



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

2012/13
Adoption Budget
Workshop
September 4, 2012



Budget Planning Is Linked to Our *Strategic Areas of Focus*
And It Values Students, Employees, & Community

- **Student Access**
 - **Students first**
- **Learning and Student Success**
 - **Protecting the learning core**
- **Value and Support of Employees**
 - **Balance needs of employees with needs of students**
- **Economic and Community Development**
 - **Maximize potential revenues**
- **Fiscal and Physical Resources**
 - **Fund structural commitments and fixed increases**
 - **Address Accreditation, legal & fiscal stability challenges**



Total Adoption Budget

➤ Today's Workshop

- PowerPoint Presentation
- Adoption Budget Packet

➤ Total Budget \$150,412,676

○ General Fund:	<u>11/12 AB</u>	<u>12/13 AB</u>
Unrestricted Fund	\$106.4 m	\$100.7 m
Restricted Fund	<u>19.3 m</u>	<u>19.0 m</u>
Total General Fund	\$125.7 m	\$119.7m
Other Funds	<u>53.3 m</u>	<u>30.7 m</u>
Total Budget	<u><u>\$179.0 m</u></u>	<u><u>\$150.4 m</u></u>



State Overview

- **Total General Fund expenditures = \$91.3 billion**
- **\$4 billion more than in 2011-12, but still \$11 billion below the 2007-08 fiscal year**
- **Budget assumes Prop 30 passes**



State Overview

Taxes and Triggers

- **Approved budget assumes passage of November ballot initiative (Proposition 30)**
 - ❑ **Increase sales tax by $\frac{1}{4}$ percent for 4 years**
 - **January 1, 2013 to December 31, 2016**

 - ❑ **Increase personal income tax rates on filers making over \$250,000 (joint filers earning \$500,000)**
 - **1% to 3% for tax years 2012 through 2018**



State Overview

Taxes and Triggers

➤ Prop 30 Tax Revenue – Education Protection

Account:

- 89% K-12
- 11% CCC

➤ Prop 38 (Molly Munger)

- No funds allocated to higher education

➤ Prop 30 and Prop 38 cancel each other. Higher vote total prevails if both gain 50% or more of vote



California Community Colleges

Approved 2012-2013 State Budget

- **No additional reductions if Prop 30 is successful**
- **No COLA**
 - **Last COLA was 2007-08**
- **\$50 million in growth/restoration**
- **\$159.9 million in deferral buy down –**
 - **Reduces deferral from \$961 million to \$801.1 million**



California Community Colleges

- **No changes to SB 361 – Funding Formula**
 - **Governor's proposal to repeal FTES-based funding system was rejected by the Legislature**

- **No Policy changes to categorical programs**
 - **Governor's consolidation proposal was rejected by the Legislature**

- **Second year in row, budget includes midyear trigger cuts**



California Community Colleges

Triggers

- **Lose \$50 million in growth/restoration**
- **Lose \$159.9 million in deferral buy down**
- **Additional base reduction of \$338.6 million – 7.3% workload reduction**
- **This trigger cut is a devastating hit to the colleges this year and next year**



California Community Colleges

A Year of Risk

- **Any significant shortage would result in additional reductions**
- **Major cash flow crunch – even if the ballot initiative passes, districts will receive 40% of General Fund money in June 2013 compared to 2% in prior year**
- **Need to have sufficient reserves available to ride out the slow flow of General Fund allocations and handle other risks and emergencies that may arise**



Grossmont-Cuyamaca CCD

Funding if Prop 30 PASSES:

- **No additional base reduction**
 - No FTES reduction of 1,227
- **Restoration of 154 FTES above 2011-12 funded cap**
 - Revenue of \$704,825
- **FTES funded CAP of 16,967**
- **Buy down Inter-Year Deferrals of \$2.5 million**
 - Total Deferrals = \$12.6 million



Grossmont-Cuyamaca CCD

Funding if Prop 30 FAILS:

- **Workload reduction of 7.3%**
 - Reduction of 1,227 FTES
- **No Restoration of any FTES**
- **Revenue reduction of \$5.6 million**
- **FTES funded CAP of 15,586**
- **No buy down of Inter-Year Deferrals**
 - Deferrals will continue to be at the same level as prior year
 - Total Deferrals = \$15.1 million



