

Tentative Budget – Review & Analysis

Greg Nelson,
Vice President for Finance & College Operations

Board of Trustees Meeting June 17, 2014



Agenda

- Review of the enhancements and efficiencies this year
- Tentative Budget highlights
- Expense Analysis
- Revenue Analysis
- Summary



Review of the Year

- Successfully negotiated District out of 3-4 vendor contracts that were harmful financially
- Preventative Maintenance Software rolled out for M&O
- Facility Upgrades on both campuses, carpet, furniture
- Improvements/Upgrades to District Fleet
- Streamlined procurement process
- Implementation of Cal Card program
- District Facilities Assessment
- Implemented One Card program to reduce staff time and operating costs for refund and financial aid checks (rollout fall semester)

Review of the Year

- Got a new broker of record for benefits
- New bookstore vendor
- Surplus Property Yard Sales and sale of excess used goods
- Began process of implementing budget software for next fiscal year.
- Analyzed and modified existing fee schedule
- Negotiated rates for PG&E rebates for gas
- Implemented upgrades for utilities savings (Prop39)
- Implemented GoPrint system for pay as you go printing for students

Budget Forecast for 14/15 (January BOT & Convocation)

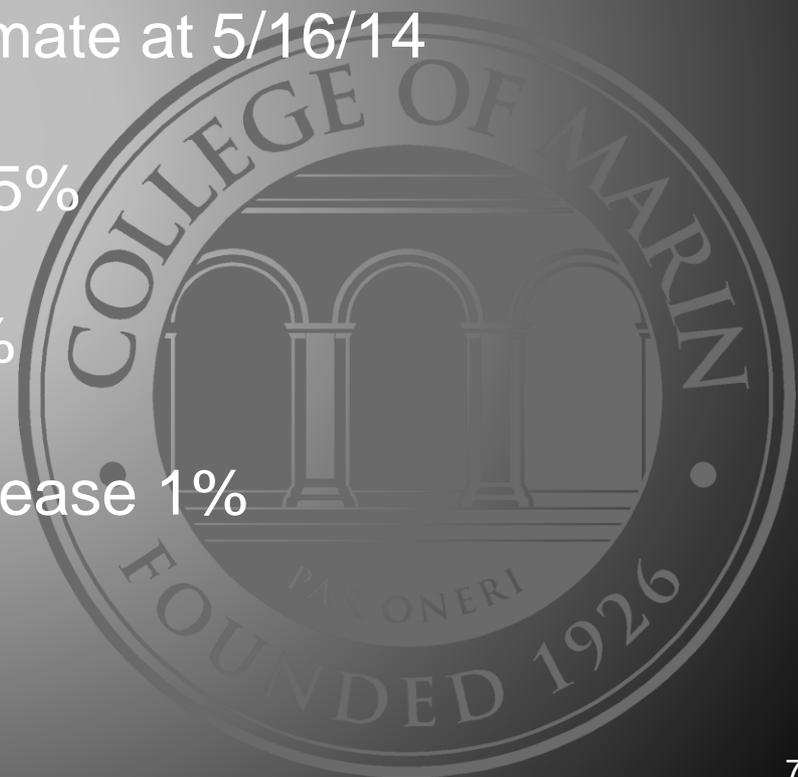
- Inflation is current .05%, virtually flat, which will not support Prop13 growth for the new year
- Unsecured taxes will historically be 1%
- Budget for 14/15 revenue will likely have no growth over 13/14
- COM is positioned to live within its budget for the coming year

Budget Highlights

	<u>Estimate 2013-2014</u>	<u>Tentative Budget 2014-2015</u>
■ Revenue	\$46,813,922	\$48,487,605
■ Expenditures	<u>\$46,367,054</u>	<u>\$49,298,732</u>
■ Surplus/(Deficit)	<u>\$ 354,794</u>	<u>(\$811,127)</u>
■ Reserve	9.2%	7.0%

Revenue Assumptions

- Secured Property Taxes:
 - CCPI 0.454% of assessment roll
 - \$41,363,206 per County estimate at 5/16/14
- Supplemental Taxes: Increase 5%
- Unsecured Taxes: Increase 1%
- Prior Year Property Taxes: Increase 1%



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 for 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

