



Presentation for the
District Budget Advisory Committee
August 16, 2012

Draft - Final Budget
2012-2013

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Finance & Administrative Services

Inspiration. Innovation. Graduation.

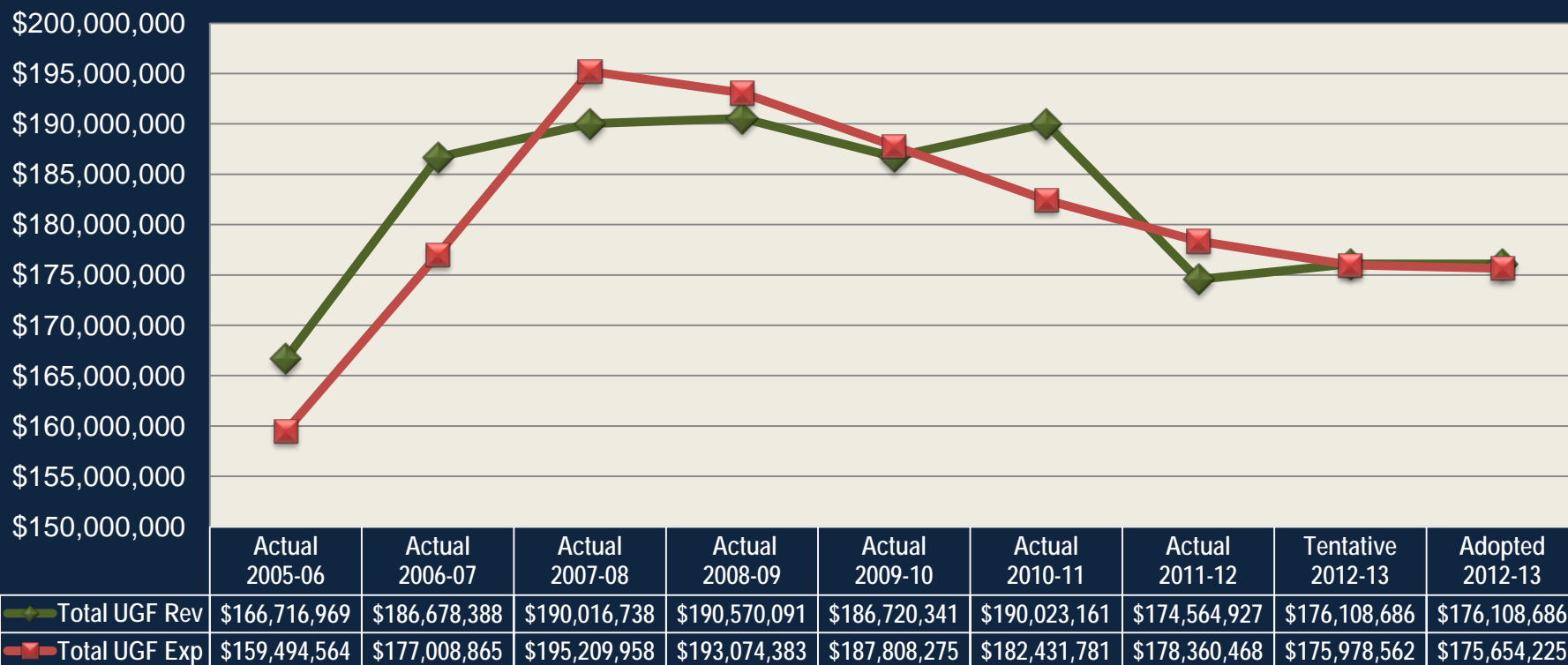
Areas of Discussion

- ▶ Changes from Tentative to Final
- ▶ Revenue and Expense Trend
- ▶ Multi-Year Projection
- ▶ Health Benefits
- ▶ Enrollment Management
- ▶ FTES
- ▶ 50% Law Trend
- ▶ Cash Flow
- ▶ Salaries and Benefits as percent of UGF – Trend
- ▶ Rainy Day Fund
- ▶ Recommended Action
- ▶ Looking Ahead

