

# ADOPTION BUDGET STUDY SESSION

# STUDY SESSION OUTLINE

- ▶ **REVIEW 2009/10 ESTIMATED ACTUAL RESULTS**
- ▶ **REVIEW 2010/11 UNRESTRICTED GENERAL FUND ADOPTION BUDGET**
  - STRUCTURAL DEFICIT
  - STEPS TAKEN TO ELIMINATE THE DEFICIT
- ▶ **REVIEW 2010/11 ADOPTION BUDGET FOR ALL FUNDS**
- ▶ **SUPPLEMENTAL INFORMATION**

# UNRESTRICTED FUND – ESTIMATED ACTUALS 2009/10

EST. ACTUAL  
2009/10

▶ REVENUE	\$44,466K
▶ EXPENDITURES	\$44,069K
▶ SURPLUS	\$ 397K
▶ RESERVE	11.7%

# 2009/10 CHANGE IN ESTIMATED ACTUALS

ESTIMATED DEFICIT IN TENTATIVE BUDGET	(\$160K)
▶ UNANTICIPATED REVENUES, PRIMARILY TAXES	\$286K
▶ LOWER EXPENDITURES:	
SALARIES AND BENEFITS	\$495K
OPERATING EXPENSES	\$241K
OTHER OUTGO	\$ 35K
▶ RECOMMEND TRANSFER TO RETIREE UNFUNDED MEDICAL BENEFITS LIABILITY (RUMBL)	<u>(\$500K)</u>
2009/10 SURPLUS	\$397K
RESERVE	11.7%

# RETIREE UNFUNDED MEDICAL BENEFITS LIABILITY (RUMBL)

- ▶ DURING 2004, BOARD ELECTED EARLY APPLICATION OF GASB 45
- ▶ ACCREDITING COMMISSION REQUIRED THE DISTRICT TO CONDUCT A STUDY REGARDING THE UNFUNDED LIABILITY AND ESTABLISH A PLAN TO FUND THE LIABILITY
- ▶ 11/07 BOARD PASSED A MOTION TO APPROVE UNFUNDED LIABILITY FUNDING PLAN

## EXCERPT FROM PLAN:

- ▶ “ANNUALLY, FROM FUNDS THAT WERE BUDGETED BUT WERE NOT SPENT DURING THE YEAR, THE PRESIDENT SHALL MAKE A RECOMMENDATION TO THE BOARD TO TRANSFER SOME OR ALL OF THESE UNSPENT FUNDS INTO THE IRREVOCABLE TRUST AS THE CURRENT YEAR FUNDING.”

# RETIREE UNFUNDED MEDICAL BENEFITS LIABILITY (RUMBL)

- ▶ \$1,000,000 FUNDED IN 2005/06
- ▶ \$ 500,000 FUNDED IN 2007/08
- ▶ CONSISTENT WITH THE FUNDING PLAN, RECOMMEND FUNDING \$500,000 IN 2009/10
- ▶ CRITICAL TO FUND THIS YEAR AS EVIDENCE TO WASC DURING THE ACCREDITATION VISIT

# BOARD POLICY ON DISTRICT RESERVE LEVEL

- ▶ \$500,000 LIABILITY FUNDING LEVEL MAINTAINS A RESERVE OF 11.7%
- ▶ 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%
- ▶ RESERVE POLICY PASSED AT 10/07 BOARD MEETING
- ▶ \$500,000 LIABILITY FUNDING LEVEL COMPLIES WITH BOTH BOARD POLICIES

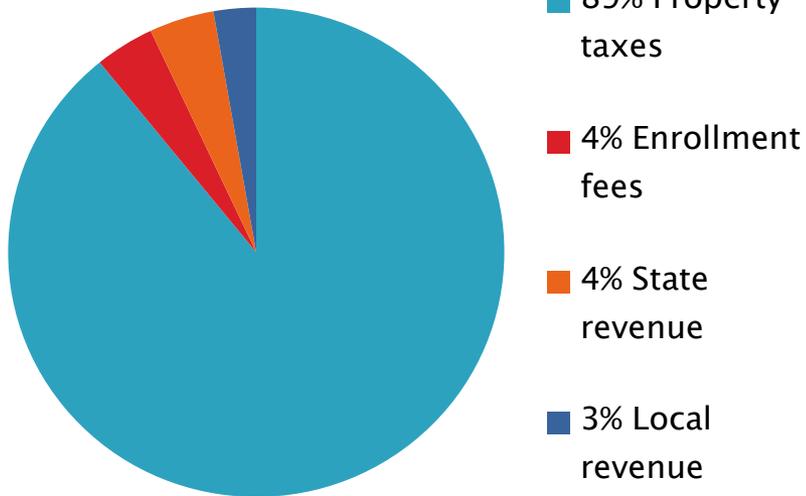
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EST. ACTUAL  
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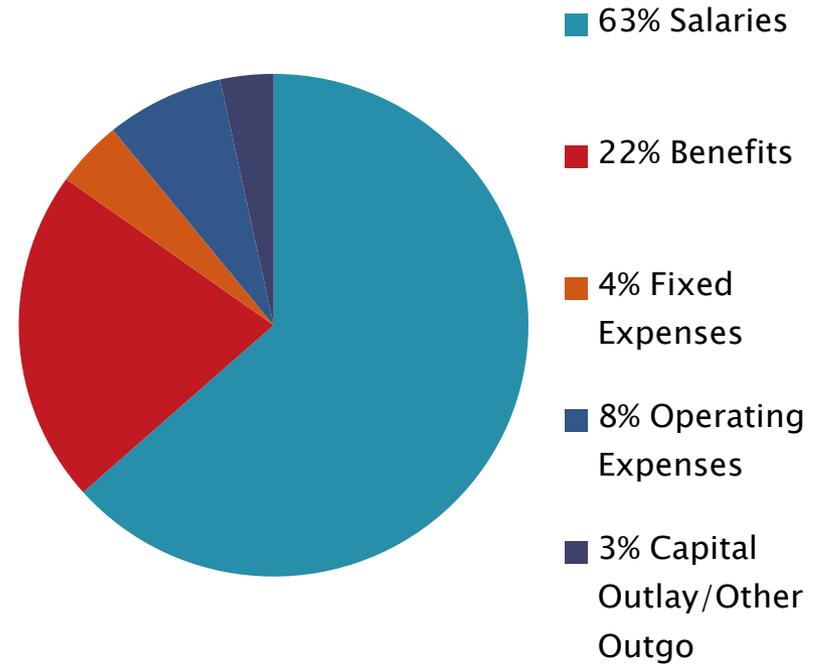
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# 2009/10 ESTIMATED ACTUALS

