

Rancho Santiago Community College District
Unrestricted General Fund Summary
DRAFT 2020-21 Tentative Budget Assumptions
January 22, 2020

*	<u>New Revenues</u>	Ongoing Only	One-Time
A	Student Centered Funding Formula (see note below)		
B	COLA 2.29%	\$4,003,793	
B	Growth	\$0	
B	State Augmentation	\$0	
D	Unrestricted Lottery	\$0	
H	Mandates Block Grant	\$0	
I	Non-Resident Tuition	\$0	
J	Interest Earnings	\$0	
L	Apprenticeship - SCC	\$0	
EGHK	Misc Income	\$0	
	Total	\$4,003,793	\$0

<u>New Expenditures</u>			
B	Salary Schedule Increases/Collective Bargaining 4.00%	\$5,710,477	
C	Step/Column	\$1,616,631	
D	Health and Welfare/Benefits Increase (3.5%)	\$979,831	
D	CalSTRS Increase	\$1,253,020	
D	CalPERS Increase	\$1,125,548	
E	Full Time Faculty Obligation Hires	\$0	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	\$6,594,571 ¹	
G	Decreased Cost of Retiree Health Benefit ARC	(\$2,473,545)	
H	Capital Outlay/Scheduled Maintenance Contribution	\$0	
I	Utilities Increase	\$100,000	
J	ITS Licensing/Contract Escalation Cost	\$125,000	
K	Property, Liability and All Risks Insurance	\$0	
II.L	Apprenticeship - SCC	\$0	
L	Other Additional DS/Institutional Costs	\$1,130,000	\$0
N	SCC ADA Settlement Costs	\$0	\$2,000,000
	Total	\$16,161,533	\$2,000,000

2020-21 Budget Year Unallocated (Deficit)	(\$12,157,740)	
2019-20 Structural Unallocated (Deficit)	\$1,809,582	
Savings Faculty replacement budget at VI-12		
Savings 2018-19 all employees - budgeted vs actual		
Total Net Unallocated (Deficit)	(\$10,348,158)	(\$2,000,000)

¹ Both college budgets for adjunct faculty have been underbudgeted. Additional budget is necessary to appropriately fund adjunct faculty costs tied to the class schedules offered and prior year actual costs when adjusted for new full-time faculty hired.

* Reference to budget assumption number

2020/21 Budget Assumptions
Other Additional DS/Institutional Costs

DRAFT January 9, 2019

Data Integrity Specialist	\$200,000
Safety cost due to decreased revenue	\$300,000
Elucian increased contract cost	\$400,000
Operating cost of DMC	\$200,000
Additional Trustee travel	\$20,000
Additional Chancellor travel	\$10,000
Total	<u><u>\$1,130,000</u></u>

Retiree Health Benefits Actuarial Valuation Comparison

1/22/2020

	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Discount/Investment Rate Assumption	3.50%	6.30%	6.50%	
Inflation Assumption	2.75%	2.75%	2.50%	
Payroll Increase Assumption	2.75%	2.75%	3.00%	
Medical Trend Assumption	4.00%	4.00%	6.50%	2020
	all years	all years	6.00%	2021
			5.50%	2022
			5.00%	2023
			4.50%	2024+
Total Accrued OPEB Liability	\$167,278,154	\$138,984,339	\$149,205,110	
Net Unfunded OPEB Liability	\$167,278,154	\$138,984,339	\$109,086,035	
ARC/ADC	\$14,394,639	\$12,698,406	\$9,927,050	<i>Projected</i>
	2017/18	2018/19	2019/20	2020/21
			2020/21 Savings	\$2,473,545

Budget Adjustment Plan
2020-2021 Tentative Budget

Target Budget Adjustments needed as of January 13, 2020 for 2020-2021 Tentative Budget - \$8 million

Timeline Plan – three phases of adjustments and benchmarking at Phase 2 and Phase 3 based on updated information.

Phase 1 – As of January 13, 2020 - \$3 million budget adjustment target for 2020-2021 Tentative Budget

- January 13, 2020 – Agreed upon shares of adjustments
- Agreement on how campuses will adequately budget Adjunct Faculty Accounts in 2020-2021 Budget - \$6.5 million in additional reductions necessary at campus level
- Deadline for submission of Phase 1 target adjustments – February 28, 2020
 - Verbal updates on progress due from Cabinet members at weekly Chancellor’s Cabinet up to deadline
 - Detailed spreadsheets with account numbers and amounts to adjust due by February 28, 2020
 - Encourage earlier submittal due to need to confirm actual savings to targets

Phase 2 – As of March 2, 2020 – Another \$3 million budget adjustment target determined based on adjusted for **2019-2020 P1** and **2018/19 Recalc** revenue updates

- March 2, 2020 – agreed upon additional budget adjustments necessary in Phase 2 in preparation for May Revision
- Deadline for submission of Phase 2 target adjustments – April 24, 2020
 - Verbal updates on progress due from Cabinet members at weekly Chancellor’s Cabinet up to deadline
 - Detailed spreadsheets with account numbers and amounts to adjust due by April 24, 2020
 - Encourage earlier submittal due to need to confirm actual savings to targets

May Revision – May 15, 2020

Phase 3 – As of May 18, 2020 – Based on Phase 1 and Phase 2 identified and verified budget adjustments, and any additional revenues identified in the May Revision, determine what remains to be adjusted to present a balanced 2020-2021 Tentative Budget to the Board of Trustees

- Identify additional adjustments that may be necessary
- Agreed upon plan to present to the Board of Trustees

June 15, 2020 – Tentative Budget presented to Board of Trustees