

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: [Fiscal Resources Committee](#)

Agenda for July 8, 2015

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

Executive Conference Room #114

1. Welcome
2. State/District Budget Update – Hardash
 - 2014-15 Second Principal Apportionment Background Memo posted June 26, 2015
 - 2014-15 Second Principal Apportionment Exhibit “C” dated posted June 26, 2015 report link: <http://cccco.edu>
 - Final State Budget 2015-16 report link: <http://www.ebudget.ca.gov>
 - LAO Prop 98 Budget Overview June 19, 2015
 - Dan Troy Email and chart – June 17, 2015
 - CCLC Budget Chart June 19, 2015
 - SSC 2015-16 State Budget Details Released - June 18, 2015
3. Multi-year Projections (MYP)
4. 2015-16 Proposed Adopted Budget Assumptions – Action Item
5. BAM Language Review
6. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rscgd.edu>
 - Vacant Funded Position List as of July 1, 2015
 - Measure “E” Project Cost Summary as of June 10, 2015
 - Measure “Q” Project Cost Summary as of June 10, 2015
 - Monthly Cash Flow Summary as of May 31, 2015
7. Approval of FRC Minutes – May 27, 2015
8. Other

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

August 19, 2015 (email only)
September 23, 2015

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.

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

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BACKGROUND MEMO/INFORMATION

2014-15 Second Principal Apportionment

SYNOPSIS: The 2014-15 Second Principal Apportionment for community college districts has been certified and the detailed information is available on the Chancellor's Office Fiscal Services Unit web site:

<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServicesUnit/Reports/ApportionmentReports/201415.aspx>

The following exhibits are available for viewing.

Exhibit "A":	District Apportionments and Payments by Program
Exhibit "B-1":	Summary of General and Grand Total Apportionments
Exhibit "B-2A":	Categorical Apportionments - Part 1
Exhibit "B-2B":	Categorical Apportionments - Part 2
Exhibit "B-2C":	Categorical Apportionments - Part 3
Exhibit "B-3":	Categorical and One-time Apportionments
Exhibit "B-4":	Monthly Payment Schedule
Exhibit "C" ¹	Second Principal Apportionment

Attached is additional background information for both the general apportionment and the categorical programs, along with program contact information.

¹ It should be noted that the numbers on the Exhibit C Statewide Total page cannot be derived easily from multiplying the FTES by the funding rates, due to various adjustments and differential funding rates.

General Apportionment

NOTE: The P2 Apportionment allocation is based on the 2014-15 Budget Act (Chapter 25, Statutes of 2014), which was enacted on June 20, 2014.

General Issues:

Total and monthly certified program apportionment allocations are included within Exhibit A. State general apportionment and other general supplemental funds are summarized by county on Exhibit B-1. State categorical allowances are displayed on Exhibits B-2A through B-3. Exhibit B-4 provides the payment schedule by county for June 2015.

The 2014-15 Second Principal Apportionment (P2) allocations for June 2015 are based on each district's certified April 30th P2 Full Time Equivalent Student (FTES) report, along with each county's April 15th estimate of current year district property tax and each district's April 15th estimate of enrollment fee revenue for the current year.

Education Protection Act/Proposition 30 funding:

On November 6, 2012, voters passed Proposition 30, the Schools and Local Public Safety Protection Act of 2012. This Act authorized the State of California to temporarily increase sales and income taxes for four and seven years, respectively, to generate funds for critical state and local services, including education, police and fire protection, and healthcare.

The Education Protection Account (EPA) was created to receive and disburse the revenues derived from the sales and income tax increases. For the 2014-15 year, EPA revenues will be distributed to districts quarterly. In 2014-15, as in previous years, any shortage in actual EPA funds compared to Budget Act estimates will be backfilled.

At P2, we were notified that the EPA revenues were coming in above the level estimated at the beginning of the year, so that the state general funds would be decreased accordingly. You will see the difference in the proportion of EPA vs state apportionment funds compared to P1. The total amount of funding to the system is unchanged; the only change is the source of the funding.

Access/Growth funding:

After multiple years of reductions in community college funding, the system is now receiving additional funding to increase access. The 2014-15 Budget Act included \$140 million in growth funding to increase access. We will distribute growth funding the same way we have done for the past few years – to repay the workload reductions that districts experienced in recent years. Districts must first restore any stability eligibility they may have before they can receive any growth funds to recover their 2011-12 workload reductions.

The 2014-15 growth funds have been applied toward repaying the 2011-12 reduction. Since districts are growing at varying rates, some may not fully recover all their workload reduction FTES, while others may grow at a rate that outstrips their workload reduction eligibility and end up with unfunded FTES.

Currently there are 14 districts with unfunded FTES, with more than 5,700 total unfunded FTES statewide. However, it should be noted that FTES levels tend to fluctuate throughout the course of the year, so that things are likely to change at Recal when updated FTES totals become available.

It should also be noted that there is almost \$800,000 in unused growth funds as of P2. This results from the process we've been using to allocate growth funding to districts: to repay the workload reductions. All districts that have unfunded FTES have been fully repaid for their 2011-12 workload reductions. We will reevaluate this situation at Recal, when we have final FTES reports for the 2014-15 year, and ensure that all growth/access funds are distributed.

Districts should also be aware that the provision of growth/access funding in 2014-15 resulted in the basic allocation thresholds being raised in proportion to the lowering that occurred during the 2011-12 workload reduction. Based on the amount of growth funding provided this year, the thresholds increased by approximately 3% over the 2013-14 levels.

General Apportionment Deficit:

The statewide deficit at P2 is \$17 million, which equates to 0.3%. This represents a deficit factor of 0.32% to each district, excluding those that are fully locally-funded (basic aid). This is a significant improvement over P1, and is due to increases in both property tax and enrollment fee revenue, while FTES declined slightly. However, it should be noted that local revenues and FTES levels fluctuate throughout the year, which causes the deficit to fluctuate. Additionally, if a significant number of districts are able to claim stability restoration, that can increase the deficit to the system as a whole.

Deferrals:

Due to the increased state revenues received by the May Revision, the deferrals have been completely eliminated. As of 2015-16, there will be no more deferrals.

First Principal Apportionment Allocations and FTES:

The total ACTUAL statewide FTES for the second period of 2014-15 decreased by 1,558 FTES from P1, going from 1,143,541 to 1,141,983 FTES, for a decrease of 0.14 percent. FUNDED statewide FTES at P2 was 1,136,227 which left more than 5,700 unfunded FTES in the system. Restoration of prior year declines resulted in an increase in total FTES of nearly 9,000 FTES.

Please remember P2 is an estimate and things will undoubtedly change at Recal.

Categorical Apportionment

Assembly Bill No. 101, Approved by the Governor September 26, 2013, reduced the eleven categorical programs that fell under the flexibility provisions in FY 2009-10 to eight (Academic Senate, Equal Employment Opportunity, Part-Time Faculty Office Hours, Part-Time Faculty Health Benefits, Part-Time Faculty Compensation, Economic Development, Transfer Education and Articulation, and Childcare Tax Bailout). Education Trailer Bill, ABX4 2, provides districts with the authority to move funds from these eight categorical programs to any other categorical program. In addition, these eight categorical programs are locked in at the 2008-09 district allocation level, less the level of the 2009-10 cut.

Below are narrative descriptions for some of the categorical programs funded through the P1 Apportionment.

Basic Skills: Funds are allocated to colleges based upon (Full-time Equivalent Students) FTES generated from CB-08 (i.e. basic skills) coded classes. All colleges receive a minimum of \$90,000 per year (July 1 – June 30). The remaining funds are divided among the colleges based upon their portion of the CCC statewide CB-08 generated FTES. In 2012-13, approximately 60% of the colleges received more than the \$90,000 minimum allocation. Website URL with additional information

<http://extranet.cccco.edu/Divisions/AcademicAffairs/BasicSkillsEnglishasaSecondLanguage.aspx>

CalWORKs: The CalWORKs Second Principal Apportionment (P2) for 2014-15 reflects the actual CalWORKs allocations provided to all 113 college CalWORKs programs in October 2014 and includes subsequent adjustments in which CalWORKs Programs reported unused funds or received reallocations of unused funds between January and April 2015.

Cooperative Agencies Resources for Education (CARE): The FY 2014-15 Second Principal Apportionments report (P2) for CARE is in the amount of \$9.332 million and reflects the actual allocations to the colleges. The CARE P2 reflects one-time adjustments to increase the program allocations at eight (8) college CARE programs which were awarded CARE reallocated funds at mid-year. The CARE P2 also reflects the return of \$10,000 from the College of San Mateo in the San Mateo Community College District and corrections to the allocation for Palomar College. Allocations to fund all other college CARE programs remain unchanged from the P1.

Extended Opportunity Programs and Services (EOPS): The FY 2014-15 Second Principal Apportionments report (P2) for EOPS is in the amount of \$79.273 million and reflects the actual allocations to the colleges. The EOPS P2 includes \$92,285 awarded to Pasadena Area CCD for the EOPS Statewide Set-Aside Funds Contract #C14-0353, which is in effect from July 1, 2014 through October 31, 2015. The EOPS P2 also reflects one-time adjustments to increase the program allocations at 17 college EOPS programs which were awarded EOPS reallocated funds at mid-year. Allocations to fund all other college EOPS programs remain unchanged from the P1.

Disabled Student Programs and Services (DSPS): The FY 2014-15 Second Principal Apportionment report (P2) for DSPS totals \$112,263,000. In P2, colleges received an additional \$170,000 in DSPS funds and an additional \$27,767 in DHH funds returned by the colleges, reported as unspent in mid-year reports. The DSPS P2 reflects one-time adjustments to increase DSPS program allocations by no more than \$14,389 at colleges that requested DSPS P2 funding by the report deadline, and/or \$1,207 in DHH funding at colleges that requested additional DHH funding by the report deadline and pledged the

appropriate DHH match. Additionally, \$150,189 were reallocated as previously applied 2013-14 underspending penalties in P1, and an additional \$36,468 was distributed as stipend payments for data collection participation in a state-wide, DSPS research study. Allocations at all of the other colleges remain unchanged from their P1 funding level. P2 totals may also be found at our website under “DSPS allocations”: <http://extranet.cccco.edu/Divisions/StudentServices/DSPS/Allocations.aspx>

Part-Time Faculty Compensation: Funding for this program falls under the “flexibility” provisions embodied in ABX4 2. The P1 allocations remain unchanged from the allocations made at the 2012-13 First Principal Apportionment. Therefore, we are providing districts that received allocations under these programs in 2008-09, with the same allocation amounts, less the amount of the 2009-10 cuts to these two programs, which equaled 51 percent. These P1 allocations will not change at the P2 or the final Recalculation, unless a mid-year correction is made to these programs through the budget process.

Part-Time Faculty Office Hours and Health Benefits: Funding for these two programs falls under the “flexibility” provisions embodied in ABX4 2. Therefore, we are providing districts that received allocations under these programs in 2008-09, with the same allocation amounts, less the amount of the 2009-10 cuts to these two programs, which equaled 51 percent. These P1 allocations will not change at the P2 or the final Recalculation, unless a mid-year correction is made to these programs through the budget process.

Student Success and Support Program - Credit: The 2014-15 Second Principal Apportionment report (P2) for Credit SSSP allocates \$175,048,232 to operate the 113 SSSP programs. Districts have authority to carryover funds until December 31, 2015 and will be required to report Year-End Expenditures by February 12, 2016. Any funds not expended on that report will be collected through an invoice process.

This P2 includes \$350,000 allocated to Butte-Glenn CCD for CCCApply and \$599,995 to Pasadena Area CCD for the SSSP Set-Aside contract.

Student Success and Support Program - Noncredit: The 2014-15 Second Principal Apportionment report (P2) for Non-Credit SSSP allocates \$9,381,000 to the 53 districts who have noncredit programs. Districts have authority to carryover funds until December 31, 2015 and will be required to report Year-End Expenditures by February 12, 2016. Any funds not expended on that report will be collected through an invoice process.

Student Success and Support Program - Student Equity: The 2014-15 First Principal Apportionment report (P1) for Student Equity allocates \$69,000,000 to operate Student Equity programs in all 72 districts. These dedicated state resources have been provided to establish the Student Equity program “in order to ensure equal educational opportunities and to promote student success for all students, regardless of race, gender, age, disability, or economic circumstances”.

Chancellor's Office Contact Information

General Apportionment contacts:

Randy Fong at (916) 327-6238 or via email at rfong@cccco.edu

Patricia Servin at (916) 445-1163 or via email at pservin@cccco.edu

Categorical Apportionments contacts:

Patricia Servin at (916) 445-1163 or via email at pservin@cccco.edu

Jubilee Smallwood at (916) 327-6225 or via email at jsmallwood@cccco.edu

Contacts for individual categorical programs are listed on the next page.

Categorical Program contacts:

Apprenticeship
John Dunn
(916) 445-8026

Basic Skills
Eric Nelson
(916) 327-2987

California Work Opportunities and Responsibility to Kids (CalWORKs) and Temporary Assistance for Needy Families (TANF)
Jason Orta
(916) 327-5890

Disabled Students Program and Services (DSPS) and State Hospital Developmental Centers
Scott Berenson
(916) 322-3234 or
Scott Valverde
(916) 445-5809

Equal Employment Opportunity (EEO)
Leslie LeBlanc
(916) 445-1997

Extended Opportunity Programs and Services
Kelly Gornik
(916) 323-4281

Cooperative Agencies Resources for Education (CARE)
Kelly Gornik
(916) 323-4281

Instructional Equipment & Library Materials
Lan Yuan
(916) 323-5957

Scheduled Maintenance and Repair
Lan Yuan
(916) 323-5957

Student Success and Support Program
Debra Sheldon
(916) 322-2818

Student Financial Aid Administration
Terence Gardner
(916) 327-5892

Telecommunications Allocations
Gary Bird
(916) 327-5904

**CALIFORNIA COMMUNITY COLLEGES
2014-15 SECOND PRINCIPAL APPORTIONMENT
RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

EXHIBIT C

Workload measures:	Base Funding	Marginal Funding	Base FTES	11-12 Workload Restoration FTES	Growth FTES	Restored FTES	Stability FTES	Total Funded FTES	Unfunded FTES	Actual FTES
Credit FTES	4,636.492844	4,675.903043	22,287.800	124.430	0.000	0.000	0.000	22,412.230	0.000	22,412.230
Noncredit FTES	2,788.053637	2,811.752093	391.290	379.370	0.000	0.000	0.000	770.660	0.000	770.660
Noncredit - CDCP FTES	3,282.811061	3,310.714955	6,009.840	-139.790	0.000	0.000	0.000	5,870.050	0.000	5,870.050
Total FTES:			28,688.930	364.010	0.000	0.000	0.000	29,052.940	0.000	29,052.940

I Base Revenues +/- Restore or Decline

A Basic Allocation		\$10,121,082
B Basic FTES Revenue Before Workload Reduction	\$124,157,332	
C Workload Reduction	\$0.00	
D Revised Base FTES Revenue		\$124,157,332
1 Credit Base Revenue	\$103,337,225	
2 Noncredit Base Revenue	\$1,090,938	
3 Career Development College NonCr	\$19,729,169	
E Current Year Decline		\$0
Total Base Revenue Less Decline		\$134,278,414

V Other Revenues Adjustments

A Revenue Adjustment	\$0
Total Revenue Adjustments	\$0

VI Stability Adjustment

\$0

VII Total Computational Revenue

(sum of II, III, IV, V, & VI) \$136,605,493

VIII District Revenue Source

A1 Property Taxes	\$53,047,265
A2 Less Property Taxes Excess	\$0
B Student Enrollment Fees	\$7,869,807
C State General Apportionment	\$50,489,214
D Estimated EPA	\$24,764,932
Available Revenue	\$136,171,218
E Revenue Shortfall	0.9968209551 \$434,275
Total Revenue Plus Shortfall	\$136,605,493

II Inflation Adjustment

A Statewide Inflation Adjustment	0.85%
B Inflation Adjustment	\$1,141,367
Total Inflation Adjustment	\$1,141,367

IX Other Allowances and Total Apportionments

A State General Apportionment	\$50,489,214
B Statewide Average Replacement Cost	\$73,057
Number of Faculty Not Hired	0.00
Full-time Faculty Adjustment	\$0
Net State General Apportionment	\$50,489,214

III Basic Allocation & Restoration

A Basic Allocation Adjustment	\$0
B Basic Allocation Adjustment COLA	\$0
C Stability Restoration	\$0
D Restoration of 11-12 Workload Reduction	\$1,185,712
Total Basic Allocation & Restoration	\$1,185,712

X Unrestored Decline as of July 1st of Current Year

A 1st Year	\$0
B 2nd Year	\$0
C 3rd Year	\$0
Total	\$0

IV Growth

A Unadjusted Growth Rate	0.00%
B Constrained Growth Rate	0.00%
C Constrained Growth Cap	\$0
D Actual Growth	\$0
E Funded Credit Growth Revenue	\$0
F Funded Noncredit Growth Revenue	\$0
G Funded Noncredit CDCP Growth Revenue	\$0
Total Growth Revenue	\$0

Regular Growth Caps adjusted by a factor of 0.00000000 to match funding.