Grossmont-Cuyamaca CCD

Workload Reduction Summary

2009-10 revenue reduction	(\$3,049,857)	3.35%
2010-11 workload restored	<u>\$ 2,123,704</u>	2.21%
Workload restoration remaining	(\$ 926,153)	
2011-12 additional revenue reduction	(\$6,340,043)	7.56%
2012-13 additional potential revenue reduction	(\$5,579,564)	7.30%
Total Workload Reduction since 09-10	<u><u>(\$12,845,760)</u></u>	

Deficit Reduction

In addition to the workload reduction, the State imposed deficit funding totaling \$3.3 million over the last 4 years

Total Cuts = \$16.1 million



Grossmont-Cuyamaca CCD

Additional Reductions

- **Nonresident enrollment continues to decrease**
- **Interest revenue continues to decrease**

Yet our Cost increases \$2 million per year



Grossmont-Cuyamaca CCD

GCCCD Adoption Budget

is based on the assumption that Prop 30

FAILS

➤ **FTES Goals:**

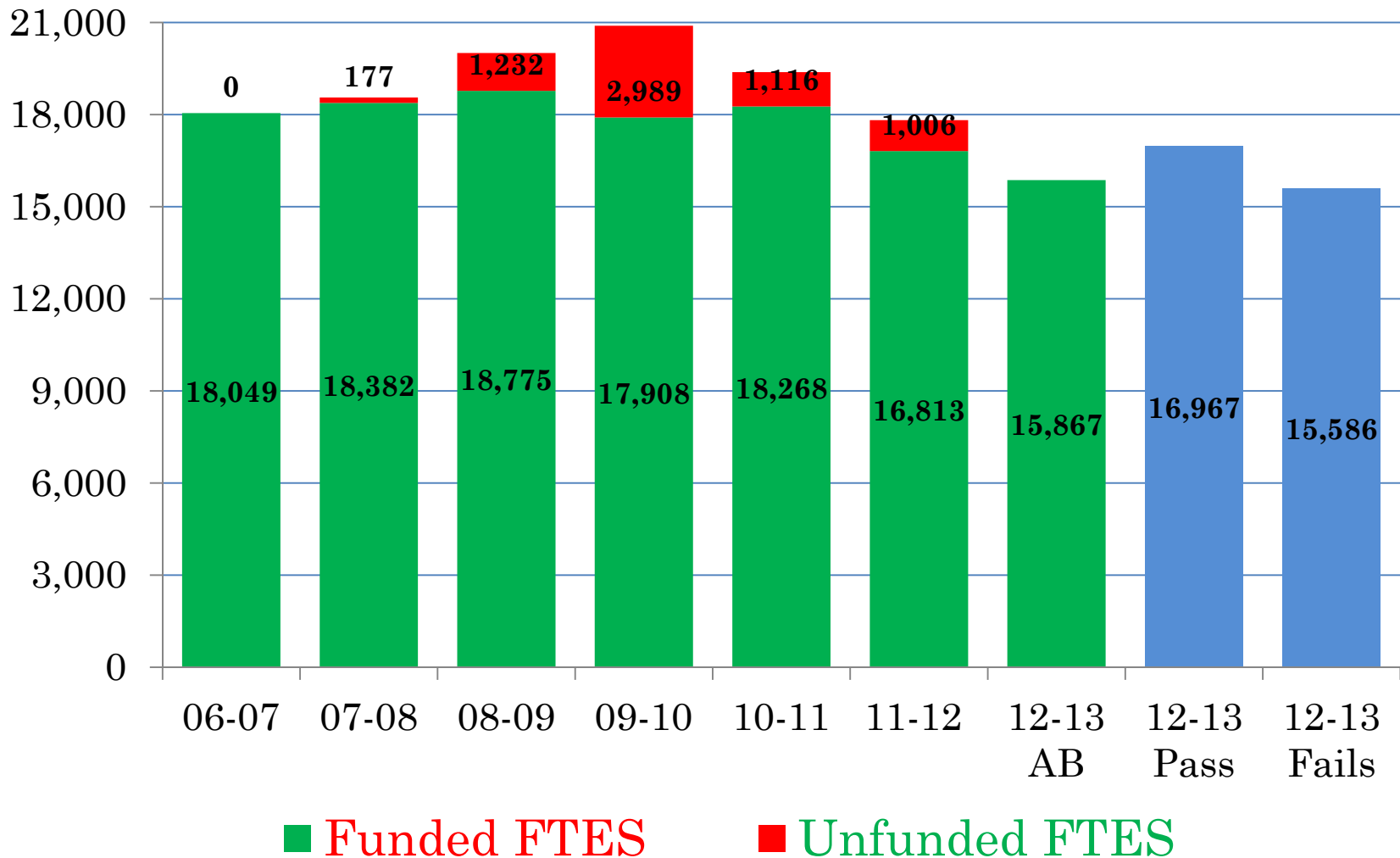
➤ **FTES Goals same as TB – 15,867**

➤ **Revenue :**

➤ **Net revenue reduction of \$5.6 million**



FTES History & Projections





Site Allocations

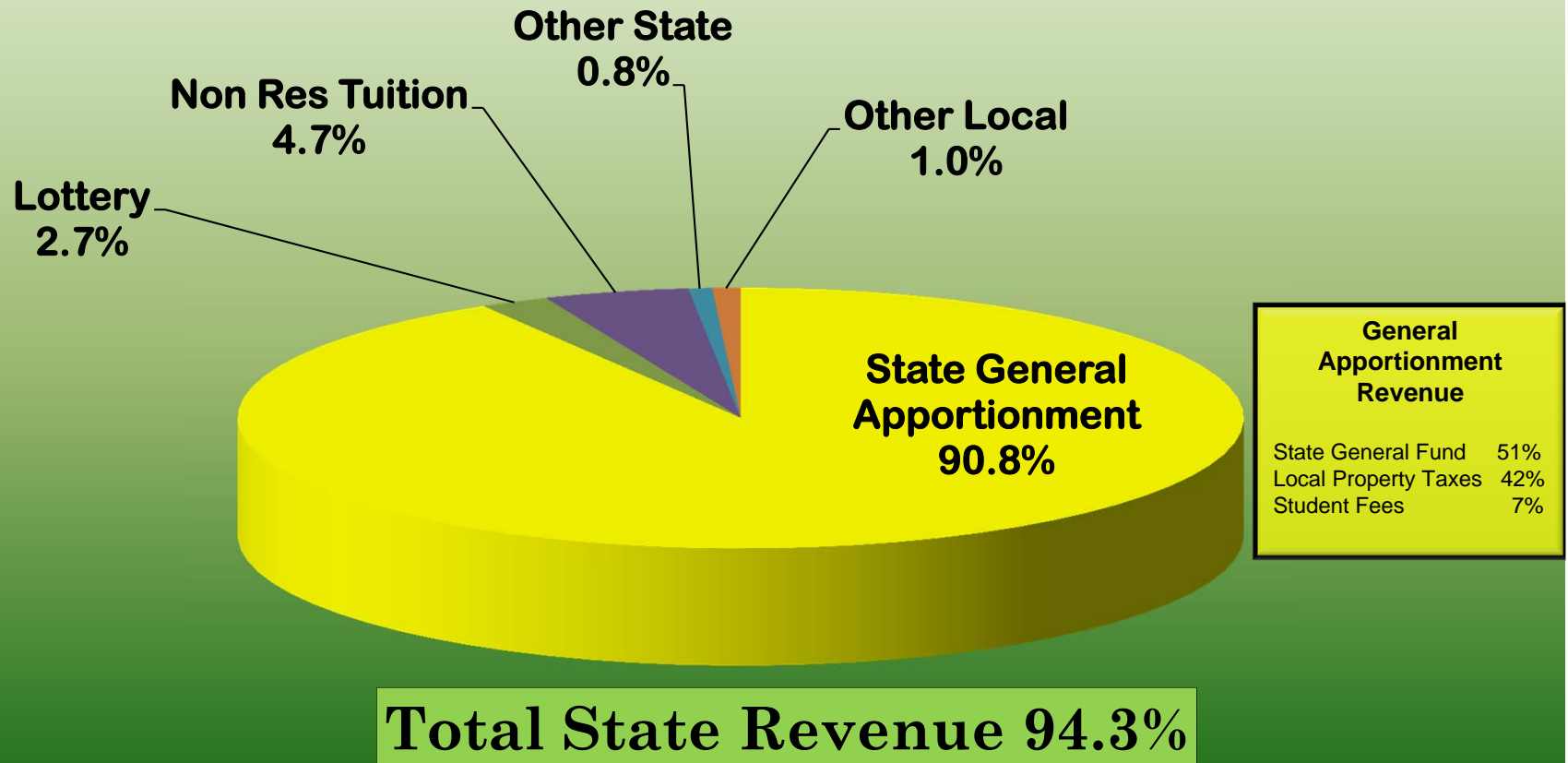
Unrestricted General Fund

Total Funds Available	\$100,705,829
Less 5% Contingency Reserve	(4,685,797)
Total Formula Allocation	<u>\$ 96,020,032</u>

