

# Features of MSJC Budgeting

Administrative Associates Retreat

# MSJC Budgeted Funds

Fund	Description	FY21-22 Budget
11	General – Unrestricted	\$153,607,119
12	General – Restricted	\$69,029,207
32	Cafeteria	\$1,984,625
33	Child Development	\$1,379,592
41	Capital Outlay Projects	\$69,604,895
43	Bond Projects	\$97,989,742
51	Bookstore	\$2,099,405
61	Self-Insurance	\$1,354,646
71	Student Government Association	\$479,758
72	Student Representation Fee	\$141,508
74	Student Financial Aid	\$22,327,310
79	Foundation	\$5,321,707
	TOTAL	\$425,319,514

# Student Centered Funding Formula (SCFF)

Three components reflecting access, equity, and success.

## I. Base Allocation

- Basic Allocation: *District Configuration*
- *FTES (3-year average for credit)* ← COVID Emergency Conditions Allowance (ECA)

## II. Supplemental Allocation

- *Prior year headcounts* for AB540, Pell Grant, & Promise Grant students

## III. Success Allocation

- *Prior 3-year average headcounts* for all students, Pell Grant recipients, and Promise Grant recipients who complete/acquire:
  - degrees, certificates, or transfer-level math/English courses
  - transfer to 4-year university
  - 9 or more CTE units
  - regional living wage

# Achieving a Structurally Balanced Budget

Ongoing Revenue  $\geq$  Ongoing Expense

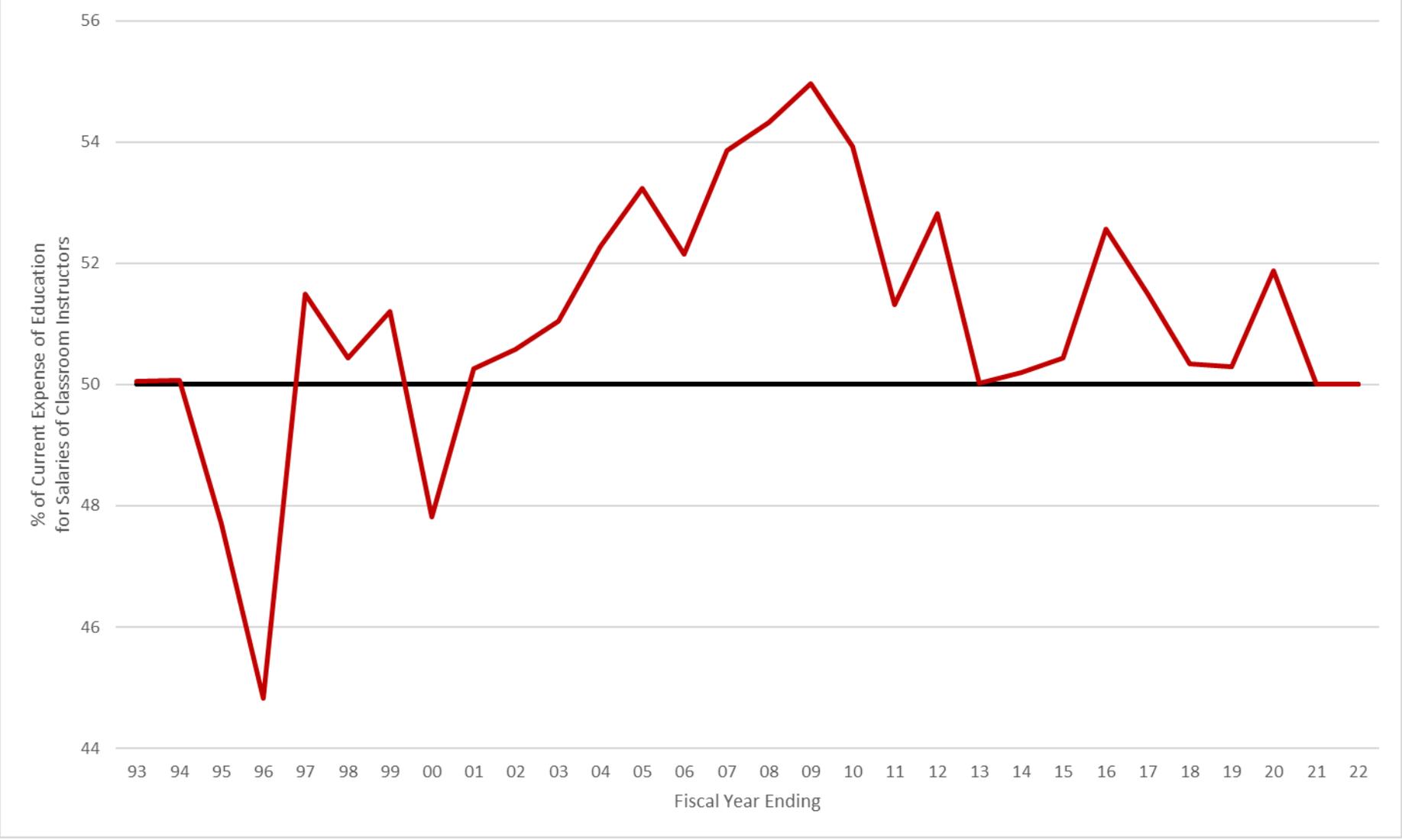
	Ongoing	One-Time
Revenues	<p>Conservative estimates of portion of revenue that can be relied on for an extended period:</p> <ul style="list-style-type: none"> <li>• Property Taxes</li> <li>• Local Fees</li> <li>• State General Apportionment</li> <li>• Other Federal/State Allocations</li> </ul>	<ul style="list-style-type: none"> <li>• HEERF &amp; Other Stimulus Revenue</li> <li>• COVID-19 Emergency Conditions Allowance</li> <li>• SCFF One-Year Stability</li> <li>• SCFF Hold Harmless</li> <li>• Windfall in Local Revenue</li> </ul>
Expenditures	<ul style="list-style-type: none"> <li>• Salaries</li> <li>• Benefits</li> <li>• Supplies</li> <li>• Materials</li> </ul>	<ul style="list-style-type: none"> <li>• Capital Asset Acquisition</li> <li>• Projects</li> </ul>