**Basic Allocation Calculation Before Current Year COLA
College/Center Base Funding Rates (Current Year FTES Thresholds):**

Single College District Funding Rates: Total FTES			Multi-College District Funding Rate: Total FTES			Total Colleges
> 19,293	> 9,647	<= 9,647	Rural	> 19,293	> 9,647	
\$5,622,823	\$4,498,258	\$3,373,694	\$562,282	\$4,498,258	\$3,935,976	\$3,373,694
0	0	0	0	1	0	1
Revenue:	\$0	\$0	\$0	\$4,498,258	\$0	\$3,373,694
						\$7,871,952
State Approved Center: Funding Rates			Total State Approved Centers	Total State Approved Centers Revenue		Total Basic Allocation Revenue
> 965	> 724	> 482	> 241	<= 100	Total Grandfathered or Previously Approved Centers	
\$1,124,565	\$843,423	\$562,282	\$281,141	\$140,571	1	\$10,121,082
Number of Grandfathered or Previously Approved Centers: @ Total FTES						
1	0	0	0	0	1	
Grandfathered or Previously Approved Center Revenue:					Total Grandfathered or Approved Center	
\$1,124,565	\$0	\$0	\$0	\$0	\$1,124,565	





HOME	POLICY AREAS	PUBLICATIONS	THE BUDGET	PROPOSITIONS AND INITIATIVES	LAO STAFF	CAREERS	ABOUT US
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Tweet

June 19, 2015

Proposition 98

Overview

EDUCATION

Proposition 98

Higher Education

Child Care and Preschool

Health and Human Services

OTHER ISSUES

Water-Related Issues

Cap-and-Trade

Trial Courts

Employee Compensation

Substantial Upward Revisions to Estimates of Proposition 98 Minimum Guarantee.

State budgeting for preschool, elementary and secondary schools, and the California Community Colleges (CCC) is based primarily on Proposition 98, approved by voters in 1988. Proposition 98 established a minimum funding requirement commonly called the minimum guarantee. Figure 1 shows estimates of the minimum guarantee for 2013-14, 2014-15, and 2015-16. As shown in the figure, the estimate of the 2013-14 and 2014-15 minimum guarantees have increased \$612 million and \$5.4 billion, respectively from the June 2014 estimates. The estimate of the 2015-16 minimum guarantee is \$7.6 billion (12 percent) higher than the *2014-15 Budget Act* level. These increases in the guarantee are due primarily to state revenues being higher than assumed in last year's budget package. The budget package funds at these latest estimates of the minimum guarantees.

Figure 1

Tracking Changes in Estimates of Proposition 98 Minimum Guarantee

(Dollars in Millions)

	June 2014	June 2015	Increase From June 2014	
			Amount	Percent
2013-14	\$58,302	\$58,914	\$612	1.0%
2014-15	60,859	66,303	5,444	8.9
2015-16	—	68,409	7,550 ^a	12.4

^aReflects increase from June 2014 estimate of 2014-15 minimum guarantee.

Large Upward 2014-15 Adjustments Result in Relatively Modest Year-Over-Year

Growth. Figure 2 shows approved Proposition 98 funding levels for each of the three years by segment and fund source. As shown in the figure, growth from the revised 2014-15 level to 2015-16 is \$2.1 billion (3 percent). This relatively modest growth is due to the large upward revision to 2014-15 noted above. In 2015-16, total Proposition 98 funding is \$68.4 billion. Of this amount, \$49.4 billion is General Fund and \$19 billion is local property tax revenue. The notable increase in local property tax revenue from 2014-15 to 2015-16 (\$2.3 billion, 14 percent) is due in large part to the end of the triple flip and the shift of associated local property tax revenue back from cities, counties, and special districts to school and community college districts. Growth in local property tax revenue is slightly greater than growth in the Proposition 98 minimum guarantee, resulting in a slight reduction in Proposition 98 General Fund from 2014-15 to 2015-16.

Figure 2

Proposition 98 Funding

(Dollars in Millions)

	2013-14 Revised	2014-15 Revised	2015-16 Budget Act	Change From 2014-15	
				Amount	Percent
Preschool	\$507	\$664	\$885 ^a	\$220 ^a	33%
K-12 Education					
General Fund	\$38,162	\$43,888	\$43,151	-\$737	-2%
Local property tax revenue	13,736	14,432	16,380	1,947	13
Subtotals	(\$51,898)	(\$58,321)	(\$59,530)	(\$1,210)	(2%)
California Community Colleges					
General Fund	\$4,248	\$4,975	\$5,301	\$325	7%
Local property tax revenue	2,182	2,263	2,613	350	15
Subtotals	(\$6,431)	(\$7,238)	(\$7,914)	(\$676)	(9%)
Other Agencies	\$78	\$80	\$80	—	—
Totals	\$58,914	\$66,303	\$68,409	\$2,106	3%
General Fund	\$42,996	\$49,608	\$49,416	-\$192	—
Local property tax revenue	15,918	16,695	18,993	2,298	14

^aIncludes \$145 million for existing wraparound care formerly funded with non-Proposition 98 General Fund. Excluding this accounting shift, growth is \$75 million (11 percent).

Per-Student Funding Increases Significantly. Under the budget package, K-12 per-student funding increases from the 2014-15 Budget Act level of \$8,931 to \$9,942 in 2015-16—an increase of \$1,011 (11 percent). Community college per-student funding also increases significantly, from the 2014-15 Budget Act level of \$5,753 per full-time equivalent (FTE) student to \$6,379 per FTE student in 2015-16—an increase of \$626 (11 percent). (None of these numbers include the \$500 million the budget provides for adult education consortia or the \$885 million the budget provides for preschool.)

Budget Package Contains Many Spending Changes. For 2013-14, the budget accounts for higher Local Control Funding Formula (LCFF) costs and uses the remaining funding increase for paying down the K-14 mandate backlog. Figure 3 and Figure 4 show Proposition 98 spending changes for 2014-15 and 2015-16, respectively. In addition to these changes, the budget package includes a \$256 million settle-up payment related to meeting the Proposition 98 minimum guarantee for 2006-07 and 2009-10 and \$207 million in unspent prior-year Proposition 98 funds that have been repurposed. We discuss major spending increases for K-12 education, adult education, and community colleges below, beginning with actions affecting both schools and colleges. We discuss major spending increases for preschool in our companion “Child Care and Preschool” document.

Figure 3

2014-15 Proposition 98 Changes^a

(In Millions)

Technical Adjustments	\$455
K-12 Education	
Pay down mandate backlog	\$2,748
Eliminate deferrals	897
Fund teacher training and support block grant	490

Fund career technical education (CTE) grants	150
Provide students better learning and behavioral supports	10
Fund internet technology management, training, and technical assistance	10
Finish developing evaluation rubrics ^b	—
Subtotal	(\$4,306)
California Community Colleges	
Pay down mandate backlog	\$393
Eliminate deferrals	94
Provide funding for basic skills initiatives	70
Provide CCC CTE funding	48
Fund physical plant and instructional equipment	48
Fund CCC Innovation Awards	23
Support implementation of baccalaureate degree pilot program	6
Subtotal	(\$683)
Total 2014-15 Changes	\$5,444

^a All actions shown, except for technical adjustments, reflect one-time spending.

^b Provides \$350,000 for the State Board of Education.

Figure 4

2015-16 Proposition 98 Changes

(In Millions)

Technical Adjustments	-\$6,201^a
K-12 Education	
Fund LCFF increase for school districts	5,994
Fund career technical education grants (one time)	250
Increase preschool funding	220 ^b
Fund Internet infrastructure grants (one time)	50
Provide 1.02 percent COLA for select categorical programs	40
Fund various special education activities	32
Pay down mandate backlog (one time)	31
Increase funding for the Charter School Facility Grant Program	20
Increase funding for Foster Youth Services	10
Other	-3
Subtotal	(\$6,645)
California Community Colleges	
Fund adult education consortia	\$500
Increase apportionment funding (above growth and COLA)	267
Fund 3 percent enrollment growth	157
Pay down mandate backlog (one time)	117

Augment Student Success and Support Program	100
Fund physical plant and instructional equipment (one time)	100
Fund implementation of local student equity plans	85
Hire additional full-time faculty	62
Provide 1.02 percent COLA for apportionments	61
Fund certain CCC noncredit courses at credit rate	50
Provide funds to restore enrollment earned back by districts	42
Increase Cal Grant B awards for full-time CCC students	39
Augment Extended Opportunity Programs and Services	34
Fund new apprenticeships in high-demand occupations	15
Increase funding for established apprenticeships	14
Fund dissemination of effective institutional practices	12
Expand technical assistance to improve district operations and outcomes	3
Fund administration of higher Cal Grant B awards (one time)	3
Provide 1.02 percent COLA for select categorical programs	2
Subtotal	(\$1,663)
Total 2015-16 Changes	\$2,106

^aBacks out prior-year one-time funding, including one-time funds for retiring deferrals, paying down the K-14 mandate backlog, and supporting various other one-time activities.

^bIncludes \$145 million for existing wraparound care, formerly funded with non-Proposition 98 General Fund. Also includes technical adjustments, COLA, and special education-related preschool changes.

LCFF = Local Control Funding Formula and COLA = cost-of-living adjustment.

Package Notably Reduces Outstanding K-14 Obligations. The budget package includes the following K-14 actions, all of which reduce the state’s outstanding K-14 obligations.

- **Pays Down Mandate Backlog.** As shown in Figure 5, the budget package includes \$3.8 billion to pay down the K-14 mandate backlog (\$3.2 billion is for the K-12 backlog and \$632 million for the CCC backlog). After accounting for these payments, we estimate the outstanding K-14 mandate backlog to be \$1.5 billion (\$1.2 billion for schools and about \$300 million for community colleges).
- **Retires All K-14 Payment Deferrals.** As required by trailer legislation enacted last year, the budget package provides \$992 million to eliminate all remaining K-14 payment deferrals. The budget year will be the first fiscal year since 2000-01 that the state is set to make all K-14 payments on time.
- **Pays Off Emergency Repair Program (ERP) Obligation.** The budget includes \$273 million for the final ERP payment. Statute requires the state to provide a total of \$800 million to school districts for emergency facility repairs, and the state has provided \$527 million to date. (Of the \$273 million, \$145 million comes from a settle-up payment and \$128 million comes from unspent prior-year Proposition 98 funds.)

Figure 5

Budget Pays Down \$3.8 Billion of K-14 Mandate Backlog

(In Millions)

	California Community Colleges	Totals
K-12 Education		

Pay down scored to:

2013-14	\$319	\$94	\$413
2014-15	2,748	393	3,142
2015-16	31	117	148
Settle-up payment	82	28	110
Prior-year reappropriation	24	—	24
Totals	\$3,205	\$632	\$3,837

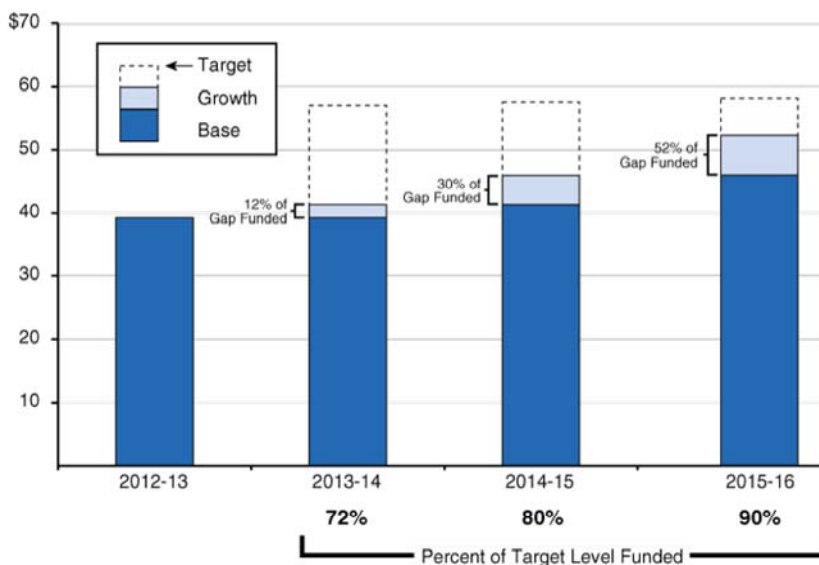
K-12 Education

Large Increase for Local Control Funding Formula (LCFF). The largest single augmentation in the state budget is \$6.0 billion for implementing the LCFF for school districts and charter schools—bringing total LCFF funding to \$52 billion. This reflects a 13 percent year-over-year increase in LCFF funding. The administration estimates this funding will close 52 percent of the remaining gap to LCFF target rates. As shown in Figure 6, the budget funds 90 percent of the estimated statewide full LCFF implementation cost. School districts and charter schools may use LCFF monies for any educational purpose, including implementation of their Local Control and Accountability Plans.

Figure 6

Implementation of the Local Control Funding Formula

(In Billions)



New Secondary School Career Technical Education (CTE) Competitive Grant Program

The budget package includes \$900 million in one-time funding for a three-year competitive grant program to promote high-quality CTE. Of this amount, \$400 million is provided in 2015-16, \$300 million in 2016-17, and \$200 million in 2017-18. School districts, county offices of education (COEs), charter schools, and Regional Occupational Centers and Programs operated by joint powers agencies (JPAs) may apply for grants, individually or in consortia. The program provides separate pools of funding for large, medium-sized, and small applicants, based on applicants' average daily attendance (ADA) in grades 7-12. Specifically, 88 percent of the funding is reserved for applicants with ADA greater than 550, 8 percent is reserved for applicants with ADA between 140 and 550, and 4 percent is

reserved for applicants with less than 140 ADA. The Superintendent of Public Instruction (SPI), in collaboration with the executive director of the State Board of Education (SBE), will determine the number of grants to be awarded and specific grant amounts.

Package of Special Education Actions. The budget includes \$67 million for a package of special education-related activities, as summarized in Figure 7. Of the \$67 million, \$52 million is ongoing and \$15 million is one time. The largest ongoing augmentation in this package is for expanding services for infants, toddlers, and preschoolers with disabilities as well as requiring preschool staff training and parent education relating to identifying and meeting preschoolers' special needs. The largest one-time augmentation is for one or two COEs to develop statewide resources and training opportunities for addressing students' diverse instructional and behavioral needs.

Figure 7

Package of Special Education Actions

2015–16 (In Millions)

Program Area	Action	Amount
Proposition 98 Funds		
Infant and toddler services	Increase funding for districts to serve children with disabilities ages birth to three (brings total funding to \$119 million).	\$30.0
Preschool slots	Fund 2,500 additional part-day State Preschool slots, with priority given to students with disabilities.	12.1
Learning and behavioral supports	Provide funding for one or two county offices of education to develop statewide resources, provide trainings, and allocate subgrants to improve how districts meet students' learning and behavioral needs.	10.0 ^a
Preschool, training, parent information, and rate increase	Specify that State Preschool contractors must provide staff training and parent education on how to identify and meet students' special needs. Increase part-day reimbursement rate by 1 percent to cover associated costs.	6.0
State Special Schools	Provide one-time increase for instructional activities at the state's schools for deaf and blind students. ^b	3.0 ^a
Fund swap	Redirect federal funds from local assistance to state-level activities, then backfill with Proposition 98 funds.	2.0
Subtotal		(\$63.1)
Federal Funds^c		
Office of Administrative Hearings	Increase funding for state-level hearings regarding special education disputes (brings total funding to \$12.8 million).	\$1.9 ^a
Alternative dispute resolution	Increase funding for local grants to help districts and families resolve disputes without a trial (brings total funding to \$1.95 million).	1.7
State-level improvement activities	Fund CDE to develop resources and provide technical assistance to districts implementing the new federally required statewide plan for improving services for students with disabilities.	0.5
Subtotal		(\$4.0)
Total		\$67.1

^a One-time allocation.

^b The budget also requires that these schools spend at least \$4.8 million from their non-Proposition 98 funds in 2015–16 to address critical facility maintenance needs.

^c New state-level activities funded in part by an increase in the state's federal grant and in part by redirecting \$2 million from local assistance.

CDE=California Department of Education

Second Round of Internet Infrastructure Grants. The budget includes \$50 million in one-time funding for the second round of Broadband Internet Infrastructure Grants. The K-12 High Speed Network is to award grants to schools that cannot administer online tests or can only administer the tests by shutting down other essential online activities such as email. Grants may be used to purchase Internet infrastructure. The Department of Finance (DOF) must approve projects resulting in costs exceeding \$1,000 per test-taking pupil.

