

2006 – 2007
Governing Board
Tentative Budget Workshop

May 23, 2006



Overview & Introduction by Chancellor Suarez



Two Part Presentation

- Part I: 06/07 Tentative Budget that is based upon the Governor's January budget proposal and many other very preliminary assumptions and projections
- Part II: The May Revise and expectations for the signed State budget in July

Focus will be the Unrestricted General Fund



Part I - Overview of the Tentative Budget

- TB (Tentative Budget) is based upon January information
- Legally required so that district can expend funds and pay bills beginning July 1st
- Beginning Balances are held at the same level as prior year, which means the same level as ten years ago, therefore, TB Funds Available are always much less than will be at AB, Adoption Budget



Compare TB to AB? Don't Bother!

- Funds Available for Distribution unrealistically low
- Current year expenditure projections always relatively high compared to TB due to the Beginning Balance assumption
- TB based on very preliminary January information, AB based upon final actual prior year data and a signed State budget

Overview of Funds in the TB

- Total Funds Available: \$276 M
- Included in that amount:
 - General Fund: \$111 M
 - Capital Funds, non Prop. R: \$ 31 M
 - Proposition R: \$125 M
- Total is 18% less than 05/06 TB because \$70 million spent on construction program



Quick Note on Fund 40, Capital Outlay Projects Fund

- The Tentative Budget column amounts are for the balance of the program, not just for the 06-07 year on Pages 38 – 41
- Column header indicates “Multiyear”

Overview of the Unrestricted General Fund

- Unrestricted General Fund is the Operating fund of the district
- Presentation will focus on this Fund

Major Assumptions in the TB – State Provided Income

- District can restore enrollments to the Base, so no \$\$ reduction to Base funding – *Most critical assumption in the TB*
- **No Growth revenue**
- 5.8% COLA (actually will be 5.92%)
- Equalization based upon \$130 million and the previous “compromise” allocation

Major Assumptions in the TB – District Budgeting

- District FTES (Full Time equivalent Students) budgeted to equal the State funded Base FTES – *Most critical assumption in the TB*
- Retirement liability not funded
- Beginning Balances held at prior year TB levels
- Contingency Reserve restored to 5%

Grossmont College

(Pages 13 – 16 of Tentative Budget)

Presentation by Dr. Dean Colli,
Interim President



Grossmont College

Assumptions

- **Our first priority – students;** maximize access to instruction and services
- **Enrollment** - achieve our targeted base of 12,516 FTES
- **Staffing** – hire faculty and classified staff based on priorities set by the staffing planning process



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Assumptions

- **Facilities** – Open new buildings, proceeding with the implementation of the Facilities Master Plan
- **Focus on goals** and objectives of the Strategic Plan mindful of changing conditions
- **Rely on the college processes** for planning and budget



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Challenge

- **Achieve resident base FTES**

Goal FY05/06	12,656
Projected FY05/06	11,621
Goal in FY06/07	12,516

- We must increase 895 FTES (7.7%) over current year actual to meet base



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Challenge

- **Comparing** Budget Year 06/07 to 05/06

TB to TB	+5.09%	+\$2,504,528
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TB to AB	-8.04%	-\$4,519,424
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- **The Tentative Budget is starting point only –**
- **Removed from the FY06 Adopted Budget to balance :**
 - > **POCO's totaling \$2.3 million**
 - > **\$710,000 of one-time restorations to Operations**
 - > **\$817,000 of Part-time/overload budget**

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Challenges

Budget to cover:

- Step & Column increases
- 05/06 U.F. settlement to be determined
- 06/07 compensation increases to be determined
- \$825,000 in PT/OL for additional sections to achieve FTES target
- \$260,000 - New building non-staff expenses
- \$525,000 – Restore supplies budget to meet operational cost increases



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Challenges

- **Maximize FY2005-06 year-end carry-over**
- **Expand promotion/outreach to enhance enrollment** –increase funding; increase staff involvement
- **Sustain a balance** between on-going operations and emerging needs related to new buildings
- **Finalize strategies** for potential mid-year funding adjustments



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Bottom Line

- **The highest priority is enrollment.** Best served by offering a diversity of high demand courses taught by skilled faculty
- **Fill critical staff vacancies** while expanding promotion and outreach



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Bottom Line

- **No emerging needs or new initiatives** are, at present, funded in the Tentative Budget
- **The Tentative Budget does not restore** the campus to the level of program support achieved in FY2002-03

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Bottom line

- **The challenge of enrollments** is balanced by the opportunities for additional funding in the FY07 Adoption Budget
 - > Year-end carryover should restore part-time / overload budget to fund necessary sections.
 - > Year-end carryover should allow one-time restorations to operations
 - > The State Budget's allocation to GCCCD will help meet other budgetary challenges

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Implications

At Adoption Budget

- Clarify unfunded needs
- Determine the impact of Equalization and other potential sources of additional income

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Questions???



