

2013-14 Budget Development

Presentation to the
District Budget Advisory Committee
June 13, 2013

*Presented by Andy Dunn, Vice Chancellor
Finance and Administrative Services*

Discussion

- ▶ 2013-14 Budget Development
 - Contrast Governors Budget Proposal/May Revise
 - Budget Development Calendar
 - Multiyear
 - Budget
 - FTES
 - Health Benefits
 - Fund Balance
 - Recommended Action (Tentative Budget)
 - Looking Ahead
 - Action Item from March 14 meeting (Coast's actual FTEF & State Full-time Obligation figures)

Contrast January Budget Proposal with May Revise

	January	May Revise
Apportionment	<ul style="list-style-type: none"> \$196.9m (3.6%) - Increase Apportionments Proposed that BOG determines mix of Restoration/COLA 	<ul style="list-style-type: none"> COLA: <ul style="list-style-type: none"> \$87,500,000 (1.57%) Growth: <ul style="list-style-type: none"> \$89,400,000 (1.5%)
Student Success (formerly Matriculation)	\$49,183,000	\$99,183,000
Deferral	<ul style="list-style-type: none"> \$179m - Buy-down deferrals Reduces from \$801 to \$622 (eliminate by 2016-17) Deferral now based on Total Computational Funding 	\$341,000,000 (one-time funds in 2012-13)

Contrast January Budget Proposal with May Revise

	January	May Revise
Student Fees	<ul style="list-style-type: none"> No Change to Student Fees 	<ul style="list-style-type: none"> No Change to Student Fees
RDA Back-fill	<ul style="list-style-type: none"> \$133.2m - Increase funding to offset over-estimate of post RDA funding 	
Adult Education	<ul style="list-style-type: none"> \$300m - Transition Adult Ed to CCC system K-12 would continue to receive funds (\$590m) 	<ul style="list-style-type: none"> \$30,000,000 for two-year planning grants. \$500,000,000 available in 2015-16 for regional consortia (K-12 and CC) Apprenticeship would continue to be transferred to the Chancellor's Office.

Contrast January Budget Proposal with May Revise

	January	May Revise
Apprenticeship	<ul style="list-style-type: none"> \$15.7m - Transition Apprenticeship Program to CCC System 	
Prop 39	<ul style="list-style-type: none"> \$49.5m - Prop 39 Allocation on FTES basis – compliance requirements TBD 	<ul style="list-style-type: none"> \$51 million <ul style="list-style-type: none"> \$1.4 million for Coast each year for five years
Technology	<ul style="list-style-type: none"> \$16.9m - Increase technology courses Virtual Campus Common Centralized Delivery Expansion of options for demonstrated knowledge 	<ul style="list-style-type: none"> \$16.9m

Contrast January Budget Proposal with May Revise

	January	May Revise
Census Date	<ul style="list-style-type: none"> • Change Census based apportionment to funding based on outputs • 5 year transition - Fully effective 2017-18 • Revenue reductions would stay with districts (Student Success Act) 	<ul style="list-style-type: none"> • Not discussed in May Revision documents • Already rejected by legislative committees
Unit Cap	<ul style="list-style-type: none"> • Limit State supported instruction to 90 units • Coast has 1,100 unduplicated headcount > 90 units • Effective 2013-14 	<ul style="list-style-type: none"> • Not discussed in May Revision documents • Already rejected by legislative committees

Contrast January Budget Proposal with May Revise

	January	May Revise
Require FAFSA for BOG Waivers	<ul style="list-style-type: none"> Proposed 	<ul style="list-style-type: none"> Implement a requirement in 2014-15 to require students to complete FAFSA after one term and to require Board of Governors to develop standards for documenting independent student status.

