



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

2014/15
Tentative Budget
Workshop
June 10, 2014

Linking Strategic Planning to Budget

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**

Overview

- 2013/2014 State Forecast
- 2014/2015 Governor's Proposed Budget
- 2014/2015 Governor's May Revise
- 2014/2015 GCCCD Tentative Budget Development
- Summary

2013/2014 State Forecast

- Projected year-end reserve to be \$2.5 billion
 - \$6.4 billion in higher revenues
 - Offset by \$5 billion in increased expenditures
 - \$1.1 billion included in State 2013-14 budget
- Economy will see slow to steady growth over the next few years
- California's unemployment rate will fall to 7.9% in 2014 and 7.3% in 2015
- Significant improvement from the unemployment rate of 12.4% in 2010
- Still not at the pre-recession level of 4.9% in 2006

2014/2015 Governor's Proposed Budget

- On January 9, 2014, Governor Brown released his proposed budget
- Budget proposal is a starting point, changes and revisions will follow
- Budget Priorities:
 - Paying down debt and long-term liabilities
 - Saving for a Rainy Day
 - Continuing to invest in Education
- Does not include any major restorations in funding for programs that were subject to deep cuts in recent years

California Community Colleges Proposed Budget

- Access: \$155.2 million to fund a 3% restoration of access
- COLA: \$48.5 million to fund COLA of .86%
- Student Success: \$200 million to support student success programs:
 - \$100 million for Student Success and Support Program
 - \$100 million to close gaps in access and achievement for underrepresented student groups
- Deferral: \$592 million to pay down deferrals & completely eliminate deferrals by the end of 2014/15
- RDA: \$35.6 million backfill funding to resolve shortfalls stemming from dissolution of Redevelopment Agencies

California Community Colleges Proposed Budget

- Deferred Maintenance and Instructional Equipment: \$175 million to be split between deferred maintenance and instructional equipment
- Proposition 39: \$39 million to fund energy efficiency projects and work
- Flexibility: Districts can reallocate up to 25% of some categorical programs to meet the needs of underrepresented student groups

California Community Colleges May Revise

- Adjustments to Access and COLA
 - decrease of \$14.8M to reflect change from 3% to 2.75% in access
 - decrease of \$1.2M to reflect a drop in the COLA from .86% to .85%

- Adjustment to the January maintenance and instructional equipment proposal:
 - decrease from \$175M to \$148M
 - all funds will go toward deferred maintenance rather than a 50/50 split with instructional equipment
 - local match will not be required

- Decrease of \$1.5M for Proposition 39 energy projects

- Increase of \$6M for Technology Infrastructure:
 - \$4.6M on-going
 - \$1.4M one-time

- Increase of \$50M in one-time funds to the Economic and Workforce Development Program to enhance and expand CTE programs

California Community Colleges May Revise

- **May Revise proposed increase in CalSTRS contributions:**
 - District's contributions would increase each year for the next 7 years from the current 8.25% up to 19.1% by 2021-22
 - District contribution rate would be 9.5% for 2014-2015
 - Employee contributions would increase from 8% to 9.2% in 2014-2015 up to 10.25% by 2021-22

- **Senate Budget Committee adopted an alternative proposal:**
 - Phases in the increases on employers and employees more slowly in the early years and more steeply in the later years
 - District contribution rate would be 8.88% for 2014-2015
 - Employee contribution rate would be 8.15% for 2014-2015

Budget Timeline

- Proposed budget will be reviewed by the budget committees of each house
 - Both houses already proposed some changes to the May Revise
 - Mainly increases to categorical programs
 - Double the general apportionment COLA
- Legislative conference committee will sort out the difference between the two houses and craft a final budget to be submitted to the Governor for approval
- Budget expected to be approved and signed before July 1, 2014

GCCCD Tentative Budget

- Based on January Proposed Budget
 - COLA of .86%
 - Restoration of 3%

- Includes:
 - Structural commitments
 - Board commitments
 - Contingency reserve
 - Commitment to retiree cost including ERI payments
 - Improvement to security and technical services support
 - 2% budget deficit

