

# BUDGET WORKSHOP STUDY SESSION

05/18/10

# REVENUE ASSUMPTIONS SUMMARY

1. COMMUNITY SERVICES BUDGET WILL REMAIN STABLE IN WHICH REVENUE AND EXPENDITURES ARE EQUAL.
2. RESTRICTED GENERAL FUND BUDGETS FOR 2010/11 AND 2011/12 MAY BE LOWER THAN THE 2009/10 STATE FUNDING LEVELS. BUDGET AT 85% OF 2009/10 STATE ALLOCATION.

# REVENUE ASSUMPTIONS SUMMARY

3. FOR 2010/11, NEGATIVE CPI INFLATION ADJUSTMENT FOR SECURED PROPERTY TAXES WILL RESULT IN A DECLINE IN ANTICIPATED SECURED PROPERTY TAXES.
4. SUPPLEMENTAL PROPERTY TAXES WILL CONTINUE AT THE SAME FUNDING LEVELS AS WAS COLLECTED FOR THE 2009/10 FISCAL YEAR.

# REVENUE ASSUMPTIONS SUMMARY

5. ENROLLMENT FEES ARE PROJECTED TO REMAIN CONSTANT PENDING LEGISLATION THAT MAY RESULT IN A FEE INCREASE.
6. STATE REVENUE IS BUDGETED AT SAME FUNDING LEVEL AS 2009/10.
7. LOCAL REVENUE TO REMAIN CONSTANT.

# PROPERTY TAXES

	ACTUAL			ACTUAL			ACTUAL			ESTIMATED		PROJECTED	
	<u>2004-2005</u>	<u>2005-2006</u>	<u>% CHANGE</u>	<u>2006-2007</u>	<u>% CHANGE</u>	<u>2007-2008</u>	<u>% CHANGE</u>	<u>2008-2009</u>	<u>% CHANGE</u>	<u>2009-2010</u>	<u>% CHANGE</u>	<u>BUDGET 2010-2011</u>	<u>% CHANGE</u>
<b>PROGRAM-BASED FUNDING</b>													
STATE SUBVENTIONS	\$ 286,699	\$ 282,928	-1.32%	\$ 287,630	1.66%	\$ 286,240	-0.48%	\$ 280,416	-2.03%	\$ 267,685	-4.54%	\$ 267,685	0.00%
<b>TOTAL</b>	286,699	282,928	-1.32%	287,630	1.66%	286,240	-0.48%	280,416	-2.03%	267,685	-4.54%	267,685	0.00%
<b>PROPERTY TAXES</b>													
SECURED	28,100,100	30,615,880	8.95%	33,450,987	9.26%	35,766,615	6.92%	37,713,052	5.44%	37,815,929	0.27%	37,991,663	0.46%
SUPPLEMENTAL	1,466,253	1,611,902	9.93%	1,247,943	-22.58%	1,174,183	-5.91%	751,877	-35.97%	389,683	-48.17%	389,683	0.00%
UNSECURED	853,649	849,442	-0.49%	727,137	-14.40%	777,392	6.91%	798,323	2.69%	850,212	6.50%	850,212	0.00%
PRIOR-YEAR	93,181	63,309	-32.06%	133,711	111.20%	114,687	-14.23%	103,062	-10.14%	79,545	-22.82%	79,545	0.00%
<b>TOTAL TAXES</b>	30,513,183	33,140,533	8.61%	35,559,778	7.30%	37,832,877	6.39%	39,366,314	4.05%	39,135,369	-0.59%	39,311,103	0.45%
<b>TOTAL</b>	\$ 30,799,882	\$ 33,423,461	8.52%	\$ 35,847,408	7.25%	\$ 38,119,117	6.34%	\$ 39,646,730	4.01%	\$ 39,403,054	-0.61%	\$ 39,578,788	0.45%

