

LONG-RANGE FINANCIAL PLANNING

ECONOMIC TRENDS

[Fiscal Year 2022–2026 Five-Year Financial Outlook, City of San Diego]*

The major economic drivers of property tax revenue are the California Consumer Price Index (CCPI), home sales, home price, and foreclosures. The CCPI limits assessed valuation growth under Proposition 13 which specifies that a property's value may increase at the rate of the CCPI but cannot exceed 2.0 percent per year unless the property is improved or sold to establish a new assessed value.

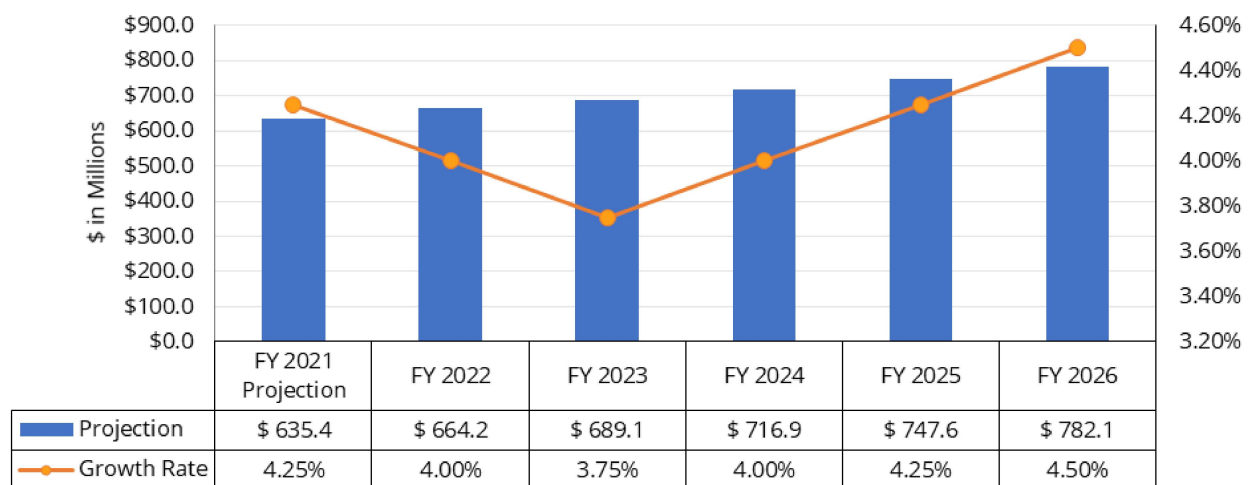
In compliance with Revenue and Taxation Code section 51, the San Diego County Assessor's Office uses the October CCPI to assess property values under Proposition 13. However, at the time of preparing this report, the October CCPI had not yet been released. The latest CCPI released by the California Department of Finance (DOF) was 286.388 as of August 2020, a 1.8 percent increase from the August 2019 CCPI of 281.247. Assuming the CCPI holds constant, the assessed valuation of properties not improved or sold will increase by 2.0 percent for FY 2021, the maximum allowable increase per year unless the property is improved or sold to establish a new assessed value. The City has experienced growth in property sales as it relates to both home prices and home sales.

Home prices continue to show improvement, with an increase of 6.5 percent in the median home price from August 2019 to August 2020. Median home sales price reached a new, all-time high, at \$660,000 as of August 2020 and has remained steady. Moreover, as of August 2020, home sales have accelerated, with year-to-date home sales, increasing by 9.8 percent compared to August 2019. The experienced growth in property sales is attributed to favorable lending conditions and pent-up demand from early spring when shelter-in-place orders were initially implemented in response to the COVID-19 pandemic.

Based on property sales as of August 2020 and an approximate 1.8 percent increase in the CCPI, the City's estimated assessed valuation will continue to see a positive increase for FY 2022. [page 11]

Figure 2.4 - Property Tax Revenue Projections: Fiscal Years 2022 - 2026

Projections including Redevelopment Property Tax Trust Fund (RPTTF)



[page 13]

*Source: <https://www.sandiego.gov/sites/default/files/fy2022-2026-five-year-financial-outlook-revised-11-23-2020-w-attachments.pdf>

General Fund—Unrestricted 5-Year Financial Plan

The tables on pages 77–78 outline MiraCosta College District’s 5-Year Financial Plan of the General Fund’s unrestricted revenues and expenditures for FY2021–22 through FY2025–26. The long-range plan links directly to the District’s institutional goals outlined on page 8 and the board directives. The 5-Year Financial Plan continues to fund programs and initiatives for student success by investing in resources, while enabling the college to be flexible and change with the needs of the students and the local community.

