# Statewide Average Ending Fund Balances for 2015-16

Based upon the Annual Financial and Budget Reports (CCFS-311) for 2015-16 that have been submitted to the Chancellor's Office and certified, the statewide average ending fund balance for this latest year and the two prior years are as follows:

| Net Ending Balance as a Percentage of Unrestricted General Fund Expenditures | | | |
|---|---|---|---|
| Statewide | **2013-14** | **2014-15** | **2015-16** |
| Average | 17.6% | 17.3% | 22.5% |
| Lowest | 5.8% | 3.9% | 6.8% |
| Highest | 39.3% | 36.5% | 44.1% |
| Mt. SAC | 20.6% | 22.5% | 21.3% |

We always focus on the unrestricted General Fund because it is the best indicator of fiscal solvency. As can be seen above, all three measures of the ending balance decreased from 2013-14 to 2014-15 and then increased from 2014-15 to 2015-16. Overall this data shows that, on average, community colleges have been prudently maintaining their reserves.

The Chancellor's Office looks at a 5% reserve as being the "prudent" level. A 22.5% reserve is almost five times that level. However, higher reserves are a necessity because of uncertain economic times ahead, potentially volatile funding from the state and, for most districts, flat or declining student numbers.

Another measure of fiscal management is how much of the budget is dedicated to personnel costs (salaries and benefits). When measuring salaries and benefits as a percentage of total expenditures for the unrestricted General Fund, we find the following:

| Unrestricted General Fund Salaries and Benefits as a Percentage of Total Expenditures (Excluding Other Outgo) 2015-16 | | Mt. SAC |
|---|---|---|
| Average | 87.3% | 88.7% |
| Lowest | 62.2% | |
| Highest | 91.2% | |

Districts need to be able to effectively manage this most significant part of the discretionary budget by using a well-functioning position control system. This can be an area of risk because salary and benefit expenditures normally include automatically increasing costs due to step and column movement, increases in the full-time faculty obligation, increasing health benefit premiums, and increasing pension contributions. These automatic cost pressures are another significant reason for higher reserves, especially as we are faced with much higher pension contributions in the coming years.

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