Grossmont College	\$ 56,579,887	Page 14
Cuyamaca College	24,432,373	Page 18
District Services	9,894,745	Page 22
Districtwide Commitments	5,113,027	Page 26
Total Allocations	<u>\$ 96,020,032</u>	Page 10

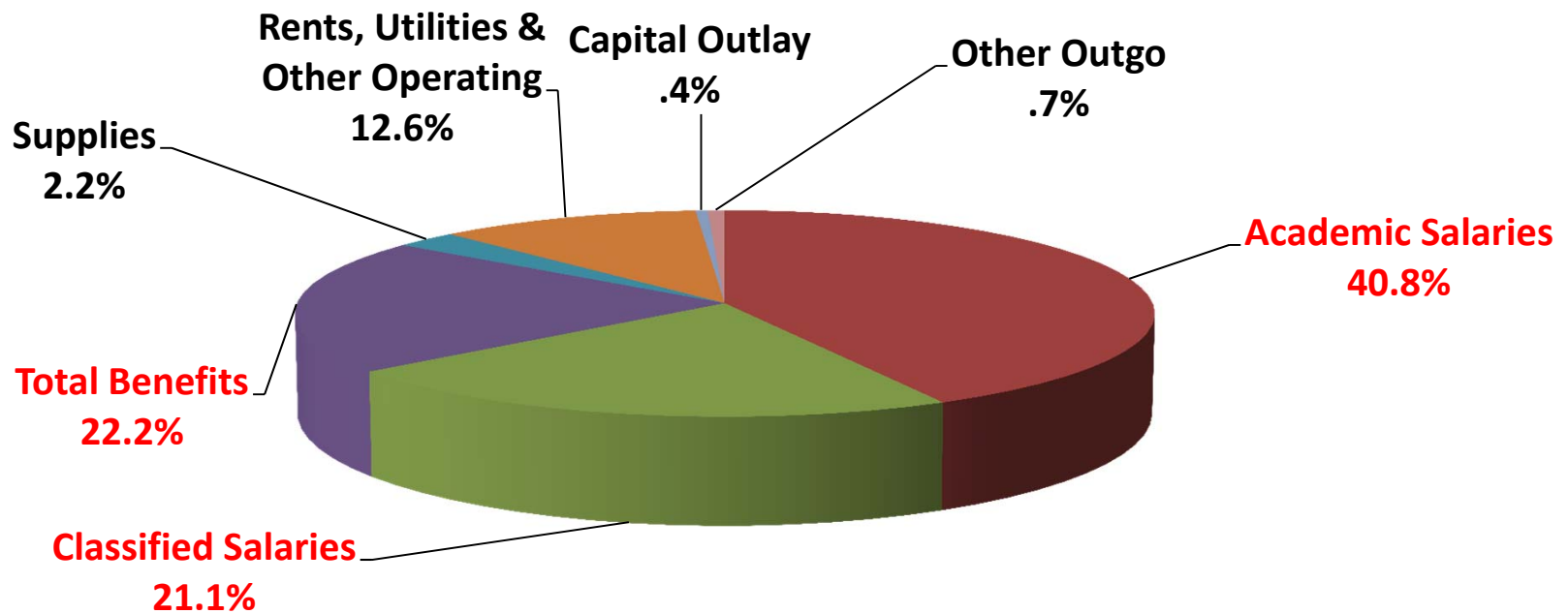


Unrestricted General Fund Revenue - \$86.1m – Page 6





Unrestricted General Fund Budget Expenditures – Page 10



Operational Costs	15.9%
Total Compensation	84.1%



Budget Risks

- Tax measure is politically uncertain and costly
- Revenues are highly variable, with or without tax measure
- Planning is difficult. Workload reduction of 7.3% will not be decided until November
- Redevelopment funds may or may not materialize
- Possible student fee shortfall with more BOG waivers due to the increase in student fees
- Need to be ready for any unanticipated reductions from the State
- Continue to be fiscally prudent to ensure fiscal stability in the years to come



Budget Steps

Step 1 Tentative Budget

- Approved 6/19/2012

Step 2 Close Out 2011/12

- Final revenue & expenditures
- Balances will help 2012/13

Step 3 Adoption Budget

- Board to consider 9/11/2012

Step 4 Plan for Mid-Year Cuts & Slow Recovery

- Implement strategies based on outcome of November election
- Continue to plan and communicate openly about issues
- Prepare for any unanticipated revenue reduction



Next Steps????



Questions ?

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