect Costs as a Result of Changes in the Economy.*** The state also will incur higher indirect costs from changes in the state's economic circumstances that are resulting from the public health emergency. For example, as unemployment in California rises and incomes fall, more people will qualify for means-tested programs like food assistance. In past recessions, these types of costs have risen by low billions of dollars.
- ***Lower Revenues as a Result of Changes in the Economy.*** Finally, the largest budgetary impact of the COVID-19 emergency is likely to arise as a result of lower revenues. Our office has estimated that—in a typical economic downturn—revenues are lower by tens of billions of dollars across a multiyear period. The length and severity of the public health emergency will drive the severity of the economic disruption and the ensuring revenue implications.

Federal Funding

Recent Federal Legislation Affecting the State Budget. Recent federal legislation has directed funding to states, local governments, and other entities to respond to the COVID-19emergency. This legislation includes: the Coronavirus Preparedness and Response Act; the Families First Coronavirus Response Act (FFCRA); and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. (In addition, the federal emergency declarations also provide additional funding to states and local governments to reimburse them for certain costs. We explain the effect of those declarations here <https://lao.ca.gov/Publications/Report/4210> .) In this section, we describe the *major* sources of funding from the recent legislation that could help reduce budgetary strain from the three sources described earlier. (This list is not comprehensive. In the coming days, we will be posting additional information about all of the sources of funding California could receive.)

Coronavirus Relief Fund (CRF)

Provides Aid to States Based on Population. The CARES Act establishes the CRF, which provides $150 billion to state, local, tribal, and territorial governments. The fund sets aside $139 billion for states based on their relative populations. (Tribal and territorial governments are eligible for the remaining $11 billion.) We estimate that California is eligible for $15.4 billion from the CRF to be shared between the state and local governments.

Local Governments in California Eligible for Estimated $6.9 Billion. The funding to each state will be shared between state and local governments. Local governments with populations of at least 500,000 are eligible, but the total funding for local governments is capped at 45 percent of the state's overall amount. Figure 1 shows our estimate of the amount of CRF funds that 17 counties and five cities in California are eligible to receive. (To keep local governments' allocations within the 45 percent cap, we assumed that local governments' amounts would be reduced proportionally based on their populations.)

Figure 1

Funding Available to California in the Coronavirus Relief Fund

(In Millions)

State Government Funding	**$8,445.5**
Alameda County	278.8
Contra Costa County	192.3
Fresno County	165.8
Fresno city	88.4
Kern County	149.7
Los Angeles County	1,703.5
Los Angeles city	670.4
Orange County	534.8
Riverside County	406.2
Sacramento County	256.6
Sacramento city	84.1
San Bernardino County	361.6
San Diego County	559.4
San Diego city	237.9
San Francisco County/City	148.2
San Joaquin County	124.9
San Mateo County	129.3
Santa Clara County	324.9
San Jose city	173.5
Sonoma County	84.5
Stanislaus County	91.8
Ventura County	143.2
Local Government Funding	**$6,910.0**
Total Funding to California	**$15,355.5**

Our estimates do not adjust local populations to account for overlapping jurisdictions. That is, the population of the city of Los Angeles is counted both for the purposes of the city's allocation and the county's total. We think this assumption is reasonable because the county would be required to provide services to all residents in its jurisdiction. (Various organizations have reached different conclusions on this key assumption.) Adjusting populations to account for the overlapping jurisdictions would primarily benefit the state, provide somewhat smaller benefit to cities, and have corresponding reductions for counties. Ultimately, the U.S. Department of the Treasury (Treasury) is responsible for administering the calculation and determining the amounts.

Potential State Budgetary Benefit of $8.5 Billion. Setting aside the funding to local governments, we estimate the state is eligible for $8.5 billion from the CRF. Legislation specifies that the funds can be used for "necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019" that are incurred between March 1 and December 30, 2020. Ultimately, Treasury has the authority to determine whether or not a particular use of the funding is allowable. ***The state has discretion to use the funding directly or distribute the funding to other entities.***

Funding Will Provide Relief for Higher Costs, but Not Revenue Losses. As described earlier, there are three major ways that the COVID-19 emergency can impact the state's budget bottom line. Officials representing Treasury have stated that the CRF can be used for direct—and potentially indirect—state costs associated with the pandemic, but not revenue losses. Depending on the ultimate scale of state direct and indirect costs incurred (and Treasury's interpretation of the legislation), the state could be able to use the full $8.5 billion to address budget issues related to COVID-19 costs.

Medicaid

Temporary Increase in Federal Funding for Medicaid. Medicaid is an entitlement program whose costs generally are shared between the federal government and states based on a set formula. Under the FFCRA, Congress approved a temporary 6.2 percentage point increase in the federal government's share of cost for state Medicaid programs (including Medi-Cal, In-Home Supportive Services, and some developmental services programs). For several types of Medicaid beneficiaries and services, the federal government pays 50 percent of costs. Under this change, beginning January 1, 2020 and ending the first quarter in which the COVID-19 public health emergency is not in effect, the federal share of cost for those beneficiaries and services will increase from 50 percent to 56.2 percent. (We discuss this change—and other related ones—in more detail in a recent post: COVID-19: Federal Health-Related Response.)

Potential Benefit to the State Budget. Of all the federal funding changes described in this post, this change provides the broadest budgetary benefit. That is because the change will (1) partially offset state costs for increased service utilization in Medi-Cal in response to the outbreak, (2) partially offset state costs for higher caseload as a result of the changing economic circumstances, *and* (3) reduce state costs for the underlying caseload (that is, spending that was projected to occur before accounting for the impact of the public health crisis). The amount of the benefit will depend on changes in caseload and prices in the programs described earlier. Under *current* caseload and utilization estimates, and assuming the enhancement was in place through December 31, 2020, we estimate the state would receive between $1.5 billion to $2.5 billion in General Fund savings in both 2019-20 and 2020-21. However, caseload and utilization are likely to be higher than currently anticipated. Although new state costs from higher caseload and utilization could exceed the amount of increased federal funding, higher state Medicaid costs would still at least partially be offset by the additional federal assistance.

Unemployment

Various Changes to Unemployment Administration and Funding. Unemployment insurance (UI) is a joint federal-state program in which eligible workers can receive cash benefits when they become unemployed. Benefits are paid with a payroll tax levied by the state. The FFCRA and CARES Act made a number of changes to the UI program, including enhancing benefits, lengthening the time workers can receive those benefits, and expanding eligibly. (We discuss these changes in a recent post: *Unemployment Insurance for Workers Impacted by COVID-19* <https://lao.ca.gov/Publications/Report/4208> .) The legislation also made three key changes that have implications for the state budget bottom line. First, the federal government provided about $120 million in additional UI administration money to California. Second, the legislation provides federal funding to cover the full cost of the expanded benefits and eligibility provided by FFCRA. Finally, should benefit payments under the state's base program exceed payroll tax collections, the legislation allows the state to take an interest-free loan (through the end of 2020) to continue making benefit payments.

Potential Benefit to the State Budget. These changes to UI administration allow the state to address higher indirect costs of the COVID-19 emergency resulting from higher unemployment claims and lower payroll taxes. Given the magnitude of initial unemployment claims received so far, the state UI Trust Fund likely will become insolvent in the coming months, meaning the state likely will use the interest-free loans to reduce state General Fund costs. Depending on the magnitude of claims and changes in payroll that occur in the coming months, the interest-free loan could have budgetary benefit in the hundreds of millions of dollars.

Education

Education Relief Funding Intended to Help Institutions and Students. Recent federal legislation provides $31 billion for a newly created Education Stabilization Fund. This fund is for states and educational institutions at all levels (elementary through university) to cover costs related to COVID-19. Educational institutions have some flexibility in how they use these funds. For example, they can use their funds for instruction, professional development, technology, and student support services, among other purposes. Higher education institutions must use at least half of their funding to provide emergency financial aid grants to students affected by the disruption of campus services due to COVID-19. (We plan to describe the education relief funding is more detail in forthcoming posts.)

Budgetary Benefit Mainly Will Accrue to State's Educational Institutions. Of the $31 billion provided nationally, we estimate California will receive $3.7 billion ($1.7 billion for higher education, $1.6 billion for elementary and secondary education, and $355 million for educational institutions at any level). Ultimately, the U.S. Secretary of Education is responsible for administering the calculation and determining the allocations. For some of this funding, states are to meet a maintenance of effort requirement, although the federal government can waive the requirement for states that experience a precipitous decline in their financial resources. The availability of this new federal stabilization funding will help mitigate the adverse impact of state funding reductions to educational institutions.

Conclusion

Federal Action Will Mitigate Some of the State's Potential Budget Problem… The various recent actions by the federal government described in this post will mitigate some of the adverse budgetary effects that the COVID-19 pandemic is likely to cause. In particular, federal aid will support higher state expenditures that have resulted directly—and to some extent indirectly—from the public health emergency and ensuing economic effects. (Some of these federal actions also have benefit to the state's cash position. We plan to cover that issue in greater detail in a forthcoming post.)

…But Does Not Significantly Address the Major Source of Budgetary Strain. However, only a small portion of the federal funding allocated to date—additional Medi-Cal funding—will assist the state with the most significant source of budgetary strain that likely will result from the COVID-19 emergency: lower revenues. While the state has accumulated a historically significant amount of reserves to help address a potential budget problem, additional federal action to support the economic and revenue consequences of this emergency could be warranted.

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Assembly
California Legislature

ASSEMBLY COMMITTEE ON BUDGET

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ANDREA MARGOLIS
MARK MARTIN
GENEVIEVE MORELOS

The 2020-21 budget in California will have to adjust to the realities of the impact of COVID-19 on our State. The immediate needs in response to the disaster force us to pause important work and priorities that predated the pandemic. And once the State begins to recover, we will have to adapt to a very different budget process in the Assembly. This memo provides an update on what the Committee's process might look like, going forward.

When we reconvene, we will have less money and less time to adopt a balanced budget. We know that as a result of the crisis, the State will see our revenues decline, even as we must increase spending to protect Californians. We will not be able to assess the full damage to our State's economy and our revenues until August, at the earliest. In addition, we must find a way to include the public in our deliberations - which, depending on when we return, may be condensed into a few short weeks.

This new reality will likely result in the following changes to the 2020 budget process:

- June 15 Baseline Budget: We expect the Governor's May Revision to become a "workload" budget that reflects 2019-20, or current, service levels. This means that if subcommittees were to meet right now, almost all new January 2020 budget proposals would not be heard. When we reconvene, we will no longer be able to consider new priorities and ideas from stakeholders, advocates and Members, with the exception of COVID-19 related costs, wildfire prevention, and homelessness funding. We may even need to revisit some reductions to existing state programs at that time, given the State's fiscal condition. Subcommittees will be directed to only agendize items necessary to build this baseline budget, or items providing direct oversight of disaster response and recovery spending. The Assembly will also likely defer all deliberations on special fund programs, like those receiving Greenhouse Gas Reduction Funds, until after June 15.

- "August Revision": With the delay in personal income tax receipts to July 15, we expect that we will not have a complete picture of our revenues until August. As a result, we expect to revisit the budget after June 15. This second round of budget deliberations will allow us to consider issues we will not have time to discuss in May and June, especially new issues related to recovery from the COVID-19 pandemic. Given the initial projections of the virus's impact on the economy, it is possible the State will need to consider sizable ongoing reductions to major programs during this time. Therefore, Subcommittees will not likely be able to revisit proposals for new investments put forward by Members, the administration, advocates, and the public prior to this public health emergency.

- Deferring the Promises of 2020: When the 2020 budget process began, the State was expecting a small ongoing surplus that offered us a chance to expand additional services to Californians. While that is likely no longer possible this fiscal year, we are in better shape to address the expected recession compared to any other point in the State's history. While we may face one or more difficult fiscal years ahead, the prudent decisions we made since the Great Recession will help us avoid the lingering structural budget problems that plagued the State before 2012. We may have some difficult choices in the coming months, but we will be able to return to the stability, optimism, and innovation that characterized the State budget over the last eight years if we remain responsible.

Thank you for your attention to this memo. As the situation evolves over the coming weeks, we will continue to update you on our thinking and planning about how to best move forward.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
DRAFT 2020/21 Tentative Budget Assumptions
February 26, 2020

I. State Revenue

A. Budgeting will begin using the new Student Centered Funding Formula (SCFF) at the hold harmless provision for the 2017/18 Total Computational Revenue plus 2018/19 & 2019/20 & 2020/21 cost of living adjustments (COLA).

B. FTES Workload Measure Assumptions:

Year		Base	Actual	Funded		Actual Growth
2014/15		28,688.93	28,908.08	28,908.08		0.76%
2015/16		28,908.08	28,901.64	28,901.64		-0.02%
2016/17		28,901.64	27,517.31	28,901.64	a	-4.79%
2017/18		28,901.64	29,378.53	29,375.93	b	1.65%
2018/19	P3	29,375.93	25,925.52	28,068.86	**c**	-11.75%
2019/20	P1	28,068.86	28,198.47	Unknown		0.46%

a - based on submitted P3, District went into Stabilization in FY 2016/17
b - based on submitted P3, the district shifted 1,392.91 FTES from summer 2018
c - To maintain the 2015/16 funding level and produce growth FTES in 2017/18, the district borrowed from summer 2018 which reduced FTES in 2018/19.

