



# Saddleback College Budget Update: Adopted Budget FY 2022-23

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College Resources Committee, September 1, 2022

SADDLEBACK



# Overview

- State Budget Update
- Budget FY 2018-19 to 2022-23...and beyond
- Accomplishments
- Challenges and Opportunities
- Principles/Strategies



# State Budget Summary

- Budget volatility – pandemic/economy
  - FY 2020-21
    - Projected \$54 billion shortfall = budget deferrals (instead of categorical cuts)
  - FY 2021-22
    - 5.07% COLA (2.31% from Basic Aid in 2020-21, 2.7% in 2021-22), .5% growth
    - \$765M ongoing unrestricted and restricted increase
    - \$1.3B one-time restricted funds
    - \$2.3B for PERS/STRS reductions
  - FY22-23
    - \$1.1B ongoing revenue: 6.56% COLA + base increases, growth
    - Ongoing and one-time categorical/restricted funding – EOPS, DSPS, Basic needs centers, Technology, Deferred maintenance, COVID block grant...
    - [Joint Budget Analysis – ACBO, ACCCCA, CCLC](#), See Table 3, pp 10-12

# Trends: Actual FY 2018-19 to 2021-22

	2018-19 Actual	2019-20 Actual	19-20 to 18-19	2020-21 Actual	20-21 to 19-20	2021-22 Actual	21-22 to 20-21	21-22 to 18-19
<b>Revenue</b>								
<b>Ongoing/COLA</b>	<b>2.71%</b>	<b>3.26%</b>		<b>2.31%</b>		<b>2.70%</b>		<b>8.5%</b>
SB 361/SCFF (w/Hold Harmless)	\$100,121,191	\$97,220,787	-2.9%	\$100,952,634	3.8%	\$103,180,384	2.2%	<b>3.1%</b>
Other (state & local, less District)	\$2,570,017	<b>\$7,644,910</b>	197.5%	\$4,831,523	-36.8%	<b>\$8,411,274</b>	74.1%	227.3%
One-time	\$2,170,309	<b>\$4,885,271</b>	125.1%	\$3,695,781	-24.3%	\$1,708,960	-53.8%	-21.3%
<b>Total Revenue</b>	<b>\$104,861,517</b>	<b>\$109,750,968</b>	<b>4.7%</b>	<b>\$109,479,938</b>	<b>-0.2%</b>	<b>\$113,300,618</b>	<b>3.5%</b>	<b>8.0%</b>
<b>Expenses</b>								
Academic Salaries	\$48,246,529	\$49,723,423	3.1%	\$50,447,134	1.5%	\$53,584,259	6.2%	11.1%
Classified Salaries	\$20,312,198	\$20,176,516	-0.7%	\$20,075,460	-0.5%	\$21,329,935	6.2%	5.0%
Benefits	\$26,354,241	\$27,184,230	3.1%	\$27,151,825	-0.1%	\$28,787,047	6.0%	9.2%
<b>Total Salaries and Benefits</b>	<b>\$94,912,968</b>	<b>\$97,084,169</b>	<b>2.3%</b>	<b>\$97,674,419</b>	<b>0.6%</b>	<b>\$103,701,241</b>	<b>6.2%</b>	<b>9.3%</b>
<b>% of Total Exp (excl xfr to C/O)</b>	<b>91.8%</b>	<b>92.8%</b>		<b>94.7%</b>		<b>93.2%</b>		
Supplies/Materials	\$891,513	\$838,044	-6.0%	\$741,957	-11.5%	\$948,359	27.8%	6.4%
Other Operating Expenses	\$6,618,228	\$6,173,353	-6.7%	\$3,917,071	-36.5%	\$5,474,096	39.7%	<b>-17.3%</b>
Capital Outlay	\$591,767	\$335,293	-43.3%	\$819,467	144.4%	\$838,237	2.3%	41.6%
Transfers	\$336,965	\$227,490	-32.5%	\$6,313,199	2675.2%	\$300,535	-95.2%	-10.8%
<b>Total Expenses</b>	<b>\$103,351,441</b>	<b>\$104,658,349</b>	<b>1.3%</b>	<b>\$109,466,113</b>	<b>4.6%</b>	<b>\$111,262,468</b>	<b>1.6%</b>	<b>7.7%</b>
<b>Net Revenue</b>	<b>\$1,510,076</b>	<b>\$5,092,619</b>	<b>237.2%</b>	<b>\$13,825</b>	<b>-99.7%</b>	<b>\$2,038,150</b>	<b>14642%</b>	<b>35.0%</b>
<b>Reserves-Beginning</b>	<b>\$11,041,409</b>	<b>\$12,551,485</b>	<b>13.7%</b>	<b>\$17,644,104</b>	<b>40.6%</b>	<b>\$17,657,929</b>	<b>0.1%</b>	<b>59.9%</b>
<b>Reserves-Ending</b>	<b>\$12,551,485</b>	<b>\$17,644,104</b>	<b>40.6%</b>	<b>\$17,657,929</b>	<b>0.1%</b>	<b>\$19,696,079</b>	<b>11.5%</b>	<b>56.9%</b>



