



# Chancellor's Message

*The Los Rios District, like all of California's 72 community college districts, is primarily dependent on the state for funding its educational and student support programs. And, consistent with the state's persistent economic challenges, California's community colleges experienced significant funding reductions from 2007-08 to 2012-13. The 2014-15 state budget presents more overall funding for community colleges, but little of it is unrestricted. That means the budget this year brings with it new opportunities to enhance our services to students, but also carries financial challenges – both old and new.*

*In November 2012, California voters sent a clear message with the passage of Proposition 30: public education is a top priority that should be protected from further reductions. While Proposition 30 does not provide full or immediate relief from the reductions of the past years, it does effectively protect education from further cuts and establishes a method for gradually restoring funding over the seven-year life of the measure. The state budget enacted for 2014-15 signals the state's continuing commitment to addressing California's short- and long-term indebtedness and to developing a funding process to weather significant revenue fluctuations in future years. In the long term, reducing the state's "wall of debt" – Gov. Jerry Brown's description of the state's indebtedness and financial liabilities – is certain to help California's financial stability. However, the budget leaves little discretion for the state's community colleges. In fact, it actually exacerbates the financial challenges for districts because it increases expenses without providing sufficient discretionary dollars to meet these new obligations.*

*In a note in January 2014 to the California Legislature regarding his proposed budget, Gov. Jerry Brown indicated, "wisdom and prudence should be the order of the day." He went on to stress the need for the "wise allocation of public funds," and added, "We must live within our means." This message has been consistent with the governor's efforts to reduce the "wall of debt." Consistent with that message, the enacted*

*2014-15 state budget mostly eliminates the budget deferrals that had become the norm in the past decade and also provides funding toward paying down liabilities from mandated costs. The most significant effort toward reducing the state's liabilities is changes in employer and employee contributions to the State Teachers' Retirement System, or CalSTRS. California's two major public employee pension funds – CalSTRS and CalPERS (California Public Employees' Retirement System) – each have significant unfunded liabilities. The increased employer and employee contributions are intended to fully fund these programs over 30 years. The need to address these liabilities is compelling. The challenge is to find the resources to fund them.*

*The new state budget includes growth funding of 2.75 percent for community colleges aimed at restoring access, and a modest Cost of Living Adjustment (COLA) of .85 percent.*

*In addition, the budget includes \$100 million for the Student Success and Support Program and \$70 million for Student Equity. These two programs align well with Los Rios' priorities in the coming year to provide increased access to a quality, affordable education for a growing, more diverse student body.*

*Beyond community college support, clearly the state budget's two top priorities are a well funded "rainy day fund" for unexpected contingencies and the proposed water bond on the November ballot.*

*That said, we are truly excited about the millions in funding that will help us restore access, equity and opportunity for community college students, to help them succeed in the classroom and beyond. Los Rios, with a talented, dedicated faculty and staff, is certainly up to this challenge and is energized by the opportunities this new budget presents. As I wrote last year, there will continue to be lingering effects of the budget reductions, limiting our ability in the short term to fully*



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*restore existing programs and create new ones. However, we continue to be optimistic about the future and the support that all Californians have shown for Los Rios and the state's community colleges.*

*As I begin my second full academic year as Chancellor of the Los Rios Community College District, I continue to be amazed by the determination and resiliency of our students. I am also impressed by the greater Sacramento region's commitment to the Los Rios colleges. I have been impressed with the quality of programs within our colleges and everyone's recognition that we share a common goal of improving the opportunities and outcomes for all our students. The Los Rios Community College District is a unique place, a vibrant and innovative learning community that is committed to providing service to the region and students, but understands the importance of fiscal stability, integrity and responsibility.*

*As Los Rios' Chancellor, and on behalf of our Board of Trustees and all employees, we pledge to be good stewards of our financial resources and to work together with all our partners to provide opportunities to change the lives of our students and enrich our community.*



# Executive Summary

## **INTRODUCTION**

The Los Rios Community College District is a two-year public college district that serves the greater Sacramento region totaling nearly two million residents. Los Rios includes four separately accredited colleges: American River, Cosumnes River, Folsom Lake and Sacramento City Colleges, which serve students at their main campuses as well as education centers in Davis, Elk Grove, Natomas, Placerville, Rancho Cordova and West Sacramento. The colleges offer AA/AS degrees, certificates and transfer education opportunities. The District's 2,400 square mile service area includes all of Sacramento County, most of El Dorado County and parts of Yolo, Placer and Solano counties. Nearly 80,000 students are enrolled in our colleges.

The annual budget is an important component in communicating to the district's constituents and is one of the most significant responsibilities and requirements for a community college district. The budget outlines the utilization of available financial resources and serves as a planning document for the year.

