

2014-2015 ADOPTION BUDGET STUDY SESSION



August 19, 2014

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- ☞ Reserve Policy
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Budget Highlights

	Estimated Actuals <u>2013-14</u>	Tentative Budget <u>2014-15</u>	Adoption Budget <u>2014-15</u>
☞ Revenue	\$47,402,479	\$48,487,605	\$49,560,492
☞ Expenditures	<u>\$45,980,755</u>	<u>\$49,298,732</u>	<u>\$49,896,877</u>
☞ Surplus/(Deficit)	<u>\$ 1,421,724</u>	<u>(\$ 811,127)</u>	<u>(\$ 336,385)</u>
☞ Reserve	11.6%	7.0%	10.1%

Revenue Assumptions

- ☞ Secured Property Taxes:
 - CCPI 0.454% of assessment roll
 - \$42,495,064 per County estimate (\$41,363,206 Per Tentative)

- ☞ Supplemental Taxes: Increase 5%

- ☞ Unsecured Taxes: Increase 1%

- ☞ Prior Year Property Taxes: Increase 5% (1% in the Tentative Budget)

Revenue Assumptions

- ☞ State Allocations: 95% of prior year, adjusted as new information becomes available
- ☞ Enrollment Fees: Flat—(enrollment has been declining)
- ☞ Non-resident Tuition: 20% annual increase in International Students
- ☞ Local revenue: \$10 student technology fee per semester; increase in commission from bookstore vendor
- ☞ Increased fees: Health and parking impact restricted fund revenues

Impact of Revenue Assumptions

	Tentative <u>Budget</u>	Adoption <u>Budget</u>
☞ Property Taxes:		
○ Secured	\$1,370,740	\$2,171,085
○ Supplemental/Other	53,642	82,803
☞ Enrollments Fees	0	0
☞ State Revenues	(31,997)	1,648
☞ Local Revenues	281,298	190,580
☞ Other Financing Sources	<u>0</u>	<u>(288,103)</u>
Revenue Increase	<u>\$1,673,683</u>	<u>\$2,158,013</u>

Sources of Funds

FISCAL YEAR	ACTUAL 2011-2012	ACTUAL 2012-2013	ESTIMATED ACTUAL 2013-2014	ADOPTION BUDGET 2014-2015	DOLLAR CHANGE	% CHANGE
PROGRAM-BASED FUNDING						
STATE SUBVENTIONS	\$ 273,774	\$ 269,304	\$ 267,762	\$ 267,762	\$ -	0.0%
TOTAL	273,774	269,304	267,762	267,762	-	0.0%
PROPERTY TAXES						
SECURED	38,012,618	38,554,174	40,323,979	42,495,064	2,171,085	5.4%
SUPPLEMENTAL	413,686	564,446	923,983	970,182	46,199	5.0%
UNSECURED	899,726	847,458	879,379	913,177	33,798	3.8%
PRIOR-YEAR	45,505	70,578	56,116	58,922	2,806	5.0%
TOTAL TAXES	39,371,535	40,036,656	42,183,457	44,437,345	2,253,888	5.3%
ENROLLMENT FEES	1,963,235	2,353,907	2,130,932	2,130,932	-	0.0%
TOTAL PROGRAM-BASED	41,608,544	42,659,867	44,582,151	46,836,039	2,253,888	5.1%
FEDERAL REVENUE	1,113	977	798	798	-	n/a
STATE REVENUE						
PARTNERSHIP FOR EXCELL	576,520	-	-	-	-	0.0%
OTHER STATE	1,108,014	1,445,287	1,289,477	1,291,125	1,648	0.1%
TOTAL STATE	1,684,534	1,445,287	1,289,477	1,291,125	1,648	0.1%
LOCAL REVENUE						
INTEREST	12,842	4,401	4,463	4,463	-	0.0%
NON-RESIDENCE FEES	806,151	717,656	736,773	808,773	72,000	9.8%
OTHER STUDENT CHARGES	88,121	71,176	65,432	137,432	72,000	110.0%
NON-RESIDENCE INSURANCE	52,958	56,454	70,453	71,862	1,409	2.0%
MISCELLANEOUS	263,850	358,687	364,829	410,000	45,171	12.4%
	1,223,922	1,208,374	1,241,950	1,432,530	190,580	15.3%
OTHER FINANCING SOURCES			288,103	-	(288,103)	-100.0%
TOTAL REVENUE	\$ 44,518,113	\$ 45,314,505	\$ 47,402,479	\$ 49,560,492	\$ 2,158,013	4.6%

