



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

2012/13
Tentative
Budget Workshop
June 12, 2012



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

➤ Today's Workshop

- PowerPoint Presentation
- Tentative Budget Packet

➤ Total Budget \$146,541,384

○ General Fund:	<u>12/13 TB</u>	<u>11/12 TB</u>	<u>10/11 TB</u>
Unrestricted Fund	\$ 98.4 m	\$102.9 m	\$104.0m
Restricted Fund	<u>19.4 m</u>	<u>19.1m</u>	<u>19.8m</u>
Total General Fund	\$117.8 m	\$122.0m	\$123.8m
Other Funds	<u>28.7 m</u>	<u>50.9m</u>	<u>66.6 m</u>
Total Budget	<u><u>\$146.5 m</u></u>	<u><u>\$172.9m</u></u>	<u><u>\$190.4m</u></u>



Budget Message 2012/13

- **State Budget Challenges are Unresolved**

- **Tentative Budget is presented for Governing Board approval in June:**
 - Required by Education Code by 6/30 each year
 - Required to continue operations on July 1st
 - Required to fund commitments for new fiscal year



State Budget Timeline

- May 14: Governor releases May Revise
- June 15: Constitutional deadline for Legislature to send budget to governor
- November 6: General Election
- January 1: trigger reductions take effect if revenue targets are not met



State Overview

➤ **January Governor's Budget**

- 2012-13 budget shows a slowly recovering economy
- Deficit of \$9.2 billion
- Tax initiative on November ballot to increase annual revenue by \$7 billion – included in budget
- Significant midyear trigger reduction if the initiative fails
- State General Fund revenue are not expected to return to 2007-08 level until 2014-15

➤ **May Revise**

- Deficit of \$15.7 billion
- Governor merged tax initiative with the Millionaire's Tax initiative would generate \$8.5 billion in revenue
- Proposed spending reduction \$8.3 billion



California Community Colleges

➤ **January Governor's Budget**

- No growth or COLA
- No restoration of categorical programs that were reduced in 2009-10 budget
- \$264 million midyear trigger reduction if November initiative fails
- Buy back \$218.3 million of \$961 million in total year-over-year deferrals if November initiative passes
- General Fund apportionment reduction of \$146.9 million to reflect an identical increase in offsetting property taxes resulting from the elimination of redevelopment agencies

➤ **May Revise**

- No proposal to fund growth or COLA
- No increase funding for categorical programs
- \$286.5 million midyear trigger reduction if November initiative fails
- Increase buy back of deferrals to \$313 million if November initiative passes
- Redevelopment Revenue Risk \$341 million

