MARCH 5, 2015

FISCAL TRENDS AND PROJECTIONS FOR FISCAL YEAR 2015-16 STRATEGIC PLANNING

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Background

The Governor's Budget Proposal includes the following proposed system-wide allocations:

Base Allocation: $125 Million

Access/Restoration: $107 Million (2%)

COLA: $92 Million (1.58%)

Apportionment Deferral Elimination: $95 Million

SSSP: $100 Million

Student Equity: $100 Million

Adult Education: $500 Million

Prior-Year Mandates: $351.3 Million (allocated per FTES)

Enhanced Non-Credit Rate: $49 Million (Increase non-credit rate for certain courses to credit rate as proposed in State Budget Act)

Career Technical Education Pathways Program: $48 Million (One-time funds to Chancellor's Office)

Proposition 39: $39.6 Million (allocated per FTES)

Apprenticeship: $29.1 Million ($15 Million for New program, $14 Million for Existing Programs)

Yuba CCD Fiscal Analysis

The Governor's Budget Proposal has been analyzed to determine potential impact to Yuba Community College District. There are a number of funding streams that will benefit the District including base allocation enhancement, access/restoration, SSSP, student equity funding, funding for mandates, adult education, and proposition 39. The District may also benefits from the Enhanced Non-Credit rate for certain courses.

In reviewing and analyzing the proposed budget and applying to Yuba Community College District, below are the findings:

Unrestricted General Fund

Anticipated Beginning Fund Balance for Fiscal Year 2015-16 is $4.53 Million (9.58%) – the fund balance includes growth revenues based on reported P1 Enrollments (103 Growth FTES, 7,523 Base FTES)

Anticipated Ongoing Revenues for Fiscal Year 2015-16 is $45.70 Million

Anticipated Ongoing Expenditures for Fiscal Year 2015-16 is $47.94 Million

Projected Deficit for Fiscal Year 2015-16 is $2.23 Million

There are a number of funding sources available that can assist in mitigating the deficit including base allocation enhancement of $1.80 Million and $1.92 Million from One-Time Mandated Block Grant for a short-term basis; however, the District must form an ongoing sustainable solution to balancing the District's budget.

The Base allocation enhancement is proposed by the Governor to assist in mitigating the fixed cost increases associated with STRS and PERS employer contribution increases. The District's fixed cost increases are expected to increase by approximately $2.3 Million annually by Fiscal Year 2020-21 as a result of STRS and PERS employer contribution increases. The base allocation enhancement is short by $540 thousand to cover the entire STRS and PERS increases to the District.

The District has the following one-time resources available between Fiscal Year 2015-16 thru 2019-20 (also presented on the attached spreadsheet). The resources are from base allocation enhancement less the fixed cost increases for PERS and STRS from 2015-16 thru 2018-19. These resources' availability is contingent upon the District finding a solution for balancing the budget.

2015-16: $1.13 Million

2016-17: $970 Thousand

2017-18: $552 Thousand

2018-19: $125 Thousand

Restricted General Fund

Yuba Community College District is anticipating resources from SSSP and Student Equity funding per the Governor's Budget Proposal. The calculation for SSSP and Student Equity has a high level of ambiguity and therefore, the District is projecting fairly conservative calculation using our pro-rata share of the funding received in 2014-15 to project 2015-16 funding.

Below are the projections of SSSP funding for both of our colleges:

	Total Projected SSSP (2015-16)	Augmentation (from 2014-15)
Woodland Community College	$ 505,330	$ 159,330
Yuba College	$1,207,921	$ 380,857
Total YCCD	**$1,713,251**	**$ 540,187**

Below are the projections of student equity funding for our district. Student Equity has a number of different factor for calculating allocations including pell grant participation, educational attainment by zip code, community participation, unemployment rate, etc.

	Total Projected Student Equity (2015-16)	Augmentation (from 2014-15)
Yuba CCD	$1,250,250	$ 671,275

FUND BALANCE

Description	Fund Balance	Fund Balance as a percent of Total Expenditures
2013-14 Ending Fund Balance	**$ 5,211,600**	**11.35%**
2014-15 Anticipated One-Time Revenues (Incl. Growth)	$ 934,898	
2014-15 One-Time Expenditures	$ (403,850)	
2014-15 Deficit *	$ (1,208,231)	
2014-15 Projected Ending Fund Balance **	**$ 4,534,417**	**9.58%**