Salary Assumptions

∞ Salary Schedules:

- CSEA: 1% increase effective July 1, 2014; 1% increase effective January 1, 2015
- SEIU: 1.5% increase effective July 1, 2014
- Unrepresented: 1% increase effective July 1, 2014; 1% increase effective January 1, 2015
- UPM – Still in negotiation but dollars have been set aside for negotiations in this budget

∞ Permanent Positions:

- Faculty: Budgeted 100% as instructional or non-instructional regular, assumes all additional assignments are overload
- Classified: Budgeted at Board approved FTE at current step and column
- Vacant Positions: All SERPed positions reviewed by Cabinet to determine whether vacancy will be filled. If vacant position will not be filled, nothing is budgeted. For vacant positions that will be filled:
 - UPM: Vacancies budgeted at Column 3, Step 11
 - CSEA: Vacancies budgeted at Step C of salary range
 - SEIU: Vacancies budgeted at Step C of salary range
 - Unrepresented: Vacancies budgeted at midpoint of salary range
- PT Faculty adjusted for FT conversions/hires
- Classified Hourly and Overtime – discretionary, budgeted by departments

Benefit Assumptions

∞ Medical Benefits:

- Permanent staff: Budgeted at existing coverage with the district cap at \$1,784.79 per month. 8% increase effective February 1, 2015 for coverage below the cap.
- PT Faculty: Budgeted at existing coverage up to the district cap of \$1,341.95 per month for current recipients.
- Vacant positions: Budgeted at Kaiser Member plus 1.

∞ Dental/Vision/Other: Budgeted at current rates.

∞ Statutory Rates:

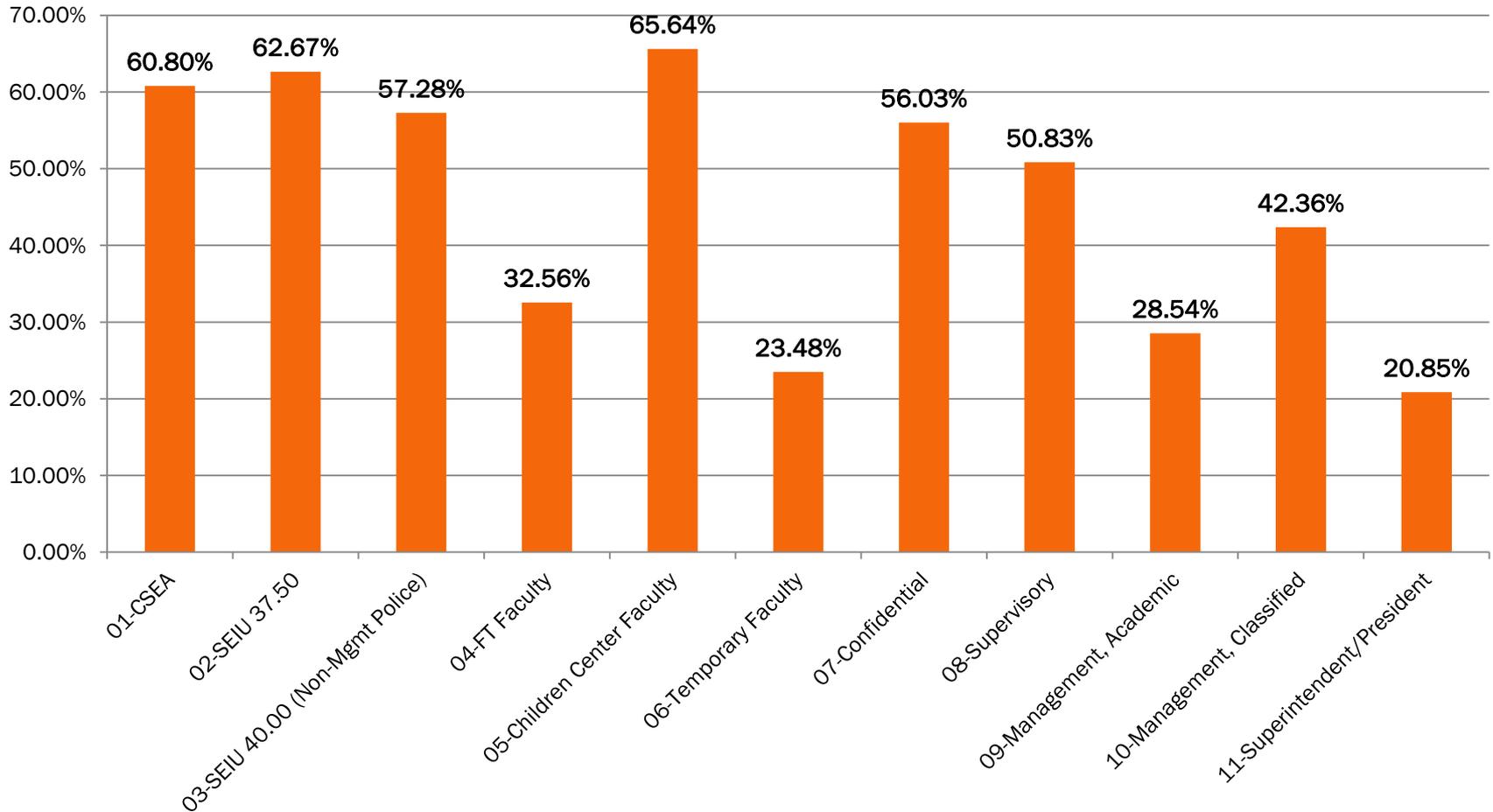
- STRS: 8.88% (0.63% over prior year)
- PERS: 20.084%
- PEPR: 11.771%
- Public Safety PERS: 31.81%
- Public Safety PEPR: 12.25%
- OASDI: 6.2%
- Medicare: 1.45%
- State Unemployment Insurance: 0.05%
- Workers' Compensation: 1.126%

Benefits across all employee groups

☞ Currently the District has 14 different employee groups as follows:

- ☞ CSEA
- ☞ SEIU
- ☞ SEIU (Police)
- ☞ Full Time Faculty
- ☞ Children Center Faculty
- ☞ Part Time Faculty
- ☞ Confidential
- ☞ Supervisory
- ☞ Management- Academic
- ☞ Management – Classified
- ☞ Superintendent/President
- ☞ Board of Trustees
- ☞ Student Trustee
- ☞ Retirees

Avg. Monthly Employer Benefit as a % of Total Employee Earnings (Cost to the District)



Other Expense Assumptions

Fixed Expense Assumptions

- Water, Sewer, Pest: 10% increase over prior year actuals
- Gas/Electricity: 5% increase from prior year budget; savings go into Maintenance Management Fund for M&O
- Insurance: 5% increase over prior year actuals

Other Expenditure Assumptions

- Supplies, Operating Expenses and Equipment: Budgeted by departments
- No election costs

Other Outgo Assumptions

- Fund transfers required to backfill categorical programs as needed

Impact of Expense Assumptions

	Tentative Budget	Adoption Budget
☞ Salaries	<u>\$1,816,853</u>	<u>\$2,601,591</u>
○ Faculty	\$742,946	\$ 922,610
○ Classified	671,950	1,098,258
○ Administrators	401,957	580,723
☞ Benefits	<u>1,691,739</u>	<u>1,922,943</u>
○ Medical	\$801,764	\$ 955,298
○ STRS	346,877	280,446
○ PERS	219,275	342,214
○ Other	323,823	344,985
☞ Fixed Expenses	352,011	352,601
☞ Other Operating	180,463	675,118
☞ Capital/Other Outgo	<u>(1,109,388)</u>	<u>(1,566,499)</u>
Expenditure Increase	<u>\$2,931,678</u>	<u>\$3,985,754</u>

