

2018-19 PROPOSED FINAL

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EXECUTIVE SUMMARY

Budget Overview

The unrestricted General Fund provides for a 2.71% increase in revenues to \$55,993,660 and a 4% increase in expenditures to \$55,799,401 with a resulting surplus of \$194,259. The surplus will be used to increase the stability reserve, as discussed later under the “five-year transition plan.” Significant factors affecting this year’s budget include:

- Declining enrollments at the Fairfield campus, partially offset by enrollment increases at the Vacaville and Vallejo Centers
- The STRS employer contribution increases to 16.28% of payroll from 14.43%
- The PERS employer contribution increases to 18.062% of payroll from 15.531%
- Banner 9 ERP information system upgrade cost of \$700,000

New Funding Formula

The 2018-19 California Budget Act substantially changed how community colleges are funded. For many years, community college general apportionments have been based only on the number of Full Time Equivalent Students (FTES) served. The new funding formula includes three components:

- **Base Allocation** – The Base Allocation continues the tradition of funding based on FTES, but this component will now provide only partial funding. The base allocation will provide 70% of total funding in 2018-19, 65% of funding in 2019-20, and will then stabilize at 60% of funding for 2020-21 and beyond.
- **Supplemental Allocation** – The Supplemental Allocation is based on student economic need as measured by the number of students receiving California College Promise Grants-CCPG (formerly known as BOG fee waivers), Pell Grants, and AB 540 “Dreamer” students. The supplemental allocation will provide 20% of overall funding in 2018-19 and beyond.
- **Student Success Allocation** – The Student Success Allocation will be based on various measures of student success including
 - AA/AS, ADT, and Baccalaureate degrees awarded
 - Credit certificates of 16 or more units
 - Completion of transfer-level Math and English courses completed in the first academic year
 - Transfer to a four-year university
 - Completion of nine or more units in Career Technical Education
 - Attainment of the regional living wage

The Student Success Allocation will provide 10% of total funding in 2018-19, 15% of funding in 2019-20, and will then stabilize at 20% of funding for 2020-21 and beyond.

EXECUTIVE SUMMARY (Continued)

Cost of Living Adjustment (COLA) and Hold Harmless

To allow Districts a smooth transition to the new funding formula, the budget act provides a three-year hold harmless period where each district will receive the same amount as the prior year, with an added cost of living adjustment (COLA). In 2018-19, the COLA is 2.71%. The final year of the hold harmless provision is 2020-21. In 2021-22, districts will be guaranteed only the amount received in 2017-18. Any revenues in excess of the 2017-18 guarantee will be based on the workload measures from the base, supplemental, and student success allocations.

EXECUTIVE SUMMARY (Continued)

Five-Year Transition Plan

The District has established a transition plan to transition from the previous funding formula to the new funding formula without financial impact. To successfully transition, the District must increase student success rates and meet the economic needs of students. The District has identified areas of opportunity in the new funding formula. The District will be working in cross-functional teams to accomplish the following:

- **AB 705 Implementation** – the District is developing an implementation plan for AB 705, which is intended to reduce remedial Math and English enrollments, and increase student success in transfer-level Math and English classes, thus increasing overall student success.
- **Guided Pathways** – The goal of guided pathways is to provide a roadmap for students to efficiently attain their educational goals. Students following a guided pathway are expected to have increased academic success as measured by degrees, certificates, and CTE units.
- **Promise Grants** – The District has designed the new Solano Promise Program (discussed later) to create incentives for first-time students to complete a full load of classes in their first year of attendance.
- **Other Student Success Opportunities** – The District is reviewing other opportunities in student services, curriculum, and other areas to increase student success rates.
- **Student Economic Needs** – The District plans increased out-reach and in-reach efforts to ensure that all enrolled students who are eligible for financial assistance receive their entitlements. In addition, the District plans increased efforts in the community to inform potential students that they can afford college.
- **Expanded Enrollment and Increased Productivity** – The District will be carefully evaluating class scheduling with the goals of (1) increasing enrollments, and (2) increasing productivity.

The graph to the right depicts the 5-year trend of revenues and expenditures that will follow from the District's scheduled progress during the Five-year Transition Plan.



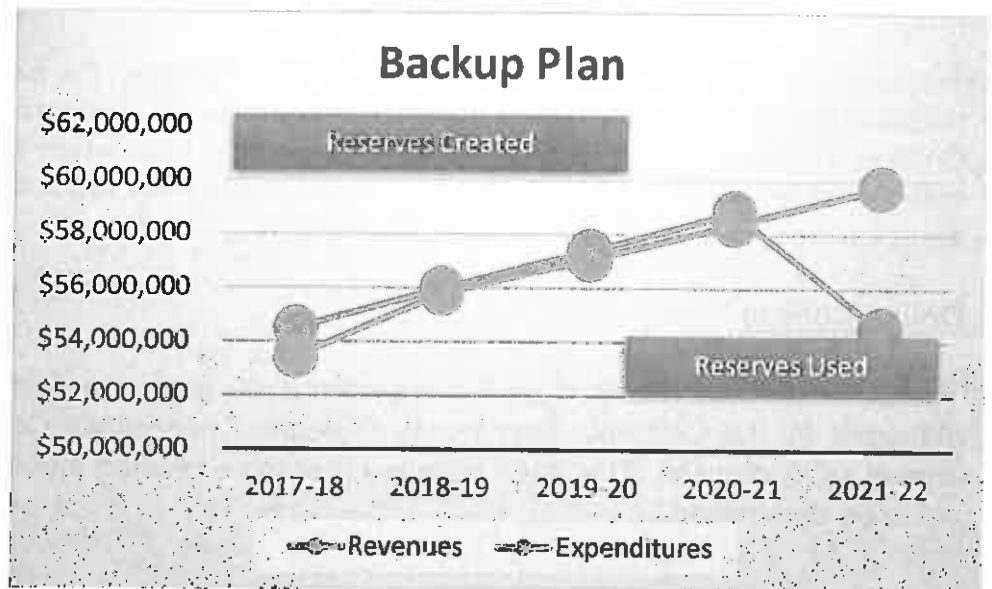
EXECUTIVE SUMMARY (Continued)

