



District-Wide Budget Committee: Sub Committee #2

December 8, 2017

BAM III - Recommendation No. 1

The Committee's responsibilities include the review of District-wide processes related to budget development to make recommendations to impact long term operations or allocations.

Sub Committee Charge:

- Review annual District-wide budget development premises
- Review long-term trends in District-wide fiscal health

Information Reviewed



2016 BAM III Information

Kern Community College District Unrestricted Reserves Analysis		Kern Community College District 2009-10 Final Budget Unrestricted Fund Allocation		District-wide Reserves	Total		
Unrestricted Reserves (GU Actual Ending Balance)	2008/09 Actual	Beginning Balance and Income to be Allocated					
District wide Reserves	19,289,466.46	Beginning Balance (Unrestricted)					
Less: Contract/Community Education	(164,123.14)	Step 1	District-wide Reserves Base	18,614,262	18,614,262		
District Wide GU Reserves	19,125,343.32	Step 1	District Mandatory Reserves		675,204		
		Step 1	College Discretionary Carryover		9,755,161		
			Total Beginning Balance	18,614,262	29,044,627		
District Wide Expenditures	108,623,750.57	Step 2	Total Income	\$ 105,901,642			
Less: Contract/Community Education	(433,267.73)		Total Beginning Balance and Income to be Allocated	18,614,262	134,946,269		
District Wide GU Expenditures	108,190,482.84						
		Allocations					
		Kern Community College District 2009-10 Final Carryover Calculations (Unrestricted)					
Account	Type	Title	Adjusted Budget	YTD Activity	Account	Description	Districtwide Reserves
1100	L	Acad - Reg Schedule	26,047,106.52	25,891,889.11		Beginning Balance	19,289,466
1101	L	Acad Emp Non-Inst Non-Ad	1,167,154.71	1,116,152.79			
1110	L	Acad Emp Admin	978,415.95	875,160.76			
1214	L	Educational Administrators	3,218,242.31	3,213,119.85			
1231	L	Counselors - Contract	1,427,806.07	1,342,023.27			
1241	L	Librarians - Contract	619,939.71	636,137.34			
1251	L	Acad Non-Inst Cont	790,511.95	803,590.35			
1259	L	Academic Salary Abatemen	0.00	-28,875.00			
1310	L	Adjunct Acad Emp - Non-Cc	10,020,641.36	7,344,484.43			
1311	L	Acad Emp - Temp Cont	0.00	1,356.00		0.00	-1,356.00
1320	L	Acad Emp - Intersession	768,901.16	1,888,284.49		0.00	-1,119,383.33
1330	L	Acad Emp - Overload	903,361.34	2,341,414.53		0.00	-1,438,053.19
Net Total:			137,247,374.68	108,623,750.57		1,637,194.80	26,986,429.31



CSIS California School Information Services



National Association of College and University Business Officers

CCCCO Website



SAN DIEGO
COMMUNITY COLLEGE
DISTRICT



Community College Funding Process Presentation

Reserves Information

California Community Colleges Chancellor's Office
 Institutional Effectiveness
 SORTED 5 Year Average LARGEST TO SMALLEST