The state budget proposes .50% systemwide growth funding, 2.29% COLA, and no base allocation increase.
The effects of the SCFF on our budget is not fully known at this time. The components will now remain at 70/20/10 split with COLA added each year. Any changes to our funding related to the new formula will be incorporated when known.

Projected COLA of 2.29%	$4,003,793
Projected Growth/Access	$0
Projected Base Allocation Increase	$0
Apportionment Base Incr (Decr) for 2020/21	**$4,003,793**
2020/21 Potential Growth at 0.5%	28,209

C. Education Protection Account (EPA) funding estimated at $26,437,430 based on 2019/20 @ Advance. These are not additional funds. The EPA is only a portion of general purpose funds that offsets what would otherwise be state aid in the apportionments We intend to charge a portion of faculty salaries to this funding source in compliance with EPA requirements.

D. Unrestricted lottery is projected at $153 per FTES ($4,414,163). Restricted lottery at $54 per FTES ($1,557,940). (2019/20 @ P1 of resident & nonresident factored FTES, 28,850.74 x $153 = $4,414,163 unrestricted lottery; 28,850.74 x $54 = $1,557,940.) Increase of about 9%.

E. Estimated reimbursement for part-time faculty compensation is estimated at $575,927 (2019/20 @ Advance). Slight decrease.

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is being proposed on certain categorical programs. Without COLA, other categorical reductions would be required to remain in balance if settlements were reached with bargaining groups. The colleges will need to budget for any program match requirements using unrestricted funds.

G. College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2019/20 @ Advance of $278,496. Slight decrease.

H. Mandates Block Grant estimated at a total budget of $869,923 ($30.85 x 28,198.47). Slight increase. No additional one-time allocation proposed.

II. Other Revenue

I. Non-Resident Tuition budgeted at $3,400,000. (SAC $2,400,000, SCC $1,000,000) - Unchanged.

J. Interest earnings estimated at $1,400,000. Unchanged.

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately $407,680. Unchanged.

L. Apprenticeship revenue estimated at $3,159,472. Unchanged.

M Scheduled Maintenance/Instructional Equipment allocation. $7.6 million in state budget. Our allocation is estimated $190,000.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
DRAFT 2020/21 Tentative Budget Assumptions
February 26, 2020

III. Appropriations and Expenditures

A. As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for ALL necessary expenditures including but not limited to all full time and part time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.

B. The state is providing a Cost of Living Allowance (COLA) of 2.29%. Any collectively bargained increased costs will be added to the budget. The estimated cost of a 1% salary increase is $1.80 million for all funds. The estimated cost of a 1% salary increase is $1.43 million for the unrestricted general fund.

C. Step and column movement is budgeted at an additional cost of approximately $1.69 million including benefits for FD 11 & 13 (FARSCCD approximate cost $546,816 CSEA approximate cost $641,986, Management/Other approximate cost $497,529) For all funds, it is estimated to = $2.42 million (FARSCCD = $642,315, CSEA = $1,007,254, Management/Others = $766,088) In addition, the colleges would need to budget for step/column increases for P/T faculty.

D. Health and Welfare benefit premium cost increase as of 1/1/2021 is estimated at 3.5% for an additional cost of approximately $646,936 for active employees and an additional cost of $279,138 for retirees, for a combined increase of $926,074 for unrestricted general fund. The additional cost increase for all funds is estimated to = $976,180
State Unemployment Insurance local experience charges are estimated at $250,000 (2019/20 budgeted amount). Unchanged.
CalSTRS employer contribution rate will increase in 2020/21 from 17.10% to 18.40% for an increase of $1,253,020.
(Note: The cost of each 1% increase in the STRS rate is approximately $740,000.)
CalPERS employer contribution rate will increase in 2020/21 from 19.721% to 22.80% for an increase of $1,125,548.
(Note: The cost of each 1% increase in the PERS rate is approximately $390,000.)

E. The full-time faculty obligation (FON) for Fall 2020 has not been calculated at this time. The District will recruit to replace 13 faculty vacancies. SAC is recruiting for 6 positions. SCC is recruiting for 7 positions. The current cost for a new position is budgeted at Class VI, Step 12 at approximately $154,847. Penalties for not meeting the obligation amount to approximately $80,250 per FTE not filled.

F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/20 for hourly faculty is $1,455. Increase of $56 per LHE.

G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Actuarially Determined Contribution (ADC) as of July 1, 2020 is estimated to be $10,224,861. The District will therefore decrease the employer payroll contribution rate of 2.75% to 1.10% of total salaries. This reduction provides a savings of $1,899,032 to the unrestricted general fund and $2,483,330 for all funds.

H. Capital Outlay Fund - The District will continue to budget $1.5 million for capital outlay needs.

I. Utilities cost increases of 2.5%, estimated at $100,000.

J. Information Technology licensing contract escalation cost of 7%, estimated at $125,000.

K. Property and Liability Insurance transfer estimated at $1,970,000. Unchanged.

L. Other additional DS/Institutional Cost expenses:

Ellucian increased contract cost	$ 400,000
Data Integrity Specialist	$ 200,000

M. Child Development Fund - The District will continue to budget $250,000 as an interfund transfer from the unrestricted general fund as a contingency plan. ($140,000 each year was transferred since 2014/15 and expected again in 2020/21)

N. Estimated annual cost of Santiago Canyon College ADA Settlement expenses of $2 million from available funds.

O. Round One budget reductions totalling $3 million are being made for this tentative budget due to State Budget uncertainty.

Rancho Santiago Community College District
Unrestricted General Fund Summary
DRAFT 2020/21 Tentative Budget Assumptions
February 26, 2020

*	**New Revenues**	Ongoing Only	One-Time
A	Student Centered Funding Formula (see note below)		
B	COLA 2.29%	$4,003,793	
B	Growth	$0	
B	State Augmentation	$0	
D	Unrestricted Lottery	$352,286	
H	Mandates Block Grant	$77,096	
I	Non-Resident Tuition	$0	
J	Interest Earnings	$0	
L	Apprenticeship - SCC	$0	
EGK	Misc Income	($53,641)	
	Total	$4,379,534	$0
	New Expenditures		
B	Salary Schedule Increases/Collective Bargaining 4.00%	$5,710,477	
C	Step/Column	$1,686,330	
D	Health and Welfare/Benefits Increase (3.5%)	$926,074	
D	CalSTRS Increase	$1,253,020	
D	CalPERS Increase	$1,125,548	
E	Full Time Faculty Obligation Hires	$0	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	$0	
G	Decreased Cost of Retiree Health Benefit ADC	($1,899,032)	
H	Capital Outlay/Scheduled Maintenance Contribution	$0	
I	Utilities Increase	$100,000	
J	ITS Licensing/Contract Escalation Cost	$125,000	
K	Property, Liability and All Risks Insurance	$0	
II.L	Apprenticeship - SCC	$0	
L	Other Additional DS/Institutional Costs	$600,000	$0
N	SCC ADA Settlement Costs	$0	$2,000,000
O	Round One Budget Reductions	($3,000,000)	
	Total	$6,627,417	$2,000,000
	2020/21 Budget Year Unallocated (Deficit)	($2,247,883)	
	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)	$152,059	($2,000,000)

In addition, as both college budgets for adjunct faculty have been underbudgeted in total by approximately $6.5 million, the colleges need to appropriately fund adjunct faculty costs tied to the class schedules offered and prior year actual costs when adjusted for new full-time faculty hired.

* *Reference to budget assumption number*

Rancho Santiago Community College District 3/12/2020 8:02
Phase 1 Budget Reductions
2020/21 Tentative Budget

Santa Ana College		
Personnel Cost	$281,166	
Operating Cost	$1,432,014	
Total SAC		$1,713,180
Santiago Canyon College		
Personnel Cost	$0	
Operating Cost	$734,220	
Total SCC		$734,220
District Services		
Chancellor/BOT		
Personnel Cost	$0	
Operating Cost	$24,838	
Subtotal	$24,838	
Business Operations		
Personnel Cost	$0	
Operating Cost	$403,841	
Subtotal	$403,841	
Educational Services		
Personnel Cost	$70,794	
Operating Cost	$0	
Subtotal	$70,794	
Human Resources		
Personnel Cost	$0	
Operating Cost	$53,127	
Subtotal	$53,127	
Total District Services		$552,600
Total Phase 1		$3,000,000

Fiscal Resources Committee

2020/2021 Proposed Meeting Schedule

All meetings will be held from 1:30 – 3:00 p.m.
Executive Conference Room – District Office

July 1, 2020

August 19, 2020

September 16, 2020

October 21, 2020

November 18, 2020

January 20, 2021

February 17, 2021

March 17, 2021

April 21, 2021

May 20, 2021 (Thursday)

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.

Report on Indirect Earned on Educational Services Grant Projects

Background

Rancho Santiago Community College District's Budget Allocation Model (BAM) describes the method to distribute the indirect earned on grant projects.

BAM direction for allocation of indirect earned by the colleges, district projects, and Educational Services fiscal agent grants (excerpt):

Some grants allow for charges of indirect costs. These charges will accumulate by Budget Center during each fiscal year. At fiscal year end, once earned, each college will be allocated 100% of the total indirect earned by that college and transferred into Fund 13 the following year to be used for one-time expenses. The indirect earned by district projects will roll into the institutional ending fund balance with the exception of the District Educational Services grants. In order to increase support services and resources provided to the colleges and to acknowledge the additional costs associated with administering grants, any accumulated indirect generated from these grants will be distributed as follows: 25% will roll into the institutional ending fund balance, 25% will offset the overall District Services expenditures in that given year, and 50% will carryover specifically in a Fund 13 account under Educational Services to be used for one-time expenses to increase support services to the colleges.

(RSCCD, *Budget Allocation Model*, pg. 9)

Fiscal Agent Grant Projects

RSCCD's role as the Fiscal Agent for a number of grants from the California Community College Chancellor's Office to support regional and statewide workforce and economic development initiatives is the main source of the indirect earned in recent years.

Indirect Earned 2016/2017 to 2018/2019

The chart below represents the earned indirect allocated to the Educational Services Division since 2016/2017 and its allocation to budgets within the division.

Budget & Expense of Indirect Cost - Educational Services

Budget	**2017/18**	**2018/19**	**2019/20**
50% Indirect Cost	259,634	253,718	428,130
Indirect COB		105,926	200,828
Total Indirect Budget	**259,634**	**359,644**	**628,958**

Expenditures	**2017/18**	**2018/19**	**2019/20**
Santiago Canyon College	9,848	12,729	
Public Affairs			8,000
Educational Services	67,948	51,650	10,978
Resource Development	6,000		
Workforce Education	69,912	94,438	71,687
	153,708	158,817	90,665

Budget	**2017/18**	**2018/19**	**2019/20**
Indirect Balance (as of 3/5/20) [**Total Indirect Budget - Expenditures**]			538,293
SCC - Student Travel		*7,423*	
Educational Services		*57,679*	
IWD		*96,497*	
Encumbered			161,599
Unencumbered [Indirect Balance - 19/20 Encumbered]			376,694
ES - Special Projects			*376,694*

NOTE: Continued support of the Institute for Workforce Development (IWD) and Resource Development for 2020/2021 should be considered when planning for estimated balances. Earned indirect supports the IWD at about $168,000 annually, including a percentage of the director's time. An allocation of $10,000-$20,000 should be considered for Resource Development due to upcoming TRIO competitions in 2020/2021 and the colleges' interest in developing proposals in anticipation of cyclical grant opportunities, which will result in increased need for grant proposal development and writing services.

Use of Indirect Funds

The following describes the Educational Services Division's investment of earned indirect to provide support services to our colleges.

Santiago Canyon College

$30,000 was allocated to SCC to support their Forensic Team and Model United Nations Program.

Marketing

In 2019/2020 Educational Services invested $8,000 for 25th Hour Communications to produce a white paper on best practices in community college marketing to inform SAC's and SCC's various marketing plans as well as strategic planning efforts districtwide. 25th hour communications is currently working with both colleges on their marketing efforts. State and national trends have positioned marketing as a key component of Strategic Enrollment Management and effective institutional planning. The state's Student Centered Funding Formula, promotion of Guided Pathways, and Career Education programs deployed as solutions for regional workforce development require data-drive marketing plans that target specific populations and highlight particular programs, and that enable us to track the impact of various marketing strategies on performance metrics and indicators. The growing presence of private institutions and expanding online program offerings from colleges all over the country entail that the colleges brand their programs and services to compete in a market that provides students with alternatives to the local college.

NOTE: In 2017/2018 and 2018/2019, costs pertaining to public affairs were budgeted under the Educational Services Department and descriptions of those services are listed under the Educational Services section below.

Resource Development

Competitive Grant Proposal Development

Vice Chancellor Perez meets with both college's Vice Presidents in Academic Affairs, Student Services and Non-Credit every year to discuss which services continue to be of benefit, which could improve, and what additional services they may require in order to determine best allocation of resources within the Educational Services Division. The need for additional support in grant writing is a constant need at both colleges. Faculty and college staff simply do not have the time to research and write competitive grants. Contractors were engaged to assist with developing competitive grant proposals for 2019/2020, as both colleges were committed to submitting six proposals for the highly competitive, national TRIO Student Support Services (SSS) grants through the U.S. Department of Education. If awarded, each grant would bring in $1.2+ million over a five-year period to support disadvantaged students' success.

Santiago Canyon College

Four (4) grant proposals were submitted for Santiago Canyon College: SSS-Regular (existing), SSS-Veterans (new), SSS-STEM (new), and SSS-Teacher Prep (new).