How has the Budget Picture Evolved Since January

Budget Assumptions		January Budget Proposal	May Revise (Tentative)	Adopted State Budget (Final Coast Budget)
State Deficit		9.2 billion	15.7 billion	15.7 billion
Taxes Pass	Deferral buy-down	268 million	313 million	159.9 million
	Restoration	0	0	50 million
Taxes Fail	Base Cut	300 million	300 million	338.6 million
	Workload Reduction	5.56%	6.40%	7.30%
Coast Impact	Base Cut	8.2 million	9.5 million	10.7 million
	Workload Reduction	1799 FTES	2071 FTES	2361 FTES
Categoricals		No change	No change	No change
Deficit Factor	2011-12	5.4 million	4.1 million	3.1 million
RDA Fund Risk	2011-12	N/A	3.5 million	Hold Harmless
	2012-13	N/A	10.8 million	Hold Harmless

Revenue and Expense Trend Update



Multi-Year Projections (Taxes Pass)



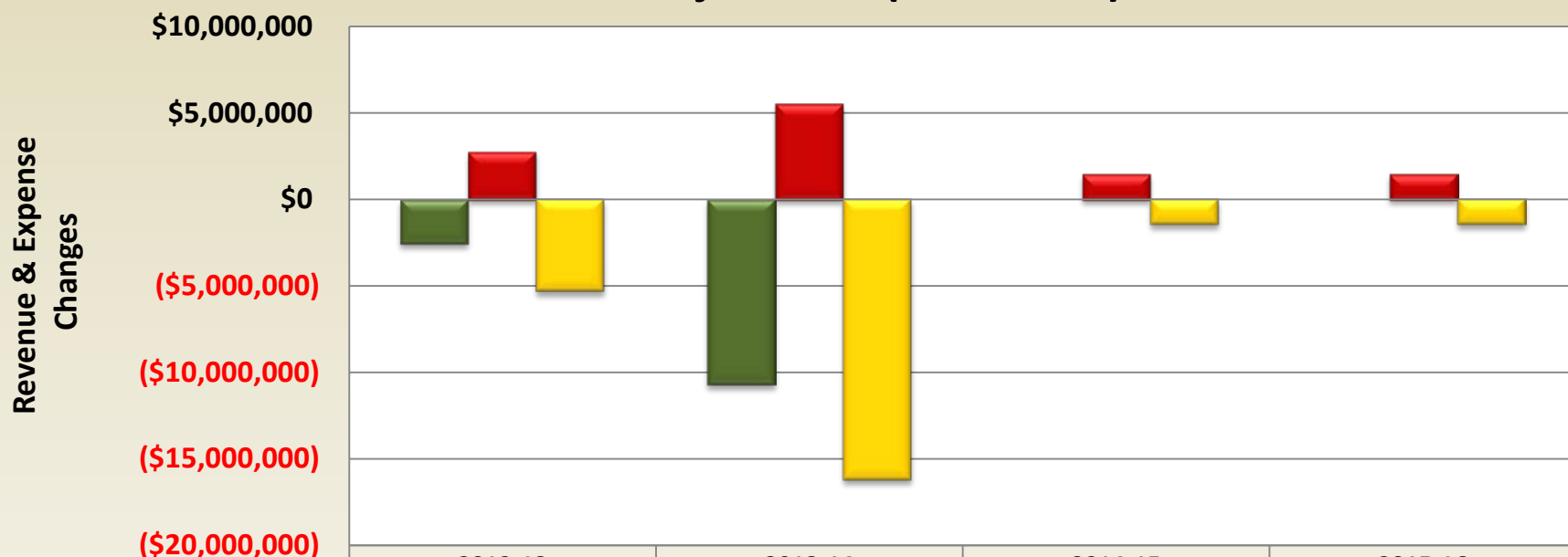
	2012-13	2013-14	2014-15	2015-16
Total Revenue Changes	(\$2,600,000)	\$6,336,000	\$6,589,440	\$6,853,018
Total Expense Changes	\$2,763,885	\$6,780,000	\$5,780,000	\$2,780,000
Net Change in Operating Budget	(\$5,363,885)	(\$444,000)	\$809,440	\$4,073,018