Ending unrestricted general fund balance as a percentage of total expenditures



1. Fund Balance (Required)

Ending unrestricted general fund balance as a percentage of total expenditures



	5 year average	2015-16	2014-15	2013-14	2012-13	2011-12	2017-18 Goal	6 year Goal
Santa Barbara	29.13	29.3	33.1	31.3	30.7	33.4	20	20
Kern	29.62	38.7	30.8	29.5	25.1	24	16.9	16.9
Foothill-DeAnza	28.78	31.3	30	28.7	29.6	24.2	5	5
Ventura	28.42	38.4	30.7	30.9	22.1	20	25	25
North Orange County	25.16	21.1	23.1	25.7	25.9	30	5	5
West Valley	23.68	36.9	30.1	26.7	13	11.7	38	52
State Center	23.5	16.2	19.1	26.3	27.8	28.1	17	22
Rancho Santiago	22.74	20.9	17.2	17.7	26.3	31.6	15	15
Yosemite	21.28	16.6	21.6	22.1	24	22.1	12	18
Mt. San Antonio	21.12	21.3	22.5	20.6	19.9	21.3	10.3	10.3
Contra Costa	20.78	20.5	17.6	20.8	22.1	22.9	17.5	18
El Camino	20.58	29.9	16	16.7	20	20.3	5	5
Long Beach	19.58	21.4	24	20.6	17.7	14.2	12.5	15
Coast	19.26	22.4	18.6	19.6	22.5	13.2	20	20
South Orange County	18.26	21.1	23.7	20	14.8	11.7	12	12
San Francisco	17.3	28.9	19.4	19.3	9.7	9.2	9	9
San Mateo County	16.52	20.6	15.6	14.4	14.9	17.1	15	15
Pasadena	15.44	14.3	9.2	15.4	19.5	18.8	10	18
Los Angeles	15.1	20.9	13.4	13.6	13.1	14.5	10	10
Palomar	14.08	19.8	9.9	9.9	13.4	17.4	7	7
Peralta	13.1	13.6	14.1	14.2	12.7	10.9	13.9	15.4
Chabot-Las Positas	12.8	22.4	15.8	11.4	8.1	6.3	8	8
Los Rios	12.74	15.6	12.3	11.2	11.8	12.8	17.2	12.8
Grossmont-Cuyamaca	12.04	13.4	10.8	11.4	13.3	11.3	11	15
Riverside	10.64	22.2	9.6	8.4	8.2	4.8	5	5
Santa Monica	10.38	14.4	9.1	9.9	7.6	10.9	7.5	7.5
Sonoma Cou	10.16	9.6	5.2	11.1	12.1	12.8	5	7
San Diego	8.22	13.9	3.9	6.4	9.6	7.3	9	8
Average	18.62071429	21.85357	18.09643	18.39286	17.69643	17.06429		

CalPERS employer rate increases

- The employer contribution to CalPERS was expected to increase to 13.05% in 2016-17 from 11.847% in 2015-16
- The actual employer contribution rate for 2016-17 is higher than anticipated, at 13.888%

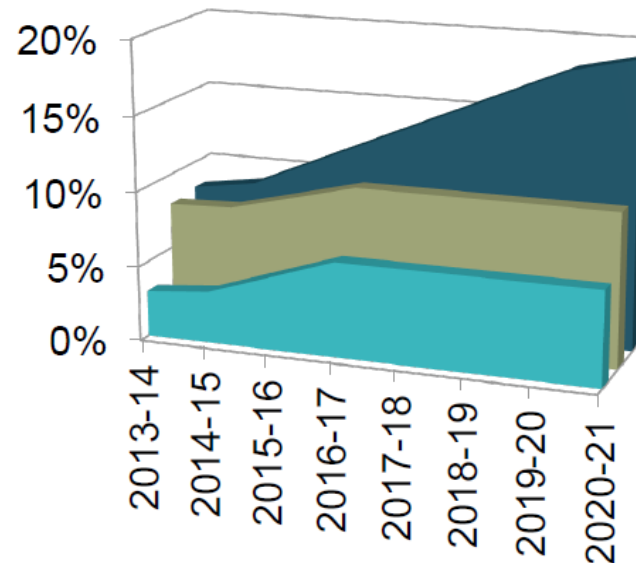
Actual			Estimated		
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
11.847%	13.888%	15.5%	17.1%*	18.6%*	19.8%*

**CalPERS-provided estimates, April 2016*

CalSTRS funding burden

- Unfunded liability increased from \$22.5B in 2008 to \$70.5B in 2012.
- AB 1469 was passed in 2013 to increase the “shared” contributions by the state, employers and employees by \$5.5 billion from the existing \$2.2 billion, beginning as of July 1, 2014 and to be phased in over seven years through 2020-21.
- **The burden of the solution is clearly on the employers**
- As intended under AB 1469, of the 2013 CalSTRS unfunded liability of \$74 billion:
 - **\$47 billion – or 63% – will be funded by employers**
 - **\$20 billion – or 27% – will be funded by employees**
 - **\$8 billion – or 10% – will be funded by the state**
- **No specific funds are provided for this cost increase**

Contribution Rates



Three options for districts

- 1 Pay-as-you-go
- 2 Set aside reserve funds
- 3 Fund into Pension Rate Stabilization (PRSP) Account