Total Tentative Budget

➤ Total Budget \$216,351,867

	<u>13/14 TB</u>	<u>14/15 TB</u>
<u>General Fund:</u>		
Unrestricted Fund	\$101.4 m	\$105.4 m
Restricted Fund	16.9 m	16.5 m
Total General Fund	<u>\$118.3 m</u>	<u>\$121.9 m</u>
<u>Other Funds</u>	16.8 m	94.5 m
Total Tentative Budget	<u><u>\$135.1 m</u></u>	<u><u>\$216.4 m</u></u>

GCCCD Tentative Budget

- Slight Increase in TB Funds
- Offset by increased cost as discussed at DSP&BC such as:
 - Campus Security
 - Technology Support Services
 - Enterprise Resource Planning (ERP)

GCCCD Tentative Budget Assumptions

- .86% Cost-of-Living adjustment \$.8 million

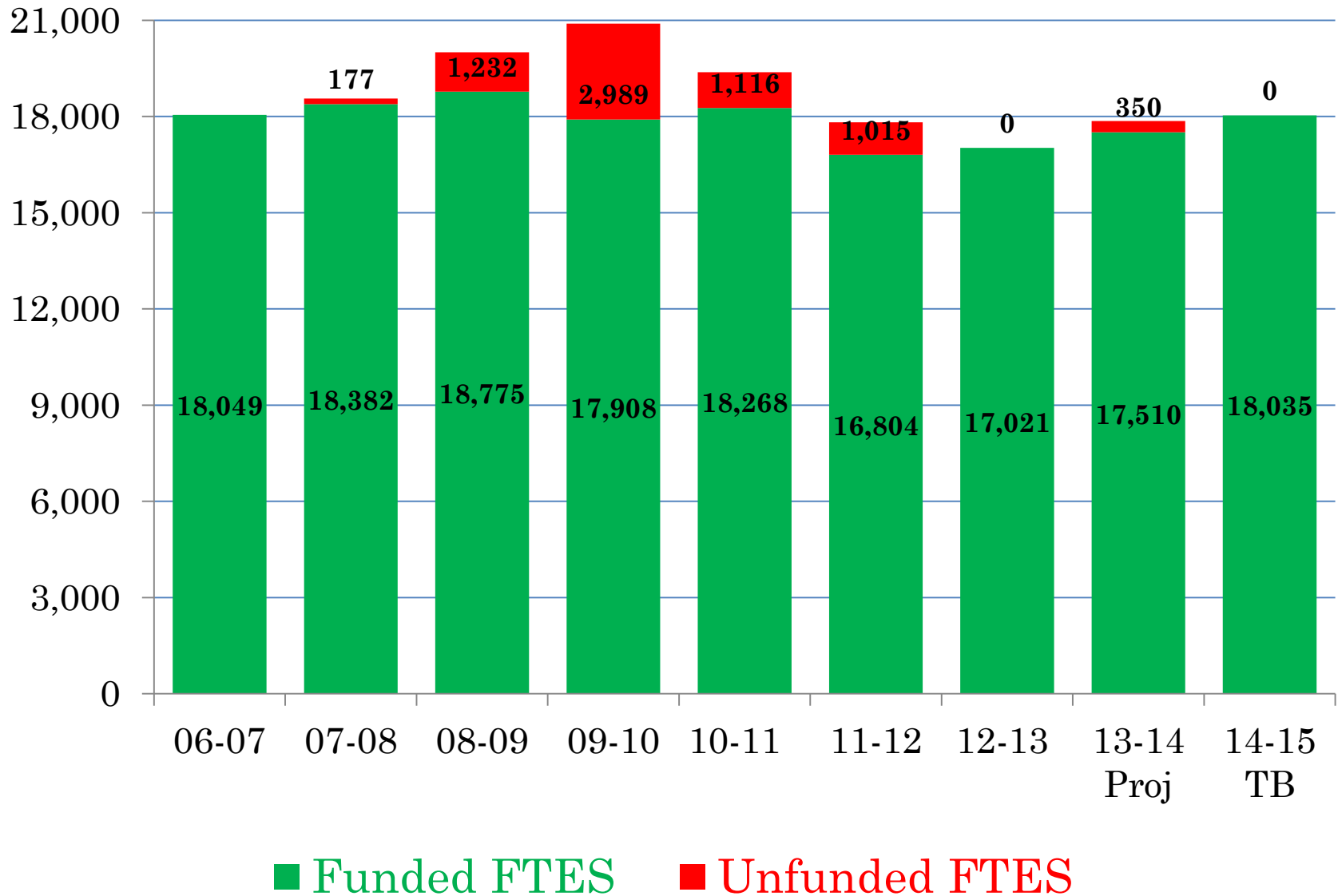
- 3.0% Enrollment Restoration \$2.4 million
 - FTES CAP 18,035
 - 525 additional FTES