Backup Plan

The District has developed a conservative plan to ensure fiscal stability in the event that the transition plan does not achieve full potential by 2021-22, resulting in decreased revenues. The backup plan includes increasing reserves to be sufficient to cover any revenue shortfalls in 2021-22 and 2022-23. The new "Stability Reserve" is in addition to the Board required minimum reserve of 5% of expenditures, and will include the existing PERS/STRS reserve of \$4.2 million, other existing reserves, and additional amounts to create a stability reserve as follows:

Year	Increase (Use of) Reserve	Year-end Stability Reserve
2018-19	194,259	11,453,188
2019-20	310,714	11,699,733
2020-21	432,648	12,066,735
2021-22	(5,222,523)	6,777,057

The graph to the right depicts the District's backup plan, assuming no progress toward achieving adequate workload measures under the new funding formula.



Continuous Monitoring

The District will continue to monitor progress toward the transition plan and adjust accordingly. The Governing Board will be presented with regular updates on transition progress.

OTHER SIGNIFICANT BUDGET PROVISIONS

New “Solano Promise” Program

The 2018-19 Budget Act created a new California Promise Program, with 2018-19 funding of \$316,223 for Solano Community College. Earlier discussions of this program were based on the concept of the “first year free.” The enacting legislation broadened the program to allow districts latitude to use the funds in other ways. Solano has chosen to implement “first year free” as a reimbursement after students successfully complete a full-time academic term in their first year. The intent of reimbursing fees, rather than waiving them, is to provide incentive for students to complete their classes. Students must complete the FAFSA or Dreamer applications to be eligible and may be reimbursed up to \$1,380 as follows:

- \$276 for completing 6 units in Summer, 2018
- \$552 for completing 12 units in Fall, 2018
- \$552 for completing 12 units in Spring, 2019

The Solano Promise Program will be integrated with other campus efforts to increase student success.

Financial Aid Technology Improvements

To assist colleges in improving their financial aid technology, the Budget Act provides funding of \$13.5 million of one-time funding and \$5 million of ongoing funds. The amount allocated to Solano Community College in 2018-19 is \$179,957. The Chancellor’s Office has not yet released guidance on this categorical program, but the college anticipates using the funds for technology that will shorten the approval time for student financial aid applications.

Online College

The 2018-19 California Budget Act provides \$100 million to establish a new online college, to be managed by the California Community Colleges Chancellor’s Office, with \$20 million allocated for annual support costs. This 115th college is yet to be created and there are a number of uncertainties yet to be determined.

Full-Time Faculty Hiring

The Budget Act provides \$50 million for full-time faculty hiring. The Chancellor’s Office has not yet released guidance for this new program, nor determined the amount to be allocated to Solano Community College.

2018-19 GENERAL FUND BUDGET: PROPOSED FINAL

GENERAL FUND: UNRESTRICTED [11]

	<i>Adopted Budget 2017-18</i>	<i>Unaudited Actuals for 2017-18</i>	<i>Proposed Budget 2018-19</i>
REVENUES:			
Federal Sources	\$ 0	\$ 0	\$ 0
State Sources	27,690,313	31,038,695	31,879,844
Local Sources	22,923,965	23,477,574	24,113,816
Other Revenue	0	0	0
Total Revenue	50,614,278	54,516,269	55,993,660
EXPENDITURES:			
Academic Salaries	19,682,643	22,796,284	22,296,284
Classified Salaries	9,724,403	10,278,825	11,083,247
Benefits	14,074,503	12,706,575	13,685,608
Supplies and Materials	549,502	687,926	687,926
Other Operating	6,222,947	6,817,841	6,974,841
Capital Outlay	183,668	138,495	838,495
Other Outgo	30,000	32,876	33,000
Contingency appropriation	0	0	200,000
Total Expenditures	50,467,666	53,458,822	55,799,401
Interfund transfers in (out)			
To restricted general fund	0	0	0
To child development fund	0	0	0
Total interfund transfers in (out)	0	0	0
NET INCREASE (DECREASE) IN FUND BALANCE	146,612	1,057,447	194,259
Beginning Fund Balance	12,991,452	12,991,452	14,048,899
Estimated Ending Balance	13,138,064	14,048,899	14,243,158
	26.03%	26.28%	25.53%
FUND BALANCE COMPOSITION			
Board Required Minimum 5% Reserve	2,523,383	2,672,941	2,787,820
Designated Reserve: PERS/STRS	3,165,240	3,165,240	4,200,000
Designated Reserve: OPEB Liability	0	0	4,000,000
Stability Reserve	7,449,441	8,210,718	3,298,338
	\$ 13,138,064	\$ 14,048,899	\$ 14,243,158