Budget Development Calendar

▶ Jan 10	Governor's Budget Proposal
▶ Jan 18	Statewide Budget Workshop
▶ Jan 24	District Budget Advisory Committee (DBAC)
▶ Jan 31	VSP Closes
▶ Feb 6	Board of Trustees Meeting
▶ Feb 10	Targets
▶ Mar 14	District Budget Advisory Committee (DBAC)
▶ May 15	May Revise
▶ May 16	District Budget Advisory Committee (DBAC)
▶ June 11	Audit/Budget Committee
▶ June 13	District Budget Advisory Committee (DBAC)
▶ June 19	Adopt Tentative Budget

2011-12 Final Recalculation

2011-12 Final Recalculation		32,449
2012-13 (P-1)		30,704
2012-13 (P-2)		<u>29,884</u>
<i>Current FTES Below Base</i>		2,565

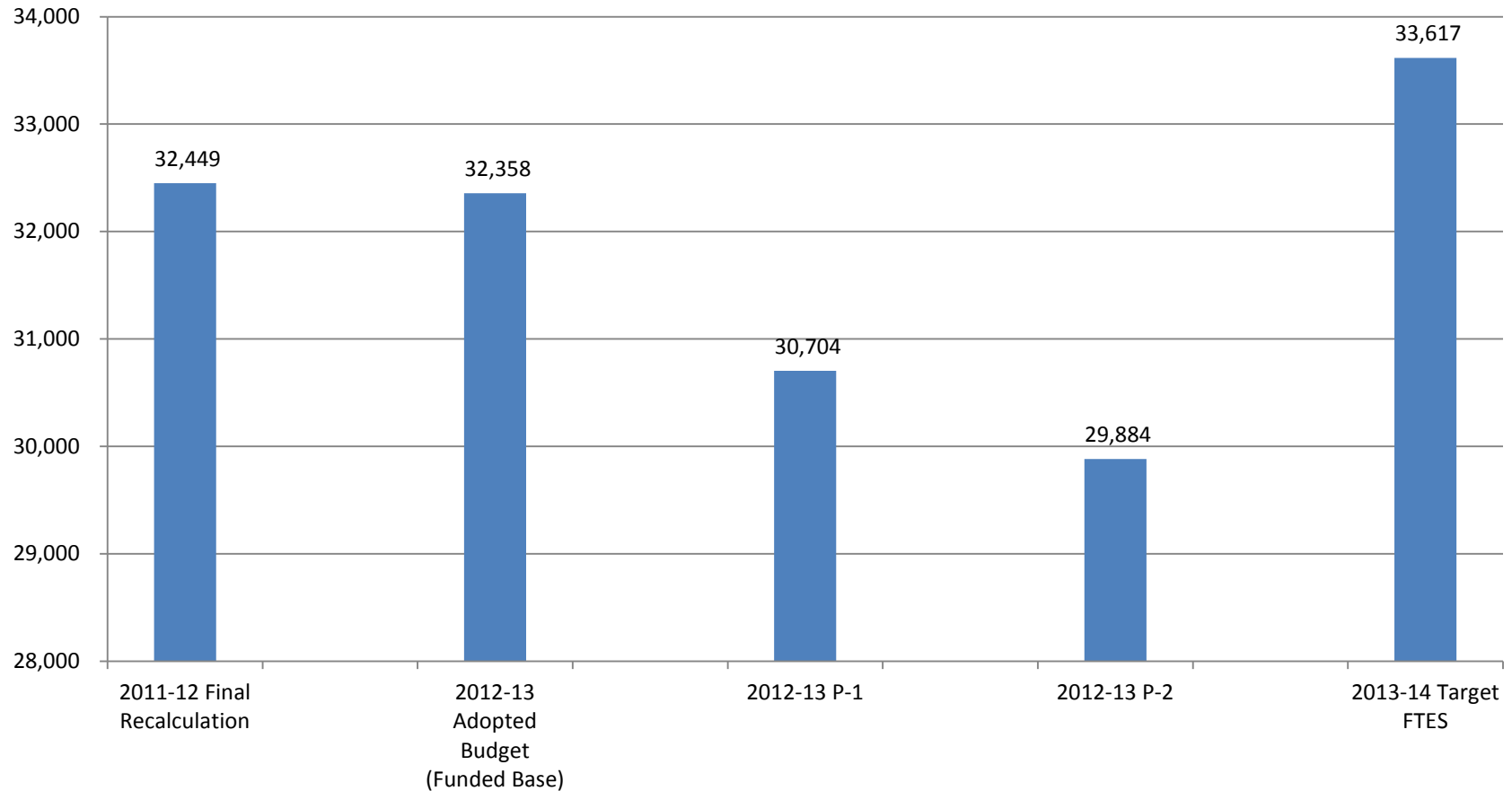
Note:

\$11.7 million at risk if Coast does not recover base.

Impact of workload reduction

Year	System	Coast \$ Impact	Coast FTES
2009-10 Reduction	\$190m	\$5.8m	34,121
2010-11 Access	\$126m	\$3.8m	34,121
2011-12 Reduction	\$385m	\$11m	32,848
2012-13 Access	\$50m	\$1.5m	32,358
2013-14 Access			

FTES Summary



Inspiration. Innovation. Graduation.

Budget Goals

▶ Tactical

- Earn available Restoration Funding
- Resolve Structural Budget imbalance
- Reorganization
- Grow leadership

▶ Strategic

- Foundation Grant Opportunities
 - Grow OCC to "Large" College
- Real Estate Asset Development opportunities
- Non-Resident FTES

Tentative Budget Assumptions

- ▶ Enrollment targets met:
 - Restoration of 2,565 FTES to return to base
 - Addition of 1,168 FTES to hit target
- ▶ COLA proposed at 0%
- ▶ Access proposed at 3.6%
- ▶ No change to PERS or STRS employer contribution rate
- ▶ Dedicated revenue decline approximately \$700k

Tentative Budget Assumptions cont'

- ▶ New emerging expenses
 - \$250k - Election cost
 - \$180k - Legal Reserve
 - \$250k - Marketing Cost
 - \$800k - Increase in ARC
 - \$550k – Health Benefits renewal
 - \$550k – Step/Column
 - (\$350k) - decrease in statutory taxes
 - \$2,320,000 new expenses