Cuyamaca College

(Pages 17 – 20 of Tentative Budget)

Presentation by
Dr. Geraldine M. Perri



CUYAMACA COLLEGE

Budget Criteria

Budget Priorities to Meet Enrollment Goal

- Ensure student access to learning
- Support ongoing institutional planning priorities
- Support full-time faculty & staff contract positions
- Support the quality of the overall educational experience



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Income Allocation

FY 06/07 TB Net Allocation **\$22,741,376**

Comparison to Budget Year 06/07 to 05/06

TB to TB + 4.65% \$ 1,011,385

TB to AB - 4.62% \$ (1,102,572)



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06/07 Base Requirement

• Contract Salaries	\$ 11,633,604	49%
• Hourly Faculty & Staff	4,803,044	20%
• Benefits/Holdings	5,301,082	23%
• Operating Expenses	<u>1,921,123</u>	8%

Base Requirement \$ 23,658,853



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06/07 Budget Shortfall

- Base Requirement \$ 23,658,853
- Funds Available TB \$ 22,741,376
- Budget Shortfall \$ (917,477)



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Reduction Strategies to Balance TB

BUDGET SHORTFALL **\$ (917,477)**

Level I - Defer filling 13 vacant positions 420,898

Level II - Institute Divisional Reductions 321,800

Level III - Implement Institutional Reductions 174,779

Total Budget Reductions **\$ 917,477**



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Budget Challenges FY 06/07

1. Providing a comprehensive instructional program
2. Increasing full-time faculty to support existing programs and services and to develop new programs and services
3. Offering comprehensive support services with limited staff



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Budget Challenges FY 06/07

4. Maintaining college outcomes: certificate and degree completions, transfers and job placements
5. Promoting outreach and marketing
6. Supporting faculty and staff development
7. Maintaining college facilities and grounds

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Budget Solutions FY 06/07

1. Potential increase in State revenue at Adoption Budget
2. Increase grant applications to fund special programs and initiatives
3. Implement cost-effective innovative strategies to enhance enrollment
4. Curtail FY 05-06 final expenditures to increase ending balance



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Enrollment Goal FY 06/07 5,533

FTES Enrollment Comparison

Goal FY 05/06	5,595
Projected FY 05/06	5,184
Goal FY 06/07	5,533

We must increase 349 FTES (6.7%) over current year projected FTES to meet base



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Enrollment Strategies

Access

- Expanded Summer & Fall schedule offerings
- Diversified scheduling formats
- Provided additional online classes
- Increased promotion of non-credit community learning offerings
- Broadened dissemination of the Professional Development Academy to local businesses



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Enrollment Strategies

Outreach

- Providing on-campus assessments, orientations and tours for High School Students
- Joint Community Outreach with Grossmont College
- Community Outreach at various shopping centers and events

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Enrollment Strategies

Retention and In-reach

- Summer/Fall Schedule Debut and Registration Kick-off
- Earlier Financial Aid Awards
- “Hot-spots” on-campus enrollment campaign
- Calling Campaign
- Reminder cards, letters and e-mail messages to students



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Enrollment Strategies

Marketing

- Fall class schedule mailed to top 12 zip codes
- Billboard on Hwy 94 and College Avenue
- Ads in Union Tribune, Daily Californian, Employment guide, Daily Aztec, etc.
- Radio Campaign
- TV Commercial campaign with Grossmont College



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Questions???



District Services and Districtwide Budget

(Pages 21 – 28 of Tentative Budget)