# SOURCES OF FUNDS

<u>FISCAL YEAR</u>	<u>ACTUAL</u> <u>2007-2008</u>	<u>ACTUAL</u> <u>2008-2009</u>	<u>%</u> <u>CHANGE</u>	<u>ESTIMATED</u> <u>ACTUAL</u> <u>2009-2010</u>	<u>PROJECTED</u> <u>BUDGET</u> <u>2010-2011</u>	<u>%</u> <u>CHANGE</u>
<b>PROGRAM-BASED FUNDING</b>						
STATE SUBVENTIONS	\$ 286,240	280,416	-2.0%	267,685	267,685	0.0%
<b>TOTAL</b>	<b>286,240</b>	<b>280,416</b>	<b>-2.0%</b>	<b>267,685</b>	<b>267,685</b>	<b>0.0%</b>
<b>PROPERTY TAXES</b>						
SECURED	35,766,615	37,713,052	5.4%	37,815,929	37,991,663	0.5%
SUPPLEMENTAL	1,174,183	751,877	-36.0%	389,683	389,683	0.0%
UNSECURED	777,392	798,323	2.7%	850,212	850,212	0.0%
PRIOR-YEAR	114,687	103,062	-10.1%	79,545	79,545	0.0%
<b>TOTAL TAXES</b>	<b>37,832,877</b>	<b>39,366,314</b>	<b>4.1%</b>	<b>39,135,369</b>	<b>39,311,103</b>	<b>0.4%</b>
<b>ENROLLMENT FEES</b>	<b>1,420,403</b>	<b>1,338,495</b>	<b>-5.8%</b>	<b>1,750,000</b>	<b>1,750,000</b>	<b>0.0%</b>
<b>TOTAL PROGRAM-BASED</b>	<b>39,539,520</b>	<b>40,985,225</b>	<b>3.7%</b>	<b>41,153,054</b>	<b>41,328,788</b>	<b>0.4%</b>
<b>FEDERAL REVENUE</b>	<b>232</b>	<b>245</b>	<b>5.6%</b>	<b>23,278</b>	<b>250</b>	<b>-98.9%</b>
<b>STATE REVENUE</b>						
PARTNERSHIP FOR EXCELL	1,667,129	1,742,873	4.5%	1,153,040	1,153,040	0.0%
OTHER STATE	1,133,719	941,969	-16.9%	665,196	665,196	0.0%
<b>TOTAL STATE</b>	<b>2,800,848</b>	<b>2,684,842</b>	<b>-4.1%</b>	<b>1,818,236</b>	<b>1,818,236</b>	<b>0.0%</b>
<b>LOCAL REVENUE</b>						
INTEREST	22,524	97,271	331.9%	100,000	100,000	0.0%
NON-RESIDENCE FEES	493,225	682,286	38.3%	740,000	740,000	0.0%
OTHER STUDENT CHARGES	97,166	86,838	-10.6%	95,000	95,000	0.0%
NON-RESIDENCE INSURANCE	39,583	35,103	-11.3%	39,500	39,500	0.0%
MISCELLANEOUS	267,959	230,712	-13.9%	234,000	234,000	0.0%
	<b>920,457</b>	<b>1,132,210</b>	<b>23.0%</b>	<b>1,208,500</b>	<b>1,208,500</b>	<b>0.0%</b>
<b>TOTAL REVENUE</b>	<b>\$ 43,261,057</b>	<b>\$ 44,802,522</b>	<b>3.6%</b>	<b>\$ 44,203,068</b>	<b>\$ 44,355,774</b>	<b>0.3%</b>

# EXPENSE ASSUMPTION #1

- ▶ STEP & COLUMN INCREASES            \$323,000
  - CERTIFICATED STAFF            \$173,000
  - CLASSIFIED STAFF            \$147,500
  - ADMINISTRATORS            \$ 2,500

Automatic increases for employees not at the top of the salary schedule or who acquire advanced academic degrees.

