



# Fiscal Plan

2014-2015

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# Introduction

The Yuba Community College District Fiscal Plan is an operational plan that describes the district's fiscal resources, planning, principles, budget process and timeline as well as the resource allocation model.

A fiscal operational plan would usually include responses to other leading plans, such as the Educational Master Plan, Facilities Master Plan, and the Technology Operational Plan.

However, given the prolonged financial contraction of the community college system, in this fiscal operational plan, strategies for the near term goals are more modest, with the focus on maintaining fiscal stability and protection of the district's core services at a level that will make it possible for the district to capitalize on new opportunities when these emerge.

## District’s Funding Sources/ Resource Allocation Model

A majority of the District’s unrestricted revenues come from State apportionments for student enrollment (Full-time Equivalent Students or “FTES”); Cost of Living Allowances (COLA), if any; Enrollment Growth/Restoration funds; Local Property Taxes; Lottery and, Enrollment fees.

Yuba Community College District receives restricted revenue from categorical programs, grants, fiscal agent contracts and other special projects. Restricted funds are used in compliance with guidelines structured by the funding source, usually the federal or state government. VTEA (Vocational Education) funds, for example, are received from the federal government, and can only be used in support of our vocational programs.

The Categorical funding sources are restricted to specific types of expenditures and the district may not deviate from the funding specifications.

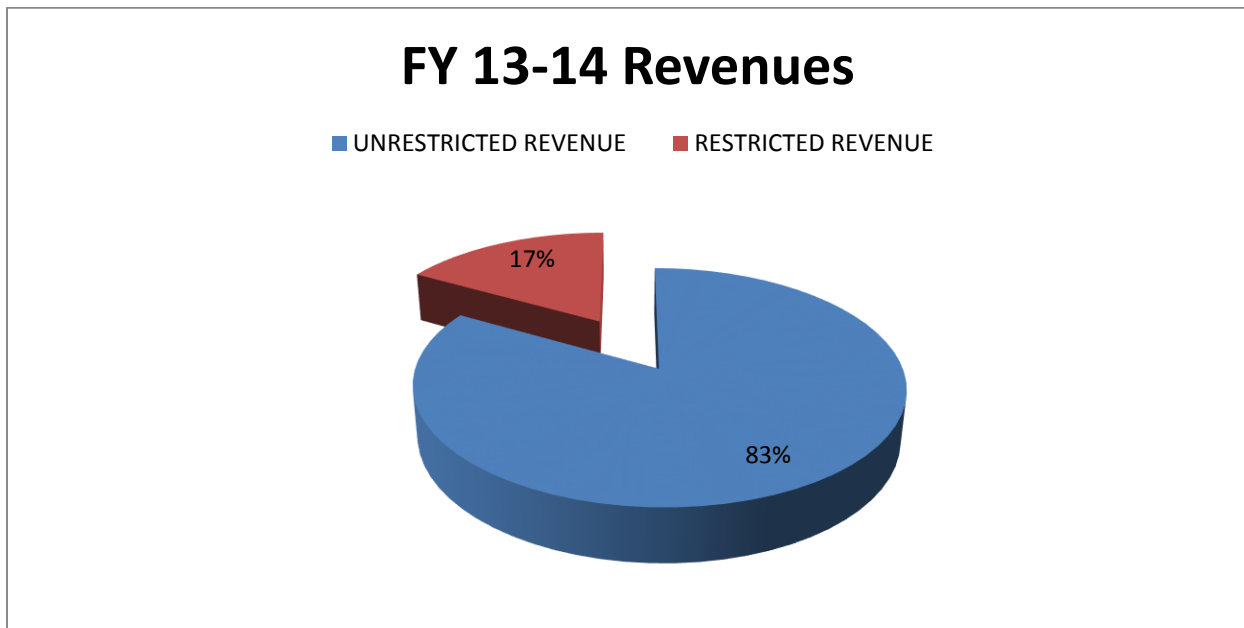
Examples of some of these programs include:

Disabled Students Programs and Services

Extended Opportunity Programs and Services

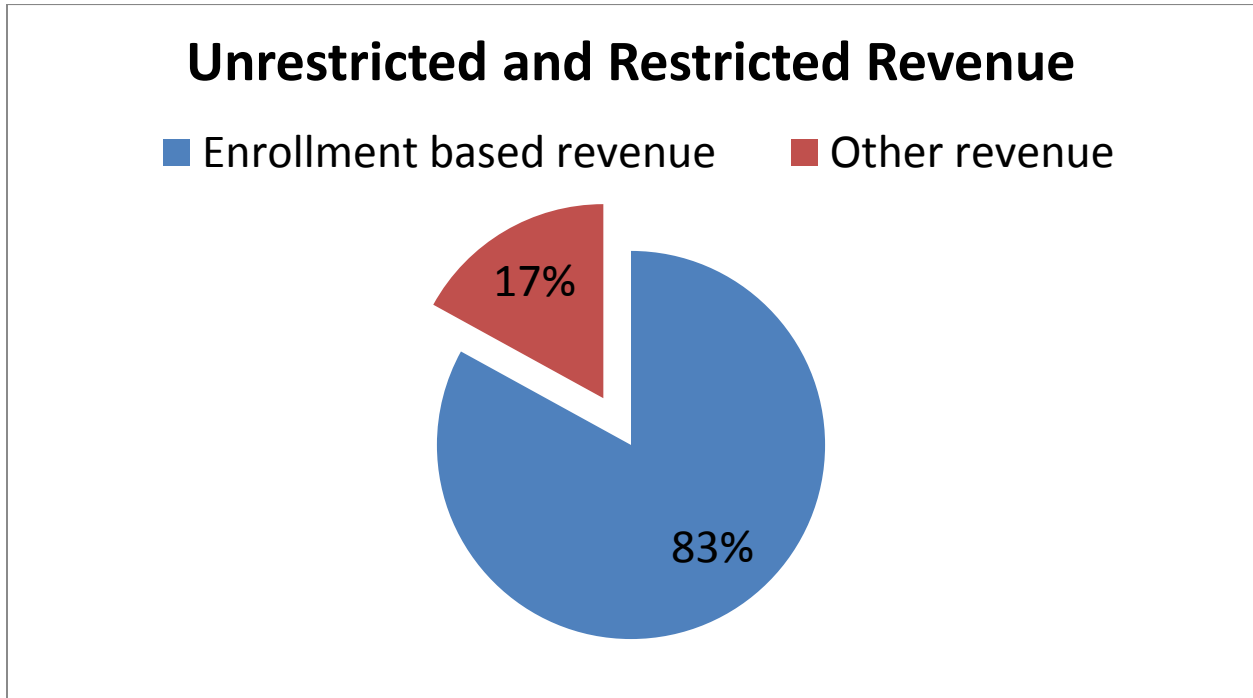
Student Success and Support Program (formerly known as Matriculation)

The following illustration reflects sources of funding for Yuba Community College District for Unrestricted and Restricted Revenue:



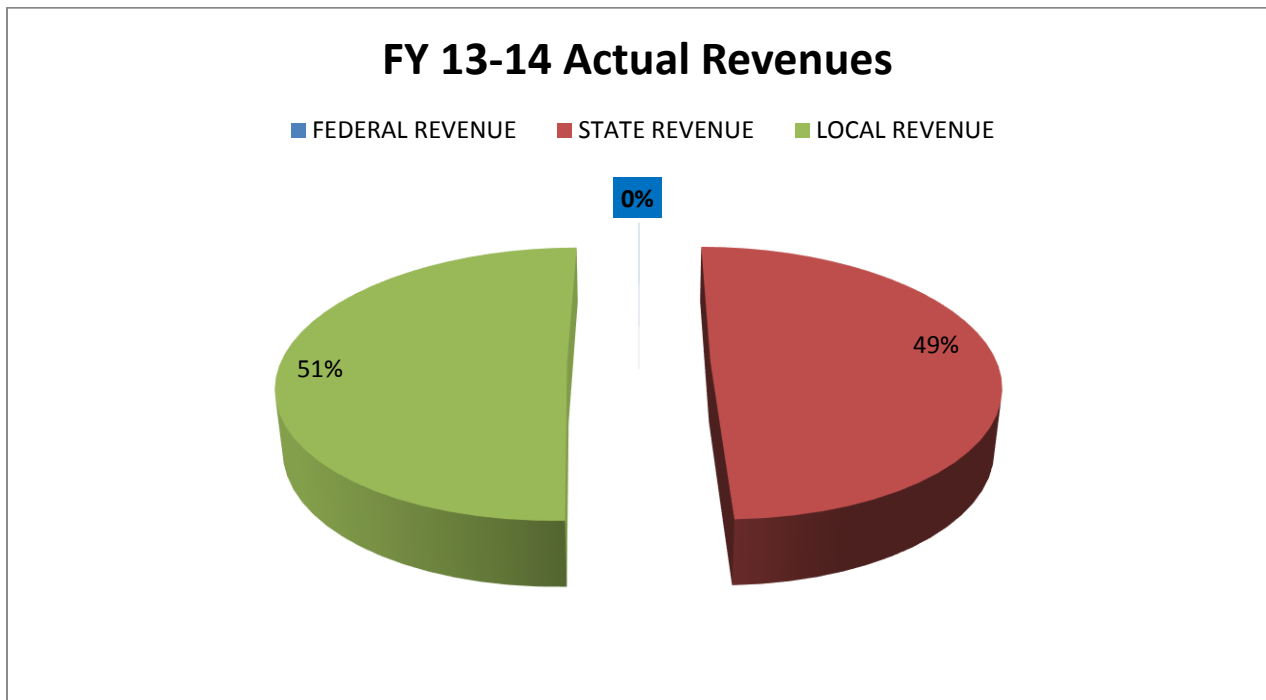
- 94% of the Unrestricted Revenue comes from Apportionment
- Apportionment includes: State Apportionment, Local Property Taxes and Student Enrollment Fees

The following illustration reflects enrollment based revenues for the district:



The District has a 4-to-1 ratio in revenues received based on enrollment versus other revenues

The following illustration reflects revenues from Federal, State, and Local funding sources:



California Community Colleges have experienced reduced funding for several consecutive years, this has resulted in significant expenditure reductions and the use of fund balance to weather the lingering financial storm as well as intentional use of fund balance for initiating the strategic priorities of the district.

The following list recaps the results of the last 4 years for the unrestricted general fund:

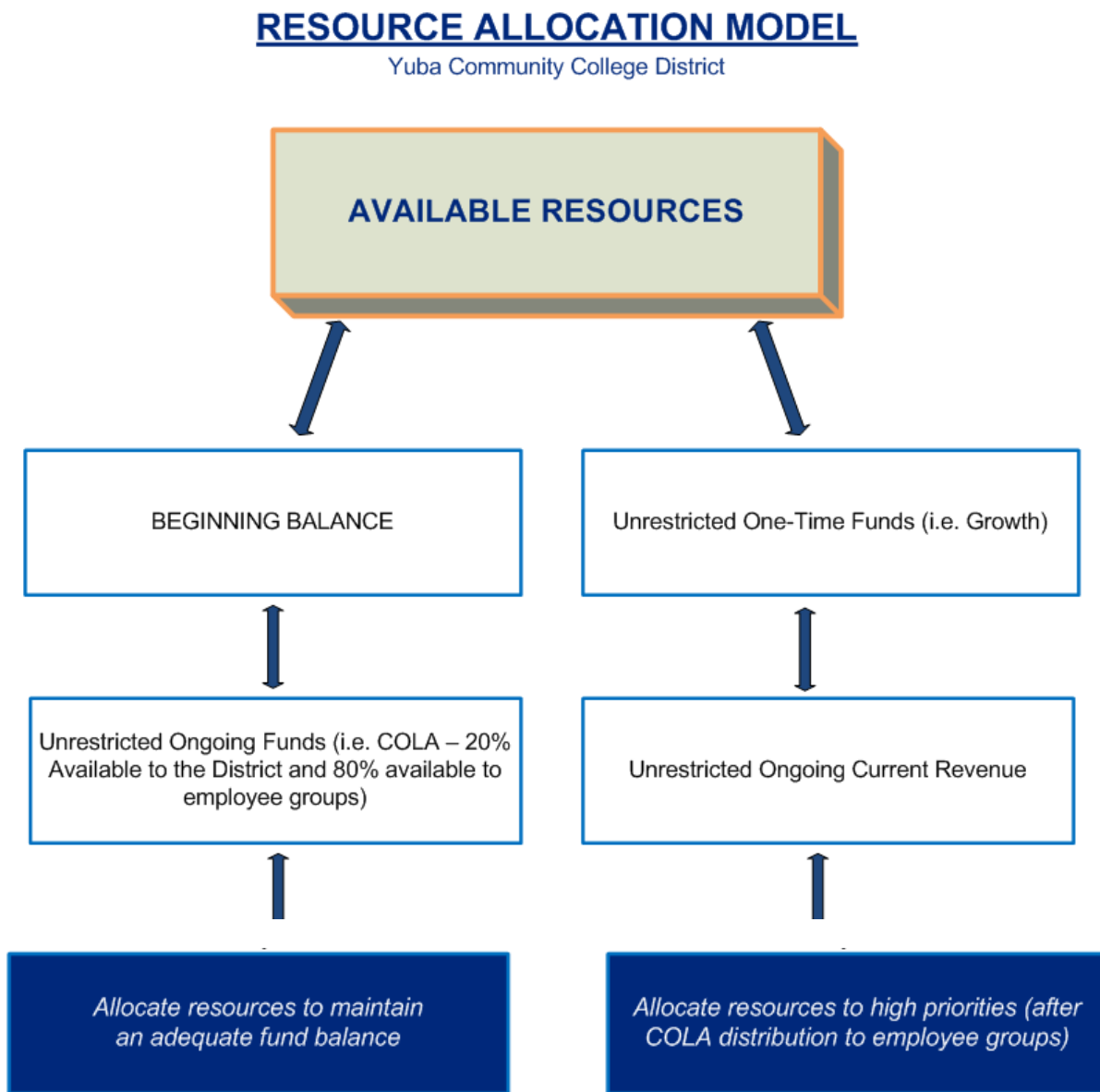
Ending balance for 2010/2011 \$9,813,939  
Ending balance for 2011/2012 \$7,474,670  
Ending balance for 2012/2013 \$5,500,588  
Ending balance for 2013/2014 \$4,997,940 (estimate)

During the 2011-2012 fiscal year, the positive trend stopped due to mid-year reductions in state allocations, as well as unexpected shortfalls in property taxes and student fees. The District's prudent actions in previous years provided the resources needed to absorb this unusually large and unexpected reduction. The strength of the District's fund balance is an important financial tool to manage the erratic impact of state actions.