## Revenue



## Expenditures



# STUDY SESSION OUTLINE (cont'd)

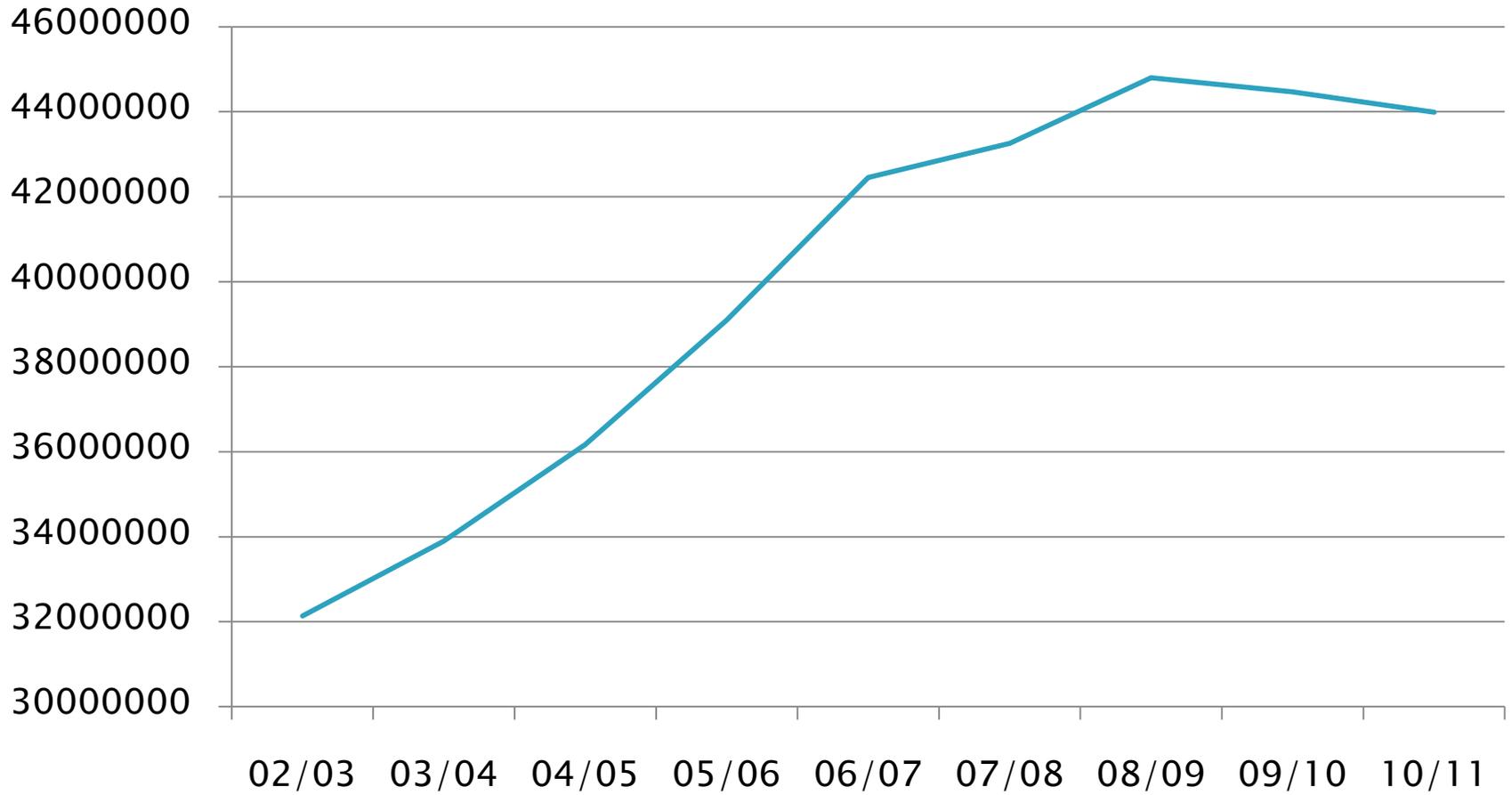
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# 2010/11 ADOPTION BUDGET – STRUCTURAL DEFICIT

THIS IS A PROBLEM CAUSED BY:

- ▶ DECLINING REVENUE

# REVENUE TREND

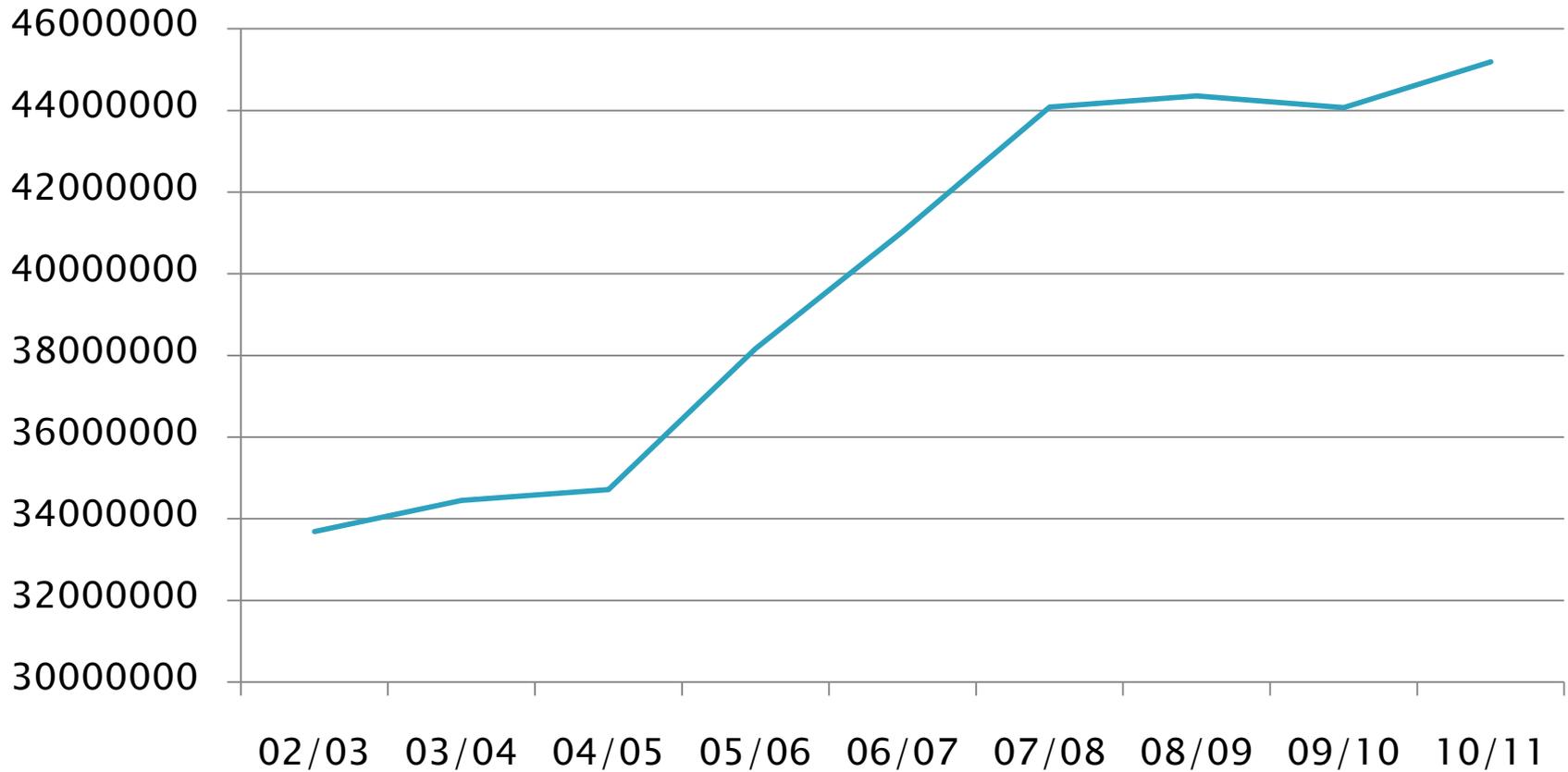


# 2010/11 ADOPTION BUDGET – STRUCTURAL DEFICIT

THIS IS A PROBLEM CAUSED BY:

- ▶ INCREASING EXPENSES:
  - STEP AND COLUMN INCREASES
  - INCREASING HEALTH COSTS
  - COST OF LIVING FOR ITEMS PURCHASED

# EXPENDITURE TREND



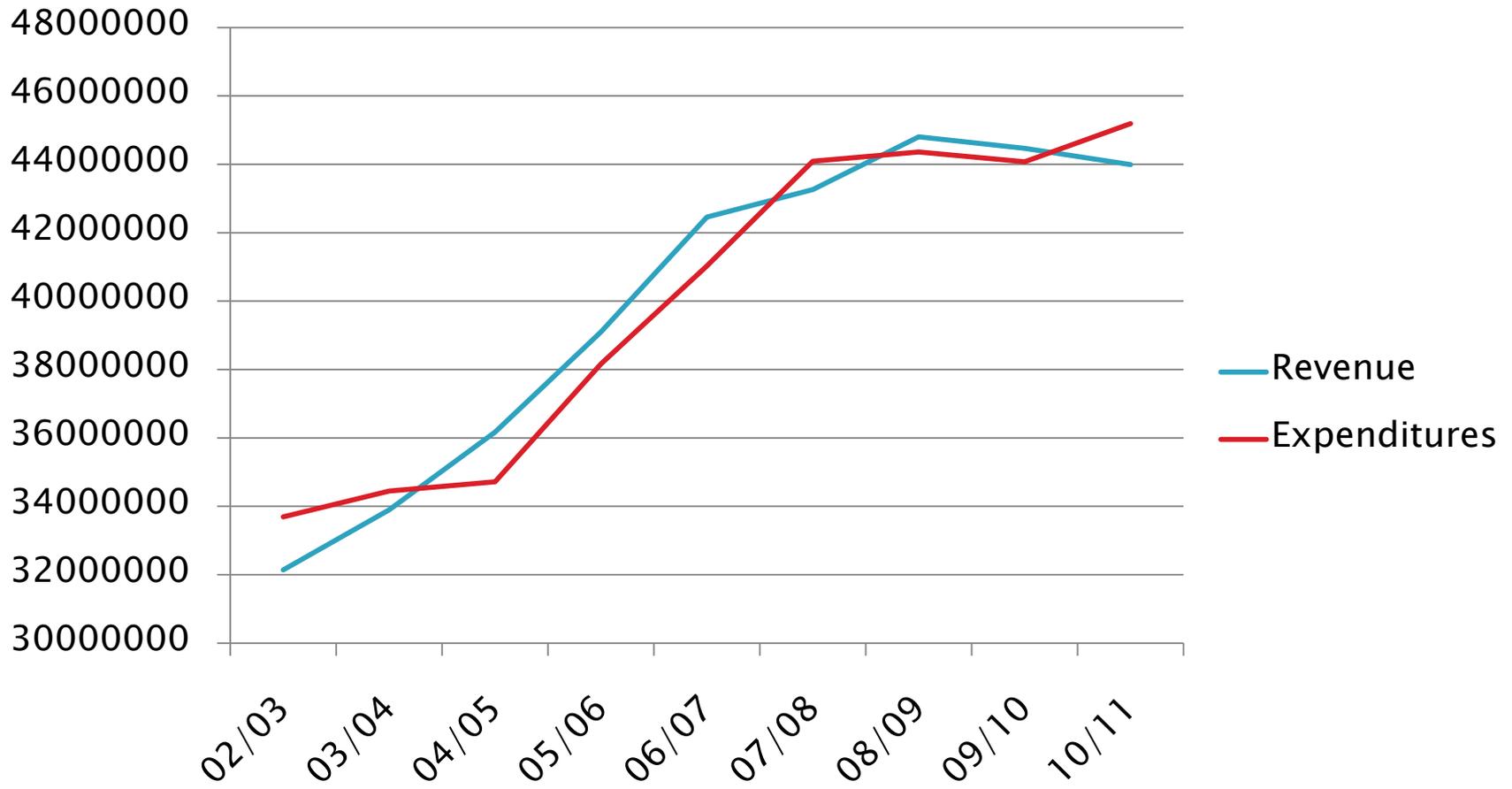
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THIS IS A PROBLEM CAUSED BY:

- ▶ DECLINING REVENUE
- ▶ INCREASING EXPENSES:
  - STEP AND COLUMN INCREASES
  - INCREASING HEALTH COSTS
  - COST OF LIVING FOR ITEMS PURCHASED

RESULTED IN A \$1.2M DEFICIT IN 2010/11  
ADOPTION BUDGET

# REVENUE/EXPENDITURE TREND



# 2010/11 ADOPTION BUDGET – STRUCTURAL DEFICIT

- ▶ IMMEDIATE FOCUS IS THE 2010/11 DEFICIT AND ADOPTION BUDGET
- ▶ EVALUATED SEVERAL OPTIONS TO ELIMINATE THE 2010/11 DEFICIT
- ▶ FUTURE IMPLICATIONS:
  - INABILITY TO MEET ALL PRIORITIES
  - NOT SUSTAINABLE

# ELIMINATED BUDGET FOR VACANT POSITIONS -- \$478K SAVINGS

## BENEFITS

- ▶ ELIMINATED BUDGET FOR POSITIONS THAT MAY NOT BE FILLED IN 2010/11
- ▶ FOR POSITIONS THAT MAY BE FILLED, ELIMINATED BUDGET SAVINGS FOR PARTIAL YEAR

## IMPLICATIONS

- ▶ NO BUDGET FOR SEVERAL VACANT POSITIONS

# REDUCED NON-MANDATED UNITS

## -- \$405K SAVINGS

### BENEFITS

- ▶ MAY BE USED TO ELIMINATE NON-INSTRUCTIONAL UNITS
- ▶ MAY BE USED TO TRANSFER ADDITIONAL AVOCATIONAL CLASSES TO FEE-BASED
- ▶ MAY FORCE CLASSES WITH LESS THAN DESIRABLE ENROLLMENT LEVELS TO BE CANCELED

### IMPLICATIONS

- ▶ REQUIRES CLOSE MONITORING TO ENSURE SAVINGS MATERIALIZE
- ▶ REQUIRES UNDERSTANDING THE IMPLICATIONS OF UNITS BEING REDUCED – IF NOT PROPERLY ANALYZED AND MONITORED, MAY RESULT IN CANCELING CRITICAL UNITS, E.G., TRANSFER CLASSES, PREREQUISITES, ETC.

# REDUCED SUMMER SCHOOL 50% – – \$182K SAVINGS

## BENEFITS

- ▶ MAY BE ADJUSTED BEFORE SUMMER IF ADDITIONAL FUNDS ARE AVAILABLE
- ▶ SAVINGS WILL ALSO AFFECT 2011/12
- ▶ WON'T SEVERELY AFFECT CRITICAL CLASSES

## IMPLICATIONS

- ▶ NEED TO DETERMINE WHICH CLASSES TO OFFER AND WHICH TO ELIMINATE
- ▶ NEED TO CLOSELY ASSESS ENROLLMENT AND RELATED COSTS OF SPECIFIC CLASSES, E.G., COST VS. NUMBER SERVED

# REDUCED NON-INSTRUCTIONAL AREAS 5% -- \$99K SAVINGS

## BENEFITS

- ▶ REDUCES IMPACT ON INSTRUCTION, HENCE THE STUDENT

## IMPLICATIONS

- ▶ ACROSS THE BOARD CUTS ARE NOT STRATEGIC
- ▶ POTENTIAL SAVINGS ARE LIMITED
- ▶ HAD A 10% CUT A FEW YEARS AGO – THIS APPROACH CANNOT BE SUSTAINED IN THE LONG-TERM

# TRANSFER NONCREDIT COURSES TO FEE-BASED -- \$50K SAVINGS

## BENEFITS

- ▶ MORE BUDGET ALLOCATED TO CREDIT COURSES
- ▶ ALIGNS DISTRICT WITH MESSAGE FROM CHANCELLORS OFFICE
- ▶ GENERATES FEES FOR COMMUNITY SERVICES

