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.
Outline of Presentation

1. State Budget Status and District Update
2. RSCCD 2015-2016 Proposed Tentative Budget
3. Timeline and Recommendation
State Budget Status and District Update
State Budget Status

- State Budget should be approved by Legislature by end of today June 15
- Both houses, through conference committee, included higher revenue estimates from LAO – approximately $3 billion more
  - $80 million more for community colleges
- Governor and legislature will need to negotiate how much additional revenues he would accept in final budget deal
- Proposed Tentative Budget does not include any of these additional funds
Proposed Tentative Budget Process

- Includes Board approved Budget Assumptions, updated with the latest information from May Revise (p. 86)
- Fiscal Resources Committee (FRC) unanimously recommended to District Council on May 27th
- District Council unanimously recommended to the Chancellor on June 1st
State Budget Update
Community Colleges Impact

- Ongoing Funding vs. One Time Funding
  - Dynamics of Prop 98 and settle up funds
  - Governor has been using conservative state revenue estimates and therefore conservative Prop 98 minimum funding guarantee estimates
  - With increased actual revenues = increased minimum funding guarantee for Prop 98
  - Governor’s concerns going forward such at Prop 30 expiring, dependency on capital gains and state due for another downturn

- Important to distinguish one time funds from ongoing funds

- Ongoing unrestricted funds will be primarily used to reduce the RSCCD structural budget deficit
Ongoing Funding

- No increase to student enrollment fees proposed
  - Remains at $46 per credit unit
- COLA (Cost of Living Allowance) – 1.02% - $61 million
  - Was estimated at 1.58%
  - Calculated number came in lower (lower gas prices to blame)
  - RSCCD = approximately $1.45 million
- $156.5 million (3.0%) in growth/access/restoration funding
  - SAC and SCC project to grow 1.0% in 2014/15
  - Growth is funded when it has been earned
  - RSCCD = potential to earn approximately $1.3 million at 1% estimate
  - No growth funding budgeted in the Tentative Budget, need to fine tune estimates
  - Utilizing the new state prescribed growth formula beginning in 2015/16
  - RSCCD maximum earnable growth is 1.57% at 3.0% statewide
Ongoing Funding

- $266.7 million increase to base allocation funding
  - Assist with operating costs and increases to PERS and STRS over the next few years and other general expenses
    - Districts encouraged to allocate some of these funds for future cost increases for PERS and STRS
  - Partially restore purchasing power lost during the recession
  - RSCCD = approximately $6.0 million on per FTES basis
Ongoing Funding

- 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 on per FTES basis
  - RSCCD = approximately $1,800,000
  - Estimated additional hires = 13 to 15 FTE based on current draft formula
    - Quintile 3
  - Quintile 1 – increase obligation by one full-time faculty position for every $70,000 received
  - Quintile 2 – increase obligation by one full-time faculty position for every $100,000 received
  - Quintile 3 – increase obligation by one full-time faculty position by every $130,000 received
  - Quintile 4 – increase obligation by one full-time faculty position by every $160,000 received
  - Quintile 5 – increase obligation by one full-time faculty position by every $190,000 received

- Conference Committee approved quintile range of $73,000 to $125,000
  - Likely require more full-time faculty hires with adjusted ranges
  - Any remaining funds are to be spent on full-time faculty and part time faculty
State Budget Update
Community Colleges Impact

- **Ongoing Funding**
  - CDCP Funding enhancement - $49 million
    - RSCCD = approximately $7 million
    - Per FTES funding now equivalent to Credit FTES funding
    - RSCCD largest benefactor of this funding increase
  - Categorical Programs COLA - $2.5 million
    - For EOPS, DSPS, CalWORKs and Child Tax Bailout programs
    - State has historically not funded Categorical Program COLA’s
    - RSCCD = approximately $60,000
State Budget Update
Community Colleges Impact

- **Ongoing Funding**
  - Student Success and Support Program – additional $100 million expansion
    - Total SSSP funding = $299.2 million
    - Formerly Matriculation program
    - RSCCD = approximately $2.8 million additional
    - 2 to 1 matching requirement on all funds through 2014/15
    - No match required for new additional funds in 2015/16
  - Student Equity Program - additional $115 million
    - RSCCD = approximately $2.8 million
    - No matching requirement
Ongoing Funding

