Budget Presentation:
Projecting Beyond 14/15

College of Marin – October 14, 2014

Greg Nelson, Vice President of Finance & College Operations
What impacted the budget for 13/14

- Increase reserve for bad student debt
- The SERP, why?
  - Had to payout vacation and banked units to all retirees – Cost of 420k
  - Affected the 50% Law calculation 48.93% for FY12/13
What about 50% Law Calculation

- FY12/13 we finished the year at 48.93% - Short of the 50% requirement

- FY13/14 we finished the year with 51.98% - in excess of the 50% law requirement

- We keep a running estimate of the 50% issue to make sure we stay compliant
FY14/15 - Adopted Budget

http://www.marin.edu/fiscal/fiscal-reports.html#budgets
What is in it?

- Revenue Assumptions
- Salary Assumptions including benefit rates
- Fixed Costs Assumptions (Utilities, telecom etc)
- Other Expense Assumptions (Supply Costs etc)
- Other Outgoing (Backfill for other funds)
- Overview of “Basic Aid” status within District
- Short Term Borrowing
- Special Fund Highlights
- Historical Look at FTES
- Breakdown by Area (Revenue, Expenses etc)
- Salary By Position (ABC & Numerical)
- Benefit Costs by Employee Group
Impacts for 14/15 Budget

- Increase of .63% in STRS contribution rate (100k)
- Projected increase for health benefits (955k)
- 5% increase in various insurance premiums (3k)
- 10% increase for Utilities (180k)
- Negotiated changes with CBA’s - Including equity study for CSEA and COLA for SEIU, CSEA and MSCC
- Step and Column for employees

Freeze of management positions
- Exec Director- CCRA
- VP Student Learning
- Asst. Director of Financial Aid
- IT Supervisor

Benefits, especially pensions, need attention
Project Pension Costs

- **STRS rates range from 8.88% - 22.98% over 10 years**
  - Annual growth 1.85% for 5 years, .97% thereafter
  - Increases 238% over 10 years

- **PERS rates range from 20.084% - 31.458% over 10 years**
  - Includes 7% employee portion
  - Annual growth varies for first 5 years, .50% thereafter
  - Increases 121% over 10 years

- **Salaries based on 2014/15 Adoption Budget with 3% growth**
  - $18,413,794 assumed for STRS
  - $10,241,179 assumed for PERS
  - Increases combined cost 170% over 10 years
MCCD Projected Pension Costs

Increase by 17/18 on todays budget

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<tr>
<th>Year Range</th>
<th>STRS</th>
<th>PERS</th>
<th>TOTAL</th>
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<td>2014/15</td>
<td>$2,056,839</td>
<td>$1,522,511</td>
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<td>2015/16</td>
<td>$4,161,873</td>
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COLLEGE OF MARIN
Board Policy states the District will maintain a reserve of 7.67% - 17%. Projected reserve for 14/15 is 10.1%. By policy only a board resolution can pull funds from the reserve for specified purposes with 2/3 vote of the board.

Reserves cannot drop to 5% or you get on watch list by Chancellors Office

Reserves for a small college on basic aid must be maintained at a higher level than a larger college not on basic aid. COM is not currently meeting this best practice.
Deficit is currently projected at $2,411,233 in today's dollars.
This Fund Balance will only support the District for approx. 10 days of operations in 14/15 – What does this mean?
Planning for 15/16 Budget

- Collections:
  - Adhering to college policy on dropping for non-payment will work.
    - “Pay as you go” program will stop us from accumulating so much debt each year
  - A lot of progress made with student debt collections.
    - YTD 180k has been collected thus far from old debt
Planning for 15/16 Budget

- OPEB Trust for Retirees
- New Actuarial study to be completed in spring 2015. This study will show the contribution +/- that need to be made from the unrestricted budget for the coming out year projections.
  - Currently fund is doing well and is ahead of projections to become self funded
Planning for 15/16 Budget

- SERP Results
- Revenue Projections (December)
- Benefit costs for new year
Looking toward 15/16

- We have to correct the structural deficit to maintain an appropriate reserve level
- We have to prepare ourselves for pension costs adjustments and other long term liabilities
- Look at impacts of the current 14/15 SERP
- Steps being taken by Vice Presidents
- January timeline for presentation to the BOT
Budget Forum

College of Marin – October 1, 2014
2.3 Million Breakdown

- Total of 2.3 million set aside for increases for 14/15
  - $88,618 for SEIU
  - $489,639 for CSEA (Includes Equity Study)
  - $266,147 for MSCC (Includes Salary Schedule Adjustment)
  - $1,455,890 for UPM (Current District Proposal)
Management for 14/15 Budget

- 5.3% of the budget tied to Management Salaries
- 20.2% of the budget tied to Classified Salaries
- 33.4% of the budget tied to Faculty Salaries

- Salary Schedule not updated since 1980
- Old salary schedule had COM ranked next to last among single college districts for managers (Barstow CCD was the lowest)
- Cost to fund changes in salary schedule for 14/15 is only 180k