



# TENTATIVE BUDGET

FY 2020-2021



June 22, 2020

# THE DISTRICT . . . . .



**Overview:** The South Orange County Community College District (SOCCCD) is a multi-campus district encompassing Saddleback College (SC) in Mission Viejo, Irvine Valley College (IVC) in Irvine, and the Advanced Technology & Education Park (ATEP) in Tustin. Founded in 1967, the 382-square mile district covers almost 50 percent of Orange County and is governed by a seven-member elected Board of Trustees and a Chancellor.

Over the past three years, SOCCCD student enrollments have declined slightly. Total student headcount for spring 2020 is over 43,000 and resident full time equivalent students (FTES) for FY 2019-20 is over 26,500 as compared to 27,400 in FY 2016-17. SOCCCD has approximately 4,000 team members consisting of faculty, management, classified staff, and police.

**Budget Outlook:** The District is projecting difficult budgets over the next several years due to the economic downturn caused by the Coronavirus pandemic (COVID-19). The nation is officially in a recession, which will likely take three to seven years to recover. Joint meetings with the colleges and district services are taking place to discuss district-wide budget impacts and strategies. These strategies include using a multi-year approach to planning, distinguishing between ongoing and one-time revenues to align with expenses, implementing efficiencies to improve services and lower costs, thoroughly evaluating and assessing all positions as they become vacant, and expanding resource development to supplement revenue.

**Planning Efforts:** District-wide planning and budgeting processes are continually evaluated and improved. In response to accreditation recommendations, the district-wide planning processes were developed and are integral to all aspects of college and district-wide decision-making and resource allocations in a transparent, inclusive and open process. The District-wide Planning Council (DWPC) implements the recommendations and oversees the strategic planning processes with other major district-wide committees making recommendations on resources, such as the District Resources Allocation Council (DRAC), the Capital Improvement Committee (CIC), the District-wide Technology Committee (DTC), and the Basic Aid Allocation Recommendation Committee (BAARC).

**State Budget and the Community College System:** The Governor released his May Revision on May 14, 2020. The overall allocation for Proposition 98 funding is \$70.5 billion with 10.93% going to community colleges. This is a drastic reduction (\$13.5 billion) from the January proposed budget when the economic outlook was much brighter. The Governor is predicting a \$54 billion budget shortfall in the current year with continued deficits through FY 2023-24 due to the economic impacts of COVID-19.

The proposed impacts to the Student Centered Funding Formula (SCFF) include an approximately 8% base reduction, no COLA or growth,

and slightly adjusting the 2019-20 funding rates. Although community-supported (basic aid) districts do not receive state funds for their operating budgets, for the first time, the proposed budget language reduces the categorical programs for these districts by a proportional amount of the base reduction in addition to the individual program cuts outlined below. The budget also proposes adding two additional years of the funding guarantee (hold-harmless) through FY 2023-24 for the SCFF. Despite these large budget cuts, the Governor expects colleges to maintain enrollment at the current levels.

Some of the budget highlights that relate to community colleges are:

- (\$593) million base reduction (8%)
- \$0 for COLA
- \$0 for apportionment growth
- \$2.3 billion to offset the PERS and STRS rates in 2020-21 and 2021-22
- (\$135.6) million reduction in Strong Workforce program (58%)
- (\$68.8) million reduction in Student Equity and Achievement program (15%)
- (\$7.3) million reduction in Part-Time Faculty Compensation and Office Hours programs and the statewide Academic Senate (15%)
- (\$54.4) million reduction in the Adult Education program (10%)
- \$223.1 million for 25 new and 15 continuing capital outlay projects

The passage of Proposition 55 in the fall of 2016 continues to provide Educational Protection Account (EPA) funds through December 31, 2030 at \$100 per FTES.

**SOCCCD Budget:** The SOCCCD tentative budget for all fifteen funds totals over \$1.1 billion, which is comprised of \$535 million in beginning fund balances and \$544 million in revenue. Our total budgeted expenditures is \$883 million and we anticipate spending down our reserves by \$339 million leaving \$197 million in ending fund balance. Because the District is a community-supported (basic aid) district, it is essential that the budget remain conservative. For this coming year, property tax revenues remain a constant, reliable funding stream with an estimated 2.5 percent increase in secured taxes. Prior to COVID-19, it was anticipated that property taxes would increase an estimated 3.9 percent. We have further adjusted our estimates in response to COVID-19 so that the tentative budget includes conservative estimates for enrollment fees, non-resident tuition, EPA funds, Lottery, interest, and other miscellaneous revenue.

Although SOCCCD does not receive state general apportionment, proposed changes to the funding formula do have an impact on college operating budgets as our Board policies dictate we follow the SCFF for allocating funds. In order to maintain operations and serve students

during these tumultuous times, we determined that we would make a one-time exception to our Board policy by utilizing our property taxes to avoid the 8% base funding reduction, fund the calculated COLA of 2.31%, and fund an additional 0.48% growth. The base reduction cut to the categorical programs totals \$13 million for SOCCCD. In order to mitigate the impact to those programs, property tax funds were again used to backfill 50% (\$6.5 million) of the cuts. The State legislature has put forward a budget proposal that would alleviate these cuts; therefore, the categorical reductions will be adjusted based on the final state budget, if needed, for the FY 2020-21 Adopted Budget to be approved by the Board of Trustees in September.

District-wide operating costs continue to increase from negotiated salary increases, health and welfare benefit increases, and pension rate increases. Personnel costs as a percentage of total budget expenditures equal 86.6%, which is within our recommended budget target of 86% - 88%. However, the number jumps to 89.1% if the categorical backfill funds are excluded. This indicator demonstrates the need for future budget vigilance. The budget includes the current negotiated salary increases for all units.

The \$2.3 billion State investment in the pension plans will reduce the anticipated STRS and PERS rates for fiscal years 2020-21 and 2021-22. It brings down the 2020-21 employer rate for PERS from 22.67% to 20.7% and for STRS from 18.41% to 16.15% generating approximately \$2.5 million in savings for our District in 2020-21. This will also decrease the projected 2021-22 rates for PERS and STRS from 25% and 18.2% to 22.84% and 16.02%, respectively. The estimated increased costs for 2020-21 over the current year are \$257 thousand. This will grow an additional \$848 thousand in 2021-22. The Board has approved participation in a Pension Stabilization Fund to offset these increased costs. Deposits totaling \$39.7 million were previously made to the trust but with the withdrawals made to fund these increased costs, the balance at May 31, 2020 is only \$25.8 million. Additional deposits will be made to maintain the fund beginning with a \$5 million BAARC allocation for 2020-21.

After providing \$17.5 million in COLA, growth, and no base reduction to the SCFF funding formula for the colleges through the DRAC model, excess property tax revenues available for basic aid distribution for 2020-21 fiscal year total approximately \$89 million. These funds are used for long-term debt obligations, technology projects, and capital expenditures in lieu of bonds that other community colleges use. These funds are allocated in the budget based on the recommendations from BAARC that were approved at the April 27, 2020 Board meeting. As a result of the May Revise, subsequent adjustments to reduce our property tax estimates and backfill the categorical programs described above were made to the BAARC recommended amounts based upon direction provided at the June 4, 2020 Board study session.

The State capital outlay budget funds the construction phase for our two projects as follows: \$20,838,000 for the Fine Arts Complex at Irvine Valley College and \$23,626,000 for the Gateway Project at Saddleback College. These amounts are not included in this tentative budget but will be added to the adopted budget once final approval is received from the State.

The unrestricted general fund budget provides for each college's operations, district-wide general expenses, District Services, and a general reserve of 7.5%. The reserve is necessary for a self-sufficient district and allows the District to manage cash flow throughout the year as well

as prepare for unforeseen expenditures and emergencies that may arise during the year.

We have added a new fund, the Student Representation Fee Fund, to account for the \$2 fee charged to students as required by Assembly Bill No. 1504 that passed the legislature and was signed into law by the Governor in October 2019. The fees collected will be distributed equally between the college associated students' accounts and the statewide community college student organization after deducting no more than seven percent for the cost of collecting and administering the fees. The college associated students organizations may use the funds to support their governmental affairs advocacy at the local, state, and national level.

### Saddleback College

In the FY 2019-20 Tentative Budget, Saddleback College faced an estimated \$8 million structural deficit – ongoing expenses exceeding ongoing revenues – caused by less revenue from the new Student Centered Funding Formula, declining enrollment, and rising costs. Nevertheless, ongoing and one-time revenue allocated in the final Adopted Budget, enrollment growth, and significant cost savings measures have dramatically changed the college's financial outlook for FY 2019-20. Instead of a large deficit, the college expects to end FY 2019-20 with a surplus, increasing the college's reserves in the Adopted Budget. Carrying forward the one-time funds allocated in FY 2019-20 will provide much needed financial stability to get through the economic turbulence caused by the COVID-19 pandemic.

While the college's financial position has greatly improved in the last year, the Tentative Budget includes a \$5.4 million projected deficit due largely to the high cost of its comprehensive CTE programs, and increasing salaries and other operating costs. Cost savings offset some of the operating deficit but reduced categorical funding (partially backfilled) and projected loss of revenue from fees impacted by the COVID-19 pandemic will result in a dependence on the college's reserves.

While ongoing revenue in the DRAC formula increases in FY 2020-21 by \$2.7 million, the total DRAC revenue (minus basic aid categorical backfill and ending balances) decreases by \$1 million due to a decrease in one-time revenue. In addition, revenue from State categorical allocations are projected to decrease \$10 million based on the Governor's proposed budget (before the categorical backfill from property taxes); and other local revenue sources (parking, Child Development Center, community facility use, community and contract education programs, food and vending commissions, etc.) are projected to decrease by up to \$3 million due to the campus closure. Nearly \$4 million mitigate the projected loss of categorical revenue, backfilled from basic aid funds, and program carryover funds. The college is also using some of the funding from the CARES Act Higher Education Emergency Relief Funds and Minority Serving Institution Funds to cover expenses associated with the move to distance learning.

In FY 2020-21, the college will continue the work to eliminate its structural deficit and ensure long-term financial stability while also making

short-term cuts to address the challenges caused by the projected reduction to categorical funding and other COVID-19 related impacts. We also anticipate needing to increase the budget for instructional faculty to create new sections to accommodate projected enrollment increases, though some of that increased enrollment will increase efficiency in existing sections, while additional sections are created only where long waitlists require them. Over the last two years, the college has conserved resources and increased its reserves to provide stability through the transition to the new State funding formula. The reserves will enable the college to effectively meet the growing needs of its students and community over the next few years.

### Irvine Valley College

The total tentative budget for IVC is proposed at \$81.7 million reflecting a modest 0.4% increase compared to prior year. Additional SCFF revenue included in the budget is \$804,000, which factors in a \$1 million increase in base allocation, offset by a \$2.4M reduction in the supplemental allocation, and a base reduction of \$5.1 million, or 8%, and a basic aid funded augmentation of \$6.9 million to offset the 8% cut plus COLA and growth. Non-resident tuition revenue is conservatively budgeted at 95% of prior year level as a net result of a 9.4% increase in tuition rate and a 14% projected decline in the international student enrollments due to COVID-19.

Expenditures have been budgeted conservatively reflecting two new faculty in Economics and Japanese in support of those programs and to maintain compliance with the faculty obligation number (FON). Baseline increases include negotiated salary increases, step and column movement, benefit changes, and other costs of doing business. Given the fiscal uncertainties at both the state and federal levels, no further major increases are included in the budget at this time.

IVC's share of the categorical program reductions is \$5.1 million, which coupled with the basic aid backfill amounts to about a 25% net reduction to these programs. This is in addition to \$1.2 million in program-specific cuts applied to Student Equity and Achievement Program (15%), Adult Education Block Grant (10%) and Strong Workforce (58%) programs. For the purposes of the tentative budget, the college applied the 25% reduction across the board to all programs. The college will be working with the district to finalize any reductions to the categorical programs throughout the summer as State budget information becomes available. The goal is to minimize any negative impact on students while maintaining the short-term and long-term fiscal viability of the programs.