Sue Rearic

Controller and Associate Vice Chancellor,
Business Services

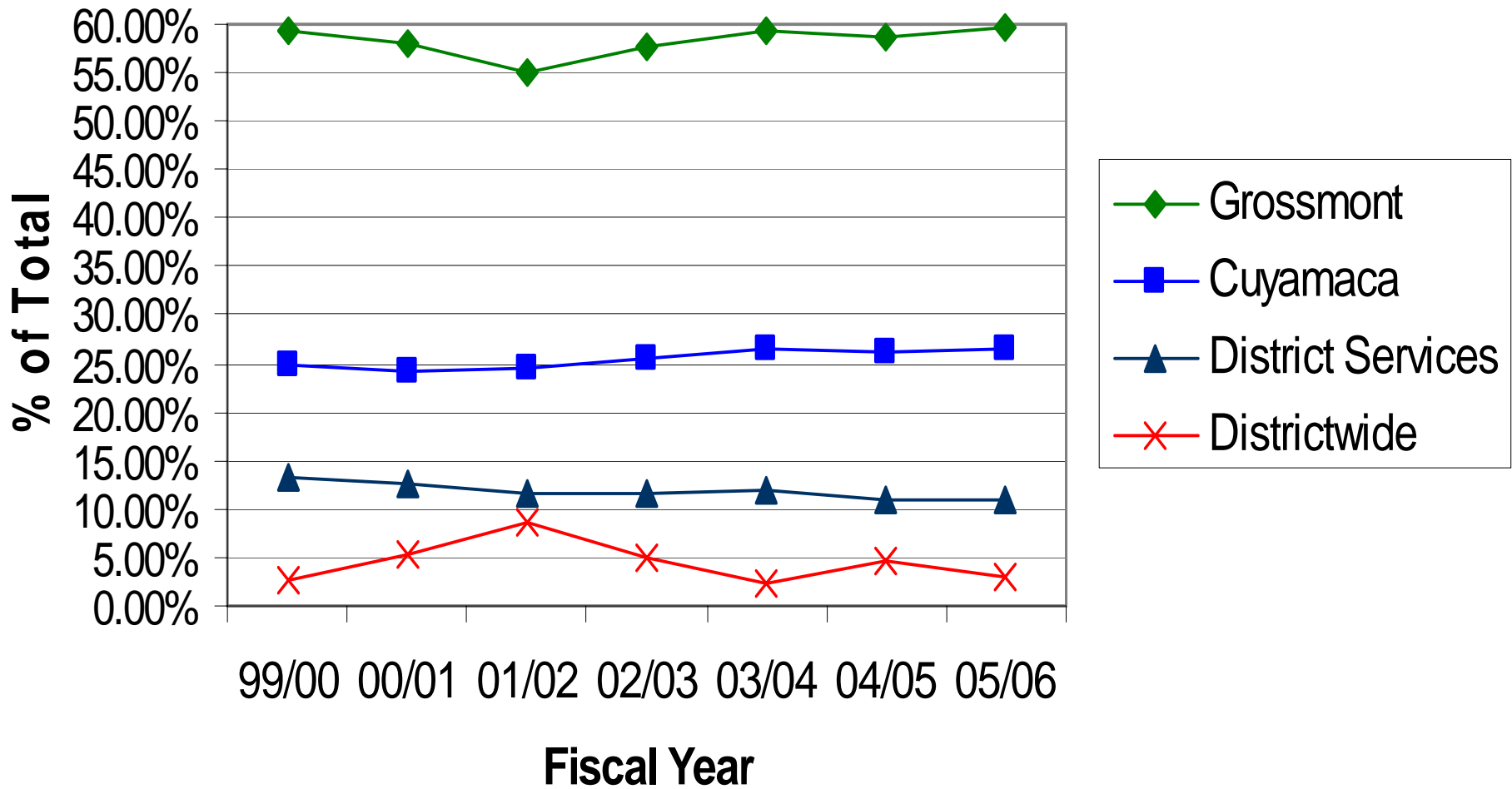


District Services and Districtwide Budget

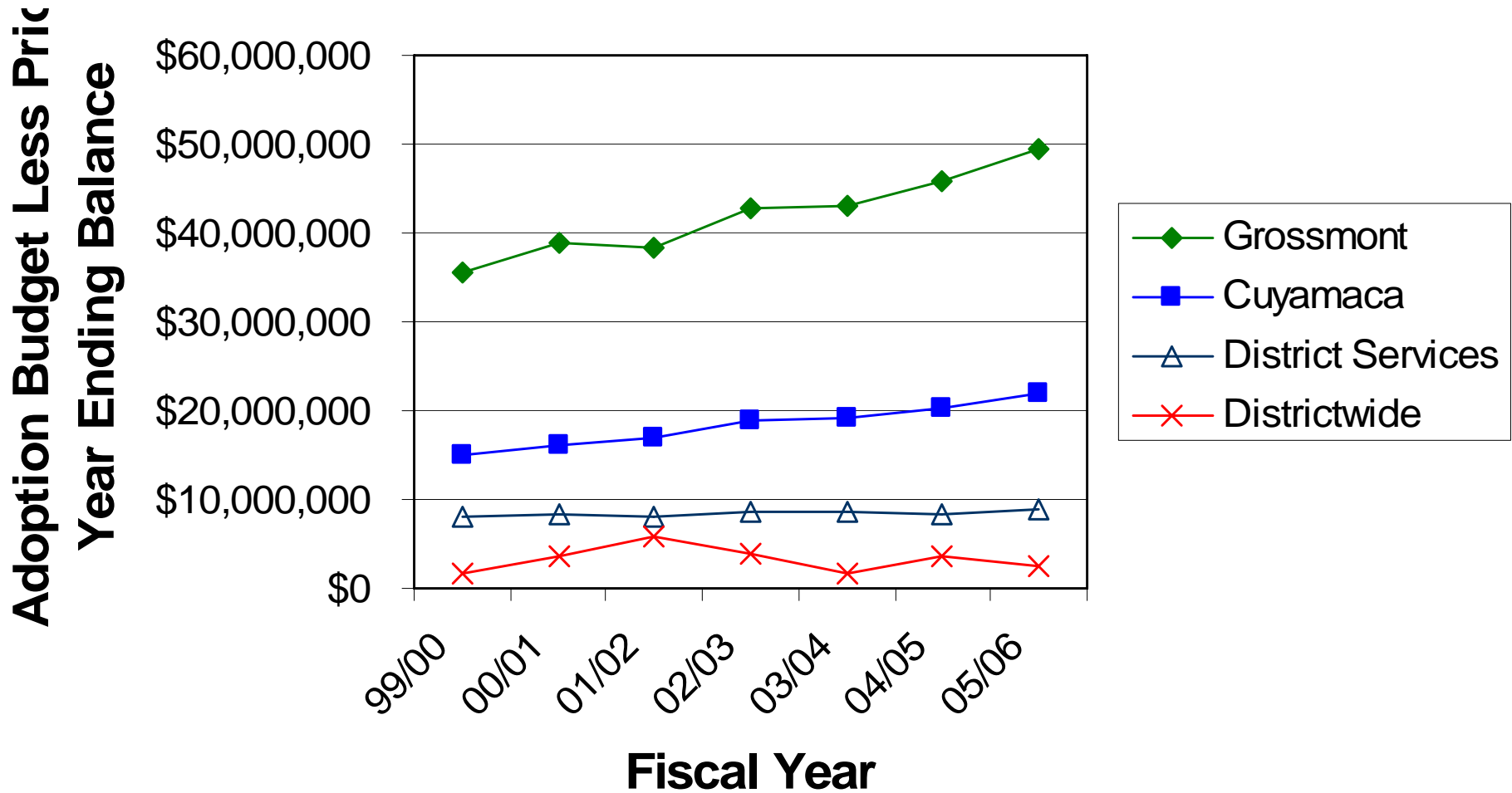
- District Services
 - Operational departments
 - Budgets built on baselines from 1997 plus compensation adjustments
- Districtwide Budgets
 - Allocation specific, Zero based annually
 - Fixed or bargained costs
- Declining percent of total district budget



Adoption Budget Less PY Ending Balance



Comparison of Adoption Budgets



Part II of Presentation - *May Revise* and Expectations for the Adoption Budget

- May Revise of current Year revenue projections
 - Increases current year one-time budgets
 - Effects of the balances into budget year
- Governor's revised budget proposal for 06/07

“*UNCERTAINTY*”

- Quote from Robert Turnage
“It is the most complicated May Revise I’ve ever seen.”
- Mr. Turnage is the CCC’s (California Community College’s) Vice Chancellor for Fiscal Policy and long time capital hill fiscal analyst
- Many uncertainties

First, the Good News

Current Year, 05-06

- \$100 million General Purpose Block Grant (one-time funding); approx. \$1.6 million for GCCCD
- \$100 million Physical Plant & Instructional Support Block Grant (one time funding); approx. \$1.6 million for GCCCD
- No deficit factor
- Other smaller goodies



Next, the Good News – 06-07

On-going Funds

- COLA to 5.92%, *\$87,000 increase for GCCCD compared to TB*
