

*2008 – 2009*  
**Governing Board**  
**Adoption Budget Workshop**

**October 7, 2008**



# Welcome

*Dr. Omero Suarez*  
*Chancellor*



# State Budget Status

*Dana Quittner*

*Associate Vice Chancellor*



# Budget Overview

*Sue Rearic*  
*Vice Chancellor*  
*Business Services*



# Overview of Presentation

- Power Point
- AB Packet
- Ending Balance Summary



# Overview of Budget Packet

Total AB (Page ii) - \$284 m

- Part I: 2008/09 Adoption Budget

General Fund *(Pages 1-28)*

Unrestricted \$108 m

Restricted \$ 24 m

## Part II: Supplemental Funds *(Pages 29-49)*

Capital Projects (including Prop R) \$140 m

Other Funds \$ 12 m



# Part I – Unrestricted General Fund Adoption Budget

- Operating Fund
- Based on State budget (85 days late)
- Updated since TB
- Income Allocation Formula



# Overall Unrestricted General Fund

	07/08 AB	08/09 AB
Beg Bal	\$ 12,667,742	\$ 8,998,856
Income	95,644,973	98,831,865
Total Budget	----- \$108,312,715 =====	----- \$107,830,721 =====





# Overall State Budget Impacts Since Tentative Budget

- One-time property tax backfill \$1.2M
- Small COLA + slight increase in Growth:

	<u>COLA</u>	<u>Growth</u>
TB	-0-	1.00%
AB	.68%	2.19%



# Revenue Assumptions

- Beginning Balance
- On-going State & Other Revenue
- One-time Funds
- COLA .68%
- Growth 2.19%
- Reduced by estimated State 3% Deficit Factor (also reflected as 3% site expenditure reductions)



# Beginning Balances

2007/08	\$12,667,742
2008/09	\$7,942,719 (all committed)

Traditionally, operational ending balances augment  
Adoption Budget with 1-Time Funds

Significantly lower due to recent bargaining  
settlements



# One-Time Funds

- One-Time Property Tax backfill \$75 m Statewide, \$1.2 m GCCCD  
(The actual shortfall was \$92 m Statewide, \$1.5 m GCCCD)
- Portion of 07/08 Growth of \$1.8 m (received late in year) dedicated to fund Step & Column \$1,056,137
- Beginning balances



# STATE COLA

*(Page 6)*

- .68% COLA in AB = **\$610,543**  
2007/08 COLA was \$3.8 m
- COLA is provided only on certain components of State revenue
- Usually used to fund Structural Increases:
  - Employee Health Benefit Cost increase-\$493,030
  - Step & Column - \$1,056,137 (Funded via 07/08 Growth)
  - Other compensation increases
  - Utilities rate increases and impacts of new facilities
  - Other cost increases (postage, fuel, etc.)



# STATE Growth Funds

*(Page 6)*

- GCCCD 2.19%
- The State Budget includes 2% Growth; GCCCD specific CAP is 2.19%



# FTES

(Page IV)

	04/05	05/06	06/07	07/08	08/09
	Below CAP	Below Base	Partial Rest.	above base	2.19% Growth
Actual	<b>17,966</b>	<b>17,012</b>	<b>17,572</b>	<b>19,036</b>	<b>18,913</b>
State Report	<b>18,049</b>	<b>17,096</b> District Received State Stability Funding	<b>18,049</b> Summer Pullback 477	<b>18,559</b> Summer Pullback (477)	<b>18,913</b>
Funded	<b>18,049</b>	<b>18,049</b> stability	<b>18,049</b>	<b>18,508</b> CAP	



# FTES

## 2008/09 Goals

	<u>Combined</u>	<u>CC</u>	<u>GC</u>
07/08 Goals	18,049	5,533	12,516
07/08 Actuals	18,559	5,694	12,865
07/08 Funded	18,508	5,679	12,829
<b>08/09 Goals</b> (2.19% Growth)	<b>18,913</b>	<b>5,799</b>	<b>13,114</b>





# Deficit Factor

## AB Reflects an Estimated 3% Apportionment Shortfall

- 07/08 Received a mid-year cut in March 2008
- State budget structural problems and distrust of State estimates
- Conservative approach – there is a likely chance of mid-year cuts
- In Spring, we will update estimates based on P-1