Santa Ana College

Two (2) grant proposals were submitted for Santa Ana College: SSS-Regular (existing) and SSS-Veterans (existing).

For 2019/2020, $10,000 has been contracted for competitive proposal development, which is extremely cost-effective. There is one staff member that provides grant-writing support for the district and the colleges, and the contractors were used as supplementary services for her work. A standard rate for grant development services is a minimum of $5,000 per grant proposal. We prepared six grant proposals that would have cost a minimum of $30,000 if we had hired grant writers to develop each proposal.

In 2017/2018 funds were allocated to engage contracted services for competitive grant proposal development.

In 2017/2018, seven (7) proposals were submitted for Santa Ana College and all were funded for a total of $915,250. That same year, five (5) proposals were submitted for Santiago Canyon Colleges, and four were funded for a total of $2,303,149.

NOTE: The grant development contractors engaged in 2019/2020 are under the Educational Services Department and not Resource Development.

Research

Additional support from the district's research department has also been a constant need brought up by both colleges. In 2019/2020, Cambridge West was engaged to provide an analysis of the research, planning and institutional effectiveness department of the district in order to evaluate the capacity of the current structure to provide the colleges with the data analysis, research and other support they currently need as well as the support they will need as the SCFF and other initiatives are implemented. This analysis identified the strengths of the current system as well as recommendations for improvement. Technological innovation has situated data-driven planning and design as a standard for institutional operations and, as we see with the state, as a means for determining incentive-model funding allocations. This elevates data and research as critical areas for effective institutional management and requires a rigorous analysis to inform districtwide planning in this area.

Memberships

Institutional memberships for The RP Group and the Orange County Business Council.

RP Group

A non-profit leader providing data, research and resources to support excellence in community colleges' institutional research, planning and effectiveness work.

Orange County Business Council (OCBC)

Since 2013 when the California Community Colleges Chancellor's Office instituted Doing What Matters for Jobs and the Economy, to more recent initiatives such as the Vision for Success, Guide Pathways, and the Student Centered Funding Formula, there has been a growing demand for colleges to align their programs with regional workforce development needs. The OCBC is a respected source for research on the state of the workforce and community for Orange County, and facilitates high-level conversations with employers, educational institutions, and community organizations around topics related to these areas of interest. As a member of the OCBC, RSCCD collaborates with other regional stakeholders dedicated to workforce development and is able to advocate for and represent our colleges as instrumental in addressing these concerns in the region, all of which builds awareness and support for our colleges and programs.

Community Outreach

Funds were used to engage 25th Hour Communications to assist RSCCD in developing a plan to increase communication internally as well as externally to our community.. Communication has consistently been identified as an area of need by the colleges to inform the various communities we serve, as well as our district's taxpayers, about our colleges' programs, services, and the many accomplishments of our students, faculty and staff.

The most important report produced was the 2017-2018 Report to the Community. It had been ten years since RSCCD had directly communicated with our district's tax payers and registered voters about the great accomplishments at SAC and SCC. The *2017-2018 RSCCD Report to the Community* was a thorough presentation of the economic benefits to students and the community based on an analysis that presented the assessment in terms of dollars invested compared to dollars earned and decreased dependence on social services due to educational achievement. The report featured our students and college programs, and is a powerful informational piece that demonstrates our colleges' contribution to the well-being, development and prosperity of individuals and the community. The costs included the costs of production, printing and mailing to every registered voter in the district. The 2018-2019 Report to the Community will be going out to all registered voters shortly.

Institute for Workforce Development (IWD)

Altamed

In partnership with SAC/SCE conducted four citizenship informational and application workshops held either at Centennial Education Center (CEC) or Altamed's Santa Ana facility to introduce participants to the citizenship process, assist in completing and filing their citizenship application, and introduce them to CEC offerings including Civics, Citizenship, and English as a second language. SAC/SCE was able to sign up new students as result of each workshop. A fifth session was scheduled for March 7, 2020 in Santa Ana.

Behavior Technician Certificate Program+

Turned an introduction and referral of the Autism Business Association by Trustee Hanna into a successful and well attended Industry RoundTable resulting in the development of The Behavior Technician Certification Program at OEC.

Developed a proposal to Orange County Community Foundation to support the Behavior Technician Program with additional resources. OC Community Foundation approved the proposal that provides Santiago Canyon College School of Continuing Education (SCC/SCE) $125,000 per year for 3 years to augment SC SCE instruction with wrap-around services including job shadowing, internship, and placement services that will help match each participant with an employer in the industry.

The Behavior Technician Certification Program classes will start March 9, 2020. The IWD cultivated relationships with industry and workforce development partners to promote the program to employment candidates resulting in 30 students registered in the program, as of March 4, 2020.

The IWD identified 8 adjunct faculty candidates meeting minimum qualifications and scheduled interviews at SCC/SCE's request. As a result, two faculty members were hired.

The Institute also garnered recognition for RSCCD and SCC leadership and responsiveness to industry's workforce needs by developing resolution language for State Senator Umberg, who will be authoring a Senate Resolution recognizing RSCCD and SCC/SCE work.

Biotechnology

Roundtable SCC and OUSD - At the request of Dr. Denise Foley conducted an Biotechnology Pathways Roundtable on October 28, 2019 with participation from OUSD high schools administrators, teachers (CTE and Science), and counselors, as well as SCC deans, faculty and counselors to explore closer collaboration in the Biotechnology/Life Sciences field. This resulted in Biotechnology being included in a K12-Strong Workforce Program grant proposal for OUSD High Schools. OUSD is also collaborating with SCC on the **ePrize** grant to fund the Biotech Bridge Bus (BBB) to meet the needs of at-promise Orange High School students, along with the hundreds of other students at Orange Unified School District. BBB will proactively create and provide a bridge to the biotech pathways with Santiago Canyon College.

Apprenticeship (California Apprenticeship Initiative) - Laid groundwork for SCC and SAC's Biotechnology Program to collaborate with South Bay Workforce Development Board on BioFlex Apprenticeship/Pre-Apprenticeship https://www.sbwib.org/bioflex, which has received funding from the California Apprenticeship Initiative and the U.S. Department of Labor.

County of Orange - Employee Education Training and Professional Development

At the request of SAC leadership, worked with Orange County Supervisor Andrew Do to expand the University Partnership Program to include Community Colleges. On December 17, 2019 the County Board of Supervisors unanimously passed a revised policy that opened up their University Partnership program to Community Colleges.

SAC and SCC are now recognized by the County as partners in education, training and professional development for the County's employees, who number over 18,000. Information about SAC and SCC classes, landing pages and registration sites are now available to County employees looking to take a class or complete a certificate or degree.

City of Santa Ana - Employee Education Training and Professional Development

At the request of SAC leadership, IWD developed a partnership with the City of Santa Ana (Executive Director of HR, Deputy Director of HR) to position SAC as a source of education, training and professional development for City employees. Elements of the partnership that have been agreed upon are the following:

- Outreach: SAC credit and noncredit representatives were invited to the City's employee appreciation luncheon in October 2019 and provided a resource table for outreach.
- Training: The partnership consists of Santa Ana College School of Continuing Education providing classes to employees of the City of Santa Ana held during an extended lunch hour (12:00 pm – 1:30 pm). The classes are held at the conference room in City Hall.

Achieving High Customer Service Satisfaction all *35 attendees filled SAC SCE's enrollment form*	February 19, 2020
Developing Strong Communication Skills Part I –	April 15, 2020
Developing Strong Communication Skills Part II –	April 22, 2020
Problem Solving and Problem Prevention–	June 17, 2020

At the request of City Manager, SAC/SCE will provide in depth Customer Service and Business Writing skills classes and collect FTES.

SAC/SCE has also been invited to provide instruction for elements of the City's Leadership Academy: e.g., soft skills, basic finance for government, risk management, coaching and counseling employees.

Employment Training Panel (ETP) Funding & Contract Education

By establishing strong ties with California Community Colleges Contract Education Collaborative (CCC CE), secured 2 rounds of Employment Training Panel funding for RSCCD's Contract Education unit. Each round was for $25,000.

Contract Ed classes funded by ETP started March 10, 2020 with participation from employers in Orange, Anaheim and Santa Ana who have enrolled their employees in not-for-credit training sessions covering Teamwork and Supervisory Skills.

Engineering

At the request of SAC and SCC Deans, IWD orchestrated high-level meetings with the Dean and Associate Dean of Engineering at UCI School of Engineering and Cal State Fullerton Engineering to expand transfer and articulation opportunities.

SCC suggested language change

From:

Basic Allocation

Colleges are funded 100% of the basic allocation (the number of each college's comprehensive centers and total FTES earned). Basic allocation is not subject to share in District Services costs or Institutional costs.

To:

Basic Allocation

Funding based on the number of colleges and comprehensive centers in the community college district. Rates for the size of colleges and comprehensive educational centers were established as part of SB 361, remain in the SCFF, and henceforth are adjusted annually by COLA. There are 3 separate rates for colleges in multi-college districts. The highest rate is for large colleges, such as Santa Ana College (SAC), defined by a college that earns 20,000 or more FTES per year. The lowest rate is for small college, such as Santiago Canyon College (SCC), defined as a college that earns less than 10,000 FTES per year. The third, middle rate is for medium sized colleges defined as a college that earns between 10,000 FTES and 19,999 FTES. Within each of the 3 categories, the rate remains the same (for example, a medium sized college earns the same dollar amount regardless of whether it earns 10,000 FTES or 19,999 FTES and only realizes an increase after it reaches 20,000 FTES). In addition, there is a separate basic allocation for State Approved Centers such as the Orange Education Center (OEC) and for Grandfathered Centers such as the Centennial Education Center (CEC). For RSCCD, both basic allocations for OEC and CEC are at the same rate. Because the basic allocation for colleges is based on the size of a college (small, medium, or large), the basic allocation is no longer included as part of the section of the BAM used to support District Services and Institutional costs. Instead, basic allocation is now in the section of the BAM under OTHER STATE REVENUES that is 100% allocated to each college.

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ 6,529,605	$ 5,223,684	$ 1,305,921	$ 5,223,682	$ 3,917,761	$ 1,305,921			$ 11,753,287
FTES - based on 18/19 Annual	$ 74,801,834	$ 54,944,846	$ 19,856,988	$ 33,078,825	$ 24,497,900	$ 8,580,925			$ 107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	$ 18,424,234	$ 18,424,234	$ -	$ 6,866,646	$ 6,866,646	$ -			$ 25,290,880
SCFF - Student Success Allocation - based on 18/19 Annua	$ 12,933,544	$ 12,933,544	$ -	$ 6,992,518	$ 6,992,518	$ -			$ 19,926,062
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 112,689,216	$ 91,526,307	$ 21,162,909	$ 52,161,672	$ 42,274,826	$ 9,886,846			$ 164,850,888
18/19 COLA - 2.71%	$ 3,237,685	$ 2,664,170	$ 573,515	$ 1,229,774	$ 961,841	$ 267,934			$ 4,467,459
19/20 COLA - 3.26%	$ 3,773,225	$ 3,064,617	$ 708,607	$ 1,746,553	$ 1,415,507	$ 331,046			$ 5,519,778
Deficit Coefficient (0.656%)	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 119,700,126**	**$ 97,255,094**	**$ 22,445,031**	**$ 55,137,999**	**$ 44,652,174**	**$ 10,485,825**			**$ 174,838,125**
Percentages	*68.46%*	*55.63%*	*12.84%*	*31.54%*	*25.54%*	*6.00%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 2,825,985	$ 2,248,522	$ 577,463	$ 1,236,095	$ 976,729	$ 259,366			$ 4,062,080
State Mandate	$ 551,482	$ 551,482	$ -	$ 241,345	$ 241,345	$ -			$ 792,827
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 427,655	$ 338,006	$ 89,649	$ 187,155	$ 146,889	$ 40,266			$ 614,810
Subtotal, Other State Revenue	**$ 4,677,089**	**$ 4,009,977**	**$ 667,112**	**$ 2,100,512**	**$ 1,800,881**	**$ 299,631**			**$ 6,777,601**
TOTAL ESTIMATED REVENUE	**$ 124,377,215**	**$ 101,265,071**	**$ 23,112,144**	**$ 57,238,511**	**$ 46,453,055**	**$ 10,785,456**			**$ 181,615,726**
Percentages	*68.48%*	*55.76%*	*12.73%*	*31.52%*	*25.58%*	*5.94%*			
Less Institutional Cost Expenditures									**$ 12,070,370**
Less Net District Services Expenditures									**$ 30,571,841**
									$ 138,973,515
ESTIMATED REVENUE	**$ 95,174,240**	**$ 77,488,680**	**$ 17,685,560**	**$ 43,799,275**	**$ 35,546,175**	**$ 8,253,100**			**$ 138,973,515**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 96,317,757	$ 85,685,192	$ 10,632,565						$ 96,317,757
SCC/OEC Expenses - F/T & Ongoing				$ 47,579,128	$ 40,969,835	$ 6,609,293			$ 47,579,128
District Services Expenses - F/T & Ongoing							$ 32,499,295		$ 32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								$ 3,705,419	$ 3,705,419
Retirees Non-Instructional-local experience charge								$ 4,519,951	$ 4,519,951
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 96,317,757	$ 85,685,192	$ 10,632,565	$ 47,579,128	$ 40,969,835	$ 6,609,293	$ 32,499,295	$ 12,070,370	$ 188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUI	**$ (1,143,517)**	**$ (8,196,512)**	**$ 7,052,995**	**$ (3,779,853)**	**$ (5,423,660)**	**$ 1,643,807**			**$ (4,923,370)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 293,254	$ 293,254
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 2,448,480	$ 2,448,480	$ -	$ 4,284,472	$ 4,284,472	$ -	$ 205,000	$ 1,722,454	$ 8,660,406
ESTIMATED ENDING BALANCE FOR 6/30/20	**1,304,963**	**$ (5,748,032)**	**$ 7,052,995**	**504,619**	**$ (1,139,188)**	**$ 1,643,807**			**$ 1,809,582**

