



# FY 2022-23 Tentative Budget

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# Assumptions in EOY Projections FY 2021-22

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## REVENUE

- The financial results of the first 6 months of FY 2021-22 will remain constant in the 2<sup>nd</sup> 6 months
- Emergency Relief Funds are used to reimburse District for lost local revenue
- All Emergency Relief Funds are expended in FY 2021-22 (not extension is anticipated)
- The District will be funded under Emergency Conditions at the 2020 FTES level preserving \$11 million in funding. (Actual 12,403; Funded 15,009)
- The District is not in Hold Harmless but received \$1.5 million in Stability Funding

## EXPENDITURES

- The financial results of the first 6 months of FY 2021-22 will remain constant in the 2<sup>nd</sup> 6 months
- Salary schedules adjusted for 6.07% increase effective July 1, 2021.

Vacant Positions Savings of \$3.3 million (compared to \$3.7 million in adopted budget)

# Projected Actuals FY 2021-22

	SWC Unrestricted General Fund		
	FY2021/22 Budget & Actual Projections		
	May-22		
Description	2021-22	2021-22	2021-22
	Adopted	Proposed	Revised
	Budget	Adjustments	Projection
Total Revenue	\$ 119,421,580	\$ 1,224,960	\$ 120,646,540
Expenses	Personnel	Bargaining & Actuals	Revised
Total Personnel Expenses	\$ 97,904,348	\$ 6,507,411	\$ 104,411,759
Total Other Expenses	\$ 16,521,761	\$ (3,749,692)	\$ 12,772,069
Total Expenses	\$ 114,426,109	\$ 2,757,719	\$ 117,183,828
Excess (Deficit)	\$ 4,995,471	\$ (1,532,759)	\$ 3,462,712
	Fund Balance		
	Adopted Budget	Revisions	Revised Projections
Beginning Fund Balance	\$ 17,622,790	5,370,039	\$ 22,992,829
Excess (Deficit)	4,995,471	\$ (1,532,759)	\$ 3,462,712
Committed for Full-Time Faculty Hiring	(3,297,298)		\$ (3,297,298)
Committed For Compensated Absences Liability		(4,132,241)	\$ (4,132,241)
Not Committed Ending Fund Balance	\$ 19,320,963	(294,961)	\$ 19,026,002
Governing Board Reserve	(8,009,828)		(18,749,412)
Remaining Fund Balance	\$ 11,311,136	\$ (294,961)	\$ 276,590
Governing Board Reserve as % of Expenses	7%		16%

# FS22-03 Memorandum 2 / 1 / 2022

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## **FS 22-03 Fiscal Forward Portfolio and Budget Architecture and Development Recommendations**

February 1, 2022

New chief executive officers and chief business officers interested in a Fiscal Forward desk session can contact Wrenna Finche, Assistant Vice Chancellor of College Finance and Facilities Planning, at [wfinche@cccco.edu](mailto:wfinche@cccco.edu) to schedule their appointment.

### **Budget Architecture and Development Recommendations**

The Chancellor's Office recommends that districts adopt policies and practices consistent with the [Budgeting Best Practices](#) published by the Government Finance Officers Association (GFOA). Foremost among these best practices is consideration of financial reserves. As demonstrated by recent challenges facing our system brought on by the global pandemic, a sufficient unrestricted reserves balance is critical to a district's ability to operate effectively and maintain fiscal resiliency. **The Chancellor's Office recommends that districts adopt formal policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of total general fund operating expenditures.**

# The Apportionment Cycle

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Certification Period	Timing	Payments
Advance Apportionment	July 15th of the current fiscal year	July through January
First Principal Apportionment	February 20th of the current fiscal year	February through May
Second Principal Apportionment	June 25th of the current fiscal year	June
Recalculation	February 20th of the subsequent fiscal year	February of the subsequent fiscal year

# Assumptions in 2022-23 Projections

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## REVENUE

- Beginning Balances are the Ending Balance Projection from 2021-22 After Current Bargaining that has already been proposed / accepted.
- Student Centered Funding Formula and Key State Categorical Program funds are increased by 5.3% COLA
- Full campus re-opening – return to normal local revenue levels
- One-time Deferred Maintenance Funds of \$10 million
- Emergency Conditions Allowance Expires, District will be in stability funding: \$4.2 million
- Actual Enrollments up 4% over 2021-23

## EXPENSES

- Hourly workers compensation & non-personnel costs increase by 2% inflation
- STRS & PERS contribution rates increase by 2%. Health and Welfare rates increase by 4%
- Range & Column increases result in a 1.185% escalation in Compensation Costs for Contract Employees
- Savings from Vacant Positions are \$2.5 million
- 36 FT Faculty are hired for a fall start. Net increase in cost per Faculty is \$1.7 million
- No bargaining changes for 2022-23 have been incorporated as they are unknown at this time.