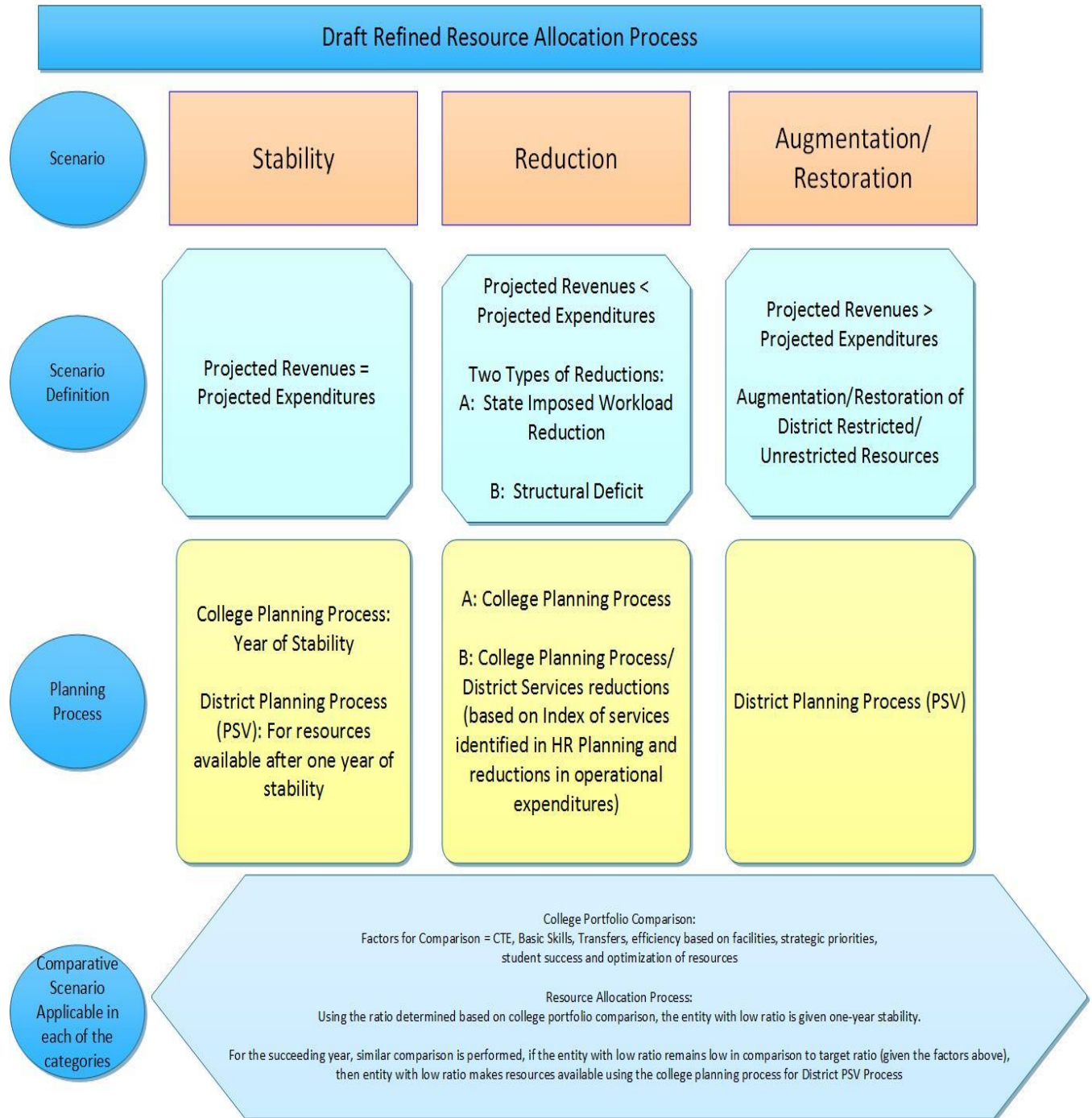
The General Fund is the District's largest source of revenue. The General Funds that are allocated to the Colleges/District services are based on the strategic planning priorities for the District. The process for determining resource allocation begins with the Governing Board as well as the Chancellor setting strategic directions, vision, and values including long-term and short-term strategic goals. The Colleges/District services work on its respective educational and district services master plans that are incorporated into the Comprehensive District Master Plan (DMP). All of the plans as well as emerging strategies are incorporated into the Annual Action Plan. At the same time, district-wide teams utilize the strategic planning protocol in determining programs and services vitality that are incorporated into the Annual Action Plan. The Budget Advisory Team (Budget Summit) prepares resource allocations for the programs and services deemed high on the priority based on this work.