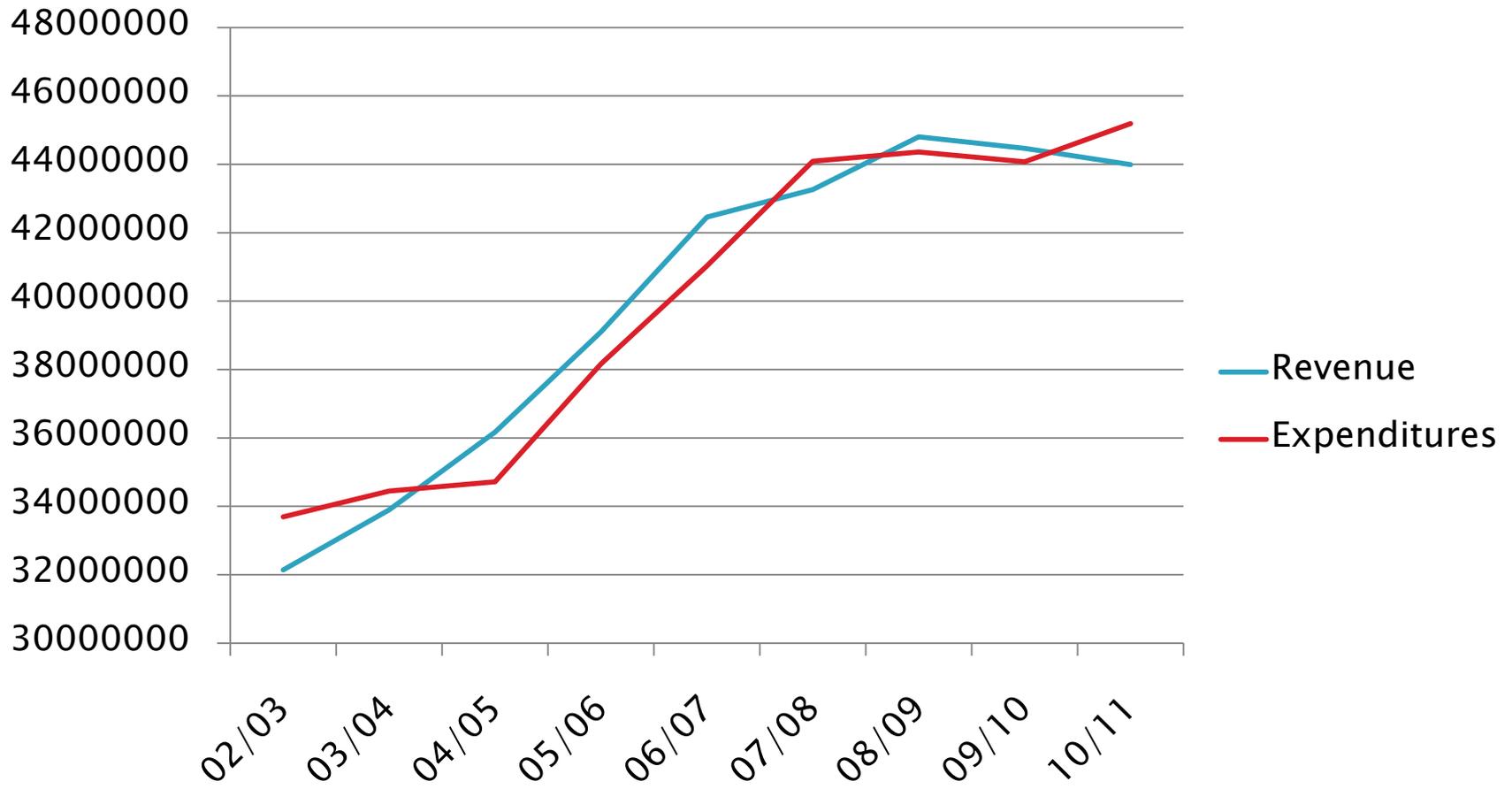
## IMPLICATIONS

- ▶ STUDENTS WILL HAVE TO PAY FOR COURSES THAT WERE FREE
- ▶ NEED TO DETERMINE WHICH NONCREDIT COURSES TO TRANSFER AND HOW MUCH TO CHARGE
- ▶ NEED TO REVIEW COSTS TO ENSURE FEES FULLY OFFSET COSTS
- ▶ DISTRICT HAS NO OPTION, THESE COURSES ARE NOT APPROVED BY THE STATE

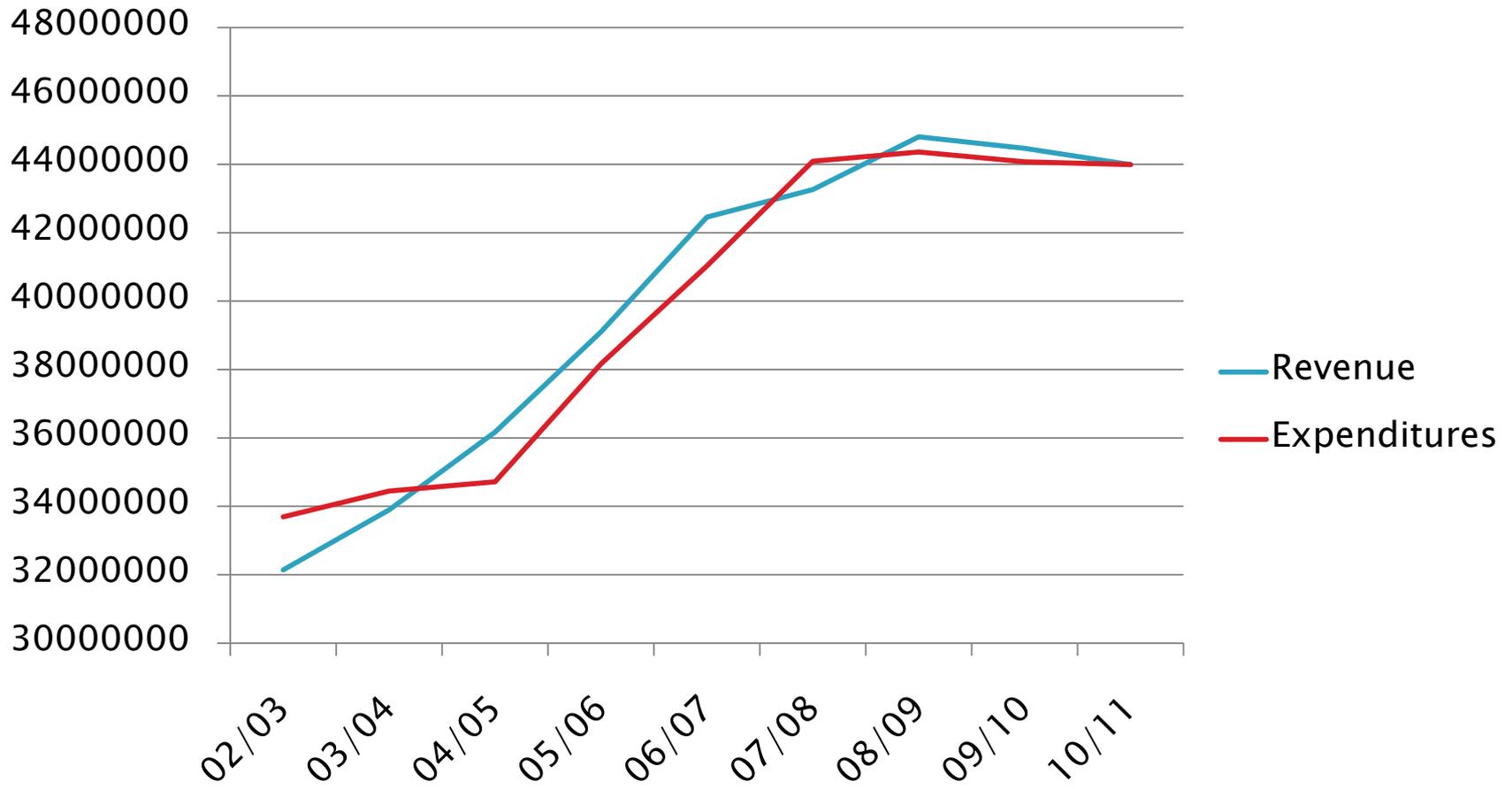
# ELIMINATING THE \$1.2M DEFICIT

- ▶ ELIMINATED BUDGET FOR VACANT POSITIONS \$ 478K
- ▶ REDUCED NONMANDATED UNITS \$ 405K
- ▶ REDUCED SUMMER SCHOOL 50% \$ 182K
- ▶ REDUCED NON-INSTRUCTIONAL AREAS 5% \$ 99K
- ▶ TRANSFER NONCREDIT COURSES TO FEE-BASED \$ 50K
- ▶ DEFICIT ELIMINATED \$1,214K