Uses of Funds

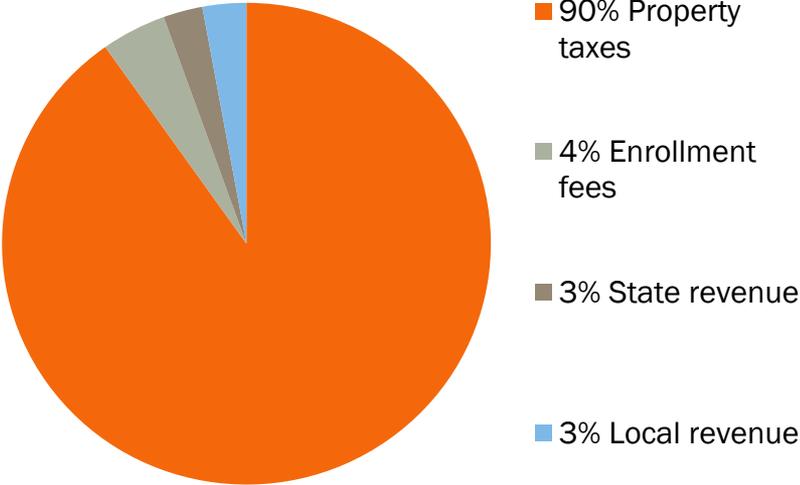
FISCAL YEAR	ACTUAL		ESTIMATED	ADOPTION	DOLLAR CHANGE	%
	ACTUAL	ACTUAL	ACTUAL	BUDGET		
	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>		
USE OF FUNDS						
SALARIES	\$ 28,589,628	\$ 28,417,007	\$ 26,947,482	\$ 29,549,073	\$ 2,601,591	9.7%
BENEFITS	10,885,144	11,719,697	11,355,007	13,277,950	1,922,943	16.9%
TOTAL SALARIES & BENEFITS	39,474,772	40,136,704	38,302,489	42,827,023	4,524,534	11.8%
FIXED EXPENSES	2,115,860	2,039,061	2,151,354	2,503,955	352,601	16.4%
OTHER OPERATING	2,741,295	2,913,110	2,573,463	3,248,581	675,118	26.2%
CAPITAL OUTLAY	371,942	320,415	1,828,381	482,383	(1,345,998)	-73.6%
OTHER OUTGO	807,979	1,027,386	1,055,436	834,935	(220,501)	-20.9%
TOTAL OTHER EXPENSES	6,037,076	6,299,972	7,608,634	7,069,854	(538,780)	-7.1%
TOTAL USES	\$ 45,511,848	\$ 46,436,676	\$ 45,911,123	\$ 49,896,877	\$ 3,985,754	8.7%

