



Presentation for the
District Budget Advisory Committee
May 17, 2012

Budget Development
2012-2013

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Vice Chancellor
Finance & Administrative Services

Inspiration. Innovation. Graduation.

AREAS OF DISCUSSION

- **Budget Solution Schematic**
- **Solution Matrix**
 - One-Time vs. On-Going Solutions
- **Multi-Year Projection**
 - FTES
 - Budget
- **May Revise Preliminary Summary**
- **Critical Path Method Schedule**

Budget Solution Schematic

Revised April 26, 2012

Balanced Budget Solution for 2012-2013 FY

Internal Operating Deficit (On-Going Solution)

New Expense Obligations

- STRS
- PERS
- Health Benefits
- Step/Column
- UIC

Revenue Reduction

- Carry Forward Deficit
- Orange County Property Tax Grab

\$5.4 million

Rainy Day Fund (One-Time Solution)

Preparation for Failure of Tax Measure

- Fund Balance
- General Reserve
- Deficit Factor (February Surprise)
- Board Election

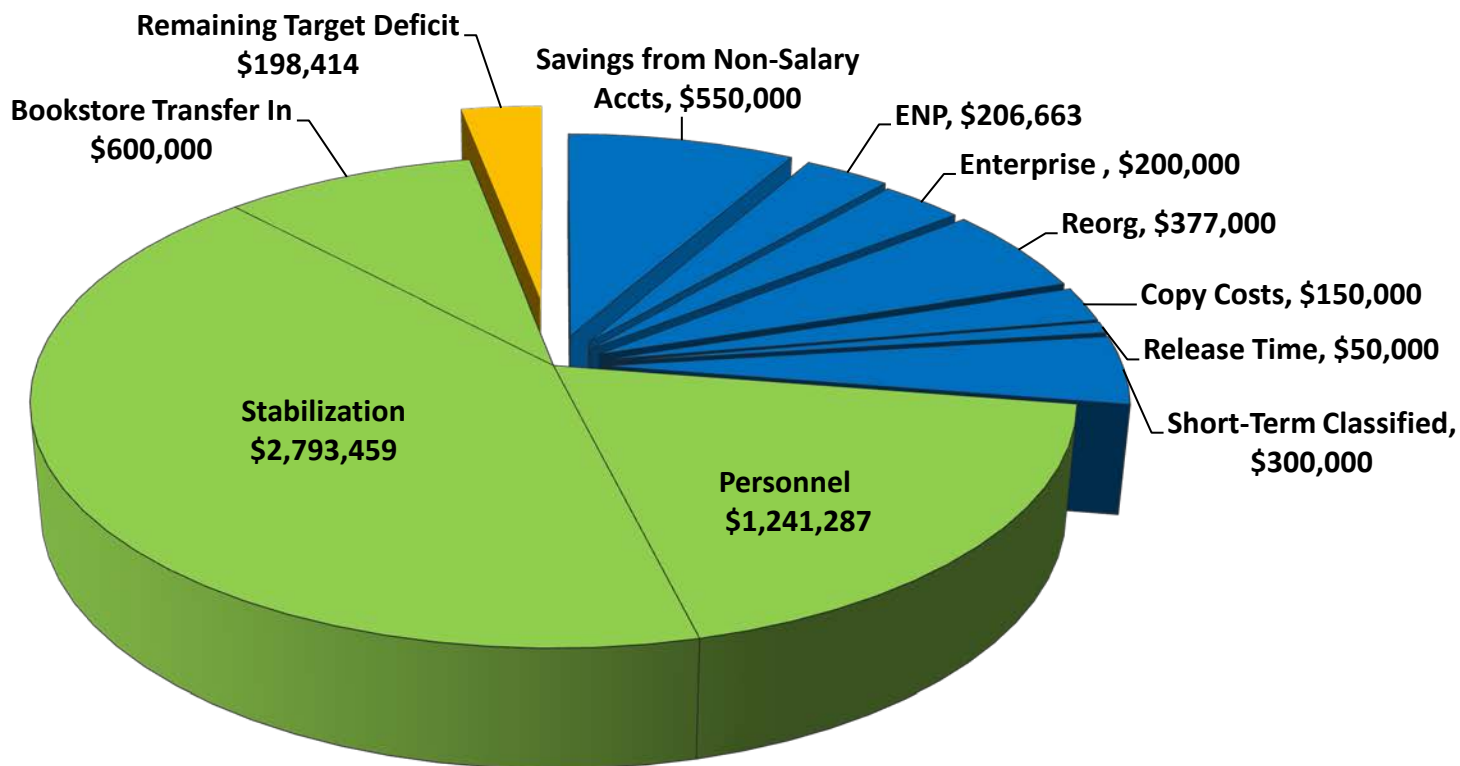
\$8.2 million

One-Time vs. On-Going Solutions

TARGET	<u>\$6,666,823</u>
Savings from Non-Salary Accts	\$550,000
ENP	\$206,663
Enterprise	\$200,000
Reorg	\$377,000
Copy Costs	\$150,000
Release Time	\$50,000
Short-Term Classified	\$300,000
Personnel	\$1,241,287
Stabilization	\$2,793,459
Bookstore Transfer In	<u>\$600,000</u>
Remaining Target Deficit	\$198,414
	\$6,666,823

