



Contra Costa College



Diablo Valley College



San Ramon Campus



Los Medanos College



Brentwood Center

2011-12 Adoption Budget Board Presentation

September 14, 2011

WHAT'S HAPPENED SINCE JUNE...

- ✘ The Governing Board approved a Tentative Budget that projected a reduction to funding of \$15M on June 22
- ✘ The State passed an historic “on time” budget, signed into law by the Governor on June 30
- ✘ The \$400M reduction to community colleges enacted in the March State Budget remained in the June State Budget
- ✘ The State Budget provided triggers for additional mid-year cuts if statewide revenues fall short

MAJOR BUDGET ASSUMPTIONS...

- ✘ The State will defund the community college system by \$517M. This represents the “Tier 2” scenario
- ✘ Impact on the District – a loss of \$11.3M which equals an estimated 2,300 FTES reduction
- ✘ The District will develop an FTES target for 2011-12 closer to the “Best Case” to protect potential revenue enhancement. The target will be 28,181 funded FTES
- ✘ A one-time deficit of 0.40% to 0.45% equal to \$550k - \$620k has been noted, but not included, in anticipation of a possible system shortfall in student fees of \$25M

Impact of State Triggers on CCCCD:

Exhibit 1, page ii

| | <u>FTES</u> | <u>Revenues</u> |
|--|---------------|-----------------------|
| 2011-12 Base | 30,047 | \$ 148,559,651 |
| Funding Reductions enacted March 2011 | (1,866) | (8,503,623) |
| Best Case Funding Level for 2011-12 | 28,181 | \$ 140,056,028 |
| Tier 1 Impact - \$30 million system loss | - | (815,044) |
| Tier 2 Impact - \$72 million system loss | (429) | (1,956,105) |
| District's Funding at the Tier 2 Level | <u>27,752</u> | \$ 137,284,879 |
| One-time student fee deficit 0.4% | | <u>(549,143)</u> |
| 2011-12 Apportionment Funding if Deficit Applied | | <u>\$ 136,735,736</u> |

SUMMARY OVERVIEW: 2011-2012 ADOPTION BUDGET UNRESTRICTED GENERAL FUND

| | CCC | DVC | LMC | Subtotal | District Services | Districtwide | TOTAL |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
| BEGINNING FUND BALANCE, July 1, 2011 | | | | | | | |
| 5% Districtwide Reserve | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,745,437 | \$ 7,745,437 |
| 5% Board Contingency Reserve | - | - | - | - | - | 7,745,437 | 7,745,437 |
| Minimum Reserve Per Business Procedure 18.01 | 487,197 | 707,348 | 703,149 | 1,897,694 | 923,550 | - | 2,821,244 |
| Sub-Fund Carryover and Designated Reserves | 3,111,209 | 1,373,354 | 808,542 | 5,293,105 | 341,806 | 408,512 | 6,043,423 |
| Reserve for Encumbrances | 1,767 | 26,520 | - | 28,287 | 250,244 | - | 278,531 |
| Unreserved, Undesignated Fund Balance | 2,462,729 | 5,058,302 | 1,772,392 | 9,293,423 | 2,069,492 | 1,948,986 | 13,311,901 |
| TOTAL BEGINNING FUND BALANCE | \$ 6,062,902 | \$ 7,165,524 | \$ 3,284,083 | \$ 16,512,509 | \$ 3,585,092 | \$ 17,848,372 | \$ 37,945,973 |

REASONS FOR GREATER THAN EXPECTED FUND BALANCE...

- ✘ Unexpected 2010-11 growth revenue
- ✘ Planned tax revenue shortfall did not happen
- ✘ Chevron payment had no impact on local revenue
- ✘ Frugality by all locations
- ✘ Not filling vacant positions

SUMMARY OVERVIEW: 2011-2012 ADOPTION BUDGET UNRESTRICTED GENERAL FUND...(CONTINUED)