# Impacts of Delayed State Budget

- District used cash reserves for 3 months to cover operating costs
- Borrowed \$6m in September to cover Payroll
- Impact - \$165,000
  - \$100,000 less interest revenue
  - \$65,000 increase in interest expense



# Expenditure Assumptions

- 5% Contingency Reserve
- No change to Economy of Scale Factor
- 3<sup>rd</sup> year staffing commitment per college
  - \$300,000 instruction to improve FT/PT Ratio
  - \$100,000 to help fund facility-related staffing



# Expenditures Components

- **Contract Salaries & Benefits include:**
  - 2007/08 bargaining impacts and estimated 3% COLA for CSEA
  - 08/09 Step & Column
  - Health Benefit increases
  - Other benefit increases related to benefit rates and salary increases
  - Hourly to fund Growth in FTES
  - Reduced by frozen positions



# **Expenditures Components Impact of United Faculty and Admin Association Settlements**

- Settlements exceeded budget from COLA & other funds
- Operational reductions were required to absorb impact
- Reflected on Ending Balance chart



# Grossmont College

*Dr. Sunita V. Cooke*  
*President*



# *Grossmont College*

## *Budget Criteria*

- Meet Enrollment Growth Goals
- Preserve existing faculty and staff positions
- Keep reductions as far from students as possible
- Implement off-site parking plan
- Implement Basic Skills Plan
- Prepare for Accreditation Visit
  - Collect & write reports
  - ASO, SSO, SLO development



# *Grossmont College*

## *Budget Planning Process*

- Budget managers identified targeted reductions
- Built college-wide reduction scenarios of 3% and 5% of divisional budgets
- College Savings Task Force reviewed and discussed proposed reduction scenarios
- Planning & Budget Council approved portions of 5% reduction scenario to balance the budget with the deficit factor and significant increases in expenses





# *Grossmont College*

## *Budget Reduction Strategies*

- Class Consolidations
  - 120 less sections for fall /more students attending
  - \$504,400 reduction targeted campus wide
- Implemented a freeze on vacant positions, saving approximately \$382,000
- Approx. \$1 million hourly, supply, travel, equipment, and other reductions
- Implemented travel freeze



# *Grossmont College*

## *Budget Reductions*

Reductions by Division	Amount Reduced	% of Budget
Academic Affairs	\$767,372	2.15%
Administrative Services	\$647,411	7.88%
President's Office	\$86,353	10.48%
Student Services	\$391,050	6.95%
Total Reduction Amount	\$1,892,186	-----



# *Grossmont College*

## *Impact on Students*

- Less sections offered, fewer choices
- Higher fill rates for sections
- Approx. 26% of students on wait list were unable to enroll
- Reduced services to students including tutoring
- Longer waits for financial aid services
  - Preliminary meetings with advisors
  - Processing, award, & certification process



# *Grossmont College*

## *Impact on Students*

- Longer waits for transcript evaluation
- Delays in student discipline process
- Students lack dedicated administrative services in the area of campus life – ASGC, Clubs, Activities
- Reductions to classroom/lab supplies and technology upgrades



# *Grossmont College*

## *Other Impacts*

- Reduced Professional Development & Training
- Lack of funding to support new educational initiatives
- Challenges to meet educational and support services demands with limited staff
- Limited ability to respond to any unforeseen budgetary requirements
- Delays in maintenance and repair requests



# *Grossmont College*

*Questions?*



# Cuyamaca College

*Dr. Cristina Chiriboga*  
*Interim President*



# Cuyamaca College

## *Plans Which Guide the Budget Process*

- *Strategic Plan 2004-10* outlines major mid-term and long-term institutional priorities
- *Annual Implementation Plan* identifies key activities for the year
- *Academic & Technology Master Plans* highlight instructional goals, activities and needs
- *Student Services Master Plan* defines divisional priorities and needs





# Cuyamaca College

## *Budget Criteria*

- Ensure student access to classes
- Preserve existing faculty and staff contract positions
- Meet enrollment goal