# 50% Law: EDC §84362(d); 5 CCR §59204

"There shall be expended during each fiscal year for payment of **salaries of classroom instructors** by a community college district, 50 percent of the district's **current expense of education.**" (EDC §84362(d); Emphasis Added to Terms Defined in 5 CCR §59204)

<b>Wrong Side</b>	<b>Right Side</b>
<ul style="list-style-type: none"><li>• Salaries &amp; Benefits of those who are not Classroom Instructors or IAs</li><li>• Supplies, Materials &amp; Printing</li><li>• Consultants</li><li>• Conferences, Travel</li><li>• Membership &amp; Dues</li><li>• Insurance</li><li>• Utilities</li><li>• Rents, Leases, &amp; Maintenance</li><li>• Legal, Election, &amp; Audit</li><li>• Other Operating Expenses &amp; Services</li></ul>	<ul style="list-style-type: none"><li>• Salaries &amp; Benefits of FT/PT Classroom Instructors &amp; IAs</li></ul>

# MSJC 50% Law Performance



# Failure to Comply with 50% Law

Failure to comply may result in deduction from apportionments made to the district an amount equal to the amount by which the district failed to comply. (5 CCR §59214)

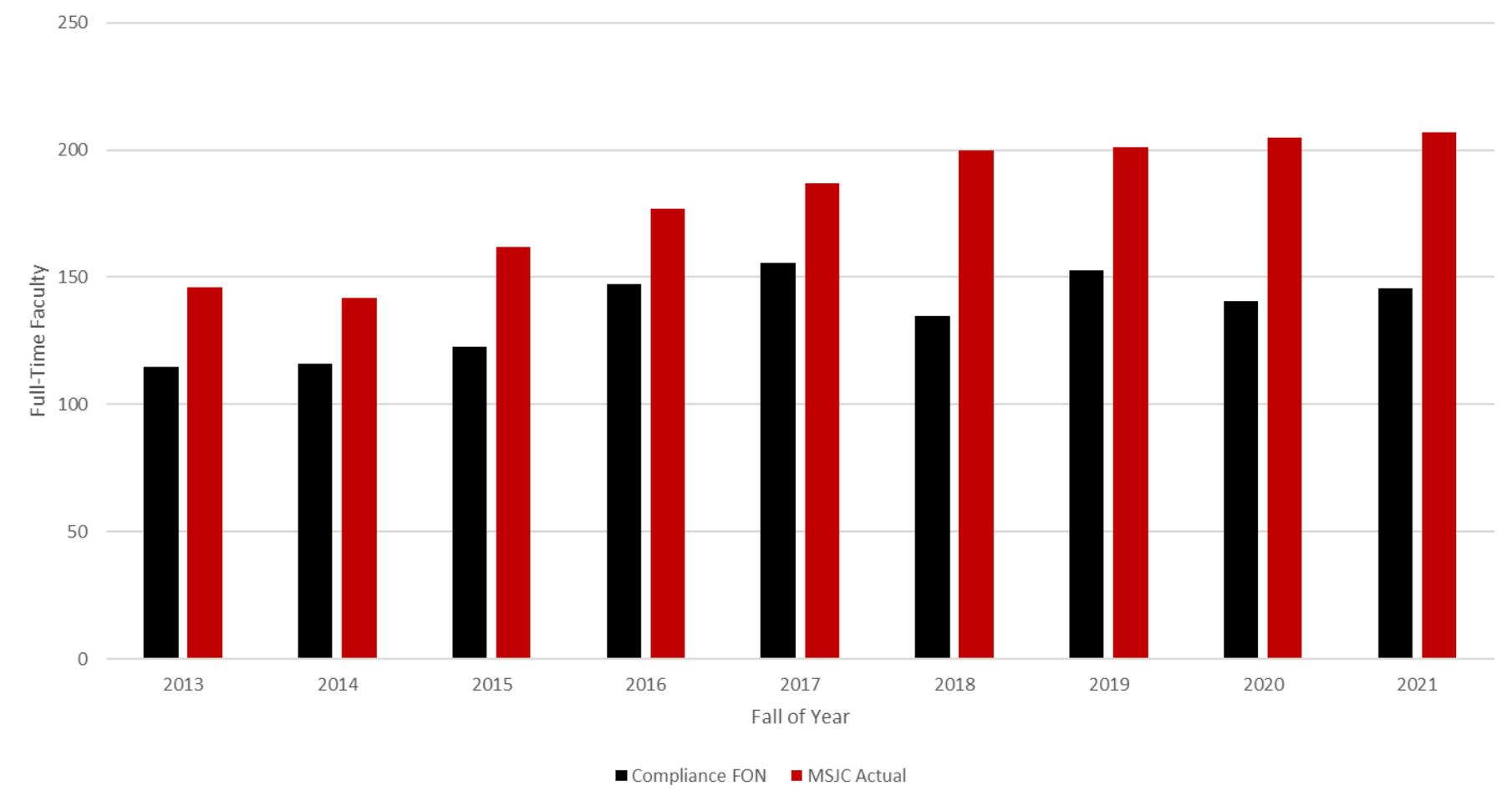
# AB 1725 & 75/25 Goal

- Signed into law by Governor Dukmejan in 1988
- Codified into law "longstanding policy of the board of governors that at least 75 percent of the hours of credit instruction in the California Community Colleges, as a system, should be taught by full-time instructors." (EDC §87482.6(a))
- Required districts to apply program improvement allocations to hiring full-time faculty to meet 75% of credit hours goal.
- Enabled board of governors to adopt regulations for effective administration of achieving this goal.

# Faculty Obligation Number (FON)

- Board of Governors adopted 5 CCR §§51025; 53301; 53302; 53308-53312; 53314 to administer attainment of 75% goal.
- If Board of Governors has determined adequate funding exists, a district's base full-time FON is increased by the percent change in funded credit FTES.
- If a District fails to meet FON in a year when Board of Governors determines adequate funding exists, the maximum penalty is "the Chancellor shall reduce the district's revenue for the current fiscal year by an amount equal to the average replacement cost for the prior fiscal year times the deficiency in the number or percentage equivalent of full-time faculty." (5 CCR §51025(e))
  - \$86,771 is the statewide average replacement cost for 2021-22.

