

2017-18 Final Budget

The California economy continued to remain stable throughout 2016-17, demonstrating little growth. The 2017-18 year is expected to be a very slow growth fiscal year as well with consensus across the state that some type of downturn is still on the horizon. Inflation has remained low in most areas of the economy. Unemployment rates in California dropped to 4.7% in July; however, the caution is that it does not reflect those who have quit seeking employment.

For California Community Colleges, the 2017-18 Budget Act changes reflect an increase in the unallocated base, an increase in deferred maintenance funding, and a decrease in enrollment growth funding. The Governor approved an additional \$182 million in base apportionment for operating expenses in areas such as employee benefits, facilities, professional development, converting faculty from part time to full time, and other general expenses. The system also saw an increase in Deferred Maintenance and Instructional Equipment by \$92.5 million. The Governor's budget also reduces enrollment growth in 2017-18 to 1.02%. The proposed reduction stems from recent attendance reports showing system-wide enrollment has slowed in 2016-17. The cost-of-living adjustment (COLA) for apportionment and select categorical programs has increased to 1.56% or \$97.9 million for the June approved state budget.

The State Approved Budget includes the following for College of the Siskiyous:

On-going funding:

- Apportionment based on 2,565 FTES with an increase to the base revenue of \$533,198
- COLA of 1.56% equal to \$286,005
- System growth of 1.02% (growth for COS 2.29%) not available due to Restoration status
- Mandated cost reimbursements \$28 per FTES \$71,835

Expenditures:

- Increase in STRS to 14.43% and PERS to 15.53% contribution rates for the District
- Step and Column increases
- Fully fund the ARC (annual required contribution) for Retiree Health Benefits

One time funding streams:

- \$182,618 for deferred maintenance, instructional equipment and drought
- \$92,574 in Proposition 39 funding for energy efficiency projects

While we once again have a positive budget and outlook for College of the Siskiyous, the District needs to be prudent in how we approach the spending of these funds. The system is continually being cautioned to be careful as the expectation is that the tide is turning and we will not continue to receive funding at the level we have had for the last couple of years. Governor Brown cautions that we are 2 years beyond the average number of years between recessions.

There is no growth included in the budget because we are actually in Restoration in the current 2017-18 year. We have three years to restore back to our previous level of funding before we can qualify for growth funding. However, if we can achieve some restored FTES toward that 2,819 we will be paid for that level of restoration. This does give us the potential of some additional revenue in the form of restoration.

The COS Final Budget includes a 14% ending fund balance as part of a balanced budget. In the 2017-18 budget document there is a new Contingency Reserve for potential Negotiation settlements. If these transactions take place, the college will be deficit spending by \$345,195 for the fiscal year. The college does recognize there are several opportunities to recover from this position by increasing FTES and savings on budgeted operating expenses.

This Final Budget will give us a good baseline to begin the fiscal year on July 1 and we will need to be very intentional about how and where we direct one-time funding. COS is pursuing many opportunities to increase FTES, to improve District operations and enhance the institutions' ability to provide even better services for our students and to continue to improve our student success.

Categorical programs:

There are no significant funding changes to the annual categorical programs. All categorical programs require a balanced budget each year. The District has several multi-year grants that will continue into 2017-18.

The State budget includes one-time funds for the Guided Pathways Implementation, \$150 million and Innovation Awards Program, \$20 million respectively. The 2017-18 Final Budget does not reflect the impact of these additional amounts, the funding allocation methodology, or match requirements. A budget will be developed pending confirmation of funding.