



Sierra Joint Community College District
2019-20 Tentative Budget

June 11, 2019

Information presented in these exhibits include financial data as of 6/4/19

Sierra Joint Community College District
2019-20 Tentative Budget Board of Trustees Meeting: June 11, 2019
General Fund Unrestricted Budget Highlights

Exhibit A

Revenue Highlights

State Apportionment Base Funding for 2018-19 (Hold Harmless)	88,915,754
Hold Harmless COLA @ 3.26%	2,898,654
State Apportionment Base Funding for 2019-20 (Hold Harmless)	91,814,408
Deficit Factor on Total Computational Revenue @ .5%	(459,072)
Non-Resident Tuition (\$265 per unit)	2,000,000
Lottery Revenue	2,381,712
Enrollment Fee	\$46/unit

Expenditure Highlights

Labor Changes:

On-Schedule Salary Increase	2,817,000
Hiring of 23 Full Time Faculty Members ¹	677,000
Estimated PERS Rate Increase (18.062% to 20.733%)	471,000
Estimated STRS Rate Increase (16.28% to 16.7%)	128,000
Exec Dean Shifted to Unrestricted Funding Sources	210,000
Dual Enrollment Manager	125,000
Interim Title IX Coordinator (2 year position)	140,000
Research Analyst	100,000
Professional Development Admin Assistant	73,000
Bond Accountant (50% UGF Funded for 1 year)	55,000
Projected Attrition/Vacancy Savings (~1% of total labor budgets)	(820,000)

Operations Changes:

Traffic Mitigation Impact Fee - City of Rocklin (one-time)	1,380,000
IIT Technology Refresh (one-time)	500,000
Student Success Center and Student Help (one-time)	173,500

¹ Includes twelve replacement positions, three projected replacement positions and eight new positions.

- 1 Tentative Budget:** The documents presented in this 2019-20 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 2019.
- 2 New Funding Formula:** 2019-20 will be the second year that the State Chancellor's Office will use the Student Centered Funding Formula (SCFF) to determine funding allocations to community college districts. State leaders designed and implemented this historic overhaul of the funding model on a very short timeline and, as a result, many surprises and unintended consequences have emerged. State leaders continue to modify and refine the funding model to address these issues. Proposed adjustments include changing the definition for transfers, delaying the phase-in of funding rates, and capping the year-to-year growth in the Success Allocation at 10%. The Governor's May Revision indicates that numerous other changes to the SCFF will be considered during the 2020-21 State Budget deliberations next year. Because the SCFF is still evolving, it is not currently possible to reliably project how much funding community college districts will ultimately receive when it is fully implemented.
- 3 New Funding Formula - Hold Harmless:** Recognizing that the SCFF's sweeping changes present a significant challenge to community college districts as they develop their budgets, the new funding model contains a hold-harmless provision which guarantees that for fiscal years 2018-19, 2019-20, and 2020-21, each community college district would receive at least as much state apportionment funding as it received in 2017-18, adjusted for annual COLA increases. Given the continued changes to SCFF, the May Revision proposes extending the hold harmless provision one more year, to include 2021-22. The District was funded under the hold-harmless provision in 2018-19 and the Tentative Budget is built on the assumption that the District will be funded at the hold harmless level in 2019-20.
- 4 Cost-of-Living Adjustment (COLA):** The Governor's May Revision includes a COLA of 3.26% for apportionments and selected categorical programs. The COLA on apportionments results in an increase in funding to the District of approximately \$2.9 million in 2019-20.
- 5 Relief on Pension Costs:** The Governor's May Revision contains several proposals aimed at addressing rising pension costs:

 - A one-time \$2.3B allocation to CalSTRS to reduce K-12 and community college districts' share of the roughly \$100B long-term liability in that pension program. It is estimated that this infusion of funds would reduce districts' contribution rate by about four-tenths of a percent beginning in 2021-22.
 - A one-time \$500M payment to reduce K-12 and community college districts' employer contribution rates in 2019-20 and 2020-21.
 - A one-time payment of \$3B to CalPERS to reduce long-term liabilities in that pension program.
- 6 Deficit Factor:** The District will budget a statewide revenue deficit factor of 0.5% in 2019-20. Historically, the District has budgeted a 1% revenue deficit at the beginning of the fiscal year to provide a cushion against revenue shortfalls at the state level that can be passed along to the District. Staff will recommend each subsequent year whether to retain the lower deficit level.

