



**SAN DIEGO
COMMUNITY COLLEGE
DISTRICT**

FY 2022–23 Tentative Budget

Board of Trustees Presentation
June 9, 2022

Dr. Bonnie Ann Dowd, Executive Vice Chancellor,
Business and Technology Services

Chancellor's Message

To continue to fiscally operate as of July 1, 2022, a Tentative Budget must be approved each year by the Board of Trustees. The San Diego Community College District (SDCCD) Tentative Budget for fiscal year (FY) 2022–23 was developed through a collaborative and informative process that began with discussions related to the initial release of the state's budget on January 10, 2022, and the subsequent Trailer Bills released on February 10, 2022. Those involved included the Board of Trustees, the Chancellor, Chancellor's Cabinet, District Budget Planning and Development Council, District Governance Council, and other individuals and groups representing the administration, faculty, classified professionals, and student leadership at the Colleges and the District Office.

The District's Tentative Budget for FY 2022–23 presented herewith has been developed based upon the Governor's May Revision, released on May 13, 2022, which represented his best budget projection since the January release of the state's initial budget proposal. The governor's newest budget proposal for FY 2022–23 is \$300.7 billion, \$227.4 billion of which is State General Funds; resulting in a \$97.5 billion budget surplus. Approximately half of this surplus is required by law to be spent on education, leaving a still-impressive \$49.2 billion in discretionary money.

The Governor's May Revision includes an increase in Proposition 98 General Fund dollars for \$1.9 billion on-going and \$2.9 billion in one-time funds. In his remarks, Governor Newsom outlined "The California Blueprint," an ambitious spending plan intended to address the state's most pressing issues, primarily with one-time funding. California Community Colleges (CCC) are poised to receive an increase of \$1.5 billion in higher education spending increases over and above the governor's January budget. Community colleges will see welcome increases in Student Centered Funding Formula (SCFF) base funding, a larger than usual cost-of-living adjustment (COLA) of 6.56%, more one-time funding to address deferred maintenance, and technology funding to modernize CCC technology to protect data, and several other one-time initiatives.

Chancellor's Message (cont'd)

The next step in the state budget process is legislative review, in which both houses of the legislature will engage in order to come to an agreement with the governor on a final budget by June 15 in order to comply with the Constitutional requirement of adopting a state budget by July 1, 2022, for FY 2022–23. The District will continue its focus on a hiring freeze (to reduce payroll and benefits costs through attrition rather than layoffs or other negative actions), while identifying positions that must be replaced based upon critical operational need. In addition, class section offerings with an emphasis on meeting student demand while also increasing productivity will continue to be addressed through strategic enrollment management efforts, and other cost saving efforts will continue to be identified in order to ensure a balanced budget and the District remaining fiscally solvent. The next step for the District will be the development of SDCCD's final FY 2022–23 Budget, which the Board of Trustees will consider adopting on September 15, 2022.

Going forward, the District's leadership will continue to analyze the state budget and advocate for our statewide priorities until the state budget is adopted. I also believe the districtwide strategic planning process that has been underway will help SDCCD to achieve consensus around key goals and build collaboration to help us address our long-term budget priorities. These priorities will help us to be more efficient, effective, and equitable in serving students and the community. Finally, I would like to take this opportunity to thank everyone involved in the development of this Tentative Budget. The Board of Trustees, the faculty, administrators, classified professionals, student leaders, labor unions and meet-and-confer organizations, and our community partners have all collaborated and supported efforts to ensure SDCCD remains fiscally solvent and to position City, Mesa, Miramar, and Continuing Education colleges to move forward with innovation and high-quality instructional programs and services for the benefit of our students and the San Diego region.