Notes

1. Assumes November 2012 Tax Measure Passes
2. 4% new funds (Growth) begin to flow in 2013-14
3. Use \$4 million in one-time solutions for 2012-13 carries forward to 2013-14
4. Restore "unfrozen FON Base" in 2014-15
5. Assumes 4% addition to FON base each year 2013-14 thru 2015-16

August 2012

Multi-Year Projections (Taxes Fail)



■ Total Revenue Changes	(\$2,600,000)	(\$10,700,000)	\$0	\$0
■ Total Expense Changes	\$2,763,885	\$5,500,000	\$1,500,000	\$1,500,000
■ Net Change in Operating Budget	(\$5,363,885)	(\$16,200,000)	(\$1,500,000)	(\$1,500,000)

Notes

1. Assumes November 2012 Tax Measure fails
2. "Rainy Day Fund" delays impact of tax failure to 2013-14
3. Use of one-time solutions for 2012-13 carries forward to 2013-14
4. Revenues remain flat through projection period

August 2012

What has Impacted Our Health Benefit Program this Year?

Potential cost containment measures:

- ▶ Movement to a new Network Contract Payment platform
 - Cost saving opportunity that emerged within the last month
 - Savings projected by Driver-Alliant Actuarial team
 - Provides for more prompt pay to health care facilities
- ▶ Re-signed UH HMO at a very competitive rate

Where are cost pressures mounting?

- ▶ No structural plan changes made this year
- ▶ UH HMO Loss-Ratio ~ 98% (industry std in the mid 70's)
- ▶ Industry trend for PPO type plans ~ 10 - 11%
- ▶ Historic volatility in Kaiser rates

CCCD Health Benefit Renewal Analysis

FINANCIAL OVERVIEW Effective - October 1, 2012

Line of Coverage	Initial Renewal \$Δ	% Δ	Negotiated Renewal \$Δ	% Δ	Proposed Renewal \$Δ	% Δ
Delta Health Systems Medical/Rx - Self Funded*	\$920,199	4.30%	\$62,037	0.29%	JAA Network -\$696,158	-2.97%
UnitedHealthcare HMO - Fully Insured	\$1,021,426	14.10%	\$199,691	2.75%	\$199,691	2.75%
Kaiser HMO - Fully Insured	\$539,829	15.04%	\$539,829	15.04%	\$539,829	15.04%
Delta Dental - Self Funded*	\$204,614	5.80%	\$102,928	2.91%	\$102,928	2.91%
VSP Vision - Self Funded*	\$30,476	6.80%	\$9,063	2.03%	\$9,063	2.03%
ING Life/AD&D - Fully Insured	\$0	0.00%	\$0	0.00%	\$0	0.00%
ING Long Term Disability - Fully Insured	\$0	0.00%	\$0	0.00%	\$0	0.00%
Care Resources EAP	\$0	0.00%	\$0	0.00%	\$0	0.00%
TOTAL ANNUAL PREMIUM INCREASE	\$2,716,543	7.20%	\$913,547	2.42%	\$155,352	0.39%

*Self-Funded plans are underwritten with data through April 2012.

