

COLLEGE OF THE SISKIYOU
SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

2024-2025
FINAL BUDGET



SEPTEMBER 10, 2024

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

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2024-2025

FINAL BUDGET

BUDGET NARRATIVE



**SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
FINAL BUDGET NARRATIVE
2024-2025**

PURPOSE

Title 5, California Code of Regulations (CCR), Section 58305 requires the District to develop a Final Budget as an update to the Tentative Budget which reflects the Governor’s June 2024 signed State Budget. This Final Budget must be adopted by the Board of Trustees no later than September 15th of each year.

ENACTED STATE BUDGET

The Governor’s State Budget was approved in June 2024 and reflects state expenditures of approximately \$298 billion, down 4.2% from the 2023-24 enacted budget. The 2024-25 state budget plan addresses a projected \$45 billion revenue shortfall by building on the \$17 billion ‘early action’ budget-balancing measures to close the remaining \$28 billion projected budget shortfall.

For California Community College, the spending plan focuses on stability in the context of a significant budget deficit. It includes no major core reductions to programs or services, instead drawing on reserves and operational savings to bring the overall budget in balance. The enacted budget includes:

- Approximately \$143 million in on-going adjustments to the Student-Centered Funding Formula (SCFF), of which \$100 million is for a 1.07% cost-of-living adjustment (COLA). Another \$13 million is provided for the same COLA for selected categorical programs along with \$28 million for enrollment growth

- One-time funding of \$18 million for two projects to support the system’s Vision 2030 priorities, \$10 million for the second year of the LGBTQ+ Pilot Program, and a \$20 million enhancement to financial aid administration to help colleges support students in the context of FAFAS delays
- Funds to expand nursing program capacity and to implement low-income workers demonstration project in 2024-25 are now earmarked to be funded through allocation of funds from Strong Workforce Programs
- Reappropriations of unspent funds as of June 30, 2024, from the 2020 Strong Workforce Program and the 2022 Student Success Completion Grant.
- Capital outlay funding from Proposition 51 of \$29 million for one continuing project (remodeling the theater and McCloud Hall at College of the Siskiyous).

DISTRICT BUDGET – KEY ELEMENTS

For the 2024-2025 Final Budget, the district has chosen to budget apportionment at the Hold Harmless level, which is a calculation that takes into consideration our 2017-18 Total Computational Revenue (TCR) plus the 2018-19 (2.71%), 2019-20 (3.26%), 2020-21 (0%), 2021-22 (5.07%), 2022-23 (6.56%), 2023-24 (8.22%) and 2024-25 (1.07%) COLAs compounded. This method of calculation also produces the highest level of State apportionment available to the District under the SCFF opportunities.

NOTABLE INCREASED EXPENDITURES

Salary and Benefit Costs

- Includes contractual step and column increases, position augmentation, positions not included in tentative budget and contractual agreements \$168,076

California Retirement Systems

- The California State Teachers' Retirement System (CalSTRS) provides retirement,

disability, and survivor benefits for California's educators and their families.

Contribution rates for employers has remained stable for 2024-2025 at 19.10%

- The California Public Employees' Retirement System (CalPERS) Schools Pool, which includes classified school employees as members, funds pension benefits through actuarially determined contributions. Contribution rates for employers increased 0.37% for 2024-2025 to 27.05%.

Resource Allocation Requests (RARs)

Budgets were updated to reflect approved increases for resources as follows:

- General Fund (11) \$85,000 one-time increase, \$131,077 on-going increase, and \$309,819 for mandatory increases
- Cafeteria (32) \$8,540 on-going increase
- Self-Insurance (61) \$19,737 on-going increase

Retiree Health Liability

A roll-forward valuation actuarial study for post-retirement benefits was performed in October 2023, estimating the amount that should be accumulated under the requirements of GASB 75. Actuarial studies are performed every two years, with the full valuation currently in process for 2023-2024. The District's long-term liability (TOL) as of June 30, 2023, was estimated at approximately \$6,870,809. 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. The FNP is the value of assets adjusted for any applicable payables and receivables of \$2,138,086. Additional payments against the District's long-term liability is 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 \$547,370 for 2024-2025 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:

- Student Equity and Achievement Program
- 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

These individual categorical budgets are developed based on prior year awards with adjustments noted in the Governor's May Revision, 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 2023-2024, this fund was used to pay the debt service on the debt associated with numerous projects related to campus improvements. For 2024-2025, the 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 residents 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 (32, 35, 39 & 41)

The Enterprise Funds account for business operations are financed and managed similarly to private enterprise. 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 is in year eight of the business model. It was anticipated that the food service area would reflect a loss in the first couple of years due to startup costs and the stabilization of the operations. This department has suffered multiple staffing issues in the past few years and the 2024-2025 fiscal year will be important for this department to develop short-term and long-term 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. It is anticipated that Food Services will be closer to self-sufficient in 2024-2025 with a \$150,000 transfer from the Lodges and a small encroachment from General Fund.

