

District Budget Forums

(Traveling Road Show)

2006-07 Budget Development

May 1 - 10, 2006

Presented by:

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PURPOSE

- To share how dollars are allocated to the District, and then to the Colleges.
- To let you know how the 2006-07 budget looks at this point; at the state and District levels.
- To answer questions you may have.

District Budget Overview

FTES

- The **starting point** for building the District's budget is the College FTES Goals.
- The State uses total FTES in the Program Based Funding Model (PBFM) to determine the District's revenue.
- The District uses FTES to determine College funding for part-time faculty and operations (materials, equipment, etc.).

COLLEGE PRESIDENTS PROVIDED THE FOLLOWING FTES GOALS FOR 2006-07

- **CCC:** 6,041 an increase of 1.3%
- **DVC:** 17,000 an increase of 2.0%
- **LMC:** 6,716 no increase
- **Total** = 29,757 with 1,400 FTES coming from non-resident students. (An increase of 1.3%)

Projection of District Resources

- **District Resources** are simply the total of the current-year's beginning fund balance plus the current-year's revenues.

District
Resources = Beginning
Fund Balance + Current-Year
Revenues

- The District's "Resources" are used to afford the District's total "Uses" ... which include the District's expenditures and the fund balance/reserve.

Components of District Revenue

• Apportionment Revenue *	\$123,692,989	90.0%
• Non-Resident & Foreign Fees	5,340,228	3.9%
• Lottery *	3,536,732	2.6%
• Other State Revenues	2,316,880	1.7%
• Local Revenues	2,477,107	1.8%
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• Total	\$137,363,936	100.0%

* Revenue directly tied to reported FTES

Apportionment Funding

- Program Base Funding Model (PBFM)

Instruction

Credit Instruction Dollars per FTES	\$3,216
Credit Instructional Service Dollars per FTES	203
Student Service Dollars per New Student	221
Student Service Dollars per Continuing Student	177
Instructional & Service Dollars per Non-Credit FTES	1,958

Maintenance & Operations

Funding per Space Inventory - Gross Square Foot	6
Funding per FTES in Leased Space	263

State Apportionment

The total apportionment to be received in any one year is calculated as follows:

$$\begin{array}{r} \text{Base Apportionment} \\ + \text{ COLA} \\ + \text{ Growth / Decline}^* \quad (* \text{ a negative number}) \\ + \text{ Equalization} \\ + \text{ Stability Funding} \quad (\text{offsets the decline}) \\ - \text{ Deficit Funding} \\ \hline = \text{ Total Apportionment} \end{array}$$

Projected Apportionment 2006-07

Base Apportionment	\$123,692,989
+ COLA 5.18%	6,407,296 *
+ FTES Growth 1.3%	1,608,009 *
+ Net M&O Growth (SRVC)	371,137 *
+ Equalization	0
+ Stability Funding	0
- Deficit Funding	0
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= Total Apportionment	\$132,079,731

* Potential New Money = \$ 8,386,442

Projection of District's “Use” of Resources

- From the total resources available, the District makes budgetary allocations to fund the following:
 1. **Fund Balance / Reserve** (5% of expenditures – minimum)
 2. **Full-time Employee Salaries & Benefits**
 3. **Retiree Health Benefits**
 4. **Part-time Faculty Salaries & Benefits**
 5. **Operational Expenses**
 - (includes expenditures for: supplies, equipment, contracted services, leases, insurance, utilities, classified & student hourly staff, etc.)
- If total District resources do not cover total uses, then expenditure-cuts are required.

C-HOURLY ALLOCATION

Example of (C-Hourly) Budget Calculation

Projected FTES “earned at the District” 28,232 FTES

Divided by: **Average College Productivity** ÷ **33.02 FTES/FTEF**

Equals: **# of Faculty (FTEF) Needed** = 855 FTEF

Less: **# of Full-time “A” Load Faculty** - **381 FTEF**

Equals: **# of Part-Time Faculty (FTEF) Needed** = 474 FTEF

Multiplied by: **540 hours per FTEF** x 540 Hours/FTEF

Multiplied by: **Average Part-timer Hourly Rate** x 68.33 \$’s/Hour

Equals: **Calculated College C-Hourly Budget** = \$17,480,414

Plus: **P-T Office Hrs, Emeritus, Substitutes, etc.** + **\$ 2,613,234**

Equals: **Total Part-time Faculty Budget** = **\$20,093,648**



**COLLEGE, DISTRICT,
AND
DISTRICT-WIDE**

OPERATIONAL BUDGETS

CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Economy of Scale Factors*
Allocation per FTES for College Operational Budgets
REVISED JULY 24, 2001

FTES Range	Dollar Allocation per FTES (100=\$170)
558	\$238
1116	235
1674	231
2232	228
2790	224
3348	221
3906	218
4464	214
5022	211
5580	207
6138	204
6696	201
7254	197
7812	194
8370	190
8928	187
9486	184
10044	180
10602	177
11160 and higher	173

*The Economy of Scale Factor will be evaluated when the District funding is significantly increased toward the national average for community college funding.