**Looking Ahead:** The Tentative Budget gives us the authority to begin spending on July 1. The Legislature is required to adopt a budget by June 15 and the Governor has 12 days to sign or veto the budget. The Governor has indicated that he will revise the State budget in August after receipt of the final tax returns, which are due on July 15. This “junior” budget bill will then run through both the Assembly and Senate

before being finalized and adopted. Due to this additional budget, we are postponing our Adopted Budget approval to the September Board of Trustees meeting so we can incorporate the final budget assumptions approved in June and any changes from this “junior” budget bill into our Adopted Budget.

Chancellor Burke reviewed the budget and confirms that it is balanced as required by law.

*Ann-Marie Gabel*

*Vice Chancellor, Business Services*

*South Orange County Community College District*

# BUDGET DEVELOPMENT GUIDELINES

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## **Board Philosophy:**

The Board of Trustees shall support and follow fiscal policies that:

1. Ensure wise and prudent use of public resources.
2. Promote financial strength and stability.
3. Maximize educational opportunities for students.

## **Participatory Governance:**

An opportunity for review and input will be provided to the appropriate participatory governance groups prior to adoption of the budget.

## **Guiding Principles:**

The following guiding principles are provided by the Board of Trustees for use when recommendations are made about the budget.

### **1. Reserve for Economic Uncertainties**

The general fund reserve for economic uncertainties shall be no less than 7.5% of the projected unrestricted revenue. A monthly update will be provided to the Board of Trustees that reviews current revenue, expenditure, and ending balance projections. Any action proposed by a staff member, a Board member, or the Board of Trustees as a governing body, which could potentially reduce the reserve, will be reported to the Board in the monthly update. A reported reduction in the reserve below 7.5% shall be accompanied by a plan that indicates how the reserve shall be restored.

### **2. Future Long Term Debt Issues**

No additional Certificates of Participation (COP), or other long-term debt, will be issued until:

- a. An ongoing revenue stream has been identified that covers the full payment for the existing issues or
- b. A dedicated revenue stream has been identified for the payments for the new issue.

The Board has identified this principle as having a very high priority.

### **3. Retirement Incentives**

No retirement incentives will be provided unless one-time funds have been identified that will cover the full cost or the plan savings are sufficient to pay the cost of the incentive.



#### **4. Area/College Allocations**

The expenditure budgets for each area/college shall not exceed the projected resource allocations. Any college or district balances existing at the end of each fiscal year, either positive or negative, will result in an equivalent adjustment in the allocation in the subsequent year. In addition, the Vice Chancellor of Business Services and college business officers shall monitor the college budgets to ensure there are no negative balances.

#### **5. Deficit Financing**

Deficit financing is defined as a budget in which projected expenditures exceed projected revenue and beginning fund balance for the year. Deficit financing should not occur for ongoing expenses such as salary increases. The amount of deficit financing should always be clearly presented in the budget document. Deficit financing shall not result in a reserve balance that is less than 7.5%.

#### **6. Retiree Medical, Dental, Vision, and Medicare Coordination of Benefits (COB) Plans**

To be compliant with GASB 43 and 45, an irrevocable trust was formed in FY 2007-08 to fund medical, dental, vision, and Medicare plans for SOCCCD retirees. This trust was established and the Futuris Public Entity Investment Trust Program was selected to organize the structure and operations of the trust. Benefit Trust Company was selected to manage the funds in the trust. An actuarial study is conducted annually to update the District's OPEB (other post-employment benefits) liability. It is the Board's intent to fully fund the liability once it is identified.

#### **7. Basic Aid**

While the District is a basic aid district:

- a. The expenditure budgets for ongoing purposes shall be the resources that would have been available from state apportionment.
- b. Excess revenue above apportionment shall be allocated at the college or district level for one-time purposes, such as to cover some of the unfunded obligation for the retiree benefit plans.
- c. Excess revenue above apportionment shall not be used for regular ongoing expenditures, such as salaries.
- d. Excess revenue above apportionment shall not be used for any other purposes that will jeopardize the District's future financial stability.
- e. BP and AR 3110 will be followed when allocating basic aid funds, unless the Board of Trustees authorizes a departure from the policy.

#### **8. One-time Cost Savings**

One-time cost savings shall be allocated to purposes such as the unfunded obligation for the retiree benefit plans, or to one-time expenditures.

**9. Full Time Equivalent Student Targets**

When developing the target FTES, consideration will be given to the following:

- a. The needs of students and the community.
- b. The percentage of growth allocation in the state apportionment formula.
- c. The FTES generated in the most recent academic year.
- d. The number of FTES the college administration realistically believes can be generated.

**10. Funding for Growth**

The District resource allocation model shall limit funding for growth FTES to a maximum of the SOCCCD individual adjusted growth rate published by the California Community College System Office, adjusted by subsequent System Office revisions. District growth funding shall also be constrained by FTES growth achieved by the District up to the maximum amount funded through the state funding formula.

## SUMMARY OF GENERAL FUND BUDGET ALLOCATIONS (BEGINNING FUND BALANCE & REVENUES)

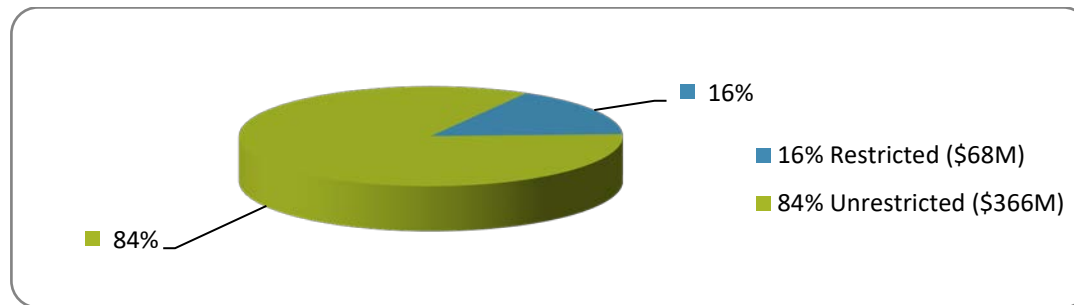
Allocated Area	* Unrestricted	*Restricted	Total
Saddleback College	\$ 125,134,154	\$42,505,886	\$167,640,040
Irvine Valley College	\$ 84,262,731	\$22,106,988	\$106,369,719
District Services	\$ 24,375,819	\$ 3,236,399	\$ 27,612,218
<b>Basic Aid</b>			
Basic Aid Allocation/Transfer**	\$ 87,594,870		\$ 87,594,870
Basic Aid Contingency	\$ 17,733,682		\$ 17,733,682
<b>Other</b>			
District-wide General Expense	\$ 4,848,302	\$ 112,356	\$ 4,960,658
Part-Time Faculty Parity Funds/STRS On-Behalf	\$ 7,983,600		\$ 7,983,600
Reserves for Economic Uncertainties	\$ 14,547,503		\$ 14,547,503
<b>TOTALS</b>	<b><u>\$ 366,480,661</u></b>	<b><u>\$ 67,961,629</u></b>	<b><u>\$434,442,290</u></b>

\* See pages 26 and 27 (Revenue, expenditures and change in fund balance for each budget location)

\*\*Prior Year Beginning balance of Basic Aid funds (\$1 M) is in the Capital Outlay Fund.

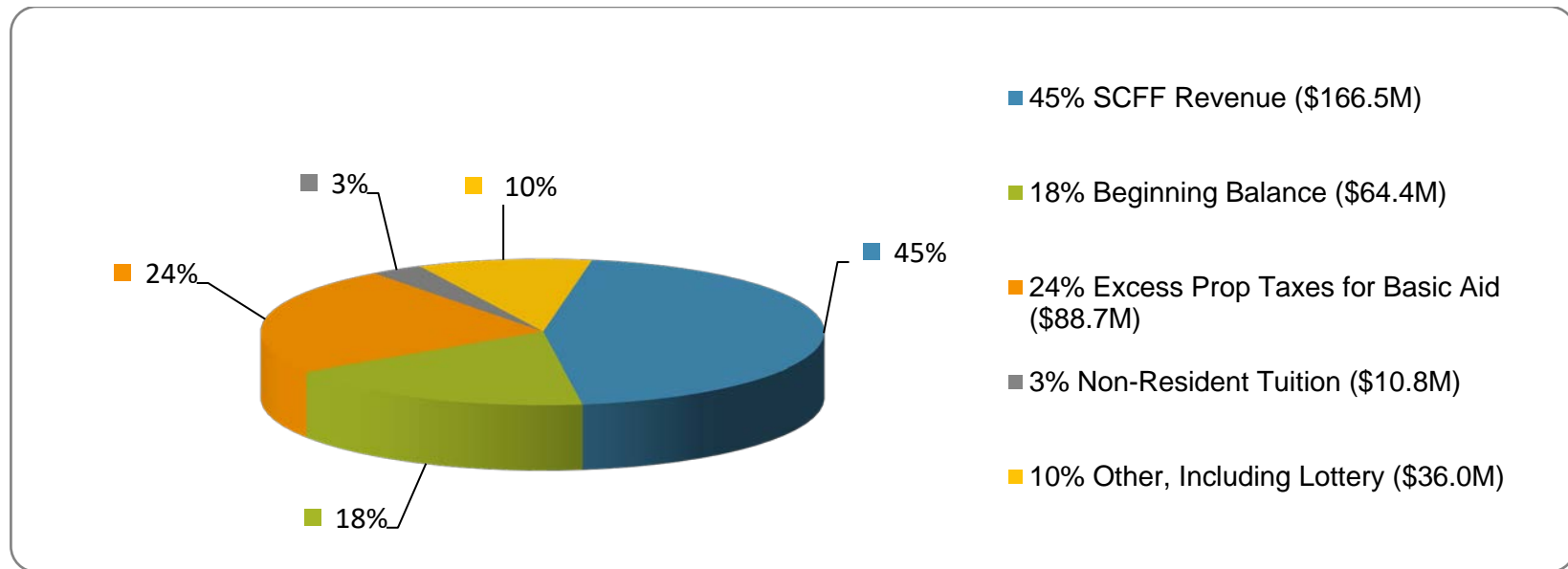
## GENERAL FUND REVENUE

The general fund, which totals \$434 million in beginning balances and revenues, consists of accounts that are not required to be recorded in a separate fund. There are two segments of the general fund: “Unrestricted” and “Restricted.”