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	-	-	-	-	-	-			-
FTES - based on 18/19 Annual	74,801,834	54,944,846	19,856,988	33,078,825	24,497,900	8,580,925			107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	18,424,234	18,424,234	-	6,866,646	6,866,646	-			25,290,880
SCFF - Student Success Allocation - based on 18/19 Annua	12,933,544	12,933,544	-	6,992,518	6,992,518	-			19,926,062
Stabilization	-	-	-	-	-	-			-
Subtotal	106,159,611	86,302,623	19,856,988	46,937,990	38,357,065	8,580,925			153,097,601
18/19 COLA - 2.71%	3,281,594	2,702,158	579,436	1,185,865	935,470	250,395			4,467,459
19/20 COLA - 3.26%	3,827,477	3,111,553	715,923	1,692,301	1,382,925	309,377			5,519,778
Deficit Coefficient (0.656%)	-	-	-	-	-	-			-
Additional Student Centered Funding Formula	-	-	-	-	-	-			-
TOTAL ESTIMATED APPORTIONMENT REVENUE	**113,268,682**	**92,116,334**	**21,152,348**	**49,816,156**	**40,675,460**	**9,140,697**			**163,084,838**
Percentages	*69.45%*	*56.48%*	*12.97%*	*30.55%*	*24.94%*	*5.60%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	2,825,985	2,248,522	577,463	1,236,095	976,729	259,366			4,062,080
State Mandate	551,482	551,482	-	241,345	241,345	-			792,827
Full-Time Faculty Hiring Allocation	871,966	871,966	-	435,918	435,918	-			1,307,884
Part-Time Faculty Compensation	427,655	338,006	89,649	187,155	146,889	40,266			614,810
Subtotal, Other State Revenue	**4,677,089**	**4,009,977**	**667,112**	**2,100,512**	**1,800,881**	**299,631**			**6,777,601**
TOTAL ESTIMATED REVENUE	**117,945,771**	**96,126,310**	**21,819,460**	**51,916,668**	**42,476,340**	**9,440,328**			**169,862,439**
Percentages	*69.44%*	*56.59%*	*12.85%*	*30.56%*	*25.01%*	*5.56%*			
Less Institutional Cost Expenditures									**12,070,370**
Less Net District Services Expenditures									**30,571,841**
									127,220,228
ESTIMATED REVENUE	**88,336,703**	**71,994,793**	**16,341,910**	**38,883,525**	**31,813,094**	**7,070,431**			**127,220,228**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	96,317,757	85,685,192	10,632,565						96,317,757
SCC/OEC Expenses - F/T & Ongoing				47,579,128	40,969,835	6,609,293			47,579,128
District Services Expenses - F/T & Ongoing							32,499,295		32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								3,705,419	3,705,419
Retirees Non-Instructional-local experience charge								4,519,951	4,519,951
Property & Liability								1,970,000	1,970,000
Election								125,000	125,000
Interfund Transfer								1,750,000	1,750,000
TOTAL ESTIMATED EXPENDITURES	96,317,757	85,685,192	10,632,565	47,579,128	40,969,835	6,609,293	32,499,295	12,070,370	188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUI	**(7,981,054)**	**(13,690,399)**	**5,709,345**	**(8,695,603)**	**(9,156,741)**	**461,138**			**(16,676,657)**

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
OTHER STATE REVENUE									
Apprenticeship				3,159,472	3,159,472				3,159,472
Enrollment Fees 2%								293,254	293,254
BASE ALLOCATION	6,529,605	5,223,684	1,305,921	5,223,682	3,917,761	1,305,921			11,753,287
LOCAL REVENUE									
Non Resident Tuition	2,400,000	2,400,000		1,000,000	1,000,000				3,400,000
Interest/Investments								1,400,000	1,400,000
Rents/Leases	48,480	48,480		125,000	125,000		205,000		378,480
Proceeds-Sale of Equipment								5,000	5,000
Other Local								24,200	24,200
Subtotal, Other Local Revenue	8,978,085	7,672,164	1,305,921	9,508,154	8,202,233	1,305,921	205,000	1,722,454	20,413,693
ESTIMATED ENDING BALANCE FOR 6/30/20	**997,031**	**(6,018,235)**	**7,015,266**	**812,551**	**(954,508)**	**1,767,059**			**1,809,582**

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ 5,876,645	$ 4,570,724	$ 1,305,921	$ 5,223,682	$ 3,917,761	$ 1,305,921			$ 11,100,327
FTES - based on 18/19 Annual	$ 74,801,834	$ 54,944,846	$ 19,856,988	$ 33,078,825	$ 24,497,900	$ 8,580,925			$ 107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	$ 18,424,234	$ 18,424,234	$ -	$ 6,866,646	$ 6,866,646	$ -			$ 25,290,880
SCFF - Student Success Allocation - based on 18/19 Annua	$ 12,933,544	$ 12,933,544	$ -	$ 6,992,518	$ 6,992,518	$ -			$ 19,926,062
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 112,036,256	$ 90,873,347	$ 21,162,909	$ 52,161,672	$ 42,274,826	$ 9,886,846			$ 164,197,928
18/19 COLA - 2.71%	$ 3,232,063	$ 2,656,268	$ 575,796	$ 1,235,396	$ 966,397	$ 268,999			$ 4,467,459
19/20 COLA - 3.26%	$ 3,766,279	$ 3,054,854	$ 711,425	$ 1,753,499	$ 1,421,136	$ 332,362			$ 5,519,778
Deficit Coefficient (0.656%)	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 119,034,599**	**$ 96,584,469**	**$ 22,450,130**	**$ 55,150,566**	**$ 44,662,359**	**$ 10,488,207**			**$ 174,185,165**
Percentages	*68.34%*	*55.45%*	*12.89%*	*31.66%*	*25.64%*	*6.02%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 2,825,985	$ 2,248,522	$ 577,463	$ 1,236,095	$ 976,729	$ 259,366			$ 4,062,080
State Mandate	$ 551,482	$ 551,482	$ -	$ 241,345	$ 241,345	$ -			$ 792,827
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 427,655	$ 338,006	$ 89,649	$ 187,155	$ 146,889	$ 40,266			$ 614,810
Subtotal, Other State Revenue	**$ 4,677,089**	**$ 4,009,977**	**$ 667,112**	**$ 2,100,512**	**$ 1,800,881**	**$ 299,631**			**$ 6,777,601**
TOTAL ESTIMATED REVENUE	**$ 123,711,688**	**$ 100,594,446**	**$ 23,117,242**	**$ 57,251,078**	**$ 46,463,240**	**$ 10,787,838**			**$ 180,962,766**
Percentages	*68.36%*	*55.59%*	*12.77%*	*31.64%*	*25.68%*	*5.96%*			
Less Institutional Cost Expenditures									**$ 12,070,370**
Less Net District Services Expenditures									**$ 30,571,841**
									$ 138,320,555
ESTIMATED REVENUE	**$ 94,560,167**	**$ 76,890,290**	**$ 17,669,877**	**$ 43,760,388**	**$ 35,514,605**	**$ 8,245,783**			**$ 138,320,555**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 96,317,757	$ 85,685,192	$ 10,632,565						$ 96,317,757
SCC/OEC Expenses - F/T & Ongoing				$ 47,579,128	$ 40,969,835	$ 6,609,293			$ 47,579,128
District Services Expenses - F/T & Ongoing							$ 32,499,295		$ 32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								$ 3,705,419	$ 3,705,419
Retirees Non-Instructional-local experience charge								$ 4,519,951	$ 4,519,951
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 96,317,757	$ 85,685,192	$ 10,632,565	$ 47,579,128	$ 40,969,835	$ 6,609,293	$ 32,499,295	$ 12,070,370	$ 188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUI	**$ (1,757,590)**	**$ (8,794,902)**	**$ 7,037,312**	**$ (3,818,740)**	**$ (5,455,230)**	**$ 1,636,490**			**$ (5,576,330)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 293,254	$ 293,254
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 2,448,480	$ 2,448,480	$ -	$ 4,284,472	$ 4,284,472	$ -	$ 205,000	$ 1,722,454	$ 8,660,406
ESTIMATED ENDING BALANCE FOR 6/30/20	**690,890**	**$ (6,346,422)**	**$ 7,037,312**	**465,732**	**$ (1,170,758)**	**$ 1,636,490**			**$ 1,156,622**

RSCCD - Estimate 2019-20 Revenue Allocation Simulation for Unrestricted General Fund -- FD 11
Based on Student Centered Funding Formula - Hold Harmless Calculation 2017-18 TCR + COLA

	SAC/CEC	SAC	CEC	SCC/OEC	SCC	OEC	District Services	Institutional Cost	TOTAL
APPORTIONMENT REVENUE									
Basic Allocation	$ -	$ -	$ -	$ -	$ -	$ -			$ -
FTES - based on 18/19 Annual	$ 74,801,834	$ 54,944,846	$ 19,856,988	$ 33,078,825	$ 24,497,900	$ 8,580,925			$ 107,880,659
SCFF - Supplemental Allocation - based on 18/19 Annual	$ 18,424,234	$ 18,424,234	$ -	$ 6,866,646	$ 6,866,646	$ -			$ 25,290,880
SCFF - Student Success Allocation - based on 18/19 Annua	$ 12,933,544	$ 12,933,544	$ -	$ 6,992,518	$ 6,992,518	$ -			$ 19,926,062
Stabilization	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Subtotal	$ 106,159,611	$ 86,302,623	$ 19,856,988	$ 46,937,990	$ 38,357,065	$ 8,580,925			$ 153,097,601
18/19 COLA - 2.71%	$ 3,281,594	$ 2,702,158	$ 579,436	$ 1,185,865	$ 935,470	$ 250,395			$ 4,467,459
19/20 COLA - 3.26%	$ 3,827,477	$ 3,111,553	$ 715,923	$ 1,692,301	$ 1,382,925	$ 309,377			$ 5,519,778
Deficit Coefficient (0.656%)	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Additional Student Centered Funding Formula	$ -	$ -	$ -	$ -	$ -	$ -			$ -
TOTAL ESTIMATED APPORTIONMENT REVENUE	**$ 113,268,682**	**$ 92,116,334**	**$ 21,152,348**	**$ 49,816,156**	**$ 40,675,460**	**$ 9,140,697**			**$ 163,084,838**
Percentages	*69.45%*	*56.48%*	*12.97%*	*30.55%*	*24.94%*	*5.60%*			
OTHER STATE REVENUE									
Lottery, Unrestricted	$ 2,825,985	$ 2,248,522	$ 577,463	$ 1,236,095	$ 976,729	$ 259,366			$ 4,062,080
State Mandate	$ 551,482	$ 551,482	$ -	$ 241,345	$ 241,345	$ -			$ 792,827
Full-Time Faculty Hiring Allocation	$ 871,966	$ 871,966	$ -	$ 435,918	$ 435,918	$ -			$ 1,307,884
Part-Time Faculty Compensation	$ 427,655	$ 338,006	$ 89,649	$ 187,155	$ 146,889	$ 40,266			$ 614,810
Subtotal, Other State Revenue	**$ 4,677,089**	**$ 4,009,977**	**$ 667,112**	**$ 2,100,512**	**$ 1,800,881**	**$ 299,631**			**$ 6,777,601**
TOTAL ESTIMATED REVENUE	**$ 117,945,771**	**$ 96,126,310**	**$ 21,819,460**	**$ 51,916,668**	**$ 42,476,340**	**$ 9,440,328**			**$ 169,862,439**
Percentages	*69.44%*	*56.59%*	*12.85%*	*30.56%*	*25.01%*	*5.56%*			
Less Institutional Cost Expenditures									**$ 12,070,370**
Less Net District Services Expenditures									**$ 30,571,841**
									$ 127,220,228
ESTIMATED REVENUE	**$ 88,336,703**	**$ 71,994,793**	**$ 16,341,910**	**$ 38,883,525**	**$ 31,813,094**	**$ 7,070,431**			**$ 127,220,228**
BUDGET EXPENDITURES FOR FY 2019-20	**SAC/CEC**	**SAC**	**CEC**	**SCC/OEC**	**SCC**	**OEC**	**District Services**	**Institutional Cost**	**TOTAL**
SAC/CEC Expenses - F/T & Ongoing	$ 96,317,757	$ 85,685,192	$ 10,632,565						$ 96,317,757
SCC/OEC Expenses - F/T & Ongoing				$ 47,579,128	$ 40,969,835	$ 6,609,293			$ 47,579,128
District Services Expenses - F/T & Ongoing							$ 32,499,295		$ 32,499,295
Institutional Cost									
Retirees Instructional-local experience charge								$ 3,705,419	$ 3,705,419
Retirees Non-Instructional-local experience charge								$ 4,519,951	$ 4,519,951
Property & Liability								$ 1,970,000	$ 1,970,000
Election								$ 125,000	$ 125,000
Interfund Transfer								$ 1,750,000	$ 1,750,000
TOTAL ESTIMATED EXPENDITURES	$ 96,317,757	$ 85,685,192	$ 10,632,565	$ 47,579,128	$ 40,969,835	$ 6,609,293	$ 32,499,295	$ 12,070,370	$ 188,466,550
Percent of Total Estimated Expenditures	51.11%	45.46%	5.64%	25.25%	21.74%	3.51%	17.24%	6.40%	
ESTIMATED EXPENSES UNDER/(OVER) REVENUI	**$ (7,981,054)**	**$ (13,690,399)**	**$ 5,709,345**	**$ (8,695,603)**	**$ (9,156,741)**	**$ 461,138**			**$ (16,676,657)**
OTHER STATE REVENUE									
Apprenticeship				$ 3,159,472	$ 3,159,472				$ 3,159,472
Enrollment Fees 2%								$ 293,254	$ 293,254
BASE ALLOCATION	$ 5,876,645	$ 4,570,724	$ 1,305,921	$ 5,223,682	$ 3,917,761	$ 1,305,921			$ 11,100,327
LOCAL REVENUE									
Non Resident Tuition	$ 2,400,000	$ 2,400,000		$ 1,000,000	$ 1,000,000				$ 3,400,000
Interest/Investments								$ 1,400,000	$ 1,400,000
Rents/Leases	$ 48,480	$ 48,480		$ 125,000	$ 125,000		$ 205,000		$ 378,480
Proceeds-Sale of Equipment								$ 5,000	$ 5,000
Other Local								$ 24,200	$ 24,200
Subtotal, Other Local Revenue	$ 8,325,125	$ 7,019,204	$ 1,305,921	$ 9,508,154	$ 8,202,233	$ 1,305,921	$ 205,000	$ 1,722,454	$ 19,760,733
ESTIMATED ENDING BALANCE FOR 6/30/20	**344,071**	**$ (6,671,195)**	**$ 7,015,266**	**812,551**	**$ (954,508)**	**$ 1,767,059**			**$ 1,156,622**