- 2% Budget Deficit Factor (\$1.9) million
 - Set aside for possible state revenue shortfall in property taxes and/or enrollment fees

- One-time funds dedicated from Prior Year \$0

- Beginning balance at TB level \$7.4 million

FTES History & Projections



Workload Reduction and Restoration Summary

2009-10 revenue reduction	(\$3,051,247)	3.35%
2010-11 workload restoration	2,125,094	2.14%
Workload restoration remaining	<u>(\$ 926,153)</u>	
2011-12 additional revenue reduction	(6,340,043)	7.56%
2012-13 workload restoration	942,779	1.29%
2013-14 est. workload restoration	2,245,056	2.87%
2014-15 est. workload restoration	2,455,093	3.00%
Remaining Workload Reduction	<u><u>(\$1,623,268)</u></u>	1.61%

State Deficit

2008-2009	(\$1,083,391)
2010-2011	(291,247)
2011-2012	(1,623,975)
2012-2013	(190,129)
2013-2014 at P1	(3,850,408)
Total State Deficit	<u><u>(\$7,039,150)</u></u>

State Deferrals

Fiscal Year	Statewide Deferral	GCCCD Deferral
2007/2008	\$200 M	\$ 3.1 M
2008/2009	\$540 M	\$ 8.4 M
2009/2010	\$703 M	\$10.9 M
2010/2011	\$832 M	\$13.4 M
2011/2012	\$961 M	\$15.1 M
2012/2013	\$776M	\$ 12.5 M
2013/2014	\$592 M	\$ 10.1 M
2014/2015	\$0	\$0