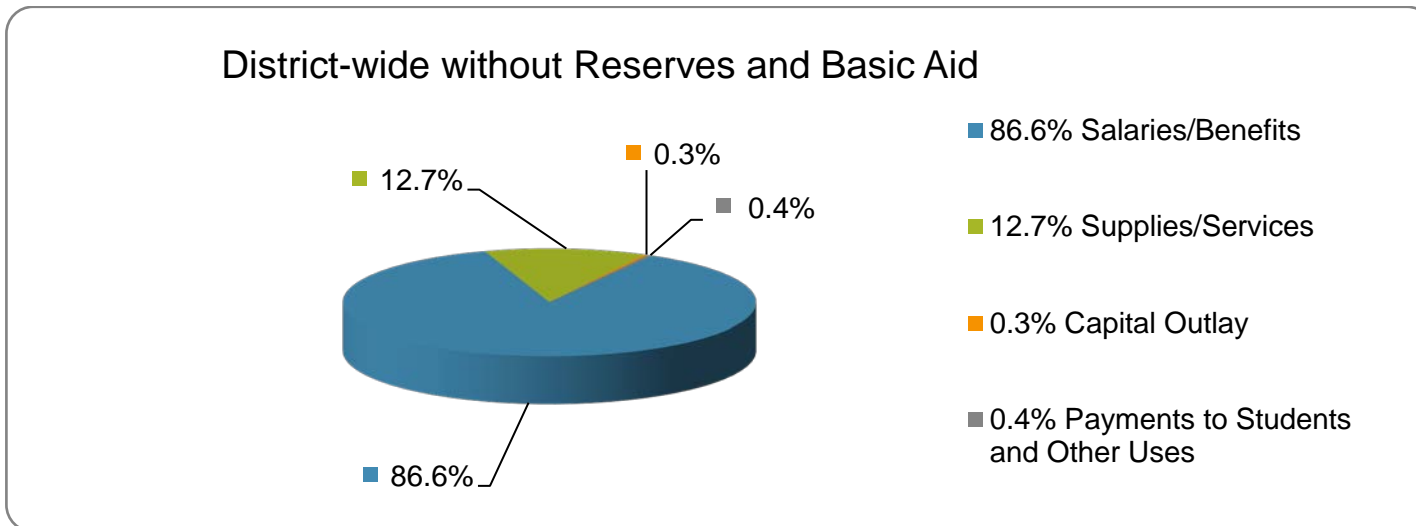
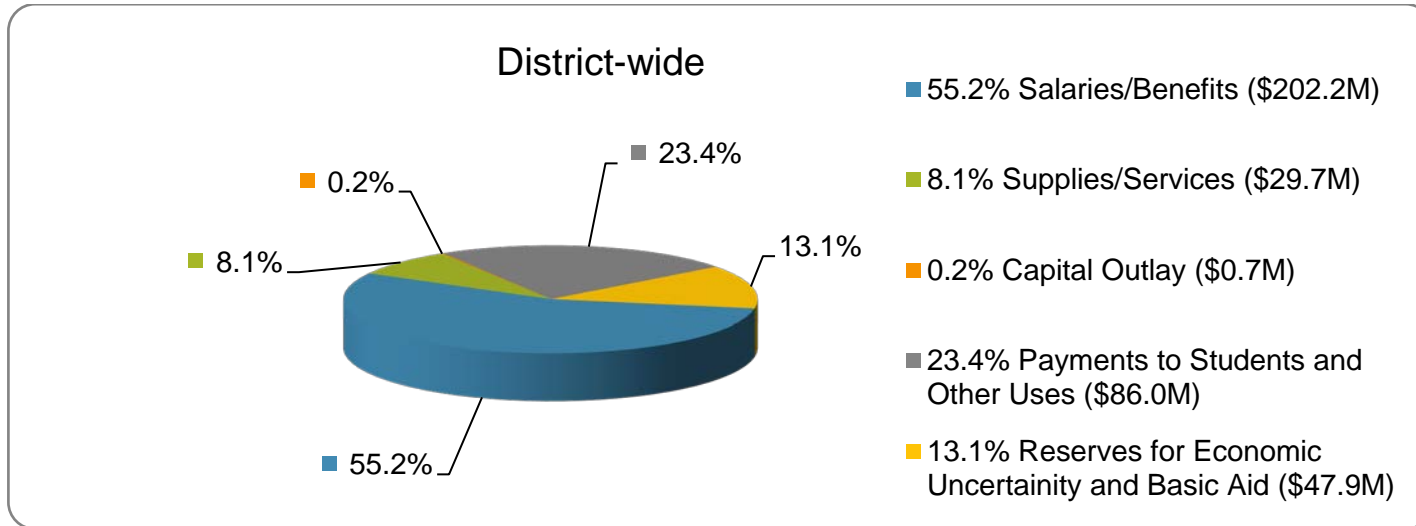


## UNRESTRICTED GENERAL FUND REVENUE

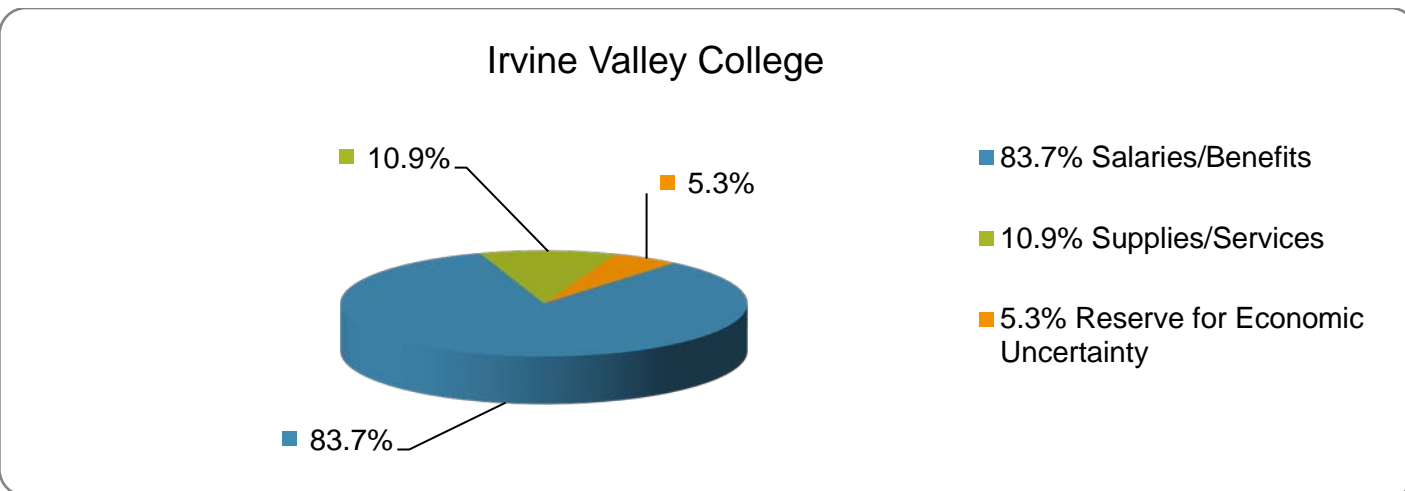
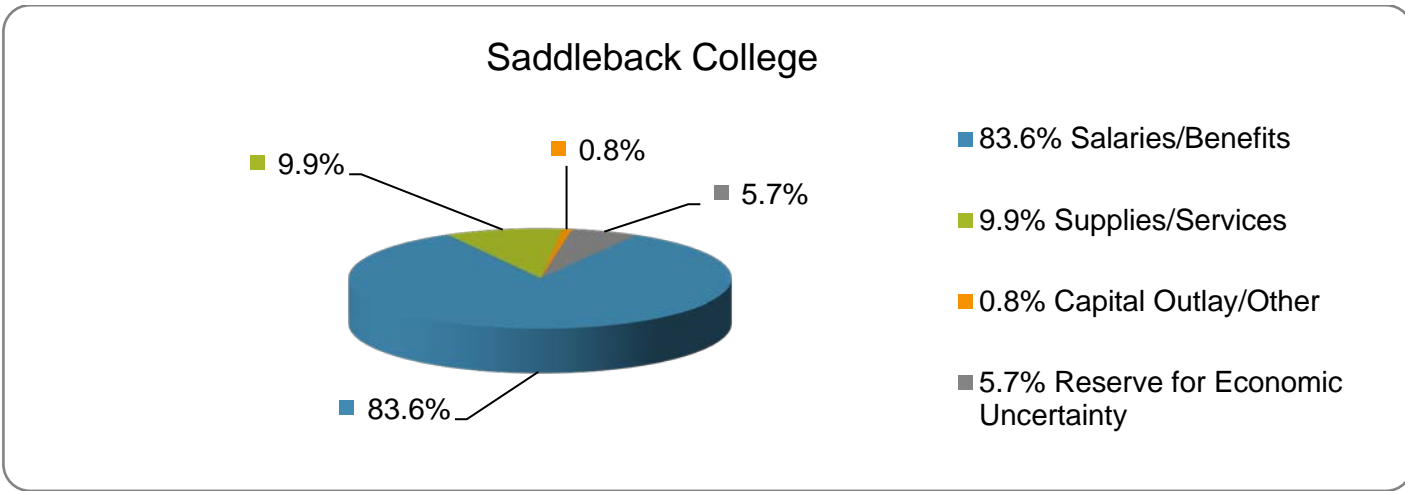
The largest segment of the general fund is the *unrestricted portion*, which totals \$366 million and accounts for resources for the general-purpose programs of the District (84% of the activity). This is a decrease of \$7 million over last year due primarily to a decrease in the beginning balances. Of the resources, 45% is equivalent to the amount that would be calculated in the SCFF assuming no base reduction and funding for COLA and growth. The total amount that is equivalent to what would be potentially received from state apportionment funding is determined by the State Budget Act and is distributed to the 73 community college districts by formulas developed by the California Community College Chancellor's Office. The District will not receive state apportionment funding because local property taxes and student enrollment fees exceed the calculation entitlement. The remaining part of the unrestricted resources comes from 2020-21 Basic Aid (24%), Non-Resident Tuition (3%), and other sources, including transfers, EPA funds, interest, ground leases, and Lottery (10%). The beginning balance, carried forward from the prior year, is 18% of available unrestricted funds.

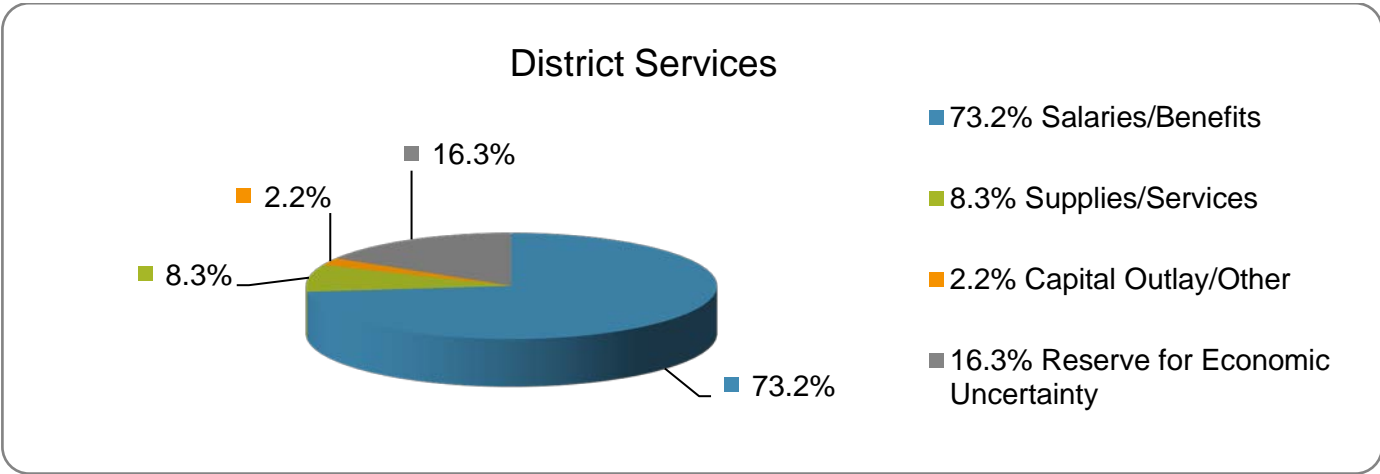


## UNRESTRICTED GENERAL FUND OPERATING EXPENDITURES



Most of the expenditures in the general fund operating budgets are for employee salaries and benefits as seen below. Saddleback College's salaries and benefits equal 83.6% of its operating budget (down from 90.1%) and Irvine Valley College's salaries and benefits equal 83.7% of its operating budget (down from 90.8%). District Services salaries and benefits decreased from 89.6% to 73.2% of its operating budget. These costs reflect the existing salary rates and estimated benefit cost increases.