Implementation

A detailed transition plan for the implementation of the new BAM should include:

- Standards and milestones for the initial year
- An evaluation process to determine if the standards and milestones have been achieved or if there is adequate progress
- A process to ensure planning is driving the budget

The 2012-2013 fiscal year is the transitional year from the old budget allocation model to the new SB 361 model. Essentially, the first year (2012-2013) of the new model is a rollover of expenditure appropriations from the prior year 2011-2012. Therefore the 2011/12 ending balance funds are used on a one time basis to cover the structural deficit spending in the 2012/13 fiscal year.

An SB 361 Budget Allocation Model Implementation Technical Committee (BAMIT) was established by the Budget Allocation and Planning Review Committee (BAPR) and began meeting in April 2012. The team included:

District Office:	
Peter Hardash	Vice Chancellor, Business Operations/Fiscal Services
John Didion	Executive Vice Chancellor
Adam O'Connor	Assistant Vice Chancellor, Fiscal Services
Gina Huegli	Budget Analyst
Thao Nguyen	Budget Analyst
Santa Ana College:	
Linda Rose	Vice President, Academic Affairs
Jim Kennedy	Interim Vice President, Administrative Services
Michael Collins	Vice President, Administrative Services
Santiago Canyon College:	
Aracely Mora	Vice President, Academic Affairs
Steve Kawa	Vice President, Administrative Services

BAMIT was tasked with evaluating any foreseeable implementation issues transitioning from the old model and to make recommendations on possible solutions.

The team spent the next five months meeting to discuss and agree on recommendations for implementing the transition to new model using a series of discussion topics. These agreements are either documented directly in this model narrative or included in an appendix if the topic was related solely to the transition year.

It was also agreed by BAMIT that any foreseen issue that would arise should be brought back to FRC for review and recommendation.

Commented [GR1]: Implementation section will be rewritten to describe the process used to understand how the model continually changed during implementation and transition.

~~Revenue Allocation~~

~~The SB 361 funding model essentially allocates revenues to the colleges in the same manner as received by the District from the State of California. This method allocates all earned revenues to the colleges.~~

Implementation

In the Spring of 2019 Rancho Santiago Community College District began the process of developing a new budget allocation model (BAM) to better align with the newly adopted Student Centered Funding Formula. On xxxxxx of 2020 the Fiscal Resource Committee (FRC) finished their work and recommended a new BAM to xxxxxxxxxx. (this will be completed with a timeline calendar once all committees have approved and Board has adoption is complete)

Timeline	Milestone

The team included the following members

District Office:	**Title**	**Representation**
Santa Ana College:		
Santiago Canyon College:		

The SCFF is in its infancy and will continue to be modified as the formula matures. This BAM should be reviewed on an annual basis by the FRC to evaluate the changes as updates are signed into law.

Other Modifications

Salary and Benefits Cost
All authorized full time and ongoing part time positions shall be budgeted with corresponding and appropriate fixed cost and health and welfare benefits. Vacant positions will be budgeted at the beginning of the fiscal year or when newly created at the ninth place ranking level (Class VI, Step 12) for full-time faculty and at the mid-level for other positions (ex. Step 3 for CSEA, Step 4 for Management, and AA step 6 for teachers and BA step 6 for master teachers in child development), with the district's average cost for the health and welfare benefits by employee group. The full cost of all positions, regardless of the budgeted amount, including step and column movement costs, longevity increment costs and any additional collective bargaining agreement costs, will be charged to the particular Budget Center. The colleges are responsible for this entire cost, including any increases or adjustments to salary or benefits throughout the year. If a position becomes vacant during a fiscal year, the Budget Center has the discretion to move unused and available budget from the previous employee's position for other one-time costs until filled or defunded. Any payoffs of accrued vacation, or any additional costs incurred at separation from employment with the district, will be borne by the particular Budget Center. When there is a vacancy that won't be filled immediately, Human Resources should be consulted as to how long it can remain vacant. The colleges should also consult Human Resources regarding the FON when recommending to defund faculty positions.

Grants/Special Projects
Due to the timeliness issues related to grants, approvals rest with the respective Chancellor's Cabinet member, through established processes, in all cases except for Economic Development grants in which a new grant opportunity presents itself which requires an increase to the District Office budget due to match or other unrestricted general fund cost. In these cases, the grant will be reviewed by Chancellor's Cabinet with final approval made by the Chancellor.

Some grants allow for charges of indirect costs. These charges will accumulate by Budget Center during each fiscal year. At fiscal ~~year end~~year-end, once earned, each college will be allocated 100% of the total indirect costs earned by that college and transferred into Fund 13 the following year to be used for one-time expenses. The indirect costs earned by district projects will roll into the institutional ending fund balance with the exception of the District Educational Services grants. In order to increase support services and resources provided to the colleges and to acknowledge the additional costs associated with administering grants, any accumulated indirect costs generated from these grants will be distributed as follows: 25% will roll into the institutional ending fund balance, 25% will offset the overall District Services expenditures in that given year, and 50% will carryover specifically in a Fund 13 account under Educational Services to be used for one-time expenses to increase support services to the colleges.

It is the district's goal to fully expend grants and other special project allocations by the end of the term, however sometimes projects end with a small overage or can be under spent. For any overage or allowable amount remaining, these amounts will close into the respective Budget Center's Fund 13 using 7200 transfers.

Banked LHE Load Liability
Beginning in 2012/13, the liability for banked LHE will be accounted for in separate college accounts. The cost of faculty banking load will be charged to the college during the semester the course is taught and added to the liability. When an instructor takes banked leave, they will be paid their regular salary and district office will make a transfer from the liability to the college 1300 account to pay the backfill cost of teaching the load. A college cannot permanently fill a faculty position at the time someone takes their final year or semester off before retirement. Filling a vacancy cannot occur until the position is actually vacant. In consultation with Human Resources and Fiscal Services, a college can request to swap another faculty vacancy they may have in another discipline or pay the cost differential if they determine programmatically it needs to be filled sooner.

This method will appropriately account for the costs of each semester offerings and ensure an appropriate liability. Although the liability amounts will be accounted for by college, only District Fiscal Services will be able to make transfers from these accounts. Each year end a report will be run to reconcile the total cost of the liability and to determine if any additional transfers are required. T~~, t~~he college~~s~~ will be charged for the differences.

Other Possible Strategic Modifications
Summer FTES
The 3-year average for credit FTES has severely reduced the effectiveness of the "summer shift," nevertheless, ~~T~~there may be times when it is in the best financial interest of the District to shift summer FTES between fiscal years. When this occurs, the first goal will be to shift FTES from both colleges in the same proportion as the total funded FTES for each of the colleges. If this is not possible, then care needs to be exercised to ensure that any such shift does not create a disadvantage to either college. If a disadvantage is apparent, then steps to mitigate this occurrence will be addressed by the FRC.

Borrowing of summer FTES is not a college-level decision, but rather it is a District-level determination. It is not a mechanism available to individual colleges to sustain their internal FTES levels.

Long-Term Plans
Colleges: Each college has a long-term plan for facilities and programs. The District Chancellor, in consultation with the Presidents, will evaluate additional funding that may accrue to the colleges beyond what the model provides. The source of this funding will also have to be identified.

Santa Ana College (SAC) utilizes the Educational Master Plan in concert with the SAC Strategic Plan to determine the long-term plans for the college. Long-term facilities plans are outlined in the latest Facilities Master Plan, and are rooted in the Educational Master Plan. SAC links planning to budget through the use of the SAC Comprehensive Budget Calendar, which includes planning milestones linked to the college's program review process, Resource Allocation Request (RAR) process, and to the District's planning and budget calendar. As a result of the Program Review Process, resource allocation needs are requested via the RAR process, which identifies specific resources required to achieve specific intended outcomes. The budget augmentation requests are then prioritized at the department, division, and area level in accordance with established budget criteria. The college's Planning and Budget Committee reviews the prioritized RARs, and they are posted to the campus Planning and Budget web page for the campus community to review. As available resources are realized, the previously prioritized RAR are funded.

At Santiago Canyon College (SCC), long-term plans are developed similarly to short-term plans, and exist in a variety of interconnected processes and documents. ~~Department Planning Portfolios (DPP) and~~ Program Reviews are the root documents that form the college's Educational Master Plan and serve to align planning with resource allocation. The allocation of resources is determined through a formal participatory governance process. The Planning and Institutional Effectiveness (PIE) committee is the participatory governance committee that is charged with the task of ensuring resource allocation is tied to planning. Through its planning cycle, the PIE committee receives resource requests from all college units and ensures that each request aligns with the college mission, college goals, and program reviews~~, and DPPs~~. All requests are then ranked by the PIE committee, placed on a college-wide prioritized list of resource requests, and forwarded to the college budget committee for review. If the budget committee identifies available funds, those funds are noted on the prioritized list, and sent back to the PIE committee. The PIE committee then forwards the prioritized list, along with the budget committee's identification of available funds, to College Council for approval of the annual budget.

District Services: District Services and Institutional Costs may also require additional funding to implement new initiatives in support of the colleges and the district as a whole. POE will evaluate budget augmentation requests and forward a recommendation to District Council. District Council may then refer such requests to FRC for funding consideration.

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Full-Time Faculty Obligation Number (FON)

To ensure that the District complies with the State required full-time Faculty Obligation Number (FON), the District Chancellor~~-~~ will establish a FON for each college. Each college ~~shall be~~is required to fund at least that number of full-time faculty positions. ~~If the~~When a District falls below the FON ~~and is penalized~~a replacement cost penalty is required to be paid to the state.~~,~~ T~~t~~he amount of the ~~penalty~~ replacement cost will be deducted from the revenues of the college(s) ~~causing~~ incurring the penalty. FRC, along with the District Enrollment Management Committee, should regularly review the FON targets and actuals ~~and~~ to determine if any budget adjustment is necessary. If an adjustment is needed, FRC should develop a proposal and forward it to POE Committee for review and recommendation to the District Chancellor.

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Budget Input

Using a system for Position Control, Fiscal Services will budget 100% of all regular personnel cost of salary and benefits, and notify the Budget Centers of the difference between the computational total budget from the Budget Allocation Model and the cost of regular personnel. The remaining line item budgets will roll over from one year to the next so the Budget Centers are not required to input every line item. The Budget Centers can make any allowable budget changes at their discretion and will also be required to make changes to reconcile to the total allowable budget per the model.

Resource Allocation

Resource allocations align with the RSCCD Mission Statement and link RSCCD Goals and RSCCD Objectives to the resources needed to accomplish these institutional goals. ~~(Standard I.B.3., Standard I.B.4., Standard III.D.3.)~~

Generally speaking, the goals and objectives at both district and college levels reflect the district's commitment to its mission. Therefore, the purpose of resource allocations is to fund the programs and services that both directly and indirectly promote student success.

The budget development process begins with the development of budget assumptions. The budget assumptions are the foundation for the budget development process and guide the allocation of resources. Information from a variety of sources is considered in the development of the budget assumptions, including but not limited to:

- **RSCCD Goals and RSCCD Objectives;**
- **Priorities identified by the district's participatory governance committees that have been vetted and approved by the District Council;**
- **A review of the effectiveness of the prior year's resource allocations;**
- **Maintenance of appropriate reserves for contingencies and economic uncertainties;**
- **Mandates from external agencies; and**
- **Plans for payment of liabilities and future obligations, such as retiree health benefits, STRS, and PERS.**

Budget assumptions are categorized into the following three types: general, revenue, and expenditure. General assumptions describe broad agreements, such as the revenue allocation model and the level of the reserve. Revenue assumptions summarize the current status of anticipated revenue, such as cost-of-living adjustments, growth and state apportionment. Expenditure assumptions provide projected costs of contractual agreements and required budget reductions if any.

