



Sierra Joint Community College District
2018-19 Tentative Budget

June 12, 2018

Information presented in these exhibits include assumptions as of 6/4/18.

Sierra Joint Community College District
2018-19 Tentative Budget Board of Trustees Meeting: June 12, 2018
General Fund Narrative Summary

Exhibit A

- 1 **Tentative Budget:** The documents presented in this 2018-19 Tentative Budget package reflect the Governor's May Revision and should be viewed as preliminary in nature. The final budget for the fiscal year will be brought to the Board for adoption in September 2018.
- 2 **New Funding Formula:** In preparing the 2018-19 Tentative Budget, the District faces an unprecedented degree of uncertainty about projected revenues due to Governor Brown's proposed overhaul of the California Community College funding model. At the time that the Tentative Budget package was finalized, the Governor's proposed funding formula was still being debated in the state legislative budget process. As a result, it is not currently known if that proposal will be adopted and, if so, exactly what the final details will include. The Tentative Budget is built on the assumption that the new funding model will be adopted. Additional explanation of the assumptions used to prepare the Tentative Budget are provided in items 3 and 4, below.
- 3 **New Funding Formula -- Ongoing Funding:** The Governor's proposed funding formula reflects a dramatic shift from the current student enrollment-based funding model to one that funds colleges based on student enrollments (60%), student demographics (20%), and student success (20%). While various simulations of the proposed funding model have been produced and circulated, given the complexity of the proposed funding model and the potential for additional changes, these estimates are still speculative. As a result, the Tentative Budget is built on the assumption that the hold-harmless provision in the Governor's funding formula proposal will be enacted and the District will receive the same level of general purpose State funding (Total Computational Revenue) as it received in 2017-18.
- 4 **New Funding Formula -- One-Time Discretionary Funding:** The Governor's May Revision proposal also includes a provision that would guarantee that, for 2018-19 only, all districts would receive general purpose State funding that is, at a minimum, 2.71% above their 2017-18 funding levels. This percentage increase is equivalent to the cost of living adjustment (COLA) that would otherwise have been provided to districts for 2018-19. It will vary by district, depending on how each district fares under the new formula, whether this guaranteed 2.71% increase is funded through new ongoing revenues earned under the formula or provided through a one-time funding allocation. The Tentative Budget is built on the assumption that the District will receive a one-time allocation equal to 2.71% of its 2017-18 general purpose State funding.
- 5 **Strategic Budget Initiatives:** The 2018-19 Tentative Budget contains a line item for Strategic Budget Initiatives (See Exhibit C, under heading "Debt, Transfers & Other"). This item, totaling \$1,200,000, is a placeholder based on current estimates of revenues and baseline costs. In the coming months, the District will develop a spending plan to fully utilize available resources to advance the organization's mission and priorities. That spending plan will be included in the Proposed 2018-19 Adopted Budget that will be presented to the Board of Trustees in September. Prior to the September Board meeting, the District will present its spending plan to District stakeholders, including participatory governance groups and collective bargaining units, to seek input on the proposed spending plan before taking it to the Board. As noted, the proposed funding level for Strategic Budget Initiatives is based on current revenue and cost estimates, this funding level will change as estimates are updated and refined in the budget development

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Exhibit A Cont'd

- 6 **Deficit Factor:** Sierra College will continue to budget a statewide revenue deficit factor of .5% in 2018-19. For years, Sierra College budgeted a 1% revenue deficit at the beginning of the fiscal year to buffer against revenue shortfalls at the state level that can be passed along to the District. Strong revenue trends at the state level support adjusting the deficit from 1% to .5% on a temporary basis, as was done in 2016-17 and 2017-18. Staff will recommend each subsequent year whether to retain the lower deficit level.

