

# Budget & Finance in Community Colleges

ACCA Great Deans – November 18, 2021

# Questions regarding working with budgets

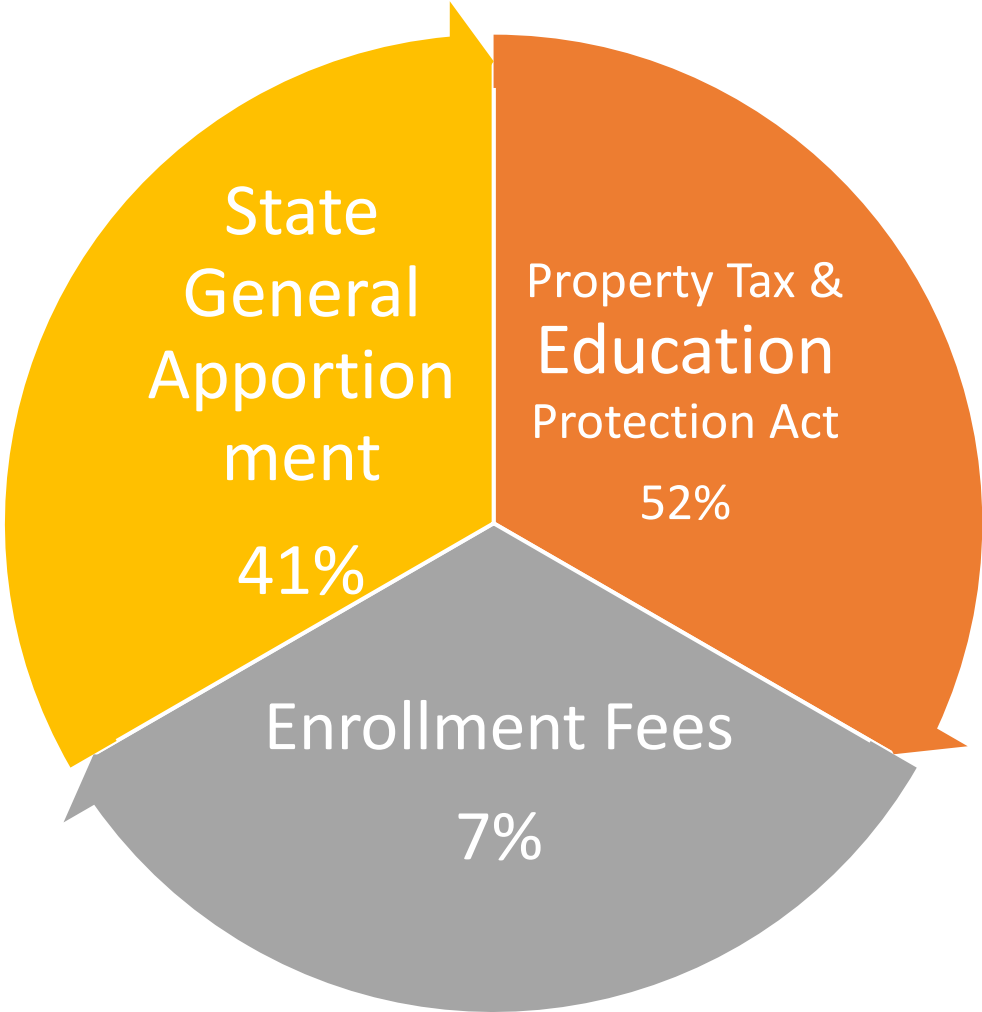
**Do you have experience working with budgets?**

**What is the biggest challenge you have faced in working with budgets?  
How have you been able to overcome those challenges?**

**How does the budget change from year to year? And how does that affect your role?**

**What do you do to ensure error-free work when working with the budget?**

# Components of Community College Funding



# Chancellor's Office Apportionment Reports

*(District not in hold harmless)*

California Community Colleges  
 2020-21 Second Principal  
 Mt. San Jacinto CCD  
 Exhibit C - Page 1

Total Computational Revenue and Revenue Sources	
<b>Total Computational Revenue (TCR)</b>	
I. Base Allocation (FTES + Basic Allocation)	\$ 55,875,218
II. Supplemental Allocation	19,989,528
III. Student Success Allocation	8,871,404
	<u>2020-21 Student Centered Funding Formula (SCFF) Calculated Revenue (A) \$ 84,736,150</u>
	2019-20 SCFF Calculated Revenue + COLA (B) 81,695,062
	2020-21 Hold Harmless Revenue (C) 75,850,210
	2020-21 Stability Protection Adjustment -
	2020-21 Hold Harmless Protection Adjustment -
	<u>2020-21 TCR (Max of A, B, or C) \$ 84,736,150</u>
<b>Revenue Sources</b>	
Property Tax	\$ 33,289,550
Less Property Tax Excess	-
Student Enrollment Fees	3,392,606
Education Protection Account (EPA)	19,531,869
State General Fund Allocation	27,874,631
<b>State General Fund Allocation</b>	
General Fund Allocation	\$ 27,143,756
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)	730,875
<b>Total State General Fund Allocation</b>	<b>\$27,874,631</b>
Adjustment(s)	-
<b>Total State General Fund Allocation</b>	<b>\$27,874,631</b>
	<u>Available Revenue \$ 84,088,656</u>
	2020-21 TCR (Max of A, B, or C) 84,736,150
Revenue Deficit Percentage	0.7641%
Revenue Deficit	\$ (647,494)