RSCCD's ~~three~~ four budget centers are Santa Ana College, Santiago Canyon College, ~~and~~ District Office ~~Services~~, and Districtwide Services. These entities have the autonomy and responsibility to provide appropriate programs and services that support achievement of the RSCCD Goals and RSCCD Objectives as well as their respective institutional goals, objectives, and initiatives.

The RSCCD Revenue Allocation Model is patterned after the community college funding protocols established in the Student Center Funding Formula ~~SB361~~. Revenue is allocated to the colleges based upon these parameters except for an allocation to support centralized services. Any proposed changes to the allocation for District Office and District-wide services is reviewed by the Fiscal Resources Committee and recommended to the District Council and Chancellor.

Beyond the expenditures determined through district-wide collaboration, each budget center develops individual budgets for expenditures from general fund and categorical revenue in the following categories:

- **Salaries and benefits as determined by union contracts;**
- **Supplies and materials;**
- **Services and other operating expenses, such as travel;**
- **Capital outlay, such as equipment; and**
- **Maintenance.**

Planning is linked to resource allocations in the following ways:

1. **Each budget center (Santa Ana College, Santiago Canyon College, ~~and~~ District Office ~~Services~~, and District-wide Services) has developed unique planning processes. Each set of these processes are designed so that RSCCD Goals are the basis for site planning and that the resulting plans are the basis for resource allocations within that budget center. For example, District Services relies on the RSCCD Goals to justify any requests for funding forwarded through the District Office ~~Services~~ Planning Portfolios.**

2. **The ~~five~~ four district committees (~~Planning and Organizational Effectiveness Committee,~~ Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) provide specific recommendations for resource allocations. These Budget Modification Recommendations describe initiatives that require additional, decreased, or reallocated funding and are submitted to POE ~~District Council~~ for consideration during development of the tentative budget.**

The Budget Modification Recommendation form requires the committee to justify the modification by describing how it will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

3. Once funding recommendations are received from the four ~~five~~ district committees, POE ~~District Council~~ is responsible for ensuring that resources are allocated to initiatives that contribute to the achievement of RSCCD Goals and RSCCD Objectives. To make this link between planning and resource allocation transparent, ~~District Council~~ POE uses a Budget Modification Rubric to prioritize each Budget Modification Recommendation based on the extent to which it is aligned with current RSCCD Goals and RSCCD Objectives and/or is justified by health or safety concerns. POE ~~District Council~~ then assigns the FRC ~~Chancellor's Cabinet~~ to review and recommend the source and use of funds for the prioritized recommendations, including contributions from the other budget centers and/or the re-allocation of funds. District Council reviews and acts on the proposal.

4. To provide the opportunity for Board oversight ~~of the RSCCD Goals,~~ when the tentative and final budgets are presented to the Board each June, the presentation includes a review of the RSCCD Mission Statement, ~~and the~~ RSCCD Goals and RSCCD Objectives as well as the identification of specific budget items that directly relate RSCCD Goals and RSCCD Objectives where appropriate.

5. To ensure effective allocation of resources, this process shall be reviewed annually by POE.

Process for Allocating Resources

October ~~(February)~~

Board of Trustees' annual planning meeting includes a review and discussion of progress toward achieving RSCCD Goals, data on the 12 Measures of Success, and other assessments.

January

Board of Trustees and District Council review the Governor's proposed state budget.

Fiscal Resources Committee draft general and revenue budget assumptions and forward these to the District Council for review and input.

Through the spring, the Fiscal Resources Committee monitors changes in the forecasts for state allocations and revises the general and revenue budget assumptions as warranted. Any changes are submitted to the District Council for review and input.

March – April

Budget Centers receive tentative revenue allocations for the coming fiscal year based on the RSCCD Revenue Allocation Model and develop a tentative budget for that site.

April

The ~~five~~ district committees (~~Planning and Organizational Effectiveness Committee,~~ Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) provide draft expenditure assumptions as well as complete Budget Modification Recommendations for initiatives that require additional resources. The Budget Modification Recommendation form requires the committee to justify the recommendation by describing how the initiative will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

The ~~five~~ four district committees submit the Budget Modification Recommendations to ~~District Council~~ POE.

POE ~~District Council~~ prioritizes the Budget Modification Recommendations using the Budget Modification Rubric.

May

Co-chairs of the Fiscal Resources Committee revise the draft tentative budget and the revenue budget assumptions as needed based on changes to the proposed state budget and submit the revised tentative budget to District Council.

District Council revises the tentative budget as needed following their review of (i) the Governor's changes to the proposed state budget, (ii) revisions to the revenue budget assumptions if any, and (iii) the draft expenditure budget assumptions and (iv) Budget Modification Recommendations. ~~District Council prioritizes the Budget Modification Recommendations using the Budget Modification Rubric.~~ Highest priority is given to Budget Modification Recommendations that are linked to RSCCD Goals and RSCCD Objectives.

June

The tentative budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as the identification of specific budget items that directly relate RSCCD Goals and RSCCD Objectives where appropriate.

July – August

District Council reviews changes that impact the tentative budget and recommends revisions to the proposed budget as warranted.

September

The Vice Chancellor of Business Operations and Fiscal Services prepares the final budget as determined by District Council and directed by the Chancellor.

The final budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as identifying specific budget items that directly relate to RSCCD Goals and RSCCD Objectives.

Resource Allocation

Resource allocations align with the RSCCD Mission Statement and link RSCCD Goals and RSCCD Objectives to the resources needed to accomplish these institutional goals. (Standard I.B.3., Standard I.B.4., Standard III.D.3.)

Generally speaking, the goals and objectives at both district and college levels reflect the district's commitment to its mission. Therefore, the purpose of resource allocations is to fund the programs and services that both directly and indirectly promote student success.

The budget development process begins with the development of budget assumptions. The budget assumptions are the foundation for the budget development process and guide the allocation of resources. Information from a variety of sources is considered in the development of the budget assumptions, including but not limited to:

- RSCCD Goals and RSCCD Objectives;
- Priorities identified by the district's participatory governance committees that have been vetted and approved by the District Council;
- A review of the effectiveness of the prior year's resource allocations;
- Maintenance of appropriate reserves for contingencies and economic uncertainties;
- Mandates from external agencies; and
- Plans for payment of liabilities and future obligations, such as retiree health benefits, STRS, and PERS.

Budget assumptions are categorized into the following three types: general, revenue, and expenditure. General assumptions describe broad agreements, such as the revenue allocation model and the level of the reserve. Revenue assumptions summarize the current status of anticipated revenue, such as cost-of-living adjustments, growth and state apportionment. Expenditure assumptions provide projected costs of contractual agreements and required budget reductions if any.

RSCCD's three budget centers are Santa Ana College, Santiago Canyon College, and District Services. These entities have the autonomy and responsibility to provide appropriate programs and services that support achievement of the RSCCD Goals and RSCCD Objectives as well as their respective institutional goals, objectives, and initiatives. In addition, RSCCD budgets for Institutional Costs that include districtwide expenses such as retiree health benefits, property and liability insurance and interfund transfers.

The RSCCD Revenue Allocation Model is patterned after the community college funding protocols established in SB 361. Revenue is allocated to the colleges based upon these parameters except for an allocation to support centralized services. Any proposed changes to the allocation for district-wide services is reviewed by the Fiscal Resources Committee and recommended to the District Council and Chancellor.

Beyond the expenditures determined through district-wide collaboration, each budget center develops individual budgets for expenditures from general fund and categorical revenue in the following categories:

- Salaries and benefits as determined by union contracts;
- Supplies and materials;
- Services and other operating expenses, such as travel;
- Capital outlay, such as equipment; and
- Maintenance.

Planning is linked to resource allocations in the following ways:

1. Each budget center (Santa Ana College, Santiago Canyon College, and District Services) has developed unique planning processes. Each set of these processes are designed so that RSCCD Goals are the basis for site planning and that the resulting plans are the basis for resource allocations within that budget center. For example, District Services relies on the RSCCD Goals to justify any requests for funding forwarded through the District Services Planning Portfolios.
2. The five district committees (Planning and Organizational Effectiveness Committee, Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) provide specific recommendations for resource allocations. These Budget Modification Recommendations

describe initiatives that require additional, decreased, or reallocated funding and are submitted to District Council for consideration during development of the tentative budget. The Budget Modification Recommendation form requires the committee to justify the modification by describing how it will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

3. Once funding recommendations are received from the five district committees, District Council is responsible for ensuring that resources are allocated to initiatives that contribute to the achievement of RSCCD Goals and RSCCD Objectives. To make this link between planning and resource allocation transparent, District Council uses a Budget Modification Rubric to prioritize each Budget Modification Recommendation based on the extent to which it is aligned with current RSCCD Goals and RSCCD Objectives and/or is justified by health or safety concerns. District Council then assigns the Chancellor's Cabinet to review and recommend the source and use of funds for the prioritized recommendations, including contributions from the other budget centers and/or the re-allocation of funds. District Council reviews and acts on the proposal.
4. To provide the opportunity for Board oversight of the RSCCD Goals, when the tentative and final budgets are presented to the Board each June, the presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as the identification of specific budget items that directly relate RSCCD Goals and RSCCD Objectives where appropriate.

Process for Allocating Resources

January

Board of Trustees, Fiscal Resources Committee and District Council review the Governor's proposed state budget.

Through the spring, the Fiscal Resources Committee monitors changes in the forecasts for state allocations and revises the general and revenue budget assumptions as warranted. Any changes are submitted to the District Council for review and input.

February

Fiscal Resources Committee drafts tentative general and revenue and expenditure budget assumptions and forwards these to the District Council for review and input.

March – April

District Council reviews the budget assumptions and the Board of Trustees adopt them.
Budget Centers receive tentative revenue allocations for the coming fiscal year based on the RSCCD Revenue Allocation Model and develop a tentative budget for that site.

April

The five district committees (Planning and Organizational Effectiveness Committee, Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) provide draft expenditure assumptions as well as complete Budget Modification Recommendations for initiatives that require additional resources. The Budget Modification Recommendation form requires the committee to justify the recommendation by describing how the initiative will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

The five district committees submit the Budget Modification Recommendations to District Council.

May

Co-chairs of the Fiscal Resources Committee revise the draft tentative budget and the revenue budget assumptions as needed based on changes to the proposed state budget and submit the revised tentative budget to District Council.

District Council revises the tentative budget as needed following their review of (i) the Governor's changes to the proposed state budget, (ii) revisions to the revenue budget assumptions if any, and (iii) the draft expenditure budget assumptions and (iv) Budget Modification Recommendations. District Council prioritizes the Budget Modification Recommendations using the Budget Modification Rubric. Highest priority is given to Budget Modification Recommendations that are linked to RSCCD Goals and RSCCD Objectives.

June

The tentative budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as the identification of specific budget items that directly relate RSCCD Goals and RSCCD Objectives where appropriate.

July – August

Fiscal Resources Committee reviews and updates the budget assumptions in July, reviews the draft proposed adopted budget in August and the forwards it to District Council for review and input.

District Council reviews changes that impact the ~~tentative~~ budget and recommends revisions to the proposed adopted budget as warranted.

September

The Vice Chancellor of Business Operations and Fiscal Services prepares the final proposed adopted budget as determined by District Council and directed by the Chancellor.

The final budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as identifying specific budget items that directly relate to RSCCD Goals and RSCCD Objectives.