# EXPENSE ASSUMPTION #2

- ▶ EMPLOYEE BENEFIT INCREASES \$502,700
  - HEALTH BENEFITS
    - KAISER HEALTH 16.5% \$298,400
    - HEALTH NET 15.8% \$116,000
  - PERS – RETIREMENT \$ 74,000
  - STRS – RETIREMENT \$ 14,300
  
- ▶ ADDITIONAL ADJUSTMENTS WILL BE MADE AFTER NEW RATES ARE ANNOUNCED AT MAY BOARD MEETINGS

# HEALTH BENEFITS

	Nov 2000	Nov 2001	Nov 2002	Feb 2004	Feb 2005	Feb 2006	Feb 2007	Feb 2008	Feb 2009	Feb 2010	% Increase
Kaiser											
single	213.41	231.10	261.82	295.77	322.09	374.24	450.36	472.88	501.63	584.63	274%
2-party	426.82	462.20	523.64	591.54	644.18	748.48	900.72	945.76	1,003.26	1,169.27	274%
family	603.96	654.01	696.45	786.75	856.76	995.48	1,197.96	1,257.86	1,334.34	1,555.12	257%
Health Net											
single	260.68	326.84	381.68	444.38	515.48	570.78	575.30	658.72	771.04	892.86	343%
2-party	519.02	650.75	759.93	883.41	1,024.76	1,134.72	1,150.59	1,317.43	1,542.07	1,785.71	344%
family	597.73	749.43	875.18	1,016.43	1,179.06	1,305.57	1,668.37	1,910.28	2,050.96	2,375.00	397%
Select											
single	336.24	421.58	492.32	558.81	648.22	717.78	798.89	914.73	1,042.79	1,207.55	359%
2-party	672.50	843.18	984.65	1,117.62	1,296.44	1,435.55	1,597.78	1,829.46	2,085.58	2,415.10	359%
family	974.72	1,222.10	1,427.16	1,619.89	1,879.07	2,080.69	2,316.80	2,653.71	2,773.83	3,212.09	330%

# PENSION BENEFITS

	July 2001	July 2002	July 2003	July 2004	July 2005	July 2006	July 2007	July 2008	July 2009
PERS-Employee (ER pays)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
PERS-Employer	0.0000%	2.8940%	10.4200%	9.9520%	9.1160%	9.1240%	9.3060%	9.4280%	9.7090%
PERS-CSEA-EPMC						1.1287%	1.1414%	1.1500%	1.1696%
PERS-Public Safety- Employee (EE pays)						6.808%	6.808%	6.808%	6.808%
PERS-Public Safety- Employee (ER pays)						2.192%	2.192%	2.192%	2.192%
PERS-Public Safety-Employer						20.1240%	20.1240%	22.8000%	24.1460%
<b>PERS Cost to District:</b>									
<b>PERS - SEIU and Unrepresented</b>	<b>7.00%</b>	<b>9.894%</b>	<b>17.42%</b>	<b>16.952%</b>	<b>16.116%</b>	<b>16.124%</b>	<b>16.306%</b>	<b>16.428%</b>	<b>16.709%</b>
<b>PERS - CSEA</b>	<b>7.00%</b>	<b>9.894%</b>	<b>17.42%</b>	<b>16.952%</b>	<b>16.116%</b>	<b>17.253%</b>	<b>17.447%</b>	<b>17.578%</b>	<b>17.879%</b>
<b>PERS - Police</b>	<b>7.00%</b>	<b>9.894%</b>	<b>17.42%</b>	<b>16.952%</b>	<b>16.116%</b>	<b>22.316%</b>	<b>22.316%</b>	<b>24.992%</b>	<b>26.338%</b>
STRS-Employee (EE pays)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
STRS-Employer	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
<b>STRS Cost to District:</b>	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>