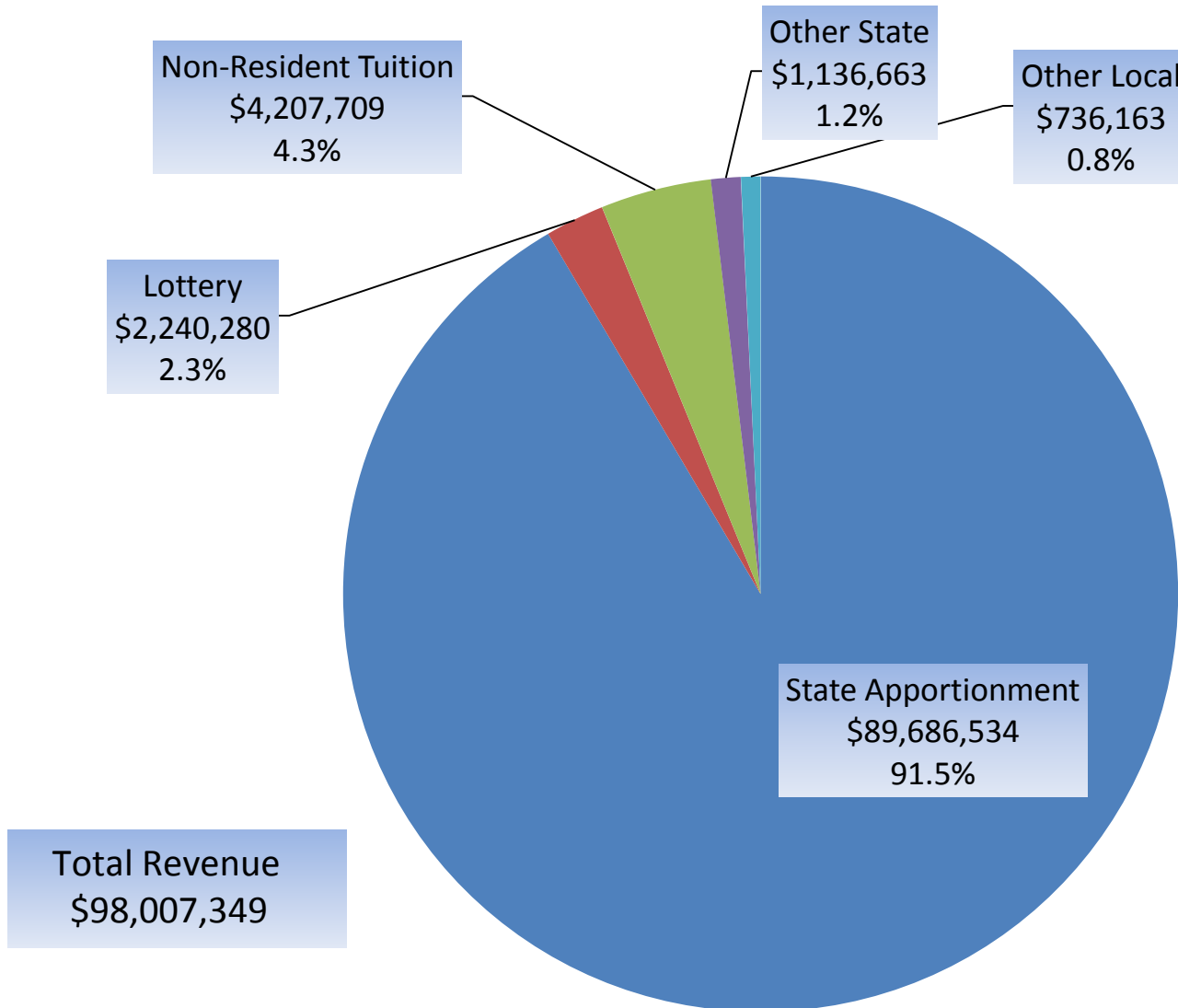
Site Allocations

Unrestricted General Fund

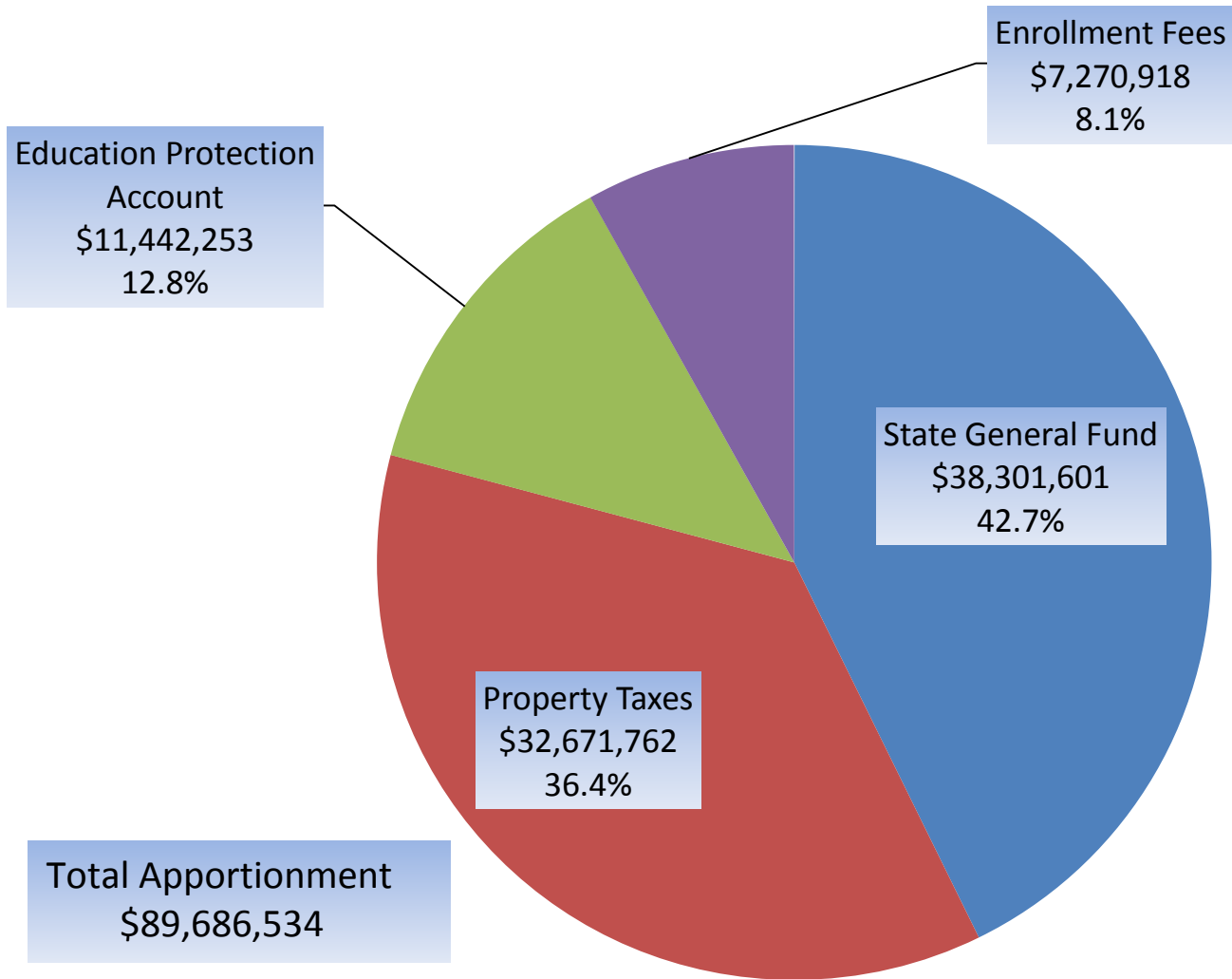
Total Funds Available	\$ 105,365,075
Less Contingency Reserve	(5,492,966)
Total Formula Allocation	<u>\$ 99,872,109</u>