Sources and Uses of Funds

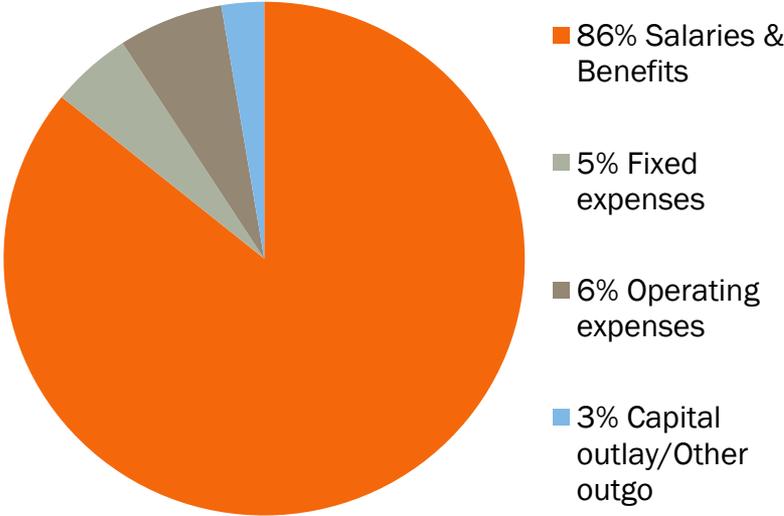
FISCAL YEAR	ACTUAL <u>2011-2012</u>	ACTUAL <u>2012-2013</u>	ESTIMATED ACTUAL <u>2013-2014</u>	ADOPTION BUDGET <u>2014-2015</u>	DOLLAR CHANGE	% CHANGE
SOURCES OF FUNDS						
BEGINNING FUND BALANCE	\$ 6,210,069	\$ 5,141,775	\$ 3,929,633	\$ 5,351,357	\$ 1,421,724	36.2%
REVENUES						
PROGRAM-BASED FUNDING	\$ 41,608,544	\$ 42,659,867	\$ 44,582,151	\$ 46,836,039	\$ 2,253,888	5.1%
FEDERAL	1,113	977	798	798	-	0.0%
OTHER STATE	1,684,534	1,445,287	1,289,477	1,291,125	1,648	0.1%
OTHER LOCAL	1,223,922	1,208,374	1,241,950	1,432,530	190,580	15.3%
OTHER FINANCING SOURCES			288,103	-	(288,103)	-100.0%
TOTAL REVENUE	44,518,113	45,314,505	47,402,479	49,560,492	2,158,013	4.6%
TOTAL SOURCES	50,728,182	50,456,280	51,332,112	54,911,849	3,579,737	7.0%
USE OF FUNDS						
SALARIES	28,589,628	28,417,007	26,947,482	29,549,073	2,601,591	9.7%
BENEFITS	10,885,144	11,719,697	11,355,007	13,277,950	1,922,943	16.9%
TOTAL SALARIES & BENEFITS	39,474,772	40,136,704	38,302,489	42,827,023	4,524,534	11.8%
FIXED EXPENSES	2,115,860	2,039,061	2,151,354	2,503,955	352,601	16.4%
OTHER OPERATING	2,741,295	2,913,110	2,573,463	3,248,581	675,118	26.2%
CAPITAL OUTLAY	371,942	320,415	1,828,381	482,383	(1,345,998)	-73.6%
OTHER OUTGO	807,979	1,027,386	1,055,436	834,935	(220,501)	-20.9%
TOTAL OTHER EXPENSES	6,037,076	6,299,972	7,608,634	7,069,854	(538,780)	-7.1%
TOTAL USES	45,511,848	46,436,676	45,911,123	49,896,877	3,985,754	8.7%
SOURCES OVER (UNDER) USES	5,216,334	4,019,604	5,420,989	5,014,972	(406,017)	-7.5%
TRANSFER IN (OUT)	(74,559)	(89,971)	(69,632)	-	69,632	-100.0%
ENDING FUND BALANCE	\$ 5,141,775	\$ 3,929,633	\$ 5,351,357	\$ 5,014,972	\$ (406,017)	-7.6%
RESERVE	11.3%	8.4%	11.6%	10.1%		