# USES OF FUNDS

FISCAL YEAR	ACTUAL		ESTIMATED	PROJECTED	DOLLAR CHANGE	%
	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>BUDGET 2010-2011</u>		
<b>USE OF FUNDS</b>						
SALARIES	\$ 28,907,717	\$ 27,899,435	\$ 28,528,218	\$ 28,700,561	\$ 172,343	0.6%
BENEFITS	9,232,333	9,537,655	9,827,172	10,410,194	583,022	5.9%
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>38,140,050</b>	<b>37,437,090</b>	<b>38,355,390</b>	<b>39,110,755</b>	<b>755,365</b>	<b>2.0%</b>
FIXED EXPENSES	1,894,892	1,880,347	2,049,206	2,049,206	-	0.0%
OTHER OPERATING	3,111,161	3,514,111	3,654,480	3,439,503	(214,977)	-5.9%
CAPITAL OUTLAY	330,630	211,918	268,451	268,451	-	0.0%
OTHER OUTGO	609,966	1,313,096	674,214	674,214	-	0.0%
EDUC. EXCELLENCE RESERVE	-	-	-	-	-	n/a
<b>TOTAL OTHER EXPENSES</b>	<b>5,946,649</b>	<b>6,919,472</b>	<b>6,646,351</b>	<b>6,431,374</b>	<b>(214,977)</b>	<b>-3.2%</b>
<b>TOTAL USES</b>	<b>\$ 44,086,699</b>	<b>\$ 44,356,562</b>	<b>\$ 45,001,741</b>	<b>\$ 45,542,129</b>	<b>\$ 540,388</b>	<b>1.2%</b>

# SOURCES AND USES OF FUNDS

FISCAL YEAR	ACTUAL	ACTUAL	ESTIMATED	PROJECTED	DOLLAR	%
	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>CHANGE</u>	<u>CHANGE</u>
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
PROGRAM-BASED FUNDING	39,539,520	40,985,225	41,153,054	41,328,788	175,734	0.4%
FEDERAL	232	245	23,278	250	(23,028)	-98.9%
OTHER STATE	2,800,848	2,684,842	1,818,236	1,818,236	-	0.0%
OTHER LOCAL	920,457	1,132,210	1,208,500	1,208,500	-	0.0%
<b>TOTAL SOURCES</b>	<b>43,261,057</b>	<b>44,802,522</b>	<b>44,203,068</b>	<b>44,355,774</b>	<b>152,706</b>	<b>0.3%</b>
<b>USE OF FUNDS</b>						
SALARIES	28,907,717	27,899,435	28,528,218	28,700,561	172,343	0.6%
BENEFITS	9,232,333	9,537,655	9,827,172	10,410,194	583,022	5.9%
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>38,140,050</b>	<b>37,437,090</b>	<b>38,355,390</b>	<b>39,110,755</b>	<b>755,365</b>	<b>2.0%</b>
FIXED EXPENSES	1,894,892	1,880,347	2,049,206	2,049,206	-	0.0%
OTHER OPERATING	3,111,161	3,514,111	3,654,480	3,439,503	(214,977)	-5.9%
CAPITAL OUTLAY	330,630	211,918	268,451	268,451	-	0.0%
OTHER OUTGO	609,966	1,313,096	674,214	674,214	-	0.0%
EDUC. EXCELLENCE RESERVE			-	-	-	n/a
<b>TOTAL OTHER EXPENSES</b>	<b>5,946,649</b>	<b>6,919,472</b>	<b>6,646,351</b>	<b>6,431,374</b>	<b>(214,977)</b>	<b>-3.2%</b>
<b>TOTAL USES</b>	<b>44,086,699</b>	<b>44,356,562</b>	<b>45,001,741</b>	<b>45,542,129</b>	<b>540,388</b>	<b>1.2%</b>
<b>SOURCES OVER (UNDER) USES</b>	<b>(825,642)</b>	<b>445,960</b>	<b>(798,673)</b>	<b>(1,186,355)</b>	<b>(387,682)</b>	<b>48.5%</b>
TRANSFER IN (OUT)	(25,756)	(148,519)	(55,666)	(55,666)	-	0.0%
BEGINNING FUND BALANCE	\$ 5,469,895	4,618,497	\$ 4,915,938	\$ 4,061,599	\$ -	0.0%
<b>ENDING FUND BALANCE</b>	<b>\$ 4,618,497</b>	<b>4,915,938</b>	<b>\$ 4,061,599</b>	<b>\$ 2,819,578</b>	<b>\$ (387,682)</b>	<b>-9.5%</b>
<b>RESERVE</b>	<b>10.5%</b>	<b>11.1%</b>	<b>9.0%</b>	<b>6.2%</b>		