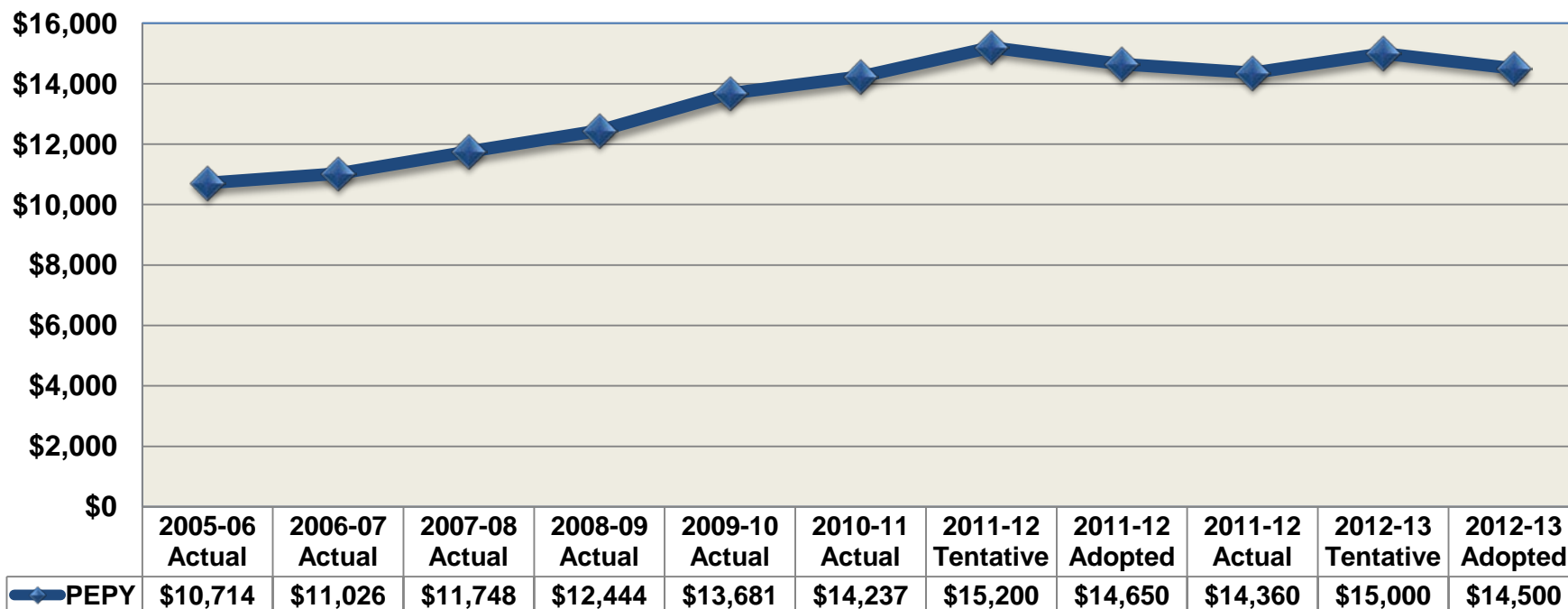
Note: Addresses current-year direct cost for active and retirees

Source: Driver Alliant

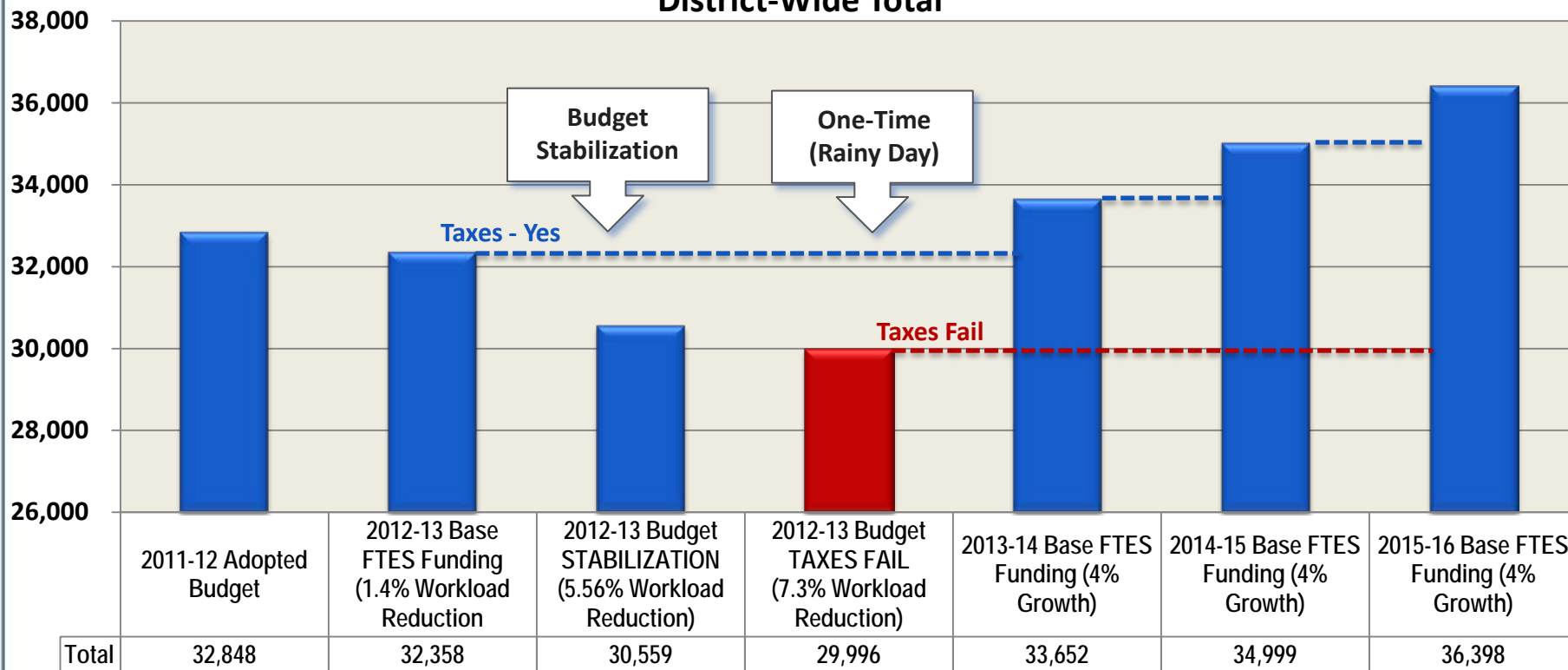
Comparison of Funded COLA to Increase in Health Benefits