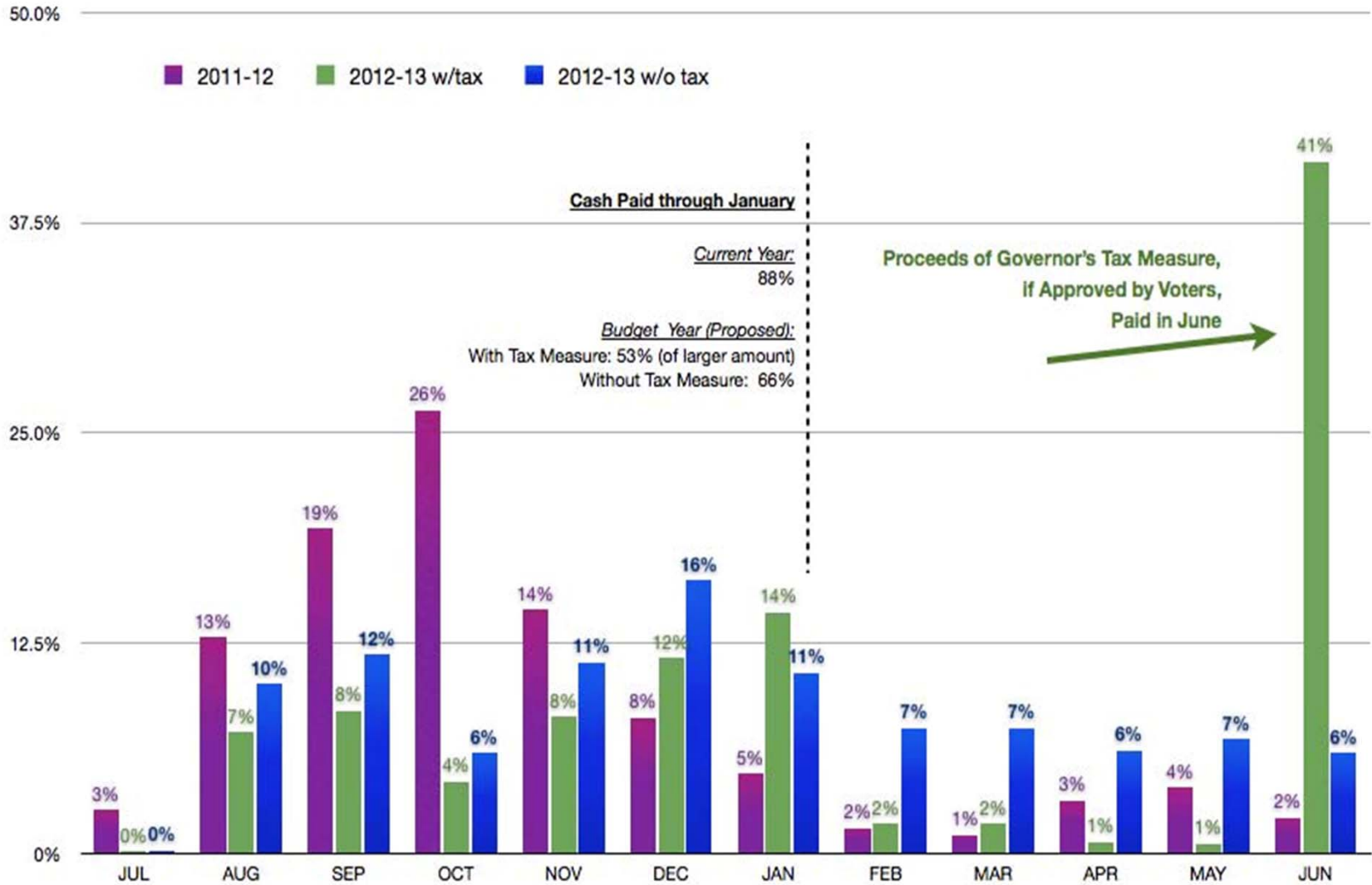


California Community Colleges

Legislative Agreement on the Budget – Summary

- If November ballot initiative passes - No direct cuts and inter-year deferral will be reduced by \$313M
- If the initiative fails - The deferrals will not be reduced and will sustain a cut of \$286.5M
- Hold districts harmless of \$201M of RDA, but there is no hold harmless for \$140M. If the \$140M do not materialize, we could be facing a deficit.
- Major changes in cash payments of apportionment. The new cash flow would provide community colleges between \$577 million to \$717 million less in the first seven months of the year.

With or Without Tax Measure, Proposed Dramatic Change in General Fund Cash Payments to Community Colleges





GCCCD Impact If Tax Initiative Fails

	January's Budget	May Revise
Potential Net Reductions	\$4.3 M	\$4.7M
Workload FTES Reductions	5.56%	6.17%
FTES Reductions	934	1,034
FTES CAP	15,867	15,767

(GCCCD TB)



Tentative Budget Assumptions

Tax Initiative fails

➤ **REVENUE**

- No COLA or Growth
- \$4.3 million in apportionment reduction in addition to prior year cuts
- 4% budget deficit not included
 - No set aside for possible midyear reduction
- \$3.7 million one-time 11/12 funds dedicated via Board actions
 - \$8.2 million in current year
- \$2.2 million beginning balances at prior year TB level



Tentative Budget Assumptions

Tax Initiative fails

➤ **EXPENDITURES**

- 5.56% FTES workload reduction
- Fund contractual & fixed cost increases
- Fund limited number of approved positions on critical staffing plan
- All other vacant positions are not funded
- Potential ERI not included in Tentative Budget



Unrestricted General Fund

2012/13 Shortfall

Projected Income	\$ 87.4 m
Projected Expenses	\$110.2 m
Base Budget Requirement <i>(including open positions)</i>	\$108.2 m
Projected Increased Cost*	<u>\$2.0 m</u>
	\$110.2 m

