

Budget Forum

College of Marin - October 1, 2014

Dr. David Wain Coon, President/Superintendent

Greg Nelson, Vice President of Finance & College Operations

Jon Eldridge, Vice President Student Learning & Student Services

Lets take a quick look
back to this past year

**January BOT, Spring Convocation and June
Tentative Budget**

A Look Back- (January - June 2014)

- Inflation is currently .05%, virtually flat, which will not support Prop13 growth for 14/15
- Unsecured taxes will historically be 1%
- Budget for 14/15 revenue will likely have no growth over 13/14
- We received revised revenue projects for 14/15 in Mid/Late November

What supported the budget for 13/14

- Vendor Contract Re-Negotiations
- FY12/13 & FY13/14 SERP Retirees (40+ Positions)
 - We were able to hold, de-fund or fill positions that generated savings
 - Savings also came from new hires being hired at lower steps on pay scales compared to retirees – mainly from service time and longevity

What impacted the budget for 13/14

- Increase reserve for bad student debt
- The SERP from the same year, 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



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

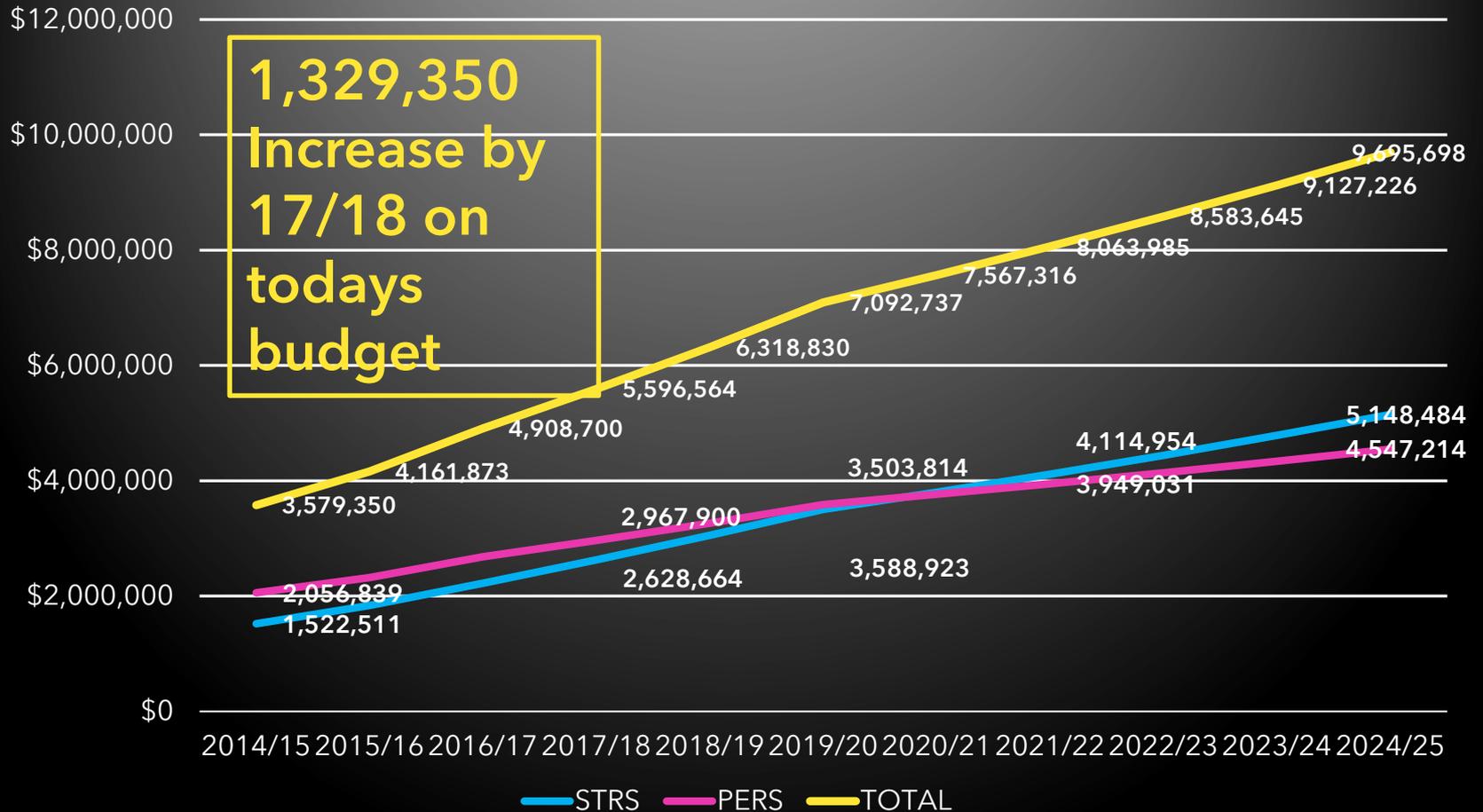
Impacts for 14/15 Budget

- 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

Projected 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

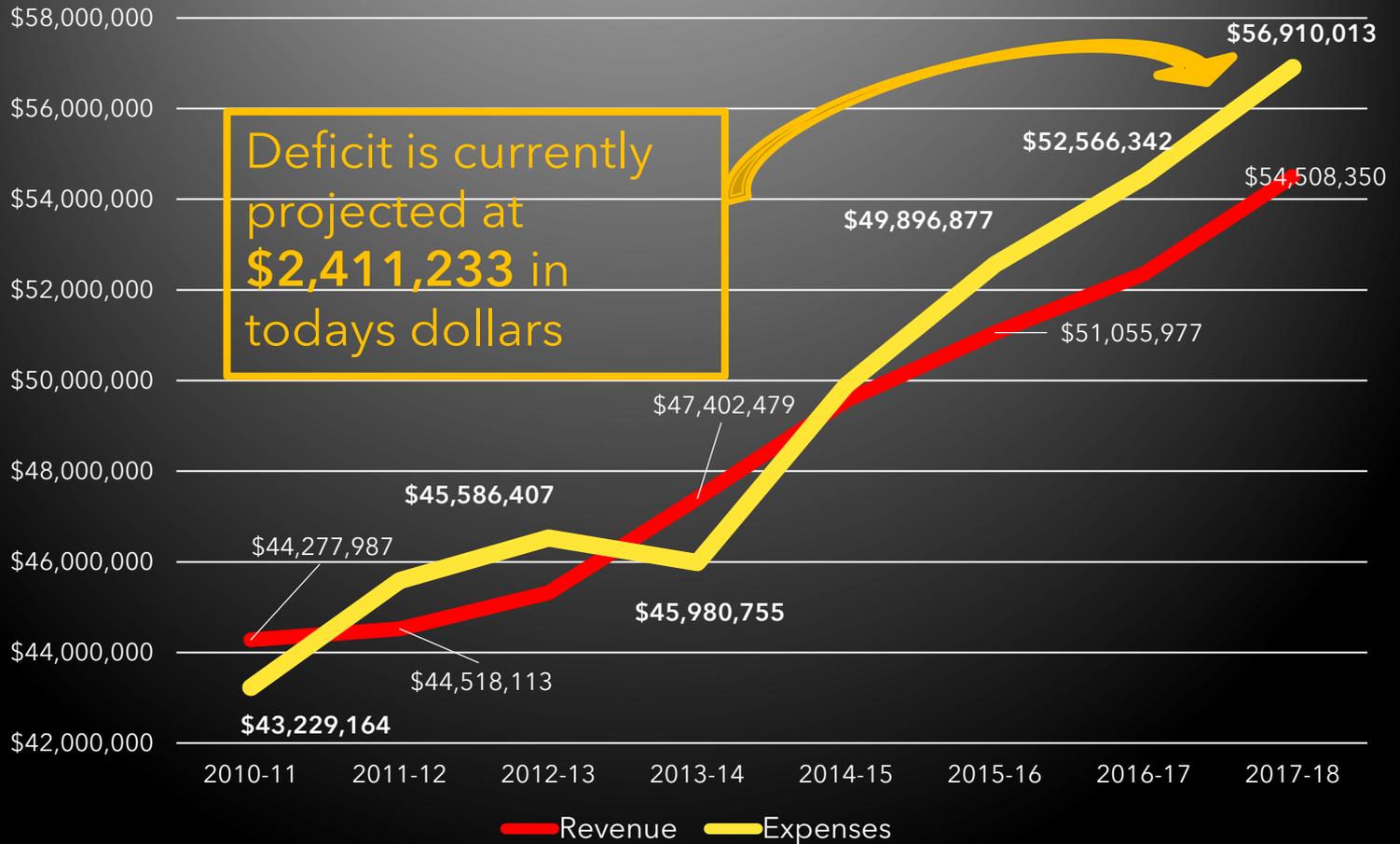
MCCD Projected Pension Costs



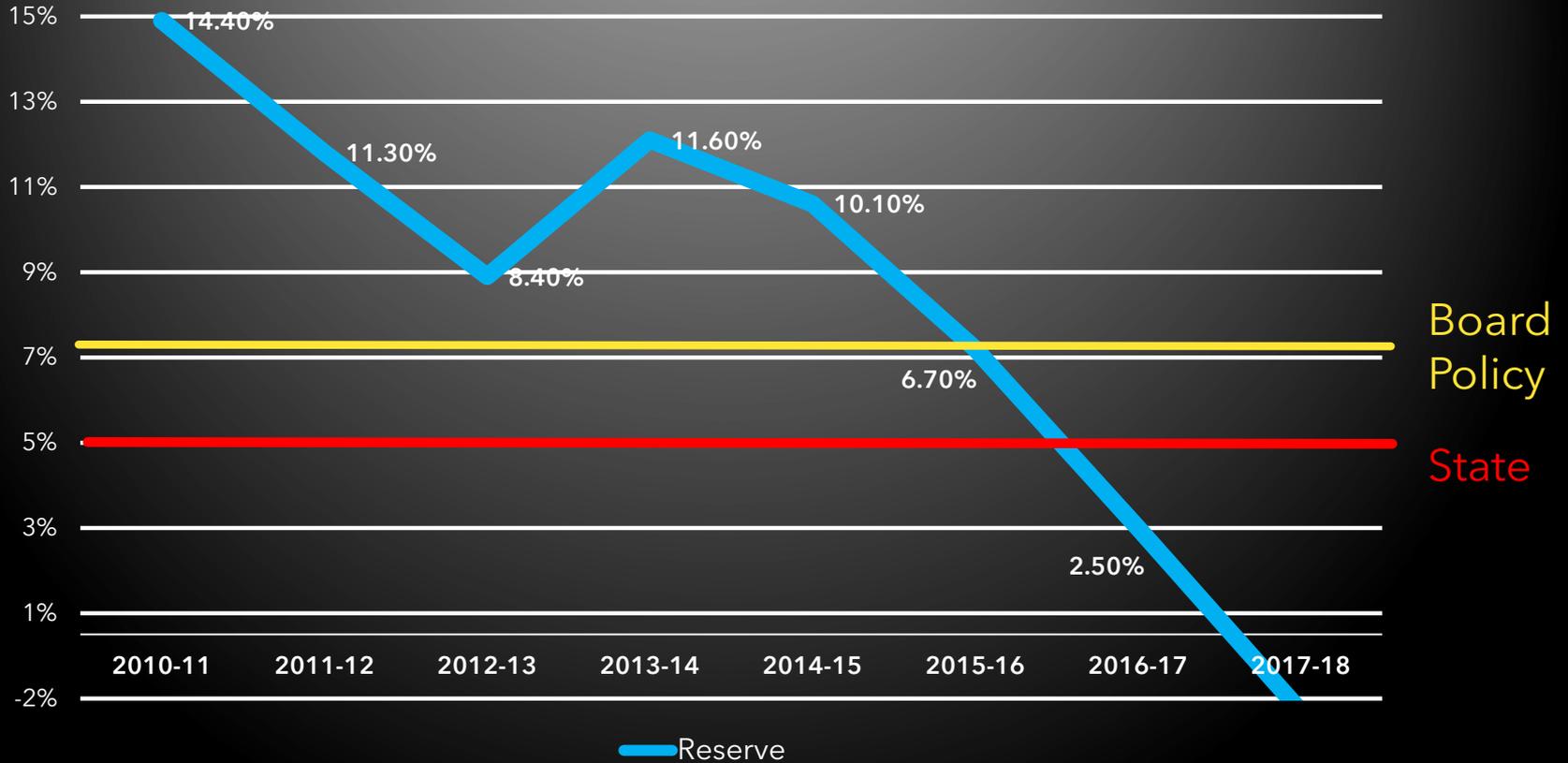
Surplus/Deficit/Reserve Etc.