# SETTING THE STAGE

- State Controller reported Friday that revenues coming into state coffers from personal and corporate taxes fell \$3.6 billion short of what was projected.
- The governor had included \$6.9 billion in federal dollars in his January budget plan, but so far the state has received just under \$3 billion.
- Schwarzenegger also had counted on \$140 million in proceeds from a lease for an oil drilling project off the Santa Barbara coast that would fund state parks. But last week the governor dropped his support for the proposal after the huge oil spill in the Gulf of Mexico.
- San Francisco Chronicle June 10, 2010

# SETTING THE STAGE

- **NEGATIVE CPI INFLATION ADJUSTMENT FOR SECURED PROPERTY.**
- **SMALLER INCREASE IN SUPPLEMENTAL PROPERTY TAX REVENUE.**
- **ADDITIONAL REDUCTIONS IN CATEGORICAL FUNDS FROM THE STATE.**
- **MAJOR INCREASES IN EMPLOYEE BENEFITS, INCLUDING STRS & PERS RATES.**

# OPTIONS FOR ELIMINATING \$1 M DEFICIT

- ▶ REDUCE NON-INSTRUCTIONAL AREAS
  - 10% ACROSS THE BOARD RESULTS IN < \$200K
- ▶ REDUCE CATEGORICAL PROGRAMS
  - \$600K CURRENTLY FUNDING CATEGORICAL
- ▶ REDUCE INSTRUCTIONAL UNITS
  - ACROSS THE BOARD OR SPECIFIC PROGRAMS?
  - REVIEW CLASS ENROLLMENT LEVELS?
- ▶ REDUCE OR CANCEL SUMMER SESSION
  - ALLOW TRANSFER CLASSES ONLY?
  - REVIEW NECESSITY OF FIELD TRIPS?
- ▶ FREEZE VACANT POSITIONS

# RESOURCE ALLOCATION

## HOW WE SPEND OUR DOLLARS

- ▶ Review resource allocation:
  - Overall student instruction/support
  - Administration
  - Other funding allocations from the unrestricted fund
- ▶ Shift in benefits expense:
  - 2008/09 charged to districtwide
  - 2009/10 allocated to organizations
- ▶ Attempt to align 2008/09 with 2009/10 reorganization of College Skills