The budget process begins in early January with the release of the Governor's proposed budget for the upcoming year. The January proposal reflects the Governor's goals and objectives for the forthcoming year and highlights significant issues, policies, and initiatives of the Administration. For community colleges, which are primarily State funded, the January proposal is an early indicator of potential strategic changes in programs as funding may be linked to programmatic requirements. The next step is the May Revise. The Governor updates the initial proposal to reflect changes in projected revenues as well as appropriations, which generally are the result of

dialog and negotiations with the State's legislative bodies following the January proposal. With the issuance of the May Revise, the legislature begins its final budget process which, by law, is to result in a budget by June 15<sup>th</sup> for the Governor to sign by June 30<sup>th</sup>.

Because the State can dictate to a considerable extent the manner of how funds are earned and expended, a district's budget is largely contingent upon the adoption of the State Budget Act.

## **STATE BUDGET OVERVIEW**

California's budget turned the corner in 2012-13 primarily due to the passage of Proposition 30. The State had been operating with a structural deficit since the dot.com 'bust' in 2000. Deficits were rolled to future years with the hope that revenue growth would outpace spending. However, the recession and slow recovery compounded the budget issues resulting in, by most standards, the State's worst budget crisis. In 2011-12, the State made progress on closing the gap between revenues and expenditures through spending reductions, including trigger cuts when revenues came in short of forecast. However, the reductions were not enough and some anticipated savings not realized as actions were blocked or delayed by court proceedings. In November 2012, Proposition 30 was passed generating an increase in tax revenues from increasing both the State sales tax rate and tax rates for high income taxpayers. Revenues generated by Prop. 30 are being used to support base funding and pay down "the wall of debt" accumulated since 2000. In addition, revenue growth from the economic recovery provided the opportunity to restore funding for critical programs and services in 2013-14 and again in 2014-15.



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## January Proposal – Community Colleges

The January proposal for fiscal year 2014-15 included 3% for restoration of access at \$155.2M and a cost of living adjustment (COLA) of 0.86% or \$48.5M for a total increase to general apportionment of \$203.7M. Additionally, the Governor included a line item intended to address the structural deficit for the system partially attributable to stability and restoration funding, Proposition 30, as well as timing related to RDA payments. The Governor also proposed to pay off the remaining cash deferrals of \$592.5M.

Prior budgets included deferring payment of revenue entitlements both within the current year and to the following year (inter-year). Deferrals are one component of what the Governor refers to as “the wall of debt” the State has amassed through deferrals and borrowing since 2000. The 2011-12 budget inter-year deferral totaled \$961M. In 2012-13, the first installment to pay down the deferral was made lowering the deferral to \$801M. In 2013-14, the deferral was reduced to \$592.5M which the Governor proposed to eliminate in 2014-15.

Enrollment fees were maintained at \$46 per credit unit. Enrollment fees were \$20 per unit in 2008-09, reflecting a 130% increase in the intervening years.

The Governor highlighted his commitment to student success by doubling the allocation for the Student Success and Support Program (SSSP) with a \$100M augmentation and \$100M to close gaps in access and achievement for underrepresented student groups as identified in Student Equity plans.

The Governor proposed \$39M for energy efficiency efforts and/or training from funding realized by the passage of Proposition 39.

Scheduled Maintenance and Special Repairs (SMSR) funding of \$87.5M and Instructional Equipment and Library Materials (SIEF&LM) funding of \$87.5M was also proposed.

The Governor reiterated his desire to shift the delivery of adult education from K-12 to California Community Colleges (CCCs). During 2013-14 and 2014-15, K-12 and community college districts (CCDs) are developing plans to implement this shift. Adult Education in the State has primarily resided in K-12 districts although some CCDs have large programs. The determination as to which entity(ies) would offer adult education was a decision made decades ago between local K-12 districts and CCDs. During the budget downturn, K-12 districts were allowed to “flex” their adult education funding. Many districts chose to reduce or even eliminate adult programs to use the funds for compulsory K-12 programs. For 2012-13, the Governor initially proposed to shift all Adult Education to the CCCs but only provided \$300M for a program that had previously been funded at \$1B. Setting aside the discrepancy in funding, there are many programmatic and logistics issues which need to be addressed for a shift of this magnitude. Recognizing the need for planning, the Governor modified the proposal to fund regional planning grants for potential implementation of the shift in 2015-16.

Lastly, the Governor stated his intent to devise a plan for 2015-16 to address the unfunded liability for CalSTRS which is the retirement system for California K-12 and community college faculty.



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## May Revise/Enacted Budget

The Governor's May Revise for 2014-15 reflected changes to revenue forecasts since the January proposal for both the current and budget year. The May Revise also typically includes modification in funding and/or policy proposals based upon legislative and constituent responses to the January proposal.

Despite strong revenue growth in 2013-14, growth in excess of the enacted budget assumptions, the Governor chose to use a conservative revenue forecast, one that did not assume 2013-14 revenue levels would continue. The Proposition 98 guarantee for 2014-15 actually decreased from the January proposal.

However, by paying down more of the deferrals in 2013-14, the Governor was able to take credit for additional funding for 2014-15 over his January proposal. The primary changes were:

- Decrease in access funding of \$14.8M (from 3% to 2.75%)
- Decrease in COLA of \$1.2M (from 0.86% to 0.85%)
- Increase in apportionment of \$42.4M to offset decreases in property tax and fee revenue estimates
- Decrease in Prop. 39 funding (\$39M to \$37.5M)
- Increase in funding for SMSR from \$87.5M to \$148M and suspending 1:1 match requirement for 2014-15
- Elimination of \$87.5M for Instructional Equipment
- One-time Economic & Workforce Development augment of \$50M
- \$6M for technology infrastructure; \$1.4M one-time and \$4.6M on-going to improve internet connectivity.

The major change from the Governor's January proposal was a plan to fund the CalSTRS shortfall beginning in 2014-15 rather than 2015-16. The plan proposed by the Governor was severe in terms of its impact to employees and K-12 and CCDs. For 2014-15, the Governor proposed increasing employee contributions from 8% to 8.15% and employer contributions from 8.25% to 9.50%. Additional information about the STRS proposal is found at the end of this section.

Subsequent to the May Revise proposal, the budget sub-committees of the State Senate and Assembly took action with both houses choosing to spend significantly more than the Governor's plan. For the most part though, the enacted budget signed by the Governor on June 20th was as he proposed in the May Revise.

Below are the primary differences between the enacted budget and the May Revise:

- Student Equity proposed at \$100M and funded at \$70M
- Disabled Students Programs and Services augmented by \$30M
- Restoring the flexibility to use the \$148M for both physical plant (SMSR) and instructional equipment
- Modification to the scheduled increases in STRS employer and employee contribution rates
- Funding for prior year mandated cost claims of \$49.5M
- Lowered the deferral buy down from \$592.5 to \$497.8M (\$95M remaining)



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## Projected Revenue Increases

Based upon the enacted budget, Los Rios anticipates the following funding augmentations for 2014-15:

COLA	\$2.1M
Growth (net of deficit)	\$6.5M
Basic Allocation Increase	\$1.1M
Student Success & Support Program (SSSP)	\$5.5M
Student Equity	\$3.3M
SMSR/SIEF & LM	\$6.6M
Prior Years' Claims for Mandated Costs	\$2.2M

## OTHER SIGNIFICANT BUDGET FACTORS

### Revenue Shortfalls/Structural Deficit

While the State determines the total funding entitlement for each District, only a portion is funded by general apportionment. The balance is comprised of other State and local resources. If those resources come in short of the Department of Finance estimates, districts face revenue shortfalls. The budget includes funding for both 2013-14 and 2014-15 to close the gap between forecasted revenues and actuals. However, 2014-15 property tax revenue projections assume an 8% increase over 2013-14 and there is concern that increase is too optimistic. The system begins 2014-15 with a structural deficit of approximately 0.5% which is included in the District's budget assumptions. The structural deficit is due to the system funding stability and restoration of \$30 million without the State recognizing this as a base allocation.

Funding for California community colleges is comprised of four components: general apportionment, local property taxes, student enrollment fees, and most recently, revenues from the Education Protection Account (EPA) established by Proposition 30. A sub-set of local property taxes is taxes received from redevelopment agencies (RDAs). RDAs were dissolved in 2011-12 to increase local property tax revenues for K-12 and community college districts. Property tax revenues are a significant component of the State's funding for Proposition 98 (K-14). The State's budget model for community college general purpose funding is as follows:

- + Determine each district's revenue entitlement (basic allocation plus funding for students served), then fund by:
  - Projected total property tax revenues
  - Projected total enrollment fees
  - Projected Educational Protection Account revenues
  - = Balance remaining is funded by State General Apportionment

However, if property taxes or enrollment fees come in short of projections, the State does not increase general apportionment. Rather funding is "deficit" meaning districts do not receive their full revenue entitlement. For 2013-14, the second principal apportionment (P2) had a shortfall of 1.6% for each district. The State Chancellor's Office is projecting the final deficit to be 1% without considering any additional property tax or enrollment fees above the P2 projections. Typically, regular property taxes and enrollment fees come in higher at final than P2 and the District used an estimated shortfall of .5% to close 2013-14.



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## Categorical Programs, Mandate Reimbursements

Many programs were significantly reduced and some eliminated in 2009-10. Limited restoration occurred in 2013-14. The enacted budget maintained funding for most categorical programs at the 2013-14 level. The budget proposal for the third consecutive year includes funding for mandated costs on a block grant basis. Districts have the option to waive the claims process each fiscal year to receive \$28 per FTES for providing the prescribed programs. Los Rios' share is approximately \$1.4M. A district can decline the funding and file a claim, but may wait years for the claim to be paid. Additionally, the State is allocating funds toward prior years' claims. Los Rios' has elected to receive the block grant for all three years.

## Cost of Living Adjustment (COLA)

The 2014-15 COLA of 0.85% follows the 2013-14 COLA of 1.57%. COLAs were not funded from 2008-09 through 2012-13. The cumulative increase for those years that statutorily should have been funded is 15.8%. For Los Rios, the cumulative foregone revenue through 2012-13 totaled over \$138M.

## Restoring Access

Workload for community colleges is measured by Full-Time Equivalent Students (FTES). A large share of the reductions in funding in 2009-10 and 2011-12 were made to general apportionment with corresponding workload reductions. Los Rios' 2008-09 funded level

was 53,013 FTES. For 2013-14, the base funded level was 48,890, restored FTES of 1,225 for 2013-14 brings the projected base for 2014-15 to 50,113, still 2,900 below 2008-09. Projecting restoration for 2014-15 is difficult because the formula directs more funds to districts that are lagging behind in restoring. Because Los Rios maintained a level of unfunded FTES during the downturn it has qualified for the maximum allowable restoration along with 26 other districts. The remaining districts did not earn their entitlements in 2012-13 and 2013-14. Those remaining districts can receive more of the 2014-15 access funding as the system attempts to equalize the level of restoration. The table below recaps the reductions and restorations since 2009-10. As of the end of 2013-14, Los Rios still has 65% to restore. The amount shown for 2014-15 is the floor (minimum) that the District will receive. If other districts do not restore, then Los Rios can receive as much as \$8M toward the remaining restoration.

<i>Summary of Program Funding Reductions and Restoration - 2009-10 to 2014-15</i>				
<i>Fiscal Year</i>	<i>Statewide</i>		<i>Los Rios</i>	
	<i>(Reduction)/ Restoration</i>	<i>Balance</i>	<i>(Reduction)/ Restoration</i>	<i>Balance</i>
2009-10	(189,725,000)	(189,725,000)	(8,692,000)	(8,692,000)
2010-11	126,000,000	(63,725,000)	6,052,000	(2,640,000)
2011-12	(385,000,000)	(448,725,000)	(18,198,000)	(20,838,000)
2012-13	48,893,000	(399,832,000)	3,282,000	(17,556,000)
2013-14	86,047,000	(313,785,000)	5,691,000	(11,865,000)
2014-15	140,385,000	(173,400,000)	3,622,000	(8,243,000)

*The range of potential restoration FTES for Los Rios as estimated by the CCCCO is 775 to 1,720. At the higher level, the District would still be funded for 1,180 fewer FTES than 2008-09.*



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## New Growth Factors

In January, the Governor proposed to change the way growth funds are distributed to community colleges. Scheduled for implementation in 2015-16, Senate Bill 860 contained the requirements for the formula. In general, the new formula is required to support the primary missions of the system and be based on each community's need for access to community colleges. The primary factors in the formula must be the number of people within the district's boundaries and with no college degree and the number of people who exhibit signs of being disadvantaged, e.g., unemployment. The Chancellor's Office has convened a workgroup to provide guidance in the development and implementation of the new formula.

## CalSTRS

The Governor's plan to fund the \$74B unfunded liability of the California State Teachers' Retirement System is perhaps the most critical element of the 2014-15 budget. The goal is to achieve full funding by 2045-46. The largest share will be contributed by employers, more than doubling the current contribution over the next seven years. Employees will also see a significant increase to their contribution and the State will also contribute an increased amount. Los Rios' contribution for STRS in 2013-14 for general purpose and categorically funded services was well over \$9M. The 2014-15 increase is projected at \$700,000 and the 2015-16 increase will require another \$2.1M. This does not include the increased contributions required of employees. Below is a table of the rate increases in the Budget Act that begin in 2014-15.

Year	Employer	Employee Contribution	
		Pre-PEPRA*	Post-PEPRA*
2013-14	8.25%	8.00%	8.00%
2014-15	8.88%	8.15%	8.15%
2015-16	10.73%	9.20%	8.56%
2016-17	12.58%	10.25%	9.205%
2017-18	14.43%	10.25%	9.205%
2018-19	16.28%	10.25%	9.205%
2019-20	18.13%	10.25%	9.205%
2020-21+	19.10%	10.25%	9.205%

*\*PEPRA stands for Public Employee Pension Reform Act which established different pension benefits for those employees who become members after 1/1/2013.*

While there is widespread acknowledgement of the need to address the State's liabilities, rate increases of this magnitude will be difficult to fund without significant increases to general purpose funding.

## CalPERS

The retirement system for classified employees is in a stronger position relative to unfunded amounts. CalPERS sets its own rates and is addressing its unfunded liability by increasing employer contribution rates, again fairly significantly.

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
11.442%	11.771%	12.6%	15.0%	16.6%	18.2%



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## State Facility Bond

In spite of billions of dollars needed for community college capital facility projects (current estimates total \$35.8B), there is no education bond slated for any upcoming statewide ballot. Additional information regarding Los Rios' projects that are eligible for State bond funds can be found in the Information section under "Capital Facilities Program."

## Shift in Funding Sources

Another area for possible concern is the underlying change in sources supporting the annual funding for California's community colleges. The shift to higher reliance on property taxes, enrollment fees and temporary taxes (EPA) without guaranteed backfill by State general fund is problematic. In 2008-09, 66% of the funding for CCCs was State General Fund. In 2014-15, that same source is 40%.



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**Schedule of Historical and Budget Year Categorical Program Funding**

Program Name	Flex- ibility	Statewide (\$ in '000s)		2014-15	Los Rios (\$ in '000s)			% Change 2014-15 to 2008-09
		2008-09	2013-14	Enacted Budget	2008-09	2013-14	2014-15 Projected	
<i>Academic Senate for the Community Colleges</i>	Y	\$ 468	\$ 468	\$ 468				
<i>Apprenticeship</i>	N	14,641	7,174	7,174	\$ 1,546	\$ 758	\$ 758	-51%
<i>Apprenticeship - K12</i>	N		15,694	15,694				
<i>Basic Skills</i>	N	33,100	20,037	20,037	811	553	486	-40%
<i>Child Care Tax Bailout</i>	Y	6,836	3,350	3,350	369	181	181	-51%
<i>Disabled Students Programs and Services</i>	N	115,011	84,223	114,223	4,618	3,458	3,101	-33%
<i>Economic Development <sup>1</sup></i>	N	46,790	22,929	72,929	3,374	1,076	481	-86%
<i>EOPS</i>	N	106,786	79,273	79,273	4,639	3,367	3,199	-31%
<i>CARE</i>	N	15,505	9,332	9,332	764	436	415	-46%
<i>Equal Employment Opportunity</i>	Y	1,747	767	767	42	17	17	-60%
<i>Foster Care Education Program</i>	N	5,254	5,254	5,254	169	165	156	-8%
<i>Fund for Student Success (MESA)</i>	N	6,158	3,792	3,792	219	152	152	-31%
<i>Student Success &amp; Support Program</i>	N	101,803	99,183	199,183	4,583	4,181	9,720	112%
<i>Student Equity</i>	N			72,500			3,274	
<i>Nursing</i>	N	22,100	13,378	13,378	304	399	424	39%
<i>Online Education Platform &amp; Professional Dev.</i>	N		16,910	10,000				
<i>Part-Time Faculty Compensation</i>	Y	50,828	24,907	24,907	2,249	1,102	1,102	-51%
<i>Part-Time Faculty Health Insurance</i>	Y	1,000	490	490	104	51	51	-51%
<i>Part-Time Faculty Office Hours</i>	Y	7,172	3,514	3,514	204	98	98	-52%
<i>Physical Plant and Instructional Support</i>	N	27,345	30,000	148,000	1,108	1,216	6,632	499%
<i>Special Services for CalWORKs Recipients</i>	N	43,580	34,545	34,545	2,770	1,734	1,647	-41%
<i>Student Financial Aid Administration (BFAP)</i>	N	51,269	67,537	69,421	2,356	2,862	2,879	22%
<i>Telecommunications &amp; Technology (TTIP)</i>	N	26,197	15,790	21,790	144	-	-	-100%
<i>Transfer Education and Articulation</i>	Y	1,424	698	698	289	92	92	-68%
<b>Total Categorical Funds</b>		<b>\$ 685,014</b>	<b>\$ 559,245</b>	<b>\$ 930,719</b>	<b>\$ 30,662</b>	<b>\$ 21,898</b>	<b>\$ 34,865</b>	<b>14%</b>

\* 2014-15 amounts for protected programs are shown at 95% of 2013-14 (minimum guarantee by the State). Some programs are grant based and only known, current year awards are listed. Proposition 39 not shown.

<sup>1</sup> Economic Development statewide increase reflects a one-time augmentation of \$50M



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## Budget Forecast

While the District received new/restored revenues in 2012-13 and 2013-14, the District's June 2014 revenue entitlement (P2) was \$8 million less than the 2008-09 final entitlement before deficit. COLA and access funding in 2014-15 should result in final funding at or above 2008-09 levels.

In the intervening years the District has seen significant cost increases in its employee benefit programs as well as step and column movement for salaries. Reductions were made in staffing levels for the instructional program and through attrition in other areas. Operational allocations were also reduced and employees shouldered a portion of the medical premium increase. Those cost reductions as well as some one-time resources appear to be sufficient in 2014-15 to offset the increases. The adopted budget does not include the use of reserves to achieve a balanced budget.

The District's budget planning as revenues are slowly restored continues to focus on three primary interests:

- Preserving core programs and services for students
- Protecting regular employees
- Maintaining fiscal stability

Per Board action, capital outlay project reserves were designated to support the general fund until sufficient revenues were restored. The limit on reserves was set at \$26M. The total draw through 2013-14 was \$15.8M.

The \$15.8M is from the capital outlay projects fund only. The District utilized general fund set-asides and one-time funds as well. For 2009-10, the District did not draw upon reserves as continuing and one-time resources set-aside from 2008-09 were consumed and American Recovery and Reinvestment Act funds offset categorical program reductions. For 2010-11, the District ended the year with an increase in General Fund reserves of over \$6.9M from Growth funds of \$6.1M, and a one-time payment for mandate claims. The increase in reserves from 2010-11 was mostly consumed in 2011-12 and \$6.4M in reserves were drawn from the capital outlay projects fund. For 2012-13, \$5.6M was required bringing the cumulative total to \$12.0M and \$3.8M was used in 2013-14 for the total draw of \$15.8M.

## Revenue Assumptions

With the enacted budget for 2013-14, there was no longer a need to adopt contingency plans for potential mid-year reductions. Rather, the District returned to the process of adopting three potential revenue assumptions. As has been long-standing practice prior to the 2008-09 reductions, the revenue assumptions assume a base level expenditure plan (X budget) that is then increased corresponding to the higher revenue levels in the Y and Z budgets.

## Cost Increases

As mentioned earlier, revenue reductions and no COLAs meant no new funding for increases for salary step and column movement, health and welfare benefits, and other payroll and operational costs.



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The cumulative increase in health premiums since 2008-09 is 64% or \$480 per month for the plan selected by most employees. Employees have shouldered part of that increase by paying \$96 per month toward premiums. For 2014-15, the District has expanded its offerings for medical insurance. Employees may choose from traditional HMO plans from three different carriers and also have a choice of a high deductible health plan that can be used in conjunction with a Health Savings Account. Employer contributions to the Public Employees Retirement System (PERS), covering classified employees, have increased 2 points since 2008-09, an average increase of almost \$1,100 per classified employee. State Unemployment Insurance was .33% of payroll in 2008-09. For 2011-12, it was 1.8515% of payroll and 2012-13 it was at 1.265%. Fortunately, the rate dropped significantly in 2013-14 to .055%. Other cost increases are projected based upon forecasted step increments net of decrements, and dental insurance. The STRS increase for 2014-15 is estimated at \$700,000.

Operational costs have increased as utility costs rose due to rate increases and the increase in total square footage. However, the District is actively working to reduce its utility costs by lowering consumption through multiple initiatives. For 2013-14, utility costs were 9% higher than 2008-09.

## Projected Resources

On-going resources from 2008-09 were deferred to support 2009-10 cost increases. District employee groups all agreed to forego a continuing salary schedule improvement that would have been

implemented retroactive to 7/1/2008 to reserve those resources for future compensation increases. This deferral was instrumental in maintaining the salary schedules and avoiding layoffs. Additionally, on-going operational funds were set-aside in 2008-09 to be used for increases in utilities and other operational costs.

## Savings

The District reduced its course offerings each year corresponding to the apportionment/workload reductions. The cumulative reduction through 2012-13 was 10.9%, the equivalent of 177 full-time faculty and 1,665 sections. Savings from public safety training instructional contracts and apprenticeship work experience classes were realized as those agencies impacted by funding reductions and a weak job market reduced their training programs. In 2013-14, the District maintained the size of its instructional program while achieving growth funding for being funded for its over cap students who were unfunded in 2012-13. For 2014-15, 2% or 33.5 FTEF are added to achieve the restoration funding through additional course offerings.

The District also reduced through attrition regular faculty, classified, and management positions. Other savings were achieved primarily through operational reductions and re-direction of appropriations. These included reductions in college and district discretionary appropriations, professional development allocations, and other operational allocations. By continuing these savings, the budget for 2014-15 is balanced although there is still some reliance on one-time resources to support on-going costs.



# Historical Overview

The Los Rios Community College District was formed in 1965 as a result of the consolidation of ten separate K-12 “feeder” districts. At the time of its organization, the District consisted of two colleges; Sacramento City College and American River College. In 1970, the California Community College Board of Governors (BOG) and California Post Secondary Educational Commission (CPEC) approved the creation of Cosumnes River College serving the southern portion of the District. In February 2004, Folsom Lake College achieved college status.

In 2013-14, the District’s four colleges and four approved centers, Folsom Lake College’s El Dorado Center, American River College’s Natomas Center, and Sacramento City College’s Davis and West Sacramento Centers, served nearly 80,000 students. While this is down from the District’s peak of 92,000 in spring 2009, this contrasts to nearly 61,000 students served only fifteen short years ago. The past decade and half, even adjusted for down years in 2009-10 through 2013-14, has been a period of remarkable growth.

Based upon enrollment, the District is the second largest community college system in California and one of the largest in the nation.

Covering nearly 2,440 square miles, the District operates in five contiguous counties including Sacramento County, El Dorado County, Placer County, Yolo County, and Solano County. It encompasses the Cities of Sacramento, Elk Grove, Davis, Folsom, West Sacramento, Rancho Cordova, Citrus Heights, and various other Sacramento County municipalities. The area is predicted to experience significant growth in future years.

During the next eight years, Los Rios Community College District is projected to grow from nearly 80,000 students to nearly 100,000 students. Of course, the State economic situation will have a large impact on the District’s actual growth during this period. Plans call for the addition of two official Centers in the following locations: Elk Grove and Rancho Cordova.

Los Rios Community College District is proud of its past and very optimistic about its future. That so many Sacramento residents will enroll in our colleges signals a healthy community with an educated workforce and a growing economy.



# Values, Vision, Mission and Goals

During the 2010-11 year, faculty, staff and students across the District came together to review and update the Los Rios Community College District Strategic Plan. Originally developed in 1997, the current plan, adopted in January 2011, serves as the fourth official strategic plan for the District. The planning process involves taking a look at where we are and where we want to go as a community college district. The 2011 Strategic Plan, which serves to guide the District in 2014-15, provides a thoughtful vision of the future of Los Rios. The vision centers on promoting student success through ongoing collaboration, evidence-based improvements, and the positive interdependence we achieve by being a “community of colleges.”

The 2014-15 District budgets were developed to reflect the educational programs of the Los Rios Community College District. The programs of the District are consistent with the mission of the California Community Colleges.

## **CALIFORNIA COMMUNITY COLLEGES’ MISSION**

The mission of the California Community Colleges is to provide high quality, lower division instruction for students who wish to obtain associate degrees, transfer to a baccalaureate institution, or prepare for an occupation as well as the provision of remedial English as a Second Language (ESL) and literacy instruction to all who require those services.

Primary missions of the colleges are to offer academic and vocational education at the lower division level for recent high school graduates and those returning to school; and to advance California’s economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement.

Essential and important functions of the colleges include: basic skills instruction, providing English as a second language, adult noncredit instruction, and providing support services that help students to succeed. Fee-based Community Service education is designated as an authorized function. The colleges conduct institutional research concerning student learning and retention to facilitate their educational missions and to foster student success.

By law, California Community Colleges are required to admit any resident with a high school diploma or equivalent and may admit anyone who is capable of benefiting from the instruction offered.

## **LOS RIOS COMMUNITY COLLEGE DISTRICT VISION**

Like all plans, a vision builds upon past successes, but it does much more. The Los Rios Community College District coordinates our district and college planning activities by establishing a flexible framework of goals and directions to support innovative planning at each college and unit within the District. The current vision for the District is as follows:

## **VISION STATEMENT**

We, the Los Rios community colleges, provide outstanding programs and services so that all students meet and exceed their personal, educational, career, and social goals. We meet the social and economic needs of the community.

In order to accomplish our vision, the District has adopted the following mission, strategic goals, and values:



# Values, Vision, Mission and Goals

## **OUR MISSION**

Relying on their professional and organizational excellence, the Los Rios community colleges:

- Provide outstanding undergraduate education, offering programs that lead to certificates, associate degrees, and transfer;
- Provide excellent career and technical educational programs that prepare students for job entry and job advancement through improved skills and knowledge, including the demands of new technologies;
- Provide a comprehensive range of student development programs and services that support student success and enrich student life;
- Provide educational services that address needs in basic skills, English as a second language, and lifelong learning; and
- Promote the social and economic development of the region by educating the workforce and offering responsive programs such as service learning, business partnerships, workforce literacy, training, and economic development centers.

In order to achieve its mission, the District has identified and embraced five strategic goals which serve as the guidelines that our colleges, centers, and offices will use in developing their own strategies for achieving our vision.

## **OUR FIVE STRATEGIC GOALS**

### **1. Student Success**

Our primary goal is student success: in their education, work lives, and ability to engage in an increasingly complex world.

### **2. Teaching and Learning Effectiveness**

We are committed to providing the highest quality programs in transfer, vocational, and general education, using the best current and emerging methods and technologies.

### **3. Access and Growth**

We will respond to the changing needs of the Sacramento region through new delivery approaches and support services.

### **4. Community, Economic and Workforce Development**

We will promote the health and economic vitality of the region through partnerships with community groups, business and industry; staff involvement in civic affairs; occupational programs; and programs that are open to the public.

### **5. Organizational Effectiveness**

We will continually improve organization processes to ensure institutional effectiveness, fiscal accountability and integrity.



# Values, Vision, Mission and Goals

## **CORE VALUES**

As part of the District's plan to achieve the vision for our students and communities, the District has adopted core values as guiding principles. These core values serve as the foundation upon which the District operates. The District's adopted core values include:

### ***Student Access***

We are committed to providing educational opportunity to all who can benefit in the greater Sacramento region.

### ***Student Success***

We strive to help our students achieve success in their educations, in their careers, and as contributing members of society.

### ***Lifelong Learning***

We inspire a spirit of openness and intellectual curiosity as enduring pursuits.

### ***Serving the Community***

We serve the needs and goals of our communities.

### ***Social and Economic Development of the Community***

Los Rios supports the social and economic development of our region.

### ***Quality***

We strive for the highest quality in all programs, services, and activities.

### ***Academic Rigor***

Los Rios' educational standards emphasize critical thinking and high quality educational experiences. Faculty members challenge themselves and their students to prepare for the future by expanding the body of knowledge in an atmosphere of thoughtful, unfettered expression, discussion, testing, and proof of ideas.

### ***Career and Professional Development***

We encourage and promote the continuous professional development of all administrators, staff and faculty.

### ***Academic Integrity***

Los Rios exhibits academic integrity by demonstrating forthright, honest and ethical behavior in all interactions.

### ***Embracing Diversity and Building Community***

We recognize and value the strength of our diverse backgrounds and perspectives and seek to build a community in which all constituencies are highly qualified.

### ***Social Justice***

Because diverse perspectives support the District's commitment to equality, equity, and justice, our communities are best served by ensuring that all populations are represented equitably throughout the Los Rios community colleges.



# *Values, Vision, Mission and Goals*

## ***Respect, Civility, Collegiality, and Ethical Integrity***

These hallmarks of a collegial environment enhance our cooperative efforts and shared use of resources for providing education, training, student services, and community service.

## ***Blame-Free Culture***

Los Rios strives to create a supportive, problem-solving culture, and we recognize the proven usefulness of an interest-based approach (IBA) for achieving cooperation and effective problem solving.

## ***The Contributions Of All Our Members***

All members of the Los Rios community are encouraged to contribute to our organizational success.

## ***Informed and Decentralized Decision-Making***

We value informed decisions made by people close to the issues.

## ***Democratic Practices***

We observe democratic practices in our internal governance.

## ***Financial Stability***

Our continuing success is based on careful management of our resources.



# Values, Vision, Mission and Goals

## **2014-15 SPECIFIC GOALS**

Following are the goals established by Los Rios Community College District for the 2014-15 fiscal year. Costs associated with these adopted goals are included in the district budget.

- Provide access for students to accommodate the community needs within the constraints of the budget. Commence the addition of new sections as allowed by growth (access) funding.
- Continue to implement the Student Success and Support program by increasing access to orientation, assessment, counseling and other student services and educational support for new and continuing students.
- Meet new Student Success criteria and improve outcomes for student completion and achievement.
- Continue to develop and implement strategies to reduce the achievement gap.
- Complete a plan with our K-12 partners for the transition of Adult Education oversight in our region to Los Rios.
- Implement new technology for analyzing outcomes and assessing effectiveness of strategic initiatives.
- Continue to enhance the diversity of the District's workforce to better mirror the community and students we serve.
- Minimize programmatic impact from the past budget reductions.
- Continue to enhance the security of information systems including student and employee data.
- Achieve 'Center' status by the Board of Governors and California Post Secondary Education Commission (CPEC) for the CRC - Elk Grove Center.
- Provide meaningful staff development programs to provide training for faculty, classified and management employees.
- Continue to implement energy conservation measures to effectively reduce the District's energy consumption.
- Complete multiple capital facility improvements consistent with the District's Plan for Educating a Region.
- Enhance and expand program offerings in Workforce and Economic Development.
- Continue to manage the District's enrollment demand in conjunction with State funding and legislative direction/intent.
- Establish strategies with our K-12 partners to enhance the college readiness of incoming students.
- Complete college accreditation self-studies in preparation for fall 2015 visits.