Adult Education

Package Provides \$500 Million for Adult Education Consortia. The CCC budget includes \$500 million for the Adult Education Block Grant. This funding follows a two-year planning period in which school districts, community college districts, and other adult education providers established 70 consortia to coordinate services regionally. The consortia may use block grant funds for adult education in seven priority areas: (1) elementary and secondary basic skills, (2) citizenship and English as a second language, (3) workforce programs for older adults, (4) programs to help older adults assist children in school, (5) programs for adults with disabilities, (6) career technical education, and (7) pre-apprenticeship programs. While various entities offering adult education and workforce training may participate in consortia, only consortia members—school districts, COEs, community college districts, and JPAs—may receive funding directly.

Existing Adult Schools Guaranteed Continued Funding. For 2015-16, up to \$375 million of the \$500 million is earmarked for existing school district, COE, and JPA adult education programs. These providers had been operating under an LCFF maintenance-of-effort provision that required them to keep spending at least as much on adult education as they did in 2012-13. This provision expires in July 2015. In 2015-16, these providers will receive block grant funding based on their 2012-13 expenditure levels for adult education. If CDE determines these providers' total expenditures exceed \$375 million, their allocations will be prorated.

New Funds to Implement Regional Plans. The CCC Chancellor and SPI will distribute the remainder of the \$500 million to the regional consortia based on each region's need for adult education, as determined by measures related to adult population, employment, immigration, educational attainment, and adult literacy. The consortia, in turn, will allocate funds to member agencies based on regional consortia plans.

\$25 Million One Time to Develop Consistent Data Policies and Collect Data. The budget also provides \$12.5 million to the CCC Chancellor's Office and \$12.5 million to CDE for data collection and reporting. The Chancellor's Office and CDE must provide 85 percent of the combined \$25 million to regional consortia to develop or update data systems and collect specified data. The remaining 15 percent is for state-level activities to develop consistent data policies and data collection procedures, including measures of effectiveness, common assessment and placement policies, and shared data agreements between agencies. The Chancellor and SPI must submit to the DOF, SBE, and the Legislature a report on their progress toward these goals by November 1, 2015.

Community Colleges

Large Apportionment Increases Above Growth and COLA. The budget provides a \$267 million apportionment increase that districts may use for any educational or operational purpose, including retirement costs, professional development, and facility maintenance. This augmentation is in addition to \$157 million provided for 3 percent enrollment growth (funding about 30,000 additional full-time equivalent students) and \$61 million provided for a 1.02 percent COLA to apportionments. The budget also provides \$62 million for community college districts to hire additional full-time faculty.

Large Expansion of Student Support Services. The budget augments the Student Success and Support Program (SSSP) by \$200 million. Of this amount, \$100 million is to enhance assessment, placement, orientation, and counseling services; \$85 million is to further improve access and outcomes for disadvantaged groups; and \$15 million is to expand professional development and technical assistance programs to help districts improve their operations and outcomes. (These augmentations follow an SSSP increase of \$220 million over the last two years.) In addition, the budget provides \$39 million to increase Cal Grant B awards specifically for eligible, full-time, low-income CCC students and \$34 million to augment Extended Opportunity Programs and Services, which provide a range of support services for disadvantaged students.

One-Time Funds for Facility Maintenance, Basic Skills Improvement, and CTE. The budget includes a one-time funding increase of \$148 million for maintenance and instructional equipment. It also funds a one-time \$60 million grant program to help campuses improve their basic skills assessment, placement, instruction, and student support practices. Complementing this initiative is a one-time \$10 million Basic Skills Partnership Program to develop better models of collaboration in this area. In addition, the budget provides \$48 million to extend the CTE Pathways Initiative for one more year.

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From: Troy, Dan [<mailto:dtroy@CCCCO.EDU>]
Sent: Wednesday, June 17, 2015 4:09 PM
To: SO2CBO@LISTSERV.CCCNEXT.NET
Subject: Update on the Final Budget

Colleagues,

While final votes will not likely be cast until Friday, we can now share most of the detail of what will likely constitute the final 2015-16 budget for the California Community Colleges.

As mentioned in earlier messages, the Conference Committee agreed to a budget that reflected the priorities of the Assembly and Senate and utilized revenues estimates from the Legislative Analyst's Office (LAO) that were higher than those estimated at May Revision by the Department of Finance (DOF). Yesterday, the Governor held a press conference with the Speaker and Pro Tem announcing an agreement that would modify the Conference version enough to secure the Governor's signature. AB 93 details the Conference Committee proposal, while AB 123 will modify certain details of AB 93 to bring the final budget into alignment with yesterday's announced agreement.

The final agreement brings revenue estimates back into line with DOF's May Revision estimates. Given this, it is not surprising then much of the budget details for the California Community Colleges are similar to what was proposed at the May Revision. The budget includes funding to increase access by 3%, larger increases for SSSP and Student Equity Plans, a 1.02% COLA, rate equalization for CDCP, significant funding for mandate reimbursement and for deferred maintenance/instructional equipment, fully eliminates year-over-year deferrals, and funding for hiring more full-time faculty. In some cases, the totals for these items have altered a bit and some new items have been included, such as funding to restore EOPS to pre-recession levels, \$39M in financial aid grants for full-time students who receive Cal Grant B awards, and \$6M to fund startup costs for the BA degree pilot programs.

Attached is a table highlighting most of the final budget detail as we understand it at this point in time. The table outlines the amounts requested in the 15-16 System Budget Request, if any, the incremental changes funded in the budget, and the total funding amount for the item, where relevant. We hope you find this helpful. Of course, this should be considered unofficial until the Legislature approves AB 123 and the Governor signs that bill along with AB 93, but we thought the table would aid district planning for the coming fiscal year.

As districts plan their budgets, we do hope you will keep earlier cautions in mind. Scheduled increases in PERS and STRS contributions will claim a growing share of local operating funds in the coming years, plus Proposition 30 revenues will begin to phase out at the end of the 2016 calendar year. We are not long removed from sharp reductions to Community College funding, and the inherent volatility of Proposition 98 should not be forgotten. Times are good, today, but it is unlikely that we have seen our last recession.

I will provide more updates throughout the process as needed.

Regards,

Dan Troy, Vice Chancellor

College Finance and Facilities Planning
California Community Colleges Chancellor's Office

2015-16 California Community College Funding

Item	2015-16 System Budget Request	2015-16 Augmentation	Total Item
Ongoing Funds			
Enrollment Growth	\$120,000,000	\$156,457,000 (3%)	\$2,523,473,000 (CCC Apportionments, GF only)
Cost of Living Adjustment	\$125,000,000 (2.10% Stat. COLA, estimated)	\$61,022,000 (1.02% Statutory COLA)	Included in CCC Apportionments budget line
Base Allocation Funding/ Rate Increase	\$55,000,000 (requested in COLA BCP)	\$266,692,000	Included in CCC Apportionments budget line
Student Success and Support Program (SSSP)	\$100,000,000	\$100,000,000	\$285,183,000
Implementation of Student Equity Plans	\$100,000,000	\$85,000,000	\$155,000,000
Career Development and College Preparation (CDCP) Rate Equalization	\$49,000,000	\$49,000,000	\$49,000,000
Apprenticeship Programs	\$7,500,000 (Included under the Categorical Restoration BCP)	\$29,100,000	\$51,924,000
EOPS	\$33,680,000 (Included under the Categorical Restoration BCP)	\$33,680,000	\$123,189,000
Professional Development	\$25,000,000	\$0	\$0
Funding for Full-Time Faculty	\$70,000,000	\$62,320,000	\$62,320,000
Deferred Maintenance/Instructional Equipment	Funding based on available one-time resources	\$148,000,000 (\$48,000,000 is one-time)	\$148,000,000 (\$48,000,000 is one-time)
Institutional Effectiveness Partnership Initiative	N/A	\$15,000,000	\$17,500,000 (Included in SSSP item)
COLA for EOPS, DSPS, CalWORKs, and the Childcare Tax Bailout programs	N/A	\$2,500,000	\$2,500,000
Supplemental financial aid assistance for Cal Grant B recipients	N/A	\$39,000,000	\$39,000,000
Proposition 39	N/A	\$38,700,000	\$38,700,000
One-Time Funds			
Mandate Backlogs (Including: Maintenance, Instructional Equipment)	Funding based on available one-time resources	\$603,700,000 (\$117,000,000 in budget year funds)	\$603,700,000

Remaining Apportionment Deferrals	\$94,500,000 (would eliminate system deferrals)	\$94,500,000	\$94,500,000
CTE (SB 1070)	N/A	\$48,000,000	\$48,000,000
Basic Skills and Student Outcomes Transformation Program	N/A	\$60,000,000	\$60,000,000
CCC/CSU/High Schools Pilot Program for Basic Skills Instruction	N/A	\$10,000,000	\$10,000,000
BA Pilot Programs- funding for implementation, start-up costs and professional development	N/A	\$6,000,000	\$6,000,000
Financial Aid Administration	N/A	\$3,000,000 (for local implementation of Cal Grant B supplemental financial aid assistance)	\$3,000,000
Adult Education			
Adult Education Block Grant Program	\$500,000,000	\$500,000,000	\$500,000,000
Adult Education Data Systems	N/A	\$25,000,000 (not counted against the P98 split)	\$25,000,000

**Community College League of California
2015-16 Budget Agreement Summary**

Item (In Thousands)	2014-15 Enacted Totals	2015-16 May Revise Totals	2015-16 Budget Agreement Totals	Increase Over 2014-15	NOTES
Ongoing Funds					
Cost of Living Adjustment	0.85%	\$61,000 (1.02%)	\$61,000 (1.02%)	0.17%	
Enrollment Growth	2.75%	\$156,500 (3%)	\$156,500 (3%)	0.25%	
Student Success and Support Program (SSSP)	\$199,183	\$299,183	\$299,183	\$100,000	Matching requirements remain at the 2014-15 levels.
SSSP - Equity	\$70,000	\$185,000	\$155,000	\$85,000	Up to \$15 million can be used to implement SB 1023, the Cooperating Agencies Foster Youth Educational Support Program
Institutional Effectiveness	\$2,500	\$17,500	\$17,500	\$15,000	
Base Augmentation	\$0	\$266,700	\$266,692	\$266,692	
Career Development College Preparation (CDCP) Rate Equalization	\$0	\$49,000	\$49,000	\$49,000	
Full-Time Faculty	\$0	\$75,000	\$62,320	\$62,320	Quintiles beginning at \$73,057 through \$125,000
Apprenticeship Programs	\$22,868	51,924	51,924	\$29,056	
Categorical Program COLA	\$0	\$2,500	\$2,500*	\$2,500	Only for DSPS, EOPS, CalWORKs, Child Care Tax Bailout
EOPS	\$89,509	\$0	\$123,189	\$33,680	Restores to pre-recession levels.
Full-Time Cal Grant B Student Financial Aid Program	Not Included	Not Included	\$39,000	\$39,000	Cal Grant B Access Awards for community college students who take 12 or more units. Estimated to provide 85,000 students with an additional \$450.
One-Time Funds					
Career Technical Education Pathways	\$50,000	\$48,000	\$48,000		
Mandates	\$49,500	\$627,800	604,043		
Deferred Maintenance & Instructional Equipment	\$148,000	\$148,000*	\$148,000*		No Match Requirement
Remaining Deferrals	\$600,000	\$94,465	\$94,465		
Basic Skills & Student Outcomes Transformation Program	Not Included	\$60,000	\$60,000		To assist districts in improving the delivery of basic skills instruction. Pursuant to Ed Code 88800, et. seq
Baccalaureate Degree Start-up	Not Included	\$0	\$6,000		To support the implementation and professional development related to the baccalaureate degrees at 15 colleges.

**Community College League of California
2015-16 Budget Agreement Summary**

Financial Aid Administration	\$0	\$0	\$3,000		To administer new supplemental grants to Cal Grant B recipients
Innovation Awards	\$50,000	\$50,000	\$0		
<i>Funding Tied to Partnerships</i>					
Basic Skills Partnership Pilot Program (One-Time)	Not Included	\$2,000	\$10,000		Pursuant to Ed Code 88700, with CSU
Adult Education	\$25,000	\$500,000	\$500,000		Caps the school districts maintenance-of-effort certification at \$375 million, specifies that joint powers agencies may participate as adult education consortia members, and allows specific older adult programs pertaining to workforce development or caregiver programs to be funded by consortia. Also, removes language to allow LCFF funds to be used for older adult programs.
Adult Education Data (One-Time)	\$0	\$0	\$25,000		For the development and collection of outcomes data. Authorizes the Chancellor and Superintendent to collaborate on the development of common outcome data collection, and require them to report to the Legislature by November 1, 2015 on its progress.
<i>Other</i>					
Prop 39	\$37,500	\$38,700	\$38,800		

COMMUNITY COLLEGE UPDATE

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Volume 35

For Publication Date: June 26, 2015

No. 13

2015-16 State Budget Education Details Released

With amazing speed, the 2015-16 State Budget trailer bills were made public yesterday, June 17, 2015, one day after Governor Jerry Brown, Assembly Speaker Toni Atkins (D-San Diego), and Senate President pro Tempore Kevin de León (D-Los Angeles) announced a deal.

For community colleges, there are few significant differences between the Legislature's 2015-16 State Budget and the deal, including:

- Elimination of the \$15 million for professional development funds
- \$13.3 million reduction of the one-time discretionary funds to \$603.7 million
- \$4.3 million reduction of the base allocation funding increase, bringing the final amount back to the Governor's May Revision level of \$266.7 million

The Legislature had added \$392 million for child care and preschool programs, but the final deal brought this down to \$265 million, which funds an additional 6,800 child care slots and 7,000 preschool slots. The final deal also builds in increases to the reimbursement rates and regional market rate ceilings.

The postsecondary education and education trailer bills lay out the specific details for the new funding programs for 2015-16, including adult education grants and basic skills grants.

Adult education grants are funded at the \$500 million proposed by the Governor and agreed to by the Legislature's Budget Conference Committee. The regional consortia design, planning requirements, and timelines align with the Governor's May Revision proposal. Eligible courses are limited to:

- Elementary or secondary basic skills
- Citizenship, English learner, and workforce preparation
- Entry and re-entry into the workforce
- Courses designed to develop knowledge and skills to assist elementary and secondary school children to succeed academically
- Courses for adults with disabilities
- Career technical education
- Pre-apprenticeship

The \$60 million for the Basic Skills and Student Outcomes Transformation Program will be provided as multiyear grants to "adopt or expand the use of evidence-based models of academic assessment and placement, remediation, and student support that accelerate the progress of underprepared students toward achieving postsecondary educational and career goals." Funds can be used for:

- Supporting remedial education curriculum redesign
- Professional development and release time for faculty and support staff

- Data collection and reporting

Here are the major provisions of the enacted 2015-16 State Budget for community colleges:

- 1.02% statutory cost-of-living adjustment applied to base apportionments and the four categorical programs as proposed in the May Revision
- \$266.7 million (approximately 4.75%) for the base allocation funding increase
- Funding for enrollment growth of 3%
- \$603.7 million (approximately \$543 per full-time equivalent student) in one-time discretionary funds
- \$148 million for deferred maintenance or instructional equipment, with no matching funds required for deferred maintenance
- \$100 million for the Student Success and Support Program
- \$85 million for Student Equity Plans
- \$62.3 million in funds for hiring full-time faculty
- \$49 million for equalizing the Career Development and College Preparation funding rate
- \$33.7 million to restore the Extended Opportunity Programs and Services funding
- \$29.1 million to restore apprenticeship programs
- \$15 million for Institutional Effectiveness Partnership Initiative

In the end, this is clearly a great budget for community colleges, and only would have been better had the higher state revenue estimates by the Legislative Analyst's Office been used. Should actual revenues again come in above the Administration's projections, K-12 and California Community Colleges will likely see additional one-time funding in 2015-16.

These figures are based upon the 2015-16 State Budget bills currently in print. While it is unlikely that the Administration will make changes with the Governor's signature since they are reflective of an agreement, we will report on any line-item vetoes, if they occur. Once the 2015-16 State Budget is enacted by Governor Brown, we will revise our School Services of California, Inc's., Financial Projection Dartboard factors and provide an updated version of our Dartboard.