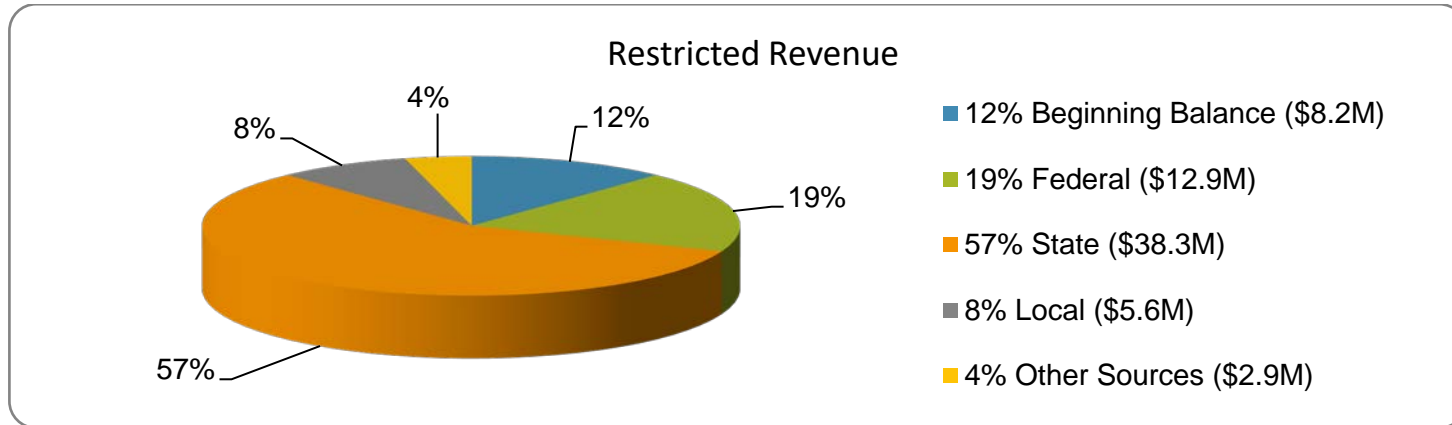




*For fiscal prudence, the District-wide recommended budget target for overall staff costs is to not exceed 86-88% of the total budget so there are sufficient resources for instructional materials, equipment, and other operational costs. It is advisable to be on the low end of the range.*

## RESTRICTED GENERAL FUND

The other segment of the general fund is the *restricted portion (categorical programs and grants)*, representing approximately \$68 million (16%) of the general fund activity. This fund accounts for federal, state, and local money that must be spent for a specific purpose by law or agreement. Examples of these programs, which are mostly services targeted for specific population groups, are: Perkins Title I-C, Student Equity and Achievement (SEA) Program, Strong Workforce, Extended Opportunity Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), and Adult Education. The restricted general fund decreased by \$20 million from the prior year primarily due to the base reduction in state funds applied to categorical programs and lower anticipated local revenues such as parking fees. All federal, state, and local grants and categorical funding are recognized in the restricted general funds of the district and are used primarily by the colleges for support to educational programs and specialized activities.



## NOTEWORTHY GENERAL FUND ASSUMPTIONS

- Unrestricted General Fund beginning balance is \$64.4 million. This is composed of the prior year reserve for contingency (\$16.9 million), location beginning balances (\$24.4 million), and basic aid funds (\$23.1 million) which are included in the basic aid project budget.
- Current year FTES are up slightly as of P2 reporting. Targets for 2020-21 reflect 0.48% growth on 2019-20 funded FTES.

Annual FTES (CCFS-320)					
	2016-17 Annual	2017-18 Annual	2018-19 Annual	2019-20 P2	2020-21 Target
IVC	10,497	10,093	9,883	9,684	9,731
SC	16,869	16,883	16,651	16,891	16,815
<b>TOTAL</b>	<b>27,366</b>	<b>26,976</b>	<b>26,534</b>	<b>26,575</b>	<b>26,546</b>

- Education Protection Act (EPA) funds are budgeted at \$2.65 million (\$100 per FTES). The revenue will be adjusted at the Adopted Budget when FTES estimates are confirmed. These revenues are from temporary taxes and are budgeted for part-time faculty salaries and benefits.



- Enrollment fee revenues are expected to remain flat.
- Lottery revenue is budgeted at \$4.3 million based on an estimated \$150 per FTES. Lottery funds are paid on all FTES, including non-resident FTES.
- Interest revenue is budgeted at \$2 million based on an anticipated decrease in earnings.
- Ground lease revenue is budgeted at \$3.1 million, an increase of 9%, due to the contract price escalation.
- The property and liability insurance coverage is budgeted at \$1,000,000, the same as 2019-20. This is anticipated to increase for the adopted budget once the renewals are received.
- Employee movement on salary schedules (steps and columns) for all employee groups and negotiated salary increases of 2.92% for faculty, 2.25% for classified, 2.02% for police, and 2.5% for management are budgeted.
- The tentative budget includes a 2.5% cost increase for employee benefits including PPO medical insurance, HMO medical insurance, dental insurance, vision insurance and life insurance. Initial renewal information indicates the final increase will be lower for the adopted budget.
- Workers' Compensation insurance is budgeted at 1.35% of salaries, the same as 2019-20.
- The unemployment insurance rate for 2020-21 remains stable at 0.05% of salaries.
- The Public Employees Retirement System (PERS) employer contribution rate approved by the PERS board is 22.68% of salaries, an increase of 2.959% from 2019-20. Since that time, the May Revise was released and included contributions to the retirement systems that reduced the rate to 20.7%, a 0.979% increase from 2019-20. Due to the late change in rates, the revised PERS rate will be reflected in the adopted budget.

Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Increase
	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	over 2015-16
<b>PERS Annual Rate</b>	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.840%	25.500%	26.200%	26.500%	
<b>PERS Contribution</b>	4,491,723	5,646,703	6,282,896	7,617,986	8,490,708	9,101,147	10,042,039	11,211,558	11,519,327	11,651,227	7,159,504

- The State Teachers Retirement System (STRS) employer contribution rate for 2020-21 is budgeted at 18.4% of salaries, an increase of 1.3% from 2019-20. The May Revise included contributions to the retirement systems that reduced the rate to 16.15%, a 0.95% decrease

from 2019-20. Due to the late change in rates, the revised STRS rate will be reflected in the adopted budget.

Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Increase
	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	over 2015-16
<b>STRS Annual Rate</b>	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%	16.020%	18.100%	18.100%	18.100%	
<b>STRS Contribution*</b>	6,692,933	8,553,945	9,765,138	11,039,240	11,908,343	11,554,930	11,461,918	12,950,107	12,950,107	12,950,107	6,257,174

The General Expenses have the following budgeted amounts:

<u>EXPENSE</u>	<u>FY 2020-21</u> <u>AMOUNT</u>	<u>CHANGE from</u> <u>FY 2019-20</u>
District Services Facilities and Maintenance	\$ 300,000	
CSEA Professional Development	\$ 30,000	\$ 30,000
Discrimination/Harassment Investigation Services	\$ 450,000	
District-wide IT Maintenance Agreements	\$ 1,657,302	\$ 543,388
District-wide Strategic Planning	\$ 110,000	
Employee Safety Compliance Cost	\$ 60,000	
Faculty Job Fair	\$ 30,000	
Faculty Sabbatical Bond Payments	\$ 18,000	
Financial Audit	\$ 145,000	
Internal Audit	\$ 270,000	\$ 15,000
Labor Contract Negotiations	\$ 100,000	
Legal Advertising	\$ 65,000	
Legal Fees	\$ 600,000	
Local Experience Charge – Unemployment Insurance	\$ 80,000	\$ 35,000
Offsite Technology Security	\$ 45,000	
Personnel Advertising	\$ 130,000	
Phone System Maintenance Agreement (moved to DW IT Maint)	\$ 0	(\$ 225,000)
Property & Liability Insurance	\$ 1,000,000	
Taxpayer Relief Act Compliance	\$ 58,000	
<b>TOTAL GENERAL EXPENSE ACCOUNTS</b>	<b><u>\$5,148,302</u></b>	<b><u>\$ 398,388</u></b>
District Services Facilities and Maintenance*	\$ <300,000>	
<b>ADJUSTED GENERAL EXPENSE ACCOUNTS</b>	<b><u>\$4,848,302</u></b>	<b><u>\$ 398,388</u></b>

*\*Paid to Saddleback College for expenses related to District Services space in the Health Sciences Building*

The 2020-21 Tentative Budget includes inter-fund transfers as follows:

<b>To:</b>	<b>From:</b>					<b>Total</b>
	<b>General Fund SC</b>	<b>General Fund DS</b>	<b>Basic Aid</b>	<b>Associated Students SC</b>	<b>Pension Stabilization</b>	
General Fund IVC (a)					\$3,600,000	\$3,600,000
General Fund SC (a)					\$5,467,000	\$5,467,000
General Fund DS (a)					\$1,120,000	\$1,120,000
Capital Outlay (b)			\$74,874,099			\$74,874,099
Child Development (c)	\$392,976			\$20,388		\$413,364
Self-Insurance Fund (d)		\$440,000				\$440,000
Retiree Benefits Fund (e)			\$5,225,816			\$5,225,816
Pension Stabilization Fund (f)			\$5,000,000			\$5,000,000
<b>Total Transfers</b>	<b>\$392,976</b>	<b>\$440,000</b>	<b>\$85,099,915</b>	<b>\$20,388</b>	<b>\$10,187,000</b>	<b>\$96,140,279</b>

- a) *Transfer from Pension Stabilization Trust for increased PERS and STRS costs from 2015-16*
- b) *Transfer from Basic Aid for capital outlay projects*
- c) *Transfer from SC General Fund and ASG to support the child development center*
- d) *Transfer DS funds to support Risk Management Department*
- e) *Basic Aid funds allocated for retiree health benefits liability*
- f) *Basic Aid funds allocated for pension stability trust fund*

## FISCAL STABILITY AND RESERVE FOR ECONOMIC UNCERTAINTIES

Reserve funds are an important financial solvency safeguard. Examples of needs for the reserve for economic uncertainties are revenue shortfalls, unexpected repairs, and enrollment declines occurring during the year.

Based on BP 3100, the FY 2020-21 Tentative Budget includes a reserve for contingency of 7.5% of unrestricted operating funds, with a total amount of \$14,547,503. The State Chancellor’s Office recommends a prudent level of reserve of 5%.

## BASIC AID STATUS

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A “community-supported” or basic aid district is one that receives more revenue from local sources (property taxes and student enrollment fees) than it would receive in total for state apportionment. The District, therefore, is self-sufficient and does not rely on state apportionment for general operations. The portion of property taxes received above the state calculated allocation is referred to as Basic Aid Receipts. The District returned to its status as a community supported district in FY 1999-2000 and has received basic aid receipts as follows:

<b><u>Fiscal Year</u></b>	<b><u>Basic Aid Receipts</u></b>
1999 - 2007	\$214,160,468
2007 - 2008	\$ 50,692,873
2008 - 2009	\$ 51,179,365
2009 - 2010	\$ 39,022,021
2010 - 2011	\$ 38,737,963
2011 - 2012	\$ 39,301,044
2012 - 2013	\$ 46,888,399
2013 - 2014	\$ 43,788,270
2014 - 2015	\$ 51,659,425
2015 - 2016	\$ 52,672,948
2016 - 2017	\$ 66,017,281
2017 - 2018	\$ 72,940,087
2018 - 2019	\$ 80,300,099
2019 - 2020	\$ 87,442,097

The District estimates that property tax receipts above the state calculated allocation amount for 2020-21 and future years to be as follows:

<b><u>Fiscal Year</u></b>	<b><u>Basic Aid Receipts</u></b>
2020 - 2021	\$ 88,668,408
2021 - 2022	\$ 91,382,098
2022 - 2023	\$ 92,868,084
2023 - 2024	\$ 94,842,176

The 2019-20 basic aid receipts have increased since the original estimates and will be adjusted after final property taxes are posted. Although still conservative, the 2020-21 estimated receipts are also higher due to larger projected property tax revenues.

The assumptions used to estimate basic aid funds for 2020-21 are: SCFF funding COLA at 2.31%, growth at 0.48%, and a base reduction backfill at 8%. For the following years, funding formula COLA is estimated at 2.48%, 3.26% and 3.0%, and growth is estimated at 0.0% for all years.

The Orange County Auditor Controller’s office is consulted regularly in order to conservatively project the District’s property tax revenue in conjunction with historical trends. For 2020-21, secured property taxes are budgeted with a 2.5% increase over 2019-20. For the following years, secured taxes are estimated to increase 3% per year. Unsecured taxes are projected to decrease by 2.65%, supplemental taxes are projected to decrease by 6.67% and homeowners’ taxes are estimated to remain constant for 2020-21 remain flat for the following years.

BP and AR 3110 – *Basic Aid Funds Allocation Process* guide the Basic Aid allocation calculation and process. The Basic Aid Allocation Recommendation Committee (BAARC) followed this process for its recommendation for allocating the 2020-21 basic aid funds. In response to the May Revise, the recommendation made by BAARC has been decreased to cover 50 percent of the categorical reductions and decreased property taxes estimates. As this annual process is early in the budget cycle and based on estimates prior to year-end closing, some final adjustments to funds available are made in the adopted budget.