# Accomplishments

- Budget alignment with SCFF (from SB361) and strategic goals
  - Improved efficiency – manager reduction, unfilled positions, fewer NBUs, reduced travel
  - Use of restricted funds (Adult Ed, Lottery, COVID/HEERF, SEAP, SWP, C/O, etc.)
  - Salary/benefit savings – unfilled positions
  - Operational savings – HEERF/COVID savings – reduced supplies/travel
  - Reallocation of resources – Investments in access, equity and success (new positions to support enrollment, equity and GP; Mentor Collective, ZTC, online courses/instruction, etc.)
- Outcomes
  - Improved SCFF outcomes:
    - 2021-22: Supplemental: 11.6%; Success: 17.2%; COLA = 5.07%
    - 2022-23: Supplemental: 10.3%; Success: 23.4%; COLA/Base = 14.91%
  - Hold Harmless: 2020-21: \$2.9M; 2021-22: \$286K; 2022-23: (\$10M)

# Trends: Budget FY 2018-19 to 2022-23

	2018-19 Adopted	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	22-23 to 21-22	22-23 to 18-19
<b>Revenue</b>							
<b>Ongoing/COLA</b>		3.26%	2.31%	2.70%	6.56%		15.6%
SB 361/SCFF (w/Hold Harmless)	\$100,121,191	\$97,220,787	\$100,952,634	\$103,180,384	\$119,918,053	16.2%	19.8%
Other (state/local - DS allocation)	\$4,392,694	\$7,557,104	\$4,831,523	\$8,229,612	\$10,177,998	23.7%	131.7%
One-time	\$339,537	\$4,885,271	\$1,825,606	\$1,708,960	\$3,825,848	124.4%	1029.6%
<b>Total Revenue</b>	<b>\$104,853,422</b>	<b>\$109,663,162</b>	<b>\$107,609,763</b>	<b>\$113,118,956</b>	<b>\$133,921,899</b>	<b>18.4%</b>	<b>27.7%</b>
<b>Expenses</b>							
Academic Salaries	\$51,611,233	\$51,385,122	\$51,525,643	\$54,064,710	\$56,607,860	4.7%	9.7%
Classified Salaries	\$21,831,899	\$22,181,090	\$21,193,436	\$21,840,430	\$24,002,116	9.9%	9.9%
Benefits	\$29,055,986	\$28,597,430	\$27,876,252	\$29,626,894	\$32,116,516	8.4%	10.5%
<b>Total Salaries and Benefits</b>	<b>\$102,499,118</b>	<b>\$102,163,642</b>	<b>\$100,595,331</b>	<b>\$105,532,034</b>	<b>\$112,726,492</b>	<b>6.8%</b>	<b>10.0%</b>
<b>% of Total Exp (excl xfr to C/O)</b>	<b>90.2%</b>	<b>90.2%</b>	<b>91.0%</b>	<b>91.6%</b>	<b>85.5%</b>		
Supplies/Materials	\$1,334,216	\$1,233,218	\$774,043	\$1,017,300	\$953,417	-6.3%	-28.5%
Other Op Exp (w/Contingency)	\$8,036,907	\$8,337,301	\$8,872,511	\$8,235,195	\$10,630,351	29.1%	32.3%
Capital Outlay	\$1,089,590	\$1,075,965	\$153,436	\$199,662	\$1,297,424	549.8%	19.1%
Transfers	\$635,000	\$404,521	\$172,744	\$200,000	\$6,236,696	3018.3%	882.2%
<b>Total Expenses</b>	<b>\$113,594,831</b>	<b>\$113,214,647</b>	<b>\$110,568,065</b>	<b>\$115,184,191</b>	<b>\$131,844,380</b>	<b>14.5%</b>	<b>16.1%</b>
Net Revenue	(\$8,741,409)	(\$3,551,485)	(\$2,958,302)	(\$2,065,235)	\$2,077,519	-201.1%	-123.9%
Reserves-Beginning	\$11,041,409	\$12,551,485	\$17,644,104	\$17,657,929	\$19,696,079	11.5%	78.4%
Reserves-Ending	\$2,300,000	\$9,000,000	\$14,685,802	\$15,592,694	\$21,773,598	39.7%	847.1%

