

COLLEGE OF THE SISKIYOU
SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

2023-2024
FINAL BUDGET



August 29, 2023

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

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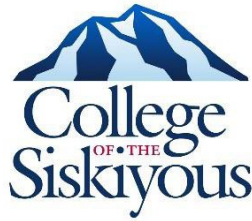
Christina Van Alfen, Interim Vice President Administrative Services

2023-2024

FINAL BUDGET



BUDGET NARRATIVE



**COLLEGE OF THE SISKIYOU
SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
FINAL BUDGET NARRATIVE
2023-2024**

PURPOSE

Title 5, California Code of Regulations (CCR), Section 58305 requires the District develop a Final Budget as an update to the Tentative Budget, which reflects the Governor's June 2023 signed State Budget. This Final Budget must be adopted by the Board of Trustees no later than September 15th of each year.

On June 27, the Governor signed the 2023-24 State Budget Act. The 2023 Budget Act reflects total state expenditures of approximately \$310 billion, a less than one percent increase over the 2022-23 enacted budget. General Fund spending decreases by more than 3% from its level in the 2022-23 enacted budget, to \$226 billion.

The enacted budgets for each segment of higher education continue to be shaped by multi-year frameworks introduced in 2022-23, including the Roadmap for the Future for the California Community Colleges. The Roadmap is intended to advance equity, student success and the system's ability to prepare students for California's future. Along with the Compacts for the University of California (UC) and California State University (CSU) systems, the Roadmap is part of the Administration's agenda to help the state reach a goal of having 70% of working-age Californians possess a degree or credential by 2030.

The enacted budget for the community colleges reflects stable total funding. It includes about \$790 million in ongoing adjustments to the Student Centered Funding Formula (SCFF), of which \$678 million is for an 8.22% cost-of-living adjustment (COLA). Another \$112.4 million is provided for an 8.22% COLA to various categorical programs.

One-time funding in the enacted budget is limited. It includes \$50 million to continue supporting college efforts to increase student retention rates and enrollment, but in the context of a similar reduction to the prior-year allocation for that purpose.

Similarly, the enacted budget reduces funds allocated in 2022-23 for deferred maintenance by \$500 million but provides \$5.7 million in new one-time funds, resulting in a reduction of \$494.3 million from the amount initially provided. The budget provides flexibility for the use of remaining funds for deferred maintenance, retention/enrollment, and the COVID-19 Block Grant.

The Budget Act includes \$232.3 million in capital outlay funding from Propositions 1A, 203, 153, 47, 1D, 51 and 55 to support the preliminary plans and working drawings and construction phases for two new and 12 continuing projects.

Significant revenue shortfalls related to a downturn in the stock market have led to a budget deficit now estimated to be \$31.5 billion, up from an estimated \$22.5 billion in the Governor’s January proposal. The enacted budget now projects total revenues of \$211 billion, although the state’s delay of the 2022 tax filing deadline from April to October and high interest rates increase the uncertainty in revenue projections. The budget allows the governor to delay one-time spending commitments, with notification to the Legislature, before March 1 in the event of further revenue declines. The budget projects total reserves of \$38 billion, including \$22.3 billion in the state’s Rainy Day Fund. It includes overall state General Fund spending of \$226 billion, a decline of more than three percent compared to the enacted budget for 2022-23.

The state’s efforts to build reserves over the last couple of years will somewhat mitigate the impact of the budget deficit for 2023-24. The enacted budget uses several mechanisms to close the projected shortfall, including some funding delays and reductions from the 2021-22 and 2022-23 budgets, and some internal fund shifts and internal borrowing.

DISTRICT BUDGET – KEY ELEMENTS

For the 2023-24 Final Budget the district is budgeting apportionment at the Calculated Revenue amount aligned with factors in the 2023 Budget Act, including COLA of 8.22% with 0.96% deficit factor as noted in the Chancellor’s Office Advance Apportionment memo of July 21, 2023. While we’ve benefitted from the Hold Harmless provision over the past several years, due to increases to this year’s SCFF, COS’ Advance Apportionment calculation lands in the Calculated Revenue + COLA column.

Due to decreases in the District’s three-year average for FTES generation, predominantly caused by the elimination of most of the FTES generated by the San Francisco Police Academy ISA and the COVID 19 Pandemic, the College continues its efforts to stabilize FTES growth for the coming year. The District continues to utilize a more conservative budgeting methodology that recognizes a standard practice in the California Community College System of not budgeting any growth in the year in which that growth is earned.