* Revenues reduced by Contingecy for Pension Obligation Bonds

** Ending Fund Balance includes Growth of 103 FTES (as reported per P1 for 2014-15)

ONGOING REVENUES

Type of Revenue	2013-14 Actual Revenues	2014-15 Budgeted Revenues	2015-16 Projected Revenues
Federal	$ 9,949	$ 7,281	$ 7,281
State	$ 22,338,084	$ 20,835,072	$ 20,588,144
Local/Other	$ 23,040,927	$ 24,865,899	$ 25,112,827
Total Ongoing Revenues	**$ 45,388,960**	**$ 45,708,252**	**$ 45,708,252**

ONGOING EXPENDITURES

Type of Expenditures	2013-14 Actual Expenditures	2014-15 Budgeted Appropriations	2015-16 Projected Appropriations
Academic Salaries	$ 18,925,766	$ 19,574,408	$ 19,764,752
Classified Salaries	$ 8,443,720	$ 8,318,822	$ 8,744,748
Benefits	$ 8,491,150	$ 9,332,965	$ 9,826,014
Supplies/Material	$ 372,289	$ 631,163	$ 631,163
Other Operating Expenses	$ 4,415,194	$ 4,817,587	$ 4,565,000
Capital Outlay	$ 444,222	$ 364,869	$ 362,270
Other Outgo/Transfers	$ 3,745,047	$ 3,876,669	$ 4,050,320
Total Ongoing Expenditures	**$ 44,837,388**	**$ 46,916,483**	**$ 47,944,267**

Projected Deficit (excluding base allocation enhancement)	**$ (2,236,015)**

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Anticipated Base Allocation	**$ 1,803,261**

Anticipated Deficit (if base allocation is used to balance the budget)	**$ (432,754)**

Anticipated One-Time Mandated Block Grant	**$ 1,921,252**

Remaining One-Time Funds Available (after balancing the budget) for 2015-16 Only	**$ 1,488,498**

	Estimated STRS Increases						
Fiscal Year	**14/15**	**15/16**	**16/17**	**17/18**	**18/19**	**19/20**	**20/21**
Full Time Faculty Salaries - 1% Annual Increase	$ 13,219,065	$ 13,487,784	$ 13,622,662	$ 13,758,888	$ 13,896,477	$ 14,035,442	$ 14,175,797
STRS Employer Contribution Rates (per enacted legislation)	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%
Total Est. Annual STRS Employer Contribution for FT Faculty	$ 1,173,853	$ 1,447,239	$ 1,713,731	$ 1,985,408	$ 2,262,347	$ 2,544,626	$ 2,707,577

Fixed Cost Increase by Year 2020-21 (STRS legislation)	**$ 1,533,724**

STRS Contributions
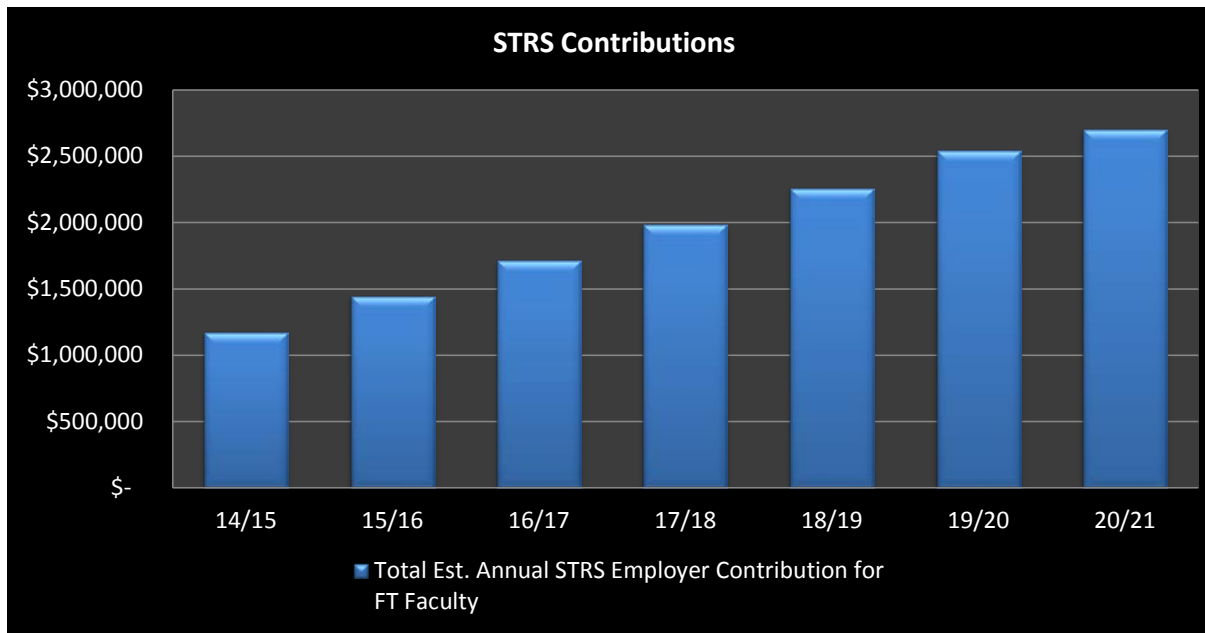
Estimated PERS Increases							
Fiscal Year	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Classified Salaries - 1% Annual Increase	$ 8,135,000	$ 8,216,350	$ 8,298,514	$ 8,381,499	$ 8,465,314	$ 8,549,967	$ 8,635,466
PERS Employer Contribution Rates (Per CalPERS Board)	11.70%	12.60%	15.00%	16.60%	18.20%	19.90%	20.40%
Total Est. Annual PERS Employer Contribution	$ 951,795	$ 1,035,260	$ 1,244,777	$ 1,391,329	$ 1,540,687	$ 1,701,443	$ 1,761,635