# MSJC FON Performance

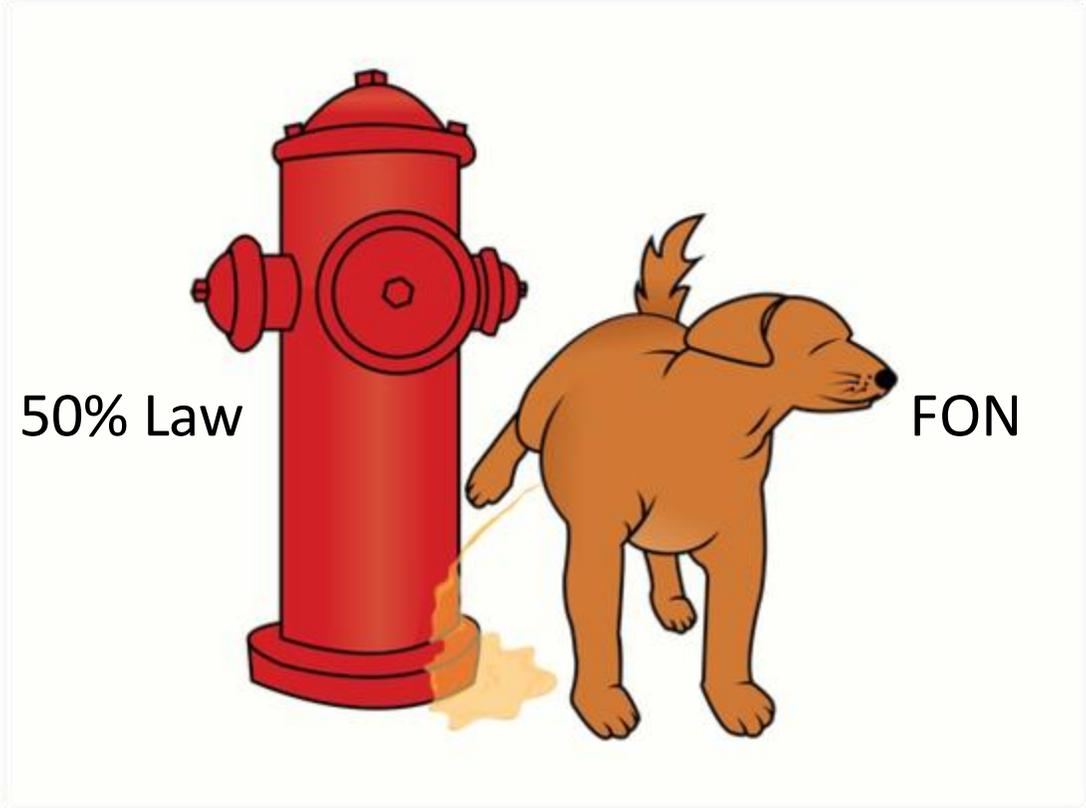


# AB 1505: Proposed Adjustment to FON

Proposes adding the following section to EDC:

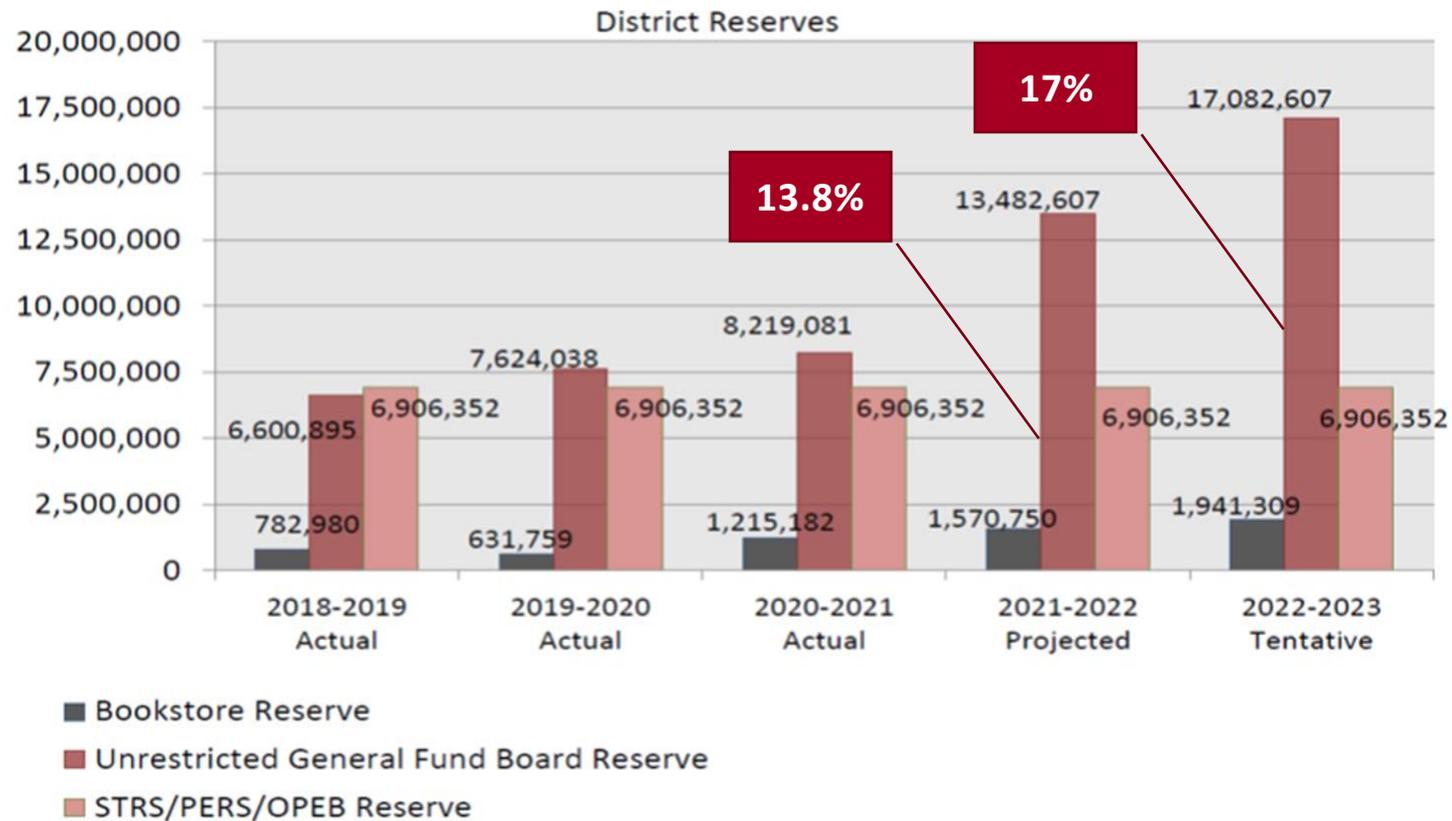
"87482.65. The board of governors shall adopt regulations that require the fall of 2023 full-time faculty obligation for each community college district to be set to the actual full-time faculty number reported for the fall of 2022 and annually adjusted pursuant to Section 51025 of Title 5 of the California Code of Regulations." (Emphasis added)