—*Michelle McKay Underwood and Robert Miyashiro*

posted 06/17/2015

Rancho Santiago Community College District
Unrestricted General Fund 5 Year Multi-Year Projection
Version: Base

Summary-Base Scenario
Revised Assumption: May 22, 2015

	A	B	C	D	E	F	G	H
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
			Actuals	Proposed	Projected	Projected	Projected	Projected
				Budget	Budget	Budget	Budget	Budget
6	Assumptions:							
7	Revenue:							
8		General Apportionment Deficit Factor	-1.720%	-1.720%	-1.000%	-1.000%	-1.000%	-1.000%
9		Growth/Access	1.270%	0.000%	1.000%	1.000%	1.000%	1.000%
10		Cost of Living Adjustment	0.850%	1.020%	1.600%	2.480%	2.870%	2.500%
11		One time Funds 2013/14 Prior Year Adjustment	\$3,215,276	\$0	\$0	\$0	\$0	\$0
12		Lottery Revenue-Unrestricted	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
13		Education Protection Account (EPA) funding ends December 2016	0	0	(\$633,600)	(\$1,267,200)	(\$4,435,200)	(\$7,603,200)
14		Base Allocation and New Faculty CDCP Rate Increase	\$0.00	\$14,875,000	\$0.00	\$0.00	\$0.00	\$0.00
15	Expenditure:							
16		Step/Column/Salary Net Adjustment	2.050%	2.220%	2.800%	3.680%	4.070%	3.700%
17		Part-time Faculty/FON Obligation	\$1,927,661	\$1,462,500	\$532,886	\$555,546	\$580,787	\$605,372
18		Allocation of Full time Faculty	\$0	\$1,875,000	\$0	\$0	\$0	\$0
19		STRS Rate	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%
20		PERS Rate	11.771%	11.847%	13.050%	16.600%	18.200%	19.900%
21		Health and Welfare Premium Percent Increase (District Cost)	8.200%	2.200%	5.000%	5.000%	5.000%	5.000%
24		Trustee Election	\$22,169	\$0	\$400,000	\$0	\$400,000	\$0
25		Utilities Cost Increase	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
27		ITS Licensing/Contract Escalation Cost	\$125,000	\$147,000	\$125,000	\$125,000	\$125,000	\$125,000
28		Other Local Match	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
29	Carryover:							
30		Assumes carryover funds are not spent	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524
31								
32								
33	Multi-Year Projection:							
34		Beginning Budget Stabilization Balance	\$16,556,830	\$12,444,703	\$12,044,703	\$12,044,702	\$7,739,266	(\$5,750,363)
35		Total Revenue	148,948,552	154,649,031	158,756,281	161,183,071	161,092,421	157,271,405
36		Total Expenditure	153,853,382	155,049,031	157,442,295	165,488,507	174,582,050	182,824,882
37		Other Fund Balance Changes and Adjustments	792,703	0	0	0	0	0
38		Unallocated #7910 Unrestricted Contingency		0	1,313,986	0	0	0
39		Surplus/ (Deficit)	(4,112,127)	0	0	(4,305,436)	(13,489,629)	(25,553,477)
40		Ending Budget Stabilization Balance	\$12,444,703	\$12,044,703	\$12,044,702	\$7,739,266	(\$5,750,363)	(\$31,303,840)
41		Percentage	8.1%	7.8%	7.7%	4.7%	-3.3%	-17.1%

**Rancho Santiago Community College District
Unrestricted General Fund 5 Year Multi-Year Projection
Version#2**

**Summary-Base Scenario
Revised Assumption: May 22, 2015**

	A	B	C	D	E	F	G	H
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
			Actuals	Proposed	Projected	Projected	Projected	Projected
				Budget	Budget	Budget	Budget	Budget
6	Assumptions:							
7	Revenue:							
8		General Apportionment Deficit Factor	-1.720%	-1.720%	-1.000%	-1.000%	-1.000%	-1.000%
9		Growth/Access	1.270%	1.000%	1.000%	1.000%	1.000%	1.000%
10		Cost of Living Adjustment	0.850%	1.020%	1.600%	2.480%	2.870%	2.500%
11		One time Funds 2013/14 Prior Year Adjustment	\$3,215,276	\$0	\$0	\$0	\$0	\$0
12		Lottery Revenue-Unrestricted	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
13		Education Protection Account (EPA) funding ends December 2016	0	0	(633,600)	(\$1,267,200)	(\$4,435,200)	(\$7,603,200)
14		Base Allocation and New Faculty CDCP Rate Increase	\$0.00	\$14,875,000	\$0.00	\$0.00	\$0.00	\$0.00
15	Expenditure:							
16		Step/Column/Salary Net Adjustment	2.050%	2.220%	2.800%	3.680%	4.070%	3.700%
17		Part-time Faculty/FON Obligation	\$1,927,661	\$1,462,500	\$532,886	\$555,546	\$580,787	\$605,372
18		Allocation of Full time Faculty	\$0	\$1,875,000	\$0	\$0	\$0	\$0
19		STRS Rate	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%
20		PERS Rate	11.771%	11.847%	13.050%	16.600%	18.200%	19.900%
21		Health and Welfare Premium Percent Increase (District Cost)	8.200%	2.200%	5.000%	5.000%	5.000%	5.000%
24		Trustee Election	\$22,169	\$0	\$400,000	\$0	\$400,000	\$0
25		Utilities Cost Increase	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
27		ITS Licensing/Contract Escalation Cost	\$125,000	\$147,000	\$125,000	\$125,000	\$125,000	\$125,000
28		Other Local Match	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
29	Carryover:							
30		Assumes carryover funds are not spent	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524
31								
32								
33	Multi-Year Projection:							
34		Beginning Budget Stabilization Balance	\$16,556,830	\$12,444,703	\$13,493,143	\$13,493,143	\$10,695,818	(\$1,242,417)
35		Total Revenue	148,948,552	156,097,471	160,227,896	162,691,182	162,643,815	158,861,584
36		Total Expenditure	153,853,382	155,049,031	157,442,295	165,488,507	174,582,050	182,824,882
37		Other Fund Balance Changes and Adjustments	792,703	0	0	0	0	0
38		Unallocated #7910 Unrestricted Contingency		0	2,785,600	0	0	0
39		Surplus/ (Deficit)	(4,112,127)	0	0	(2,797,325)	(11,938,235)	(23,963,298)
40		Ending Budget Stabilization Balance	\$12,444,703	\$13,493,143	\$13,493,143	\$10,695,818	(\$1,242,417)	(\$25,205,716)
41		Percentage	8.1%	8.7%	8.6%	6.5%	-0.7%	-13.8%

**Rancho Santiago Community College District
Unrestricted General Fund 5 Year Multi-Year Projection
Version#3**

**Summary-Base Scenario
Revised Assumption: May 22, 2015**

	A	B	C	D	E	F	G	H
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
			Actuals	Proposed	Projected	Projected	Projected	Projected
				Budget	Budget	Budget	Budget	Budget
6	Assumptions:							
7	Revenue:							
8		General Apportionment Deficit Factor	-1.720%	-1.720%	-1.000%	-1.000%	-1.000%	-1.000%
9		Growth/Access	1.270%	1.000%	1.000%	1.000%	1.000%	1.000%
10		Cost of Living Adjustment	0.850%	1.020%	1.600%	2.480%	2.870%	2.500%
11		One time Funds 2013/14 Prior Year Adjustment	\$3,215,276	\$0	\$0	\$0	\$0	\$0
12		Lottery Revenue-Unrestricted	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
13		Education Protection Account (EPA) funding ends December 2016	0	0	(633,600)	(\$1,267,200)	(\$4,435,200)	(\$7,603,200)
14		Base Allocation and New Faculty CDCP Rate Increase	\$0.00	\$14,875,000	\$0.00	\$0.00	\$0.00	\$0.00
15	Expenditure:							
16		Step/Column/Salary Net Adjustment	2.050%	2.220%	2.800%	3.680%	4.070%	3.700%
17		Part-time Faculty/FON Obligation	\$1,927,661	\$1,462,500	\$535,529	\$561,163	\$589,739	\$618,055
18		Allocation of Full time Faculty	\$0	\$1,875,000	\$0	\$0	\$0	\$0
19		STRS Rate	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%
20		PERS Rate	11.771%	11.847%	13.050%	16.600%	18.200%	19.900%
21		Health and Welfare Premium Percent Increase (District Cost)	8.200%	2.200%	7.500%	7.500%	7.500%	7.500%
24		Trustee Election	\$22,169	\$0	\$400,000	\$0	\$400,000	\$0
25		Utilities Cost Increase	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
27		ITS Licensing/Contract Escalation Cost	\$125,000	\$147,000	\$125,000	\$125,000	\$125,000	\$125,000
28		Other Local Match	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
29	Carryover:							
30		Assumes carryover funds are not spent	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524
31								
32								
33	Multi-Year Projection:							
34		Beginning Budget Stabilization Balance	\$16,556,830	\$12,444,703	\$13,493,143	\$13,493,143	\$9,466,534	(\$4,435,353)
35		Total Revenue	148,948,552	156,097,471	160,227,896	162,691,182	162,643,815	158,861,584
36		Total Expenditure	153,853,382	155,049,031	158,019,484	166,717,792	176,545,702	185,613,068
37		Other Fund Balance Changes and Adjustments	792,703	0	0	0	0	0
38		Unallocated #7910 Unrestricted Contingency		0	2,208,411	0	0	0
39		Surplus/ (Deficit)	(4,112,127)	0	0	(4,026,609)	(13,901,887)	(26,751,484)
40		Ending Budget Stabilization Balance	\$12,444,703	\$13,493,143	\$13,493,143	\$9,466,534	(\$4,435,353)	(\$31,186,838)
41		Percentage	8.1%	8.7%	8.5%	5.7%	-2.5%	-16.8%

**Rancho Santiago Community College District
Unrestricted General Fund 5 Year Multi-Year Projection
Version#4**

**Summary-Base Scenario
Revised Assumption: May 22, 2015**

	A	B	C	D	E	F	G	H
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
			Actuals	Proposed	Projected	Projected	Projected	Projected
				Budget	Budget	Budget	Budget	Budget
6	Assumptions:							
7	Revenue:							
8		General Apportionment Deficit Factor	-1.720%	-1.720%	-1.000%	-1.000%	-1.000%	-1.000%
9		Growth/Access	1.270%	0.000%	0.000%	0.000%	0.000%	0.000%
10		Cost of Living Adjustment	0.850%	1.020%	1.600%	2.480%	2.870%	2.500%
11		One time Funds 2013/14 Prior Year Adjustment	\$3,215,276	\$0	\$0	\$0	\$0	\$0
12		Lottery Revenue-Unrestricted	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
13		Education Protection Account (EPA) funding ends December 2016	0	0	(633,600)	(\$1,267,200)	(\$4,435,200)	(\$7,603,200)
14		Base Allocation and New Faculty CDCP Rate Increase	\$0.00	\$14,875,000	\$0.00	\$0.00	\$0.00	\$0.00
15	Expenditure:							
16		Step/Column/Salary Net Adjustment	2.050%	2.220%	2.800%	3.680%	4.070%	3.700%
17		Part-time Faculty/FON Obligation	\$1,927,661	\$1,462,500	\$0	\$0	\$0	\$0
18		Allocation of Full time Faculty	\$0	\$1,875,000	\$0	\$0	\$0	\$0
19		STRS Rate	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%
20		PERS Rate	11.771%	11.847%	13.050%	16.600%	18.200%	19.900%
21		Health and Welfare Premium Percent Increase (District Cost)	8.200%	2.200%	5.000%	5.000%	5.000%	5.000%
24		Trustee Election	\$22,169	\$0	\$400,000	\$0	\$400,000	\$0
25		Utilities Cost Increase	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
27		ITS Licensing/Contract Escalation Cost	\$125,000	\$147,000	\$125,000	\$125,000	\$125,000	\$125,000
28		Other Local Match	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
29	Carryover:							
30		Assumes carryover funds are not spent	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524
31								
32								
33	Multi-Year Projection:							
34		Beginning Budget Stabilization Balance	\$16,556,830	\$12,444,703	\$12,044,703	\$12,044,703	\$5,867,507	(\$10,428,021)
35		Total Revenue	148,948,552	154,649,031	157,283,989	158,199,477	156,539,253	151,137,067
36		Total Expenditure	153,853,382	155,049,031	156,909,409	164,376,674	172,834,781	180,393,311
37		Other Fund Balance Changes and Adjustments	792,703	0	0	0	0	0
38		Unallocated #7910 Unrestricted Contingency		0	374,580	0	0	0
39		Surplus/ (Deficit)	(4,112,127)	0	0	(6,177,196)	(16,295,528)	(29,256,244)
40		Ending Budget Stabilization Balance	\$12,444,703	\$12,044,703	\$12,044,703	\$5,867,507	(\$10,428,021)	(\$39,684,265)
41		Percentage	8.1%	7.8%	7.7%	3.6%	-6.0%	-22.0%

**Rancho Santiago Community College District
Unrestricted General Fund 5 Year Multi-Year Projection
Version#5**

**Summary-Base Scenario
Revised Assumption: May 22, 2015**

	A	B	C	D	E	F	G	H
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
			Actuals	Proposed	Projected	Projected	Projected	Projected
				Budget	Budget	Budget	Budget	Budget
6	Assumptions:							
7	Revenue:							
8		General Apportionment Deficit Factor	-1.720%	-1.720%	-1.000%	-1.000%	-1.000%	-1.000%
9		Growth/Access	1.270%	0.000%	1.000%	1.000%	1.000%	1.000%
10		Cost of Living Adjustment	0.850%	1.020%	1.600%	2.480%	2.870%	2.500%
11		One time Funds 2013/14 Prior Year Adjustment	\$3,215,276	\$0	\$0	\$0	\$0	\$0
12		Lottery Revenue-Unrestricted	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
13		Education Protection Account (EPA) funding ends December 2016	0	0	\$0	\$0	\$0	\$0
14		Base Allocation and New Faculty CDCP Rate Increase	\$0.00	\$14,875,000	\$0.00	\$0.00	\$0.00	\$0.00
15	Expenditure:							
16		Step/Column/Salary Net Adjustment	2.050%	2.220%	2.800%	3.680%	4.070%	3.700%
17		Part-time Faculty/FON Obligation	\$1,927,661	\$1,462,500	\$532,886	\$555,546	\$580,787	\$605,372
18		Allocation of Full time Faculty	\$0	\$1,875,000	\$0	\$0	\$0	\$0
19		STRS Rate	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%
20		PERS Rate	11.771%	11.847%	13.050%	16.600%	18.200%	19.900%
21		Health and Welfare Premium Percent Increase (District Cost)	8.200%	2.200%	5.000%	5.000%	5.000%	5.000%
24		Trustee Election	\$22,169	\$0	\$400,000	\$0	\$400,000	\$0
25		Utilities Cost Increase	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
27		ITS Licensing/Contract Escalation Cost	\$125,000	\$147,000	\$125,000	\$125,000	\$125,000	\$125,000
28		Other Local Match	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
29	Carryover:							
30		Assumes carryover funds are not spent	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524
31								
32								
33	Multi-Year Projection:							
34		Beginning Budget Stabilization Balance	\$16,556,830	\$12,444,703	\$12,044,703	\$12,044,703	\$9,655,781	\$2,572,869
35		Total Revenue	148,948,552	154,649,031	159,389,881	163,099,585	167,499,138	171,441,490
36		Total Expenditure	153,853,382	155,049,031	157,442,295	165,488,507	174,582,050	182,824,882
37		Other Fund Balance Changes and Adjustments	792,703	0	0	0	0	0
38		Unallocated #7910 Unrestricted Contingency		0	1,947,585	0	0	0
39		Surplus/ (Deficit)	(4,112,127)	0	0	(2,388,923)	(7,082,912)	(11,383,392)
40		Ending Budget Stabilization Balance	\$12,444,703	\$12,044,703	\$12,044,703	\$9,655,781	\$2,572,869	(\$8,810,523)
41		Percentage	8.1%	7.8%	7.7%	5.8%	1.5%	-4.8%