| | CCC | DVC | LMC | Subtotal | District Services | Districtwide | TOTAL |
|---|-----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| REVENUES | | | | | | | |
| Apportionment Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 137,285,781 | \$ 137,285,781 |
| Federal Revenues | - | - | - | - | - | - | - |
| Other State Revenues | 3,695 | 181,064 | - | 184,759 | - | 3,503,334 | 3,688,093 |
| Local Revenues | 211,229 | 3,577,127 | 281,221 | 4,069,577 | (871,786) | 9,814,803 | 12,311,940 |
| Interfund Transfers In | - | 126,321 | 69,752 | 196,073 | - | - | 196,073 |
| Intrafund Transfers In & Subsidies | 1,523,810 | 542,634 | 973,561 | 3,040,005 | 1,114,967 | 20,956,923 | 25,111,895 |
| Total Current Revenue | \$ 1,738,734 | \$ 4,427,146 | \$ 1,324,534 | \$ 7,490,414 | \$ 243,181 | \$171,560,841 | \$ 179,294,436 |
| Operating Allocation | 23,976,186 | 63,664,235 | 30,607,220 | 118,247,641 | 13,922,796 | (132,170,437) | - |
| TOTAL REVENUE | \$ 25,714,920 | \$ 68,091,381 | \$ 31,931,754 | \$125,738,055 | \$ 14,165,977 | \$ 39,390,404 | \$179,294,436 |
| EXPENDITURES & TRANSFERS | | | | | | | |
| Total Salaries | \$ 18,078,703 | \$ 48,990,406 | \$ 22,537,295 | \$ 89,606,404 | \$ 7,431,425 | \$ 228,546 | \$ 97,266,375 |
| Employee Benefits | 5,379,283 | 14,492,255 | 7,118,664 | 26,990,202 | 3,153,167 | 11,240,960 | 41,384,329 |
| Supplies | 1,915,686 | 2,588,833 | 884,433 | 5,388,952 | 237,266 | - | 5,626,218 |
| Operating expenses | 1,386,767 | 2,262,124 | 1,416,770 | 5,065,661 | 2,302,807 | 6,687,231 | 14,055,699 |
| Equipment & Capital Outlay | 411,243 | 616,887 | 37,800 | 1,065,930 | 68,908 | - | 1,134,838 |
| Interfund Transfers & Other Outgo | 2,000 | 2,097 | - | 4,097 | - | 1,100,000 | 1,104,097 |
| Intrafund & Subfund Transfers Out | 474,932 | 61,520 | 565,545 | 1,101,997 | 1,955,202 | 22,054,696 | 25,111,895 |
| TOTAL USES | \$ 27,648,614 | \$ 69,014,122 | \$ 32,560,507 | \$129,223,243 | \$ 15,148,775 | \$ 41,311,433 | \$185,683,451 |
| NET REVENUES OVER/(UNDER) EXPENDITURES | \$ (1,933,694) | \$ (922,741) | \$ (628,753) | \$ (3,485,188) | \$ (982,798) | \$ (1,921,029) | \$ (6,389,015) |

SUMMARY OVERVIEW: 2011-2012 ADOPTION BUDGET UNRESTRICTED GENERAL FUND...(CONTINUED)

| | CCC | DVC | LMC | Subtotal | District Services | Districtwide | TOTAL |
|---|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
| ENDING FUND BALANCE, June 30, 2012 | \$ 4,129,208 | \$ 6,242,783 | \$ 2,655,330 | \$ 13,027,321 | \$ 2,602,294 | \$ 15,927,343 | \$ 31,556,958 |
| Components of Ending Fund Balance (Reserves) | | | | | | | |
| 5% Minimum Reserve - Districtwide | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,745,437 | \$ 7,745,437 |
| 5% Board Contingency Reserve | - | - | - | - | - | 7,745,437 | 7,745,437 |
| Deficit Funding Reserve | 126,682 | 289,479 | 148,955 | 565,116 | 57,847 | - | 622,963 |
| College/DO Local Reserves (1% minimum) | 487,197 | 707,348 | 703,149 | 1,897,694 | 923,550 | - | 2,821,244 |
| <i>Load Bank Liability Reserve</i> | <i>330,491</i> | <i>438,179</i> | <i>244,000</i> | <i>1,012,670</i> | - | - | <i>1,012,670</i> |
| <i>Vacation Liability Reserve</i> | <i>110,164</i> | <i>161,827</i> | <i>194,732</i> | <i>466,723</i> | - | - | <i>466,723</i> |
| <i>Reserve for ISA Payback</i> | <i>1,046,198</i> | - | <i>963,194</i> | <i>2,009,392</i> | - | - | <i>2,009,392</i> |
| Reserve for HBA/TBA Payback | 582,738 | 2,022,980 | - | 2,605,718 | - | - | 2,605,718 |
| Designated Reserves | 1,188,965 | 103,000 | 21,500 | 1,313,465 | 14,000 | 408,512 | 1,735,977 |
| Designated Reserves, Non-Operating Subfunds | 256,773 | - | 379,800 | 636,573 | 341,987 | - | 978,560 |
| Undesignated District Reserves | - | - | - | - | - | 27,957 | 27,957 |
| Undesignated College and DO Reserves | - | 2,519,970 | - | 2,519,970 | 1,264,910 | - | 3,784,880 |
| TOTAL RESERVES | \$ 4,129,208 | \$ 6,242,783 | \$ 2,655,330 | \$ 13,027,321 | \$ 2,602,294 | \$ 15,927,343 | \$ 31,556,958 |