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 are used for the salaries, benefits and general operations of the Lodges and 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 COS bookstore is expected to continue a trend of minimal deficit spending in 2024-2025. Other revenue streams are being explored with a new prospect for a coffee shop, The Roost, to be operated within the bookstore that should help improve this trend.

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 raised funds to help 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 16.67% Minimum Reserve; Contingency Reserve; and Undesignated Reserve.

State Recommended 16.67% Minimum

In accordance with the State Chancellor's Office Accounting Advisory FS 22-03 and SJCCD AP 6305: The Chancellor's Office recommends that districts adopt policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of general fund operating expenditures or revenues, consistent with Budgeting Best Practices published by the Government Finance Officers Association.

Contingency Reserve

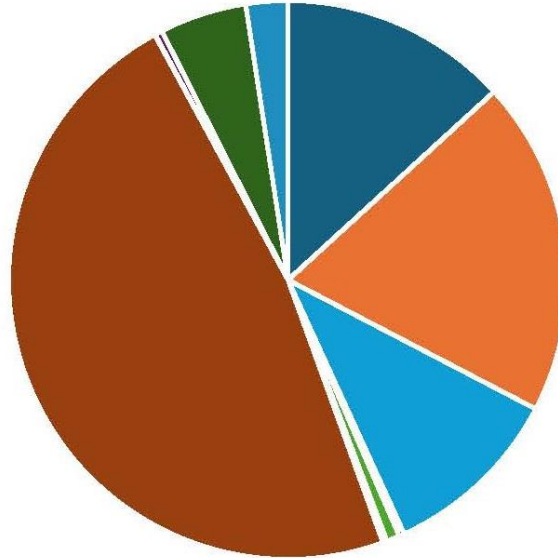
Contingency Reserve is monies set aside to cover unexpected expenses during the fiscal year.

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 37.786% ending reserve of \$10,395,064.00 which is slightly higher than last year's reserve of \$9,928,663. This is a result of the increase in salaries and operating costs which in turn, increases the required 16.67% reserve or minimum of two months of general fund operating expenditures or revenues. In anticipation of increased operating costs coupled with decreased revenues and the elimination of COLA, the District has placed a priority on sustaining a reserve balance that can be used during challenging budgetary scenarios.

Estimated Ending Fund Balance



- 11 General Fund - Unrestricted
- 12 General Fund - Restricted
- 21 Bond Interest and Redemption Fund
- 23 General Obligation Bond Interest & Redemption Fund
- 32 Cafeteria Fund
- 35 Residence Hall Revenue Fund
- 39 Residence Hall Repair & Replacement Fund
- 41 Capital Outlay Projects Fund
- 51 Bookstore Fund
- 61 Self Insurance Fund
- 78 Federal Financial Aid Trust Fund
- 83 Foundation Fund
- 84 Foundation Scholarship Fund

COMPLIANCE

The Final Budget reflects all compliance with external standards, including but not limited to, GASB, other post-employment benefits (OPEB), the Education Code, Title 5 regulations, Full Time Faculty Obligation Number (FON), the 50% law, EPA funding, etc.

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 achieve goals and objectives established by the Board.
- 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 while becoming more efficient and cost effective.
- Works to maintain current technology and efficiency by updating and replacing equipment.
- Provides resources to address the total cost of ownership and to maintain buildings and grounds.

RECOMMENDATION

The Final Budget, as presented, was reviewed by the Integrated Planning and Budget Committee in a joint meeting with College Council on September 4, 2024. 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, unanimously approved the budget for recommendation to the Board of Trustees.

Therefore, the Final 2024-25 Budget for College of the Siskiyous and the Siskiyou Joint Community College District has unanimously approved, and the Superintendent/President forwards this Final Budget to the Board of Trustees for final review and approval.