# REVENUE/EXPENDITURE TREND



# REVENUE/EXPENDITURE TREND



# UNRESTRICTED FUND – ADOPTION BUDGET 2010/11 WITH EXPENDITURE REDUCTIONS

## BUDGET 2010/11

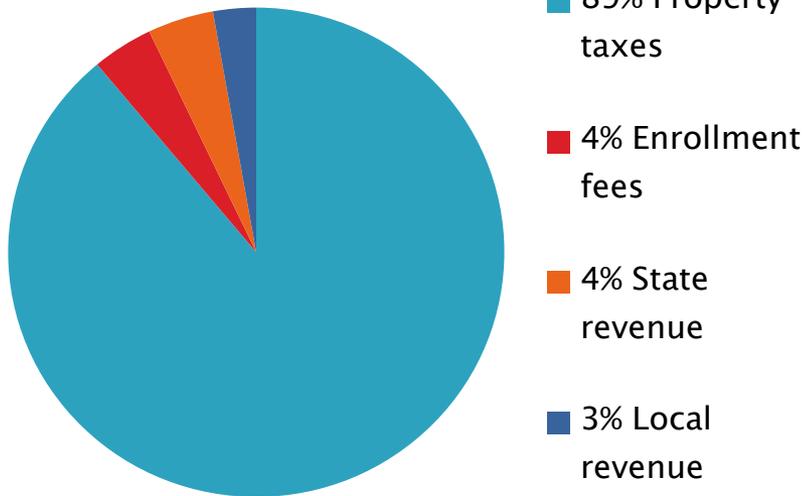
▶ REVENUE	\$43,992K
▶ EXPENDITURES	\$43,990K
▶ SURPLUS	\$ 2K
▶ RESERVE	11.7%

# 2010/11 ADOPTION BUDGET

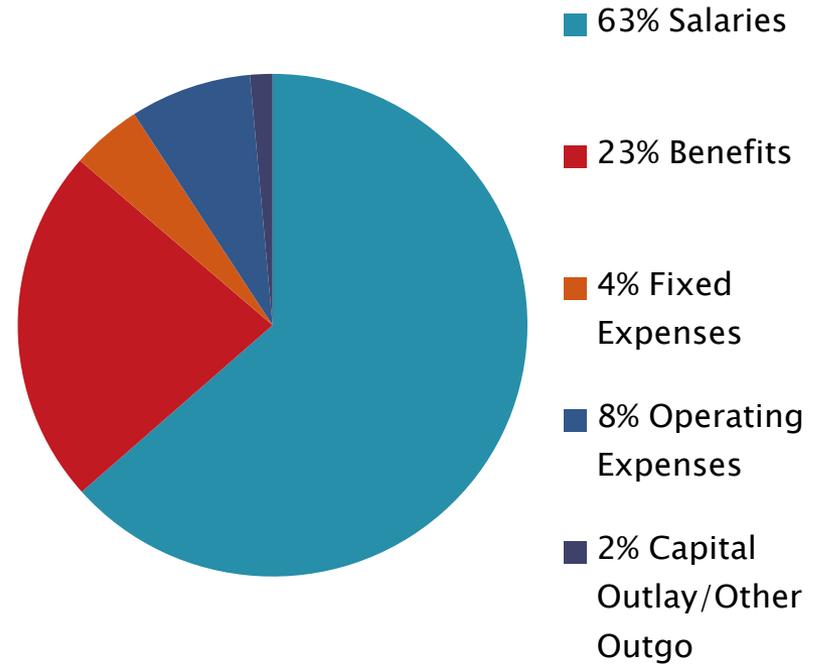
FISCAL YEAR	ACTUAL	ACTUAL	ESTIMATED	ADOPTION	DOLLAR	%
	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>CHANGE</u>	<u>CHANGE</u>
<b>SOURCES OF FUNDS</b>						
<b>REVENUES</b>						
PROGRAM-BASED FUNDING	39,539,520	40,985,225	41,358,344	40,872,407	(485,937)	-1.2%
FEDERAL	232	245	23,375	250	(23,125)	-98.9%
OTHER STATE	2,800,848	2,684,842	1,879,446	1,890,096	10,650	0.6%
OTHER LOCAL	920,457	1,132,210	1,205,171	1,229,500	24,329	2.0%
<b>TOTAL SOURCES</b>	<b>43,261,057</b>	<b>44,802,522</b>	<b>44,466,336</b>	<b>43,992,253</b>	<b>(474,083)</b>	<b>-1.1%</b>
<b>USE OF FUNDS</b>						
SALARIES	28,907,717	27,899,435	27,950,385	27,915,823	(34,562)	-0.1%
BENEFITS	9,232,333	9,537,655	9,453,636	10,078,383	624,747	6.6%
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>38,140,050</b>	<b>37,437,090</b>	<b>37,404,021</b>	<b>37,994,206</b>	<b>590,185</b>	<b>1.6%</b>
FIXED EXPENSES	1,894,892	1,880,347	1,885,216	1,977,000	91,784	4.9%
OTHER OPERATING	3,111,161	3,514,111	3,293,038	3,393,098	100,060	3.0%
CAPITAL OUTLAY	330,630	211,918	206,315	171,306	(35,009)	-17.0%
OTHER OUTGO	609,966	1,313,096	1,280,673	454,272	(826,401)	-64.5%
<b>TOTAL OTHER EXPENSES</b>	<b>5,946,649</b>	<b>6,919,472</b>	<b>6,665,242</b>	<b>5,995,676</b>	<b>(669,566)</b>	<b>-10.0%</b>
<b>TOTAL USES</b>	<b>44,086,699</b>	<b>44,356,562</b>	<b>44,069,264</b>	<b>43,989,882</b>	<b>(79,382)</b>	<b>-0.2%</b>
<b>SOURCES OVER (UNDER) USES</b>	<b>(825,642)</b>	<b>445,960</b>	<b>397,073</b>	<b>2,371</b>	<b>(394,702)</b>	<b>-99.4%</b>
TRANSFER IN (OUT)	(25,756)	(148,519)	(148,147)	-	148,147	-100.0%
BEGINNING FUND BALANCE	\$ 5,469,895	4,618,497	\$ 4,915,938	\$ 5,164,864	\$ 248,926	5.1%
<b>ENDING FUND BALANCE</b>	<b>\$ 4,618,497</b>	<b>4,915,938</b>	<b>\$ 5,164,864</b>	<b>\$ 5,167,235</b>	<b>\$ (145,776)</b>	<b>-2.8%</b>
	10.5%	11.1%	11.7%	11.7%		