# RESOURCE ALLOCATION

ORGANIZATION	<u>2008/09</u>	<u>YTD 3/31/10</u>	<u>2009/10 Annualized</u>	<u>% 2009/2010</u>
College Skills Department	\$ 1,407,391	\$ 1,882,463	\$ 2,670,161	5.86%
Fine and Visual Arts	1,605,346	1,406,680	1,995,290	4.38%
Health Sciences	1,482,338	1,386,452	1,966,598	4.32%
Mathematics	1,378,054	1,324,519	1,878,750	4.13%
Career Education	1,257,812	1,253,355	1,777,808	3.90%
Life and Earth Sciences	1,347,550	1,225,568	1,738,394	3.82%
Performing Arts	1,325,937	1,187,514	1,684,418	3.70%
Physical Education	1,159,818	1,113,592	1,579,563	3.47%
Business; Information Systems	1,039,429	983,097	1,394,464	3.06%
Physical Sciences	1,020,563	958,216	1,359,171	2.98%
English and Humanities	1,387,848	813,672	1,154,145	2.53%
Social Sciences	679,660	688,645	976,801	2.14%
Communications	810,707	664,634	942,744	2.07%
Behavioral Sciences	721,499	646,179	916,566	2.01%
Modern Languages	773,093	645,678	915,855	2.01%
NonCredit	170,149	107,306	152,207	0.33%
<b>Instructional Activities</b>	<b>\$ 17,567,193</b>	<b>\$ 16,287,569</b>	<b>\$ 23,102,935</b>	<b>50.73%</b>
Admissions and Records	\$ 843,832	\$ 892,916	\$ 1,266,547	2.78%
Counseling	890,357	859,952	1,219,791	2.68%
Deans	573,003	576,113	817,182	1.79%
Library	481,383	473,257	671,287	1.47%
Financial Aid	377,532	376,272	533,719	1.17%
Academic Svcs; Articulation	320,625	335,512	475,903	1.04%
Media Services	295,682	308,825	438,049	0.96%
Learning Resources Center	258,309	193,032	273,804	0.60%
Student Developmt; Spec Svcs	162,574	155,606	220,718	0.48%
EOPS A	104,905	112,703	159,863	0.35%
Testing	97,394	103,405	146,674	0.32%
Student Affairs	114,720	98,409	139,587	0.31%
Transfer Center	43,861	56,128	79,615	0.17%
Outreach and School Relations	54,654	49,676	70,463	0.15%
Tutoring	48,226	30,731	43,590	0.10%
<b>Student Support Services</b>	<b>\$ 4,667,056</b>	<b>\$ 4,622,537</b>	<b>\$ 6,556,790</b>	<b>14.40%</b>
<b>EXPENDED TOWARD STUDENTS</b>	<b>\$ 22,234,249</b>	<b>\$ 20,910,106</b>	<b>\$ 29,659,725</b>	<b>65.13%</b>

# RESOURCE ALLOCATION

ORGANIZATION	2008/09	YTD 3/31/10	2009/10 Annualized	% 2009/2010
President	\$ 420,961	\$ 321,325	\$ 455,781	1.00%
Board	114,161	153,806	218,165	0.48%
VP - Student Learning	387,066	318,607	451,925	0.99%
Academic Senate	255,413	99,374	140,956	0.31%
VP College Operations	244,880	196,679	278,977	0.61%
Police	537,151	519,754	737,240	1.62%
Information Technology	1,118,889	1,272,487	1,804,946	3.96%
Fiscal Services	640,228	720,719	1,022,297	2.24%
Maintenance and Operations	2,779,326	2,632,233	3,733,664	8.20%
District-wide Expenses	11,997,559	1,691,891	2,399,845	5.27%
Utilities	1,445,449	948,963	1,458,875	3.20%
Human Resources	617,551	583,054	827,027	1.82%
Planning, Research & Institutional Effectiveness	219,746	213,390	302,680	0.66%
Staff Development Admin	108,297	90,673	128,615	0.28%
Communications, Community Relations	542,853	378,829	537,346	1.18%
Logistics	572,782	545,952	774,400	1.70%
<b>Administration</b>	<b>\$ 22,002,312</b>	<b>\$ 10,687,736</b>	<b>\$ 15,272,738</b>	<b>33.54%</b>
Categorical Programs Funded with Unrestricted Funds				
DSPS	\$ 552,431	\$ 300,000	\$ 300,000	0.66%
Child Care Fund	20,979	102,000	102,000	0.22%
BFAPS	107,546	90,000	90,000	0.20%
Puente	14,463	33,000	33,000	0.07%
Workstudy	6,200	8,000	8,000	0.02%
Matriculation-noncredit	-	20,000	20,000	0.04%
Miscellaneous	1,035	1,000	1,000	0.00%
Community Services	148,519	55,666	55,666	0.12%
<b>External Funding Allocations</b>	<b>\$ 851,173</b>	<b>\$ 609,666</b>	<b>\$ 609,666</b>	<b>1.34%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 45,087,734</b>	<b>\$ 32,207,509</b>	<b>\$ 45,542,129</b>	<b>100.00%</b>

# OTHER POTENTIAL IMPACTS

## ▶ OTHER BOARD PRIORITIES:

- RESERVE LEVEL
- UNFUNDED LIABILITIES
- EMPLOYEE EQUITY STUDY
- CONTRACT NEGOTIATIONS
- FACILITIES MAINTENANCE