The schedule below shows basic aid funds and projects that are included in the 2020-21 Tentative Budget.

### ESTIMATED BASIC AID RESOURCES & PLANNED EXPENDITURES

<b><u>FY 2020-21 Resources</u></b>	<b><u>Amount</u></b>
Balance at July 1, 2020	\$ 23,078,969
Receipts 2020-21	<u>\$ 88,668,408</u>
Estimated Property Taxes for Basic Aid	\$111,747,377
Contingency for Unrealized Tax Collections (20%)	(\$17,733,682)
Unallocated Funds	<u>\$0</u>
<b>Total Allocated FY 2020-21</b>	<b><u>\$ 94,013,695</u></b>
<b><u>Budgeted Expenditures</u></b>	
2020-21 Long-Term Obligations and Fixed Expenses	\$ 11,655,816
Funding for Technology and Capital Projects	\$ 75,880,963
Categorical Program Backfill	\$6,476,916
<b>Total Approved and Budgeted Projects</b>	<b><u>\$ 94,013,695</u></b>

<b><u>Basic Aid Projects</u></b>	<b><u>Project Amount</u></b>
Closed Projects	\$303,272,221
Prior Approved Open Projects	\$604,314,029
<b>Total Prior Approved Projects</b>	<b>\$907,586,250</b>
Less Expenses and Commitments as of April 2020	\$745,895,164
<b>Net Uncommitted Balance</b>	<b>\$161,691,086</b>
<b><u>New FY 2020-21 Project Funding</u></b>	<b><u>Project Amount</u></b>
<b><u>Long Term Obligations &amp; Fixed Expenses</u></b>	
DW Credit Card/Bank Fees	\$650,000
Pension Stability Trust*	\$5,000,000
SOCCCD - Legislative Advocacy Services*	\$130,000
Retiree Benefits Expenses*	\$5,225,816
Trustee Elections*	\$650,000
Backfill for Categorical Program Cuts (50%)	\$6,476,916
<b><u>Capital Projects/Scheduled Maintenance/Renovation</u></b>	
DW – ADA Transition Plan Projects*	\$3,000,000
DW – Warehouse Canopy*	\$460,000
IVC – Access Controls*	\$2,600,000
IVC – B200 Scheduled Maintenance*	\$2,500,000
IVC – B400 Labs/Entrance Controls* - moved to Access Controls	(\$100,000)
IVC – Fine Arts Building*	\$5,993,256
IVC – Lighting Upgrades	\$570,000
IVC – Scheduled Maintenance Infrastructure	\$500,000
IVC – Student Services Center Renovation*	\$4,993,273
SC – ATAS Building*	\$5,127,000
SC – ATEP First Building*	\$4,787,100
SC – Gateway Building*	\$6,800,261
SC – Quad Renovation, Arboretum Trail, Meditation Garden	\$500,000
SC – Scheduled Maintenance Utility Distribution System	\$4,700,000
SC – Scheduled Maintenance Painting	\$400,000
SC – Scheduled Maintenance Upgrade Domestic Water System	\$500,000

SC – Science Math Engineering Building Renovation*	\$4,300,000
SC – Site Work at Outfall	\$130,000
SC – Stadium and Site Improvements*	\$5,608,798
SC – Street and Parking Lot Repairs	\$1,000,000
SC – Student Services Center Renovation	\$3,378,275
SC – Temporary Parking Lot Renovation	\$300,000
SC – Village Demolition	\$1,500,000
<b><u>Capital Programs Planning, Technical, Specialty, Legal Consulting</u></b>	
Technology Master Plan*	\$333,000
<b><u>IT Projects</u></b>	
Attendance Tracking	\$200,000
Block Registration*	\$150,000
SC Classroom Technology and Audio Visual Refresh*	\$508,950
SC College Cabling*	\$1,132,799
College Desktop Refresh* (IVC/SC)	\$1,269,564
Contingency*	\$245,000
DW Business Continuity Technical Plan	\$150,000
DW Data Backup Refresh	\$905,734
DW Infrastructure Cloud Services	\$500,000
DW Private Wide Area Network (WAN) Refresh	\$220,000
DW Vulnerability Assessment	\$200,000
HR/Business Services Integrated Software*	\$1,398,000
InFORM Data Warehouse Upgrade	\$200,000
Instructional Management System (IMS) Upgrade	\$715,680
IVC Live Oak Terrace Conversion to Outdoor Theater	\$985,160
IVC New Marquees	\$432,000
MAP Enhancements*	\$385,000
SC Intermediate Distribution Facility (IDF) Refresh*	\$390,000
SC Domain Name System (DNS)	\$844,873
SC Physical Telecommunications Infrastructure Upgrade	\$980,847
SC Storage Area Network (SAN)	\$800,232
SC Virtual System Refresh	\$564,818

SIS Architecture Upgrade*	\$475,000
SIS Development Process Improvements	\$150,000
Student Information System Enhancements*	\$1,814,400
Wireless Upgrade*	\$381,943
<b>Total FY 2020-2021 Funded Projects</b>	<b><u>\$94,013,695</u></b>
<b>Cumulative Total - Basic Aid Approved Projects</b>	<b><u>\$1,001,599,945</u></b>

*\*Reflects an augmentation/adjustment to an existing project*

## OTHER FUNDS

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### **Community Education Funds (Fund #07 and Fund #09)**

The Community Education funds are self-supporting with income derived from community education fees. Both colleges provide community education seminars, short courses, workshops, and programs to support community needs not met by the traditional college curriculum; the instruction is consistent with the primary mission of the District. The income and expenses from the activities of these programs at Irvine Valley College is accounted for in Fund #07, and at Saddleback College in Fund #09. Both colleges are currently self-supporting.

### **Child Development Fund (Fund #12)**

The Child Development fund is intended to be self-sufficient. The District operates a child development program at Saddleback College for the benefit of children aged 18 months to 5 years. Services are provided to students and the community on a fee basis. Although the intent is for self-sufficiency, Saddleback College plans to provide \$392,976 in support from the unrestricted general fund (30% of funding). The child development program is also not charged for administration or operations, and it is currently not self-supporting.

### **Capital Outlay Fund (Fund #40)**

The District maintains the Capital Outlay fund to account for the expenditures of capital outlay and scheduled maintenance projects. This fund is further divided by funding sources, i.e., state apportionment for new construction, state scheduled maintenance, local redevelopment funds, basic aid projects, and district/college funded projects. Redevelopment Agency (RDA) funds are received from eight cities within the district, although the state terminated the redevelopment agencies on February 1, 2012. Funds are received based on prior “pass-through” agreements as well as residual funds not needed to pay remaining agency obligations. These funds are distributed each year following the DRAC model allocation.



The following table depicts the Capital Outlay fund expenditures by type and area:

Project Description	District-wide	Saddleback	IVC	District Services	Total
Basic Aid Projects:					
CIC Projects	32,992,567	140,575,559	89,572,500	895,000	264,035,626
IT Projects	19,789,395	9,166,506	5,680,609		34,636,510
State Funded Capital Outlay Projects:					
State Portion					-
Basic Aid Match		32,958,261	28,503,256		61,461,517
College Funded Capital Outlay Projects		2,636,483			2,636,483
Redevelopment Funds	6,415,000	17,493,225	13,820,576	5,980,992	43,709,793
Future Capital Outlay Projects	36,172,639	1,675,946		1,361,402	39,209,987
<b>Total Capital Outlay Budget</b>	<b>95,369,601</b>	<b>204,505,980</b>	<b>137,576,941</b>	<b>8,237,394</b>	<b>445,689,916</b>

Major Basic Aid Capital Construction Projects:

**Saddleback College** projects include: a) Advanced Technology and Applied Sciences (ATAS) Building – Tennis Courts construction completion and closeout and construction of Connector Road and ATAS building; b) Athletic Stadium – construction and close-out; c) Gateway – design, bid, and construction; d) PE Renovation – construction; e) Data Center Phase II - design; f) Access Control – close-out; g) BMS Campus-wide up-grade – design and construction; h) Wireless exterior project – design and construction; and i) 12kv system replacement/upgrades - design.

**Irvine Valley College** projects include: a) Parking Lot, Phase I and II with solar – Parking lot and battery installation complete, solar carports – design and construction; b) Performing Arts Center Construction Defects – follow up phase, pre-design; c) Fine Arts –design, bid, and construction; d) Access Control - construction; e) B230-Physical Sciences –closeout, B221 construction and B222 design and construction; f) Soccer and Practice Fields – design; g) Student Services Center – design; and h) Lighting and Walkways – pre-construction.

**ATEP** projects include: a) ATEP Signage project – construction and close-out; b) Saddleback College ATEP First Building - design.

**District-wide** projects include: a) Facilities Master Plan; b) Design Standards development; and c) ADA Transition Plan projects – design and construction.

Major Basic Aid Technology Initiatives: This year’s approved basic aid technology projects recommended by the District-wide Technology Committee (DTC) fall into three major categories. The first category is enterprise resource planning (ERP) software, such as Workday’s cloud-

based software for human capital management and finance and SOCCCD's internally created Student Information System (SIS). This category includes funds reserved to implement unfunded statewide mandates.

The second category consists of major district-wide technology projects such as student attendance tracking, block registration, MAP enhancements, SIS and Instructional Management System (IMS) upgrades, data warehouse upgrade, infrastructure enhancements, and increased security protections.

The final category consists of college-requested items such as cabling upgrade, wireless upgrade, outdoor theater, marquees, server hardware refresh, and upgrades to classroom technology along with faculty and staff computers.

### **Self-Insurance Fund (Fund #68)**

The Self-Insurance fund is used to account for the activities of the District's risk management department and the self-funded programs for property, liability and workers' compensation.

The District belongs to the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for up to \$1,000,000 comprehensive liability insurance and up to \$250,000 for property insurance coverage. The District belongs to the School's Association for Excess Risk (SAFER) Joint Powers Authority for excess insurance coverage for liability losses in excess of \$1,000,000 up to \$50,000,000, and in excess of \$250,000 up to \$250,000,000 for excess property coverage. These pools have stabilized the cost of insurance coverage in recent years. Our deductibles for insurance are as follows: Liability = \$50,000; Property = \$5,000; Electronic Data Processing Equipment = \$250; Crime = \$2,500; Cyber Liability = \$75,000; and Equipment Breakdown = \$5,000.

The District belongs to the Protected Insurance Program for Schools and Community Colleges (PIPS) for workers' compensation for \$1 coverage on all claims.

### **Retiree Benefit Fund (Fund #71)**

The District pays premiums for health care coverage for retirees according to Board policies and contract agreements with employee groups. The Retiree Benefit Fund is used to pay retiree benefit premiums that are reimbursed from the Retiree OPEB Trust fund. The current year's annual accrual of retiree benefits for existing employees is also made in this fund.

### **Retiree Other Post-Employment Benefits (OPEB) Trust Fund (Fund #72)**

The Retiree OPEB Trust fund is used to account for the activities of the District's irrevocable trust. An irrevocable trust was established in FY 2007-08 to fund the OPEB obligation in accordance with GASB 43 and 45 for the purpose of investment and disbursement of funds irrevocably designated for the payment of obligations to eligible employees, former employees, and their eligible dependents for medical, dental, and vision upon retirement. The District's OPEB liability was updated in January 2020 with the completion of a required actuarial study.

An actuarial study is conducted annually to update the status of the District's irrevocable trust and determine any unfunded liabilities. The study

provides two estimates: 1) the annual accrual to cover the value of benefits “earned” in the current year for existing employees, and 2) the total projected benefits accrual for employees’ past service. The current study estimates the cost for the annual accrual for current employees to be \$5,225,816. The District’s actuarial accrued liability for past service estimated at \$106,038,542 is fully funded. The annual accrual amount is funded in the tentative budget.

**Pension Stabilization Trust (PST) Fund (Fund #78)**

The PST fund was established to pre-fund the anticipated costs associated with the increase in pension rates through FY 2021-22. As a result of the change to BP 3110 – *Basic Aid Funds Allocation Process* in November 2019, additional deposits will be made to maintain the fund going forward beginning with a \$5 million BAARC allocation for 2020-21. The funds are transferred to the district each year based on actual increased expenditures from the 2015-16 base year for STRS and PERS.