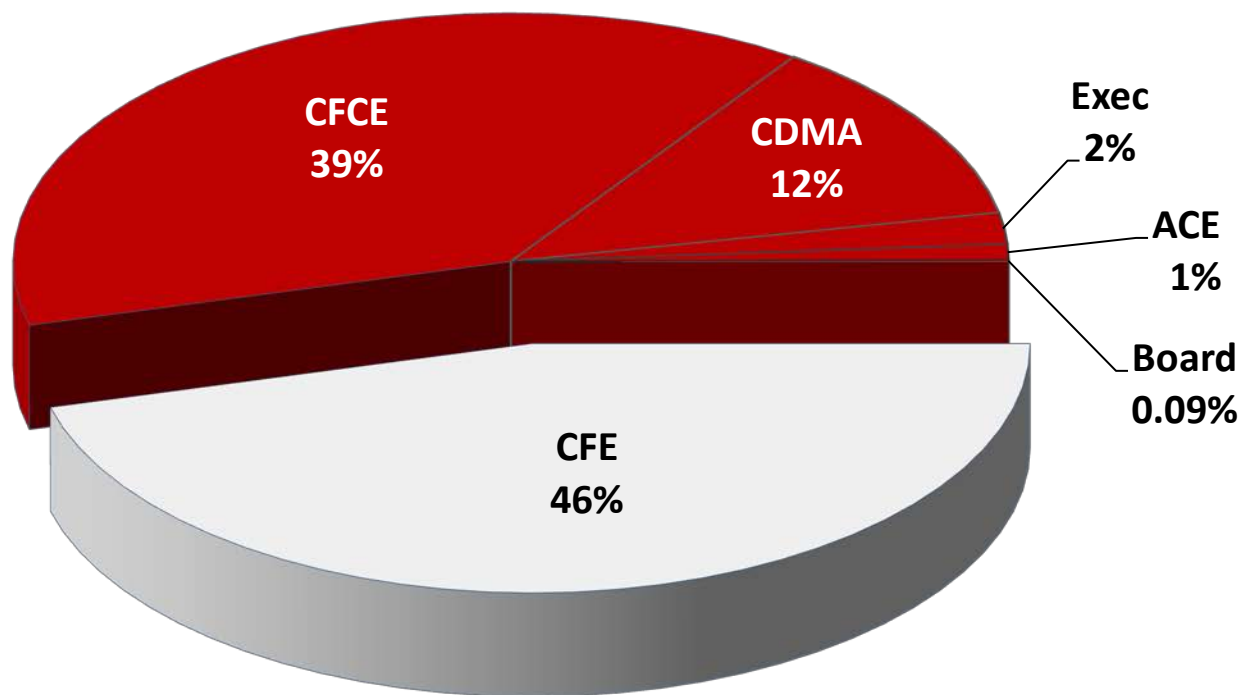
One-Time	\$4,634,746	69.5%
On-Going	\$1,833,663	27.5%
Remaining Deficit	\$198,414	3.0%
Total	\$6,666,823	100.0%

