

COLLEGE OF THE SISKIYOUS
SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

2022-2023
FINAL BUDGET



October 28, 2022

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

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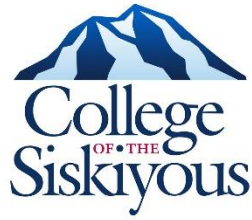
Dr. Mark Fields, Vice President, Academic Affairs

2022-2023

FINAL BUDGET



BUDGET NARRATIVE



**COLLEGE OF THE SISKIYOU
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FINAL BUDGET NARRATIVE
2022-2023**

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 2020 signed State Budget. This Final Budget must be adopted by the Board of Trustees no later than September 15th of each year. College of the Siskiyou was granted an extension until October 30, 2022.

On June 30, the Governor signed the 2022-23 State Budget Act. The 2022-23 spending plan includes a significant investment in California Community Colleges. In total, the 2022-23 budget reflects state expenditures of approximately \$308 billion, a 17% increase over the 2021-22 enacted budget. The 2022-23 state budget provides California Community Colleges \$1.9 billion in new ongoing funding and \$2.1 billion in one-time resources.

The state budget includes a Roadmap for the Future, which builds on the Vision for Success goals, and provides the highest per-student funding increase in years. The enacted budget provides over \$1 billion in ongoing adjustments to the Student-Centered Funding Formula (SCFF), of which \$493 million is for a 6.56% cost-of-living adjustment (COLA) and another \$600 million for a base increase.

A material change to the enacted state budget includes the one-time funding for deferred maintenance and instructional equipment in the amount of \$840.7 million which provided College of the Siskiyou with an additional \$4.8 million in funding.

The one-time Discretionary Block Grant, initially proposed to be unrestricted and discretionary allowing districts to use these funds for any purpose, was ultimately funded at \$650 million with restricted use as the COVID-19 Recovery Block Grant. This restricted block grant was approved to address issues related to the pandemic, including basic needs, mental health, and technology infrastructure. This initiative provided College of the Siskiyou with an additional \$938 thousand dollars.

Student Housing investments commits approximately \$1.4 billion in non-Proposition 98 General Funds to build more student housing across the three higher education segments. The 2022-23 spending includes \$546.7 million one-time monies for selected community colleges for housing projects that were deemed eligible for funding in the first round of applications submitted in October 2021. The state budget indicates that colleges receiving the grants must deliver, at minimum, the number of beds for low-income students specified in its application when it was approved and must charge rents that do not exceed the rates assumed in that application. College of the Siskiyous as a recipient received funding in the amount of \$32.6 million.

The Budget Act includes \$403 million in one-time capital outlay funding from Proposition 51, approved by voters in 2016, down from \$578 million provided in the 2021 Budget Act. The funding would support the construction phase for 22 continuing projects amounting to \$28 million for College of the Siskiyous' Theatre and McCloud remodel project.

Material - Ongoing Funding (millions)

- SCFF COLA (6.56%) \$493
- SCFF Growth \$26.7
- SCFF Basic Allocation Increase \$200
- SCFF Base Funding Increase \$400
- Augment Part-Time Faculty Health Insurance Program \$200
- Augment Student Success Completion Grants \$250

Material - One-Time Funding (millions)

- Address deferred maintenance \$840.7
- COVID-19 block grants to address pandemic issues \$650
- Local district efforts and initiatives \$171.5
- Support retention and enrollment strategies \$150
- Support health-care focused vocational pathways in Adult Ed \$130
- Implement common course numbering system wide \$105
- Modernize CCC technology and protect sensitive data \$75.

REVISIONS TO THE STUDENT-CENTERED FUNDING FORMULA (SCFF)

The state budget continues implementation of the Student-Centered Funding Formula and includes a cost-of-living adjustment (COLA) of 6.56% for apportionments. The budget extends the formula's existing hold harmless (minimum revenue) provision by an additional year now through 2024-25. Under this provision, districts will earn at least their 2017-18 total computational revenue, adjusted by COLA each year; however, this revenue could be impacted by state imposed base reductions or deficits.

DISTRICT BUDGET – KEY ELEMENTS

For the 2022-23 Final Budget the district is budgeting apportionment at the Calculated Revenue amount with 0.0667% deficit factor as noted in the Chancellor’s Office Advance Apportionment memo of August 3, 2022. 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 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 2021-22 employer contribution rates for CalSTRS and CalPERS as follows:

	<u>2021-22</u>	<u>2022-23</u>
CalSTRS	16.92%	19.10%
CalPERS	22.91%	25.37%

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 \$517,250, for 2021-2022 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
- HEERF III

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 2022-23, 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 and is in year five of the business model. In 2021-22 fiscal year the operations continued to see the impact of COVID 19 on revenue and utilized HEERF funds to help mitigate the loss. 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)

The bookstore industry has been rapidly changing, offering many alternatives to students. The ability to rent textbooks and purchase textbooks online, receive digital delivery of materials, and utilize Open Educational Resources (OER) at the college provides students and faculty with greater flexibility. The Bookstore will be offering a way to deliver eBooks and other Course Material Buying options to our students through the Learning Management System (Canvas) and Vital Source, Verba Compare. The COS bookstore continues to do a good job maintaining a positive net profit or breakeven through budget management and innovative marketing approaches.

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

The District's designated ending fund balance is comprised of the following categories: State Required 5% Minimum Reserve; Contingency Reserve; and Undesignated Reserve.

Capital Expenditure Reserve

This reserve was added to the Final Budget in fiscal year 2021-22 in an effort to address the ongoing cost of ownership and future repairs of buildings that are 50 plus years old. The approved reserve was \$250,000 as a starting point keeping in mind that future scheduled maintenance repairs are currently in the millions.

State Required 5% Minimum

In accordance with the State Chancellor's Office Accounting Advisory FS 05-05: Monitoring and Assessment of Fiscal Condition, the State Chancellor's Office requires a minimum prudent unrestricted general fund balance of 5 percent. To ensure the District does not drop below this minimum requirement, the amount is segregated in a reserve designated for that purpose.

Contingency Reserve

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

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 44.05 % ending reserve of \$10,302,515, 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 6.56 % COLA as part of the Student-Centered Funding Formula.

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 2022-2023, 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 October 28, 2022, with each entity voting to _____
_____. *(To be updated after the IPB and CC meetings on 10/28)*

Therefore, the Final 2022-23 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.