Summary - Revenue/Expense/Balance

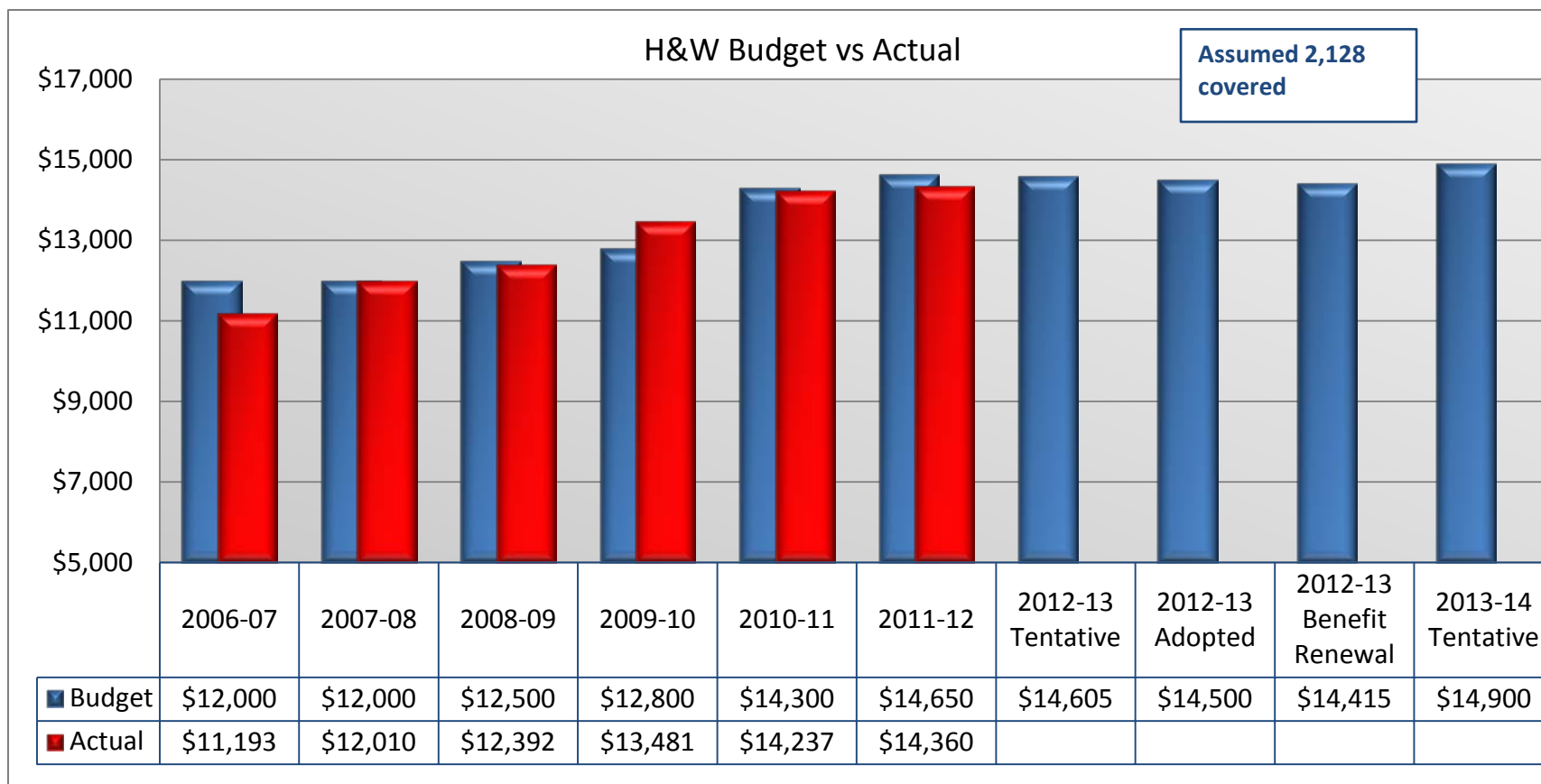
A) REVENUE	2012-13	2012-13	2013-14	2013-14	2014-15
	<u>(Adopted)</u>	<u>(Revised)</u>	<u>(Tentative)</u>	<u>(May Revise)</u>	<u>(Preliminary)</u>
Beginning Balance (District & College)	23,483,776	23,483,776	25,336,410	25,336,410	22,961,901
Apportionment Base	\$158,607,241	\$158,607,241	\$158,607,241	\$158,607,241	\$164,317,102
Total Revenue	<u>\$176,604,384</u>	<u>\$173,604,384</u>	<u>\$173,507,241</u>	<u>\$175,997,375</u>	<u>\$179,217,102</u>
Total Revenue & Beginning Balance	<u>\$200,088,160</u>	<u>\$197,088,160</u>	<u>\$198,843,651</u>	<u>\$201,333,785</u>	<u>\$202,179,003</u>
B) EXPENSE	2012-13	2012-13	2013-14	2013-14	2014-15
	<u>(Adopted)</u>	<u>(Revised)</u>	<u>(Tentative)</u>	<u>(Tentative)</u>	<u>(Preliminary)</u>
Expense Base	\$180,411,008	\$180,411,008	\$171,751,750	\$171,751,750	\$175,881,750
Total Expense Changes	<u>\$0</u>	<u>(\$8,659,258)</u>	<u>\$4,130,000</u>	<u>\$4,730,000</u>	<u>\$2,000,000</u>
C) BALANCE	2012-13	2012-13	2013-14	2013-14	2014-15
	<u>(Adopted)</u>	<u>(Revised)</u>	<u>(Tentative)</u>	<u>(May Revise)</u>	<u>(Preliminary)</u>
Total Expected Level of Spending	\$180,411,008	171,751,750	175,881,750	\$176,481,750	\$177,881,750
balance/(deficit)	(\$3,806,624)	\$1,852,634	(\$2,374,509)	(\$484,375)	\$1,335,352
Ending Fund Balance \$	\$19,677,152	\$25,336,410	\$22,961,901	\$24,852,035	\$24,297,253
Ending Fund Balance %	10.91%	14.75%	13.06%	14.08%	13.66%