Apprenticeship Program - $29.1 million

- $14.1 million to grow existing programs
- $15 million to create innovative demonstration projects focused on new and emerging industries with unmet labor market demand
- RSCCD = unknown at this time
Ongoing Funding

Adult Education – K-14 - $500 million
- Funding for K-14 consortiums formed by AB 86
- To fund primary and secondary basic skills, classes and courses in citizenship and ESL, short term FTE and programs for adults with disabilities
- Governor proposes to change allocation committee structure
- Maintenance of Effort - approximately $300 million of $500 million
  - we will get what we have been getting in the past
- Additional funding will be determined by consortiums
- RSCCD = unknown at this time
One Time Funding

Mandate claims block grant - $627.8 million

- Allocated on per FTES basis
  - Based on 14/15 P2 FTES
- Retire outstanding mandate claims to the extent district has any such obligations on the books
- Can be used any way district chooses (unrestricted)
- Scheduled Maintenance, Instructional Equipment, other one time costs
- RSCCD = approximately $16.2 million
  - No match required
One Time Funding

Scheduled Maintenance/Instruction Equipment - $148 million
- No match requirement
- RSCCD = approximately $3.7 million

Basic Skills & Student Outcomes Transformation Program - $60 million
- RSCCD - unknown
### New Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Ongoing Only</th>
<th>One-Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Allocation Increase</td>
<td>$6,000,000</td>
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<tr>
<td>CDCP FTES Funding Equalization</td>
<td>$7,000,000</td>
<td></td>
</tr>
<tr>
<td>COLA 1.02%</td>
<td>$1,450,000</td>
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<tr>
<td>Growth -0-</td>
<td>$0</td>
<td></td>
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<tr>
<td>Allocation for Full-time Faculty</td>
<td>$1,875,000</td>
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<tr>
<td>Unrestricted Lottery</td>
<td>$87,262</td>
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<tr>
<td>Mandates Block Grant (one-time)</td>
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<td>$14,600,000</td>
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<tr>
<td>Non-Resident Tuition</td>
<td>$100,000</td>
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<tr>
<td>Interest Earnings</td>
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<td></td>
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<tr>
<td>Misc Income</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$16,512,262</strong></td>
<td><strong>$14,600,000</strong></td>
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### New Expenditures

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>COLA 1.02%</td>
<td>$1,450,000</td>
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<tr>
<td>Step/Column</td>
<td>$1,400,000</td>
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<tr>
<td>Health and Welfare/Benefits at 2.2%</td>
<td>$475,000</td>
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<tr>
<td>CalPERS Increase</td>
<td>$23,484</td>
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<tr>
<td>CalSTRS Increase</td>
<td>$1,048,025</td>
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<tr>
<td>Full Time Faculty Obligation Hires</td>
<td>$1,462,500</td>
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<tr>
<td>College Budget Cuts for Faculty Hires</td>
<td>($3,390,161)</td>
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<tr>
<td>Allocation for Full-time Faculty</td>
<td>$1,875,000</td>
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<tr>
<td>Hourly Faculty Budgets (Convert to Full Time)</td>
<td>$0</td>
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<tr>
<td>SSSP Match</td>
<td>$0</td>
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<tr>
<td>Capital Outlay/Scheduled Maintenance Match</td>
<td>$750,000</td>
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<tr>
<td>Utilities Increase</td>
<td>$200,000</td>
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<tr>
<td>ITS Licensing/Contract Escalation Cost</td>
<td>$147,000</td>
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<tr>
<td>Property and Liability Insurance</td>
<td>$50,000</td>
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<td>Public Safety Task Force Recommendations</td>
<td>$0</td>
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<tr>
<td>Election Expense</td>
<td>($400,000)</td>
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<td>Other Additional DS/Institutional Costs</td>
<td>$250,000</td>
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<tr>
<td>Holding for Allocation of One-Time Expense</td>
<td>$13,500,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$5,740,848</strong></td>
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- **2015-16 Budget Year Surplus (Deficit)**: $10,771,414
- **2014-15 Ongoing Base Structural Deficit**: ($8,394,806)
- **Total 2015-16 Net Revenue (Deficit)**: $2,376,608
<table>
<thead>
<tr>
<th>Year</th>
<th>STRS Change</th>
<th>STRS Rate</th>
<th>STRS Impact 1</th>
<th>PERS Change</th>
<th>PERS Rate</th>
<th>PERS Impact 2</th>
<th>Combined Impact</th>
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<tbody>
<tr>
<td>2013-14</td>
<td>0.630</td>
<td>8.250%</td>
<td>$346,500</td>
<td>0.329</td>
<td>11.442%</td>
<td>$98,700</td>
<td>$445,200</td>
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<td>2014-15</td>
<td>1.850</td>
<td>8.880%</td>
<td>$1,048,025</td>
<td>0.076</td>
<td>11.847%</td>
<td>$23,484</td>
<td>$1,516,709</td>
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<tr>
<td>2015-16</td>
<td>1.850</td>
<td>10.730%</td>
<td>$1,079,466</td>
<td>2.400</td>
<td>15.000%</td>
<td>$763,848</td>
<td>$3,360,023</td>
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<td>2016-17</td>
<td>1.850</td>
<td>12.580%</td>
<td>$1,111,850</td>
<td>1.600</td>
<td>16.600%</td>
<td>$524,509</td>
<td>$4,996,381</td>
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<tr>
<td>2017-18</td>
<td>1.850</td>
<td>14.430%</td>
<td>$1,145,205</td>
<td>1.600</td>
<td>18.200%</td>
<td>$540,244</td>
<td>$6,681,831</td>
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<tr>
<td>2018-19</td>
<td>1.850</td>
<td>16.280%</td>
<td>$1,179,561</td>
<td>1.700</td>
<td>19.900%</td>
<td>$591,230</td>
<td>$8,452,622</td>
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<tr>
<td>2019-20</td>
<td>0.970</td>
<td>19.100%</td>
<td>$637,027</td>
<td>0.500</td>
<td>20.400%</td>
<td>$179,108</td>
<td>$9,268,757</td>
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<tr>
<td>2020-21</td>
<td>1.850</td>
<td>18.130%</td>
<td>$1,190,607</td>
<td>1.600</td>
<td>18.200%</td>
<td>$540,244</td>
<td>$6,681,831</td>
</tr>
</tbody>
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1 Each 1% increase in STRS rate is approximately $550,000
2 Each 1% increase in PERS rate is approximately $300,000
## List of Funds Budgeted