2014/15 ADOPTION BUDGET

Revenue



Expenditures

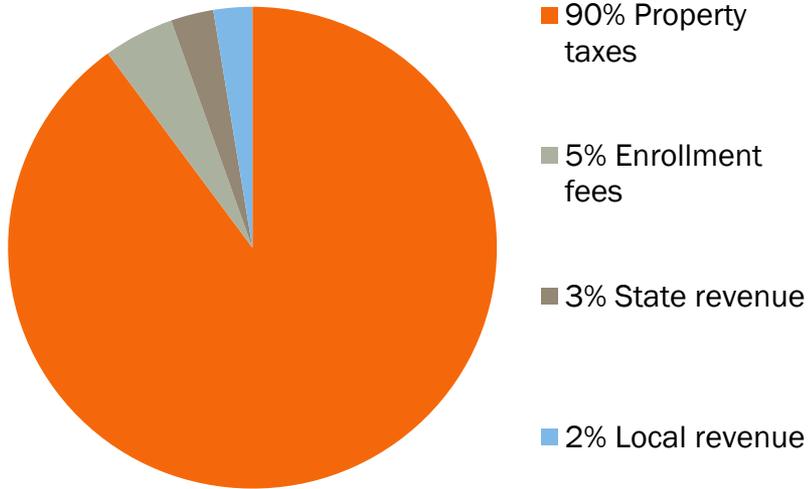


2013/14 Changes from Tentative

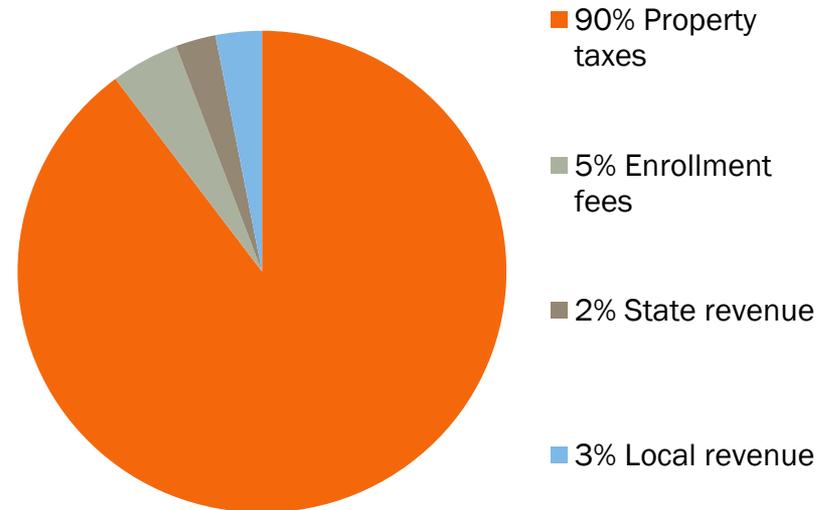
- ∞ Increase in Reserve from 9.2% to 11.6% for 13/14 actuals
 - \$350K higher property taxes
 - \$230K lower salaries
 - \$260K lower benefits