Shortfall **\$22.8 m**

**Step & Column, Utilities, Health & Welfare Benefits & Critical Restricted Program backfill*

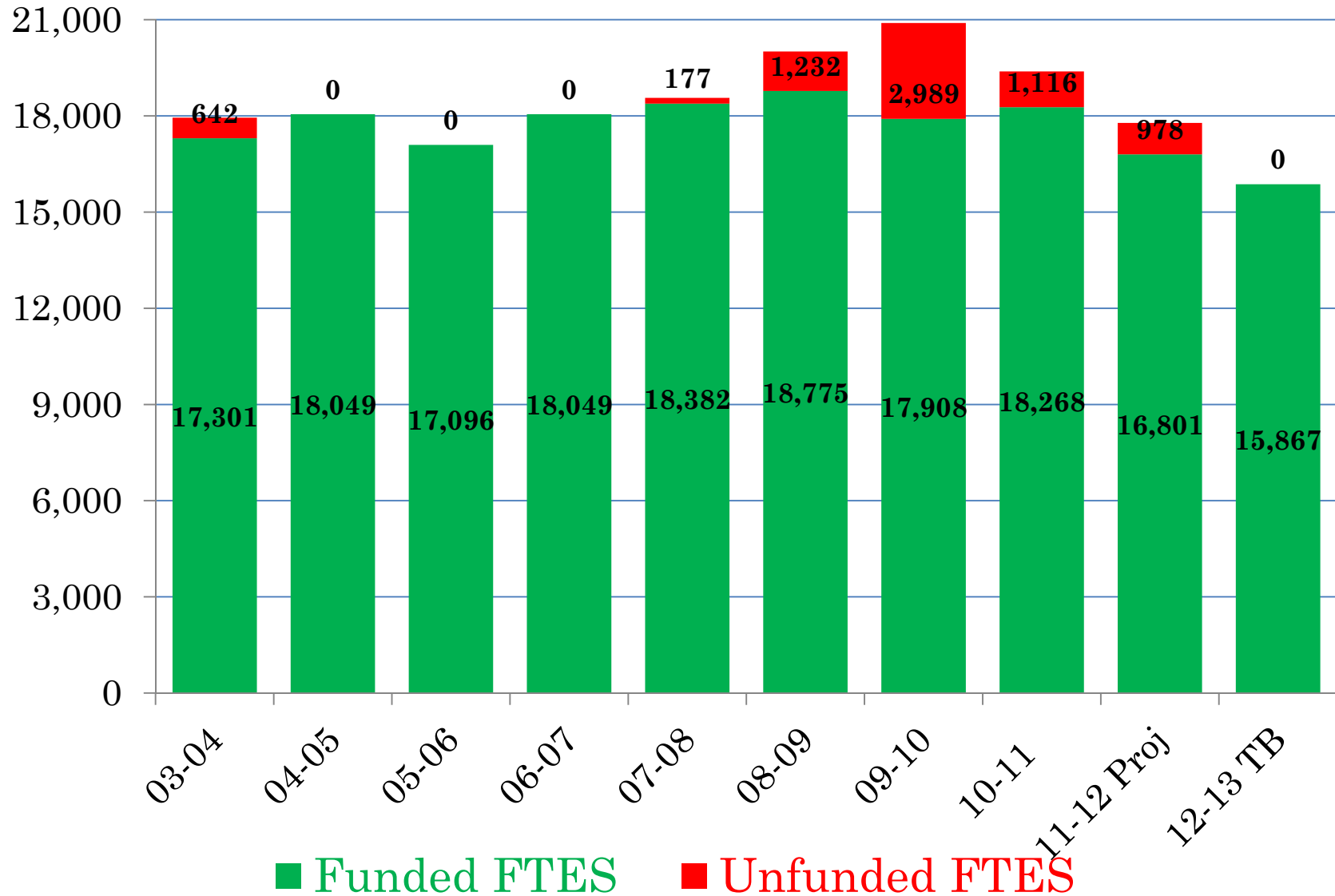


TB Solutions to address the Shortfall

➤ Beginning Balances	\$2.2 m
➤ One-Time 11/12 Dedicated Funds	3.7 m
➤ Sections Reduction	1.8 m
➤ Unfunded Open Positions	11.0 m
➤ Reduction in Operating Expenses	3.2 m
➤ Delay Facilities Projects	.9 m
➤ Total Solutions	<u><u>\$22.8 m</u></u>