- Property Taxes:
 - Secured
 - Supplemental
 - Other
- Enrollments Fees
- State Revenues
- Local Revenues

\$1,370,740

44,048

9,594

0

(31,997)

281,298

Revenue Increase

\$1,673,683

Salary Adjustments/Assumptions

- Salary Schedules-
- CSEA : 1% increase – July 1, 2014 & January 1, 2015
- SEIU : 1.5% increase effective July 1, 2014
- Unrepresented: 1% increase – July 1, 2014 & January 1, 2015
- UPM : Still in negotiations

Salary Adjustments/Assumptions

■ 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

Benefits

- **Medical Benefits:**

- Permanent staff: Budgeted at existing coverage with the district cap at \$1,784.79 per month. 12% 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:**

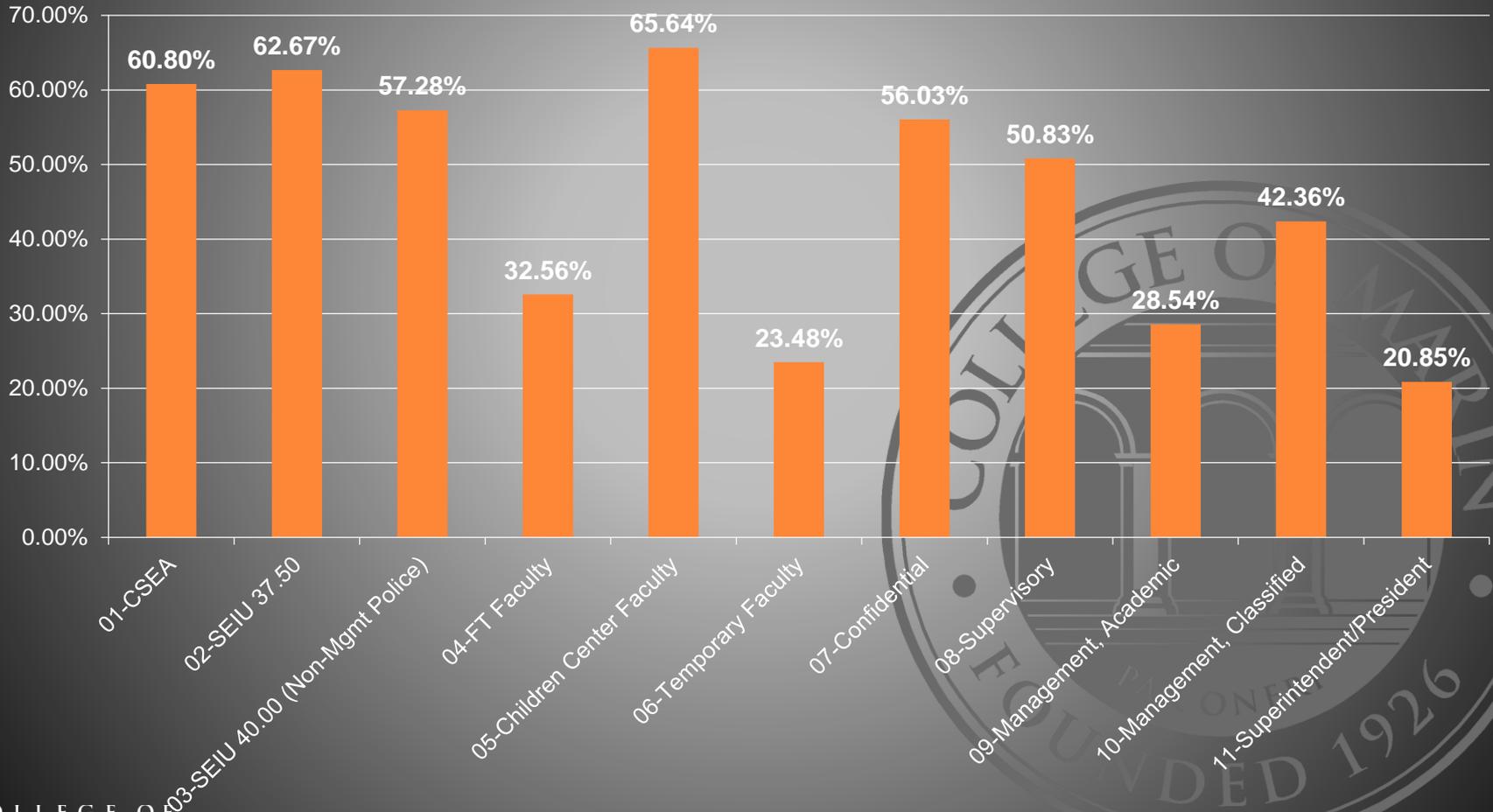
- STRS: 9.5% (1.25% over prior year)
- PERS: 20.009%
- PEPRA: 11.7%
- Public Safety PERS: 31.81%
- Public Safety PEPRA: 12.25%
- OASDI: 6.2%
- Medicare: 1.45%
- State Unemployment Insurance: 0.05%
- Workers' Compensation: 1.245%