- 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. Example: **SRJC vs. COM**
(\$10.3) vs (\$4.6)

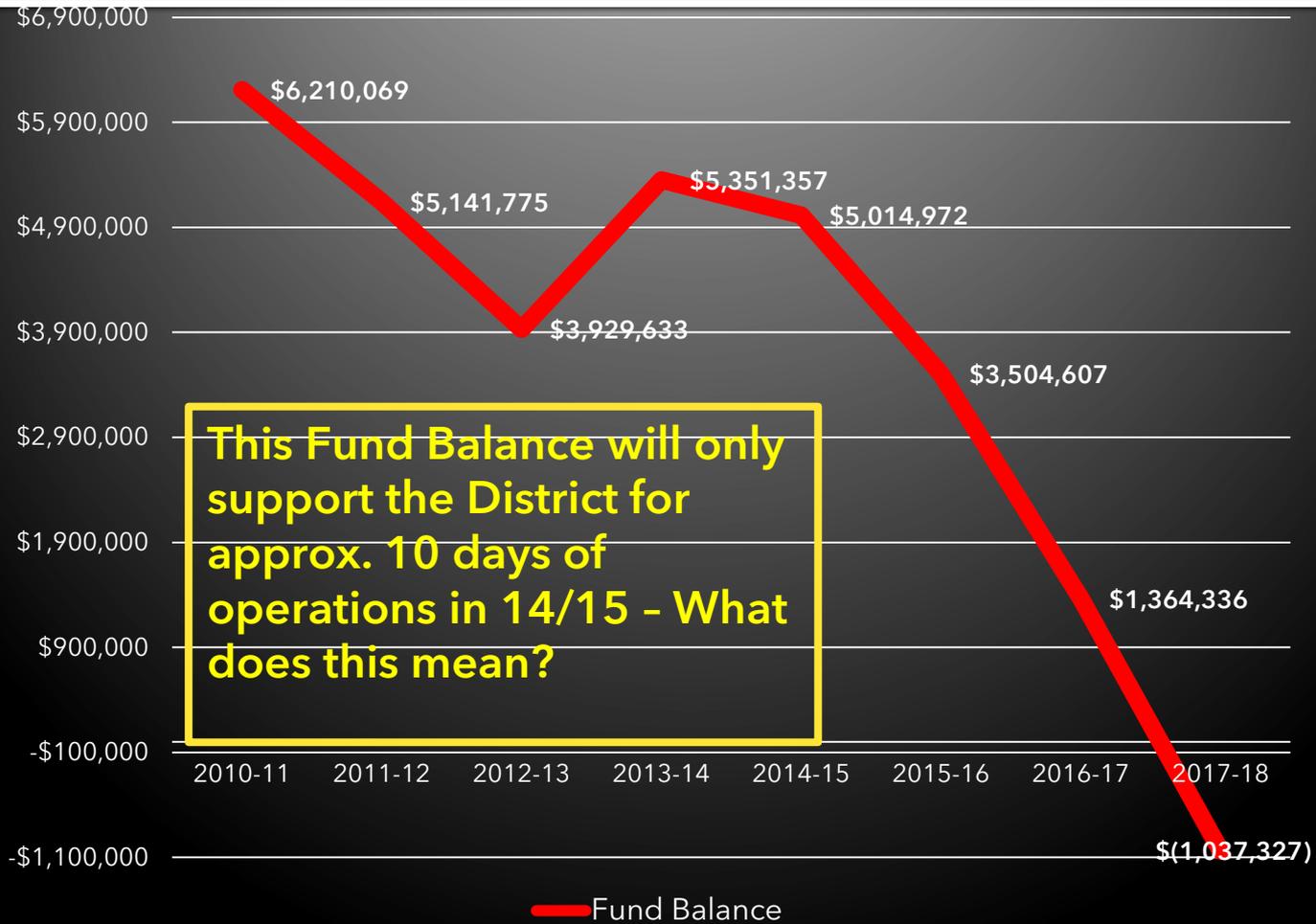
Structural Deficit



Reserve



Fund Balance



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
- Cost reduction scenarios
- Revenue potential – that has to be ongoing

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