# 2010/11 ADOPTION BUDGET

## Revenue



## Expenditures



# STUDY SESSION OUTLINE (cont'd)

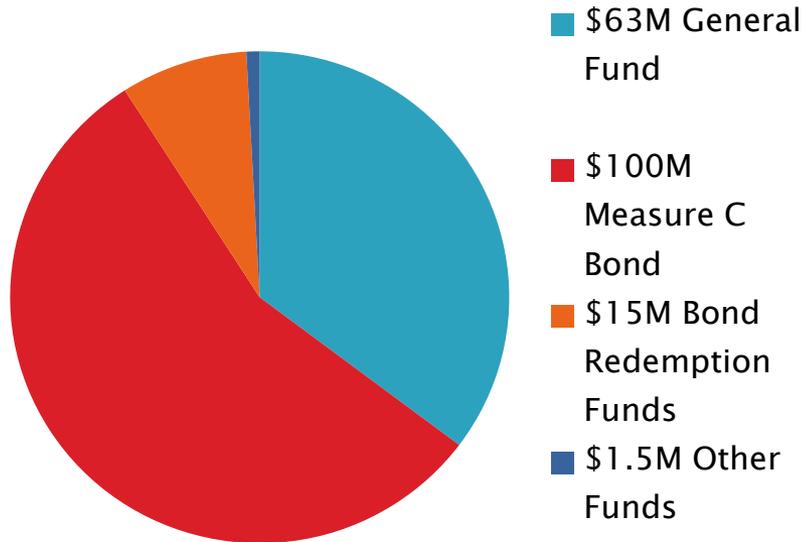
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# OVERVIEW – ALL FUNDS

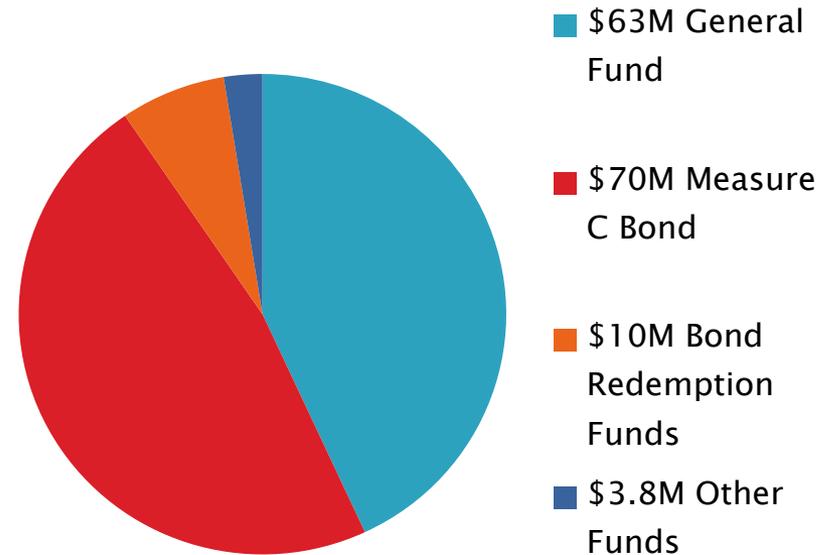
	EST. ACTUAL 2009/10	BUDGET 2010/11
▶ ALL FUNDS		
REVENUE	\$ 69 M	\$179 M
EXPENDITURES	\$ 97 M	\$147 M
▶ 2009/10 ESTIMATED ACTUAL		
◦ BOND SPENDING EXCEEDED BOND REVENUE		
◦ BOND REVENUE DETERMINED BY BOND ISSUES, LAST ISSUE WAS IN 2008/09		
▶ YEAR OVER YEAR INCREASE IN REVENUE PRIMARILY DUE TO:		
◦ \$99.5M BUDGETED FOR MEASURE C BOND ISSUE		
◦ \$ 5M DIRECT LENDING (STUDENT LOANS)		
▶ YEAR OVER YEAR INCREASE IN EXPENSE PRIMARILY DUE TO:		
◦ \$70M BOND SPENDING		
◦ \$ 5M DIRECT LENDING (STUDENT LOANS)		

# 2010/11 ADOPTION BUDGET – ALL FUNDS

## Revenue



## Expenditures



# 2010/11 ADOPTION BUDGET – REVENUE SUMMARY

FISCAL YEAR	ACTUAL	ACTUAL	ESTIMATED	ADOPTION
	2007-2008	2008-2009	ACTUAL	BUDGET
<u>REVENUE SUMMARY</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
<u>FUND TITLE</u>				
UNRESTRICTED GENERAL FUND	\$ 43,261,057	\$ 44,802,522	\$ 44,466,336	\$ 43,992,253
COMMUNITY SERVICES	1,175,603	986,124	936,152	1,073,200
RESTRICTED GENERAL FUND	8,189,269	9,710,452	10,418,367	18,192,099
<b>TOTAL GENERAL FUND</b>	<b>52,625,929</b>	<b>55,499,098</b>	<b>55,820,856</b>	<b>63,257,552</b>
INVESTMENT TRUST FUND	32,081	17,772	9,708	9,708
CHILD DEVELOPMENT FUND	535,598	568,275	523,915	606,787
CAPITAL OUTLAY FUND-HAMILTON	107,029	62,615	48,571	52,950
CAPITAL OUTLAY FUND-MEASURE C	2,532,328	76,060,222	742,330	99,875,000
HAMILTON REDEVELOPMENT BOND FUND	93,163	89,346	90,332	87,400
MEASURE C INTEREST/REDEMPTION FUND	9,141,347	4,656,666	10,710,655	14,683,542
SELF-INSURANCE FUND	641,133	695,420	662,347	693,688
RETIREE UNFUNDED MEDICAL BENEFITS FUND	546,806	35,364	515,922	16,000
ASSOCIATED STUDENTS ORGANIZATIONS	92,945	94,478	92,943	64,800
<b>TOTAL - ALL FUNDS</b>	<b>\$ 66,348,359</b>	<b>\$ 137,779,256</b>	<b>\$ 69,217,578</b>	<b>\$ 179,347,427</b>