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
 - President/Super
 - Board of Trustees
 - Student Trustee
 - Retirees

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



Expense Assumptions

- **Fixed Expense Assumptions**
 - Water, Sewer, Pest: Higher of 5% increase or increase over prior year actuals
 - Gas/Electricity: 5% increase from prior year budget; savings go into Maintenance Management Fund for M&O
 - Insurance: Rates will be determined at JPA June Board meeting; will be adjusted in Adoption Budget

- **Other Expenditure Assumptions**
 - Supplies, Operating Expenses and Equipment: Budgeted by departments
 - No election costs

- **Other Outgoing Assumptions**
 - Fund transfers as required to backfill categorical programs as needed

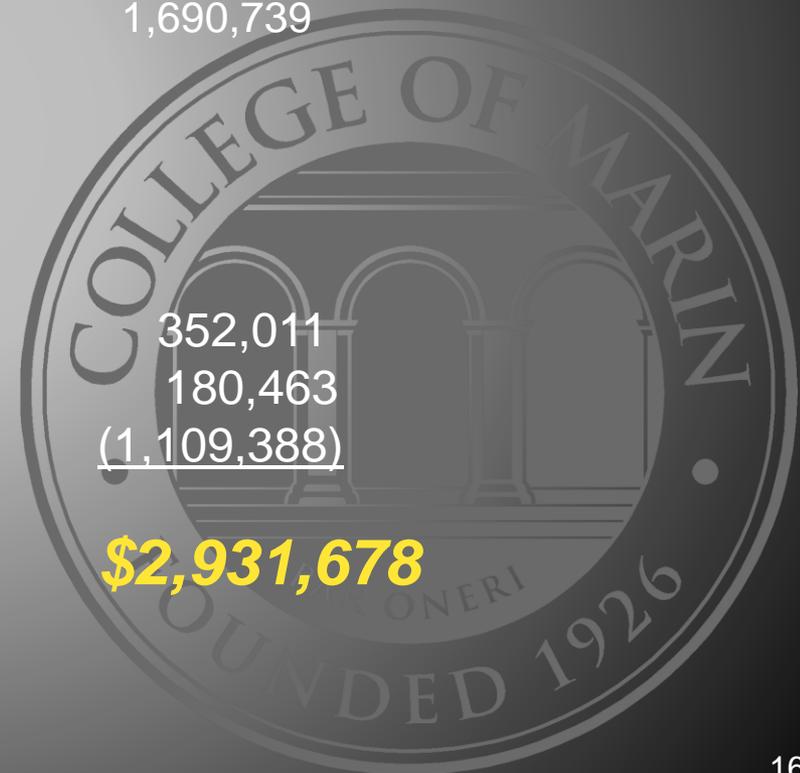


Impact of Expense Assumptions

■ Salaries		\$1,816,853
■ Faculty	\$742,946	
■ Classified	671,950	
■ Administrators	401,957	
■ Benefits		1,690,739
■ Medical	\$801,764	
■ STRS	346,877	
■ PERS	219,275	
■ Other	322,823	
■ Fixed Expenses		352,011
■ Other Operating		180,463
■ Capital/Other Outgo		<u>(1,109,388)</u>

Expenditure Increase

\$2,931,678



Expense/ Revenue Analysis

- Revenue Analysis
 - Student Debt
 - New Funds from State
- Expense Analysis
 - Legal Fees
 - Child Study Center Fees
 - Electricity (Charging Stations)
 - Supplies (non-instructional)



Legal Fees

- Over the past three fiscal years we have averaged 150k in legal expenses between 2 law firms representing the district. Leibert, Cassidy & Whitmore and School & Legal
- District proposes a rental program with LCW in which a staff attorney will be housed at COM one day per week on a rotating basis for direct support for all matters related to HR, Contracts, etc. Will also allow for in house training for staff and COM will have ability to control the schedule of the attorney in advance. Cost will be approximately 90k versus the nearly 200k for this year.