# Budget and Actual FY 2021-22 to Budget 2022-23

	2021-22		Actl22 to	2022-23	Adpt23 to	Adpt23 to
Revenue	Adopted	Actual	Adpt22	Adopted	Actl22	Adpt22
<b>Ongoing/COLA</b>				<b>2.70%</b>		
SB 361/SCFF (w/Hold Harmless)	\$103,180,384	\$103,180,384	0.0%	\$119,918,053	16.2%	16.2%
Other (state/local - DS allocation)	\$8,229,612	\$8,411,274	2.2%	\$10,177,998	21.0%	23.7%
<b>One-time</b>	\$1,708,960	\$1,708,960	0.0%	\$3,825,848	124.4%	124.4%
<b>Total Revenue</b>	<b>\$113,118,956</b>	<b>\$113,300,618</b>	<b>0.2%</b>	<b>\$133,921,899</b>	18.2%	18.4%
<b>Expenses</b>						
Academic Salaries	\$54,064,710	\$53,584,259	-0.9%	\$56,607,860	5.6%	4.7%
Classified Salaries	\$21,840,430	\$21,329,935	-2.3%	\$24,002,116	12.5%	9.9%
Benefits	\$29,626,894	\$28,787,047	-2.8%	\$32,116,516	11.6%	8.4%
<b>Total Salaries and Benefits</b>	<b>\$105,532,034</b>	<b>\$103,701,241</b>	<b>-1.7%</b>	<b>\$112,726,492</b>	<b>8.7%</b>	<b>6.8%</b>
<b>% of Total Exp (excl xfr to C/O)</b>	<b>91.6%</b>	<b>93.2%</b>		<b>85.5%</b>		
Supplies/Materials	\$1,017,300	\$948,359	-6.8%	\$953,417	0.5%	-6.3%
Other Op Exp (w/Contingency)	\$8,235,195	\$5,474,096	-33.5%	\$10,630,351	94.2%	29.1%
Capital Outlay	\$199,662	\$838,237	319.8%	\$1,297,424	54.8%	549.8%
Transfers	\$200,000	\$300,535	50.3%	\$6,236,696	1975.2%	3018.3%
<b>Total Expenses</b>	<b>\$115,184,191</b>	<b>\$111,262,468</b>	<b>-3.4%</b>	<b>\$131,844,380</b>	18.5%	14.5%
<b>Net Revenue</b>	<b>(\$2,065,235)</b>	<b>\$2,038,150</b>		<b>\$2,077,519</b>		
Reserves-Beginning		\$17,657,929		\$19,696,079		
Reserves-Ending		\$19,696,079		\$21,773,598		



# Difference from Budget to Actuals

- Conservative budget practices (buffers)
  - Positions budgeted, not filled (e.g., positions for FON)
  - Benefits
  - Other hidden 'contingencies', e.g. over-estimated BPOs
- Unfilled positions
  - Deferred/delayed hiring (intentional, COVID-related, HR turnover)
- Use of restricted funds
  - Use of restricted funds (Lottery, Adult Ed, SEAP, SWP, HEERF/COVID BG, etc.)
  - Capital outlay funds