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General Fund Narrative Summary

- 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 2019-20 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. Becoming Community Supported does not result in increased revenues for a district, but simply reflects that local revenues have fully taken the place of funding that would otherwise have come from the State. 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 since these local funds are cannot be taken by the State.
- 8 Reserves (Fund Balance):** The reserve balance is projected to be \$12.9 million or 11.2% of total general fund expenditures of \$115 million. During the budget planning process, the reserve percentage typically declines between Tentative Budget and Adopted Budget in September as budget assumptions are refined. For instance, the Tentative Budget contains more conservative estimates of categorical funding that are then increased at Adopted Budget once these funding levels become known. The resulting increase in the expenditure base has the effect of decreasing the reserve percentage. It is anticipated that the budget reserve percentage at Adopted Budget will remain within the ranges specified in Board Policy 6310.

Sierra Joint Community College District
2019-20 Tentative Budget Board of Trustees Meeting: June 11, 2019
General Fund Unrestricted & General Fund Restricted Budget Summary

Exhibit C

	Tentative Budget		
	General Fund Unrestricted	General Fund Restricted	General Fund Total
Revenues			
8000 Revenues	99,321,005	16,314,785	115,635,790
Total Revenues	99,321,005	16,314,785	115,635,790
9000 Funding from Reserves	-	-	-
Total Available Funding	\$ 99,321,005	\$ 16,314,785	\$ 115,635,790
Expenses, Debt, Transfers & Other			
1000 Certificated Salaries	39,732,248	3,318,525	43,050,773
2000 Classified Salaries	19,546,937	4,711,643	24,258,580
3000 Benefits	22,095,000	2,095,989	24,190,989
4000 Supplies and Materials	1,361,400	866,100	2,227,500
5000 Other Operating Expenses and Services	11,617,772	3,657,658	15,275,430
6000 Capital Outlay	295,760	283,000	578,760
7000 Debt Payments, Transfers, Other	4,273,674	1,381,870	5,655,544
Total Expenses, Debt, Transfers & Other	\$ 98,922,791	\$ 16,314,785	\$ 115,237,576
Surplus/(Deficit) ¹			\$ 398,214

Fund Balance Summary

Beginning Fund Balance (as of 2018-19 Budget Revision)	\$ 15,838,000
Change in Fund Balance (Total Revenues Less Total Expenses, Debt, Transfers & Other)	398,214
Total Estimated Unrestricted Fund Balance	<u>16,236,214</u>
Less: Committed Reserve ²	(3,296,119)
Total Estimated Unrestricted/Uncommitted Fund Balance	\$ 12,940,095
Estimated Unrestricted/Uncommitted Fund Balance as a Percent of Expenses	11.2%

¹ The Surplus/(Deficit) takes into consideration the portion of 2019-20 expenditures that is being funded from reserves and is calculated by subtracting Total Expenses, Debt, Transfers & Other from Total Available Funding.

² Committed Reserve includes projected District obligations and commitments as of June 30, 2020 as follows:

Unspent Portion of 2015-16 Full-Time Faculty Hiring Revenue	318,905
Unspent Portion of 2018-19 Full-Time Faculty Hiring Revenue	676,433
Unallocated Portion of MINT Surplus	1,200,781
District Share of 2018-19 Surplus (Per Dec 2017 MINT Agreement)	1,100,000
Estimated Committed Reserve as of June 30, 2020	<u>\$ 3,296,119</u>

Sierra Joint Community College District
2019-20 Tentative Budget Board of Trustees Meeting: June 11, 2019
General Fund Unrestricted Budget Detail