Statewide Categorical Changes

BUDGET ITEMS	2007-08 REVISED BUDGET ACT	2012-13 SPENDING LEVEL	2013-2014 GOVERNOR MAY REVISION	2013-14 SENATE ACTIONS	2013-14 ASSEMBLY ACTIONS
Student Financial Aid Administration	51,640	71,000	67,537	67,537	72,140
Extended Opportunity Programs and Services	106,786	73,600	64,273	89,273	117,195
CARE	15,505	9,300	9,332	10,632	17,016
Disabled Students	115,011	69,200	69,223	94,223	126,817
Special Services for CalWORKs Recipients	43,580	26,700	26,695	34,539	44,264
Foster Care Education Program	5,242	5,254	5,254	5,254	5,336
Matriculation	101,803	49,200	99,183	99,183	113,401
Academic Senate for the Community Colleges	467	318	318	415	474
Equal Employment Opportunity	1,747	767	767	767	779
Part-time Faculty Health Insurance	1,000	490	490	823	1,016
Part-time Faculty Compensation	50,828	24,900	24,907	24,907	51,626
Part-time Faculty Office Hours	7,172	3,500	3,514	5,932	7,285
Telecommunications and Technology Services	26,197	15,300	15,290	15,290	15,530
Fund for Student Success	6,158	3,800	3,792	3,792	6,255
Economic Development	40,690	22,900	22,929	22,929	23,289
Transfer Education and Articulation	1,424	698	698	698	1,446
Physical Plant and Instructional Support	27,345	-	-	-	-
Total	602,595	376,927	414,202	476,194	603,869