Carlos Cortez, Ph.D., Chancellor

State Budget Framework Disclaimers

- ▶ California governors are required by State law to revise their proposed budget for an upcoming fiscal year by May 15. This revised budget proposal, known as the “May Revision,” is a key part of the annual budget development process, allows governors to introduce new proposals or to amend or remove policy based upon current revenue projections and any additional state initiatives requiring state funding.
- ▶ Under the May Revision, the overall state budget is anticipated to be higher than proposed in January, increasing 5% over the FY 2021–22 enacted budget to \$300.7 billion. General Fund spending increases by about 15%, to \$227.4 billion.
- ▶ In January, the administration projected a \$45.7 billion surplus for FY 2022–23, nearly matching the record \$47 billion surplus in the FY 2021–22 budget due to a large increase in income from capital gains earned by California’s wealthy residents this past year.
- ▶ The state spending proposals plan is to use 94% of the surplus for one-time rather than continuous expenditures given the economic volatility and potential for declines in capital gains, which now account for nearly 10% of personal income tax revenues.
- ▶ State’s primary revenue sources – personal and corporate income tax and sales tax – have all performed significantly better than originally anticipated when the Governor released in January his original FY 2022–23 state budget plan.
- ▶ California Community Colleges’ “road map” includes a refined set of metrics focused on equity and student success, aligned to the *Vision for Success* goals to include: increased collaboration across segments to enhance timely transfer; improved rates of completion while reducing excess units; closure of equity gaps; and better alignment with K12 and workforce needs.

Highlight Comparison of FY 2022–23 Governor’s January Proposal vs. May Revision

January

May Revision

Ongoing Funding

- \$409.4 million in COLA (5.33%).
- \$24.9 million in Growth funding (0.5%).
- 5.33 % in COLA for some categorical programs.
- \$25 million to Modernize CCC technology and protect sensitive data.
- \$10 million to implement Equal Employment Opportunity best practices.

- \$493.0 million in COLA (6.56%)
- \$26.2 million ongoing funds to sustain Growth funding (0.5%).
- 6.56 % COLA for some categorical programs.
- \$25 million to Modernize CCC technology and protect sensitive data.
- \$10 million to implement Equal Employment Opportunity best practices.
- \$375 million increase to the SCFF base allocation.
- \$200 million part-time faculty health insurance.

Highlight Comparison of FY 2022–23 Governor’s January Proposal vs. May Revision

January

May Revision

One-Time Funding

- \$150 million to support retention and enrollment strategies.
- \$65 million to Implement transfer reforms.
- \$511 million of state funds for deferred maintenance.
- \$75 million to Modernize CCC technology and protect sensitive data.

- \$150 million to support retention and enrollment strategies.
- \$65 million to Implement transfer reforms
- \$1.523 billion of state funds for deferred maintenance.
- \$75 million to Modernize CCC technology and protect sensitive data.
- \$750 million Discretionary block grants to address post-pandemic issues and long-term obligations e.g., employer pension rate increases.
- Mandated Claims reimbursement of \$30.16 per full-time equivalent student (FTES).

Legislative Analyst (LAO) Offers Caution About Longer-Term Outlook

- ▶ The LAO anticipates that the state's General Fund will likely face a budget deficit by FY 2025–26, regardless of the future trend in state tax revenues.
- ▶ Primarily due to the State Allocation Limit (SAL or Gann Limit), approved as a constitutional amendment by the voters in 1979 to limit state spending. Absent specific policy decisions half of any revenue above the limit must be returned to taxpayers, with the other half going to K–12 and community colleges.
- ▶ Consequently, continued revenue growth could increase the state's constitutional funding obligations and lead to large budget deficits.
- ▶ Once the SAL/Gann limit is reached, the LAO estimates that, for every dollar of tax revenue above the SAL, California will face approximately \$1.60 in constitutional funding obligations for education, rebates to taxpayers, and reserve and debt payments (as required by Prop 2).
- ▶ In addition, with the possibility of a recession increasing as the Federal Reserve raises interest rates, the LAO recommends that the Legislature reject \$10 billion of the Governor's proposals that are not excludable from the SAL/Gann Limit and save those funds, to both constrain growth and the state's spending base and increase its reserves to cover any projected budget problems.