Exhibit D

		General Fund Unrestricted
		Tentative Budget
Revenues		
8000	State Apportionment (Includes EPA Funds)	3,639,408
8000	Property Taxes	80,675,000
8000	Enrollment Fees	7,500,000
8000	Total State Revenues	91,814,408
8000	Less: .5% Deficit Factor	(459,072)
8000	Total State Apportionment with Deficit	91,355,336
8000	Federal Revenues	15,000
8000	Other State Program Revenues	4,019,608
8000	Local/Other Revenues	3,931,061
8000	One-Time Prior Year Apportionment Adjustment	-
Total Revenues		\$ 99,321,005
Expenses		
1000	Certificated Salaries - Instructional	17,071,957
1000	Certificated Salaries - Non-Instructional	2,254,878
1000	Certificated Salaries - Ed Admin	3,876,841
1000	Certificated PT - Instructional	10,955,000
1000	Certificated Salaries - PT Non-Instructional	1,331,000
1000	Reassigned Time	10,236
1000	Stipends	756,000
1000	Staff Development Flex Hours	320,000
1000	Overload Pay - Instructional	2,988,000
1000	Overload Pay - Non-Instructional	126,000
1000	Board Member	42,336
2000	Classified Supervisory & Confidential	3,413,231
2000	Classified Instructional Aides	1,983,945
2000	Classified Salaries - FT & PT	12,003,811
2000	Classified Salaries - Overtime & Standby	315,000
2000	Classified Salaries - Temporary	759,000
2000	Student Help and Tutors	1,071,950
3000	Benefits	19,025,000
3000	Retiree Benefits	3,070,000
4000	Supplies and Materials	1,361,400
5000	Other Operating Expenses and Services	11,617,772
6000	Capital Outlay	295,760
Total Expenses		\$ 94,649,117
Debt, Transfers & Other		
7000	Debt Payment Transfers	1,353,644
7000	Inter/Intra-Fund Transfers (Including Match)	969,412
7000	Contingency - Division/Department/Center (DDC)	935,795
7000	Contingency - District	1,014,823
7000	Contingency - ePAR	-
7000	Other	-
Total Debt, Transfers & Other		\$ 4,273,674
Total Expenses, Debt, Transfers & Other		\$ 98,922,791
Beginning Fund Balance (as of 2018-19 Budget Revision)		\$ 15,838,000
Change in Fund Balance (Total Revenues Less Total Expenses, Debt, Transfers & Other)		398,214
Total Estimated Unrestricted Fund Balance		16,236,214
Less: Committed Reserve		(3,296,119)
Total Estimated Unrestricted/Uncommitted Fund Balance		\$ 12,940,095

Sierra Joint Community College District
2019-20 Tentative Budget - Board of Trustees Meeting: June 11, 2019
General Fund Unrestricted Revenue Detail

Exhibit E

	General Fund Unrestricted
	Tentative Budget
State Apportionment	
State Apportionment (Includes EPA Funds)	3,639,408
Property Taxes	80,675,000
Enrollment Fees	7,500,000
Total State Revenues	91,814,408
Less: .5% Deficit Factor	(459,072)
Total State Apportionment with Deficit	91,355,336
Federal Revenues	
Forest Reserve Revenue	10,000
Veterans	5,000
Other Federal Revenue	-
Total Federal Revenues	15,000
Other State Program Revenues	
PT Faculty Office Hours	35,000
PT Faculty Compensation	318,695
Non-TCR Full Time Faculty Hiring	676,433
BOG Fee Waiver Adm.2%	183,000
Lottery	2,381,712
Mandated Costs	424,768
Other General Categorical	-
Total Other State Program Revenues	4,019,608
Local/Other Revenues	
Contributions, Gifts, Grants	82,000
Contract Instructional Services	-
2% Enrollment Fee	153,061
Sales, Commission	635,000
Rentals & Leases	55,000
Interest Income	500,000
Student Records	32,000
Non-Resident Tuition	2,000,000
Audit Fee	7,000
Other Student Fees	5,000
Other Local Revenue	524,000
Indirect Costs	65,000
Bad Debt Collection	25,000
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)	2,700
Total Local/Other Revenues	3,931,061
One-Time Revenues	
One-Time Prior Year Apportionment Adjustment	-
Total Revenues	\$ 99,321,005