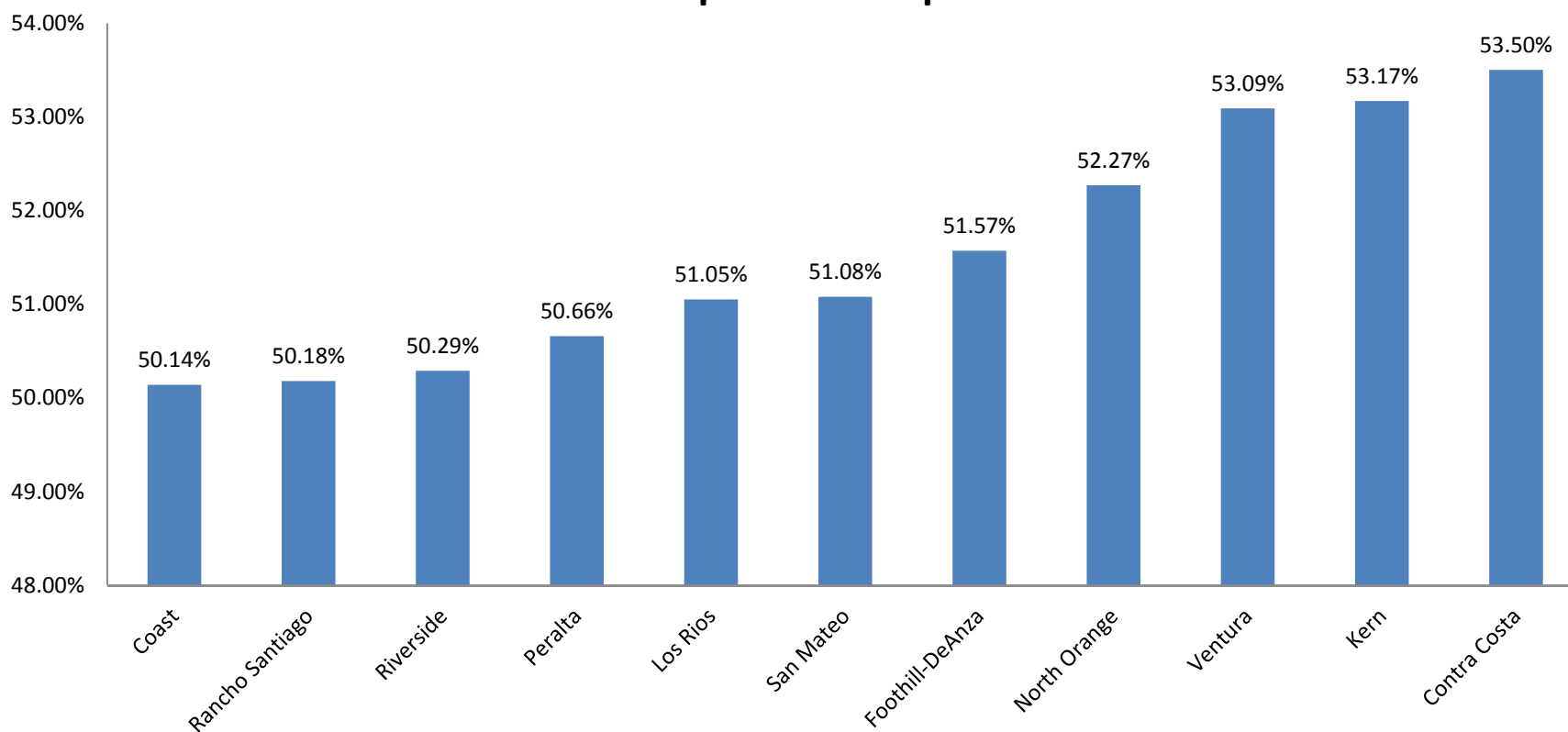
*Amounts in millions

Health Benefits - PEPY Trend



50% law – Statewide trend

50 % Law Compliance Comparables



(As of June 30, 2012)

Estimated Fund balance detail

Estimated District (w/o college) fund balance	\$19,636,410
Reserve for Contingency (7%)	<u>\$12,300,000</u>
Balance	\$7,336,410
Designations	
Rainy Day Fund	\$5,570,410
District-wide Marketing	\$225,000
Contractual Carry-over	\$400,000
Contract/Grant Development	\$56,000
EFR/ENP Payout	\$85,000
Retiree Health Benefits	<u>\$1,000,000</u>
Total	\$7,336,410

CCCD Health Benefit Renewal Analysis For the Benefits Year Commencing October 1, 2013

FINANCIAL OVERVIEW Effective - October 1, 2013

Line of Coverage	Renewal \$Δ	% Δ
Delta Health Systems Medical/Rx - Self Funded*	\$413,932	1.94%
UnitedHealthcare HMO - Fully Insured	\$191,017	2.60%
Kaiser HMO - Fully Insured	\$8,183	0.20%
Delta Dental - Self Funded*	-\$55,447	-1.56%
VSP Vision - Self Funded*	-\$5,253	-1.17%
ING Life/AD&D - Fully Insured	\$0	0.00%
ING Long Term Disability - Fully Insured	\$0	0.00%
Care Resources EAP	\$0	0.00%
TOTAL ANNUAL PREMIUM INCREASE	\$552,433	1.45%

*Self-Funded plans are underwritten and finalized with data through April 2013.