# Analysis of 2022-23 Adopted Budget

- Revenue – ‘Ongoing’: +\$18.7M
  - SCFF - \$16.7M
    - \$6.7M COLA – offsetting cost increases
    - \$10M Base Adjustments – above HH; offset by FTES declines, ECA phaseout
  - Other State (FTF) and Local (PST) – \$3.8M – offsetting cost increases (FTF, PERS/STRS)
  - District Allocation – (\$1.8M) – college’s share of district 9.34% of revenue
- Revenue – One-time: +\$2.1M – student refund write-off, other
- Appropriations
  - \$2.5M 2022-23 Resource Allocation Process funding – New & Replacement, Ongoing & One-time; plus \$4.9M restricted
  - \$4.3M S&B improvement, less \$1M estimated savings
  - \$6.0M Transfer to capital outlay
  - \$2.4M Contingency
  - \$2.1M Surplus

# Projections: FY 2023-24 to 2025-26

	2021-22 Actual	2022-23 Adopted	2023-24 Projected	2024-25 Projected	2025-26 Projected
<b>Revenue</b>					
<b>Ongoing/COLA</b>		6.56%	0.00%	0.00%	0.00%
SB 361/SCFF (w/Hold Harmless)	\$103,180,384	\$119,918,053	\$116,742,132	\$112,113,578	\$107,109,393
Other (state/local - DS allocation)	\$8,411,274	\$10,177,998	\$10,974,629	\$11,406,936	\$11,874,327
One-time	\$1,708,960	\$3,825,848	\$1,825,848	\$1,825,848	\$1,825,848
<b>Total Revenue</b>	<b>\$113,300,618</b>	<b>\$133,921,899</b>	<b>\$129,542,609</b>	<b>\$125,346,362</b>	<b>\$120,809,568</b>
<b>Expenses</b>			<b>(\$4,379,290)</b>	<b>(\$8,575,537)</b>	<b>(\$13,112,331)</b>
Academic Salaries	\$53,584,259	\$56,607,860	\$58,907,860	\$57,657,860	\$56,107,860
Classified Salaries	\$21,329,935	\$24,002,116	\$24,502,116	\$24,502,116	\$24,502,116
Benefits	\$28,787,047	\$32,116,516	\$32,803,266	\$32,524,516	\$32,178,866
<b>Total Salaries and Benefits</b>	<b>\$103,701,241</b>	<b>\$112,726,492</b>	<b>\$116,213,242</b>	<b>\$114,684,492</b>	<b>\$112,788,842</b>
<b>% of Total Exp (excl xfr to C/O)</b>	<b>93.2%</b>	<b>85.5%</b>	<b>91.3%</b>	<b>91.2%</b>	<b>91.0%</b>
Supplies/Materials	\$948,359	\$953,417	\$953,417	\$953,417	\$953,417
Other Op Exp (w/Contingency)	\$5,474,096	\$10,630,351	\$8,630,351	\$8,630,351	\$8,630,351
Capital Outlay	\$838,237	\$1,297,424	\$1,297,424	\$1,297,424	\$1,297,424
Transfers	\$300,535	\$6,236,696	\$236,696	\$236,696	\$236,696
<b>Total Expenses</b>	<b>\$111,262,468</b>	<b>\$131,844,380</b>	<b>\$127,331,130</b>	<b>\$125,802,380</b>	<b>\$123,906,730</b>
Net Revenue	<b>\$2,038,150</b>	<b>\$2,077,519</b>	<b>\$2,211,479</b>	<b>(\$456,018)</b>	<b>(\$3,097,162)</b>
Reserves-Beginning	<b>\$17,657,929</b>	\$19,696,079	\$21,773,598	\$23,985,077	\$23,529,059
Reserves-Ending	<b>\$19,696,079</b>	\$21,773,598	\$23,985,077	\$23,529,059	\$20,431,897



# Projections: ECA impact & Phase-out

- ECA vs Actual FTES, 0% change in FTES from 2021-22 Annual
  - 2022-23: \$5.5M
  - 2023-24: \$8.0M
- Scenario 1: 2% annual decrease in FTES from 2021-22 (2022-26)
  - Change in SCFF Revenue from 2022-23: -\$3.2M, -\$7.8M, -\$12.8M
- Scenario 2: 0% annual change in FTES
  - Change in SCFF Revenue from 2022-23: -\$1.8M, -\$4.9M, -\$8M (HH)
- Scenario 3: -2%, 0%, 2%, 2%
  - Change in SCFF Revenue from 2022-23: -\$2.5M, -\$5.3M, -\$7.8M