The 5-Year Financial Plan revenue assumption from local property tax revenues decreases from 5.1% to 3.0% over five years, more conservative than the San Diego economic outlook report.

Expenses are projected to increase each year due to annual salary “Step and Column” increases, COLA increases for the next three years, health benefit costs, CalSTRS and CalPERS increases, and inflation. Full-time faculty replacements and fulfillment of classified staff vacancies, along with program review staffing needs are planned for FY2021–22. Enrollment projection is to remain at the same level as the prior fiscal year with no growth projected in the next four years. The District strategy is to invest in the Guided Pathways program for the long term with technology and operating expenses; and to support the Facilities Master Plan projects.

The Federal Government’s CARES ACT and the State’s COVID-19 Block grants provided the funding to mitigate the District’s extra cost and financial aid grant assistance to students in FY2020–21, and will continue through FY2021–22. In the next fiscal year and future years, the District will consider the campus health and safety operating needs to ensure safety to students, employees, and the community.

In summary, the plan includes some modest revenue growth and expenditures to retain a fund balance above 15% of expenditures through FY2025–26. This plan assumes revenue growth rates more conservative than the San Diego Fiscal Outlook Report. Should economic conditions match the local economic outlook and MiraCosta College manages its expenditures, the reserve balance in FY2025–26 will remain above 15%.

5-YEAR FINANCIAL PLAN

GENERAL FUND—UNRESTRICTED					
	FY2021–22 FINAL BUDGET	FY2022–23 PROJECTED	FY2023–24 PROJECTED	FY2024–25 PROJECTED	FY2025–26 PROJECTED
ASSUMPTIONS					
EPA Proposition 55 (was Proposition 30) to Yr 2030 EPA Alloc at \$100/FTES; STRS on behalf	State: EPA Prop 55 STRS on Behalf	No Change EPA & FT Fac Gen Apprt	No Change EPA & FT Fac Gen Apprt	No Change EPA & FT Fac Gen Apprt	No Change EPA & FT Fac Gen Apprt
Property Tax Revenue % Change	3.90%	3.50%	3.50%	3.50%	3.50%
Enrollment Fee Increases (Enrollment Revenues)	0%	0%	0%	0%	0%
DISTRICT PLANS					
Enrollment (Credit & Noncredit)	0.0%	0.0%	0.0%	0.0%	0.0%
Academic Salaries: “Step and Column”	1.2%	1.2%	1.2%	1.2%	1.2%
Academic Salaries: COLA	3.00%	2.00%	1.75%	TBD	TBD
Academic Salaries: Change in Positions, Programs, or Services (Program Review & Staffing Plan)	Program Review, 5 Faculty, Guided Pathway	Program Review, Replacements	Program Review, Replacements	Program Review, Replacements	Program Review, Replacements
Classified Salaries: “Step and Column”	1.2%	1.2%	1.2%	1.2%	1.2%
Classified Salaries: COLA	3.00%	2.00%	1.75%	TBD	TBD
Classified Salaries: Change in Positions, Programs, or Services (Program Review & Staffing Plan)	Program Review, Minimum Wage, Guided Pathway, Facilities	Program Review, Minimum Wage, Removed Police Salary from GFU	Program Review, Student Worker Minimum Wage, Fill Open Reqs	Program Review, Student Worker Minimum Wage, Fill Open Reqs	Program Review, Student Worker Minimum Wage, Fill Open Reqs
Benefits: Rate Increase	12.8%	10.0%	4.0%	4.0%	4.0%
Benefits: Change in Positions, Programs or Services (Program Review & Staffing Plan)	Increases for STRS/ PERS, New Hires, New Benefits	Increases for STRS/ PERS, New Hires, New Benefits	Increases for STRS/ PERS, New Hires, New Benefits	Increases for STRS/ PERS, New Hires, New Benefits	Increases for STRS/ PERS, New Hires, New Benefits
Supplies, Printing, Copy Charges: Inflation	2.0%	2.0%	2.0%	2.0%	2.0%
Supplies: Previous Year Savings Adjustment	Back to Campus: Increase Supplies	No adjustment	No adjustment	No adjustment	No adjustment
Other Operating Expenses: Inflation	2.0%	2.0%	2.0%	2.0%	2.0%
Other Operating Expenses: Changes in Programs or Services	No Changes	No Changes	No Changes	No Changes	No Changes
Other Operating Expenses: Previous Year Savings Adjustment	Back to Campus: Increase Travel, Services	No adjustment	No adjustment	No adjustment	No adjustment
Transfers Out from General Fund—Unrestricted to Fund 41—Tech & Facilities	Reduce ERP; Reduce FMP, Guided Pathway	Reduce for FMP	Reduce for FMP	Increase for FMP	Increase for FMP