NOTABLE INCREASED EXPENDITURES

California Retirement Systems

The enacted state budget includes an increase from the 2022-23 employer contribution rates for CalSTRS and CalPERS as follows:

	2022-23	2023-24
CalSTRS	19.10%	19.10%
CalPERS	25.37%	26.68%

Retiree Health Liability

An actuarial study for post-retirement benefits was performed May 27, 2022, estimating the amount that should be accumulated under the requirements of GASB 75. Actuarial studies are performed every two years. The District’s long-term liability as of June 30, 2022 was estimated at approximately \$7,221,435. To the extent that benefits are funded through a GASB 75 qualifying trust, the trust’s Fiduciary Net Position (FNP) is subtracted to get the Net OPEB Liability of \$4,785,411. The FNP is the value of assets adjusted for any applicable payables and receivables of \$2,436,024. Additional payments against the District’s long-term liability are

determined during budget development each year.

The District currently operates on a “pay-as-you-go” methodology whereby the retiree health benefit costs are expensed at the time they are paid with an annual budget of \$584,226 for 2022-23- which is based on historical trends.

GENERAL FUND – UNRESTRICTED (11)

The General Fund is the principal operating fund of the District. All revenues and expenditures not required by statutory law to be accounted for in a different fund are budgeted and accounted for in the General Fund.

The District’s budget development process places heavy emphasis on the building of the General Fund-Unrestricted (11) budget, since this is the budget that most heavily impacts ongoing college and district operations.

GENERAL FUND – RESTRICTED (12)

This fund supports categorical programs, grants, contracts, and other programs whose budget resources are restricted by law, regulation, contract, grant agreement, or other externally restricted terms and conditions.

Major programs accounted for in this fund include state categorical programs, such as:

- COVID 19 Recovery Block Grant
- Retention and Enrollment Outreach
- Basic Needs Centers
- Student Food and Housing Support
- Student Equity and Achievement Program (Basic Skills, Student Success and Support Program (SSSP), Student Equity)
- Strong Workforce Program (SWP)
- Extended Opportunity Programs and Services (EOPS)
- Disabled Students Programs and Services (DSPS)
- California Work Opportunities and Responsibility to Kids (CalWORKS)
- Career Technical Education programs
- Perkins IV (VTEA/Vocational and Technical Education Act) federal grants
- Restricted Lottery (Proposition 20) funds
- Nursing grants

Historically, these individual categorical budgets are developed based at 95% of the existing programs prior year level, unless official funding notification has been received from the state prior to adoption of the Final Budget; then, budgets are developed at 100% of allocation.

BOND AND INTEREST AND REDEMPTION FUND (21)

The Bond and Interest and Redemption Fund functions to service the District’s debt. In 2018-19, this fund was used to pay the debt service on the \$4 million debt associated with numerous projects related to campus improvements. For 2023-24, the \$4 million in project debt will be paid in semi-annual payments in August and February.

GENERAL OBLIGATION BOND AND INTEREST AND REDEMPTION FUND (23)

The General Obligation Bond and Interest and Redemption Fund functions the same way to service the District's General Obligation Bond debt, which began in 2005 when the District placed a ballot initiative with the voters to build and renovate facilities on both the Weed and Yreka campuses. The District receives property tax receipts from county residences specifically to pay for the debt service of the General Obligation bonds that have been sold to the public. These payments are also made semi-annually in August and February.

PROPRIETARY (ENTERPRISE) FUNDS

The enterprise funds account for business operations that are financed and managed similarly to private enterprise and are to be self-supporting. These funds consist of a separate Bookstore Fund, Food Service Fund, and Residence Hall Fund to account for the revenues, expenses, and profits and/or losses.

Food Services (32)

In fiscal year 2016-17 the decision was made to discontinue contracting out the food service operation due to poor quality of service and meals. It was at this point the department became self-operating. It will be extremely important for this department as it continues to develop short-term and long-strategic business plans to refine quality of service and search out fiscal opportunities in expenditure reductions and revenue generation, without impacting our support of students and the community.

Residence Hall Revenue and Repair (35/39)

The Residence Hall Revenue Fund (35) is the operating account for the District's Lodges. Revenues are received from students and groups that use the facilities, and these revenues are used for the salaries, benefits and general operations of the Lodges as well as setting aside funds for future improvements and repairs. These set-aside funds are transferred to the Residence Hall Repair and Replacement Fund (39) for future facility improvements and emergency repairs.

Bookstore (51)

Amidst the dynamic changes in the educational landscape, the bookstore industry has undergone a profound transformation, presenting students with an array of alternatives. This shift encompasses online textbook rentals, the convenience of digital content delivery, and the embrace of Open Educational Resources (OER), ZTC (Zero Textbook Cost) which amplifies the adaptability for both students and faculty.

The bookstore will also be partnering with RedShelf, seamlessly integrating it within the Learning Management System (Canvas). This strategic collaboration unlocks a sophisticated platform for eBooks and Course Material Buying, thus expanding our repertoire of cutting-edge solutions. Refreshed merchandising options reflect the values and preferences of our diverse student body. Campus Gift & Book Shop will spearhead concessions for all athletic events. This strategic move doesn't merely elevate the fan experience but also forges an additional revenue stream.