# Cuyamaca College

## *Budget Planning Process*

- *Budget Committee outlines criteria for budget planning*
- College FTES goals disseminated through collegial consultation process
- *College baseline operational expenses identified (contract & instructional hourly salaries, benefits & operating expenses)*
- President's Cabinet identifies essential functions for all units in light of FTES goals and Academic & Student Service Master Plans
- *Budget Committee in collaboration with President's Cabinet reviews the adoption budget including reduction strategies*



# Cuyamaca College

## *Budget Reduction Strategies*

1. Freezing positions
2. Reducing operating expenses  
*(examples: travel, supplies, off-site printing)*
3. Managing instructional schedule to maximize efficiency to meet FTES college goal
4. Internal re-allocation of funds to address increased facility and maintenance requirements



# Cuyamaca College

## *Budget Reductions*

I. Frozen Positions \$862,951

II. Reductions by Division 683,761

President \$ 85,000

Student Services 234,000

Instructional Services 244,957

Administrative Services 119,804

Total Budget Reduction \$1,546,712



# Cuyamaca College

## *Impact of Reductions*

- Challenge in attaining FTES Goal
- Limited resources available to implement student learning outcomes and increase college outcomes:
  - *Reduced staff support for student learning outcomes implementation & research*
  - *Reduced staff support to provide evaluation services for faculty*
  - *Reduced professional development/training*



# Cuyamaca College

## *Impact of Reductions*

- Reduced ability to fully respond to student demand for instructional and support services
- Challenges to support a more complex educational institution
  - *Personnel*
  - *Utilities & Contract Maintenance*
  - *Technology upgrades and maintenance*



# *Cuyamaca College*

*Questions?*



*District Services*

*&*

*Districtwide Budget*





# District Services

*(Pages 21 – 24)*

- Operational departments, such as:  
Campus Police, Fiscal Services, Human Resources, Facility Planning, Information Systems, Payroll, Intergovernmental, Research & Development
- Reduced overall by 3%
- Impact of reductions – frozen positions, reduced supplies, travel, and other operational expenses



# Districtwide

*(Page 25-28)*

- Bargaining Commitment
- Information Systems & technology
- Retiree health benefits
- DW insurance
- DW operating cost such as Board elections, DW memberships & credit card fees
- Non-fixed commitments reduced 3%



# General Fund Restricted Funds

- Revenue Summary *(Page 8)*
- Expenditure Summary *(Page 11)*
- State programs estimated at 07/08 level  
**No COLA**



# General Fund Summary

- **Adoption Budget**
  - Based on State budget
  - Very tight budget
  - Grow FTES
  - Less funding than prior year; more compensation commitments
- **Next Steps**
  - Watch the State progress
  - Updated estimates after P1 in February



# Part II

## Supplemental Funds

*(Pages 29 – 49)*



# Fund 40

## Capital Outlay Projects Fund

- The Adoption Budget column amounts are for the full balance of the projects
- Separate pages for Capital Projects Funds and Prop R
- The Updated Prop R Funding Plan - Governing Board Meeting 10/14/08
- *Pages 38 – 45*



# GASB 45

*(Page 47)*

- Reflects allocations from One-Time Funds over recent years
- Next Steps:
  - Develop plan & update actuarial
  - Develop funding strategy
  - Must be GASB compliant in 2008/09



# Bookstore Funds

*(Page 30-31)*

- Commissions are up 14%
- Colleges are transferring funds to augment facilities funding





# Other Supplemental Funds

- Child Development Funds *(Pages 32-33)*
- Ornamental Horticulture *(Page 34)*
- ASCC *(Page 35)*
- Student Center-Construction Funds *(Pages 36-37)*
- Self Insurance Fund *(Page 46)*
- Student Rep Fee Fund *(Page 48-49)*



# Other District Funds Summary

- Scholarship & Loan Fund
  - 2006/07 - \$259,338
  - 2007/08 - \$347,316
- Student Financial Aid Fund  
(including Cal Grants, Pell Grants, and Federal Workstudy)
  - 2006/07 - \$9,922,546
  - 2007/08 - \$11,684,109



# Conclusion

- Today is the GB Workshop
- Next Tuesday, 10/14, the budget will return for Board action
- Please contact us with any questions