- Equalization from \$130 million to \$159.4, *unknown impact; 5/19 version would be \$3.4 million, a \$655,000 increase over TB*
- Physical Plant & Instructional Support, *approx. \$472,000 for GCCCD*
- Matriculation, *approx. \$384,000 for GCCCD*

The Good News – 06-07

One-time Funds

- Physical Plant & Instructional Support block grant, approx. *\$1.6 million for GCCCD*
- General Purpose block grant, *approx. \$1.6 million for GCCCD*

Major Uncertainties – Budget Year

- GCCCD enrollments!
- How will the \$3 billion “settle-up” funding for K-14 be distributed between K-12 and CCCs?
- What allocation formula will the CCC system office use to distribute funds to the districts?
 - Program Based funding?
 - SB 361?
 - If SB 361, what will it look like?
 - 3 Year Budget Stability?

Uncertainties, continued

- How will Equalization funds be distributed?
- How will over \$160 million of other one-time and on-going funds for Nursing, CAHSEE remediation, Economic Development, Career Technical Education, Basic Skills and more be distributed?

Politics of the May Revise, Signed Budget and Related Legislative Actions

Discussion by Dana Quittner



SUMMARY

- Tentative Budget
 - Funds Available for Distribution probably significantly understated
 - Purpose is to allow district to operate July 1st
- May Revise and Potential Increases
 - Lots of money potentially on the table
 - Much of it is One-time
 - Restoration of FTES is critical