**Student Financial Aid Fund (Fund #84)**

The Student Financial Aid Fund is used to account for federal and state financial aid funds received and disbursed to students.

**Associated Student Government (ASG) Funds (Funds #95 and #96)**

The ASG organizations are auxiliaries of the District and are used to account for the activities of the SC Associated Student Government (ASG) and the IVC Associated Students (ASIVC).

**Student Representation Fee Fund (Funds #97)**

The Student Representation Fee fund accounts for the fees collected to support student representation efforts at the federal, state, and local level. AB1504 requires community colleges to charge a \$2 fee to all registered students each semester and provide the opportunity to opt out of the fee. \$1 of the fee is remitted to the statewide associated students organization each spring.

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## BUDGET TABLES

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The Tentative Budget for FY 2020-21 for all District funds is summarized on the following pages.

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*Ann-Marie Gabel, Vice Chancellor, Business Services*

*Kim McCord, Executive Director, Fiscal Services*

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
TENTATIVE BUDGET - FISCAL YEAR 2020-21**

**Revenues, Expenditures and Change in Fund Balance**

	General Fund	Community Education Funds	SC Child Development Fund	Capital Outlay Fund	Self-Insurance Fund	Retiree Benefit & Pension Trust Funds	Student Financial Aid Fund	Associated Student Government Funds	Student Representation Fee Fund	TOTAL ALL FUNDS	
	(01)	(07) & (09)	(12)	(40)	(68)	(71), (72), (78)	(84)	(95) & (96)	(97)		
<b>BEGINNING FUND BALANCE</b>	9712	\$ 72,598,585	\$ 322,850	\$ -	\$ 315,052,817	\$ 3,246,177	\$ 143,851,430	\$ -	\$ 585,000	\$ -	\$ 535,656,859
<b>SOURCES OF FUNDS</b>											
<b>REVENUES:</b>											
SCFF Revenue	Various	\$ 166,459,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,459,092
Basic Aid		88,668,408	-	-	-	-	-	-	-	-	88,668,408
Federal Sources	8100-8199	12,935,975	-	-	-	-	23,410,000	-	-	-	36,345,975
Other State Sources	8600-8699	57,403,211	-	-	-	-	1,935,000	-	-	-	59,338,211
Other Local Sources	8800-8899	23,194,743	1,333,647	879,612	6,945,000	80,000	12,065,816	-	985,915	65,000	45,549,733
<b>Total Revenue</b>		<b>348,661,429</b>	<b>1,333,647</b>	<b>879,612</b>	<b>6,945,000</b>	<b>80,000</b>	<b>12,065,816</b>	<b>25,345,000</b>	<b>985,915</b>	<b>65,000</b>	<b>396,361,419</b>
<b>OTHER FINANCING SOURCES:</b>											
Sale of Surplus	8910-8919	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000
Fiscal Agent Pass-Thru	8970-8979	2,864,043	-	-	-	-	-	-	-	-	2,864,043
Restricted Basic Aid	8980-8989	-	-	-	74,874,099	-	10,225,816	-	-	-	85,099,915
Incoming Transfers	8980-8989	10,238,233	-	413,364	48,818,000	440,000	-	-	-	-	59,909,597
<b>Total Other Sources</b>		<b>13,182,276</b>	<b>-</b>	<b>413,364</b>	<b>123,692,099</b>	<b>440,000</b>	<b>10,225,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,953,555</b>
<b>TOTAL SOURCES OF FUNDS</b>		<b>361,843,705</b>	<b>1,333,647</b>	<b>1,292,976</b>	<b>130,637,099</b>	<b>520,000</b>	<b>22,291,632</b>	<b>25,345,000</b>	<b>985,915</b>	<b>65,000</b>	<b>544,314,974</b>
<b>USES OF FUNDS</b>											
<b>EXPENDITURES:</b>											
Academic Salaries	1000-1999	\$ 96,223,685	\$ 71,023	\$ 55,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,350,658
Classified Salaries	2000-2999	61,383,511	569,302	862,224	1,041,339	311,885	-	170,145	-	-	64,338,406
Employee Benefits	3000-3999	76,386,478	245,781	335,802	504,760	179,102	10,448,216	-	63,168	-	88,163,307
Supplies & Materials	4000-4999	9,219,447	23,000	24,000	1,000	4,000	-	196,881	-	-	9,468,328
Services & Other Operating	5000-5999	38,726,108	747,391	15,000	6,720,043	684,126	600,000	-	825,359	32,500	48,350,527
Capital Outlay	6000-6999	6,169,705	-	-	387,506,577	12,000	-	-	42,500	-	393,730,782
<b>Total Expenditures</b>		<b>288,108,934</b>	<b>1,656,497</b>	<b>1,292,976</b>	<b>395,773,719</b>	<b>1,191,113</b>	<b>11,048,216</b>	<b>-</b>	<b>1,298,053</b>	<b>32,500</b>	<b>700,402,008</b>
<b>OTHER FINANCING USES:</b>											
Transfers Out	7300-7399	\$ 884,209	\$ -	\$ -	\$ -	\$ -	10,187,000	\$ -	20,388	\$ -	11,091,597
Basic Aid Transfers Out	7300-7399	85,099,915	-	-	-	-	-	-	-	-	85,099,915
Other Transfers	7400-7499	2,864,043	-	-	48,818,000	-	-	-	-	32,500	51,714,543
Payments to Students	7500-7699	9,606,617	-	-	-	-	-	25,345,000	72,500	-	35,024,117
<b>Total Other Uses</b>		<b>98,454,784</b>	<b>-</b>	<b>-</b>	<b>48,818,000</b>	<b>-</b>	<b>10,187,000</b>	<b>25,345,000</b>	<b>92,888</b>	<b>32,500</b>	<b>182,930,172</b>
<b>TOTAL USES OF FUNDS</b>		<b>386,563,718</b>	<b>1,656,497</b>	<b>1,292,976</b>	<b>444,591,719</b>	<b>1,191,113</b>	<b>21,235,216</b>	<b>25,345,000</b>	<b>1,390,941</b>	<b>65,000</b>	<b>883,332,180</b>
<b>SURPLUS / (DEFICIT)</b>		<b>\$ (24,720,013)</b>	<b>\$ (322,850)</b>	<b>\$ -</b>	<b>\$ (313,954,620)</b>	<b>\$ (671,113)</b>	<b>\$ 1,056,416</b>	<b>\$ -</b>	<b>\$ (405,026)</b>	<b>\$ -</b>	<b>\$ (339,017,206)</b>
<b>ENDING BALANCE</b>		<b>\$ 47,878,572</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,098,197</b>	<b>\$ 2,575,064</b>	<b>\$ 144,907,846</b>	<b>\$ -</b>	<b>\$ 179,974</b>	<b>\$ -</b>	<b>\$ 196,639,653</b>
<b>COMPONENTS OF ENDING BALANCE</b>											
Reserve, Economic Uncertainties		\$ 30,144,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,144,890
Reserve, Unrealized Tax Collections (Basic Aid)		17,733,682	-	-	-	-	-	-	-	-	17,733,682
Nondesignated Ending Fund Balance		-	-	-	1,098,197	2,575,064	-	179,974	-	-	3,853,235
Restricted Fund Balance		-	-	-	-	-	144,907,846	-	-	-	144,907,846

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT**  
**TENTATIVE BUDGET - FISCAL YEAR 2020-21**  
 Revenues, Expenditures and Change in Fund Balance

		Saddleback College			General Fund Irvine Valley College			District Services		
		General Fund	General Fund	Total	General Fund	General Fund	Total	General Fund	General Fund	Total
		Unrestricted	Restricted		Unrestricted	Restricted		Unrestricted	Restricted	
<b>BEGINNING FUND BALANCE</b>	9712	\$ 12,500,000	\$ 5,348,362	\$ 17,848,362	\$ 6,500,000	\$ 2,695,920	\$ 9,195,920	\$ 5,400,000	\$ -	\$ 5,400,000
<b>SOURCES OF FUNDS</b>										
<b>REVENUES:</b>										
SCFF Revenue	Various	\$ 89,034,733	\$ -	\$ 89,034,733	\$ 57,077,622	\$ -	\$ 57,077,622	\$ 17,855,819	\$ -	\$ 17,855,819
Basic Aid		3,928,062	-	3,928,062	2,548,854	-	2,548,854	-	-	-
Federal Sources	8100-8199	-	8,171,798	8,171,798	-	4,764,177	4,764,177	-	-	-
Other State Sources	8600-8699	6,737,368	25,976,753	32,714,121	4,369,039	11,964,095	16,333,134	-	372,356	372,356
Other Local Sources	8800-8899	7,418,461	2,957,740	10,376,201	10,135,746	2,682,796	12,818,542	-	-	-
Total Revenue		107,118,624	37,106,291	144,224,915	74,131,261	19,411,068	93,542,329	17,855,819	372,356	18,228,175
<b>OTHER FINANCING SOURCES:</b>										
Sale of Surplus	8910-8919	48,530	-	48,530	31,470	-	31,470	-	-	-
Fiscal Agent Pass-Thru	8970-8979	-	-	-	-	-	-	-	2,864,043	2,864,043
Restricted Basic Aid	8980-8989	-	-	-	-	-	-	-	-	-
Incoming Transfers	8980-8989	5,467,000	51,233	5,518,233	3,600,000	-	3,600,000	1,120,000	-	1,120,000
Total Other Sources		5,515,530	51,233	5,566,763	3,631,470	-	3,631,470	1,120,000	2,864,043	3,984,043
<b>TOTAL SOURCES OF FUNDS</b>		<b>112,634,154</b>	<b>37,157,524</b>	<b>149,791,678</b>	<b>77,762,731</b>	<b>19,411,068</b>	<b>97,173,799</b>	<b>18,975,819</b>	<b>3,236,399</b>	<b>22,212,218</b>
<b>USES OF FUNDS</b>										
<b>EXPENDITURES:</b>										
Academic Salaries	1000-1999	\$ 51,972,011	\$ 6,929,763	\$ 58,901,774	\$ 33,618,481	\$ 1,984,700	\$ 35,603,181	\$ 1,133,127	\$ -	\$ 1,133,127
Classified Salaries	2000-2999	21,341,629	8,765,994	30,107,623	15,636,441	4,829,440	20,465,881	10,216,138	-	10,216,138
Employee Benefits	3000-3999	31,346,586	5,786,700	37,133,286	21,289,276	3,428,698	24,717,974	6,483,918	-	6,483,918
Supplies & Materials	4000-4999	879,305	5,965,769	6,845,074	845,990	1,350,847	2,196,837	82,500	60,000	142,500
Services & Other Operating	5000-5999	11,473,723	6,877,524	18,351,247	8,369,543	3,584,057	11,953,600	1,935,500	312,356	2,247,856
Capital Outlay	6000-6999	564,940	3,383,588	3,948,528	3,000	2,119,177	2,122,177	99,000	-	99,000
Total Expenditures		117,578,194	37,709,338	155,287,532	79,762,731	17,296,919	97,059,650	19,950,183	372,356	20,322,539
<b>OTHER FINANCING USES:</b>										
Transfers Out	7300-7399	\$ 444,209	\$ -	\$ 444,209	\$ -	\$ -	\$ -	\$ 440,000	\$ -	\$ 440,000
Basic Aid Transfers Out	7300-7399	-	-	-	-	-	-	-	-	-
Other Transfers	7400-7499	-	-	-	-	-	-	-	2,864,043	2,864,043
Payments to Students	7500-7699	-	4,796,548	4,796,548	-	4,810,069	4,810,069	-	-	-
Total Other Uses		444,209	4,796,548	5,240,757	-	4,810,069	4,810,069	440,000	2,864,043	3,304,043
<b>TOTAL USES OF FUNDS</b>		<b>118,022,403</b>	<b>42,505,886</b>	<b>160,528,289</b>	<b>79,762,731</b>	<b>22,106,988</b>	<b>101,869,719</b>	<b>20,390,183</b>	<b>3,236,399</b>	<b>23,626,582</b>
<b>SURPLUS / (DEFICIT)</b>		<b>\$ (5,388,249)</b>	<b>\$ (5,348,362)</b>	<b>\$ (10,736,611)</b>	<b>\$ (2,000,000)</b>	<b>\$ (2,695,920)</b>	<b>\$ (4,695,920)</b>	<b>\$ (1,414,364)</b>	<b>\$ -</b>	<b>\$ (1,414,364)</b>
<b>ENDING BALANCE</b>		<b>\$ 7,111,751</b>	<b>\$ -</b>	<b>\$ 7,111,751</b>	<b>\$ 4,500,000</b>	<b>\$ -</b>	<b>\$ 4,500,000</b>	<b>\$ 3,985,636</b>	<b>\$ -</b>	<b>\$ 3,985,636</b>
<b>COMPONENTS OF ENDING BALANCE</b>										
Reserve, Economic Uncertainties		\$ 7,111,751	\$ -	\$ 7,111,751	\$ 4,500,000	\$ -	\$ 4,500,000	\$ 3,985,636	\$ -	\$ 3,985,636
Reserve, Unrealized Tax Collections (Basic Aid)		-	-	-	-	-	-	-	-	-
Nondesignated Ending Fund Balance		-	-	-	-	-	-	-	-	-
Restricted Fund Balance		-	-	-	-	-	-	-	-	-

