

Southwestern Community College District

Demystifying the Budget – Part II

Unrestricted General Fund

FY23-24

DECEMBER 5, 2023

Updates

- Previous update on Oct 27 focused on budgeted expenses and included a first quarter expense report
- Today's presentation focuses on the budgeted revenue (income) and includes updates based on additional information known now that wasn't available in August when the budget was adopted
- The audit of last year's financials should be completed soon, and will be presented to the Planning and Budget Committee and the Governing Board

Topics Today

- Define revenue terms
- Review FY23-24 budgeted revenue as developed/presented in August
- Present updated FY23-24 revenue projections
- Next steps

Definitions

- Total Revenue - Total amount of unrestricted general fund revenue received by the District

Two sources:
 - (1) Total Computational Revenue (TCR)
 - (2) Other Revenue
- Total Computational Revenue (TCR) - Approximately 90% of revenue

Determined by taking the highest result of 3 funding formulas:
(a) Student Centered Funding Formula, (b) Stability, and (c) Hold Harmless
- Other Revenue

Approximately 10% of revenue

Consists of lottery, interest income, non-resident tuition, and others

FY23-24 Budgeted Revenue – Shown in GB Budget Workshop in August

SWC Unrestricted General Fund	FY 23-24 Adoption Budget
<u>Student Centered Funding Formula</u>	
<u>State Apportionment</u>	
Basic Allocation	
Total Basic Allocation - Medium w/3 Centers	\$ 14,881,366
FTES	
Credit FTES	\$ 76,202,689
Regular Non-Credit CDCP	369,736
Non-Credit FTES	215,552
Special Admit	1,378,690
Incarcerated Credit	225,392
Total FTES	\$ 78,392,059
Total Base Allocation (Basic + FTES)	\$ 93,273,425
Supplemental Allocation/Student Equity	21,964,909
Student Success Allocation	13,021,365
Total Computational Revenue (TCR)	\$ 128,259,699
<u>Other Revenue</u>	
Total Other Revenue (Federal, State, Local)	\$ 13,226,829
Total Unrestricted Revenue	\$ 141,486,528



FY23-24
Revenue
Estimates

FY23-24 Potential Outcomes – Shown in GB Budget Workshop in August

FY 24 Adoption Budget (Cont.)

<u>Potential Outcomes that Would Benefit the District</u>	<u>Increases</u>	<u>Estimate</u>
Statewide 0.88% deficit factor to FY 23 apportionment revenue may be restored	Ending fund balance	\$1M
10% Increase in FTES, Supplemental (Equity) and Student Success for FY 24 (exceeding stability protection)	Revenue	\$2-3M
Non-apportionment revenue only decreases by 4.8% as opposed to estimated 13%	Revenue	\$1.2M
	Total	<u>\$4.2-5.2M</u>

Order of Updates

- Update on Other Revenue
- Brief Review of Student Center Funding Formula, Stability, and Hold Harmless Methodologies
- Update on Total Computational Revenue (TCR)
- Total Revenue Projection for FY23-24

Other Revenue Update

Updated FY23-24 TCR Projection

Revenue	FY23-24 Budget Sep-23	FY23-24 Projected Adjustment	FY23-24 Projected Revenue	Variance (%)
TCR (Max of SCFF, Stability, Hold Harmless)	128,259,699			
State applied revenue deficit				
Other Revenue (Federal, State, Local)	13,226,829	1,406,718	14,633,547	10.6%
Total Revenue	141,486,528			

Other Revenue Update (Continued...)

Other Revenue	FY23-24 Budget Sep-23	FY23-24 Projected Adjustment	FY23-24 Revised Projected Revenue
Federal	86,600		86,600
State			
Lottery	2,535,600	\$ 171,969	2,707,569
Full-Time Faculty Hiring	1,957,091		1,957,091
Mandated Cost Reimbursement	609,805		609,805
On Behalf Pass-through	4,257,765		4,257,765
Other State Revenue	397,855		397,855
Board Financial Aid Program (BFAP 2%)		184,498	184,498
Part-Time Faculty Compensations		350,251	350,251
			0
Local			0
Interest Revenue	900,000		900,000
Non-Resident Tuition	2,000,000		2,000,000
Student Course Material Fees	258,350		258,350
Other Local Revenue	223,763	700,000	923,763
Other Revenue	\$ 13,226,829	\$ 1,406,718	\$ 14,633,547