# 50% Law & FON



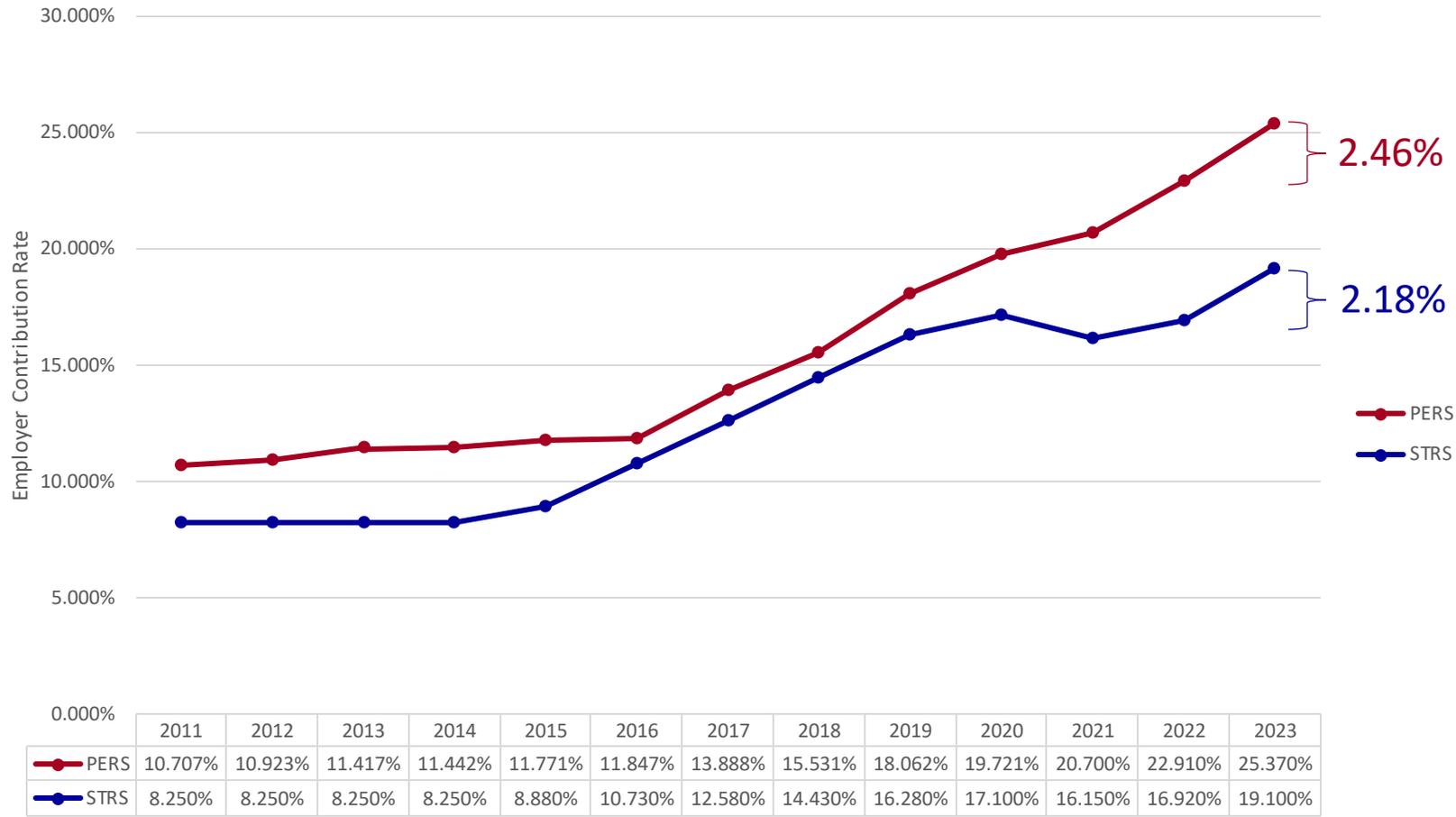
# District Reserves

The Chancellor's Office recommends districts adopt policies to maintain **sufficient unrestricted reserves with a suggested minimum of two months (approximately 16.6%) of general fund operating expenditures or revenues** consistent with Budgeting Best Practices published by the Government Finance Officers Association.



# MSJC Ongoing Employer Cost Increases

Evolution of PERS/STRS Employer Contribution Rates



Fiscal Year Ending

# MSJC Ongoing Employer Cost Increases

Employer Cost	Projected 22/23 Increase
PERS/STRS Contributions	\$1,200,000
Step/Column Raises	\$862,000
Benefits Contributions	\$128,765
<b>Total</b>	<b>\$2,190,765</b>

# MSJC Ongoing Facility Operating Cost Increases

Facility	GSF	ASF
MVC Stadium	32,530	27,374
SJC STEM Building	56,863	37,022
MVC STEM Building	57,130	41,865
<b>Total</b>	<b>146,523</b>	<b>101,569</b>