2013/14 Revenue Comparison

Tentative

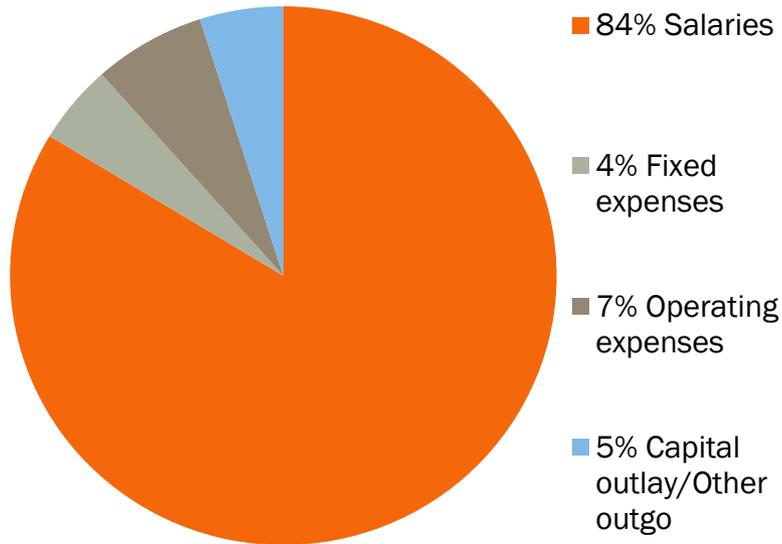


Adoption

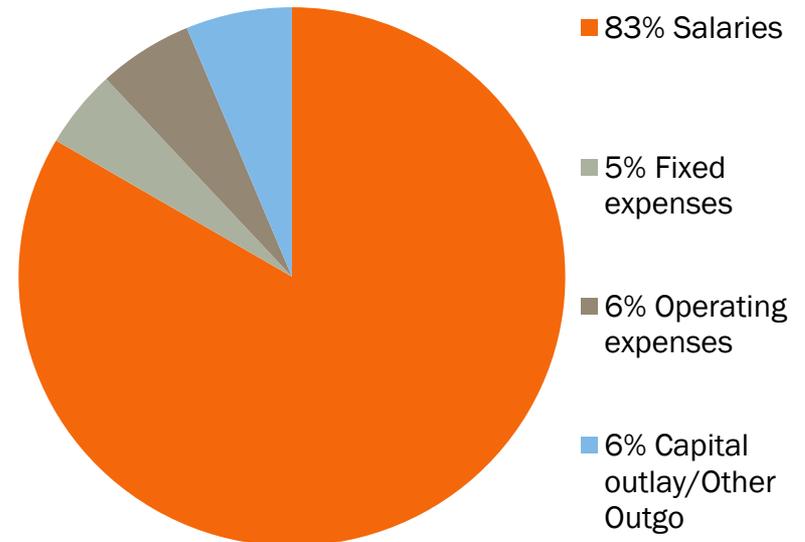


2013/14 Expenditure Comparison

Tentative



Adoption

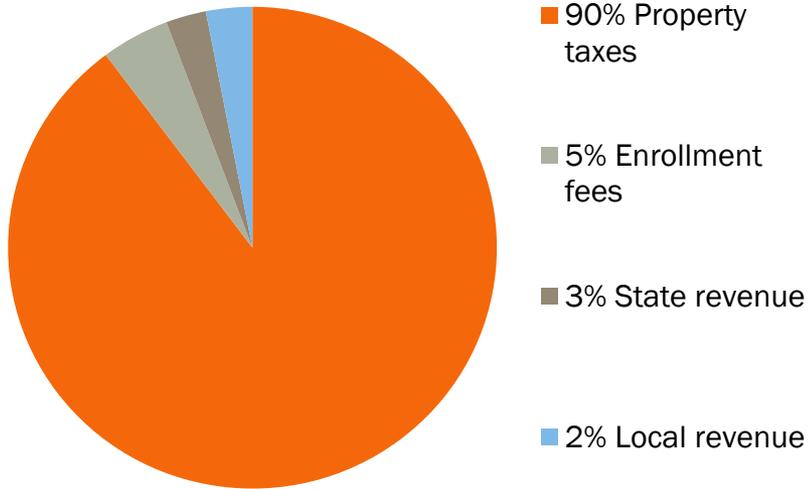


2014/15 Changes from Tentative

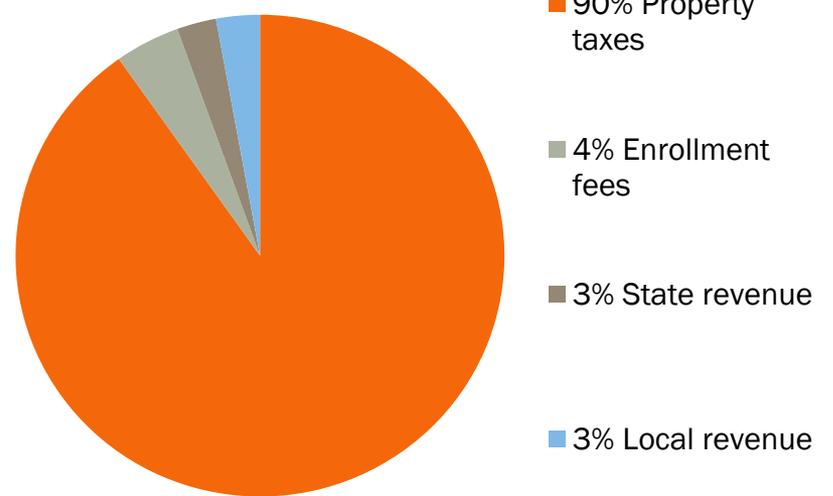
- ∞ Increase in Reserve from 7.0% to 10.1%
 - Carry forward higher reserve from 2013/14 (One time revenue)
 - \$1.0M higher revenues, primarily property tax (Revenue)
 - \$500K higher salaries (Expense)
 - \$100K higher other expenses (Expense)