- 7 **Community Supported (Basic Aid) Status:** When the amount of property tax and student fee revenues received by a district exceed the state funding guarantee, the district becomes what is known as "Community Supported" or "Basic Aid." In recent years, the District has come close to crossing this line but has not yet done so. Current estimates for 2018-19 indicate that Sierra will again be close, but not cross the line. Staff will continue to monitor these revenue sources and related calculations, working closely with county officials. There is a common misconception that becoming Community Supported results in a financial windfall to a district. That is not the case, as all that occurs is that local revenues fully take the place of funding that would otherwise come from the State. That said, a benefit of the District's current status (being close to Community Supported status) is that, in the event of a downturn in State funding, the amount of any potential loss in funding is limited by the "floor" provided by property tax and student fee revenues.

- 8 **Reserves (Fund Balance):** The reserve balance is projected to be \$12.7 million or 11.7% of total general fund expenditures of \$108.5 million. It is expected that the reserve percentage will change between Tentative Budget and Adopted Budget in September as budget assumptions are refined.

Sierra Joint Community College District
2018-19 Tentative Budget Board of Trustees Meeting: June 12, 2018
General Fund Unrestricted & General Fund Restricted Budget Summary

Exhibit B

	Tentative Budget		
	General Fund Unrestricted	General Fund Restricted	General Fund Total
Revenues			
8000 Revenues	93,422,084	15,410,397	108,832,482
Total Revenues	\$ 93,422,084	\$ 15,410,397	\$ 108,832,482
Expenses, Debt, Transfers & Other			
1000 Certificated Salaries	37,428,169	3,478,064	40,906,233
2000 Classified Salaries	18,083,517	4,229,608	22,313,125
3000 Benefits	20,627,000	1,613,679	22,240,679
4000 Supplies and Materials	1,355,810	768,459	2,124,269
5000 Other Operating Expenses and Services	9,734,254	3,569,818	13,304,072
6000 Capital Outlay	256,260	323,719	579,979
7000 Debt Payments, Transfers, Other	5,597,700	1,427,051	7,024,751
Total Expenses, Debt, Transfers & Other	\$ 93,082,710	\$ 15,410,397	\$ 108,493,107

Fund Balance Summary

Beginning Fund Balance (as of 2017-18 Budget Revision #1)	\$ 15,141,885
Change in Fund Balance (Total Revenues Less Total Expenses, Debt, Transfers & Other)	339,374
Total Estimated Unrestricted Fund Balance	<u>15,481,259</u>
Less: Committed Reserve ¹	<u>(2,828,000)</u>
Total Estimated Unrestricted/Uncommitted Fund Balance	<u>\$ 12,653,259</u>
Estimated Unrestricted/Uncommitted Fund Balance as a Percent of Expenses	11.7%

¹ Committed Reserve includes projected District obligations and commitments as of June 30, 2019 as follows:

Estimated Unspent Portion of 2015-16 Full-Time Faculty Revenue	378,000
2017-18 Allocation Formula Surplus - Committed to Units	1,300,000
2018-19 Allocation Formula Surplus - Mutual Interest Agreement	1,100,000
Staff Training on Interest Based Bargaining	50,000
Estimated Committed Reserve as of June 30, 2019	<u>\$ 2,828,000</u>

Sierra Joint Community College District
2018-19 Tentative Budget Board of Trustees Meeting: June 12, 2018
General Fund Unrestricted Budget Detail