FTEs History & Projections





Site Allocations

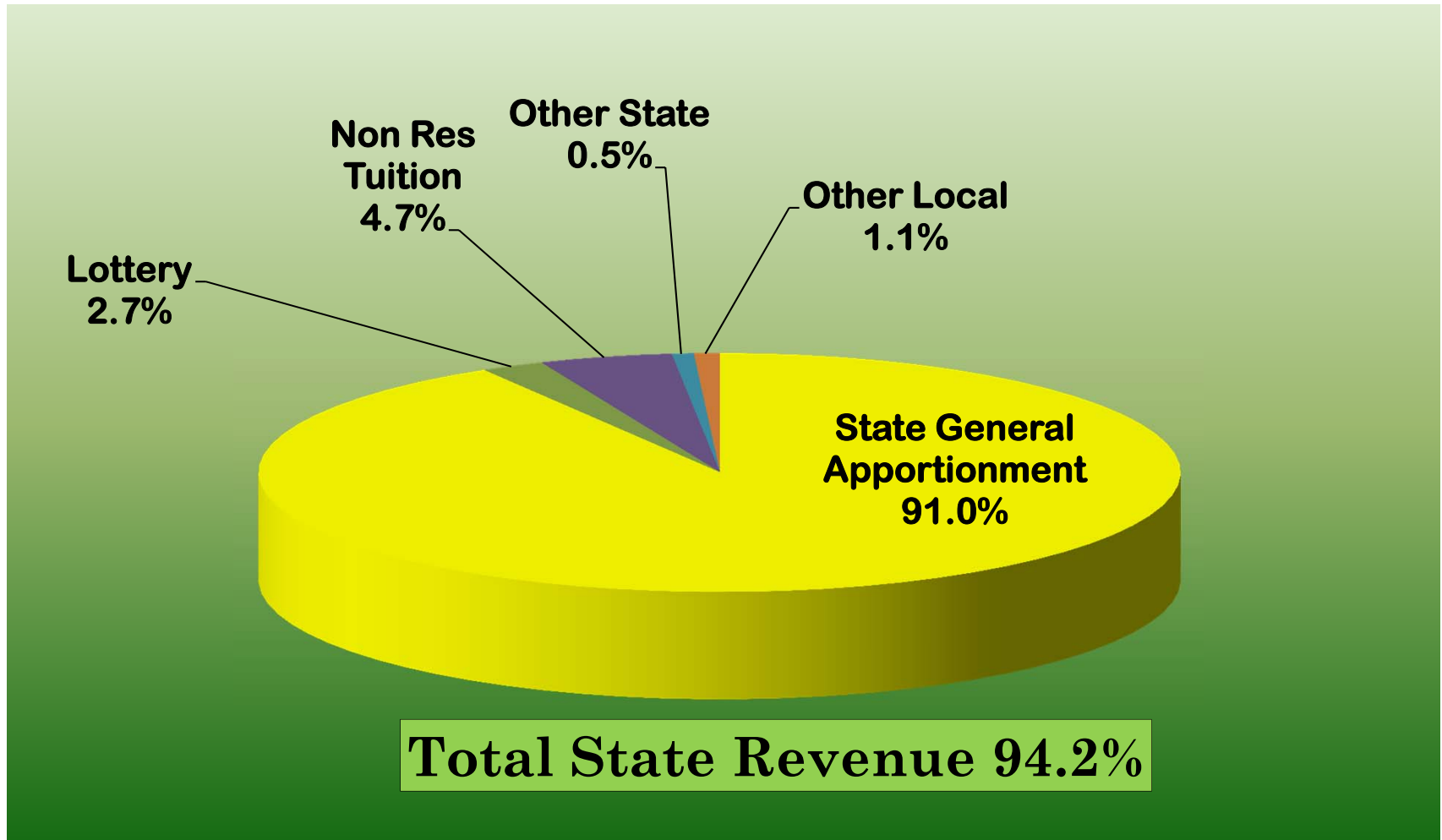
Unrestricted General Fund

Total Funds Available	\$ 98,388,749
Less 5% Contingency Reserve	(4,825,772)
Total Formula Allocation	<u>\$ 93,562,977</u>

Grossmont College	\$ 55,048,026	Page 14
Cuyamaca College	24,441,310	Page 18
District Services	9,716,447	Page 22
Districtwide Commitments	4,357,194	Page 26
Total Allocations	<u>\$ 93,562,977</u>	