	Actual 2005-06	Actual 2006-07	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Adopted 2012-13
Total Benefit Costs per Person	\$10,601	\$11,193	\$12,010	\$12,392	\$13,481	\$14,237	\$14,360	\$14,500
% Increase from Prior Year	-0.65%	5.58%	7.30%	3.18%	8.79%	5.61%	0.86%	0.97%
State Provided COLA	4.23%	5.92%	4.53%	0.68%	0.00%	0.00%	0.00%	0.00%

Health Benefit Cost Trend Per Employee Per Year (PEPY)



Multi-Year FTES Trend District-Wide Total



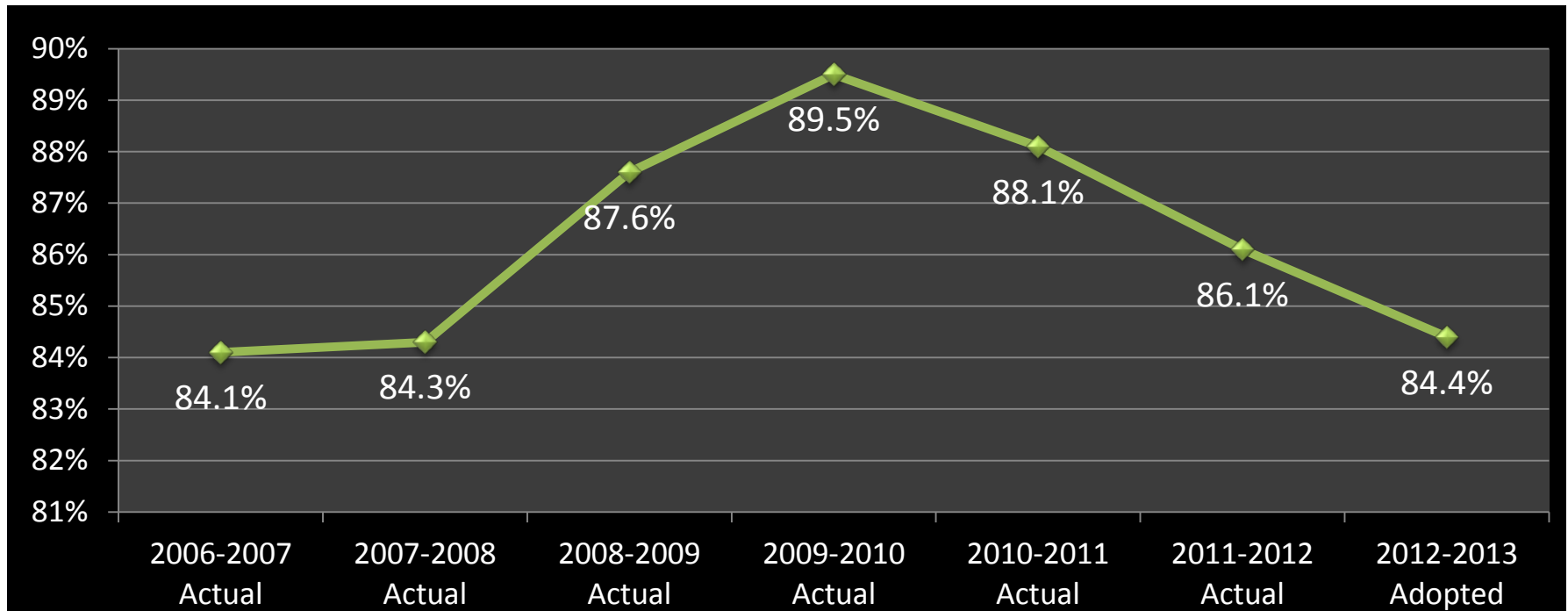
50% Law Trend

UGF Only	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Instructional Salaries & Benefits	75,978,128	80,692,989	81,501,504	80,479,987	76,427,486	71,825,674
Total Expenses (Less Exclusions)	151,486,501	159,540,718	162,813,592	159,279,530	150,975,072	143,240,198
Percentage	50.16%	50.58%	50.06%	50.53%	50.62%	50.14%

CCCD Cash Flow Projections 2012-2013 (Assumes Passage of Tax Measure)

	July Estimated	August Estimated	September Estimated	October Estimated	November Estimated	December Estimated
Ending Balance	13,748,411	5,929,552	(1,285,003)	(11,346,823)	(5,761,174)	40,521,899
County Drawdown	-	-	1,285,003	11,346,823	5,761,174	(18,393,000)
Adjusted Ending Bal.	13,748,411	5,929,552	(0)	(0)	0	22,128,899
	January Estimated	February Estimated	March Estimated	April Estimated	May Estimated	June Estimated
Ending Balance	5,330,098	(8,627,637)	(8,589,493)	18,150,400	(5,132,801)	37,220,338