Child Study Center

- Child Study Center is currently reviewing its list of fees that they charge to internal and external members of the community. This change in fee structure will help the District reduce backfill currently being provided by the unrestricted budget.



Charging Stations and Energy Costs

- With a grant from the Community College Foundation and a potential partnership with Marin Clean Energy, the college is in the process of installing vehicle charging stations to generate revenue for the District. The costs will be covered by the grant and other potential revenue streams to offset the infrastructure related costs.
- Also the District has signed on to PG&E's energy curtailment program. This is a voluntary program to help PG&E during high level of power usage. With District being closed on Fridays the District has the potential to save around 100k per year.

Supplies (Non-Instructional)

- To help with the costs of supplies and the habit of hoarding supplies by department, the District is reviewing the concept of centralized supply to handle non-instructional supplies. This would consist of mostly office type supplies and toner for copiers. Toner is by far the largest cost for the district and is being centralized based on our new copier standards.

Student Debt

- Student debt as we have noted in the past is a growing concern for the District
- Current 1.2 million is outstanding debt owed to the District
- In previous meeting we have discussed how past processes, and practices have led to our current situation
- In the last audit the auditors raised our allowance for doubtful accounts by 185,000. This came from our general fund reserves, or about .38%

Student Debt

- We discussed with the board a plan to contract with Williams and Fudge to handle A/R collections for the District for vendor and student debt
- Last fall a email was issued to students notifying them that the District would be sending outstanding accounts to a collections vendor.
- In Spring District hired a banner consultant to clean up banner A/R system to apply payments etc to the correct accounts, 6 weeks worth of work.
- 2 weeks ago, District emailed approx. 5,800 emails to students who had debt older than 180 days old.

Student Debt

- Emails went to Continuing Education and Credit students who had a 180+ day old debt in Banner.
- A&R staff handled the calls and emails from students. First day alone there were around 2,000 phone calls to the District and the system crashed due to volume of calls.
- Students were asked to fill out a petition to challenge the debt and each petition that was filled out was adjudicated by A&R staff

Student Debt

- With all of the calls and emails there have been some challenges that we have had to deal with.
- Not unusual considering the District has never pursued debt from students.
- To date, within last 2 weeks, District has cleared 87,000 dollars worth of accounts that were outstanding.

Student Debt

- This ranges from direct payments, approved petitions and reconciliation of any errors on part of the District to clear a students account.
- Considering we sent emails from \$1 - \$4,000 the number of accounts we cleaned up was significant.
- Going forward outstanding accounts will be forwarded to Williams and Fudge. WF will work with the students for a payment plan option and continue to do so for a period of time, usually 45-60 days.

Student Debt

- Once a payment plan is put in place with WF and paid within 60 days, account does not go to credit reporting agencies
- Any payments outstanding after 60 days WF will notify the District for approval to submit to credit bureaus.
- In summary the student will still have about 60 days with WF to reconcile their accounts. District will reconcile and submit files every 180 days to WF for the previous terms.

Revenue Analysis – SSSP, Maint & Equipment Funding

- News from the state on categorical funding looks promising.
- Revenue projections increase our Districts share significantly over the current year. Will need to work out the state required match and the level of those match dollars and at what thresholds are being discussed.
- Deferred Maint. & Equipment funding will be comingled together. Districts will have option of how to split funds.
- All of these items will be sorted out and finalized for the Adopted Budget.

In Summary

- Tentative Budget is a best estimate at this point in time. We have only received 95% of out taxes YTD and expenses are not all in at this time. While this is a best guess it will be strengthened by the Adopted Budget.
- Also, while we are not showing out year projections at this time, we needed more time to analyze the impacts of STRS and PERS adjustments to out years.
- Out year projections will be presented and documented in the Adopted budget.

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