**Rancho Santiago Community College District
Unrestricted General Fund 5 Year Multi-Year Projection
Version#6**

**Summary-Base Scenario
Revised Assumption: May 22, 2015**

	A	B	C	D	E	F	G	H
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
			Actuals	Proposed	Projected	Projected	Projected	Projected
				Budget	Budget	Budget	Budget	Budget
6	Assumptions:							
7	Revenue:							
8		General Apportionment Deficit Factor	-1.720%	-1.720%	-1.000%	-1.000%	-1.000%	-1.000%
9		Growth/Access	1.270%	1.000%	1.570%	1.570%	1.570%	1.570%
10		Cost of Living Adjustment	0.850%	1.020%	1.600%	2.480%	2.870%	2.500%
11		One time Funds 2013/14 Prior Year Adjustment	\$3,215,276	\$0	\$0	\$0	\$0	\$0
12		Lottery Revenue-Unrestricted	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
13		Education Protection Account (EPA) funding ends December 2016	0	0	(633,600)	(\$1,267,200)	(\$4,435,200)	(\$7,603,200)
14		Base Allocation and New Faculty CDCP Rate Increase	\$0.00	\$14,875,000	\$0.00	\$0.00	\$0.00	\$0.00
15	Expenditure:							
16		Step/Column/Salary Net Adjustment	2.050%	2.220%	2.800%	3.680%	4.070%	3.700%
17		Part-time Faculty/FON Obligation	\$1,927,661	\$1,462,500	\$799,329	\$833,319	\$871,181	\$908,059
18		Allocation of Full time Faculty	\$0	\$1,875,000	\$0	\$0	\$0	\$0
19		STRS Rate	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%
20		PERS Rate	11.771%	11.847%	13.050%	16.600%	18.200%	19.900%
21		Health and Welfare Premium Percent Increase (District Cost)	8.200%	2.200%	5.000%	5.000%	5.000%	5.000%
24		Trustee Election	\$22,169	\$0	\$400,000	\$0	\$400,000	\$0
25		Utilities Cost Increase	5.000%	5.000%	5.000%	5.000%	5.000%	5.000%
27		ITS Licensing/Contract Escalation Cost	\$125,000	\$147,000	\$125,000	\$125,000	\$125,000	\$125,000
28		Other Local Match	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
29	Carryover:							
30		Assumes carryover funds are not spent	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524
31								
32								
33	Multi-Year Projection:							
34		Beginning Budget Stabilization Balance	\$16,556,830	\$12,444,703	\$13,493,143	\$13,493,143	\$11,870,621	\$1,720,458
35		Total Revenue	148,948,552	156,097,471	161,075,358	164,421,903	165,305,523	162,476,187
36		Total Expenditure	153,853,382	155,049,031	157,708,738	166,044,425	175,455,686	184,040,669
37		Other Fund Balance Changes and Adjustments	792,703	0	0	0	0	0
38		Unallocated #7910 Unrestricted Contingency		0	3,366,620	0	0	0
39		Surplus/ (Deficit)	(4,112,127)	0	0	(1,622,522)	(10,150,163)	(21,564,481)
40		Ending Budget Stabilization Balance	\$12,444,703	\$13,493,143	\$13,493,143	\$11,870,621	\$1,720,458	(\$19,844,024)
41		Percentage	8.1%	8.7%	8.6%	7.1%	1.0%	-10.8%

**Rancho Santiago Community College District
Unrestricted General Fund 5 Year Multi-Year Projection
Version#7**

**Summary-Base Scenario
Revised Assumption: May 22, 2015**

	A	B	C	D	E	F	G	H
			2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
			Actuals	Proposed	Projected	Projected	Projected	Projected
				Budget	Budget	Budget	Budget	Budget
6	Assumptions:							
7	Revenue:							
8		General Apportionment Deficit Factor	-1.720%	-1.720%	-1.000%	-1.000%	-1.000%	-1.000%
9		Growth/Access	1.270%	0.000%	0.000%	0.000%	0.000%	0.000%
10		Cost of Living Adjustment	0.850%	1.020%	1.600%	2.480%	2.870%	2.500%
11		One time Funds 2013/14 Prior Year Adjustment	\$3,215,276	\$0	\$0	\$0	\$0	\$0
12		Lottery Revenue-Unrestricted	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
13		Education Protection Account (EPA) funding ends December 2016	0	0	(633,600)	(\$1,267,200)	(\$4,435,200)	(\$7,603,200)
14		Base Allocation and New Faculty CDCP Rate Increase	\$0.00	\$14,875,000	\$0.00	\$0.00	\$0.00	\$0.00
15	Expenditure:							
16		Step/Column/Salary Net Adjustment	2.050%	2.220%	2.800%	3.680%	4.070%	3.700%
17		Part-time Faculty/FON Obligation	\$1,927,661	\$1,462,500	\$0	\$0	\$0	\$0
18		Allocation of Full time Faculty	\$0	\$1,875,000	\$0	\$0	\$0	\$0
19		STRS Rate	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%
20		PERS Rate	11.771%	11.847%	13.050%	16.600%	18.200%	19.900%
21		Health and Welfare Premium Percent Increase (District Cost)	8.200%	2.200%	7.500%	7.500%	7.500%	7.500%
24		Trustee Election	\$22,169	\$0	\$400,000	\$0	\$400,000	\$0
25		Utilities Cost Increase	5.000%	5.000%	7.500%	7.500%	7.500%	7.500%
27		ITS Licensing/Contract Escalation Cost	\$125,000	\$147,000	\$125,000	\$125,000	\$125,000	\$125,000
28		Other Local Match	\$750,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
29	Carryover:							
30		Assumes carryover funds are not spent	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524	\$1,427,524
31								
32								
33	Multi-Year Projection:							
34		Beginning Budget Stabilization Balance	\$16,556,830	\$12,444,703	\$12,044,703	\$12,044,703	\$4,499,683	(\$13,975,914)
35		Total Revenue	148,948,552	154,649,031	157,283,989	158,199,477	156,539,253	151,137,067
36		Total Expenditure	153,853,382	155,049,031	157,553,091	165,744,497	175,014,850	183,482,024
37		Other Fund Balance Changes and Adjustments	792,703	0	(269,102)	0	0	0
38		Unallocated #7910 Unrestricted Contingency		0		0	0	0
39		Surplus/ (Deficit)	(4,112,127)	0	0	(7,545,020)	(18,475,596)	(32,344,958)
40		Ending Budget Stabilization Balance	\$12,444,703	\$12,044,703	\$12,044,703	\$4,499,683	(\$13,975,914)	(\$46,320,871)
41		Percentage	8.1%	7.8%	7.6%	2.7%	-8.0%	-25.2%

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
FTES Analysis and Targets
As of July 1, 2015

	2012/13		2013/14				2014/15				2015/16			
	P3 Actual	%	Target	Recal Actual	%	Difference Target to Actual	Target	@P2 Est. Actual	%	Difference Target to Actual	Target	%		
SAC/CEC														
Credit	15,375.51	54.55%	15,820.00	15,493.22	54.00%	(326.78)	-2.07%	15,574.00	15,573.04	53.60%	(0.96)	-0.01%	15,573.04	53.60%
CDCP	4,274.98	15.17%	4,370.71	4,289.35	14.95%	(81.36)	-1.86%	4,461.03	4,278.97	14.73%	(182.06)	-4.08%	4,278.97	14.73%
Non-credit	282.95	1.00%	289.29	304.77	1.06%	15.48	5.35%	316.97	580.50	2.00%	263.53	83.14%	580.50	2.00%
	19,933.44	70.72%	20,480.00	20,087.34	70.02%	(392.66)	-1.92%	20,352.00	20,432.51	70.33%	80.51	0.40%	20,432.51	70.33%
SCC/OEC														
Credit	6,359.13	22.56%	6,579.00	6,794.58	23.68%	215.58	3.28%	6,977.00	6,839.19	23.54%	(137.81)	-1.98%	6,839.19	23.54%
CDCP	1,711.68	6.07%	1,688.64	1,720.49	6.00%	31.85	1.89%	1,774.75	1,591.08	5.48%	(183.67)	-10.35%	1,591.08	5.48%
Non-credit	180.79	0.64%	178.36	86.52	0.30%	(91.84)	-51.49%	89.25	190.16	0.65%	100.91	113.07%	190.16	0.65%
	8,251.60	29.28%	8,446.00	8,601.59	29.98%	155.59	1.84%	8,841.00	8,620.43	29.67%	(220.57)	-2.49%	8,620.43	29.67%
District Total														
Credit	21,734.64	77.11%	22,399.00	22,287.80	77.69%	(111.20)	-0.50%	22,551.00	22,412.23	77.14%	(138.77)	-0.62%	22,412.23	77.14%
CDCP	5,986.66	21.24%	6,059.36	6,009.84	20.95%	(49.52)	-0.82%	6,235.78	5,870.05	20.20%	(365.73)	-5.87%	5,870.05	20.20%
Non-credit	463.74	1.65%	467.64	391.29	1.36%	(76.35)	-16.33%	406.22	770.66	2.65%	364.44	89.72%	770.66	2.65%
	28,185.04	100.00%	28,926.00	28,688.93	100.00%	(237.07)	-0.82%	29,193.00	29,052.94	100.00%	(140.06)	-0.48%	29,052.94	100.00%
Growth			2.63%	1.79%				1.76%	1.27%				0.00%	

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2015-16 DRAFT Adopted Budget Assumptions
July 1, 2015**

I. State Revenue

A. Budgeting will continue to utilize the District's Budget Allocation Model (BAM) based on SB 361.

B. FTES Workload Measure Assumptions:

Year	Base	Actual	Funded	Actual Growth
2011/12	28,182.19	27,711.41	27,711.41	-9.95%
2012/13	27,711.41	28,185.04	28,185.04	1.71%
2013/14	28,185.04	28,688.93 a	28,688.93 a	1.79%
2014/15	P2 28,688.93	29,052.94 b	29,052.94 b	1.27%

a - based on 2013/14 Recalculation received 2/19/2015

b - based on 2014/15 P2 received 6/26/2015

The state budget includes 3% Restoration/Access/Growth funding, 1.02% COLA, new full time faculty allocation, an unrestricted increase to the Base Allocation and equalizing the CDCP FTES funding rate at the credit FTES rate.

Base Allocation Increase	\$6,550,000
CDCP Funding Enhancement	\$7,900,000
Projected COLA of 1.02%	\$1,395,000
Projected Restoration/Access/Growth -0-	\$0
Allocation for Full-time Faculty	\$1,350,000
Projected Deficit (Estimated at 1.72%)	(\$2,400,000)
Apportionment Base Increase for 2015/16	\$14,795,000

2015/16 Potential Growth at 1.57% based on 3% system 29,509

C. Education Protection Account (EPA) funding estimated at **\$24,764,932** based estimate on 2014/15 P2. 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 \$128 per FTES (**\$3,790,163**). Restricted lottery at \$34 per FTES (**\$1,006,762**). (2014/15 P2 of resident & nonresident factored FTES, 29,610.65 x 128 = \$3,790,163 unrestricted lottery; 29,610.65 x 34 = \$1,006,762. These rates are increased and with an increase in FTES there is a slight increase in revenue.

E. Estimated reimbursement for part-time faculty compensation is estimated at \$691,647 (2014/15 P2). Unchanged.

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is included for categorical programs. This hasn't happened in a number of years. 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. There is no increased match requirements for SSSP funds beginning in 2015/16.

G. BOG fee waivers 2% administration funding estimated at 2014/15 P2 of \$250,674. Unchanged

H. Mandates Block Grant estimated at a total budget of \$740,000. Unchanged. In addition, with a one-time \$603.7 million allocation statewide for past Mandated Cost reimbursement, we expect approximately **\$15.4 million**, an increase from \$900,000. These funds can be used for any one-time purposes and will require additional discussion before allocation.

II. Other Revenue

I. Non-Resident Tuition budgeted at \$2,000,000. Increase of **\$500,000**.

J. Interest earnings estimated at \$180,000. Increase of **\$60,000**

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately \$350,000. Unchanged

L. Apprenticeship revenue estimated at \$1,389,971 (2014/15 P2). Unchanged. There is a statewide increase of \$29.1 million to the allocation for Apprenticeship, but at this time it is not known how this might affect our budget.

M. Scheduled Maintenance/Instructional Equipment allocation estimated at \$3.8 million (no match required).

N. Energy Efficiency/Prop 39 revenue estimated at \$831,000. Slight increase from 2014/15.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2015-16 DRAFT Adopted Budget Assumptions
July 1, 2015**

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 Cost of Living Allowance (COLA) estimated at 1.02%, \$1.395 million.
- C. Step and column movement is budgeted at an additional cost of approximately \$1.4 million including benefits. (FARSCCD approximate cost \$475,000, CSEA approximate cost \$480,000, Management/Other approximate cost \$445,000)
- D. Health and Welfare benefit premium cost increase is estimated at 2.2% for an additional cost of approximately \$332,000 for active employees and an additional cost of \$143,000 for retirees, for a combined increase of \$475,000. State Unemployment Insurance local experience charges are estimated at \$250,000 (2014/15 budgeted amount). Unchanged. CalPERS employer contribution rate will increase in 2015/16 from 11.771% to 11.847% for an increase of \$23,484
(Note: The cost of each 1% increase in the PERS rate is approximately \$300,000.)
CalSTRS employer contribution rate will increase in 2015/16 from 8.88% to 10.73% for an increase of \$1,048,025.
(Note: The cost of each 1% increase in the STRS rate is approximately \$550,000.)
- E. The full-time faculty obligation (FON) for Fall 2015 is estimated at 346.80. The District is currently recruiting 34 faculty positions (two of which do not count toward the FON) for an estimated total of 32 positions counting toward the obligation. The District expects to meet its obligation. Penalties for not meeting the obligation amount to approximately \$73,000 per FTE not filled.

The additional cost of new full-time faculty being hired for Fall 2015 is estimated at \$1.5 million. SAC is filling 16 vacancies and adding six new positions. SCC is filling four vacancies and adding eight new positions. (The cost of the 14 new positions, along with shifts from categorical funding, is budgeted at Class VI, Step 10 at approximately \$125,000 each, including benefits.)

Ongoing cuts have been made by the two colleges to pay for the 2014/15 and 2015/16 full-time faculty hires (SAC reductions total \$2,802,540 and SCC reductions total \$587,621)

In addition, with the state special allocation for full-time faculty, we are budgeting to fully spend this \$1.35 million revenue to hire approximately 12 additional faculty.

- F. The current rate per Lecture Hour Equivalent (LHE) effective 1/1/15 for hourly faculty is \$1,243. Incr. of 5.88% from 2013/14
- G. Retiree Health Benefit Fund (OPEB/GASB 45 Obligation) - The District will continue to contribute 1% of total salaries plus a minimum of \$500,000 (approx. \$1.5 million) to fund the total actuarially determined Annual Required Contribution (ARC). The actual ARC for 2015/16 is \$8,350,167.
- H. Capital Outlay Fund - As indicated in I.H above, in addition to the state allocation for Scheduled Maintenance/Instructional Equipment, the district will address capital outlay needs using a portion of the one-time mandated cost reimbursement.
- I. Utilities cost increases of 5%, estimated at \$200,000.
- J. Information Technology licensing contract escalation cost of 7%, estimated at \$125,000, plus cost of OneCampus license \$22,000 for at total increase of \$147,000.
- K. Property and Liability Insurance cost estimated at \$1,850,000.
- L. Partial implementation of the Public Safety Task Force recommendations including increased cost of Chief and Lieutenant positions and three new Sergeant positions, estimated at \$432,137. **These new costs have been offset with cuts from other District Services.**
- M. Other additional DS/Institutional Cost expenses:
Trustee Election Expense \$125,000 each year beginning 15/16 (as opposed to \$400,000 every other year)
Legal Expenses of \$250,000 (in addition to \$250,000 PY)
- N. Child Development Fund - Program staff has developed a plan to reduce the budget deficit. The District will budget \$250,000 as an interfund transfer from the unrestricted general fund as a contingency plan.

Rancho Santiago Community College District
Unrestricted General Fund Summary
2015-16 DRAFT Adopted Budget Assumptions Analysis
July 1, 2015

*	<u>New Revenues</u>		Ongoing Only	One-Time
B	Base Allocation Increase	1	\$6,550,000	
B	CDCP FTES Funding Equalization	1	\$7,900,000	
B	COLA 1.02%		\$1,395,000	
B	Growth -0-		\$0	
B	Allocation for Full-time Faculty		\$1,350,000	
D	Unrestricted Lottery		\$69,828	
H	Mandates Block Grant (one-time)	2	(\$900,000)	\$15,400,000
I	Non-Resident Tuition		\$500,000	
J	Interest Earnings		\$60,000	
K	Misc Income			
	Total		<u>\$16,924,828</u>	<u>\$15,400,000</u>

New Expenditures

B	COLA 1.02%		\$1,395,000	
C	Step/Column		\$1,400,000	
D	Health and Welfare/Benefits at 2.2%		\$475,000	
D	CalPERS Increase		\$23,484	
D	CalSTRS Increase		\$1,048,025	
E	Full Time Faculty Obligation Hires		\$1,462,500	
E	College Budget Cuts for Faculty Hires		(\$3,390,161)	
E	Allocation for Full-time Faculty		\$1,350,000	
E/F	Hourly Faculty Budgets (Convert to Full Time)		\$0	
I.F	SSSP Match		\$0	
H	Capital Outlay/Scheduled Maintenance Match		\$750,000	\$1,500,000
I	Utilities Increase		\$200,000	
J	ITS Licensing/Contract Escalation Cost		\$147,000	
K	Property and Liability Insurance		\$50,000	
L	Public Safety Task Force Recommendations		\$0	
M	Election Expense		\$125,000	(\$400,000)
M	Other Additional DS/Institutional Costs		\$250,000	
	Remaining Revenue Allocated to Colleges	3	\$3,244,174	
I.H	Holding for Allocation of One-Time Expense			\$14,300,000
	Total		<u>\$8,530,022</u>	<u>\$15,400,000</u>

2015-16 Budget Year Surplus (Deficit) \$8,394,806

2014-15 Ongoing Base Structural Deficit (\$8,394,806)

Total 2015-16 Net Revenue (Deficit) \$0

Note: Budget Stabilization Fund Balance at 6/30/2015 is estimated at \$11 million.

