



**RANCHO SANTIAGO**

COMMUNITY COLLEGE DISTRICT



2010-2011  
Budget Update

Board of Trustees Meeting  
September 27, 2010

# Adopted Budget Status

## Where are we?

- Normally present proposed Adopted Budget to the Board of Trustees at the first meeting in September
- Last three years have not been normal
- Delay due to lack of enacted State Budget to define state support funding for Prop 98 and community colleges' share

# Adopted Budget Status

## Where are we?

- Extended adoption of RSCCD Budget from September 27<sup>th</sup> Board of Trustees meeting to October 11<sup>th</sup> meeting
  - No State Budget Act
  - State Chancellor's Office granted a 30 day extension of time for all districts - to October 15<sup>th</sup>
- September 27<sup>th</sup> (tonight's) RSCCD Board Meeting
  - Public Notice of Public Hearing
  - Share latest information from Sacramento
  - “Preview” of proposed Adopted Budget

# Adopted Budget Status

- Unique situation in that the RSCCD Adopted Budget this year could be considered the Tentative Budget II (TB II)
  - No State Budget Act
  - No indication of what RSCCD state funding eventually will look like
  - There will be changes to the RSCCD Adopted Budget once a State Budget is finally enacted
  - TB II is a “placeholder” budget

# Adopted Budget Status

- What's the hurry?
  - Required by Title 5 Regulations
- What's the penalty?
  - Withholding of state apportionment payments
    - They are already doing that...
    - Without a State Budget community colleges cannot receive their apportionment payments
- Primarily to finalize and report prior year information (CCFS-311 report) and procedurally have a budget in place for operational needs

# Status of State Budget

- Still no approved State Budget
- Record tardy State Budget
  - Today is day 89 past July 1<sup>st</sup>
  - New record (September 23<sup>rd</sup> old record)
  - Doesn't appear there's urgency yet to pass one
- Big 5 claim it's close (as of last Friday)
  - Agreement on “framework”
  - “Framework” doesn't mean it's a done deal
- No proposal to increase student tuition fees in any proposal at this time
  - Only Legislative Analyst recommends to increase to \$40 per unit

# Status of State Budget

- No information or indication of level of funding for Prop 98 and the community colleges share
- Prop 98 split
  - K-12 vs. community colleges
  - CC's promised 11% share
  - Current deal in excess of 11% split



# Status of State Budget

- State coffers estimated to run out of cash by the end of October
- Legislature may put together a quick budget for spending and borrowing authority
- Legislative members don't want to have voters go to polls on November 2<sup>nd</sup> angry that there is no State Budget



# Status of State Budget

- Expected that the October “get out of town budget” will become imbalanced soon after the November elections
  - Ongoing structural \$20 billion shortfall
- Legislature will wait until new Governor takes office in January to make mid-year fixes
  - Continue to wait for economy to come around with more state revenues
- Educational advisors are expecting mid-year funding reductions to Prop 98

# State Budget

## The Two Current Proposals

- Governor's May Revise proposal
- Legislature's Conference Committee Proposal

# Governor's May Revise Proposal

- (0.38)% - negative COLA
  - RSCCD – loss of approximately \$500,000 in revenue
- 2.21% for “enrollment funding” (Growth)
  - Partial backfill of current year workload measures reductions (negative growth)
  - RSCCD – approximately \$3 million more in additional revenue
- Additional Categorical Program reductions and flexibility

# Joint Conference Committee Proposal

- rejected negative (0.38)% COLA
- 2.2% “enrollment funding”
  - Workload measures reductions offset
- \$35 million to backfill American Recovery and Reinvestment Act (ARRA) funds
- No student fee increase
- Rejected all proposed cuts to categorical programs
- Establish statewide JPA to fund Mandated Costs

## More Federal ARRA Funds

- Additional unexpected influx of American Recovery and Reinvestment Act (ARRA) State Stabilization Funds for 2010-2011
- Notified of \$5 million for CA community colleges
  - \$200 million provided for all higher education
  - \$134,583 for RSCCD
- One time funds only for 2010-2011
- Three day spend down rule

# Federal ARRA Funds

- “General purpose” unrestricted funds
  - K-12 and other Higher Education funds were general purpose unrestricted
  - CCs must use as general purpose or jeopardize all ARRA State Stabilization funds for Education - \$4.9 billion
  - State Chancellor’s Office – “funds will be general purpose and local boards will be able to spend the dollars as they choose”
- However application for federal funds was to assist state categorical programs that have suffered major funding reductions

# Federal ARRA Funds

- RSCCD has allocated these funds between both colleges to help offset reductions to state categorical programs
- Split based on FTES percentages
  - Percentages included in proposed Adopted Budget
- Santa Ana College - \$95,917 (71.27%)
- Santiago Canyon College - \$38,666 (28.73%)



# RSCCD Proposed Adopted Budget

- July 1, 2010 beginning balance (unrestricted) = \$32,192,041
  - Includes \$9.5 million in 5% reserves
  - Tentative Budget estimated - \$28,826,844
- June 30, 2011, projected Ending Balance = \$23,150,372
  - Includes \$10.1 million in 5% reserves
- Spend down of \$9,041,669 in proposed budget in the 2010-2011 budget year

# June 30, 2010 - Ending Balance

- 2009-2010 Additional Revenue - \$9,138,363
  - \$4.5 million budgeted mid-year apportionment reduction (3% Budget Assumption reduction) that didn't materialize
  - \$2.4 million in state apportionment adjustment for prior year (includes property tax adjustment)
  - \$943k ARRA funds – not budgeted in 2009/2010
  - \$765k increased interest earnings
  - \$329k increased non-resident tuition collections
  - \$202k increased lottery income

# 2009-2010 Expenditure Savings

- \$5.6 million in salary and benefits savings
  - Primarily due to hiring freeze
  - Vacant funded positions
  - Some defunded positions

# Proposed Adopted Budget

## ■ Revenue

- Negative Cost of Living Allowance (COLA)
  - Negative 0.38% - approximately \$500,000
- No enrollment growth funding
  - Although current proposal is 2.2% statewide
- Deficit to general apportionment - 3%
  - Approximately \$4.5 million
- Additional workload measures reduction - 2%
  - “Negative growth”
  - Approximately \$3 million

# Proposed Adopted Budget Assumptions

- 5% reserve maintained
- Cash flow monitoring important due to state apportionment deferrals
- Fiscally conservative budgeting approach at this time

# State Budget - What's next?

- When will there be a state budget?
- Will there be a suspension of Prop 98?
- What will be community colleges' Prop 98 share?
- Will there be more workload measures reductions?  
(negative growth)
- Additional apportionment deficit?
  - Base funding reduction across the board
- Will there be student fee increases?
- Will there be more reductions to state categorical programs?
- Will there be targeted reductions to recreational/physical education programs?

# What's next?

- October 11<sup>th</sup> RSCCD Board Meeting
  - Approve Adopted Budget Assumptions
  - Adopt proposed 2010-2011 Budget
  - “Tentative Budget II”