CAPITAL PROJECTS FUNDS (41 & 42)

These funds account for the financial resources used in the acquisition and/or construction of major capital outlay projects. Project elements may include site improvements including parking lots, walkways and monument signs, building renovations, new construction, scheduled maintenance projects, hazardous substance abatement projects, and fixed assets, and may be funded from a combination of state capital outlay funds and local funds.

STUDENT FINANCIAL AID FUND (78)

This fund accounts for the receipt and disbursement of government-funded student financial assistance programs. The major federally funded programs include Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Direct Loans. The major state-funded programs are the Full Time Student Success Grants, and Cal Grants.

FOUNDATION AND SCHOLARSHIP (83 & 84)

Since 1992, the Foundation has actively raised funds with the intent of helping to keep COS at the forefront of educational quality by developing new programs, improving facilities, providing equipment, and offering student scholarships. Scholarships have been established through the generosity of businesses, associations and individuals. These scholarships reward student achievement, encourage student leadership and accomplishments, and provide needed financial assistance.

RESERVES

Administrative Policy 6305, approved by College Council and Superintendent/President on May 24, 2023, directs the District to maintain a minimum reserve of 16.67% of annual expenditures, is a recommended best practices by the State Chancellor's Office and represents a minimum of two months of total general fund operating expenditures. In addition, every effort is made to maintain a prudent reserve above that minimum 16.67% to allow for careful cash management.

Reserves are designated by debt service, legal restrictions, and special purposes as deemed necessary by the Administration and approved by the Board.

The District's designated ending fund balance is comprised of the following categories: Mandated 16.67% Minimum Reserve; Contingency Reserve; and Undesignated Reserve.

Contingency Reserve

Contingency Reserve is monies set aside to cover unexpected expenses during the fiscal year.

Contingency – Compensation Employee Groups

For negotiations unrecognized in detail of budget, open positions not accounted for in details of budget and future negotiations.

Undesignated Reserve

These funds make up the remaining ending balance. This balance is maintained to allow for gradual adjustment to any substantial reductions in revenue and, along with other cash reserves, to handle the significant cash flow requirements. This reserve may be allocated to cover any other unanticipated one-time expenditures.

The Final Budget shows an estimated 38.864% ending reserve of \$9,928,663, which is trending much higher than previous years due to the savings impact of COVID 19 for the last two years on operating costs, instructional expenses related to FIELD ISA and the inability to run a normal schedule of courses along with the 8.22% COLA as part of the Student-Centered Funding Formula (SCFF) 2023-24 as part of the enacted budget for the state.

ASSUMPTIONS

Assumptions serve as a guide in developing the annual budget by setting forth the guiding

principles by which the budget will be built and by providing assumptions which are the basis for the financial projections of revenue and expenditures. The budget is developed through a collaborative district-wide process that involves the Board of Trustees, the Superintendent/President, College Council and the Integrated Planning and Budget Committee. The budget is developed in more specific detail through collaboration within each department: Academic Affairs, Student Services, Administrative Services, and the President's Office.

Budget Assumptions are the basis for the financial projections of revenue and expenditures contained within the budget allocation process. While these Assumptions are based on the most current information available, it is recognized that ever-changing circumstances can alter the economic foundation upon which the Assumptions have been built.

GUIDING PRINCIPLES

A budget will be developed that:

- Allocates resources to fulfill the College's mission by achieving the Board's annual goals.
- Provides resources for continued improvement of student success and learning outcomes.
- Provides resources and support for high quality, innovative instructional programs and services to students.
- Balances enrollment goals and student access.
- Increases and/or maintains sufficient levels of institutional effectiveness to become more efficient and cost effective.
- Maintains current technology and efficiency by updating and replacing equipment.
- Provides resources for the total cost of ownership and to maintain buildings and grounds.

MOVING FORWARD

For 2023-2024, the financial status is stable under the SCFF Calculated Revenue provision. The District remains 100% focused on increasing enrollments and providing an affordable higher education to our students. It will be critical for the fiscal years going forward that we continue to explore ways to increase enrollments, bolster access and equity, and retain and graduate more students.

RECOMMENDATION

The Final Budget, as presented, was reviewed by the Integrated Planning and Budget Committee in a joint meeting with College Council on September 1, 2023. The members of IPB unanimously approved a motion to send the budget forward for recommendation to the President. College Council took that recommendation and, after discussion and consideration, voted to unanimously approve the budget for recommendation to the Board of Trustees.

Therefore, the Final 2023-24 Budget for College of the Siskiyous and the Siskiyou Joint Community College District has successfully completed the building and review process, and the Superintendent/President forwards this Final Budget to the Board of Trustees for final review and approval.