### General Fund
- **Expenditures**: $224,366,675
- **Board Policy Contingency (5%)**: $8,339,635
- **Restricted Reserves**: $2,310,602
- **Budget Stabilization**: $12,044,703
- **Unrestricted Contingency**: $2,879,151

**Total General Fund** $249,940,766

### Bond Interest and Redemption Funds
- $43,649,433

### Bookstore Fund
- $11,617,848

### Child Development Fund
- $6,267,513

### Capital Outlay Projects Fund
- $46,325,254

### General Obligation Bond Fund - Measure E
- $9,092,521

### General Obligation Bond Fund - Measure Q
- $165,887,426

### Self-Insurance Fund - Property and Liability
- $4,144,497

### Self-Insurance Fund - Workers' Compensation
- $9,512,998

### Retiree Benefits Fund
- $(4,456,443)$

### Associated Students Fund
- $607,817

### Representation Fee Trust Fund
- $137,436

### Student Financial Aid Fund
- $29,873,811

### Community Education Fund
- $1,008,076

### Diversified Trust Fund
- $4,040,198

**Total All Funds** $577,649,151
Timeline and Recommendation
Additional expenditure concerns to reconcile for 2015-2016 Adopted Budget

- Adjunct faculty accounts (1300) appear to be under budgeted by approximately $2 million
- Instructional Aides account (2400) appear to be under budgeted by approximately $1 million
- Utility accounts (5500) appear to be under budgeted by approximately $1.5 million
- Instructional Service Agreements account (included in 5800) appears to be under budgeted by approximately $2 million

Combined – these listed accounts amount to approximately $6.5 million in potentially under budgeted expenditures

Campuses need to revisit these accounts for the Adopted Budget in order to properly budget these obligations
July 1\textsuperscript{st} deadline by law for an approved operating district budget

Tentative Budget is merely a \textit{placeholder} in order to continue to pay employees and obligations starting July 1\textsuperscript{st}

- More budget detail developed for Adopted Budget once:
  - state budget is enacted – more detailed revenue allocations
  - “Blue Book” is issued by state Chancellor’s Office in July
  - 2014-2015 fiscal year closing and actual balances known

RSCCD proposed Adopted Budget scheduled for September 14\textsuperscript{th} Board of Trustees meeting
Recommend approval of the proposed 2015-2016 Tentative Budget as presented