County Drawdown	-	8,627,637	8,589,493	-	5,132,801	(22,349,931)
Adjusted Ending Bal.	5,330,098	(0)	(0)	18,150,400	0	14,870,407

Salaries & Benefits Percentage of Total Expenditures Unrestricted General Fund



Coast Community College District Comparison of Fund Balances Unrestricted General Fund

	Actual 2006-2007	Actual 2007-2008	Actual 2008-2009	Actual 2009-2010	Actual 2010-2011	Actual 2011-2012
<i>Beg. Balance</i>	19,125,024	28,794,303	23,601,080	21,096,788	19,698,262	23,484,195

How has our Rainy Day Fund Changed?

Rainy-Day Fund Solution Simulation

	August 2013
Estimated Fund Balance (at June 30, 2012)	\$17,500,000
Deficit Factor	\$0
Redevelopment Revenue Risk (2011-12)	\$0
Estimated Net Available Fund Balance	\$17,500,000
General Reserve	(\$11,600,000)
Balance/(Deficit)	\$5,900,000
Additional One-Time Fund Needs:	
Create " Rainy Day Fund "	(\$10,733,101)
Redevelopment Revenue Risk (2012-13)	\$0
Election Cost	(\$500,000)
Contractual Carry Over	(\$350,000)
ED Svcs Grant Dev	(\$65,000)
EFR/ENP Payout	(\$269,000)
Additional needed one-time funds	(\$11,917,101)
Balance/(Deficit)	(\$6,017,101)
Redirect Retiree Benefits to pay portion of current year cost	\$3,000,000
Current year health benefit savings	\$800,000
Unused Categorical Backfill	\$0
subtotal	\$3,800,000
Balance/(Deficit)	(\$2,217,101)
Transfer-In from Entity Resources:	
OCC - 52.11%	(\$1,155,331)
GWC - 30.51%	(\$676,438)
CCC - 17.38%	(\$385,332)
Balance	\$0