# FY 2022-23 Projection

	2021-22	2022-23
	6.07%	Tentative
Description	90%	Budget
<b>Revenue</b>	<b>120,646,540</b>	<b>124,350,000</b>
<b>Expenses</b>		
<b>Total Personnel</b>	\$ 104,411,760	\$ 110,960,236
<b>Total Other Expenses</b>	\$ <b>16,852,195</b>	\$ <b>17,020,717</b>
<b>Mid-Year Budget Adjustment</b>	(4,080,126)	(3,822,438)
<b>Total Expenses</b>	\$ 117,183,828	\$ 124,158,515
Net Operating	3,462,712	191,485
Beginning Fund Balance (Adjusted per Audit	\$ 22,992,829	\$ 26,455,541
Excess (Deficit)	\$ 3,462,712	\$ 191,485
Ending Fund Balance	\$ 26,455,541	\$ 26,647,026
Committed for fulltime hiring	\$ (3,297,298)	\$ (4,132,241)
Committed for Compensated Absences	\$ (4,132,241)	
Available Fund Balance	\$ 19,026,002	\$ 22,514,785
GB Reserve Requirement	\$ 18,749,413	\$ 19,865,362
Personnel as a %	89.10%	86.53%
		<b>18%</b>

# FT Faculty Hiring Cost Formula

Cost of Hiring FT Faculty			
<b>Full-time Faculty Cost</b>			
	\$ 67,704.00	Range 3 Class 3	
	\$ 27,764.00	Benefits	
	<u>\$ 95,468.00</u>	Total	
<b>Part-Time Faculty Offset</b>			
	\$ 82.62	Class B III & IV	
	\$ 39,657.60	15 LHE x \$82.62 x 32 weeks	
	\$ 8,193.51	Benefits	
	<u>\$ 47,851.11</u>		
<b>Replacement Cost</b>			
	\$ 95,468.00		
	<u>\$ (47,851.11)</u>	FT Hires	
	\$ 47,616.89	36	\$ 1,714,208.04



# Enrollment Trends

FULL TIME EQUIVELENT STUDENT TRENDS							
Fiscal Year	Funded FTES	Actual FTES	Funded Credit FTES	Incarcerated Credit	Funded Special Admit	CDCP	Funded Noncredit FTES
14/15	15,409.89	14,659.67	15,153.63			37.19	219.07
15/16	13,767.21	15,025.00	13,509.49			37.32	220.62
16/17	15,877.07	14,736.47	15,625.79			38.97	212.31
17/18	13,317.70	14,424.06	12,778.47	72.45	232.22	38.40	196.28
18/19	14,694.00	14,694.29	14,199.03	62.87	201.63	44.87	185.89
19/20***	15,008.59	14,799.70	14,688.02	30.98	189.50	50.82	49.27
20/21***	15,008.59	12,317.00	14,688.02	30.98	189.50	50.82	49.27
21/22***	15,008.59	12,402.69	14,688.02	30.98	189.50	50.82	49.27
22/23 Est.	14,305.39	12,899.00	13,976.91	32.98	191.50	52.00	52.00

\*\*\* FY19-20 & 20-21 & 21-22 Emergency Conditions Allowance

# Multi-Year Revenue Projections

## Revenue Projection With Emergency Conditions Allowance ending after 2021-2022

\$ in Million

Southwestern	2021-2022 ECA	2022-2023 No ECA	2023-2024 No ECA	2024-2025 No ECA	2025-2026 No ECA	2026-2027 No ECA
SCFF	\$ 105.6	\$ 107.1	\$ 107.6	\$ 108.9	\$ 113.6	\$ 118.4
Stability	\$ 105.6	\$ 111.3	\$ 111.0	\$ 111.4	\$ 112.8	\$ 117.7
HH	\$ 103.1	\$ 108.6	\$ 112.5	\$ 116.6	\$ 116.6	\$ 116.6
Higher of SCFF, Stability, HH	\$ 105.6	\$ 111.3	\$ 112.5	\$ 116.6	\$ 116.6	\$ 118.4
COLA	5%	5.30%	3.60%	3.60%	3.60%	3.60%
FTES w/ ECA	15009	15009	15009	15009	15009	15009
FTES w/o ECA	12363	12610	12862	13120	13382	13650