1 At this time, these revenues are budgeted 100% unrestricted with NO specifically-related additional expenditures budgeted.

2 These one-time funds will not be allocated from the state prior to December.

3 To be used to properly budget the cost of adjunct faculty, instructional aids, ISAs, and utilities.

** Reference to budget assumption number*



Rancho Santiago Community College District Budget Allocation Model Based on SB 361

- The *“Rancho Santiago Community College District Budget Allocation Model Based on SB361, February 8, 2012”* was approved at the February 22, 2012 Budget Allocation and Planning Review Committee Meeting

Introduction

In 2008, both colleges were visited by ACCJC Accreditation Teams in the normal accreditation cycle. The Teams noticed that the district’s budget allocation model that was in place for approximately ten years had not been annually reviewed as to its effectiveness as stated in the model documents. The existing revenue allocation model was developed when the district transformed into a multi college district. The visiting Team recommended a review of the existing budget allocation model and recommended changes as necessary.

The Budget Allocation and Planning Review Committee (BAPR) charged the BAPR Workgroup, a technical subgroup of BAPR, with the task of reviewing the ten year old model. In the process, the Workgroup requested to evaluate other California Community College multi-campus budget allocation models. Approximately twenty models were reviewed. Ultimately, the Workgroup focused on a revenue allocation model as opposed to an expenditure allocation model. A revenue allocation model allocates revenues (state and local) generated in a budget year to the college campuses in the district based on the state funding model that allocates state apportionment revenues to districts. An expenditure allocation model allocates, by agreed upon formulas, expenditure appropriations for full-time faculty staffing, adjunct faculty staffing, classified and administrative staffing, associated health and welfare benefit costs, supply and equipment budgets, utility costs, legal and other services. The BAPR Workgroup ultimately decided on a revenue allocation formula in order to provide the greatest amount of flexibility for the campuses.

Senate Bill 361, passed in 2006, changed the formula of earned state apportionment revenues to essentially two elements, 1) Basic Allocations for college/center base funding rates based on FTES size of the college and center and 2) Full Time Equivalent Students (FTES) based on earned and funded FTES. The BAPR Workgroup determined that since this is how our primary funding comes from the state this model should be used for distribution on earned revenues to the colleges. The colleges and centers are the only entities in the district that generates this type of funding. Revenue earned and funded by the state will be earned and funded at the colleges. The Budget Allocation Model (BAM) described in this document provides the guidelines, formulas, and basic steps for the development of an annual district budget including the allocation of budget expenditure responsibilities for Santa Ana College, Santiago Canyon College and District Services referred to as the three district Budget Centers. The budget is the financial plan for the district, and application of this model should be

utilized to implement the district's vision, mission statement, district strategic plan and the technology strategic plan as well as the colleges' mission statements, educational master plans, facilities master plans and other planning resources. The annual implementation of the budget allocation model is to be aligned with all of these plans. To ensure that budget allocation is tied to planning, it is the responsibility of District Council to review budget and planning during the fiscal year and, if necessary, recommend adjustments to the budget allocation model to keep the two aligned for the coming year. The Chancellor and the Board of Trustees are ultimately responsible for the annual budget and the expenditures associated with the budget. In February of 2013, the Board of Trustees adopted a new planning design manual. This document eliminated BAPR and created the Fiscal Resources Committee (FRC). FRC is responsible for recommending the annual budget to the District Council for its recommendation to the Chancellor and Board of Trustees. FRC is also responsible for annual review of the model for accreditation and can recommend any modifications to the guidelines.

The goal of the BAM is to create a documented revenue allocation process that provides financial stability and encourages fiscal accountability at all levels in times of either increasing or decreasing revenue streams. It is also intended to be simple, transparent, easy to understand, fair, predictable and consistent, using quantitative, verifiable factors with performance incentives. District Council should conduct a review(s) during each fiscal year to assess if the operation of the budget allocation model is meeting the goal.

Under state law, the District is the legal entity and is ultimately responsible for actions, decisions and legal obligations of the entire organization. The Board of Trustees of the Rancho Santiago Community College District has clear statutory authority and responsibility and, ultimately, makes all final decisions. Likewise, the Chancellor, under the direction of the Board of Trustees, is responsible for the successful operation, reputation, and fiscal integrity of the entire District. The funding model does not supplant the Chancellor's role, nor does it reduce the responsibility of the District Services staff to fulfill their fiduciary role of providing appropriate oversight of the operations of the entire District. It is important that guidelines, procedures and responsibility be clear with regard to District compliance with any and all laws and regulations such as the 50% Law, full-time/part-time faculty requirements, Faculty Obligation Number (FON), attendance accounting, audit requirements, fiscal and related accounting standards, procurement and contract law, employment relations and collective bargaining, payroll processing and related reporting requirements, etc. The oversight of these requirements are to be maintained by District Services, which has a responsibility to provide direction and data to the colleges to assure they have appropriate information for decision making with regard to resource allocation at the local level, thus, assuring District compliance with legal and regulatory requirements.

All revenue is considered District revenue because the district is the legal entity authorized by the State of California to receive and expend income and to incur expenses. However, the majority of revenue is provided by the taxpayers of California for the sole purpose of providing educational services to the communities and students served by the District. Services such as classes, programs, and student services are, with few exceptions, the responsibility of the colleges. It is the intent of the Revenue Allocation Model to allocate the majority of funds to the colleges in order to provide those educational services. The model intends to provide an opportunity to maximize resource allocation decisions at the local college level. Each college president is responsible for the successful operation and performance of his/her college as it relates to resource allocation and utilization. The purpose and function of the District Services in this structure is to maintain the fiscal and operational integrity of the District and its individual colleges and centers and to facilitate college operations so that their needs are met and fiscal stability is assured. District Services has responsibility for providing certain centralized functions, both to provide efficient operations as well as to assist in coordination between District Services and the colleges. Examples of these services include human resources, business operations, fiscal and budgetary oversight, procurement, construction and capital outlay, and information technology. On the broadest level, the goal of this partnership is to encourage and support collaboration between the colleges and District Services.

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 unforeseen issue that would arise should be brought back to FRC for review and recommendation.

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.

College and District Services Budgets and Expenditure Responsibilities

Since the BAM is a revenue allocation model, all expenditures and allocation of revenues under the model are

the responsibilities of the colleges and centers. Expenditure responsibilities for the colleges, District Services and Institutional Costs are summarized in Table 1.

Revenue and budget responsibilities are summarized on Table 2. The total annual revenue to each college will be the sum of base funding for each college and center as defined by SB 361 and applying the current FTES rates for credit base, noncredit base, career development and college preparation noncredit base revenues as well as any local unrestricted or restricted revenues earned by the college.

The revenue allocations will be regularly reviewed by FRC. In reviewing the allocation of general funds, FRC should take into consideration all revenues, including restricted revenues, available to each of the Budget Centers less any apportionment deficits, property tax shortfalls or uncollected student fees or shortfalls. If necessary, FRC will recommend adjustments to District Council for submission to the Chancellor.

The expenditures allocated for District Services and for Institutional Costs will be developed based on the projected levels of expenditure for the prior fiscal year, taking into account unusual or one-time anomalies, reviewed by FRC and the District Council and approved by the Chancellor and the Board of Trustees.

DISTRICT SERVICES – Examples are those expenses associated with the operations of the Chancellor’s Office, Board of Trustees, Public Affairs, Human Resources, Risk Management, Educational Services, Institutional Research, Business Operations, Internal Auditing, Fiscal Services, Payroll, Purchasing, Facilities Planning, ITS and Safety Services. Economic Development expenditures are to be included in the District Services budget but clearly delineated from other District expenditures.

INSTITUTIONAL COSTS – Examples are those expenses associated with State and Federal regulatory issues, property, liability and other insurances, board election, interfund transfers and Retiree Health Benefit Costs. **As the board election expense is incurred every other year, it will be budgeted each year at one-half of the estimated cost. In the off years, the funds will remain unspent and specifically carried over to the next year to be used solely for the purpose of the election expense. If there is insufficient budget, the colleges will be assessed the difference based on the current FTES split. If any funds remain unspent in an election year, it will be allocated to the colleges based on the current FTES split for one-time uses.**

An annual review of District Services and Institutional Costs will be conducted by District Council each fall in order to give time to complete the evaluation in time to prepare for the following fiscal year budget cycle and implement any suggestions. The review will include an evaluation of the effectiveness of the services provided to assure the District is appropriately funded. If District Council believes a change to the allocation is necessary, it will submit its recommendation to FRC for funding consideration and recommendation to the Chancellor.

District Reserves and Deficits

The Board of Trustees will establish a reserve through board policy, state guidelines and budget assumptions.

The Chancellor reserves the right to adjust allocations as necessary.

The Board of Trustees is solely responsible for labor negotiations with employee groups. Nothing in this budget model shall be interpreted to infringe upon the Board’s ability to collectively bargain and negotiate in good faith with employee organizations and meet and confer with unrepresented employees.

College Budget and Expenditure Responsibilities

Colleges will be responsible for funding the current programs and services that they operate as part of their budget plans. There are some basic guidelines the colleges must follow:

- Allocating resources to achieve the state funded level of FTES is a primary objective for all colleges.
- Requirements of the collective bargaining agreements apply to college level decisions.
- The FON (Faculty Obligation Number) must be maintained by each college. Full-time faculty hiring recommendations by the colleges are monitored on an institutional basis. Any financial penalties imposed by the state due to FON non-compliance will be borne proportionately by the campus not in compliance.
- In making expenditure decisions, the impact upon the 50% law calculation must be considered and budgeted appropriately. Any financial penalties imposed by the state due to 50% law non-compliance will be borne proportionally (by FTES split) by both campuses.
- With unpredictable state funding, the cost of physical plant maintenance is especially important. Lack of maintenance of the operations and district facilities and grounds will have a significant impact on the campuses and therefore needs to be addressed with a detailed plan and dedicated budget whether or not funds are allocated from the state.

Budget Center Reserves and Deficits

It is strongly recommended that the colleges and District Services budget centers set aside at least a 1% contingency reserve to handle unplanned and unforeseen expenses. If unspent by year end, this reserve falls into the year-end balance and is included in the Budget Centers' beginning balance for the following fiscal year.

If a Budget Center incurs an overall deficit for any given year, the following sequential steps will be implemented:

The Budget Center reserve shall first be used to cover any deficit. If reserves are not sufficient to cover budget expenses and/or reserves are not able to be replenished the following year, then the Budget Center is to prepare an expenditure reduction plan and/or submit a request for the use of District Reserves to help offset the deficit. The expenditure reduction plan and/or a request to use District Reserves is to be submitted to FRC. If FRC agrees with the expenditure reduction plan and/or the request to use District Reserves, it will forward the recommendation to District Council for review and recommendation to the Chancellor who will make the final determination.

Revenue Modifications

Apportionment Revenue Adjustments

It is very likely each fiscal year that the District's revenues from state apportionment could be adjusted after the close of the fiscal year in the fall, but most likely at the P1 recalculation, which occurs eight months after the close of the fiscal year. This budget model therefore will be fluid, with changes made throughout the fiscal year (P-1, P-2, P-annual) as necessary. Any increase or decrease to prior year revenues is treated as a onetime addition or reduction to the colleges' current budget year and distributed in the model based on the most up to date FTES split reported by the District and funded by the state.

An example of revenue allocation and FTES change:

\$100,000,000 is originally split 70% Santa Ana College (\$70,000,000) and 30% Santiago Canyon College (\$30,000,000) based on FTES split at the time. At the final FTES recalculation for that year, the District earns an additional \$500,000 based on the total funded FTES. In addition, the split of FTES changes to 71%/29%. The total revenue of \$100,500,000 is then redistributed \$71,355,000 to Santa Ana College and \$29,145,000 to Santiago Canyon College which would result in a shift of \$855,000 between the colleges. A reduction in funding will follow the same calculation

It is necessary in this model to set a base level of FTES for each college. Per agreement by the Chancellor and college Presidents, the base FTES split of 70.80% SAC and 29.20% SCC will be utilized for the 2013/14 tentative budget. Similar to how the state sets a base for district FTES, this will be the beginning base level for each college. Each year through the planning process there will be a determination made if the district has growth potential for the coming fiscal year. Each college will determine what level of growth they believe they can achieve and targets will be discussed and established through Chancellor's Cabinet. For example, if the district believes it has the opportunity for 2% growth, the colleges will determine the level of growth they wish to pursue. If both colleges decide to pursue and earn 2% growth and the district is funded for 2% growth, then each college's base would increase 2% the following year. In this case the split would still remain 70.80%/29.20% as both colleges moved up proportionately (Scenario #1). If instead, one college decides not to pursue growth and the other college pursues and earns the entire district 2% growth, all of these FTES will be added to that college's base and therefore its base will grow more than 2% and the split will then be adjusted (Scenario #2).

Using this same example in which the district believes it has the opportunity for 2% growth, and both colleges decide to pursue 2% growth, however one college generates 3% growth and the other generates 2%, the college generating more FTES would have unfunded over cap FTES. The outcome would be that each college is credited for 2% growth, each base increases 2% and the split remains (Scenario #3). If instead, one college generates 3% and the other college less than 2%, the college generating the additional FTES can earn its 2% target plus up to the difference between the other college's lost FTES opportunity and the total amount funded by the district (Scenario #4).

This model should also include a stability mechanism. In a year in which a college earns less FTES than its base, the base FTES will remain intact following the state method for stabilization. That college is in funding stability for one year, but has up to three years in which to earn back to its base FTES. The funding for this stability will be from available district Budget Stabilization Funds. If this fund has been exhausted, the Chancellor will determine the source of funding. If the college does not earn back to its base during this period, then the new lower FTES base will be established. As an example (Scenario #5), year one there is 2% growth opportunity. One of the colleges earns 2% growth but the other college declines by 1%, going into stability. This year the college that declined is held at their base level of FTES while the other college is credited for their growth. In the second year of the example, there is no growth opportunity, but the college that declined recaptures FTES to the previous year base to emerge from stability. Note that since the other college grew in year one, the percentage split has now changed.

All of these examples exclude the effect of statewide apportionment deficits. In the case of any statewide deficits, the college revenues will be reduced accordingly. In addition, the Chancellor reserves the right to make changes to the base FTES as deemed necessary in the best interest of the district as a whole.

	Base FTES	% split	Scenario #1	New FTES	% split
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
	Base FTES	% split	Scenario #2	New FTES	% split
SAC	19,824	70.80%	2.82%	20,384.00	71.37%
SCC	8,176	29.20%	0.00%	8,176.00	28.63%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
	Base FTES	% split	Scenario #3	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(198.24)	
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
	Base FTES	% split	Scenario #4	New FTES	% split
SAC	19,824		3.00%	20,418.72	
unfunded				(136.92)	
SAC	19,824	70.80%	2.31%	20,281.80	71.01%
SCC	8,176	29.20%	1.25%	8,278.20	28.99%
	<u>28,000</u>		2.00%	<u>28,560.00</u>	
YEAR 1	Base FTES	% split	Scenario #5	New FTES	% split
Actual Generated:					
SAC	19,824	70.80%	-1.00%	19,625.76	70.18%
SCC	8,176	29.20%	2.00%	8,339.52	29.82%
	<u>28,000</u>		-0.124%	<u>27,965.28</u>	
Calculated for Stability:					
SAC	19,824		-1.00%	19,625.76	
stabilization				282.24	
SAC	19,824	70.80%	0.42%	19,908.00	70.48%
SCC	8,176	29.20%	2.00%	8,339.52	29.52%
	<u>28,000</u>		0.884%	<u>28,247.52</u>	
YEAR 2					
Actual Generated:					
SAC	19,625.76	70.18%	1.44%	19,908.00	70.48%
SCC	8,339.52	29.82%	0.00%	8,339.52	29.52%
	<u>27,965.28</u>		1.009%	<u>28,247.52</u>	

Allocation of New State Revenues

Growth Funding: Plans from the Planning and Organizational Effectiveness Committee (POE) to seek growth funding requires FRC recommendation and approval by the Chancellor, and the plans should include how growth funds will be distributed if one of the colleges does not reach its growth target. A college seeking the opportunity for growth funding will utilize its own carryover funds to offer a schedule to achieve the desired growth. Once the growth has been confirmed as earned and funded by the state and distributed to the district, the appropriate allocation will be made to the college(s) generating the funded growth back through the model. Growth/Restoration Funds will be allocated to the colleges when they are actually earned.