MULTI-YEAR PROJECTION: ASSUMPTIONS & HIGH POINTS

- ✘ The step and column increases result in an average annual salary increase of 1.2%; no other COLAs are anticipated or planned for.
- ✘ No one-time revenues or expenses in future years were considered.
- ✘ In FY 12-13, the STRS rate is anticipated to climb from 8.25% to 9.25% (this is why the incremental cost in health/retirement benefits in FY 12-13 is greater than in FY 13-14).
- ✘ Health benefits are projected to increase at 12.5% annually.
- ✘ In current FY 11-12, total benefits (FICA, retirement, H&W etc.) are budgeted at 43% of salaries. Under these assumptions, by FY 14-15 total benefits will represent 52% of salaries.

MULTI-YEAR MODEL ANALYSIS

Exhibit 5 – page viii

| | <u>FY 11-12</u> | <u>FY 12-13</u> | <u>FY 13-14</u> | <u>FY 14-15</u> |
|--|-----------------------|------------------------|------------------------|------------------------|
| Budgeted Revenue | 154,182,541 | 154,182,541 | 154,998,541 | 154,998,541 |
| Restore Tier 1 | | 816,000 | | |
| Revised Revenue | \$ 154,182,541 | \$ 154,998,541 | \$ 154,998,541 | \$ 154,998,541 |
| Budgeted Expenses | 160,571,556 | 160,571,556 | 170,207,090 | 174,966,040 |
| Step/Column Increases | | 1,167,197 | 1,181,203 | 1,195,377 |
| Health/Retirement Benefits Cost Increases | | 3,764,528 | 3,577,747 | 4,024,966 |
| Remove one time costs | | 4,703,810 | | |
| Revised expenditures | \$ 160,571,556 | \$ 170,207,090 | \$ 174,966,040 | \$ 180,186,383 |
| Revenue less Expense | \$ (6,389,015) | \$ (15,208,549) | \$ (19,967,499) | \$ (25,187,842) |
| One-time Employee Concessions | | 625,964 | 485,964 | |
| Beginning fund balance | \$ 37,945,973 | \$ 31,556,958 | \$ 16,974,373 | \$ (2,367,162) |
| Estimated Ending Balance | 31,556,958 | 16,974,373 | (2,367,162) | (27,555,004) |
| Operating Deficit before Spending Reductions | \$ (6,389,015) | \$ (14,582,585) | \$ (19,341,535) | \$ (25,187,842) |
| Potential Spending Reductions* | | \$ | \$ | \$ |
| Estimated Fund Balance after Reductions | | <u>TBD</u> | <u>TBD</u> | <u>TBD</u> |
| Anticipated deficit in 11-12 .4% | (622,963) | | | |

*Will change as better data is obtained

Please note the numbers used here are estimates based on current information and subject to change

All Funds Recap

Exhibit 4 – page vi

| Fund | Beginning Balance | Total Revenues | Total Expenses | Projected Ending Balance |
|---|--------------------------|-----------------------|-----------------------|---------------------------------|
| F11 Unrestricted GF | \$ 37,945,973 | \$ 154,182,541 | \$ 160,571,556 | \$ 31,556,958 |
| F12 Restricted GF | 606,159 | 12,285,882 | 12,892,041 | 0 |
| F21 2002 Bond Redemption Fund | 4,911,052 | 7,266,851 | 7,257,031 | 4,920,872 |
| F22 2006 Bond Redemption Fund | 10,529,963 | 13,342,052 | 13,517,952 | 10,354,063 |
| F29 Long term Debt Fund (Load Banking/Vacation Accrual) | 1,674,980 | 11,000 | 0 | 1,685,980 |
| F39 Special Revenue Fund (DVC Student Center Financing) | 205,880 | 125,600 | 125,500 | 205,980 |
| F41 Capital Projects | 8,437,914 | 1,106,000 | 304,662 | 9,239,252 |
| F42 Measure A 2002 Bond Construction | 9,433,693 | 0 | 7,444,539 | 1,989,154 |
| F43 Measure A+ 2006 Bond Construction | 89,065,052 | 0 | 31,896,289 | 57,168,763 |
| F51 Bookstore | 1,043,797 | 11,963,650 | 11,609,280 | 1,398,167 |
| F52 Cafeteria | 228,327 | 1,179,217 | 1,051,607 | 355,937 |
| F59 Data Center Fund | 987,645 | 1,167,948 | 975,752 | 1,179,841 |
| F61 Self Insurance | 412,061 | 101,050 | 0 | 513,111 |
| F69 Retiree Benefits Fund | 29,666,674 | 1,600,000 | 8,916,350 | 22,350,324 |
| F71 Student Organization Fund | 23,775 | 88,356 | 87,000 | 25,131 |
| F73 Student Center | 1,369,273 | 415,680 | 420,142 | 1,364,811 |
| F74 Financial Aid | 0 | 33,838,312 | 33,838,312 | 0 |
| F75 Scholarship Trust Fund | 495,726 | 4,570 | 5,156 | 495,140 |
| F77 OPEB Irrevocable Trust | 30,738,171 | 12,100,000 | 0 | 42,838,171 |
| Total | \$ 227,776,115 | \$ 250,778,709 | \$ 290,913,169 | \$ 187,641,655 |