# 2010/11 ADOPTION BUDGET – EXPENDITURE SUMMARY

FISCAL YEAR			ESTIMATED	ADOPTION
	ACTUAL	ACTUAL	ACTUAL	BUDGET
<u>EXPENDITURE SUMMARY</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
<u>FUND TITLE</u>				
UNRESTRICTED GENERAL FUND	\$ 44,086,699	\$ 44,356,562	\$ 44,069,264	\$ 43,989,882
COMMUNITY SERVICES	1,175,603	986,124	936,152	1,073,200
RESTRICTED GENERAL FUND	8,189,269	9,710,452	10,418,367	18,192,099
<b>TOTAL GENERAL FUND</b>	<b>53,451,571</b>	<b>55,053,138</b>	<b>55,423,783</b>	<b>63,255,181</b>
INVESTMENT TRUST FUND	8,906	2,355	14,492	20,000
CHILD DEVELOPMENT FUND	581,883	568,275	557,162	606,787
CAPITAL OUTLAY FUND-HAMILTON	18,538	(437)	-	200,000
CAPITAL OUTLAY FUND-MEASURE C	21,180,251	35,688,068	33,887,279	69,539,694
HAMILTON REDEVELOPMENT BOND FUND	70,488	74,851	78,976	82,876
MEASURE C INTEREST/REDEMPTION FUND	8,668,763	10,235,927	6,239,547	10,163,650
SELF-INSURANCE FUND	641,133	695,370	662,397	693,688
RETIREE UNFUNDED MEDICAL BENEFITS FUND	-	-	-	2,162,094
ASSOCIATED STUDENTS ORGANIZATIONS	73,447	69,475	61,420	64,800
<b>TOTAL - ALL FUNDS</b>	<b>\$ 84,694,980</b>	<b>\$ 102,387,023</b>	<b>\$ 96,925,056</b>	<b>\$ 146,788,770</b>

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# SUPPLEMENTAL INFORMATION

2009/10 SALARIES AND BENEFITS AS A % OF  
BUDGETED UNRESTRICTED EXPENDITURES

# 2009/10 SALARIES AND BENEFITS SURVEY

- ▶ SALARIES AND BENEFITS AS A % OF BUDGETED UNRESTRICTED EXPENDITURES RANKING
  - LOW                      62.8% – FEATHER RIVER
  - HIGH                     91.4% – CONTRA COSTA
  
- ▶ MARIN
  - 86.4%
  - RANKS 59<sup>th</sup> OUT OF 71 COMMUNITY COLLEGES

# 2009/10 SALARIES/BENEFITS SURVEY

District	Percentage
Feather River CCD	62.8%
South Orange County CCD	63.0%
Monterey Peninsula CCD	68.2%
West Hills CCD	70.0%
Santa Clarita CCD	70.3%
Compton CCD	71.1%
Los Angeles CCD	72.6%
San Bernardino CCD	73.3%
Desert CCD	74.5%
Barstow CCD	75.0%
Redwoods CCD	76.2%
Hartnell CCD	76.3%
Palo Verde CCD	76.5%
Gavilan CCD	76.6%
Lassen CCD	76.6%
Cabrillo CCD	77.2%
Foothill-DeAnza CCD	77.8%
Kern CCD	78.1%
San Luis Obispo County CCD	78.3%
Coast CCD	78.4%
West Kern CCD	79.5%
Mt. San Jacinto CCD	79.6%
San Diego CCD	79.6%
North Orange County CCD	80.2%

Source Chancellors Office 8-10-10

# 2009/10 SALARIES/BENEFITS SURVEY

Sierra Jt. CCD	80.2%
Solano CCD	81.4%
Yuba CCD	81.4%
Allan Hancock	81.5%
Lake Tahoe CCD	81.5%
Napa Valley CCD	81.5%
San Mateo County CCD	82.0%
Merced CCD	82.5%
Siskiyou Jt. CCD	82.5%
Chaffey CCD	82.7%
Mira Costa CCD	82.7%
Southwestern CCD	82.9%
Butte-Glenn CCD	83.3%
El Camino CCD	83.6%
Los Rios CCD	83.7%
Ohlone CCD	83.7%
San Joaquin Delta CCD	83.7%
Mendocino-Lake CCD	83.8%
Rancho Santiago CCD	83.9%
Rio Hondo CCD	83.9%
Citrus CCD	84.0%
Ventura CCD	84.1%
Victor Valley CCD	84.1%
Mt. San Antonio CCD	84.4%

Source Chancellors Office 8-10-10

# 2009/10 SALARIES / BENEFITS SURVEY

Sonoma County Junior CD	84.4%
Chabot-Las Positas	84.6%
Grossmont-Cuyamaca CCD	84.8%
Shasta-Tehama-Trinity Jt. CCD	84.8%
Yosemite CCD	84.9%
Long Beach CCD	85.6%
Antelope Valley Joint	85.7%
Santa Barbara CCD	85.7%
Cerritos CCD	85.9%
Pasadena CCD	86.1%
<b>Marin CCD</b>	<b>86.4%</b>
Glendale CCD	86.6%
Imperial CCD	86.6%
Riverside CCD	86.6%
Palomar CCD	87.0%
San Jose-Evergreen CCD	87.0%
Sequoias CCD	87.2%
West Valley-Mission CCD	87.4%
State Center CCD	87.7%
Santa Monica CCD	88.2%
Copper Mountain CCD	88.4%
San Francisco CCD	90.7%
Contra Costa CCD	91.4%
Peralta CCD	N/A

Source Chancellors Office 8-10-10