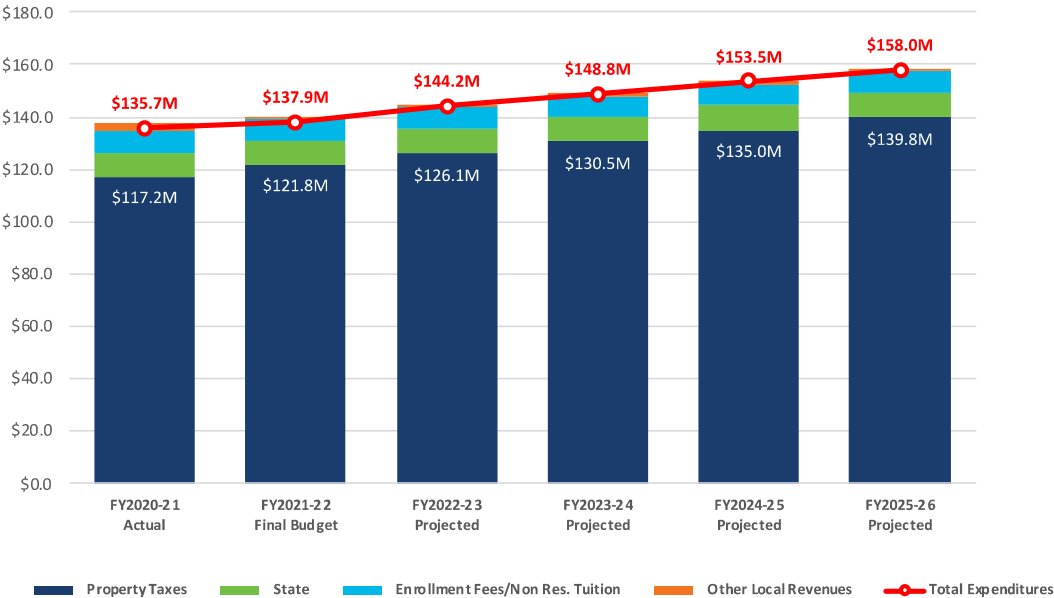
5-YEAR FINANCIAL PLAN (continued)

GENERAL FUND—UNRESTRICTED							
	FY2020-21 BUDGET	FY2020-21 ACTUAL	FY2021-22 FINAL BUDGET	FY2022-23 PROJECTED	FY2023-24 PROJECTED	FY2024-25 PROJECTED	FY2025-26 PROJECTED
REVENUES							
State	\$10,264,014	\$9,373,990	\$9,282,043	\$9,282,043	\$9,282,043	\$9,282,043	\$9,282,043
Property Taxes	116,664,239	117,232,640	121,804,713	126,067,878	130,480,254	135,047,063	139,773,710
Enrollment Fees/Nonresident Tuition	9,281,985	8,334,814	8,318,000	8,318,000	8,318,000	8,318,000	8,318,000
Other Local Revenues	790,003	2,471,864	819,000	819,000	819,000	819,000	819,000
TOTAL REVENUES	137,000,241	137,413,308	140,223,756	144,486,921	148,899,297	153,466,106	158,192,753
EXPENDITURES							
Academic Salaries	50,352,063	47,932,058	50,044,729	51,646,160	53,169,722	53,807,759	54,453,452
Classified Salaries	31,223,298	29,594,064	31,140,260	32,186,748	33,136,257	33,533,892	33,936,299
Benefits	33,662,431	31,627,704	33,592,567	37,135,386	38,818,406	40,310,508	41,334,789
TOTAL SALARIES & BENEFITS	115,237,792	109,153,826	114,777,556	120,968,295	125,124,386	127,652,159	129,724,540
Supplies, Printing, Copy Charges	2,105,787	869,560	1,993,141	2,033,004	2,073,664	2,115,137	2,157,440
Other Operating Expenses	10,672,930	8,501,860	9,840,353	10,037,160	10,237,903	10,442,661	10,651,515
Capital Outlay	2,597,378	1,240,022	2,248,089	2,248,089	2,248,089	2,248,089	2,248,089
Guided Pathway*			0	2,550,000	2,950,000	3,850,000	3,850,000
Other Outgo**	7,256,000	15,981,045	9,026,000	6,326,000	6,152,000	7,152,000	9,352,000
TOTAL EXPENDITURES	137,869,887	135,746,313	137,885,139	144,162,548	148,786,042	153,460,047	157,983,584
NET REVENUES LESS EXPENDITURES	-869,646	1,666,995	2,338,617	324,373	113,254	6,059	209,169
FUND BALANCE							
BEGINNING FUND BALANCE	33,366,877	33,366,877	35,033,871	37,372,488	37,696,861	37,810,115	37,816,174
NET REVENUES LESS EXPENDITURES	-869,646	1,666,995	2,338,617	324,373	113,254	6,059	209,169
ENDING FUND BALANCE	32,497,230	35,033,871	37,372,488	37,696,861	37,810,115	37,816,174	38,025,343
FUND BALANCE % OF EXPENDITURE BUDGET	23.6%	25.8%	27.1%	26.1%	25.4%	24.6%	24.1%
PROPERTY TAX REVENUE GROWTH %	4.3%	4.8%	3.9%	3.5%	3.5%	3.5%	3.5%