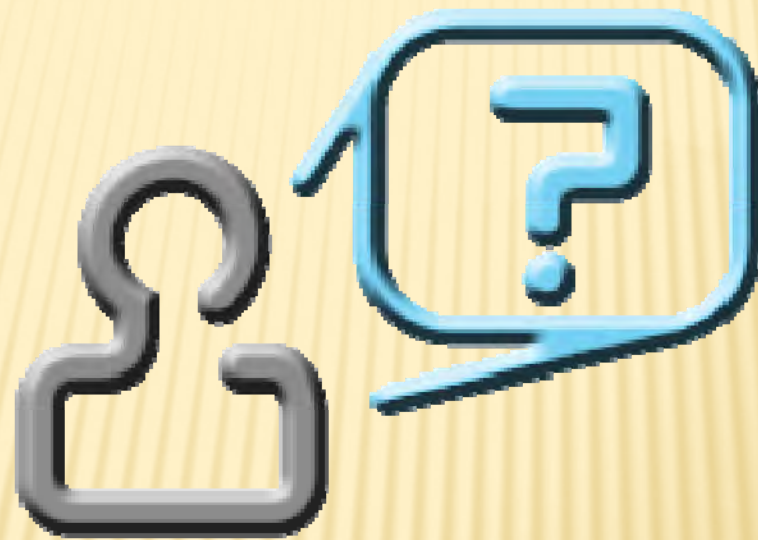
LOOKING AHEAD...

In addition to the state funding shortfall, the District has other issues to evaluate and determine how it will address them.

- ✘ Funding of long-term liabilities (banked load, vacation accrual, and retiree health benefits)
- ✘ Continued impact of increased retiree health benefit costs, and total compensation on operating funds
- ✘ Significant lawsuit with financial implications
- ✘ Continued loss of categorical program dollars will create additional demand for general fund dollars
- ✘ Possible increase in the employer contribution to STRS
- ✘ Local effects of State legislation, e.g. enrollment fee increases, course repetition
- ✘ Funding maintenance of failing infrastructure and aging facilities

**Contra Costa
Community
College District**

pathways to success



REDEVELOPMENT FUNDING

| | <u>Prior FYs</u> | <u>FY 2010-11</u> | <u>Total</u> | <u>FY 2011-12 Anticipated</u> |
|----------------------------|---------------------|-------------------|---------------------|-----------------------------------|
| DVC Project Area: | | | | |
| Revenues | \$ 1,875,640 | \$ 227,972 | \$ 2,103,612 | \$ 240,000 |
| Expenses | (887,224) | - | (887,224) | |
| Balance | <u>\$ 988,416</u> | <u>\$ 227,972</u> | <u>\$ 1,216,388</u> | |
| LMC Project Area: | | | | |
| Revenues | \$ 4,829,271 | \$ 661,522 | \$ 5,490,793 | \$ 650,000 |
| Expenses | (685,157) | (23,133) | (708,290) | |
| Balance | <u>\$ 4,144,114</u> | <u>\$ 638,389</u> | <u>\$ 4,782,503</u> | |
| CCC Project Area: | | | | |
| Revenues | \$ 2,333,710 | \$ 217,221 | \$ 2,550,931 | \$ 285,000 |
| Expenses | (387,811) | (139,039) | (526,850) | |
| Balance | <u>\$ 1,945,899</u> | <u>\$ 78,182</u> | <u>\$ 2,024,081</u> | |
| District-wide Total | | | | |
| Revenues | \$ 9,038,621 | \$ 1,106,715 | \$ 10,145,336 | \$ 1,175,000 |
| Expenses | (1,960,192) | (162,172) | (2,122,364) | |
| Fund Balance | <u>\$ 7,078,429</u> | <u>\$ 944,543</u> | <u>\$ 8,022,972</u> | |