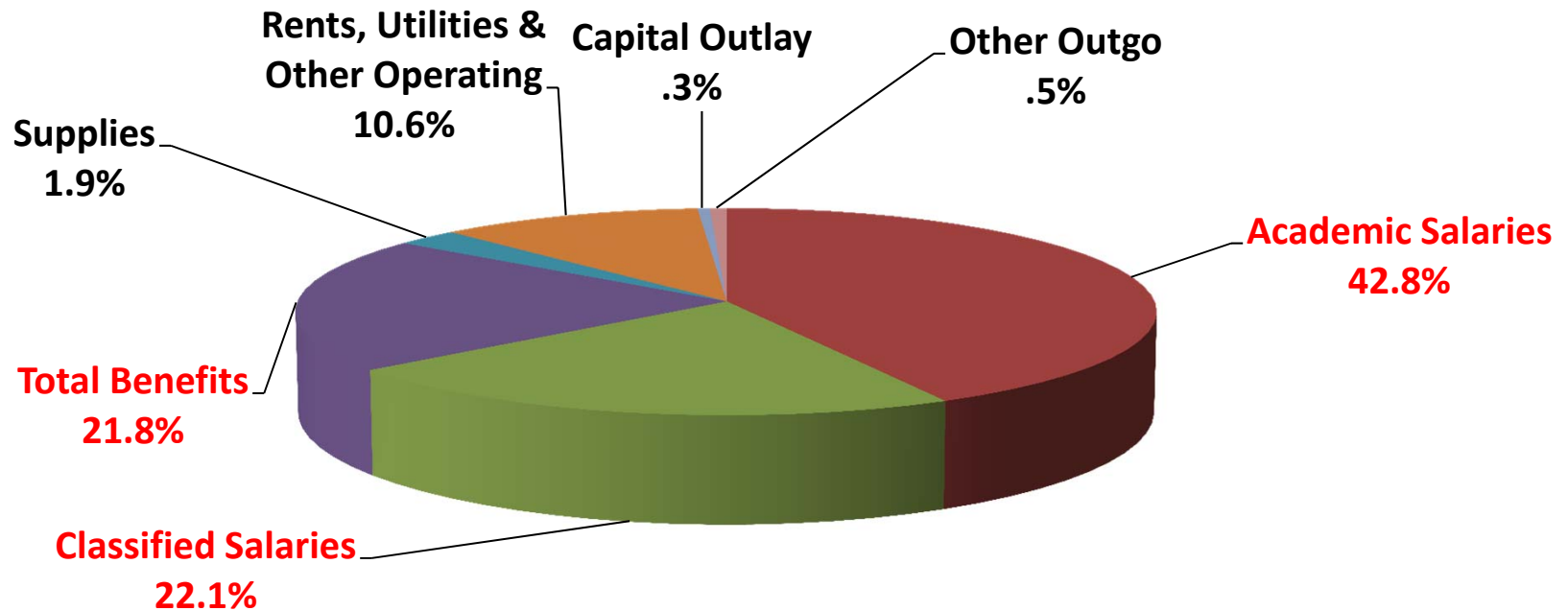


Unrestricted General Fund Revenue - \$87.4 m – Page 6





Unrestricted General Fund Budget Expenditures – Page 10



Operational Costs	13.3%
Total Compensation	86.7%



Budget Risks

- Tax measure is politically uncertain and costly
- Revenues are highly variable, with or without tax measure
- Planning will be difficult. Workload reduction of 6.2% will not be decided until November
- Redevelopment funds may or may not materialize
- Student fee shortfall with more BOG waivers as fees go to \$46/unit



SUMMARY

Step 1 Approve 2012/13 Tentative Budget

- Tentative Budget must be approved
- Going to the Board for approval June 19
- Continue operations July 1, 2012

Step 2 Close Out 2011/12

- Final revenue & expenditures

Step 3 Develop 2012/13 Adoption Budget

- Update revenue
- Anticipate deeper cuts

Step 4 Plan for Mid-Year Cuts & Slow Recovery

- Anticipate slow State fiscal recovery over the next few years
- Planning & open communication will continue



Questions ?

District Strategic Planning & Budget Committee Members:

Anne Krueger

Arleen Satele

Barbara Blanchard

Brian Nath

Cheryl Anne Phillips

Cheryl Houston

Cindy Miles

Erin Miller

Jeff Baker

Jesus Miranda

Jim Mahler

Julianna Barnes

Kim Widdes

Leonor Perez

Linda Jensen

Mark Zacovic

Michael Barendse

Michael Copenhaver

Michael Wangler

Robin Steinback

Ryan Montalvan

Sahar Abushaban

Sue Gonda

Sue Rearic

Sunita Cooke

Tim Corcoran

Tim Flood

Wendy Corbin