\$341 million RDA shortfall risk

June 13: DOF and Legislature agree to hold CCC harmless re RDA backfill

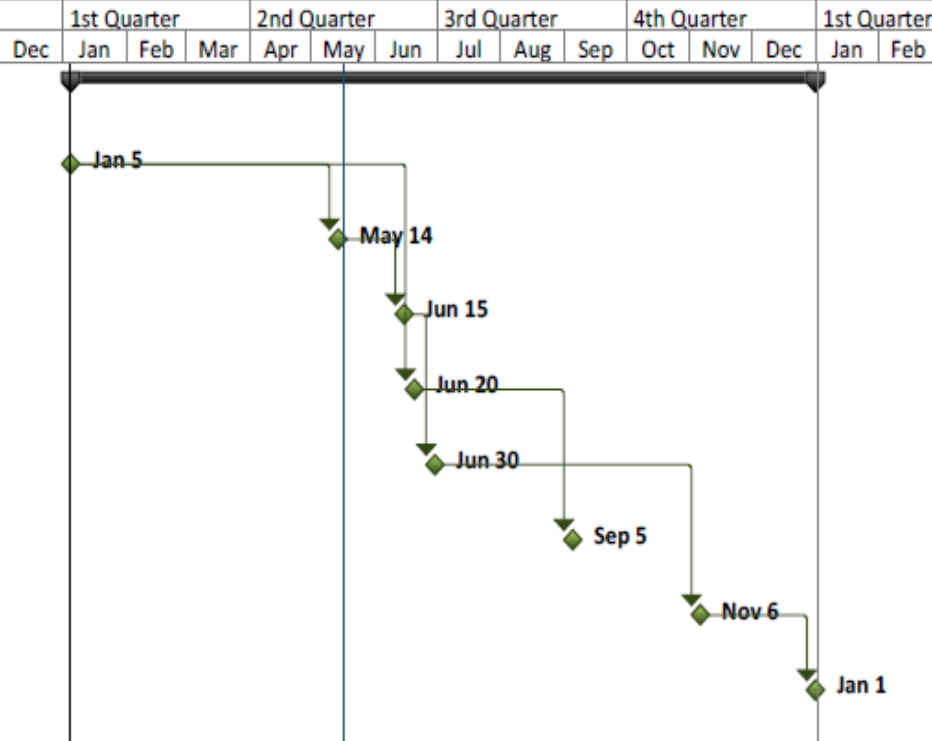
RECOMMENDED ACTION

Title 5, California Code of Regulations, Section 58305, requires the following:

- ▶ On or before the 15th day of September, the governing board of each district shall adopt a final budget.
- ▶ On or before the 30th day of September, each district shall complete the preparation of its adopted annual financial and budget report (CCFS 311).
- ▶ On or before the 10th day of October, each district shall submit a copy of its adopted annual financial and budget report to the State Chancellor.

Critical Path Budget Development Calendar

2012-13 Budget Development Calendar

ID	Task Name	Start	Finish	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			1st Quarter			
				Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
1	Coast Budget Development 2012-2013	Thu 1/5/12	Tue 1/1/13																
2	Governor's Budget Proposal Released	Thu 1/5/12	Thu 1/5/12	Jan 5															
3	May Revise Released	Mon 5/14/12	Mon 5/14/12					May 14											
4	Legislature sends budget to Governor	Fri 6/15/12	Fri 6/15/12						Jun 15										
5	Coast Board Adopt Tentative Budget	Wed 6/20/12	Wed 6/20/12							Jun 20									
6	Governor Signs state budget into law	Sat 6/30/12	Sat 6/30/12								Jun 30								
7	Coast Board Adopts Final Budget	Wed 9/5/12	Wed 9/5/12									Sep 5							
8	General Election (Gov. Tax Package)	Tue 11/6/12	Tue 11/6/12										Nov 6						
9	Trigger reductions if Rev. targets not met	Tue 1/1/13	Tue 1/1/13														Jan 1		

What Risks Loom as We Look Ahead?

- ▶ Tax Measure
 - Voter willingness to pass November tax??
 - Munger vs. Brown – one could cancel the other!
- ▶ Revenues are highly variable, with or without tax measure
- ▶ Workload reduction of 7.3% will be decided in November
- ▶ Mid-year trigger unfolds January 1
- ▶ Cash Flow
 - Only 40% of apportionment revenue available through November
- ▶ Student fee shortfall
 - Increased BOG waivers as fees go to \$46/unit
- ▶ Enrollment declines possible in some districts, particularly rural colleges with a proposal to triple neighboring state student fees to \$138/unit