SDCCD Planning Assumptions for FY 2022–23 Tentative Budget

Continuous and One-Time:

- The Governor’s proposal expects the SCFF stability provisions to protect district funding levels in FY 2022–23, especially considering recent enrollment declines; and, includes increases to the SCFF’s funding rates.
- SDCCD is a “hold harmless” district under the SCFF funding model, which was originally intended to guarantee districts that each would receive its Total Computational Revenue (TCR) earned in FY 2017–18 adjusted by each subsequent year’s COLA.
- Under the “hold harmless” guarantee, SDCCD’s apportionment revenue funding plus any annual COLA adjustments is projected at \$292,173,885.
- \$10 million of the current projected \$27 million in funded vacant positions has been assumed to remain frozen so they will not be expensed in FY 2022–23; therefore, total GFU anticipated compensation costs have been reduced by \$10 million in the development of the Tentative Budget.
- Under Governor Newsom’s January proposal, a district’s FY2024–25 TCR would represent its new “floor,” with no district allowed to drop below that amount for its apportionment revenue replacing the SCFF’s current FY 2017–18 original floor.
- Funding rates would continue to increase by COLA but the revised “hold harmless” provision would no longer automatically increase by any COLA until a district was out of “hold harmless”.

SDCCD Planning Assumptions for FY 2022–23 Tentative Budget (cont'd)

Continuous and One-Time:

- ▶ SDCCD's FY 2022–23 anticipated structural budget deficit is currently projected at \$3.7 million net of the \$10.0 million in vacant funded positions based upon projected “hold harmless” continuous revenue as compared to continuous expenses.
- ▶ SDCCD's FY 2022–23 structural budget deficit will avoid becoming a financial deficit mainly by continuation of the hiring freeze that has been in place at the District for the last couple of years and other cost saving efforts undertaken so actual expenses do not exceed actual revenue.
- ▶ Governor Newsom's May Revision recommends a COLA of 6.56% , which has been revised up from 5.33% that had been proposed in January; SDCCD's share is projected at approximately \$17 million which will be addressed in accordance with the current Resource Allocation Formula (RAF).
- ▶ Net annual GFU savings for FY 2022–23 for the Supplemental Early Retirement Program (SERP) in the amount of \$1.1 million has also been recorded as a reduction to the total budgeted GFU compensation expenses.
- ▶ The State's Mandated Cost Reimbursement of \$30.16 per FTES is estimated at a total of \$1.1 million based upon 37,769 FTES.

SDCCD Planning Assumptions for FY 2022–23 Tentative Budget (cont'd)

Continuous and One-Time:

- Employer contribution rates for CalSTRS/CalPERS continue to increase each year, which were approximately \$14 million in FY 2013–14. The rates are applied against salaries of academic and classified staff resulting in significant benefit increases each year, which were anticipated to be in excess of \$24.8 million for both pension systems to approximately \$39.9 million as of FY 2022–23. Immediate impact to both employer pension costs for FY 2022–23 budget are:
 - CalSTRS rate going from 8.25% in FY2013–14 to 19.10% in FY2022–23 resulting in a \$7.6 million increase in additional CalSTRS employer contribution expenses based upon FY2013–14 salaries.
 - CalPERS rate going from 11.44% in FY 2013–14 to 25.37% in FY2022–23 resulting in a \$6.7 million increase in additional CalPERS employer contribution expenses based upon FY2013–14 salaries.
- All Non-discretionary (e.g. utilities, insurance, maintenance contracts, etc.) and other anticipated operating costs District-wide have been estimated and included in the budget.
- Continuing restructuring of operational costs with an emphasis on instructional and non-instructional expenses to ensure compliance with 50% Law.
- GFU ending fund balances, reserves, set-asides, and annual budget expense savings or additional revenues received during FY 2022–23 budget year will be used to address any structural budget issues.
- All expenses and any necessary adjustments including set-asides for earmarked commitments and the 5% minimum reserve fund balance required for FY 2022–23 results in the Tentative Budget's net total GFU budgeted expenses totaling \$318 million.

San Diego Community College District Tentative Budget for FY 2022–23

(based on the Governor's May Revision – released May 13, 2022)



FY 2021–22 Adopted Budget versus FY 2022–23 Tentative Budget

	2021-2022 Total Budget Adopted	2022-2023 Total Budget Tentative	Changes Over\ (Under)	
Total General Funds	552,173,840	525,185,324	(26,988,516)	1)
Total Other Funds	305,356,271	352,058,680	46,702,409	2)
Total Prop S and N Funds	14,919,197	8,107,197	(6,812,000)	3)
Grand Totals	<u>872,449,308</u>	<u>885,351,201</u>	<u>12,901,893</u>	

- (1) Decreases noted do not include all General Fund Restricted (GFR) changes because many awards will not be known or made available until the Adopted Budget.
- (2) Net increase of \$46.7M is largely due to increases of \$39M in the Capital Outlay Fund.
- (3) Net change due to continued spending down for projects authorized under Prop S and N Bonds.