Three components of SCFF

What we earned = A

What we will be paid = B

Difference = A-B

# Chancellor's Office Apportionment Reports

*(District in hold harmless)*

California Community Colleges  
 2020-21 Second Principal  
 North Orange County CCD  
 Exhibit C - Page 1

Total Computational Revenue and Revenue Sources	
<b>Total Computational Revenue (TCR)</b>	
I. Base Allocation (FTES + Basic Allocation)	\$ 148,878,224
II. Supplemental Allocation	38,267,916
III. Student Success Allocation	19,516,431
2020-21 Student Centered Funding Formula (SCFF) Calculated Revenue (A)	\$ 206,662,571
2019-20 SCFF Calculated Revenue + COLA (B)	202,201,922
2020-21 Hold Harmless Revenue (C)	214,297,538
2020-21 Stability Protection Adjustment	-
2020-21 Hold Harmless Protection Adjustment	7,634,967
<b>2020-21 TCR (Max of A, B, or C)</b>	<b>\$ 214,297,538</b>
<b>Revenue Sources</b>	
Property Tax	\$ 108,905,939
Less Property Tax Excess	-
Student Enrollment Fees	10,820,461
Education Protection Account (EPA)	54,108,190
State General Fund Allocation	38,825,438
<b>State General Fund Allocation</b>	
General Fund Allocation	\$ 36,665,942
Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only)	2,159,496
<b>Total State General Fund Allocation</b>	<b>\$38,825,438</b>
Adjustment(s)	-
<b>Total State General Fund Allocation</b>	<b>\$38,825,438</b>
Available Revenue	\$ 212,660,028
<b>2020-21 TCR (Max of A, B, or C)</b>	<b>214,297,538</b>
Revenue Deficit Percentage	0.7641%
Revenue Deficit	\$ (1,637,510)

Three components of SCFF

What we earned = A

What we will be paid = B

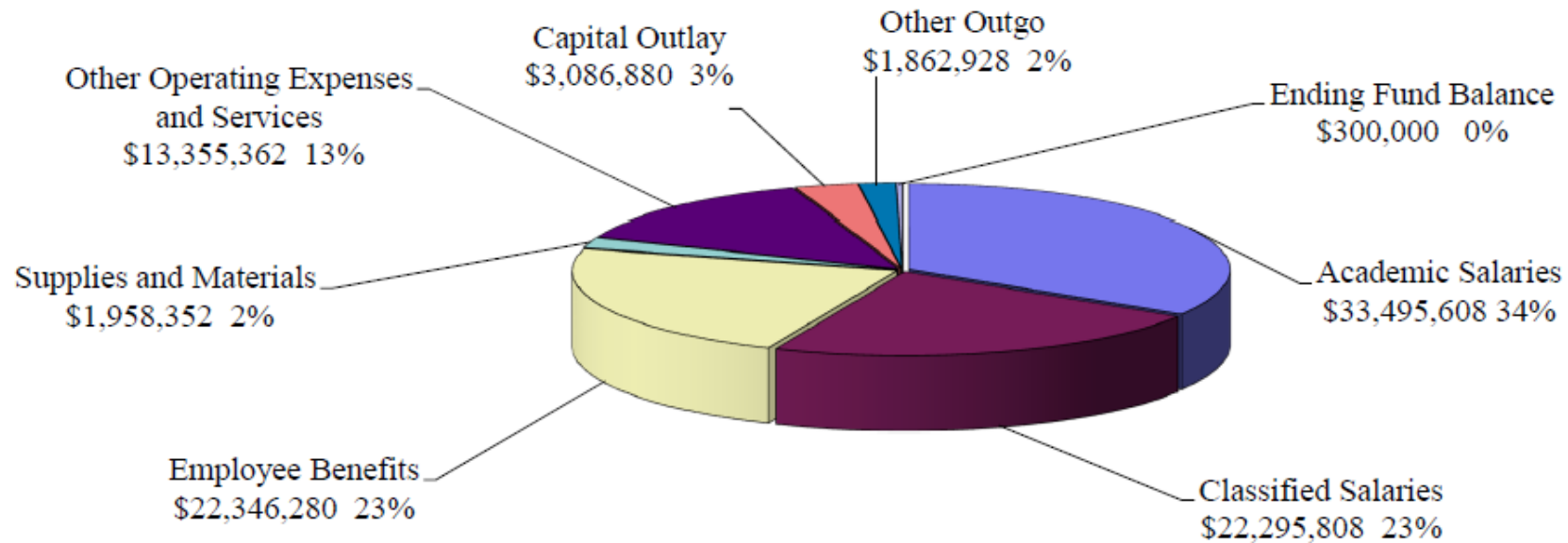
Difference = A-B

# Community Colleges –Expenditure Budgets

- Personnel –85% To 90% Of Budget
  - Includes Salaries And Fixed Costs
    - Unemployment, Worker’s Comp, STRS, PERS, Etc.
- Remainder Is In Discretionary Accounts:
  - Supplies
  - Services
  - Capital Outlay
  - Reserve

