

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2016-17 Tentative Budget Assumptions
DRAFT as of 3/4/2016**

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
2012/13	27,711.41	28,185.04	28,185.04	1.71%
2013/14	28,185.04	28,688.93	28,688.93	1.79%
2014/15	28,688.93	28,908.08 a	28,908.08 a	0.76%
2015/16 P1	28,908.08	29,290.93 b	29,290.93 b	1.32%

a - based on 2014/15 Recalculation received 2/24/2016

b - based on 2015/16 P1 received 2/24/2016

The budget proposal includes 2% Restoration/Access/Growth funding, and 0.47% COLA.

Projected COLA of 0.47%	\$680,000
Projected Restoration/Access/Growth -0-	\$0
Continued Projected Deficit (Estimated at 1%)	\$0
Apportionment Base Increase for 2016/17	\$680,000

2016/17 Potential Growth at 1.2% based on 2% system 29,642

C. Education Protection Account (EPA) funding estimated at \$24,480,078 based on 2015/16 P1. 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 \$140 per FTES (\$4,200,032). Restricted lottery at \$41 per FTES (\$1,230,009). (2015/16 P1 of resident & nonresident factored FTES, 30,000.23 x 140 = \$4,200,032 unrestricted lottery; 30,000.23 x 41 = \$1,230,009.) With a slight increase in estimated FTES there is an increase in revenue.

E. Estimated reimbursement for part-time faculty compensation is estimated at \$674,926 (2015/16 P1). Slight Increase.

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

G. BOG fee waivers 2% administration funding estimated at 2015/16 advance apportionment of \$284,586. Unchanged.

H. Mandates Block Grant estimated at a total budget of \$740,000. Unchanged. In addition, with a one-time \$76.3 million allocation statewide for past Mandated Cost reimbursement, we expect approximately \$1.9 million in one time funds. 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 \$2,500,000. Increase of \$500,000.

J. Interest earnings estimated at \$180,000. Unchanged.

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

L. Apprenticeship revenue estimated at \$2,538,900 (2015/16 P1). Increase of approximately \$628,000. (Corresponding expenses related to this increase must be budgeted for additional apprenticeship course offerings)

M. Scheduled Maintenance/Instructional Equipment allocation estimated at \$7 million (no match required).

N. Energy Efficiency/Prop 39 revenue estimated at \$1 million. Slight increase from 2015/16.

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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 0.47%, \$680,000.
- C. Step and column movement is budgeted at an additional cost of approximately \$1.1 million including benefits. (FARSCCD approximate cost \$415,000, CSEA approximate cost \$340,000, Management/Other approximate cost \$345,000)
- D. Health and Welfare benefit premium cost increase is estimated at 5% (for half the year) for an additional cost of approximately \$455,000 for active employees and an additional cost of \$155,000 for retirees, for a combined increase of \$610,000. State Unemployment Insurance local experience charges are estimated at \$250,000 (2015/16 budgeted amount). Unchanged. CalPERS employer contribution rate will increase in 2016/17 from 11.847% to 13.05% for an increase of \$427,162. (Note: The cost of each 1% increase in the PERS rate is approximately \$350,000.) CalSTRS employer contribution rate will increase in 2016/17 from 10.73% to 12.58% for an increase of \$1,281,544. (Note: The cost of each 1% increase in the STRS rate is approximately \$700,000.)
- E. The full-time faculty obligation (FON) for Fall 2016 is estimated at 364.99. The District is currently recruiting 48 faculty positions (11 of which do not count toward the FON) for an estimated total of 37 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 2016 is estimated at \$382,437. SAC is filling 10 vacancies and adding 11 new positions. SCC is filling nine vacancies and adding six new positions. (The cost of the 17 new positions, along with shifts from categorical funding, is budgeted at Class VI, Step 10 at approximately \$127,000 each, including benefits.)

- F. The current rate per Lecture Hour Equivalent (LHE) effective since 1/1/15 for hourly faculty is \$1,243.
- G. Retiree Health Benefit Fund (OPEB/GASB 45 Obligation) - The District will continue to contribute an amount to fund the total actuarially determined Annual Required Contribution (ARC). The actual ARC for 2016/17 is expected to be over \$8 million. We should have the latest actuarial report and the new ARC for the Adopted Budget.
- H. Capital Outlay Fund - In addition to the state allocation for Scheduled Maintenance/Instructional Equipment, the District will continue to budget \$1.5 million for capital outlay needs.
- I. Utilities cost increases of 5%, estimated at \$200,000.
- J. Information Technology licensing contract escalation cost of 7%, estimated at \$125,000.
- K. Property and Liability Insurance transfer estimated at \$1,940,000. Unchanged.
- L. Other additional DS/Institutional Cost expenses:
Legal Expenses of \$250,000 (from one-time funds)
- M. Child Development Fund - The District will continue to budget \$250,000 as an interfund transfer from the unrestricted general fund as a contingency plan. (\$140,000 was transferred in 2014/15 and expected in 2015/16)

Rancho Santiago Community College District
Unrestricted General Fund Summary
2016-17 Tentative Budget Assumptions Analysis
DRAFT as of 3/4/2016

* <u>New Revenues</u>		Ongoing Only	One-Time
B	COLA 0.47%	\$680,000	
B	Growth -0-	\$0	
B	Deficit Factor 1%	\$0	
D	Unrestricted Lottery	\$75,026	
H	Mandates Block Grant (one-time)	\$0	\$1,900,000
I	Non-Resident Tuition	\$500,000	
J	Interest Earnings	\$0	
L	Apprenticeship	\$627,900	
EGK	Misc Income	\$0	
	Total	\$1,882,926	\$1,900,000
 <u>New Expenditures</u>			
B	COLA 0.47%	\$680,000	
C	Step/Column	\$1,100,000	
D	Health and Welfare/Benefits at 5% (1/2 year)	\$610,000	
D	CalPERS Increase	\$427,162	
D	CalSTRS Increase	\$1,281,544	
E	Full Time Faculty Obligation Hires	\$382,437	
E/F	Hourly Faculty Budgets (Convert to Full Time)	\$0	
H	Capital Outlay/Scheduled Maintenance Match	\$0	
I	Utilities Increase	\$200,000	
J	ITS Licensing/Contract Escalation Cost	\$125,000	
K	Property and Liability Insurance	\$0	
I.L	Apprenticeship	\$627,900	
L	Other Additional DS/Institutional Costs	\$0	\$250,000
I.H	Holding for Allocation of One-Time Expense	\$0	\$1,650,000
	Total	\$5,434,043	\$1,900,000
	 2016-17 Budget Year Surplus (Deficit)	 (\$3,551,117)	

Note: Budget Stabilization Fund Balance at 6/30/2016 is estimated at \$13.7 million.

1 The Governor's intent in his proposal is that community college districts prioritize the use of their discretionary funding for "professional development, campus security infrastructure, technology infrastructure, and developing open education resources and zero-textbook-cost degrees."

2 Any new costs to attract and serve additional non-resident students would also need to be budgeted.

** Reference to budget assumption number*