Note: Self-Funded medical renewal includes Affordable Care Act (ACA) Fees

Source: Driver Alliant

RECOMMENDED ACTION (Tentative Budget)

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

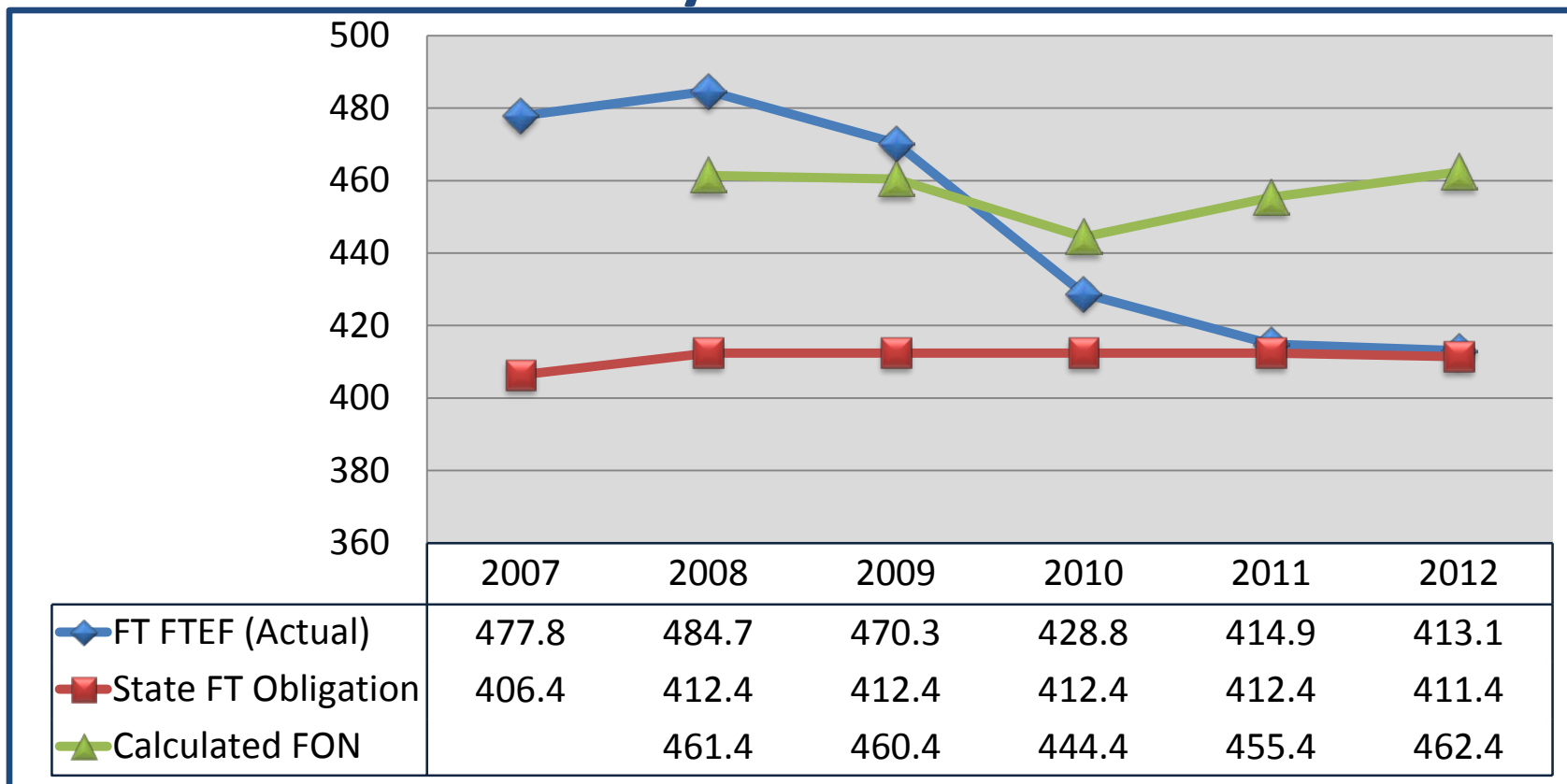
- ▶ On or before the first day of July in each year, each district shall adopt a tentative budget and forward an informational copy to the appropriate county officer.
- ▶ It is recommended that the Board of Trustees adopt the Tentative Budget.

LOOKING AHEAD

Title 5, California Code of Regulations, Section 58305, also 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.

Action Item from March 14 Meeting - Coast Full-Time Faculty Trend Data



Note: FTEF are reported at the District level only