Fixed Cost Increase by Year 2020-21 (PERS Proposed Rates)   **$ 809,840**

PERS Contributions
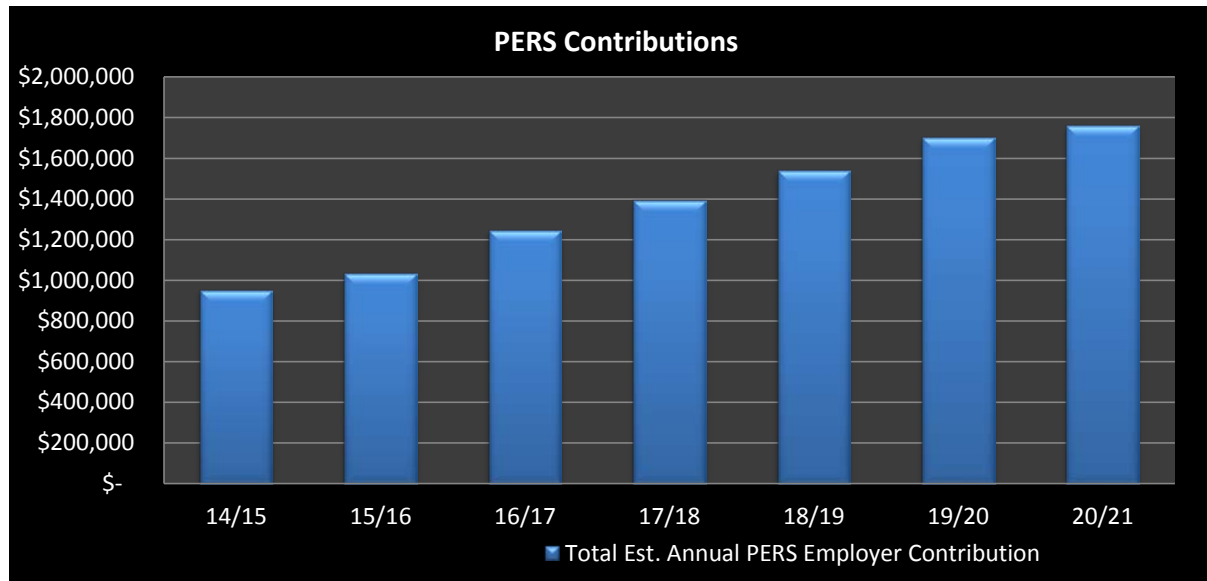
		Estimated PERS + STRS Annual Increases												Total Cumulative
Fiscal Year		15/16		16/17		17/18		18/19		19/20		20/21		Increases
STRS Annual Fixed Cost Increases (FT Faculty)	$	273,386	$	266,492	$	271,677	$	276,939	$	282,279	$	162,951	$	1,533,724
PERS Annual Fixed Cost Increases	$	83,465	$	209,517	$	146,552	$	149,358	$	160,756	$	60,192	$	809,840
Total Estimated Annual Fixed Cost Increases	$	356,851	$	476,009	$	418,228	$	426,297	$	443,035	$	223,143	$	2,343,564

One-Time Resources Available (Base Allocation - STRS/PERS Increases)	$	1,131,646	$	970,401	$	552,172	$	125,875	$	(317,160)	$	(540,304)	

Remarks: 2014-15 Year includes balancing the budget using one-time mandated block grant + Base Allocation and therefore only $1.13M is available.

Total Fixed Cost Increase by Year 2020-21 (STRS + PERS)	$	2,343,564

Anticipated Base Allocation Enhacement	$	1,803,261

Shortage in Sources provided to cover STRS + PERS increases	$	(540,304)