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT**

**TENTATIVE BUDGET - FISCAL YEAR 2020-21**

Revenues, Expenditures and Change in Fund Balance

**General Fund**

		<b>Basic Aid</b>		<b>Other*</b>		<b>TOTAL</b>		
		General Fund	General Fund	General Fund	Total	General Fund	General Fund	
		Unrestricted	Unrestricted	Restricted		Unrestricted	Restricted	
<b>BEGINNING FUND BALANCE</b>	9712	\$ 23,137,060	\$ 16,904,887	\$ 112,356	\$ 17,017,243	\$ 64,441,947	\$ 8,156,638	\$ 72,598,585
<b>SOURCES OF FUNDS</b>								
REVENUES:								
SCFF Revenue	Various	\$ -	\$ 2,490,918	\$ -	\$ 2,490,918	\$ 166,459,092	\$ -	\$ 166,459,092
Basic Aid		82,191,492	-	-	-	88,668,408	-	88,668,408
Federal Sources	8100-8199	-	-	-	-	-	12,935,975	12,935,975
Other State Sources	8600-8699	-	7,983,600	-	7,983,600	19,090,007	38,313,204	57,403,211
Other Local Sources	8800-8899	-	-	-	-	17,554,207	5,640,536	23,194,743
Total Revenue		82,191,492	10,474,518	-	10,474,518	291,771,714	56,889,715	348,661,429
OTHER FINANCING SOURCES:								
Sale of Surplus	8910-8919	-	-	-	-	80,000	-	80,000
Fiscal Agent Pass-Thru	8970-8979	-	-	-	-	-	2,864,043	2,864,043
Restricted Basic Aid	8980-8989	-	-	-	-	-	-	-
Incoming Transfers	8980-8989	-	-	-	-	10,187,000	51,233	10,238,233
Total Other Sources		-	-	-	-	10,267,000	2,915,276	13,182,276
<b>TOTAL SOURCES OF FUNDS</b>		<b>82,191,492</b>	<b>10,474,518</b>	<b>-</b>	<b>10,474,518</b>	<b>302,038,714</b>	<b>59,804,991</b>	<b>361,843,705</b>
<b>USES OF FUNDS</b>								
EXPENDITURES:								
Academic Salaries	1000-1999	\$ 186,760	\$ 398,843	\$ -	\$ 398,843	\$ 87,309,222	\$ 8,914,463	\$ 96,223,685
Classified Salaries	2000-2999	242,787	351,082	-	351,082	47,788,077	13,595,434	61,383,511
Employee Benefits	3000-3999	214,973	7,836,327	-	7,836,327	67,171,080	9,215,398	76,386,478
Supplies & Materials	4000-4999	9,550	25,486	-	25,486	1,842,831	7,376,616	9,219,447
Services & Other Operating	5000-5999	1,840,885	4,220,164	112,356	4,332,520	27,839,815	10,886,293	38,726,108
Capital Outlay	6000-6999	-	-	-	-	666,940	5,502,765	6,169,705
Total Expenditures		2,494,955	12,831,902	112,356	12,944,258	232,617,965	55,490,969	288,108,934
OTHER FINANCING USES:								
Transfers Out	7300-7399	\$ -	\$ -	\$ -	\$ -	\$ 884,209	\$ -	\$ 884,209
Basic Aid Transfers Out	7300-7399	85,099,915	-	-	-	85,099,915	-	85,099,915
Other Transfers	7400-7499	-	-	-	-	-	2,864,043	2,864,043
Payments to Students	7500-7699	-	-	-	-	-	9,606,617	9,606,617
Total Other Uses		85,099,915	-	-	-	85,984,124	12,470,660	98,454,784
<b>TOTAL USES OF FUNDS</b>		<b>87,594,870</b>	<b>12,831,902</b>	<b>112,356</b>	<b>12,944,258</b>	<b>318,602,089</b>	<b>67,961,629</b>	<b>386,563,718</b>
<b>SURPLUS / (DEFICIT)</b>		<b>\$ (5,403,378)</b>	<b>\$ (2,357,384)</b>	<b>\$ (112,356)</b>	<b>\$ (2,469,740)</b>	<b>\$ (16,563,375)</b>	<b>\$ (8,156,638)</b>	<b>\$ (24,720,013)</b>
<b>ENDING BALANCE</b>		<b>\$ 17,733,682</b>	<b>\$ 14,547,503</b>	<b>\$ -</b>	<b>\$ 14,547,503</b>	<b>\$ 47,878,572</b>	<b>\$ -</b>	<b>\$ 47,878,572</b>
COMPONENTS OF ENDING BALANCE								
Reserve, Economic Uncertainties		\$ -	\$ 14,547,503	\$ -	\$ 14,547,503	\$ 30,144,890	\$ -	\$ 30,144,890
Reserve, Unrealized Tax Collections (Basic Aid)		17,733,682	-	-	-	17,733,682	-	17,733,682
Nondesignated Ending Fund Balance		-	-	-	-	-	-	-
Restricted Fund Balance		-	-	-	-	-	-	-

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT**  
**TENTATIVE BUDGET - FISCAL YEAR 2020-21**  
 Revenues, Expenditures and Change in Fund Balance

	Community Education Funds			Retiree Benefit & Pension Trust Funds				
	Saddleback College (09) & (100)	Irvine Valley College (07)	Total	Retiree Benefit Fund (71)	Retiree (OPEB) Trust Fund (72)	Pension Stabilization Trust Fund (78)	Total	
<b>BEGINNING FUND BALANCE</b>	9712	\$ 322,850	\$ -	\$ 322,850	\$ 1,473,447	\$ 120,041,215	\$ 22,336,768	\$ 143,851,430
<b>SOURCES OF FUNDS</b>								
<b>REVENUES:</b>								
SCFF Revenue	Various	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Basic Aid		-	-	-	-	-	-	-
Federal Sources	8100-8199	-	-	-	-	-	-	-
Other State Sources	8600-8699	-	-	-	-	-	-	-
Other Local Sources	8800-8899	1,161,078	172,569	1,333,647	40,000	11,225,816	800,000	12,065,816
Total Revenue		1,161,078	172,569	1,333,647	40,000	11,225,816	800,000	12,065,816
<b>OTHER FINANCING SOURCES:</b>								
Sale of Surplus	8910-8919	-	-	-	-	-	-	-
Fiscal Agent Pass-Thru	8970-8979	-	-	-	-	-	-	-
Restricted Basic Aid	8980-8989	-	-	-	5,225,816	-	5,000,000	10,225,816
Incoming Transfers	8980-8989	-	-	-	-	-	-	-
Total Other Sources		-	-	-	5,225,816	-	5,000,000	10,225,816
<b>TOTAL SOURCES OF FUNDS</b>		<b>1,161,078</b>	<b>172,569</b>	<b>1,333,647</b>	<b>5,265,816</b>	<b>11,225,816</b>	<b>5,800,000</b>	<b>22,291,632</b>
<b>USES OF FUNDS</b>								
<b>EXPENDITURES:</b>								
Academic Salaries	1000-1999	\$ 71,023	\$ -	\$ 71,023	\$ -	\$ -	\$ -	\$ -
Classified Salaries	2000-2999	483,997	85,305	569,302	-	-	-	-
Employee Benefits	3000-3999	192,017	53,764	245,781	5,225,816	5,222,400	-	10,448,216
Supplies & Materials	4000-4999	22,000	1,000	23,000	-	-	-	-
Services & Other Operating	5000-5999	714,891	32,500	747,391	20,000	480,000	100,000	600,000
Capital Outlay	6000-6999	-	-	-	-	-	-	-
Total Expenditures		1,483,928	172,569	1,656,497	5,245,816	5,702,400	100,000	11,048,216
<b>OTHER FINANCING USES:</b>								
Transfers Out	7300-7399	\$ -	\$ -	\$ -	\$ -	\$ -	10,187,000	10,187,000
Basic Aid Transfers Out	7300-7399	-	-	-	-	-	-	-
Other Transfers	7400-7499	-	-	-	-	-	-	-
Payments to Students	7500-7699	-	-	-	-	-	-	-
Total Other Uses		-	-	-	-	-	10,187,000	10,187,000
<b>TOTAL USES OF FUNDS</b>		<b>1,483,928</b>	<b>172,569</b>	<b>1,656,497</b>	<b>5,245,816</b>	<b>5,702,400</b>	<b>10,287,000</b>	<b>21,235,216</b>
<b>SURPLUS / (DEFICIT)</b>		\$ <b>(322,850)</b>	\$ <b>-</b>	\$ <b>(322,850)</b>	\$ <b>20,000</b>	\$ <b>5,523,416</b>	\$ <b>(4,487,000)</b>	\$ <b>1,056,416</b>
<b>ENDING BALANCE</b>		\$ <b>-</b>	\$ <b>-</b>	\$ <b>-</b>	\$ <b>1,493,447</b>	\$ <b>125,564,631</b>	\$ <b>17,849,768</b>	\$ <b>144,907,846</b>
<b>COMPONENTS OF ENDING BALANCE</b>								
Reserve, Economic Uncertainties		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve, Unrealized Tax Collections (Basic Aid)		-	-	-	-	-	-	-
Nondesignated Ending Fund Balance		-	-	-	-	-	-	-
Restricted Fund Balance		-	-	-	1,493,447	125,564,631	17,849,768	144,907,846

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT**  
**TENTATIVE BUDGET - FISCAL YEAR 2020-21**  
 Revenues, Expenditures and Change in Fund Balance