Grossmont College	\$ 56,581,879	Page 14
Cuyamaca College	25,286,564	Page 18
District Services	10,991,243	Page 22
Districtwide Commitments	7,012,423	Page 26
Total Allocations	<u>\$ 99,872,109</u>	

Unrestricted General Fund TB Revenue– Page 6



Unrestricted General Fund State Apportionment Revenue



State Apportionment Funding

- Basic Allocation /Foundation Revenue
 - Based on the number and size of colleges

- Multi-College District:
 - Greater than 18,749 FTES.....\$4.5M
 - Greater than 9,375 FTES\$3.9M
 - Less than or equal 9,375 FTEs\$3.4M

State Apportionment Funding

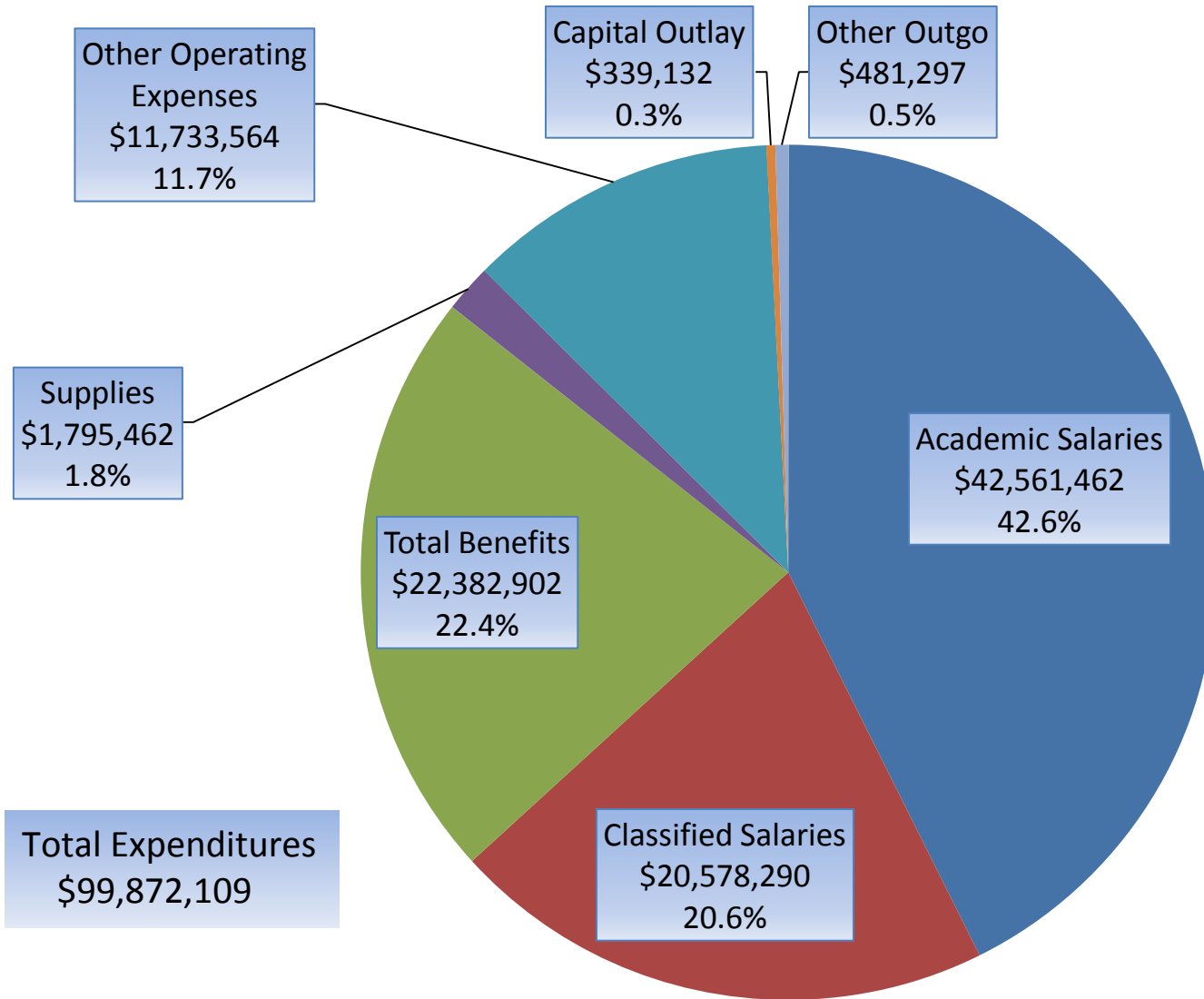
➤ FTES Rates:

- Credit FTES.....\$4,636
- Noncredit FTES.....\$2,788
- Enhanced noncredit FTES.....\$3,283

State Apportionment Funding

➤ Basic Allocation	\$ 7,309,669
➤ Base FTES Revenue (base FTES 17,510)	80,992,709
➤ Total Base Revenue	<hr/> \$88,302,378
➤ COLA (.86%)	759,400
➤ Restoration (3%) (additional FTES 525)	<hr/> 2,455,093
➤ Total Apportionment	\$91,516,871
➤ Less: 2% Budget Deficit	(1,830,337)
➤ Total Budgeted Apport.	<hr/> <hr/> \$89,686,534

Unrestricted General Fund TB Expenditures – Page 10



Budget Challenges

- Unknown State Deficit
 - Final deficit amount in February 2015

- Modest revenue increase with sharply increasing expenditures

- Proposition 30 is temporary tax increase
 - Sales tax increase ends on December 31, 2016
 - Income tax increase ends on December 31, 2018

- We are still below our 2008/09 funding level

SUMMARY

Step 1 Consider 2014/15 Tentative Budget

- Tentative Budget must be approved
- Going to the Board for approval June 17
- Continue operations July 1, 2014

Step 2 Close Out 2013/14

- Final revenue & expenditures

Step 3 Develop 2014/15 Adoption Budget

- Update revenue per approved State budget
- Update beginning balance
- 9/2/2014 Adoption Budget Workshop

Questions ?

District Strategic Planning & Budget Committee Members

Alicia Munoz

Anne Krueger

Arleen Satele

Brian Nath

Chris Tarman

Cindy Miles

Esau Cortez

Jaclyn Marlow

Jesus Miranda

Jim Mahler

John Valencia

Katrina VanderWoude

Kim Widdes

Linda Jensen

Mark Zacovic

Michael Barendse

Michael Copenhaver

Peter White

Rocky Rose

Sahar Abushaban

Scott Thayer

Sue Gonda

Sue Rearic

Sunita Cooke

Tim Corcoran

Tim Flood

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