Approved by District Council, 3/26/91
 Amended 3/24/94 to reflect FTES ranges
 Amended 7/24/01

Calculation of College Operating Budgets

- The largest single-component of the Colleges' operating budget is based upon the College's projected FTES.
- In addition, the following amounts are currently added to the Colleges' operating budget:
 1. 5% deficit funding - applied to the FTES allocation
 2. Pre 1994/95 block grant (for marketing, schedules, etc.)
 3. 1992/93 - 2001/02 COLA Catch-up
 4. Continuing "2003/04 allocations cut"
 5. Pass-thru of 2% Enrollment Fees
 6. CEEP allocation
 7. Contracted Education & Lease Expenses
 8. Non F-T Salary PFE distribution (based on FTES)
 9. College-collected revenues

Example of College Operating Budget Calculation

FTES Allocation:

	Total (Projected) FTES		29,293
Multiplied by:	<u>District-wide average \$'s per FTES</u>	x	<u>189.40</u>
Equals:	Total College FTES-Allocation	=	\$ 5,667,615

Additional Allocations:

1.	5% <u>deficit</u> funding - applied to the FTES allocation	-	283,381
2.	Pre 1994/95 block grant	+	191,315
3.	1992/93 - 2001/02 COLA Catch-up	+	539,645
4.	Continuing "2003/04 allocations <u>cut</u> "	-	1,635,588
5.	Pass-thru of 2% Enrollment Fees	+	278,287
6.	CEEP allocation	+	43,389
7.	Contracted Education & Lease Expenses	+	2,460,000
8.	Non F-T Salary PFE distribution (based on FTES)	+	1,191,788
9.	College-collected revenues	+	<u>2,314,750</u>

Total College Operating Budgets = \$10,767,820

District & District-wide Operations-Allocations

- **District & District-wide Operations-Allocations*** include the budgets for:
 - **Facilities, Maintenance, and Police** (\$6,350,229)
 - (includes the budget for district-wide maintenance and utilities. Current utilities budget = \$4,391,833)
 - **District Office** (\$1,276,120)
 - (includes the budgets for departmental operations)
 - **District-wide Expenditures** (\$5,225,306)
 - (includes the budgets for insurance premiums, claims, legal expenses, grant matching, international education program, I.T services, internal auditing, district-wide marketing, departmental chair and faculty evaluation stipends, and staff development)
- District and District-wide Operations-Allocations are primarily based upon previous year's expenditures, with augmentations for known increases.



CHANGES TO REVENUES AND EXPENSES

2006-07 Anticipated Changes to Revenues & Expenditures (from 2005-06)

- **Currently, the anticipated increases to revenue are:**

– Apportionment: COLA 5.18%	\$ 6,407,296
– Apportionment: FTES Growth 1.3%	\$ 1,608,009 *
– Apportionment: Net M&O Growth	\$ 371,137

* Note: For 2006-07, the District will not book this revenue, or the associated expenditure-increases, until the growth is confirmed by the Fall 2006 Census figures.

2006-07 Anticipated Changes to Revenues & Expenditures (from 2005-06)

- **Currently, the anticipated increases to expenditures are:**

– 20 FTEF increase in Full-time Faculty	\$ 783,120
– Step, Class & Longevity Increases	\$ 955,549
– Current Contract Salary Changes	\$ 970,226
– Sabbatical allowance	\$ 852,467*
– SRVC personnel & operations	\$ 709,831
– 15% increase in Utility Costs	\$ 658,775
– 8% increase in Health Benefit Costs	\$ 1,278,403

*This represents two year's-worth of sabbatical allowance. Any unused amount rolls over and is added to the following year's allowance (approx \$430,000 per year)

- **Currently, the anticipated decreases to expenditures are:**

– Elimination of 2005-06, 2%-Growth Margin **	\$ 757,785
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• ** (This was the additional funding provided to the College in 2005-06 to facilitate growth)

2006-07 Cost of Salary Changes

- Under the current contract, and, given the projected increases in health benefits, total compensation for the District's employee groups will increase* by:

– Faculty	2.22%
– Local One	0.95%
– Unrepresented	0.86%

- * Increase Components:

	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
– Faculty	1.77%	0.45%	2.22%
– Local One	-0.29%	1.24%	0.95%
– Unrepresented	0.00%	0.86%	0.86%

- The cost associated with of a 1% change in salary by employee group is:

<u>Faculty</u>	<u>Local One</u>	<u>Unrepresented</u>	<u>Total</u>
\$596,793	\$230,170	\$128,586	\$955,549

2006-07 Possible Funding Sources

- **Final COLA**

- The LAO has issued a statement that the final 2006-07 COLA could be as high as 5.92% (which could mean an additional \$915,000 to the District) We will know more once the “May revise” comes out – May 15th.