Revenues which are not college specific (for example, student fees that cannot be identified by college), will be allocated based on total funded FTES percentage split between the campuses.

After consultation with district's independent audit firm, the implementation team agreed that any unpaid uncollected student fees will be written off as uncollectible at each year end. This way, only actual collected revenues are distributed in this model. At P-1, P-2 and P-annual, uncollected fee revenues will be adjusted.

Due to the instability of revenues, such as interest income, discounts earned, auction proceeds, vendor rebates (not including utility rebates which are budgeted in Fund 41 for the particular budget center) and mandated cost reimbursements, revenues from these sources will **not** be part of the revenue allocation formula. Income derived from these sources will be deposited to the institutional reserves. If an allocation is made to the colleges from mandated cost reimbursements and the claims are later challenged and require repayment, the colleges receiving the funds will be responsible for repayment at the time of repayment or withholding of funds from the state.

Cost of Living Adjustments: COLAs included in the tentative and adopted budgets shall be sequestered and not allocated for expenditure until after collective bargaining for all groups have been finalized.

Lottery Revenue: Income for current year lottery income is received based on the prior fiscal year's FTES split. At Tentative Budget, the allocation will be made based on projected FTES without carryover. At Adopted Budget, final FTES will be used and carryovers will be included.

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 10) 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 contractual cap for the health and welfare benefits. 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, 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.

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 if any additional transfers are required, the colleges will be charged for the differences.

Other Possible Strategic Modifications

Summer FTES

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 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 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 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, 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, 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.

Full-Time Faculty Obligation Number (FON)

To ensure that the District complies with the State required full-time Faculty Obligation Number (FON), the Chancellor will establish a FON for each college. Each college shall be required to fund at least that number of full-time faculty positions. If the District falls below the FON and is penalized, the amount of the penalty will be deducted from the revenues of the college(s) causing the penalty. FRC, along with the District Enrollment Management Committee, should regularly review the FON targets and actuals and 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 Chancellor.

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.

Appendix Attached

A. Definition of Terms

TABLE 1 Expenditure and Budget Responsibilities		Santa Ana College & CEC <input checked="" type="checkbox"/>	Santiago Canyon College & OEC <input checked="" type="checkbox"/>	District Services <input checked="" type="checkbox"/>	Institutional or Districtwide monitoring <input checked="" type="checkbox"/>
Academic Salaries- (1XXX)					
1	State required full-time Faculty Obligation Number (FON)	✓	✓	✓	✓
2	Bank Leave	✓	✓		✓
3	Impact upon the 50% law calculation	✓	✓	✓	✓
4	Faculty Release Time	✓	✓		✓
5	Faculty Vacancy, Temporary or Permanent	✓	✓		
6	Faculty Load Banking Liability	✓	✓		✓
7	Adjunct Faculty Cost/Production	✓	✓		
8	Department Chair Reassigned Time	✓	✓		✓
9	Management of Sabbaticals (Budgeted at colleges)	✓	✓		✓
10	Sick Leave Accrual Cost	✓	✓		✓
11	AB1725	✓	✓		
12	Administrator Vacation	✓	✓	✓	
Classified Salaries- (2XXX)					
1	Classified Vacancy, Temporary or Permanent	✓	✓	✓	
2	Working Out of Class	✓	✓	✓	
3	Vacation Accrual Cost	✓	✓	✓	
4	Overtime	✓	✓	✓	
5	Sick Leave Accrual Cost	✓	✓	✓	
6	Compensation Time taken	✓	✓	✓	
Employee Benefits-(3XXX)					
1	STRS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
2	PERS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
3	OASDI Employer Rates, Increase/(Decrease)	✓	✓	✓	
4	Medicare Employer Rates, Increase/(Decrease)	✓	✓	✓	
5	Health and Welfare Benefits, Increases/(Decrease)	✓	✓	✓	
6	SUI Rates, Increase/(Decrease)	✓	✓	✓	
7	Workers' Comp. Rates, Increase/(Decrease)	✓	✓	✓	
8	Retiree Health Benefit Cost				
	-OPEB Liability vs. "Pay-as-you-go"				✓
9	Cash Benefit Fluctuation, Increase/(Decrease)	✓	✓	✓	
Other Operating Exp & Services-(5XXX)					
1	Property and Liability Insurance Cost				✓
2	Waiver of Cash Benefits	✓	✓	✓	
3	Utilities				
	-Gas	✓	✓	✓	

	-Water	✓	✓	✓	
	-Electricity	✓	✓	✓	
	-Waste Management	✓	✓	✓	
	-Water District, Sewer Fees	✓	✓	✓	
4	Audit			✓	✓
5	Board of Trustee Elections				✓
6	Scheduled Maintenance	✓	✓		✓
7	Copyrights/Royalties Expenses	✓	✓		
Capital Outlay-(6XXX)					
1	Equipment Budget				
	-Instructional	✓	✓	✓	✓
	-Non-Instructional	✓	✓	✓	✓
2	Improvement to Buildings	✓	✓	✓	✓
3	Improvement to Sites	✓	✓	✓	✓

TABLE 2 Revenue and Budget Responsibilities		Santa Ana College & CEC ✓	Santiago Canyon College & OEC ✓	District Services ✓	Institutional or Districtwide monitoring ✓
Federal Revenue- (81XX)					
1	Grants Agreements	✓	✓	✓	
2	General Fund Matching Requirement	✓	✓	✓	
3	In-Kind Contribution (no additional cost to general fund)	✓	✓	✓	
4	Indirect Cost (overhead)	✓	✓		✓
State Revenue- (86XX)					
1	Base Funding	✓	✓		✓
2	Apportionment	✓	✓		✓
3	COLA or Negative COLA	✓	✓	✓	✓ subject to collective bargaining
4	Growth, Work Load Measure Reduction, Negative Growth	✓	✓	✓	✓
5	Categorical Augmentation/Reduction	✓	✓	✓	
6	General Fund Matching Requirement	✓	✓	✓	
7	Apprenticeship	✓	✓		
8	In-Kind Contribution	✓	✓	✓	
9	Indirect Cost	✓	✓		✓
10	Lottery				
	- Unrestricted (abate cost of utilities)	✓	✓	✓	
	- Restricted-Proposition 20	✓	✓		

11	Instructional Equipment Matches (3:1)	✓	✓		✓ and will have chargeback to site proportionally
12	Scheduled Maintenance Matches (1:1)	✓	✓	✓	✓ and will have chargeback to site proportionally
13	Part time Faculty Compensation Funding	✓	✓		✓ subject to collective bargaining
14	State Mandated Cost	✓	✓		✓
Local Revenue- (88XX)					
1	Contributions	✓	✓	✓	
2	Fundraising	✓	✓	✓	
3	Proceed of Sales	✓	✓	✓	
4	Health Services Fees	✓	✓		
5	Rents and Leases	✓	✓	✓	
6	Enrollment Fees	✓	✓		
7	Non-Resident Tuition	✓	✓		
8	Student ID and ASB Fees	✓	✓		
9	Parking Fees			✓	✓

Rancho Santiago Community College District

Budget Allocation Model Based on SB 361

Appendix A – Definition of Terms

AB 1725 – Comprehensive California community college reform legislation passed in 1988, that covers community college mission, governance, finance, employment, accountability, staff diversity and staff development.

Accreditation – The review of the quality of higher education institutions and programs by an association comprised of institutional representatives. The Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC) accredits California's community colleges.

Apportionments – Allocations of state or federal aid, local taxes, or other monies among school districts or other governmental units. The district's base revenue provides most of the district's revenue. The state general apportionment is equal to the base revenue less budgeted property taxes and student fees. There are other smaller apportionments for programs such as apprenticeship and EOPS.

Augmentation – An increased appropriation of budget for an intended purpose.

Bank Leave – Faculty have the option to “bank” their beyond contract teaching load instead of getting paid during that semester. They can later request a leave of absence using the banked LHE.

BAM – Budget Allocation Model.

BAPR – Budget and Planning Review Committee.

Base FTES – The amount of funded actual FTES from the prior year becomes the base FTES for the following year. For the tentative budget preparation, the prior year P1 will be used. For the proposed adopted budget, the prior year P2 will be used. At the annual certification at the end of February, an adjustment to actual will be made.

Budget Center – The three Budget Centers of the district are Santa Ana College, Santiago Canyon College and the District Services.

Budget Stabilization Fund – The portion of the district's ending fund balance, in excess of the 5% reserve, budget center carryovers and any restricted balances, used for one-time needs in the subsequent year.

Cap – An enrollment limit beyond which districts do not receive funds for additional students.

Capital Outlay – Capital outlay expenditures are those that result in the acquisition of, or addition to, fixed assets. They are expenditures for land or existing buildings, improvement of sites, construction of buildings, additions to buildings, remodeling of buildings, or initial or additional equipment. Construction-related salaries and expenses are included.

Categorical Funds – Money from the state or federal government granted to qualifying districts for special programs, such as Matriculation or Vocational Education. Expenditure of categorical funds is restricted to the fund's particular purpose. The funds are granted to districts in addition to their general apportionment.

Center – An off-campus site administered by a parent college that offers programs leading to certificates or degrees that are conferred by the parent institution. The district centers are Centennial Education Center and Orange Education Center.

COLA – Cost of Living Adjustment allocated from the state calculated by a change in the Consumer Price Index (CPI).

Defund – Permanently eliminating a position and related cost from the budget.

Fifty Percent Law (50% Law) – Section 84362 of the Education Code, commonly known as the Fifty Percent Law, requires each community college district to spend at least half of its “current expense of education” each fiscal year on the “salaries of classroom instructors.” Salaries include benefits and the salaries of instructional aides.

Fiscal Year – Twelve calendar months; in California, it is the period beginning July 1 and ending June 30. Some special projects use a fiscal year beginning October 1 and ending September 30, which is consistent with the federal government’s fiscal year.

FON – Faculty Obligation Number, the number of full time faculty the district is required to employ as set forth in title 5, section 53308.

FRC – Fiscal Resources Committee.

FTES – Full Time Equivalent Students. The number of students in attendance as determined by actual count for each class hour of attendance or by prescribed census periods. Every 525 hours of actual attendance counts as one FTES. The number 525 is derived from the fact that 175 days of instruction are required each year, and students attending classes three hours per day for 175 days will be in attendance for 525 hours. That is, three times 175 equals 525.

Fund 11 – The unrestricted general fund used to account for ongoing revenue and expenditures.

Fund 12 – The restricted general fund used to account for categorical and special projects.

Fund 13 – The unrestricted general fund used to account for unrestricted carryovers and one-time revenues and expenses.

Growth – Funds provided in the state budget to support the enrollment of additional FTE students.

In-Kind Contributions – Project-specific contributions of a service or a product provided by the organization or a third-party where the cost cannot be tracked back to a cash transaction which, if allowable by a particular grant, can be used to meet matching requirements if properly documented. In-kind expenses generally involve donated labor or other expense.

Indirect Cost – Indirect costs are institutional, general management costs (i.e., activities for the direction and control of the district as a whole) which would be very difficult to be charged directly to a particular project. General management costs consist of administrative activities necessary for the general operation of the agency, such as accounting, budgeting, payroll preparation, personnel services, purchasing, and centralized data processing. An indirect cost rate is the percentage of a district’s indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

LHE – Lecture Hour Equivalent. The standard instructional work week for faculty is fifteen (15) LHE of classroom assignments, fifteen (15) hours of preparation, five (5) office hours, and five (5) hours of institutional service. The normal teaching load for faculty is thirty (30) LHE per school year.

Mandated Costs – District expenses which occur because of federal or state laws, decisions of federal or state courts, federal or state administrative regulations, or initiative measures.

Modification – The act of changing something.

POE – Planning and Organizational Effectiveness Committee.

Proposition 98 – Proposition 98 refers to an initiative constitutional amendment adopted by California’s voters at the November 1988 general election which created a minimum funding guarantee for K-14 education and also required that schools receive a portion of state revenues that exceed the state’s appropriations limit.

Reserves – Funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes. Districts that have less than a 5% reserve are subject to a fiscal ‘watch’ to monitor their financial condition.

SB 361 – The New Community College Funding Model (Senate Bill 361), effective October 1, 2006, includes funding base allocations depending on the number of FTES served, credit FTES funded at an equalized rate, noncredit FTES funded at an equalized rate, and enhanced noncredit FTES funded at an equalized rate. The intent of the formula is to provide a more equitable allocation of system wide resources, and to eliminate the complexities of the previous Program Based Funding model while still retaining focus on the primary component of that model, instruction. In addition, the formula provides base operational allocations for colleges and centers scaled for size.

Seventy-five/twenty-five (75/25) – Refers to policy enacted as part of AB 1725 that sets 75 percent of the hours of credit instruction as a goal for classes to be taught by full-time faculty.

Target FTES – The estimated amount of agreed upon FTES the district or college anticipates the opportunity to earn growth/restoration funding during a fiscal year.

Title 5 – The portion of the California Code of Regulations containing regulations adopted by the Board of Governors which are applicable to community college districts.

1300 accounts – Object Codes 13XX designated to account for part time teaching and beyond contract salary cost.

7200 Transfers – Intrafund transfers made between the restricted and unrestricted general fund to close a categorical or other special project at the end of the fiscal year or term of the project.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E

Projects Cost Summary
06/10/15 on 06/10/15

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2014-2015		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3029	Parking Lot #11 Expansion and Improvements	11,079,553	7,906,461	2,524,828	96,174	10,527,463	552,090	95%
3031	Tessman Planetarium Upgrade and Restroom Addition	4,909,452	716,875	2,966,181	25,856	3,708,912	1,200,540	76%
3032	Dunlap Hall Renovation	1,566,050	1,205,329	-	105,060	1,310,389	255,661	84%
3036	Temporary Village	3,986,952	2,327,249	1,540,071	75,437	3,942,757	44,195	99%
3045	Chavez Hall Renovation	400,000	6,642	45,625	33,483	85,750	314,250	21%
3054	Johnson Relocation Temp Village	594,600	-	-	38,000	38,000	556,600	6%
TOTAL SANTA ANA COLLEGE		22,536,607	12,162,556	7,076,705	374,010	19,613,271	2,923,336	87%
SANTIAGO CANYON COLLEGE								
3046	Orange Education Center Building Certification	5,000,000	354,237	-	2,166,817	2,521,054	2,478,946	50%
3672	SCC Building U Portables Certification	530,000	1,230	6,175	59,825	67,230	462,770	13%
TOTAL SANTIAGO CANYON COLLEGE		5,530,000	355,467	6,175	2,226,642	2,588,284	2,941,716	47%
DISTRICT/ DISTRICTWIDE OPERATIONS								
3044	Project Closeout/Certification	879,619	143,437	56,942	52,755	253,134	626,485	29%
TOTAL DISTRICT/DISTRICTWIDE		879,619	143,437	56,942	52,755	253,134	626,485	29%
ACTIVE PROJECTS - ALL SITES		28,946,226	12,661,460	7,139,822	2,653,407	22,454,689	6,491,537	78%