California Community Colleges						
Summary- Unrestricted General Fund Transactions						
Fiscal Year 2015-16						
Table III.2 District	Adjusted Beg. Balance	Revenue	Expenditures	Revenue Less Expenditures	Net Other In/Outgo	Net Ending Balance
San Diego	8,651,696	276,602,516	247,293,063	29,309,453	(3,053,884)	34,907,265
Sonoma Cou	5,856,513	125,214,997	117,878,183	7,336,814	(1,525,110)	11,668,217
Glendale	4,688,393	99,666,861	85,296,558	14,370,303	(7,939,607)	11,119,089
Redwoods	1,629,593	29,459,934	27,593,069	1,866,865	(1,633,061)	1,863,397
Victor Valley	3,637,919	61,408,673	59,836,559	1,572,114	0	5,210,033
Kern	34,390,999	141,048,812	112,324,117	28,724,695	(14,134,536)	48,981,158
Solano	3,178,192	56,343,972	48,727,219	7,616,753	(24,972)	10,769,973
Copper Mountain	859,741	13,249,938	12,903,237	346,701	-	1,206,442
Siskiyou Jt.	1,326,285	21,869,773	19,121,431	2,748,342	(1,067,233)	3,007,394
Imperial	3,116,178	44,739,148	39,498,679	5,240,469	(360,534)	7,996,113
Merced	4,371,424	63,993,068	53,395,603	10,597,465	(4,732,101)	10,236,788
Pasadena	12,447,460	154,319,537	140,020,777	14,298,760	(5,899,483)	20,846,737
Santa Monica	13,781,577	175,904,203	165,574,581	10,329,622	(185,608)	23,925,591
Southwestern	8,404,995	102,346,906	93,209,689	9,137,217	(5,917,972)	11,624,240
Riverside	14,252,071	186,539,851	161,174,821	25,365,030	(3,480,889)	36,136,212
Palomar	13,405,764	118,065,699	104,961,269	13,104,430	(4,657,650)	21,852,544
Gavilan	2,833,715	34,522,593	31,280,242	3,242,351	(1,722,828)	4,353,238
Mendocino-Lake	2,125,361	24,274,108	20,891,556	3,382,552	(536,909)	4,971,004
Grossmont-Cuyam	10,983,056	113,841,925	103,958,672	9,883,253	(6,500,707)	14,365,602
San Luis Obispo C	5,260,574	55,382,266	51,879,766	3,502,500	(403,868)	8,359,206
Rio Hondo	8,098,232	77,703,331	78,917,441	(1,214,110)	(504,949)	6,379,173
Monterey Peninsu	4,212,945	42,874,366	39,406,539	3,467,827	(925,220)	6,755,552
Allan Hancock	5,857,365	62,766,254	54,610,446	8,155,808	(5,315,038)	8,698,135
Santa Clarita	9,557,293	103,810,744	90,819,649	12,991,095	(12,539,640)	10,008,748
Yuba	5,303,991	55,607,248	46,390,278	9,216,970	(5,451,002)	9,069,959
Los Rios	34,763,578	345,267,515	300,086,778	45,180,737	(28,601,783)	51,342,532
San Joaquin Delta	10,618,837	95,566,393	93,695,620	1,870,773	(2,627,281)	9,862,329
Lake Tahoe	1,745,811	16,207,081	14,487,906	1,719,175	(1,092,100)	2,372,886
Chaffey	11,026,380	102,955,523	94,310,332	8,645,191	(1,290,608)	18,380,963
Los Angeles	77,846,309	691,288,374	612,454,579	78,833,795	(23,464,591)	133,215,513
Marin	6,740,231	57,547,317	54,251,571	3,295,746	(2,930,495)	7,105,482
Napa Valley	3,738,279	39,245,802	35,407,249	3,838,553	169,545	7,746,377
West Hills	4,009,898	39,036,305	30,755,834	8,280,471	(3,934,758)	8,355,611

Long Term Fiscal Health & Sustainability

So what do we mean by financial sustainability? Simply put, the process of aligning financial capacity with long-term service objectives.

- <http://fcmat.org/community-colleges/>
- <http://www.gfoa.org/fund-balance-guidelines-general-fund>
- <http://www.wacubo.org/Documents/Business%20Mgmt%20Institute/2015%20Handouts/Track%20-%20Costantinidis%20-%20BMI%20Budgeting.pdf>

Discussions



Budget Premise: Allocation Model

- Improve clarity of model components
 - Detail the flow of funding from CCCCCO (Schedule C Allocation) to annual allocations
- Promote transparency of the KCCCD budgeting process and fiscal matters
 - Add review of carryover information to the Budget Calendar to aid colleges in sharing received final financials.
- Foster an environment of understanding by communicating linkage between FTES generation and allocations

Long Term Fiscal Health

- Conduct a fiscal risk assessment based on best practices and benchmarking
 - i.e. GFOA, FCMAT, comparative ranking, etc.
- Propose a balance to maintaining KCCD fiscal stability while ensuring adequate college funding levels – reserves analysis based on actuals
 - fiscal strengths and liabilities and includes strategies for the management of long -term obligations
 - allocating funds for programs and services for student success
 - amount, percentage, and comparative benchmark

Next Steps





Budget Premise

Understanding the Numbers



Long Term Trends

Risk Assessment Evaluation