- **Equalization Funding**

- Currently the District is slated to receive \$0, but, there is on-going discussion on this issue.
- In one scenario, in which SB 361 becomes the new funding formula, there is a “hold harmless” clause by which the District would receive \$1.9 million Equalization Funding

- **Funded FTES Growth**

- What will be the District’s reported/funded FTES for 2006-07?
- The District could experience growth in excess of Goals.
- The District could utilize “Borrowing” and receive revenues based on a higher level of reported FTES.

Borrowing of Summer Daily Census FTES

- Per Ed Code, the “measurement date” for the reporting of enrollment is as of the census date, or in the case of “positive attendance courses”, as of the course’s ending date.
- The exception to this occurs for summer daily census courses whose census date occurs in one fiscal year, and ending date is in the subsequent fiscal year.
- Per the Ed Code, district’s have the option of which year to report such enrollment.
 - It has been the District’s practice to consider the course ending date as determining the fiscal year in which the FTES have been **“Earned”**.

Graphic Illustration of District Enrollment Reporting Periods

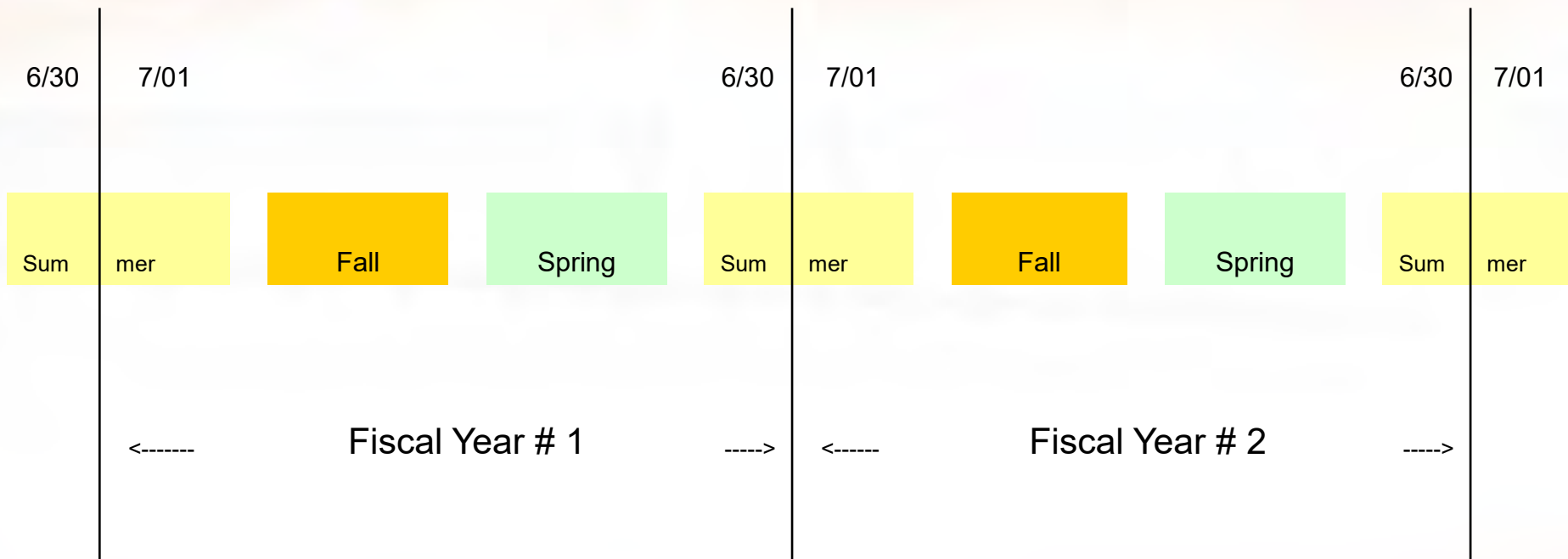


Illustration of Borrowing

Assumes 100 FTES "Earned" per year, No Growth, All Summer FTES is "Borrowable"

	Year # 1	Year # 2	Year # 3	Year # 4
Summer				
Earned	10	10	10	10
Lent	0	-5	-10	0
Reported	<u>10</u>	<u>5</u>	<u>0</u>	<u>10</u>
Fall - Earned	45	45	45	45
Spring - Earned	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>
Total	100	95	90	100
Borrowed	<u>5</u>	<u>10</u>	<u>0</u>	<u>0</u>
Reported	105	105	90	100
Stability	<u>0</u>	<u>0</u>	<u>15</u>	<u>0</u>
Funded	<u><u>105</u></u>	<u><u>105</u></u>	<u><u>105</u></u>	<u><u>100</u></u>

QUESTIONS