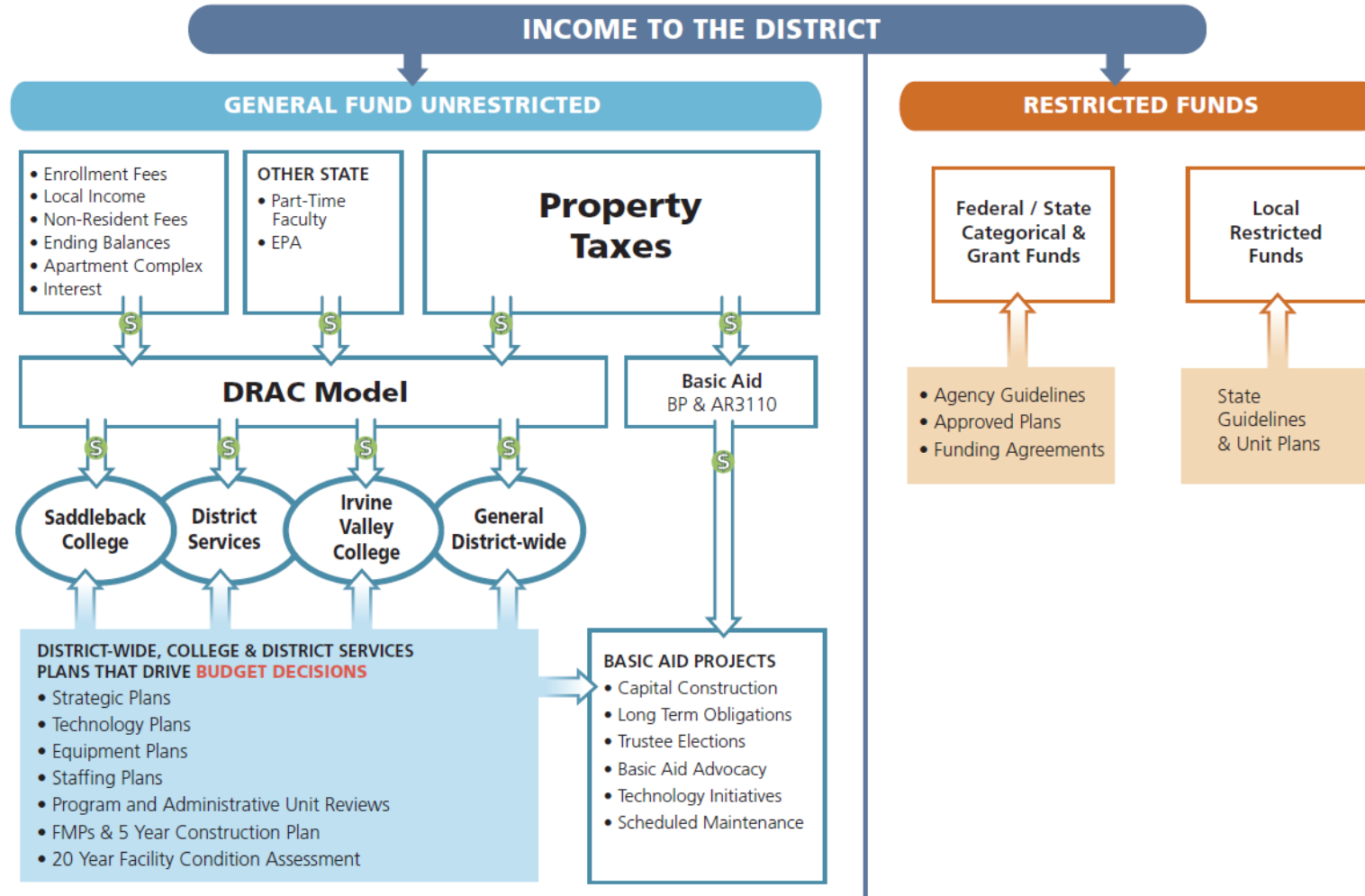
	Student Financial Aid Fund			Associated Student Government Funds		
	Saddleback College	Irvine Valley College	Total	Saddleback College	Irvine Valley College	Total
	(84)	(84)		(95)	(96)	
<b><u>BEGINNING FUND BALANCE</u></b>	9712	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ 185,000	\$ 400,000	\$ 585,000
<b><u>SOURCES OF FUNDS</u></b>						
<b>REVENUES:</b>						
SCFF Revenue	Various	\$ -	\$ -	\$ -	\$ -	\$ -
Basic Aid		-	-	-	-	-
Federal Sources	8100-8199	12,320,000	11,090,000	-	-	-
Other State Sources	8600-8699	915,000	1,020,000	-	-	-
Other Local Sources	8800-8899	-	-	-	-	-
Total Revenue		13,235,000	12,110,000	375,915	610,000	985,915
<b>OTHER FINANCING SOURCES:</b>						
Sale of Surplus	8910-8919	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Agent Pass-Thru	8970-8979	-	-	-	-	-
Restricted Basic Aid	8980-8989	-	-	-	-	-
Incoming Transfers	8980-8989	-	-	-	-	-
Total Other Sources		-	-	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>		<b>13,235,000</b>	<b>12,110,000</b>	<b>375,915</b>	<b>610,000</b>	<b>985,915</b>
<b><u>USES OF FUNDS</u></b>						
<b>EXPENDITURES:</b>						
Academic Salaries	1000-1999	\$ -	\$ -	\$ -	\$ -	\$ -
Classified Salaries	2000-2999	-	-	70,012	100,133	170,145
Employee Benefits	3000-3999	-	-	15,301	47,867	63,168
Supplies & Materials	4000-4999	-	-	178,881	18,000	196,881
Services & Other Operating	5000-5999	-	-	164,359	661,000	825,359
Capital Outlay	6000-6999	-	-	-	42,500	42,500
Total Expenditures		-	-	428,553	869,500	1,298,053
<b>OTHER FINANCING USES:</b>						
Transfers Out	7300-7399	\$ -	\$ -	\$ 20,388	\$ -	\$ 20,388
Basic Aid Transfers Out	7300-7399	-	-	-	-	-
Other Transfers	7400-7499	-	-	-	-	-
Payments to Students	7500-7699	13,235,000	12,110,000	72,500	-	72,500
Total Other Uses		13,235,000	12,110,000	92,888	-	92,888
<b>TOTAL USES OF FUNDS</b>		<b>13,235,000</b>	<b>12,110,000</b>	<b>521,441</b>	<b>869,500</b>	<b>1,390,941</b>
<b>SURPLUS / (DEFICIT)</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ (145,526)</b>	<b>\$ (259,500)</b>	<b>\$ (405,026)</b>
<b>ENDING BALANCE</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,474</b>	<b>\$ 140,500</b>	<b>\$ 179,974</b>
<b>COMPONENTS OF ENDING BALANCE</b>						
Reserve, Economic Uncertainties		\$ -	\$ -	\$ -	\$ -	\$ -
Reserve, Unrealized Tax Collections (Basic Aid)		-	-	-	-	-
Nondesignated Ending Fund Balance		-	-	39,474	140,500	179,974
Restricted Fund Balance		-	-	-	-	-



APPENDIX A

# Resource Allocation Process

Board policies, regulations and budget development guidelines govern income decisions.



## APPENDIX B

### *South Orange County Community College District*

#### **RESOURCE ALLOCATION DEFINITION OF TERMS**

*(To accompany the Flow Chart outlining the Resource Allocation Process)*

- **Administrative Unit Reviews (AURs)** are conducted to examine the effectiveness of an administrative unit. They are conducted at both District Services and the colleges.
- **Basic Aid** occurs when the local property tax revenue and student fees in a community college district exceeds the total funding that the state would have provided, as calculated by the state funding formula. Apportionment is the method by which the California Community College (CCC) system office distributes federal, state and local monies to community college districts according to a specified formula. Under Basic Aid, there is no need to factor in any state aid because the property taxes and student fees surpass the minimum funding level established by the state.
- **Capital Construction** refers to large scale building construction projects. They include specific construction projects such as site development, utilities, roads, buildings, and equipment projects. Capital projects may also be thought of in terms of “facilities systems.”
- **DRAC** is the SOCCCD’s District Resource Allocation Council, which is a district-wide participatory governance council, charged with making recommendations for the income allocation model on which the budget is based. It is charged with development and oversight of the allocation process for the Unrestricted General Fund and it makes recommendations to the Chancellor.
- **DRAC Model** is a resource allocation model for the District. It distributes available general fund unrestricted resources (following the state funding formula) and other funding such as enrollment fees, non-resident fees, local income, miscellaneous income, and ending balances. Funds are distributed to five areas: 1) Saddleback College, 2) Irvine Valley College, 3) Contingency Reserve, 4) General Expenditures, and 5) District Services. The intention of the model is to guarantee the colleges a predictable, and fair distribution of revenues.
- **Education Master and Strategic Plans (EMSP)** capture information from a variety of sources, both internal and external, to facilitate data driven decision-making. The products are long-term plans for continuous quality improvements focusing on strategies for academic excellence within the CCC Chancellor’s Office Vision for Success.
- **Ending Balances** are one-time remaining funds that are unspent at the end of the fiscal year and are available to be rolled over into the new fiscal year within the fund. They should only be available for one-time purposes. If negative ending balances should occur, they are deducted from the budget for the respective entity in the next year’s budget process.
- **Enrollment Fees** are established by the State and charged to a student for instructional services provided to that student.
- **Facilities Master Plan (FMP)** is the long-term plan for facilities improvements that aligns with the EMSP.
- **Federal, State, Categorical, and Grant Funds** include restricted revenues received from a government or a private or non-profit organization to be used or expended for a specified purpose.

- **General Funds** are used to account for the ordinary operational expenses of the District. These funds are available for any legally authorized purpose not specified for payment by other funds.
- **Local Income** is income derived from non-state and non-federal sources, such as material fees, facility rental, and application fees.
- **Local Restricted Funds** are funds that are non-state and non-federal, but have restrictions or limitations based on their use by the funding source or funding agency. Examples are community education, parking income, and child development funds.
- **Long-Term Obligations** are amounts that an entity may be legally required to pay out of its resources over a longer period of time in the future. Included are not only actual liabilities. An example of a long-term obligation that community colleges typically have is the future retiree benefit liability obligation, as required by GASB 43 and 45. Other examples could include Certificates of Participation (COPs) and other debt, neither of which the District currently has.
- **Miscellaneous Income** is income that is outside of the state funding formula. Examples are unrestricted lottery, interest, mandated costs, and enrollment fee administration.
- **Non-Resident Fees** are charged to a student for instructional services provided to a student who resides outside of California. Revenues are retained by the colleges in addition to revenues received through the DRAC model.
- **Program Reviews** are a process to examine the effectiveness of an academic program. The process typically provides feedback (a) to the academic unit primarily responsible for the program, (b) to the appropriate academic administrators, and (c) to external units in the form of confirmation of the existence of a review process and in the form of summaries of the outcomes.
- **Property Taxes** are compulsory charges levied within boundaries by a governmental unit against the property of persons, natural or corporate, to finance services performed for the common benefit. Property taxes are the primary source of revenue to the District.
- **Reserve** is an amount set aside to provide for estimated future expenditures or losses for working capital, or for other specified purposes. The Budget Guidelines approved by the Board of Trustees require a general fund reserve for economic uncertainties that shall be no less than 7.5% of the projected unrestricted revenue.
- **Restricted Funds** are used to account for resources available for the operation and support of educational or other programs specifically restricted by law, regulations, donors, or other outside agencies. Examples of Restricted Funds at SOCCCD are EOPS, DSPS, and grants. All federal, state, and local funds including state categorical programs and grants are recognized as restricted general fund income to the District.
- **Scheduled Maintenance Funds** are state funds that are provided for major repairs of buildings and equipment. At the District, the working definition of scheduled maintenance includes scheduled maintenance or repair of major building systems at the end of their life cycle that require planning, allocation of a significant amount of time and funds, and a high degree of coordination.
- **State Capital Project Funds** are funds provided by the California Community College Chancellor's Office for district capital construction projects that meet their criteria for receiving funds from the state. These funds are matched by the local district.
- **Strategic Plans** refer to the Strategic Plans at both colleges and the SOCCCD District-wide Strategic Plan.
- **Technology Master Plan** is the long-term plan for technology improvements that aligns with the EMSP.

- **Unrestricted Funds** are funds that do not have limitations on their use or disposition by their funding source (i.e., do not have specific restrictions placed upon them). These funds can be used for general purpose operating expenses and support of educational programs of the District.
- **5 Year Construction Plan** uses the project lists developed during the Education and Facilities Master Planning processes. The college presidents work every year with their campuses to update the two colleges' lists of project priorities. The separate campus priority lists are merged into one district-wide project priority list vetted through the Capital Improvement Committee (CIC) and approved by the Board of Trustees for submittal to the CCC Chancellor's office. This Five Year Construction Plan is the basis for the CCC Chancellor's Office determination of which projects they will consider for funding. All Initial Project Proposal (IPP) and Final Project Proposal (FPP) submittals must be drawn from this list.
- **20 Year Facility Condition Assessment** will be a plan developed by each college and facilitated by CIC to create a 20 year projection of District-wide facility needs including projected cost and revenue. Facility needs are defined as new facilities, renovation of existing facilities, scheduled maintenance and maintenance backlog. This plan will be developed objectively by applying uniform data driven criteria to assess facility needs district-wide. The committee will review this plan annually.