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT ADOPTED BUDGET 2019-2020

General Fund Unrestricted Expenditures and Ending Fund Balance: \$98,701,218



# District Level –Significant Budget Items

- Contractual Pay Increases and/or Benefits For Faculty And Staff
  - Step And Column
  - COLA
- FON –Faculty Obligation Number
  - Faculty Cost
- Part Time Faculty Budgets
- Budget Estimating
- Efficiency, Weekly Student Contact Hour



# Fifty Percent Law

## Education Code Section 84362

*(also known as the 50 Percent Law)*

Requires all community college districts to spend at least half of their “**Current Expense of Education**” for “**Salaries of Classroom Instructors.**”

This law and the implementing regulations in the *California Code of Regulations (CCR)* Title 5 (beginning at section 59200) provide for exemptions under certain circumstances.

# **CURRENT EXPENSE OF EDUCATION**

## ***(Denominator)***

“Current Expense of Education”

Includes:

General fund operating expenditures

Excludes:

Expenditures for food services/community services

Capital (except equipment replacement)

Auxiliary services

Other costs specifically excluded by law

# SALARIES OF CLASSROOM INSTRUCTORS

## *(Numerator)*

“Salaries of Classroom Instructors” means:

- (1) Salary paid to each instructor employed by the district whose duties require that the full time for which the instructor is employed be devoted to the instruction of students of the district
- (2) The portion of the salary of each instructor whose duties require that a part, but not all, of the full time for which the instructor is employed be devoted to the instruction of students of the district
- (3) Salary paid to each instructional aide employed by the district, any portion of whose duties are required to be performed under the supervision of an instructor

*Note - The “salaries for classroom instructors” includes the salaries and fringe benefits for classroom instructors and instructional aides (full-time and part-time).*

# 50 Percent Example

Salaries of Classroom Instructors = \$3,120,000

Current Expense of Education = \$6,000,000

50% Calculation is:

$$\frac{\$3,120,000}{\$6,000,000} = 52\%$$

# Possible future considerations affecting budgets:

- COVID - Pandemic
  - Increases to STRS/PERS Retirement Rates
  - Reduction in Funding as Economy Flattens
    - Deficit Factor Will Increase
  - Implementation of SCFF
  - Implementation of Bond Programs
    - Increase to Operating Costs
  - Possible Results
    - Early Retirement Incentives
  - Other Initiatives Guided Pathways
    - Integrated Planning
    - Strong Workforce
    - Promise Program
-

## *Sample Community College – Case Study*

You have \$5.5 million available revenue to fund increases to the base budget

Outcomes:

- Increase your understanding of budgets
- Understand fixed increases to the budget
- Understand discretionary increases

**Identify (list) the mandated increases to the budget that must be funded as well as items you would like funded (with your justification) with their corresponding amounts**

- a. \$1 million— A governing board policy that requires that any increase in tuition and fees must result in a proportional increase in the student financial aid budget
- b. \$2.5 million— The faculty and staff are expecting at least a 3.5 percent salary increase for the next fiscal year
- c. \$500,000— Health insurance costs have skyrocketed, resulting in a premium increase for the next fiscal year
- d. \$250,000— After a Title IX complaint, an agreed settlement with the Office of Civil Rights involves an increase in support for women’s intercollegiate athletics
- e. \$500,000 — New faculty must be hired for the next academic year to cover the increased demand for required core courses. There has been an increase in student complaints regarding their inability to get into needed core courses in a timely manner and inquiries have come from legislators
- f. \$1.5 million— The first phase of a three-year upgrade of the network and supporting software must begin in the next fiscal year
- g. \$250,000— The counseling center has a long waiting list and is recruiting two additional positions for the regular academic year and one for the entire fiscal year
- h. \$500,000— The governing board would like to attract more National Honor Scholars and has strongly suggested that the institution present a budget with substantial increase in the institutional base budget for that purpose
- i. \$250,000— The physical plant would like to install programmable thermostats in all academic buildings to reduce heating costs
- j. \$250,000— Resurfacing of the parking lots in the north campus
- k. \$250,000— Reconstruction of interview space in the Career Planning and Placement area
- l. \$500,000— Establishment of a FYE program for all entering first-year students

**Questions?**