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE E

Projects Cost Summary
06/10/15 on 06/10/15

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2014-2015		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
COMPLETED PROJECTS/PENDING CLOSEOUT								
SANTA ANA COLLEGE								
3001	Renovation of Buildings / Building "G" Renovation	9,826,032	9,302,490	-	8,072	9,310,562	515,470	95%
3002	SAC Library Renovation	339,623	339,623	-	-	339,623	-	100%
3003	Renovate Campus Infrastructure Design/Construct Maintenance/Operations Design/Construct Classroom Building	24,989,055	24,927,689	-	4,590	24,932,279	56,776	100%
3007	Child Care/Classroom-Centennial Renovate and Improve Centennial Ed Center	1,662,032	1,662,032	-	-	1,662,032	-	100%
3008	Renovate & Expand Athletic Fields	10,094,021	10,082,438	-	215	10,082,653	11,368	100%
3013	Acquisition of Land Adjacent to SAC	15,962,453	15,962,453	-	-	15,962,453	-	100%
3016	Design New Child Development Center Construct New Child Development Center	10,362,051	10,362,051	-	-	10,362,051	-	100%
3017	Design Women's Locker Room Construct Women's Locker Room Augment State-Funded PE Seismic Project	14,455,332	14,455,332	-	-	14,455,332	-	100%
3019	Design Sheriff Training Facility Construct Sheriff Training Facility Fire Science Program (Net 6 Facility) Fire Science Prog. @ MCAS, Inc. 2	29,121,885	29,121,885	-	-	29,121,885	-	100%
3020	Design/Construct Digital Media Center	14,000,656	14,000,656	-	-	14,000,656	-	100%
3028	Design & Construct Parking Structure	2,046,955	2,046,955	-	-	2,046,955	-	100%
3030	Perimeter Site Improvements	7,297,666	6,165,992	317,623	119,503	6,603,118	694,548	90%
3034	SAC Sheriff Training Academy Road	56,239	56,239	-	-	56,239	-	100%
3035	Johnson Center Renovation	51,800	49,300	-	-	49,300	2,500	95%
3038	Campus Lighting Upgrade	6,825	6,825	-	-	6,825	-	100%
3042	Central Plant (Design)	4,451	3,539	-	912	4,450	1	100%
3043	Property Acquisition 17th/Bristol	5,188,603	5,060,077	1,816	2,522	5,064,415	124,188	98%
TOTAL SANTA ANA COLLEGE		145,465,679	143,605,575	319,439	135,814	144,060,828	1,404,851	99%
SANTIAGO CANYON COLLEGE								
3004	SCC Infrastructure	37,929,121	37,187,826	-	18,292	37,206,118	723,003	98%
3011	Land Acquisition	24,791,777	24,791,777	-	-	24,791,777	-	100%
3012	Acquire Prop & Construct Cont Ed	27,554,640	27,554,640	-	-	27,554,640	-	100%
3014	Construct New Library & Resource Center	4,375,350	4,375,350	-	-	4,375,350	-	100%
3021	Construct Student Services & Classroom Bldg	8,073,049	8,073,049	-	-	8,073,049	-	100%
3022	Humanities Building	32,781,753	32,361,137	197,100	15,750	32,573,987	207,766	99%
3025	Athletics and Aquatics Center: Netting and Sound System	20,454,610	19,849,746	527	-	19,850,273	604,337	97%
3026	Science and Math Building	26,450,934	26,415,964	-	-	26,415,964	34,970	100%
3027	Construct Additional Parking Facilities	1,047,212	1,047,212	-	-	1,047,212	-	100%
TOTAL SANTIAGO CANYON COLLEGE		183,458,446	181,656,700	197,627	34,042	181,888,369	1,570,077	99%
DISTRICT/ DISTRICTWIDE OPERATIONS								
3009	Replace Aging Telephone & Computer Network	14,056,433	14,056,433	-	-	14,056,433	-	100%
3039	LED Lighting Upgrade	157,200	157,200	-	-	157,200	-	100%
TOTAL DISTRICT/DISTRICTWIDE		14,213,633	14,213,633	-	-	14,213,633	-	100%
COMPLETED PROJECTS - ALL SITES		343,137,758	339,475,908	517,066	169,856	340,162,829	2,974,928	99%
RECAP:								
	Santa Ana College	168,002,286	155,768,131	7,396,144	509,824	163,674,099	4,328,187	97%
	Santiago Canyon College	188,988,446	182,012,167	203,802	2,260,684	184,476,653	4,511,793	98%
	District/Districtwide Operations	15,093,252	14,357,070	56,942	52,755	14,466,767	626,485	96%
GRAND TOTAL - ALL SITES		372,083,984	352,137,367	7,656,888	2,823,263	362,617,518	9,466,465	97%
SOURCE OF FUNDS								
	ORIGINAL Bond Proceeds	337,000,000						
	Refunding Proceeds	5,001,231						
	Interest Earned	30,603,712						
Totals		372,604,943						

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q

Projects Cost Summary
06/10/15 on 06/10/15

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2014-2015		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3032	Dunlap Hall Renovation	17,218,585	-	10,508,810	6,162,982	16,671,791	546,794	97%
	Agency Cost			559				
	Professional Services			781,662	412,160			
	Construction Services			9,726,588	5,750,822			
	Furniture and Equipment							
3035	Johnson Student Center	28,498,138	-	82,142	2,438,926	2,521,068	25,977,070	9%
	Agency Cost			-	-			
	Professional Services			82,142	2,438,926			
	Construction Services			-	-			
	Furniture and Equipment			-	-			
3042	Central Plant Infrastructure	68,170,000	-	4,082,016	6,707,026	10,789,041	57,380,959	16%
	Agency Cost			260,218	3,657			
	Professional Services			3,821,798	6,703,369			
	Construction Services			-	-			
	Furniture and Equipment			-	-			
3043	17th & Bristol Street Parking Lot	1,650,000	-	109,648	38,303	147,951	1,502,049	9%
	Agency Cost			200	-			
	Professional Services			49,652	38,303			
	Construction Services			59,796	-			
	Furniture and Equipment			-	-			
3048	Health Science Center	19,518,564	-	-	117,988	117,988	19,400,576	1%
	Agency Cost			-	-			
	Professional Services			-	117,988			
	Construction Services			-	-			
	Furniture and Equipment			-	-			
3049	STEM Building	62,944,713	-	145,852	4,456,919	4,602,771	58,341,942	7%
	Agency Cost			-	-			
	Professional Services			145,852	4,456,919			
	Construction Services			-	-			
	Furniture and Equipment			-	-			
TOTAL		198,000,000	0	14,928,467	19,922,144	34,850,611	163,149,389	18%
ACTIVE PROJECTS		198,000,000	0	14,928,467	19,922,144	34,850,611	163,149,389	18%
SOURCE OF FUNDS								
ORIGINAL Bond Proceeds		198,000,000						
Totals		198,000,000						

Rancho Santiago Community College
Unrestricted General Fund Cash Flow Summary
FY 2014-15, 2013-2014, 2012-2013 YTD-May 31, 2015

	FY 2014/2015											
	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Fund Balance	\$27,674,517.62	\$32,601,428.23	\$29,339,609.11	\$28,683,088.87	\$21,911,028.48	\$22,079,846.64	\$37,546,207.36	\$38,370,529.41	\$31,089,084.95	\$31,214,901.60	\$39,683,475.69	\$32,369,098.57
Total Revenues	12,347,417.16	7,989,510.40	12,117,283.32	7,274,969.96	13,596,920.03	27,460,041.52	13,197,669.00	5,864,309.81	12,974,088.69	20,664,808.16	5,750,374.91	
Total Expenditures	7,420,506.55	11,251,329.52	12,773,803.56	14,047,030.35	13,428,101.87	11,993,680.80	12,373,346.95	13,145,754.27	12,848,272.04	12,196,234.07	13,064,752.03	
Change in Fund Balance	4,926,910.61	(3,261,819.12)	(656,520.24)	(6,772,060.39)	168,818.16	15,466,360.72	824,322.05	(7,281,444.46)	125,816.65	8,468,574.09	(7,314,377.12)	0.00
Ending Fund Balance	\$32,601,428.23	\$29,339,609.11	\$28,683,088.87	\$21,911,028.48	\$22,079,846.64	\$37,546,207.36	\$38,370,529.41	\$31,089,084.95	\$31,214,901.60	\$39,683,475.69	\$32,369,098.57	\$32,369,098.57

	FY 2013/2014											
	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Fund Balance	\$38,041,016.13	\$41,887,699.97	\$38,273,514.95	\$38,688,688.15	\$23,991,289.19	\$19,495,673.39	\$34,226,442.98	\$34,753,317.06	\$30,609,859.00	\$24,741,131.75	\$28,277,853.11	\$19,262,978.98
Total Revenues	10,633,556.66	7,512,478.15	11,348,517.88	6,107,262.90	9,095,910.84	27,141,703.57	11,706,459.73	8,127,997.25	6,265,170.50	16,419,598.47	3,812,811.82	25,254,449.42
Total Expenditures	6,786,872.82	11,126,663.17	10,933,344.68	20,804,661.86	13,591,526.64	12,410,933.98	11,179,585.65	12,271,455.31	12,133,897.75	12,882,877.11	12,827,685.95	16,842,910.78
Change in Fund Balance	3,846,683.84	(3,614,185.02)	415,173.20	(14,697,398.96)	(4,495,615.80)	14,730,769.59	526,874.08	(4,143,458.06)	(5,868,727.25)	3,536,721.36	(9,014,874.13)	8,411,538.64
Ending Fund Balance	\$41,887,699.97	\$38,273,514.95	\$38,688,688.15	\$23,991,289.19	\$19,495,673.39	\$34,226,442.98	\$34,753,317.06	\$30,609,859.00	\$24,741,131.75	\$28,277,853.11	\$19,262,978.98	\$27,674,517.62

	FY 2012/2013 ¹											
	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Fund Balance	\$43,867,759.21	\$45,064,223.43	\$42,680,768.77	\$34,999,185.38	\$25,592,219.28	\$26,110,634.15	\$42,703,804.07	\$37,375,292.75	\$26,174,139.21	\$15,079,007.51	\$18,190,051.48	\$9,508,085.73
Total Revenues	7,646,065.57	7,562,696.70	4,970,261.79	3,013,770.15	12,977,976.06	27,750,969.09	5,258,057.77	552,507.40	2,725,857.51	15,455,742.61	3,116,098.07	46,170,759.38
Total Expenditures	6,449,601.35	9,946,151.36	12,651,845.18	12,420,736.25	12,459,561.19	11,157,799.17	10,586,569.09	11,753,660.94	13,820,989.21	12,344,698.64	11,798,063.82	17,637,828.98
Change in Fund Balance	1,196,464.22	(2,383,454.66)	(7,681,583.39)	(9,406,966.10)	518,414.87	16,593,169.92	(5,328,511.32)	(11,201,153.54)	(11,095,131.70)	3,111,043.97	(8,681,965.75)	28,532,930.40
Ending Fund Balance	\$45,064,223.43	\$42,680,768.77	\$34,999,185.38	\$25,592,219.28	\$26,110,634.15	\$42,703,804.07	\$37,375,292.75	\$26,174,139.21	\$15,079,007.51	\$18,190,051.48	\$9,508,085.73	\$38,041,016.13

Notes:

¹ Beginning in FY 2012-13, Unrestricted General Funds were divided between two subfunds: Unrestricted Ongoing General Fund (11) and Unrestricted One-Time Funds (13)

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321

Website: <http://rscgd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

Fiscal Resources Committee

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for May 27, 2015

FRC Members Present: Michael Collins, Ray Hicks, John Zarske, Quynh Nguyen, Arleen Satele, Michael DeCarbo, Craig Rutan, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor and Diane Hill

Alternates/Guests Present: Jim Kennedy, Jose Vargas, Richard Kudlik, Esmeralda Abejar and Steve Eastmond

1. Welcome, the meeting was called to order by Mr. Hardash at 1:33 p.m.
2. State/District Budget Update – Mr. Hardash reviewed the following from the May Revise:
 - Prop 98: \$6.1 billion increase. Governor has been using conservative state revenue estimates and conservative Prop 98 minimum funding guarantee estimates. Increased actual revenues equal increased minimum funding guarantee for Prop 98. Governor's concerns going forward are Prop 30 expiring, dependency on capital gains and state due for another downturn in the near future.
 - On-going funds: No increase to student enrollment fees are proposed. COLA (Cost of Living Allowance) – 1.02%. \$156.5 million (3.0%) in growth/access/restoration funding. Both campuses have estimated growing 1% in 2014/15. RSCCD potential to earn is approximately \$1.3 million at a 1% estimate; RSCCD maximum earnable growth is 1.57%. Growth will not be included in the Tentative Budget as the growth has not been earned yet. \$266.7 million increase to base allocation funding, approximately \$6.0 million on per FTES basis for RSCCD.

Full-time faculty hires allocation - \$75 million: Low proportional districts will need to hire more FTE than higher proportional districts; quintile system using 14/15 FON report; revenue will be on a FTES basis. Approximately \$1.8 million for RSCCD. The quintile system was reviewed with the committee. This helps on the 50% law.

CDCP funding enhancement - \$49 million approximately \$7 million for RSCCD per FTES funding equivalent to credit FTES funding. Categorical Programs COLA - \$2.5 million, approximately \$60,000 for RSCCD.

Student Success and Support Program (formerly Matriculation) - additional \$100 million expansion, approximately \$2.8 million in additional funding for RSCCD. 2/1 match in 2014/15, no match on additional funds.

Student Equity Program - additional \$115 million, approximately \$2.8 million for RSCCD. No matching requirement.

Apprenticeship Program - \$29.1 million, RSCCD share is unknown at this time.

Adult Education/K-14 - \$500 million, RSCCD share is unknown at this time.

- One-time funds: Mandate claims block grant - \$627.8 million will be allocated on a per FTES basis based on 14/15 P2 FTES. Retire outstanding mandate claims to the extent districts has any such obligations on the books and can be used any way districts choose (unrestricted). Scheduled Maintenance, Instructional Equipment and other one-time costs. Approximately \$16.2 million for RSCCD with no match required.

Scheduled Maintenance/Instruction Equipment - \$148 million, approximately \$3.7 million for RSCCD with no match requirement.

Basic Skills & Student Outcomes Transformation Program - \$60 million, RSCCD share is unknown at this time.

3. 2015/16 Proposed Meeting Schedule:

Mr. Hardash reviewed the proposed meeting calendar for the 2015/16 fiscal year. Meetings to be scheduled from 1:30 to 3:00. Mr. Rutan made a motion, seconded by Dr. Collins and approved unanimously by the committee. Further discussion ensued. It was decided that the August 19, 2015 meeting, to review the Proposed Adopted Budget will be shared by email instead of a scheduled meeting as this date conflicts with academic senate activity.

4. 2015/16 Proposed Tentative Budget:

Mr. O'Connor shared the 2015/16 Tentative Budget Assumptions and reviewed all highlighted areas based on the May Revise. This document has changed since Board approval to include new information.

Mr. Hardash and Mr. O'Connor reviewed the 2015/16 Proposed Tentative Budget. Mr. Hardash stated that adjustments will be made to fund 11 on the income side in the Adopted Budget for some line items, for example how much was actually collected from property taxes, interest earnings, non-resident tuition, state apportionment and ERAF. On the expenditure side, Mr. Hardash added the following fund 11 concerns:

- 1300 accounts: it is expected that the campuses will spend approximately \$22.3 million, however, the colleges have only budgeted \$20.5 million. This account is short unless there is additional data to support this number.
- Non-Instructional salaries (1400): actual expenses in 2013/14 were \$1,078,781, only \$706,642 is budgeted for 2015/16.
- Instructional Aides (2400): 2014/15 estimated expenses \$1,862,241 only \$905,163 is budgeted.
- Maintenance Supplies (4500), Non-Instructional Supplies (4600), Utilities & Housekeeping Services (5500), Other Operating Expenses and Services (5800) which includes instructional services agreements all appear underfunded. Mr. Hardash again expressed concern that there is approximately \$3.5 million more in expenses that isn't properly budgeted. The 5800 line item alone appears about \$2 million short.
- Estimate about \$1 million in carry over for SAC, \$250,000 for district services and zero carry over for SCC.
- Budget stabilization fund estimated to be in the \$12 million range in 2015/16. There will be many changes prior to the Adopted Budget.

Discussion ensued regarding savings and carry-over at each of the colleges and district services.

Mr. Hardash called for a motion to recommend the 2015/16 Proposed Tentative Budget to District Council. Mr. DeCarbo made a motion, seconded by Mr. Hicks and approved unanimously.

5. Budget Allocation Model (BAM) Review:

Mr. O'Connor reviewed the items previously discussed. The only item not included is any change in language regarding carry-over. Mr. Hardash stated that discussion occurred in Cabinet, the Chancellor fully supports that if district services saves money then district services keeps the savings which he has used for items such as marketing for the campuses. If the District doesn't keep the savings, the colleges will then be responsible for efforts such as marketing. Mr. Hardash asked for a motion to accept the updated language as presented and revisit any pending items in July. Mr. DeCarbo motioned, seconded by Mr. Hicks and approved unanimously.

6. Informational Handouts were distributed as information.

Mr. Hardash reviewed the following handouts, it has again been mentioned at Board meetings and through Board members that employees are not seeing or receiving information documents. Each voting member on this committee is to take back and share information with the constituent groups they represent. This information is also available on the District website.

- District-wide expenditure report link: <https://intranet.rccd.edu>
- Vacant Funded Position List as of May 20, 2015
- Measure "E" Project Cost Summary as of April 15, 2015
- Measure "Q" Project Cost Summary as of April 15, 2015
- Monthly Cash Flow Statement as of April 30, 2015

7. Approval of FRC Minutes – March 25, 2015: Meeting Minutes for the March 25, 2015 meeting were distributed for review. Mr. Hardash called for a motion to approve, it was motioned by Mr. Hicks, seconded by Mr. Gonzalez del Rio and passed unanimously by the committee. Michael DeCarbo and Craig Rutan abstained.

Adjournment

Mr. Hardash adjourned the meeting at 3:12 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, July 8, 2015 – 1:30 p.m. – Executive Conference Room, DO.