Total Computation Revenue (TCR)

Determined by taking the highest result of 3 funding formulas:

- Student Centered Funding Formula -
 - (a) Base: Approx 70% based on Full-Time Equivalent Students (FTES) – current year and prior years
 - (b) Supplemental: Approx 20% based on headcount of AB540, Pell, and CPCG recipients – prior year
 - (c) Success: Approx 10% based on headcount of student completing specific achievements – prior years
- Stability - Prior year TCR plus Cost-of-Living Adjustment (COLA)
- Hold Harmless - 2017-18 TCR plus COLAs each year since

Total Computation Revenue (TCR) (Continued...)

- Each year the highest result may come from a different formula!

	19-20	20-21	21-22	22-23	23-24
Student Centered Funding Formula (SCFF)	96,409,727	100,566,632	104,194,114	119,666,364	127,308,153
Stability			105,665,360	111,028,962	129,502,927
Hold Harmless	98,223,604	98,223,604	103,203,541	112,597,008	119,013,531
Total Computational Revenue (TCR)	98,223,604	100,566,632	105,665,360	119,666,364	129,502,927

TCR Estimate for FY23-24 (Continued...)

The FY23-24 estimates for TCR calculated by the Chancellor's Office and shown on previous slide were based on data available in April.

Now, we're revising our FY23-24 TCR estimates as follows:

- Student Centered Funding Formula – To incorporate growth in FY23-24 FTES based on current data, and increases in supplemental and success headcounts reported in Fall 2023
- Stability – To revise a calculation in the application of COLA to FY22-23 TCR
- Revenue Deficit – To incorporate a 2.2926% revenue deficit the state is applying to FY23-24 revenue

TCR Estimate for FY23-24 (Continued...)

Updated FY23-24 TCR Projection

Revenue	FY23-24 Budget Sep-23	FY23-24 Projected Adjustment	FY23-24 Projected Revenue	Variance (%)
TCR (Max of SCFF, Stability, Hold Harmless)	128,259,699	3,781,804	132,041,503	2.9%
State applied revenue deficit		(3,027,183)	(3,027,183)	
Other Revenue (Federal, State, Local)	13,226,829	1,406,718	14,633,547	10.6%
Total Revenue	141,486,528	2,161,339	143,647,867	1.5%

TCR Estimate for FY23-24 (Continued...)

How Max of SCFF, Stability and Hold Harmless Switched From Stability to SCFF

SCFF, Stability, and Hold Harmless Detail	FY23-24 Budget Sep-23	FY23-24 Projected Adjustment	FY23-24 Projected Revenue
SCFF	127,308,153	4,733,350	132,041,503
Stability	128,259,699	1,243,228	129,502,927
Hold Harmless	119,013,531	0	119,013,531

← SCFF after incorporating updated data

TCR Estimate for FY23-24 (Continued...)

Why SWC Stability Calculation for FY23-24 was Different From Chancellor's Office

FY23-24 Stability Difference Between CO and SWC	FY22-23 TCR	FY22-23 Revenue Deficit	FY22-23 Actual Revenue Post-Deficit	FY22-23 Revenue Applied to Stability Calculation	FY23-24 Stability w/8.22% COLA To FY22-23 TCR
Chancellor's Office	119,666,353	1,147,850	118,518,503	119,666,353	129,502,927
SWC	119,666,353	1,147,850	118,518,503	118,518,503	128,259,699



SWC used actual revenue (post-deficit) instead of TCR

UGF Budget Update

Next Steps

- Follow Chancellor's Office updates on possibility of reimbursement for FY22-23 and FY23-24 revenue deficits – no word yet
 - Next updates are likely in February 2024 with release of FY23-24 P1 and FY22-23 Recalculation reports
- Review FTES and headcounts related to SCFF in Spring – especially at census – and adjust projections as needed
- Review expenses again after second quarter (ending Dec 30)

Questions?

Suggestions for next update?