Vacant Funded Positions as of 04/6/2020 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Birk, John	5HR-UF-DIR	Director, Information System	Retirement	District	7/11/2019	Dept. submitted BCF#BC00063E reducing salary acct by $38,700. Richard Sturrus#1357716 WOC 9/16/20-6/30/2020	181,585	
11	Bland, Antoinette	5SAFE-UF-CHIEF	Chief, District Safety & Security	Retirement	District	12/10/2018	CL20-1387 Michael Toledo#1446793 Interim Assignment 7/1/19-6/30/20. Board docket 8/12/2019	214,502	542,494
11	Iannaccone, Judith	5PAG-UF-DIR	Director, Public Affairs & Publications	Retirement	District	8/31/2018	Dept. submitted BCFs B026318 $18,040 & B026308 $70,000 & $54,000 to 11-0000-671000-52200-5100	53,509	
50%-fd 11 50%-fd 12	Santoyo, Sarah	5RDEV-UF-DIRX	Executive Director Resource Development	Promotion	District	1/28/2019	Dept. submitted BCF#B026536 $1,000 BCF#BC000D23 reducing $3,547	92,898	
11	New-Assistant Professor of Physics AC19-0720				SAC		Per site, effective FY2020-21 vacancy will be used to shift McKenna-Sallade, Dawn from FD12 to FD11. AC19-0720 Professor of Physics was not hired, redirected to Performing Arts BMPR20111 (11-0000-100600-15560-1110)	143,273	
11	Argo, Rosemary A.	1FIRE-FF-IN	Instructor, Fire Technology	Retirement	SAC	12/13/2019		70,628	
50%-fd 11 50%-fd 12	Aguilar Beltran, Maria J.	1ASMT-NF-CORD	Coordinator, Testing	Change of Position	SAC	2/3/2020	For FY2020-21 site is **defunding** fund 11 (50%) salary and benefits as part of Phase 1 Reductions. FY2019-20 Deleting assignment of Coordinator,Testing to add Coordinator,Student Equity Faculty at 100% in 12-2549-649000-15051-1250	34,061	
11	Brown, Laurence	1CMST-FF-IN	Instructor, Comm Studies	Retirement	SAC	6/7/2019	AC19-0805 Dept. submitted BCF# B026312 Cover Ray Hicks salary	-	
11	Budarz, Timo	1PHYS-FF-IN	Instructor, Physics	Resignation	SAC	10/26/2018	AC19-0802 Alexander Natale#2460293 hired as a temporary long term sub effective 2/3/2020. Per H/R will receive HMO single benefits only	143,273	
11	Dominguez, Gary M.	1FIAC-AF-DIR	Director, Fire Instruction	Retirement	SAC	8/23/2019	Interim Assignment 8/19/19-06/30/20 Michael Busch#1027462	98,795	
11	English, Noemi	1DSL-FF-IN	Instructor, Automotive Technology/Engine	Resignation	SAC	10/8/2018	AC19-0804	143,273	
11	Fernandez, Joseph E.	1NURS-FF-IN	Nursing Instructor	Resignation	SAC	8/12/2019		149,078	
11	Gallego Jr, Robert	1CNSL-NF-CN1	Counselor	Retirement	SAC	1/31/2020	Per Department Dean, Reymundo Robledo#1026765 filling vacancy for Spring2020 only	68,467	
11	Giroux, Regina	1NURS-FF-IN	Instructor, Nursing	Retirement	SAC	12/15/2018	Dept submitted BCF#BC000SNX $17,409 AC19-0801	131,780	
11	Holder, Vera M.	1CMST-FF-IN	Instructor, Communication Studies	Retirement	SAC	6/7/2019		176,700	
11	Jaffray, Shelly C.	1HSS-AF-DN	Dean, Humanities & Social Sciences	Retirement	SAC	6/30/2019	AC20-0807. Interim Assignment Javier Galvan#1027584 8/19/19-6/30/2020	258,749	2,670,859
11	Jenkins, Robert B.	11AEI-FF-IN	Professor/Coordinator ESL	Retirement	SAC	5/22/2020		-	
11	Montes, Agustin	1ECON-FF-IN	Instructor, Economics	Retirement	SAC	6/9/2020		-	
11	Mahany, Donald	1FIAC-AF-DNAC1	Associate Dean, Fire Technology	Retirement	SAC	1/2/2020	AC19-0790	94,534	
11	Miller, Rebecca	1SMHS-AF-DNAC	Associate Dean, Health Science/Nursing	Retirement	SAC	6/30/2020	AC19-0794	-	
50%-fd 11 50%-fd 12	Ortiz, Fernando	1ACA-NF-CORD9	Coordinator, Guided Pathways	Promotion	SAC	4/1/2019	For FY2020-21 site is **defunding** fund 11 (50%) salary and benefits as part of Phase 1 Reductions. FY2019-20 Dept submitted BCF#BC00084L reduced account $6,153	65,483	
11	Parolise, Michelle R.	1OTA-NF-CORD	Coordinator, OTA Program	Retirement	SAC	8/7/2019		149,054	
11	Sadler, Dennis	1CNSL-NF-CN1	Counselor/Instructor	Retirement	SAC	6/30/2019	Dept.submitted BCF#BCUP418TIC reducing$93,254, Dept. submitted BCF#BCOTJSGEYW reducing account by $24,116. AC19-0770	37,672	
11	Psychologist		Psychologist, Health Services		SAC	7/1/2019	NEW AC19-0719 psychologist	155,479	
11	Serrano, Maximiliano H.	1AUTO-FF-IN	Instructor, Automotive Technology	Resignation	SAC	10/5/2018	AC19-0802	143,273	
11	Sherod, Susan M.	1ENGR-FF-IN	Engineering Instructor	Retirement	SAC	6/30/2019		167,199	
11	Sneddon, Marta	1CJA-FF-IN	Instructor, CJ/Fire Academy	Retirement	SAC	6/8/2019		143,273	
11	Waterman, Patricia J.	1ART-FF-IN	Instructor, Art	Retirement	SAC	6/9/2019		153,541	
11	Wright, George	1CJ-FF-IN	Instructor, Criminal Justice	Retirement	SAC	12/15/2018		143,273	
11	Arteaga, Elizabeth	2CAR-AF-DNAC	Associate Dean, Business and Career Technical Education	Promotion	SCC	2/24/2020		64,068	
11	Brooks, Debra A.	2ERTH-FF-IN	Instructor Earth & Space Science	Retirement	SCC	1/3/2020	AC19-0799	84,753	
11	Carrera, Cheryl	2MATH-FF-IN	Instructor, Math	Retirement	SCC	12/15/2019	AC19-0796	90,193	
11	Coto, Jennifer	2CG-NF-CORD	Coordinator, Hispanic Serving Institution	Change of Position	SCC	7/23/2019	AC19-0803	189,816	697,009
11	Geissler, Joseph	2LIB-NF-LIB	Librarian	Deceased	SCC	3/9/2019	AC19-0797	143,273	
11	Moore, Kathleen V.	2MATH-FF-IN	Instructor, Math	Retirement	SCC	6/6/2020	AC19-0806	-	
11	Nguyen, Steven	2CHEM-FF-IN	Chemistry Instructor	Resignation	SCC	8/19/2019	AC19-0795	124,905	
11	Wong, Lana	2LIB-NF-LIB	Librarian	Retirement	SCC	6/5/2020	AC19-0798	-	
								3,910,362	

Fund	Classified	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Andrade Cortes, Jorge L.	5ACCT-CF-ANYS	Senior Accounting Analyst	Resignation	District	9/27/2019	BCF#BCOXWGYV2Z $66,549 to 11-2390-657000-54146-5560 & BCF#BCSOZDWAPJ $249 to 11-0000-675000-54212-5215 & BCF#BCQDYJFR9P $330.00 to 11-0000-672000-54212-4610 $200 & 11-0000-672000-54213-4610 $130.Dept submitted BCF#BCMX75HJ8Y $4113 move to AP#54213 and BCF#BCQ6YBNWCV $830 to 11-0000-675000-54212-5210	32,450	
11	Bennett, Laura D.	5PUR-CF-BUYR2	Buyer	Resignation	District	9/13/2019	Danielle Reynolds WOC 12/21/19-3/31/20 CL19-1373	85,632	
11	Clarke, Roger K.	5SSP-CF-DSO19	District Safety Officer	Retirement	District	3/1/2020		24,805	
11	Intermediate Clerk		Intermediate Clerk	REORG#1193	District	7/4/2019	Intermediate Clerk REORG#1193(BMPR20096) AB Assumption III-L HR Request	53,472	482,271
11	Knorr, David G.	5YSP-CF-DSO11	District Safety Officer	Resignation	District	5/1/2020		8,976	
11	Medrano, Miranda M.	5GCOM-CF-GRPH2	Graphic Designer	Termination	District	3/24/2020		59,780	
11	Montanez, Jesse	5SSP-CM-DSO5	District Safety Officer	Termination	District	9/24/2019		18,057	

Vacant Funded Positions as of 04/6/2020 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Nguyen, James V.	5DMC-CF-CUSR	Senior Custodian/Utility Worker	Probational Dismissal	**District**	8/6/2019	WOC Vicente Nieto#1988380 Dept. submitted BCF#BC0009Z8 $3,290	56,853	
11	Pita, Lazaro R.	5YSP-CM-DSO5	District Safety Officer	Resignation	**District**	11/23/2019		13,486	
11	Tran, Melissa P.	5ACCT-CF-ACTS4	Senior Accountant	Lateral Transfer	**District**	1/6/2020	WOC Kevin Bui#2381824 1/1/20-4/30/20	67,793	
11	Yamoto, Sec. Stephanie	5FACL-CF-SPFP	Facility Planning Specialist	Resignation	**District**	8/26/2019	CL19-1334 Dept. submitted BCF#BC000ZZV reducing accts by $47,646	60,967	
70%-fd 11 30%-fd 12	Adame, Patricia A.	10AD-CF-SECA2	Administrative Secretary	Retirement	**CEC**	12/30/2019	CL19-1359	37,576	
11	Benavides, Ricardo	1CUST-CF-CUS4	Custodian	Retirement	**SAC**	1/15/2020		39,279	
11	Cordova, Monica M.	1KNIA-CF-TT2	Athletic Trainer/ Therapist	Resignation	**SAC**	1/17/2020	CL20-1388	41,264	
11	Crawford, Jonathan A.	1GRDS-CM-WKR2	P/T Gardener/Utility Worker	Resignation	**SAC**	6/25/2019	CL19-1309 Budget in account 11-0000-696000-17300-2310 Reorg#1095	26,131	
25%-fd 11 75%-fd 12	Fernandez Gonzalez, Irma	1EOPS-CF-ASCN1	Counseling Assistant	Medical Layoff	**SAC**	2/14/2020		7,849	
11	McAdam, Justin M.	1GRDS-CF-WKR8	Gardener/Utility Worker	Promotion	**SAC**	2/18/2020		28,357	
35%-fd 11 65%-fd 31	Miranda Zamora, Cristina	1AUX-CF-SPAS3	Auxiliary Services Specialist	Promotion	**SAC**	11/19/2019		16,205	**397,970**
40%-fd 11 60%-fd 12	Nguyen, Cang D.	1ASMT-CF-TECH4	Instructional Center Technician	Retirement	**SAC**	12/29/2019		18,377	
11	Shirley, Jacqueline K.	1CNSL-CF-CLIN	Intermediate Clerk	Retirement	**SAC**	2/27/2020	CL20-1396	55,821	
11	Tapia, Manuel J.	1MAIN-CF-WKR7	Skilled Maintenance Worker	Resignation	**SAC**	2/7/2020		36,655	
11	Tuon, Sophanareth	1CUST-CF-CUSR1	Senior Custodian/Utililty Worker	Promotion	**SAC**	11/7/2019	CL19-1365	70,244	
11	Valencia, Jennifer	1ADV-CF-SECA	Administrative Secretary	Promotion	**SAC**	2/2/2020	Dept submitted BCF#BC5N9BMAQ0 $20,187 to 11-0000-709000-11300-2320&3335	20,209	
14%-fd 11 86%-fd 12	Berganza, Leyvi C	20SS-CF-SPOR1	High School & Community Outreach Specialist	Promotion	**OEC**	3/19/2017		13,847	
11	Gitonga, Kanana	2INTL-CF-CORD	International Student Coordinator	Retirement	**SCC**	1/31/2019	Dept submitted BCF#BCTO1JZ54H $66,225 to (11-0000-679000-27105-5610,11-0000-677000-2715-5715,11-0000-651000-27400-5100)	16,778	**66,392**
11	Tran, Kieu-Loan T.	2ADM-CF-SPC3	Admission Records Specialist III	Promotion	**SCC**	3/1/2020	Katherine James#2255913 WOC 3/2/20-to-6/5/20	35,767	
								946,633	
TOTAL								**4,856,995**	

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2019-2020 Expenditures	FY 2019-2020 Encumbrances	Cumulative Exp & Enc	Project Balance	% Spent
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3035/ 3056	Johnson Student Center	59,442,126	12,097,425	19,116,234	24,736,339	55,949,998	3,492,128	94%
	Agency Cost		477,737	1,156	5,349	484,243		
	Professional Services		3,710,137	1,088,369	2,373,068	7,171,574		
	Construction Services		7,909,551	17,974,011	22,322,693	48,206,254		
	Furniture and Equipment		-	52,698	35,229	87,927		
3049	Science Center & Building J Demolition	70,480,861	38,623,078	15,245,330	6,102,355	59,970,762	10,510,099	85%
	Agency Cost		427,263	-	1,696	428,959		
	Professional Services		7,089,932	1,047,289	1,462,471	9,599,693		
	Construction Services		31,105,882	13,943,384	3,449,051	48,498,316		
	Furniture and Equipment		-	254,657	1,189,137	1,443,793		
	TOTAL ACTIVE PROJECTS	**129,922,987**	**50,720,503**	**34,361,563**	**30,838,694**	**115,920,760**	**14,002,227**	**89%**
CLOSED PROJECTS								
3032	Dunlap Hall Renovation	12,620,659	12,620,659	-	-	12,620,659	0	100%
	Agency Cost		559	-		559		
	Professional Services		1,139,116	-	-	1,139,116		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	57,266,535	57,266,535	-	-	57,266,535	0	100%
	Agency Cost		416,740	-	-	416,740		
	Professional Services		9,593,001	-	-	9,593,001		
	Construction Services		47,216,357	-	-	47,216,357		
	Furniture and Equipment		40,437	-	-	40,437		
3043	17th & Bristol Street Parking Lot	198,141	198,141	-	-	198,141	0	100%
	Agency Cost		16,151	-	-	16,151		
	Professional Services		128,994	-	-	128,994		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
	TOTAL CLOSED PROJECTS	**70,085,335**	**70,085,334**	-	-	**70,085,334**	**0**	**100%**
	GRAND TOTAL ALL PROJECTS	**200,008,322**	**120,805,837**	**34,361,563**	**30,838,694**	**186,006,095**	**14,002,227**	**93%**

SOURCE OF FUNDS	
ORIGINAL Bond Proceeds	198,000,000
Interest Earned	2,008,322
Totals	**200,008,322**

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2019-20, 2018-19, 2017-18
YTD Actuals- March 31, 2020

FY 2019/2020	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$38,759,045	$46,756,827	$39,862,144	$42,643,395	$31,406,449	$32,285,576	$51,748,699	$45,396,731	$27,256,431	$27,753,832	$27,753,832	$27,753,832
Total Revenues	18,530,608	6,957,617	17,893,333	6,103,920	18,289,460	35,095,906	8,486,077	1,438,315	15,039,601	0	0	0
Total Expenditures	10,532,826	13,852,300	15,112,081	17,340,866	17,410,333	15,632,783	14,838,045	19,578,616	14,542,200	0	0	0
Change in Fund Balance	7,997,782	(6,894,683)	2,781,251	(11,236,947)	879,127	19,463,123	(6,351,968)	(18,140,301)	497,401	0	0	0
Ending Fund Balance	46,756,827	39,862,144	42,643,395	31,406,449	32,285,576	51,748,699	45,396,731	27,256,431	27,753,832	27,753,832	27,753,832	27,753,832

FY 2018/2019	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$37,903,213	$41,275,963	$35,157,531	$35,434,499	$27,561,284	$25,844,907	$39,405,066	$39,371,921	$28,793,164	$28,369,733	$39,111,613	$30,603,274
Total Revenues	12,626,143	6,732,548	14,600,385	7,442,505	17,105,605	29,957,387	14,004,082	6,570,808	15,379,629	26,037,945	9,298,822	31,999,654
Total Expenditures	9,253,392	12,850,980	14,323,417	15,315,721	18,821,982	16,397,228	14,037,228	17,149,564	15,803,060	15,296,065	17,807,162	23,843,882
Change in Fund Balance	3,372,750	(6,118,432)	276,968	(7,873,215)	(1,716,377)	13,560,159	(33,145)	(10,578,756)	(423,431)	10,741,880	(8,508,340)	8,155,771
Ending Fund Balance	41,275,963	35,157,531	35,434,499	27,561,284	25,844,907	39,405,066	39,371,921	28,793,164	28,369,733	39,111,613	30,603,274	38,759,045

FY 2017/2018	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$35,254,317	$40,165,384	$34,555,513	$34,261,380	$26,080,179	$27,224,885	$42,521,590	$43,680,834	$33,946,676	$32,674,972	$35,963,224	$26,790,583
Total Revenues	13,230,747	6,401,471	13,730,226	7,947,537	17,388,889	29,510,148	14,345,552	4,546,656	15,319,442	17,749,412	6,431,657	38,131,074
Total Expenditures	8,319,680	12,011,343	14,024,358	16,128,738	16,244,183	14,213,443	13,186,308	14,280,814	16,591,146	14,461,160	15,604,298	27,018,444
Change in Fund Balance	4,911,068	(5,609,872)	(294,132)	(8,181,201)	1,144,706	15,296,705	1,159,244	(9,734,158)	(1,271,704)	3,288,252	(9,172,641)	11,112,630
Ending Fund Balance	40,165,384	34,555,513	34,261,380	26,080,179	27,224,885	42,521,590	43,680,834	33,946,676	32,674,972	35,963,224	26,790,583	37,903,213

Fiscal Resources Committee

Executive Conference Room – District Office
1:30 p.m. – 3:00 p.m.

Meeting Minutes for February 19, 2020

FRC Members Present: Peter Hardash, Adam O'Connor, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Arleen Satele, Roy Shahbazian, Michael Taylor and Vanessa Urbina

FRC Members Absent:

Alternates/Guests Present: Jean Estevez, James Kennedy, Mark Reynoso, Jose Vargas and George Walters (CWP)

1. Welcome: Mr. Hardash called the meeting to order at 1:31 p.m. with introductions made.

2. State/District Budget Update
   - SSC-Additional 2020-21 State Budget Details
   - SSC-Themes for the 2020-21 Governor's Budget
   - SSC-The Financial Impact of Step and Column Advancement
   - SSC-2020-21 State Budget Trailer Bill-California Community College System Support Program
   - SSC-What Do I Need to Know About Cost-of-Living Adjustment Salary Formulas?

   Mr. Hardash referenced handouts which provide some details and available trailer bill language related to the Governor's Budget Proposal. Preliminary discussions have begun with a suggestion that the additional funds should be used to support PERS/STRS increased costs. Various hearings have begun with one recently criticizing Calbright College. Some feel the money should be taken away from Calbright, with hopes of funds being redistributed equally to all districts; still others are lining up to take Calbright College on as a part of their own district. Nothing will be known for sure until May revise.

   RSCCD is building the budget based on best available information at this time; changes could occur with the May revise. Final touches will be made in June for approval by the Board of Trustees. There were no questions regarding the State/District budget updates.

3. 2020/21 RSCCD Tentative Budget Assumptions
   Mr. O'Connor reviewed line by line the draft 2020/21 tentative budget assumptions dated February 10, 2020. A preliminary review was previously provided and changes are noted in red. He explained the various components including revenue, COLA, Lottery funds, expenditures, health and welfare increases, decreases and revisions, FON, institutional costs expenses, and round one of budget reductions totaling $3 million due on February 28. Mr. O'Connor further reviewed the summary of the tentative budget assumptions with a correction to Misc. Income which is applicable to item EGK not H. That is a total of $4.4 million in new revenue. Item E/F are the biggest changes to the new expenditures with a footnote that the colleges need to appropriately fund adjunct faculty costs tied to the class schedules. Previously it was $5 million and it is now estimated at $6.5 million. The Presidents were directed to address the issue at the campus level. If not addressed or partially addressed, the difference will add to the bottom line and there is no room for adjustments in the new model; no apportionment adjustment or washout savings. At the direction of the Chancellor adjunct faculty calculation was removed from the budget assumption summary. Mr. O'Connor completed the review of the budget assumptions

summary noting potential savings from faculty replacement of positions and potentially more saving through management and classified hires.

Mr. Hardash restated the unknown elements of the 2018-19, 2019-20 and the 2020-21 budgets; specifically that promises of 2018-19 recalc would be available in January and P-1 in February of which neither has occurred and is not a good sign of things to come. The funding is being redistributed upon certification of the data. It is very unclear what the funding will be for this year. RSCCD budgeted at hold-harmless knowing the advanced apportionment was wrong and money would be taken away. The potential revenue is one-time money and could assist to buy some time before the cliff is reached.

Discussion ensued and questions were answered. Of specific concern was item L other additional DS/ institutional cost expenses for the proposed Data Integrity Specialist and the Contracts Specialist positions of which the colleges requested. The purpose of the Data Integrity Specialist is to support the accurate submission of MIS data for both campuses. The position is unique with knowledge of curriculum, scheduling of classes, MIS and FTES data as well as working with the various divisional staff at both campuses to submit accurate MIS report which affects funding for the colleges. The position would report to Educational Services. It is not an ITS position. The purpose of the Contract Specialist position is to support campuses with the related review and negotiation of instructional, clinical and affiliation agreements and relieve workload for staff. The model for such a position is to be in the procurement area. Both college presidents requested this position in September/ October of last year and it was thoroughly discussed in the Chancellor's Cabinet confirming the need for the position. These costs along with the increased costs to Ellucian have been vetted through the Chancellor's Cabinet. In a more recent Chancellor's Cabinet meeting of which Mr. O'Connor attended on behalf of Mr. Hardash, the Presidents again requested the position and that is the reason it is on the budget assumptions for action now.

A more lengthy discussion ensued related to the proposed positions and salary placements, increased fees to Ellucian, removal of previously proposed items, the reduction plan, data clean-up, hold harmless and the funding formula, and FON. Mr. Hardash explained the process for the tentative budget assumptions being the foundation for building the tentative budget. Once approved by FRC, such is forwarded to District Council and then Board of Trustees in March. The Board may or may not be fine with the tentative budget assumptions which includes the latest information and the adjustment plan. The May Revise information will be added to the tentative budget when it becomes available.

An initial motion was made by Mr. Shahbazian to recommend the Tentative Budget Assumptions withholding the Data Integrity Specialist and Contract Specialist until there is better information on revenue. There was no second to this motion.

Mr. Hardash reiterated the positions had been vetted at the Chancellor's Cabinet level, it is the campuses that requested these positions and he would respectfully vote against the motion for the purposes stated. Upon further discussion, it was suggested FRC could recommend the Tentative Budget Assumptions without the two positions and present recommendation to Chancellor. The Chancellor could then take the Tentative Budget Assumptions along with the positions to District Council as his recommendation to move it forward as is his prerogative.

Mr. Shahbazian restated the motion to recommend the tentative budget assumptions but with the change that the data integrity specialist and the contract specialist would be postponed until we have a state budget. The motion was seconded by Mr. Barembaum. The motion passed with one dissenting vote by Mr. Hardash. The recommendation will be moved forward to the Chancellor.

4. Review Planning Design Manual (request from District Council)
   Mr. O'Connor briefly reviewed the excerpted pages from the Planning Design Manual that were provided by Michael DeCarbo. A discussion ensued suggesting the planning manual identifies a formal process be initiated for requests for money by district services through POE, that a budget modification recommendation form be developed with a rubric for consideration. It was also recalled that POE was asked to develop the rubric and form and chose not to do so. If such is done, FRC will comply. Additionally, another budget center is created within the planning document that isn't needed, the calendar is incorrect with timelines that are not followed and missing elements, and the current planning model does not allow for redirection of issues to other participatory governance committees, but only an upward action to District Council. In conclusion, it was determined representatives would seek input from respective constituency groups, and the item would be brought back to the next meeting for discussion and consideration.

5. College Projected 2019-20 Year-End Balances – Satele and Hoffman
   - SCC projects $2.3 million ending balance with $700,000 to cover adjunct faculty leaving a year-end balance of $1.6 million.
   - SAC projects $1.584 million ending balance in fund 11 and $2.706 million in fund 13. Additionally, $2.5 million is being held for the Health Science Center and the hope of savings from the Science Center and the Johnson Center.

6. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants
   - Section 4 – Revenue Modifications
     Mr. Walters reviewed edits to section 4. Changes from the previous iteration include the various scenarios broken up into application sections for apportionment for supplemental and student success allocations, growth, stability for noncredit and CDCP and hold harmless. He explained hold harmless is the most difficult to understand and is a moving target; therefore a note was added that updates are needed as provisions continually change. With RSCCD having stabilization for noncredit and CDCP that is good, but such could change in the future. A discussion continued related to supplemental and student success data elements, inaccurate data, shifting funds to the college that earned it, the 70/30 split and tying together data elements for funding.

     A motion was made by Ms. Satele to approve section 4 as presented. The motion was seconded by Dr. Hoffman and passed unanimously.

   - Section 5 – Allocation of New State Revenues and Other Modifications
     Mr. Walters presented and reviewed changes to section 5 regarding Allocation of New State Revenue and Other Modifications. The edits are presented as a first read. A discussion followed with Mr. O'Connor confirming that once all sections of the entire BAM are complete, it will be compared to the planning design manual to determine inconsistencies and any other corrections that may be identified and needed. The reference to "district enrollment management committee" was removed.

     Ms. Satele inquired of grants/special projects indirect cost earned by Educational Services. It was explained that the prior year carryovers will be used to support DMC operating expenses in 2020/21 and if that allocation is taken away, the costs will then be requested from the colleges. After the discussion, the committee asked for a history of the earned indirect cost in Educational Services along with what additional services were provided to the colleges with these funds.

     Ms. Satele also inquired about position control noted on page 25 under Budget Input section. I was explained there is no automated system, it is manually done by Thao Nguyen and the statement remains accurate.

Dr. Vargas submitted written language to change Other Modifications under basic allocation. A discussion continued regarding allocation, total computational revenue (TCR), and bottom line. The district currently distributes according to TCR and the bottom line revenues pay for district services and operations expenses. The language would change the distribution. As a district it doesn't make a difference, however, this language change would shift approximately $300,000 from Santa Ana College to Santiago Canyon College. The concern is TCR vs. dedicated revenue with no control over how it comes from the Chancellor's Office with no mechanism to apply deficit to the 20 and 10 making it more dependent on FTES and more volatile. Additional discussion focused on shifting of FTES, the benefit to SAC this language could present if the large college designation is lost. It was determined that Fiscal Services would prepare model simulations to be shared and reviewed at the next meeting.

Upon review of section 5 by constituency representatives, feedback is to be provided to Mr. O'Connor within two weeks to be considered at the next FRC meeting.

7. Standing Report from District Council - Shahbazian
Mr. Shahbazian reported that District Council met without quorum present and therefore only had discussion. The reorganization for district safety and security was presented with more information requested and to be continued at the next meeting.

8. Informational Handouts
    - Districtwide expenditures report link: https://intranet.rsccd.edu
    - Vacant Funded Position List as of February 11, 2020
    - Measure "Q" Project Cost Summary as of January 31, 2020
    - Monthly Cash Flow Summary as of January 31, 2020
    - SAC Planning and Budget Committee Agendas and Minutes
    - SCC Budget Committee Agendas and Minutes

9. Additional Handouts
    - BAM Language Change Proposal SCC – distributed and posted on FRC Webpage
    - BAM Simulations – posted on FRC webpage

10. Approval of FRC Minutes – January 22, 2020
A motion was made by Mr. Barembaum, seconded by Adam O'Connor, to approve the minutes of January 22, 2020 as presented. With no questions, comments or corrections the motion passed unanimously.

11. Other
Next meeting reminder: Wednesday, March 18, 2020, 1:30 – 3:00 in the Executive Conference Room #114, District Office

This meeting adjourned at 3:20 p.m.