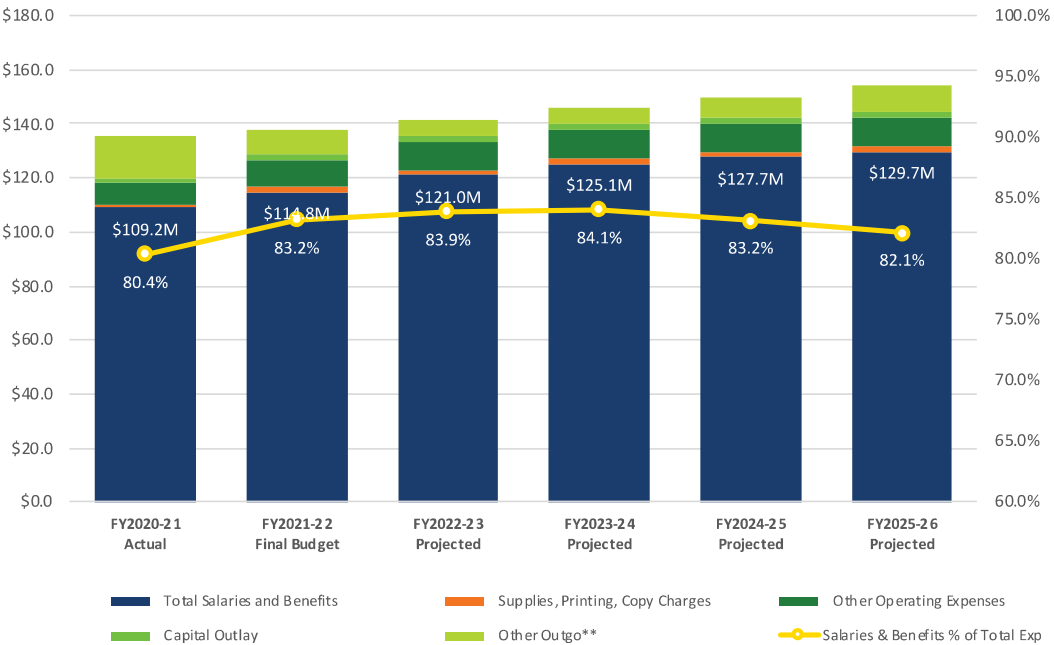
*2021-22 Guided Pathway budget of \$500K in the Expense lines.

**2020-21 Budget in Other Outgo of \$7.3M reflects the original Adopted Budget.

GENERAL FUND—UNRESTRICTED REVENUE
5-YEAR FINANCIAL PLAN



GENERAL FUND—UNRESTRICTED EXPENSE
5-YEAR FINANCIAL PLAN



GENERAL FUND—UNRESTRICTED REVENUE
5-YEAR FINANCIAL PLAN FUND BALANCE