Exhibit C

	General Fund Unrestricted	
	Tentative Budget	
Revenues		
8000 State Apportionment (Includes EPA Funds)	1,489,200	
8000 Property Taxes	78,477,991	
8000 Enrollment Fees	7,100,000	
8000 Total State Revenues	87,067,191	
8000 Less: .5% Deficit Factor	(435,336)	
8000 Total State Apportionment with Deficit	86,631,855	
8000 Federal Revenues	14,000	
8000 Other State Program Revenues	3,146,672	
8000 Local/Other Revenues	3,629,557	
8000 One-Time Prior Year Apportionment Adjustment	-	
Total Revenues	\$ 93,422,084	
Expenses		
1000 Certificated Salaries - Instructional	15,968,185	
1000 Certificated Salaries - Non-Instructional	2,139,622	
1000 Certificated Salaries - Ed Admin	3,427,663	
1000 Certificated PT - Instructional	10,773,000	
1000 Certificated Salaries - PT Non-Instructional	916,000	
1000 Reassigned Time	153,363	
1000 Stipends	790,000	
1000 Staff Development Flex Hours	308,000	
1000 Overload Pay - Instructional	2,854,000	
1000 Overload Pay - Non-Instructional	56,000	
1000 Board Member	42,336	
2000 Classified Supervisory & Confidential	2,944,207	
2000 Classified Instructional Aides	1,972,110	
2000 Classified Salaries - FT & PT	11,181,500	
2000 Classified Salaries - Overtime & Standby	270,000	
2000 Classified Salaries - Temporary	730,000	
2000 Student Help and Tutors	985,700	
3000 Benefits	17,485,000	
3000 Retiree Benefits	3,142,000	
4000 Supplies and Materials	1,355,810	
5000 Other Operating Expenses and Services	9,734,254	
6000 Capital Outlay	256,260	
Total Expenses	\$ 87,485,010	
Debt, Transfers & Other		
7000 Debt Payment Transfers	1,355,102	
7000 Inter/Intra-Fund Transfers (Including Match)	1,322,230	
7000 Contingency - Division/Department/Center (DDC)	769,495	
7000 Contingency - District	950,873	
7000 Contingency - Strategic Budget Initiatives	1,200,000	
7000 Other	-	
Total Debt, Transfers & Other	\$ 5,597,700	
Total Expenses, Debt, Transfers & Other	\$ 93,082,710	
Beginning Fund Balance (as of 2017-18 Budget Revision #1)	\$ 15,141,885	
Change in Fund Balance (Total Revenues Less Total Expenses, Debt, Transfers & Other)	339,374	
Total Estimated Unrestricted Fund Balance	15,481,259	
Less: Committed Reserve	(2,828,000)	
Total Estimated Unrestricted/Uncommitted Fund Balance	\$ 12,653,259	

Sierra Joint Community College District
2018-19 Tentative Budget - Board of Trustees Meeting: June 12, 2018
General Fund Unrestricted Revenue Detail

Exhibit D

	General Fund Unrestricted
	Tentative Budget
State Apportionment	
State Apportionment (Includes EPA Funds)	1,489,200
Property Taxes	78,477,991
Enrollment Fees	7,100,000
Total State Revenues	87,067,191
Less: .5% Deficit Factor	(435,336)
Total State Apportionment with Deficit	86,631,855
Federal Revenues	
Forest Reserve Revenue	10,000
Veterans	4,000
Other Federal Revenue	-
Total Federal Revenues	14,000
Other State Program Revenues	
PT Faculty Office Hours	18,000
PT Faculty Compensation	290,000
BOG Fee Waiver Adm.2%	183,000
Lottery	2,232,150
Mandated Costs	423,522
Other General Categorical	-
Total Other State Program Revenues	3,146,672
Local/Other Revenues	
Contributions, Gifts, Grants	58,000
2% Enrollment Fee	144,897
Sales, Commission	666,160
Rentals & Leases	35,000
Interest Income	220,000
Student Records	32,000
Non-Resident Tuition	1,850,000
Audit Fee	7,000
Other Student Fees	2,000
Other Local Revenue	392,000
Indirect Costs	360,000
Bad Debt Collection	15,000
Uncollectible Res/Non-Res Tuition	(158,000)
Transfers In	-
Unrealized Gain (Loss) on Investment & Gain (Loss) on sale of Assets	-
Other Contract Services	3,300
Misc (Surplus, Returned Item)	2,200
Total Local/Other Revenues	3,629,557
One-Time Revenues	
One-Time Prior Year Apportionment Adjustment	-
Total Revenues	\$ 93,422,084