\* Assumption: no change in Supplemental or Success revenue



# Projections: Challenges

- Budget volatility
  - 2019-20 Implement SCFF – less revenue
  - 2020-22 – Pandemic – initial recession forecast, then
  - 2022-23 – Base allocation, ECA but declining FTES
- ECA phase-out – last year 2024-25
  - ECA impact on FON – FTF increase, then decrease
  - Volatile budgets
- SCFF/Hold harmless protection – last year 2024-25, includes 1 year of 2019-20 FTES, then absorb COLAs to actual SCFF funding



# Projections: Opportunities

- One-time/short-term surpluses/reserves
  - Stabilize revenue and manage expenses
    - Marketing and other short-term investments to support access, equity, success
    - Equipment, facilities, technology to improve operating efficiency, reduce O&M cost
    - Sustainability – energy efficiency, PV/EVs, low water/maintenance landscaping
    - As operating costs are reduced, reallocate resources to optimize alignment with goals
    - Maintain reserves to support future increased demand (recession)
- Ongoing strategic investments – access, equity, success
  - New FTF (FON)
  - Guided Pathways implementation (enrollment & academic support)
  - Equity barriers (basic needs, support services)



# Budget Principles/Goals

- Long-term fiscal stability
  - Accurate budget forecasts - eliminate or account for (estimated savings) budget 'buffer' – close unauthorized/unnecessary positions
  - Align essential, ongoing expenses with most reliable, ongoing revenues
  - Evaluate Total Cost of Ownership (TCO) – to maximize total value
- Maximum strategic impact (Overall value: benefits/cost)
  - Evaluate expenditures to maximize alignment with strategic goals/outcomes
  - Price comparisons to minimize cost
- Equity for all student demographics and across all programs/services
  - Ensure budget allocations support equitable student outcomes and experiences across programs student demographics
- Organizational effectiveness – maximum flexibility and responsiveness
  - Layer budget by expenditure priority – essential, high ROI, low ROI
  - Contingencies at division, branch and college-wide budget
- Other – Fiduciary responsibility and accurate financial reporting



# Budget Stability/Flexibility/Structure

- Essential (ongoing, consistent, inflexible)
  - Minimum costs necessary to support programs and services
- Non-essential (ongoing, flexible)
  - High strategic impact
  - Low strategic impact
- Contingency (one-time, periodic fluctuations)
  - Unanticipated costs (R&M, equipment replacement), improvements, innovations, investments
  - FS144



# Budget Strategies

- Strategic resource allocation: Align resource allocations with strategic outcomes to maximize overall value (RA/CRC rubric)
- Use restricted and capital outlay (RDA, Basic aid) funds
- Eliminate or reduce scope of contract services
- Competitive pricing – best value (long-term)
- Coordinate PD and other activities college-wide
- Improve efficient use of all resources (personnel, facilities, tech, \$)
  - Data in RA process, Benchmarks, College-wide standards
- Improve sustainability – reduce, reuse, recycle
  - Lower utilities, waste collection/hauling, water, paper, furniture, gasoline, etc.



# Important Questions

- **Is it essential...to support timely completion?**
- If not essential...**Is it the best possible use of resources** to support timely completion? High strategic impact
- **Is it the best overall value** (ROI) – maximum benefits (highest quality), lowest total cost of ownership (TCO)?
- **Is it equitable** – to students/employees from all demographics and across all programs and services? If we provide resources for one program, can we do it for all?
- **Is there an alternative funding source** (restricted, capital outlay, ASG, etc.)?



# Summary

- **Challenges:**

- State budget – is revenue sustainable?
- Declining enrollment, ECA phase-out
- ECA impact on FON (also an opportunity)
- Aligning budget with volatile revenue

- **Goals for 2022-23**

- Continued focus on strategic principles - maximize strategic outcomes – access, equity, success
  - Invest in FTF, program development, facilities, and technology
  - Implement Guided Pathways framework
  - Increase understanding and effective use of resource allocation rubric– program importance, urgency, strategic impact, overall value (max benefit/min cost)– to improve institutional effectiveness

- **Strategy:**

- Collaborative, collective effort
- Continue to evaluate and improve alignment of resources with goals
- Evaluate overall value of new resource allocations (benefits relative to cost & TCO)



Questions?

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