2014/15 Revenue Comparison

Tentative

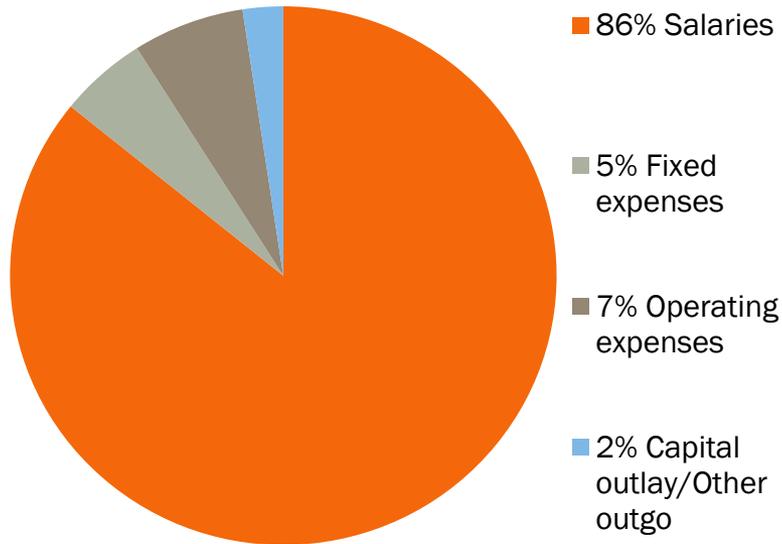


Adoption

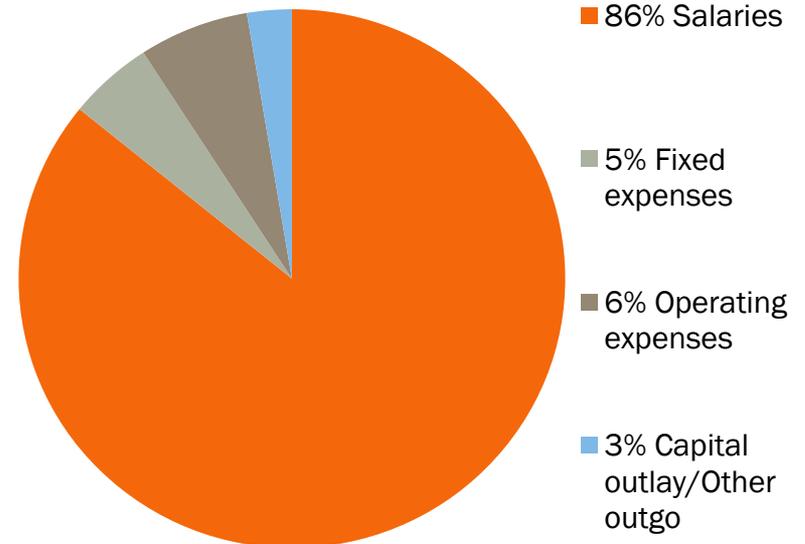


2014/15 Expenditure Comparison

Tentative



Adoption



Board Policy on District Reserve

- ∞ Reserve Policy – To maintain a minimum reserve level of not less than 7.6%... Continue to increase the reserve level to reach a target of 17.0%
- ∞ Policy passed unanimously (7-0) at 10/09/07 Board meeting

Outlook

- ⌘ Expenditures exceed increasing revenues – as a District we need to begin addressing this uncertainty to maintain and keep a balanced budget
- ⌘ Increases in STRS and PERS driving benefits up over the next 10 years without additional support.
- ⌘ Need to absorb software licenses and other expenses that have been charged to the bond technology fund, in excess of 600k per year.
- ⌘ District needs to make some strategic decisions to eliminate the structural deficit
- ⌘ Look for new revenue sources
- ⌘ Evaluate potential reorganizations to reduce expenses
- ⌘ Trend is not sustainable