Total District Budget by Fund

FY 2021-22 versus FY 2022-23

	2021-2022 Total Budget Adopted	2022-2023 Total Budget Tentative	Changes Over/Under
General Funds			
General Fund Unrestricted	331,324,041	351,411,201	20,087,160
General Fund Restricted	220,849,799	173,774,123	(47,075,676)
Total General Funds	552,173,840	525,185,324	(26,988,516)
Other Funds			
Bond Interest & Redemption Fund	172,849,205	175,843,623	2,994,418
Child Development Fund	3,866,113	4,141,244	275,131
Other Special Revenue Fund	1,053,586	950,375	(103,211)
Capital Outlay Projects Fund	28,463,399	67,496,731	39,033,332
Proposition S Fund	3,069,357	2,633,724	(435,633)
Proposition N Fund	11,849,840	5,473,473	(6,376,367)
Enterprise Funds	11,900,725	14,489,393	2,588,668
Internal Services	26,588,188	29,162,818	2,574,630
Associated Students	426,980	487,813	60,833
Student Representation Fee	407,491	479,420	71,929
Student Financial Aid Fund	48,275,160	48,596,509	321,349
Scholarship/Loan	59,389	59,289	(100)
Trust and Agency	2,181,584	2,152,040	(29,544)
Retiree Benefit Trust	9,284,451	8,199,425	(1,085,026)
Total Other Funds	320,275,468	360,165,877	39,890,409
Grand Totals	872,449,308	885,351,201	12,901,893

General Fund Unrestricted

General Fund Unrestricted FY 2022-23 Projected Revenue

Revenue	2022-23 Tentative Budget
Beginning Balance	\$ 36,851,442
Apportionment	198,484,975
Basic Allocation	23,402,162
Special Admit	6,101,540
Supplemental Allocation	36,788,311
Student Success Allocation	27,396,897
Lottery	6,306,668
FY 2019-20 Full-Time Faculty	1,922,450
FY 2020-21 Full-Time Faculty	3,025,628
Mandated Cost Reimbursement	1,139,113
College Promise (BOG Waiver Admin.)	388,624
Apprenticeship Allowance	351,849
Interest	500,000
Non-Resident Tuition	4,800,000
Student Fees	46,700
Other Local Revenue	209,369
Part-time Faculty Compensation	816,362
Part-time Faculty Health Benefits	136,362
Part-time Faculty Office Hours	1,885,149
Indirect Cost	590,519
Enrollment Resident Fee (2%)	267,081
Transfers In	-
Total	<u>351,411,201</u>

*Beginning Fund Balance represents the projected prior year's Ending Balance.

General Fund Unrestricted Revenue Comparison

FY 2021–22 Adopted Budget and FY 2022–23 Tentative Budget

Revenue Source	2021-2022 Adopted Budget	2022-2023 Tentative Budget	Changes Over/ (Under)
Apportionment			
Basic Allocation	\$ 21,961,488	\$ 23,402,162	\$ 1,440,674
Credit FTES	126,312,573	138,817,877	12,505,304
Regular Non-Credit CDCP	31,768,614	35,414,896	3,646,282
Non-Credit FTES	5,315,737	5,323,599	7,862
Special Admit	6,072,632	6,101,540	28,908
Minimum Revenue	14,962,058	18,928,603	3,966,545
Sub-Total	206,393,102	227,988,677 *	21,595,575
Supplemental Allocation	\$ 41,313,730	\$ 36,788,311	(\$4,525,419)
Student Success Allocation	26,480,372	27,396,897	916,525
Sub-Total	67,794,102	64,185,208	(3,608,894)
Total Apportionment Revenue	274,187,204	292,173,885	17,986,681
Lottery	\$ 6,119,835	\$ 6,306,668	\$ 186,833
FY 2019-20 Full-Time Faculty	1,922,450	1,922,450	0
FY 2020-21 Full-Time Faculty	2,905,692	3,025,628	119,936
Mandated Cost Reimbursement	1,151,505	1,139,113	(12,392)
Interest Revenue	500,000	500,000	0
Non-Resident Tuition	4,800,000	4,800,000	0
College Promise (BOG Waiver Admin.)	388,624	388,624	0
Student Fees	46,700	46,700	0
Apprenticeship Allowance	370,368	351,849	(18,519)
Enrollment Resident Fee (2%)	260,688	267,081	6,393
Part-time Faculty Compensation	816,362	816,362	0
Part-time Faculty Health Benefits	118,047	136,362	18,315
Part-time Faculty Office Hours	1,000,000	1,885,149	885,149
Indirect Cost	803,542	590,519	(213,023)
Other Local Revenue	209,369	209,369	0
Budget Adjustment	13,820,536		(13,820,536)
Transfers In	0	0	0
Total Revenue	309,420,922	314,559,759	5,138,837
Beginning Balance	\$ 21,903,119	\$ 36,851,442	\$ 14,948,323
TOTAL UNRESTRICTED REVENUES	\$ 331,324,041	\$ 351,411,201	\$ 20,087,160

* Included in the apportionment of \$292,173,885 is \$17,986,681 for Cost of Living Adjustment (COLA)

*Beginning Fund Balance represents the projected prior year's Ending Balance. Budget Adjustments require additional revenue or unexpended expenses to avoid a financial deficit at year end.

General Fund Unrestricted FY 2022–23 Projected Expenses

Expenditures	2022-2023 Tentative Budget
Academic Salaries	112,605,313
Non-Academic Salaries	64,015,249
Employee Benefits	83,149,831
Other Expenses	42,779,668
Set-Asides	48,861,140
Total	\$ 351,411,201

*Budgeted Compensation is comprised of Academic Salaries, Classified Salaries and Benefits, and represents 74% of the total.

Budgeted Salary and Benefits have been reduced by \$10M for vacant funded frozen positions that will remain frozen in FY 2022–23.

General Fund Unrestricted Expense Comparison

FY 2021–22 Adopted Budget and FY 2022–23 Tentative Budget

Expenditures	2021-2022 Adopted Budget	2022-2023 Tentative Budget	Change □ Over/(Under)
Academic Salaries	110,108,947	112,605,313	2,496,366
Non-Academic Salaries	65,152,655	64,015,249	(1,137,406)
Employee Benefits	77,697,360	83,149,831	5,452,471
Other Expenses	41,810,868	42,779,668	968,800
Set-Asides	36,554,211	48,861,140	12,306,929
Total	\$ 331,324,041	\$ 351,411,201	\$ 20,087,160

*Budgeted Compensation is comprised of Academic Salaries, Classified Salaries and Benefits, and represents 74% of the total. Budgeted Salary and Benefits have been reduced by \$10 million for vacant funded frozen positions that will remain frozen in FY 2022–23.

General Fund Restricted

General Fund Restricted FY 2022-23 Projected Revenue

FEDERAL INCOME	2022-2023 Tentative
Professors for the Future	54,456
ANAPISI-Equity, Empathy & Exce	271,063
DEBER PROJECT	32,719
RTI DOD STEM Learning	222,217
HEERF I	200,000
HEERF II	11,780,511
HEERF III	21,896,955
NSF Encoding Geography Grant	72,660
Upward Bound	168,302
Dept of Rehab Coll to Career	290,000
RHB Workability	447,936
SDSU-HSI STEM and Articulation	79,649
Adult Ed - WIOA	1,876,720
Financial Aid Admin Allowance	56,000
College Work Study Program	1,039,624
Veterans Administrative Allow	48,400
Student Support Services	432,785
HIS Program - Title III	2,065,601
Vocational Tech Ed Act (VTEA)	1,636,420
Federal Income Total	\$ 42,672,018

General Fund Restricted

FY 2022–23 Projected Revenue (cont'd)

STATE INCOME	2022-2023 Tentative
Student Success 22-23(Credit)	7,526,701
Student Success 22-23 (NC)	2,186,476
Student Equity 22-23	5,160,653
EEO Best Practices	208,333
CA ENERGY COMMISSION	110,541
Culturally Competent Faculty P	151,305
Governor's IELM	6,542,641
Cal Works-Region X	125,000
Prop 20 Lottery Funds	1,793,082
CA CCAP STEM Academy Program	666,667
SWP Entrepreneurship Project 2	241,000
Strong Workforce 21-22	1,217,575
Blue Tech Grant	500,000
SWP - Job Prep - City 21-22	45,668
Basic Skills 21-22	761,623
SWP- Strategies for Priority O	49,426
Basic Needs	857,781
SWP-Student Retention Fund	46,461
SWP-Faculty Institute-Research	75,000
Basic Skills 22-23	1,167,769
Strong Workforce 22-23	5,385,432
Adult Ed Block Grant 22-23	3,549,549
Adult Learner-Focused SEM	30,000
REACH grant initiative	25,000
LGBTQ	387,367
BFAP Administration	1,601,431
EOPS Administration	2,872,660
CAFYES	932,806
California College Promise	4,260,000
CARE Grant	238,865
Financial Aid Technology_Funds	145,435
CTE Data Unlock	50,000
Program for Disabled	4,856,717
Nursing Grants	231,149
SWP Regional Programs	336,156
CTE Enhancement Grant	104,377
Cal-Works/TANF	2,671,615
State Income Total	\$ 57,112,261

General Fund Restricted FY 2022–23 Projected Revenue (cont'd)

LOCAL INCOME	2022-2023 Tentative
Cocurricular Fund	22,000
Civic Center	396,627
Homeless SDHCM	192,913
Hourglass Park Project	975,549
Parking - District	2,460,000
Student Health Svcs Fund	1,627,908
Library Fines	3,000
Educational Broadband Services	447,384
Miscellaneous Student Fees	13,216
Child Care Center	15,000
Redevelopment	4,220,042
Street of Dreams	10,000
Ctr for Human & Com Svcs	50,000
Local Income Total	\$ 10,433,639

General Fund Restricted FY 2022–23 Projected Revenue (cont'd)

Beginning Balance		\$ 58,398,195
Federal Revenue	\$ 42,672,018	
State Revenue	\$ 57,112,261	
Local Revenue Funds	<u>\$ 10,433,639</u>	
Total Federal, State and Local Income		\$ 168,616,113
Incoming Transfers		<u>\$ 5,158,010</u>
Total GFR Beginning Balance and Income		<u>\$ 173,774,123</u>

Other Funds

Other Funds FY 2022-23 Tentative Budget

PROPOSITION "S" FUND

BEGINNING BALANCE AND INCOME

Beginning Balance	\$	2,615,072
Interest		18,652

TOTAL SOURCES	\$	2,633,724
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	City College	Mesa College	Miramar College	Continuing Education	District	Total Prop "S" Fund
Expenditures & Reserves						
Building Renovation	\$ 0	\$ 1,543	\$ 0	\$ 1,440,888	\$ 0	1,442,431
New Construction	12,825	0	1,012,293	20,000	0	1,045,118
Infrastructure	0	0	0	0	0	0
Program Management	0	0	0	0	0	0
IT	0	0	0	0	0	0
Reserves					0	146,175
TOTAL USES	\$ 12,825	\$ 1,543	\$ 1,012,293	\$ 1,460,888	\$ 0	2,633,724

Projects by Campus

City:	Child Development Center
Mesa:	Campus Facilities Support Renovation
Miramar:	Hourglass Field House, Technology & Distribution Center, Infrastructure
Districtwide:	

Proposition S

FY 2021-22 Activity

Proposition S:

2021-2022 Adopted Budget		3,050,420
City Child Development Center	(3,182)	
Miramar Technology & Distribution Center	(2,119)	
Hourglass Field House	(19,200)	
District Service Center	(417,594)	
Interest	25,399	
Change		(416,696)
2022-2023 Tentative Budget		<u>\$ 2,633,724</u>

Other Funds FY 2022-23 Tentative Budget

PROPOSITION "N" FUND

BEGINNING BALANCE AND INCOME

Beginning Balance	\$	5,460,053
Interest		13,420

TOTAL SOURCES	\$	5,473,473
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	City College	Mesa College	Miramar College	Continuing Education	District	Total Prop "N" Fund
Expenditures and Reserves						
Building Renovation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Building Renovation/New Const.	0	0	0	320,670	0	320,670
New Construction	0	0	115,286	0	0	115,286
Infrastructure	24,370	2,767,633	61,460	0	310,794	3,164,257
Program Management	0	0	0	0	1,624,403	1,624,403
Reserves						248,857
TOTAL USES	\$ 24,370	\$ 2,767,633	\$ 176,746	\$ 320,670	\$ 1,935,197	5,473,473

Projects by Campus

City:	Infrastructure
Mesa:	Infrastructure
Miramar:	Campus Dev. Infrastructure, Art and Humanities/Technology Building
CE:	ECC Ph II Wing-Reno. And Relo of Admin Bldg
Districtwide:	Program Management, District-wide Infrastructure

Proposition N

FY 2021–22 Activity

Proposition N:

2021-2022 Adopted Budget		11,782,164
Mesa Infrastructure	(2,567,669)	
Miramar Aviation Maint Tech Center	(121,938)	
Miramar Continuing Education Bldg	(3,800)	
Miramar Sci/EMT Bldg	(11,400)	
Miramar Campus Dev Infrastructure	(1,403,010)	
District Program Management	(2,255,275)	
Districtwide Infrastructure	(37,375)	
Interest	91,776	
Change		(6,308,691)
2022-2023 Tentative Budget		<u>\$ 5,473,473</u>

Other Funds FY 2022-23 Tentative Budget

CAPITAL CONSTRUCTION PROJECTS FUND

BEGINNING BALANCE & INCOME

Beginning Balance	\$	56,206,719
Energy Efficiency Efforts Revenue		0
State Schedule Maintenance		7,800,000
Interest		388,508
Rental and Lease		1,992,645
Other Misc Local		0
Interfund Transfer In from GFR		771,202
Intrafund Transfer In		337,657

TOTAL SOURCE \$ 67,496,731

	City College	Mesa College	Miramar College	Continuing Education	District	Total Capital Projects Fund
Expenditures & Reserves						
Scheduled Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	12,685,775	\$ 12,685,775
New Construction (1)	0	0	0	0	38,625,732	38,625,732
State Seismic Retrofit	0	0	0	0	0	0
Local Projects (2)	308,198	568,184	300,680	120,129	9,876,800	11,173,991
Redevelopment	0	0	0	0	4,560,276	4,560,276
Operating Costs	0	0	0	0	113,300	113,300
Intrafund Transfer Out	0	0	0	0	337,657	337,657
TOTAL USES	\$ 308,198	\$ 568,184	\$ 300,680	\$ 120,129	\$ 66,199,540	\$ 67,496,731

(1) New Construction include:

City ADT Remodel, City Child Development Bldg, City Parking Lot, Cont. Ed. Cesar Chavez Lighting, ECC Solar Panels, CE Historical Theater

(2) Local Projects include:

College Campuses and District Office -Minor Improvements, MS/CE-Cafeteria Renovation, DW MS - Equipment Reserve, DO Local Schedule Maintenance, MIS Student Svc, Maintenance Consulting, Energy Efficiency Efforts - Prop 39, DW Parking Improvement, KSDS Equipment, DW Power Generation, Leases, DW State Matching Pool Reserve, DSA Certification.

Other Funds

FY 2022–23 Tentative Budget (cont'd)

AUXILIARY BUSINESS SERVICES ORGANIZATION (ABSO) FUNDS

	Bookstore	Food Service	Total Enterprise Funds
Beginning Fund Balance and Revenue			
Beginning Fund Balance	\$ (2,420,832)	(5,527,500)	\$ (7,948,332)
Sales	8,473,368	4,210,101	12,683,469
Interest/Other Revenue	425,232	316,899	742,131
TOTAL SOURCES	\$ 6,477,768	\$ (1,000,500)	\$ 5,477,268
Expenditures			
Non-Academic Salaries	2,480,000	2,367,000	4,847,000
Employee Benefits	644,600	625,000	1,269,600
Supplies and Materials	5,169,000	1,130,000	6,299,000
Other Operating Expenses	445,000	325,000	770,000
Capital Outlay	160,000	80,000	240,000
TOTAL USES	\$ 8,898,600	\$ 4,527,000	\$ 13,425,600
TOTAL Ending Fund Balance	\$ (2,420,832)	\$ (5,527,500)	\$ (7,948,332)

Challenges & Considerations

»» District Actions & Plans

(Including Cost Saving Efforts and
Pending Final State Budget Adoption)

Challenges, Action Plans & Other Considerations

- The Tentative Budget reflects a potential SDCCD budget deficit of \$3.7 million due to budgeted expenses exceeding projected revenues net of \$10 million of the \$17 million funded vacant positions assumed to remain frozen through June 30, 2023.
- ABSO projected deficit of \$7.9 million for Bookstores and Food Services is in addition to any General Fund deficit or surplus at year-end for FY 2022-23.
- Beginning GFU fund balance is a projection, which will be finalized when the FY 2021-22 books are closed in mid-to-late August; however, actual apportionment revenue earned will not be known until February/March 2023, when the state releases the “Recal” eight or nine months after FY 2021-22 books are closed. Any changes to revenue will be reported in FY 2022-23 as a prior year adjustment.
- The “hold harmless” actual revenue is subject to reduction for any state cash deficits and/or deferrals, which basically does not guarantee a district that it will receive in any single fiscal year its full revenue funding.
- Since inception of the SCFF, the system has not been able to fully fund all districts’ calculated apportionment revenue resulting in revenue deficit factors applied to all districts’ TCR because the state rarely has sufficient cash to fund all 73 districts SCFF apportionment revenue earned.
- The District will continue to operate under the SCFF’s “hold harmless” provision in FY 2022-23; however, efforts must continue to be made to align budget expenses with budgeted revenues by FY2024-25 when the “hold harmless” stability provision sunsets.

Challenges, Action Plans & Other Considerations (cont'd)

- ▶ To avoid a structural deficit becoming a financial deficit, the District will continue to address actions to contain or eliminate a financial deficit by June 30, 2023 to include:
 - Operate with a “hiring freeze” remaining in place with only critical vacant positions being replaced;
 - Enrollment management planning efforts with a focus on increasing productivity ;
 - Other cost-saving efforts including consolidation of positions and expense deferrals being identified to offset any projected budget deficit by end of FY 2022-23; and
 - Implement Strategic Plan 2030 goals and objectives.
- ▶ In addition to current operational costs, there must also be a focus on long-term liabilities including consideration of making annual contributions to the OPEB Trust fund while continuing to fund current retiree benefits out of the annual GFU operating budget rather than the Trust.
- ▶ Attention must continue to be given to ensure a balance between the District’s instructional and non-instructional expenses in order to remain in compliance with the 50% Law.
- ▶ Future Prop S & N continuous operating costs need to be identified for FY 2022-23 and beyond. (Annual Lease revenues to be received by the District in FY 2022-23 are projected at \$1.89 million.)
- ▶ Continue to review and make improvements as necessary for operational services and staffing based upon available resources for all GFU, GFR and all Other Funds to minimize budgeted expense spending.

Challenges, Action Plans & Other Considerations (cont'd)

- FY 2021–22 books will be closed in mid–August and the actual ending GFU balance will be determined at that time; therefore, the actual beginning GFU balance for FY 2022–23 is merely an estimate until the books are closed.
- Ensure COVID–19 pandemic related expenses that are allowable using state and federal stimulus funding are consistently tracked and reported, while also recognizing that they may have provided temporary reductions to GFU actual budget expenditures in FY 2021–22.
- Continue to focus on sound enrollment management efforts to serve student demand and achieve FTES and full–time equivalent faculty (FTEF) targets at the colleges while maximizing the 70% FTES apportionment revenue funding in the SCFF model.
- Continue to focus on increasing counts for Pell and CCPG recipient awards in order to maximize the 20% of Supplemental apportionment funding in the SCFF model.
- Continue to focus on increasing counts related to Student Success outcomes in order to maximize the remaining 10% of apportionment funding in the SCFF model.
- Board of Trustees to consider increasing current minimum 5% required general fund unrestricted cash reserve to 15% based upon general fund operating expenditures or revenues.
- The District to remain vigilant regarding how the public health emergency (COVID–19) impacts the state’s economic condition, while continuing to address the need to align operating budgeted expenditures with realistic and achievable budgeted revenue with a focus on moving the District out of “hold harmless” protection in advance of FY 2024–25.

Thank you!!!



...To Be Continued Until the Board of Trustees

- Adopts SDCCCD's FY 2022-23 Budget
- on September 15, 2022