The following illustration demonstrates the Resource Allocation Model (RAM). RAM was developed thru an inclusive and transparent process within the District during the Spring 2013 term:

## Yuba Community College District Resource Allocation Model



During the institutional effectiveness review process, the institutional effectiveness review team (IERT) designed and administered a survey instrument to evaluate effectiveness of all components of the planning process. The recommendations implemented for 2015-16 planning include: refinement to budget development and resource allocation to include three differing budget scenarios (e.g. budget reduction or stability as opposed to augmentation funding). Below is the refined resource allocation illustration.





# Principles of Fiscal Planning

The Yuba Community College District Fiscal Plan incorporates the following principle of fiscal planning as reviewed and affirmed by the Board's Subcommittee Finance Committee on March 10, 2014:

- Responsible stewardship of available resources will serve as the foundation for sound fiscal management
- Resources are allocated to strategic priorities established by the Governing Board as well as Chancellor's Short-Term goals (using the strategic planning protocol)
- Use of ongoing resources for ongoing expenditures
- Use of one-time resources for one-time expenditures
- Total "cost of ownership" considered for new or continued commitments
- Maintain adequate fund balance
- Revenue analysis is completed prior to making short or long-term commitments
- Minimize or altogether avoid "structural deficits"
- Develop budget for the District through a transparent and inclusive process

# Budget Process, Assumptions, and Timeline

Based on information received from the Statewide Budget meeting, the District developed the 2014-2015 budget. The Budget Advisory Team reviewed the budget and provided feedback. The Budget Advisory Team is comprised of the Chancellor, Vice Chancellor, Educational Planning and Services, Chief Business Officer, Chief Human Resources Officer, Yuba College President, Woodland Community College President, Yuba College Academic Senate President, Woodland Community College Academic Senate President, YCFA President, CSEA President, YCAFT President, YCPOA Representative, ESA Representative, as well as representation from AST (Administrative Services Team).

The 2014-15 Adopted budget is developed using the following assumptions:

## **2014-15 General Budgeting Assumptions:**

- The 2014-15 Adopted Budget will be balanced to the extent possible (Ongoing Revenues equal Ongoing Expenditures)
- The Colleges and District Services used planning documents (Education Master Plans and District Services Master Plan) in developing expenditure budgets
- The 2014-15 Adopted Budget will have a contingency reserve for addressing projected property tax deficit and structural deficit (in case the Long-Term borrowing for paying for a portion of the pay-as-you go is not implemented)

## **2014-15 Revenue Assumptions:**

- Assumes Cost of Living Adjustment (COLA) of .85%
- Assumes Proceeds from Long-Term borrowing for paying a portion of the pay-as-you-go retiree health benefits
- Assumes Categorical augmentation to Student Success and Support (including Student Equity plans) and Disabled Students Programs and Services
- Assumes deferred maintenance and instructional equipment allocation and proposition 39 energy efficiency revenues
- Assumes (one-time) mandated cost reimbursement revenues
- Assumes 7,550 Base FTES target (No Growth)

## **2014-15 Expenditure Assumptions:**

- Assumes (ongoing) 80% of COLA distribution to bargaining units (per the negotiated bargaining agreements)
- Assumes (ongoing) Step and Column increases as expenditures
- Assumes (ongoing) Public Employee Retirement System contribution increases
- Assumes (ongoing) State Teachers Retirement System contribution increases
- Assumes (ongoing) increases in Medical premiums for Active and Retired Employees
- Assumes (one-time) Accreditation and Election Expenditures
- Assumes (one-time) Learning Management System Expenditures funded by Instructional Equipment allocation

Below is the YCCD budget process timeline:

