



Chancellor's Message

California's 113 community colleges are largely dependent on the state for funding their instructional and student services programs. And the state, in turn, remains dependent on stock market gains and often-volatile income tax revenues for much of the funding that the state of California invests in our community colleges. The good news for 2015-16 is that state tax revenues have been surging – at least initially, based heavily on the performance of the markets and the income of a relatively small group of the wealthiest Californians – and the result has been billions of dollars in additional revenue. For Los Rios and all of California's community colleges, the short-term result impact of the state's enacted 2015-16 budget is the largest single-year funding increase in memory.

The 2015-16 budget includes a 3 percent increase in funding for enrollment growth statewide. For Los Rios, we are anticipating 2 percent growth in our mid-range budget and are planning for the potential of slightly higher growth. That 2 percent growth in enrollment translates to an additional \$4.9 million. Achieving growth will require an “all hands on deck” focused, collaborative commitment to enrollment management in the months ahead. Our District is still emerging from five years of drastic cuts, from 2008-09 through 2012-13. It is a challenge to go from reductions to growth. The District and the Los Rios Colleges continue to work to spread the word that there are courses open and classroom seats available.

Looking forward, the enacted 2015-16 state budget is a strong follow-up to the 2014-15 budget, which signaled the state's continuing commitment to addressing debt issues and developing a reliable “rainy day” fund to help the state weather significant fluctuations in volatile tax collections. Indeed, one reason Los Rios weathered the last downturn and will be prepared when the next inevitable recession comes is our core value of fiscal prudence and caution. While we celebrate the financial strength of the 2015-16 budget, we continue to

plan thoughtfully for the many challenges ahead, including the shifting of public employee retirement costs to us.

Both of California's largest public employee pension funds – the California Public Employees' Retirement System and the California State Teachers' Retirement System – have significant unfunded liabilities. The need to fund these liabilities is compelling. The challenge is to identify the resources to do so without compromising our programs, services and overall commitment to students.

Another critical matter facing California today is the ongoing drought. Leading by example, Los Rios takes its responsibility serious to reduce our water consumption. A one-time appropriation in the 2015-16 budget is an excellent opportunity to fund upgrades throughout the District to reduce consumption both now and into the future.

For 2015-16, we look forward to expanding and enhancing access and opportunity for our students, to help guide them to find their success in the classroom and community. Our seasoned, dedicated faculty and staff are ready to engage the next wave of motivated students, driven by the prospect of increased enrollment. To be sure, the effects of the Great Recession continue to linger. But we continue to be optimistic about the future for our District and our students, and for how the educational opportunities we provide help shape our students' futures for the better.

One reason for that optimism is the generosity shown time and time again by all of Los Rios' friends and supporters. As the District celebrates its 50th anniversary this year, we look forward to our inaugural Los Rios Foundation Honors and Awards Gala on Friday, October 23. The interest already shown in this exciting event is yet another reminder of the greater Sacramento community's commitment to and generosity toward the Los Rios Colleges and our resilient students.



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The Los Rios Community College District is a unique place with an enviable reputation for academic excellence, community commitment and fiscal stability.

On behalf of the Los Rios Board of Trustees and all our employees, we pledge to continue to be responsible stewards of our financial resources

as we work together with all our community partners to provide the means by which our students can change their lives and enrich their community.

Brian King



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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, serving 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 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 proposals are linked to programmatic requirements. At the May Revise, the Governor updates his 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 15th for the Governor to sign by June 30th.

Because the State dictates to a considerable extent the manner of how funds are earned and expended, a district's budget is almost entirely 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. The impact to community colleges was funding reductions to both instructional and categorical programs, deferrals of revenues, and no cost of living increases.

In November 2012, Proposition 30 was passed which increased tax revenues by raising 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, 2014-15, and again in 2015-16.



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January Proposal – Community Colleges

The January proposal for fiscal year 2015-16 included 2% for growth at \$107M and a cost of living adjustment (COLA) of 1.58% or \$92.4M. In addition, the proposal included \$125M to increase the basic allocations and funding per student rates for the system. The total of these items would increase general apportionment by 5.7%.

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. With the January proposal, the deferral would be entirely paid off 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 continued to demonstrate his commitment to student success by increasing the allocation for the Student Success and Support Program (SSSP) by \$100M and also a \$100M augmentation for the Student Equity Program (SEP) which aims to close gaps in access and achievement for underrepresented student groups as identified in Student Equity plans. SSSP funding for 2014-15 was \$200M and SEP was funded at \$70M.

Another component of the “wall of debt” is liabilities to K-12 and Community College districts for claims resulting from mandated activities. In 2014-15, the CCDs received \$49.5M distributed on a per FTES basis toward past claims. For 2015-16, the Governor proposed \$351.3M. However, he did not propose any funding for Scheduled Maintenance and Special Repairs (SMSR) and Instructional Equipment and Library Materials (SIEF&LM). Those two programs had received \$148M in 2014-15. In place of funding SMSR and SIEF, the Governor gave districts the option to direct the mandate payments toward those programs or other purposes.

The Governor proposed \$39.6M for energy efficiency efforts and/or training from funding realized by the passage of Proposition 39.

Adult Education has been a focus of the Governor’s since 2012-13. 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. Adult Education in the State has primarily resided in K-12 districts although some CCDs have large programs. There were many programmatic and logistics issues that would need to be addressed for a shift of this magnitude. Recognizing the need for planning, the Governor instead funded regional planning grants for implementation in 2015-16. The Governor’s January 2015 proposal, however, was quite different from the one proposed in 2012. Adult Education would be operated as regional programs where K-12 districts could still be the primary delivery means.



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Funding was proposed at \$500M with most of that going to maintenance of effort.

May Revise/Enacted Budget

The Governor's May Revise reflected changes to revenue forecasts following the January proposal for both the current and budget year. The budget that was subsequently enacted included most of the May Revise with some modest adjustments. Due to strong revenue growth

in 2014-15, the enacted budget is one of the best budgets for community colleges in many years. The Governor continues to exercise caution by meeting funding obligations under Proposition 98 with one time allocations rather than on-going. By doing so, he hopes to avoid historic State budget cycles of boom to bust to boom to bust. The line items in the budget reflect the Governor's priorities for the system. There is some caution as the budget is paying down the State's Prop. 98 settle up obligations and as those have been mostly satisfied with the 2015-16 budget, future years' budgets will be far less generous for the system.

Description	January Proposal	Enacted	Comment
COLA	\$92.4M (1.58%)	\$59.3M (1.02%)	Statutory Rate decreased between January and May
Growth	\$106.9M (2.00%)	\$156.6M (3.00%)	Recognition of demand especially in districts located in southern California
Base Augmentation	\$125M	\$266.7M	Funding is intended to help districts pay for increases to employer contributions for retirement benefits (STRS/PERS)
Mandate Past Claims	\$361M	\$632M	To be distributed on per FTES basis to all districts regardless of past claim liability; unrestricted funds
Increase Regular Faculty	N/A	\$62.3M	Funding to support more full-time faculty positions. Stratified requirement using full-time to part-time ratio.
Student Success & Support	\$100M	\$100M	Program funded at \$200M in 2014-15, a \$100M increase over 2012-13
Student Equity	\$100M	\$85M	New program for 2014-15 funded at \$70M; 2015-16 total \$155M
COLA for Categorical programs	0	\$2.5M	1.02% for EOPS, CalWORKS, DSPS, and Child Care Tax Bailout.
SMSR/SIEF	0	\$148M	One time funding at the same level as 2014-15.
Basic Skills Program	0	\$60M	Grant funding for programs to aid success of basic skills students



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LOS RIOS' PROJECTED REVENUE INCREASES

Not all allocations have been finalized as of this date. The amounts below reflect the most current projections either from the State or using district projections as the funding augmentations for 2015-16:

Growth	\$5.5M
COLA	\$2.7M
Base Augmentation Increase	\$12.2M
Elk Grove Center Base Allocation	\$1.1M
Student Success & Support Program (SSSP)	\$4.6M
Student Equity	\$3.8M
New Faculty Funding	\$2.8M
SMSR/SIEF & LM – One-time Only (OTO)	\$6.6M
Prior Years' Claims for Mandated Costs (OTO)	\$28.9M

Restoring Access (Growth)

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 to general apportionment with corresponding workload reductions. Los Rios' 2008-09 funded level was 53,013 FTES. For 2014-15, the base is 50,040.

Restored FTES of 2,130 at the second principal apportionment (P2) for 2014-15 brings the projected base for 2015-16 to 52,170 still 843 below 2008-09. Because Los Rios had unfunded FTES, it has qualified for the maximum allowable restoration. The following table recaps

the reductions and restorations since 2009-10. The amounts for 2014-15 and 2015-16 are projected based upon P2 and the advance.

Fiscal Year	Statewide		Los Rios	
	(Reduction) /Restoration	Balance	(Reduction) /Restoration	Balance
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)	9,423,609	(2,441,391)
2015-16	156,600,000	(16,800,000)	4,900,000	2,458,609

New Growth Rate Formula

Senate Bill 860 specified new requirements for the distribution of growth funds. Restoration of the remaining reduction is no longer a factor. The Chancellor's office developed a formula in accordance with SB 860. The new formula must 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 are the number of people within the district's boundaries with no college degree, and the number of people who exhibit signs of being disadvantaged, e.g., unemployed. Los Rios' growth rate is low compared to its rates under the former formula that used population changes. At this time, the growth rate appears sufficient relative to demand. With growth funded State-wide at 3%, Los Rios' growth entitlement is 2.29%.



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Cost of Living Adjustment (COLA)/Basic Allocation Increase

The 2015-16 COLA of 1.02% follows 0.85% for 2014-15 and 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. The increase to the basic allocation and student funding levels is not intended to make up for lost COLA's but rather as an acknowledgement of the need to provide some additional base funding in light of the increased pension burdens described next.

California Public Employees' Retirement System (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%	11.847%	13.05%	16.6%	18.2%

California State Teachers' Retirement System (STRS)

The Governor's plan to fund the \$74B unfunded liability of STRS was 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 borne by employers, more than doubling the current contribution over seven years. Employees also have an increase to their contribution and the State will contribute more as well. Los Rios' contribution for STRS in

2013-14 for general purpose and categorical services exceeded \$9M. For the initial year, the change in the contribution rate was only 63 points which was around \$700,000 for general purpose positions. The 2015-16 increase of 185 points will require another \$2M. This does not include the increased contributions required of employees. Following is a table of the rate increases in the Budget Act that began 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. The act established different pension benefits for 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. As stated earlier, the base augmentation increase is intended to help districts fund the increase in pension costs. The District will designate a portion of that increase to support both the current year's increase as well as the 2016-17 and part of the 2017-18 increase.



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Categorical Programs, Current Year Mandated Costs

Many programs were significantly reduced and some eliminated in 2009-10. Limited restoration occurred in 2013-14. Other than SSSP and Student Equity, the May Revision maintained funding for most categorical programs at the 2014-15 level while providing a COLA for EOPS, DSPS and CalWORKS. The enacted budget restored EOPS funding. The budget continues to provide funding for mandated costs on a block grant basis. Districts can receive \$28 per FTES for providing the prescribed programs by agreeing to not file a claim. 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 in an effort to pay down the State's liability. Los Rios' has elected to receive the block grant for all three prior years and so has not filed a claim for mandated activities since 2011-12.

New Faculty

This funding will be added to the base funding for districts. However, districts will be given a certain number of regular faculty positions that should be funded based upon how they compare to other districts in terms of their full-time to part-time faculty ratio. For Los Rios which has a high ratio, the number of faculty hires is 22. Any funds remaining after funding the new positions is designated to be used to support other faculty related purposes. Including this new allocation as base funding will increase the per credit funding rate as well as ensure the funds are augmented by future COLAs.

One-time Funds - Mandated Costs Outstanding Claims and SMSR/SIEF

The proposal distributes the funds on the basis of full-time equivalent students (FTES). More detail information regarding the planned use of the funds for the mandates claims is found later in this section.

OTHER SIGNIFICANT STATE BUDGET FACTORS

Expiration of Proposition 30 (Temporary Tax Increases)

Tax increases under Proposition 30 sunset with the sales tax portion expiring on Dec. 31, 2016 and the income tax increase two years later. Projections are that State revenues will not decrease with the expiration but there are concerns that programs could be impacted if the taxes are not extended.

Revenue Shortfalls/Structural Deficit

The State determines the total funding entitlement for each District but only funds part of the entitlement with general apportionment. The balance is comprised of other State and local resources. If those resources come in short of Department of Finance estimates, districts face revenue shortfalls. Even with robust revenues in 2013-14, there was still a deficit of .45%. At the 2nd Principal Apportionment for 2014-15, the deficit was 0.3% and likely to come in even lower. For 2015-16, the deficit factor at the advance is almost 1%. However, the District is using 0.5% as a potential deficit.

California community colleges are funded by: general apportionment, local property taxes, student enrollment fees, and most recently,



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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 formula 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 (including RDA)
- Projected total enrollment fees
- Projected Educational Protection Account revenues
- = Balance remaining is funded by State General Apportionment

If property taxes or enrollment fees come in short of projections, the State does not increase general apportionment. Rather funding is “deficited” meaning districts do not receive their full revenue entitlement.

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 the 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%.

Revenue Source	\$ in Millions	
	Statewide	Los Rios
Apportionment	\$2,165	\$ 144
Property Taxes	2,265	56
Student Fees	407	15
EPA	958	48
Total Revenue	5,795	263
Deficit	17	0.80
Total Entitlement	\$ 5,812	\$ 264

Source: 2nd Principal Apportionment for 2014-15

State Facility Bond

In spite of billions of dollars needed for community college capital facility projects, 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.”



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Schedule of Historical and Budget Year Categorical Program Funding

Program Name	Statewide (\$ in '000s)		2015-16	Los Rios (\$ in '000s)				% Change 2015-16 to 2008-09
	2008-09	2014-15	Enacted Budget	2008-09	2013-14	2014-15	2015-16 Projected	
Academic Senate for the Community Colleges	\$ 468	\$ 468	\$ 468					
Apprenticeship	14,641	7,174	31,433	\$ 1,546	\$ 758	\$ 737	\$ 926	-40%
Apprenticeship - K12		15,694	20,491				29	
Basic Skills	33,100	20,037	20,037	811	553	533	533	-34%
Child Care Tax Bailout	6,836	3,350	3,384	369	181	181	183	-50%
Disabled Students Programs and Services*	115,011	114,223	115,388	4,618	3,458	4,966	4,717	2%
Economic Development ¹	46,790	72,929	22,929	3,374	1,076	602	600	-82%
EOPS	106,786	79,273	107,570	4,639	3,367	3,370	4,569	-2%
CARE	15,505	9,332	15,619	764	436	438	730	-4%
Equal Employment Opportunity	1,747	767	767	42	17	17	17	-60%
Foster Care Education Program	5,254	5,254	5,254	169	165	165	156	-8%
Fund for Student Success (MESA)	6,158	3,792	3,792	219	152	130	144	-34%
Student Success & Support Program*	101,803	201,683	316,683	4,583	4,181	9,303	9,303	103%
Student Equity*		70,000	155,000			3,250	3,087	
Nursing	22,100	13,378	13,378	304	399	424	403	33%
Online Education Platform & Professional Dev.		10,000	10,000					
Part-Time Faculty Compensation	50,828	24,907	24,907	2,249	1,102	1,102	1,102	-51%
Part-Time Faculty Health Insurance	1,000	490	490	104	51	51	51	-51%
Part-Time Faculty Office Hours	7,172	3,514	3,514	204	98	98	98	-52%
Physical Plant and Instructional Support	27,345	148,000	148,000	1,108	1,216	6,632	6,761	510%
Special Services for CalWORKs Recipients *	43,580	34,545	34,897	2,770	1,734	1,760	1,675	-40%
Student Financial Aid Administration (BFAP)	51,269	69,421	73,727	2,356	2,862	2,917	4,568	94%
Telecommunications & Technology (TTIP)	26,197	21,790	19,890	144	-	-		-100%
Transfer Education and Articulation	1,424	698	698	289	92	200		-100%
Total Categorical Funds	\$ 685,014	\$ 930,719	1,148,316	\$ 30,662	\$ 21,898	\$ 36,876	\$ 39,652	29%

* 2015-16 amounts for certain programs are shown at 2014-2015 advance allocations (minimum guarantee by the State). Some programs are grant based and only known, current year awards are listed. Proposition 39 not shown. SSSP includes \$15M augmentation for Institutional effectiveness program at CCCC.

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



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BUDGET FORECAST

Although the COLA was only 0.85% in 2014-15, the district is expected to realize sufficient growth revenues as well as an increase from the funding for the West Sacramento Center to close the year with a balanced budget.

During the budget crisis, the District funded 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 and reserves enabled the district to preserve its salary schedules and avoid any layoffs.

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. No capital outlay reserves were used in 2014-15. In addition to the \$15.8M from the capital outlay projects fund, the District utilized general fund set-asides and one-time funds. 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. \$3.8M from capital outlay was used in 2013-14 for the total draw of \$15.8M.

Revenue Assumptions

Stability

Stability is the designation used by the State when a district's funding is maintained at its base workload level even though the district will not achieve that level. In other words, the district is declining or "in decline" in terms of students served. Stability funds are provided for one year only. Following that year, if a district does not achieve the base level, its funding is reduced to the level reported for that year. Los Rios has never been in "stability" although it has experienced years where achieving growth has been challenging and has periodically borrowed from summer terms. For 2015-16, there is a possibility that the District may not achieve its base funding even with shifting summer 2016. There is sharp focus on increasing enrollment and the spring term reporting in February is when the District will know if it will achieve at least its 2015-16 base level.



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X, Y, Z Budgets

The District budget process uses three potential revenue assumptions. As had 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. The X budget for 2015-16 includes the COLA of 1.02% as well as the base funding for the Elk Grove Center. The Center was approved by the Board of Governors in January 2015 achieved over 1,000 FTES in 2014-15 making it eligible for \$1.1M in basic allocation funding. The X budget also includes an estimate for the District's share of the overall base augmentation increase at \$12.2M. The District spends at the X level until revenues above that level are realized. The X level is essentially the funding level that aligns with stability.

Y budget includes growth at 2% and lottery revenues at \$1.02M over X. The District's growth cap under the new formula is 2.29%. The Z budget is set at cap plus lottery revenues at \$2.03M above X budget.

In 2013-14, the District maintained the size of its instructional program while achieving growth funding by being funded for over cap students. For 2014-15, 2% or 33.5 FTEF were added to achieve restoration funding through additional course offerings. The District's growth funding at P2 is 4.3% and FTES from the summer 2015 term will be reported under 2014-15 to ensure the District achieves the maximum growth funding for the year.

Appropriations

Instructional Program Increase - For 2015-16, 2.5% additional instructional FTEF is allocated. The District is also expanding its instructional offerings through its apprenticeship and public safety partnerships. The Rancho Cordova Center, opening in fall 2015, received 14 of the growth FTEF. The goal is to achieve 1,000 FTES at the center in 2015-16. With productivity improvements, the growth goal for the District is 760 FTES higher than the District's funded growth to mitigate the impact of shifting summer FTES to 2014-15.

Growth in staffing - During the downturn, the District reduced through attrition regular faculty, classified, and management positions. Other savings were achieved primarily through operational reductions and re-direction of appropriations. For 2015-16, the District has begun to restore positions with the addition of eighteen growth positions in faculty and two growth positions in classified. A new management position was authorized in 2014-15 for the Elk Grove Educational Center. A dean will be added during 2015-16 for the Rancho Cordova Educational Center. Classified staffing for the new center facility, which is officially planned to open during the fall 2015 semester, will be added from funding that was banked for future center staffing prior to the downturn.

Other Cost Increases

As described earlier, revenue reductions and no COLAs meant no new funding to support 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 are shouldering part of that increase by paying \$96 per month toward premiums. In 2014-15, the District expanded its offerings for medical insurance. Employees may choose from traditional HMO plans from three different carriers and a high deductible health plan that can be used in conjunction with a Health Savings Account. For 2015-16, the District received a rate pass on its primary HMO plan and slight increases for the other plans. This means more of the COLA can be directed toward base salaries and other compensation items.

Employer contributions to CalPERS, covering classified employees, have increased 2 points since 2008-09, an average increase of almost \$1,200 per classified employee. Other cost increases are projected including step increments net of decrements, and dental insurance. The STRS increase for 2014-15 is estimated at \$2.03M.

Operational cost increases include utilities, which have risen due to rate increases and the increase in total square footage. The District is actively working to reduce its utility costs by lowering consumption. Utility costs only increased 9% from 2008-09 to 2013-14 which is remarkable given the amount of additional square footage and compounded by rate increases.

One-time Appropriations

Based upon the Governor's January proposal, the unrestricted block grant for past mandates claims was estimated and a recommendation made by the District's budget committee to appropriate the funds

toward SMSR, SIEF&LM, a set-aside to support amortizing funding the future PERS and STRS increases over ten years, a partial restoration of reserves and backfilling the deficit. Other priorities include non-instructional equipment funding as well as monies for safety and security and health and wellness programs.

As the funding increased significantly from the initial planning, the spending plan will be revisited. One area of need is funding to support water conservation efforts. The District already is engaged in multiple infrastructure projects that will result in a reduction in water usage. However, there is funding needed for projects to replace bathroom fixtures and improve landscape irrigation systems. These projects are especially important in light of the drought but will provide long-term benefit to the environment during normal weather times as well.

Finally, even with the proposal for SMSR/SIEF, the recommendation to also use the Mandate funds to support this activity will likely remain.



Historical Overview

The Los Rios Community College District is celebrating its 50th year in 2015-16. It 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 2014-15, Cosumnes River College’s Elk Grove Educational Center was approved by the Board of Governors. The Center serves the southernmost part of the District which is one of the fastest growing areas of the region. The Elk Grove Educational Center brings the total approved centers to five with Folsom Lake College’s El Dorado Center, American River College’s Natomas Center, and Sacramento City College’s Davis and West Sacramento Centers. In addition, American River College operates the Sacramento Regional Public Safety Training Center (SRPSTC). Although not an official center, the SRPSTC offers basic academy and in-service training in law enforcement, fire, and other public safety areas.

The District served nearly 77,000 students in fall 2014. While this is down considerably from the District’s peak of 92,000 in spring 2009, it still reflects a 26% increase over the 61,000 students served fifteen 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.

Enrollment growth has slowed especially in the northern part of the State. The District’s facility plans were based upon projected growth well in excess of 100,000 students. For example, in 2008 the CCCC projected Los Rios’s enrollment for the fall 2017 term would exceed 127,000 students. In 2014, the CCCC is projecting slightly less than 80,000 students for fall 2018. Significantly lower projections likely mean deferring some facility projects that were planned to meet the much higher projections. That is somewhat fortunate given the lack of State funding to support facility projects. The Rancho Cordova Center is the final leg of the District’s plan for educating a region. With its completion, the District will have opened the first phase for each of its centers and is currently planning for the construction of the second phase of the Davis Center. The District’s facility program has added or modernized over 5.3 million square feet. The program is also replacing and updating infrastructure to ensure the District is ready for the next fifty years.

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, students, faculty and staff 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 2015-16, 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 2015-16 District budgets are 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

2015-16 SPECIFIC GOALS

Following are the goals established by Los Rios Community College District for the 2015-16 fiscal year. Costs associated with these adopted goals are included in the district budget.

- Reaffirm accreditation following the comprehensive visits of accreditation teams in October 2015.
- Work collaboratively to update the District's Strategic Plan.
- Increase access by adding sections to meet student needs.
- 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.
- Improve outcomes for student completion and achievement consistent with the goals developed per the Institutional Effectiveness initiative.
- Continue to implement strategies to close the achievement gap.
- Continue to work with our K-12 partners on implementing the plan for restoring Adult Education in our region.
- Maintain the District's prudent fiscal practices and strong internal controls consistent with the overall goals set for fund balance and audit outcome under the Institutional Effectiveness initiative.
- Monitor and manage enrollment to ensure productive use of instructional resources.
- 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.
- Enhance the efficient delivery of instruction and services by implementing improvements in the District's technology systems.
- Achieve 'Center' status by the Board of Governors for the FLC – Rancho Cordova Center.
- Provide professional development for faculty, classified and management employees including focused training on new regulatory requirements.
- Continue to implement energy and water conservation measures to effectively reduce the District's consumption of resources.
- Complete multiple capital facility improvements consistent with the District's Plan for Educating a Region.
- Expand offerings in Workforce and Economic Development.
- Establish strategies with our K-12 partners to enhance the college readiness of incoming students.