One-Time vs. On-Going Graphic



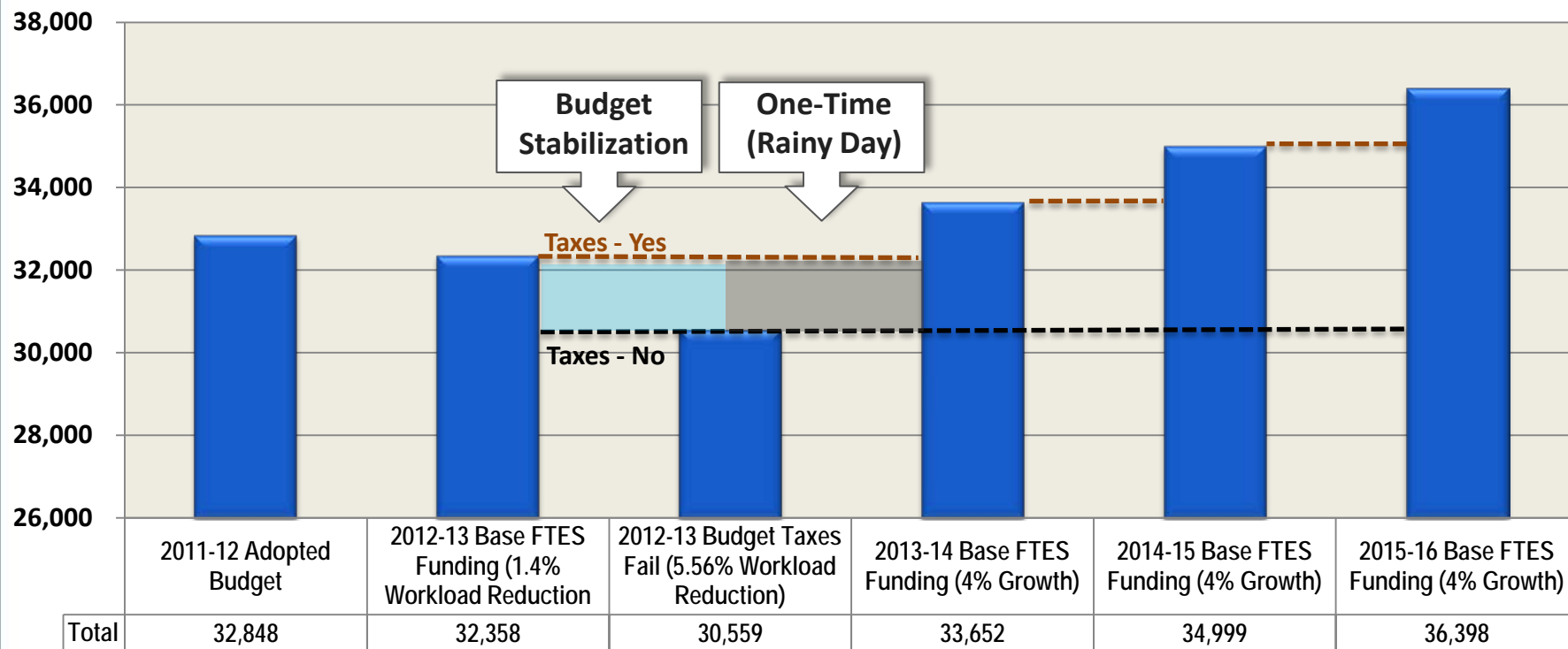
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Solutions by Employee Group/Bargaining Unit Salary/Statutory Benefit Solution

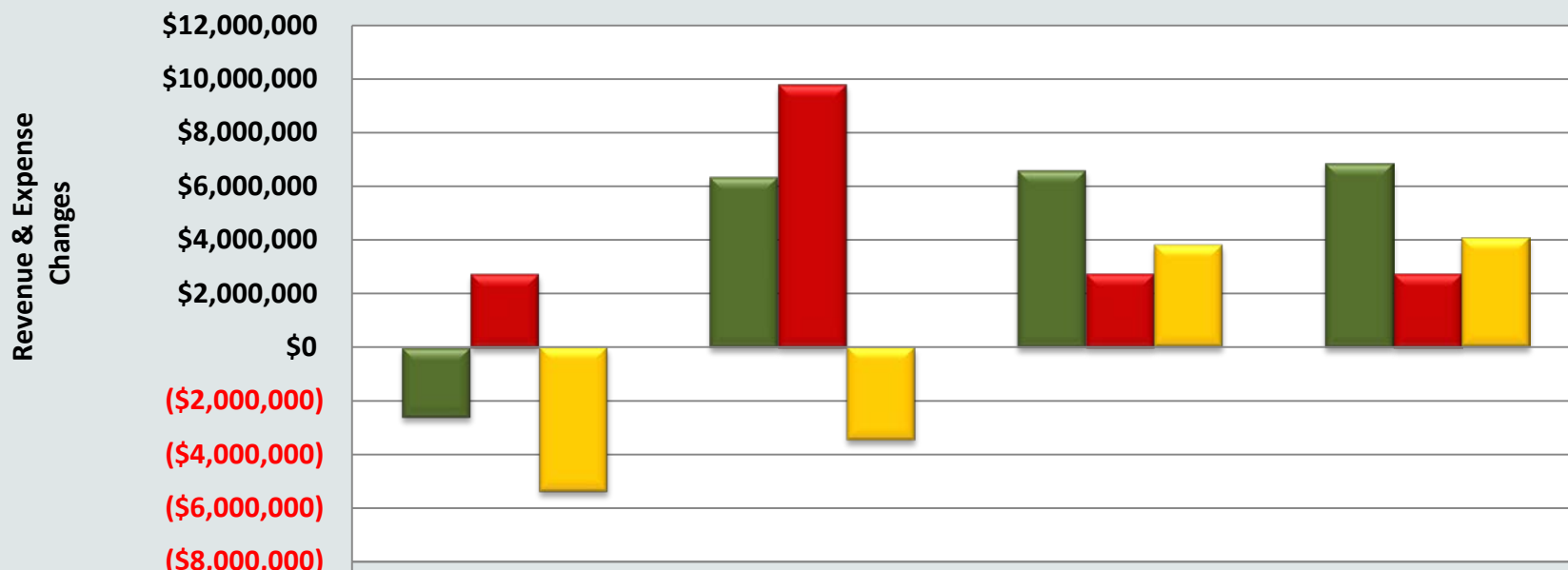


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Multi-Year FTES Trend District-Wide Total



Multi-Year Projections (Taxes Pass)

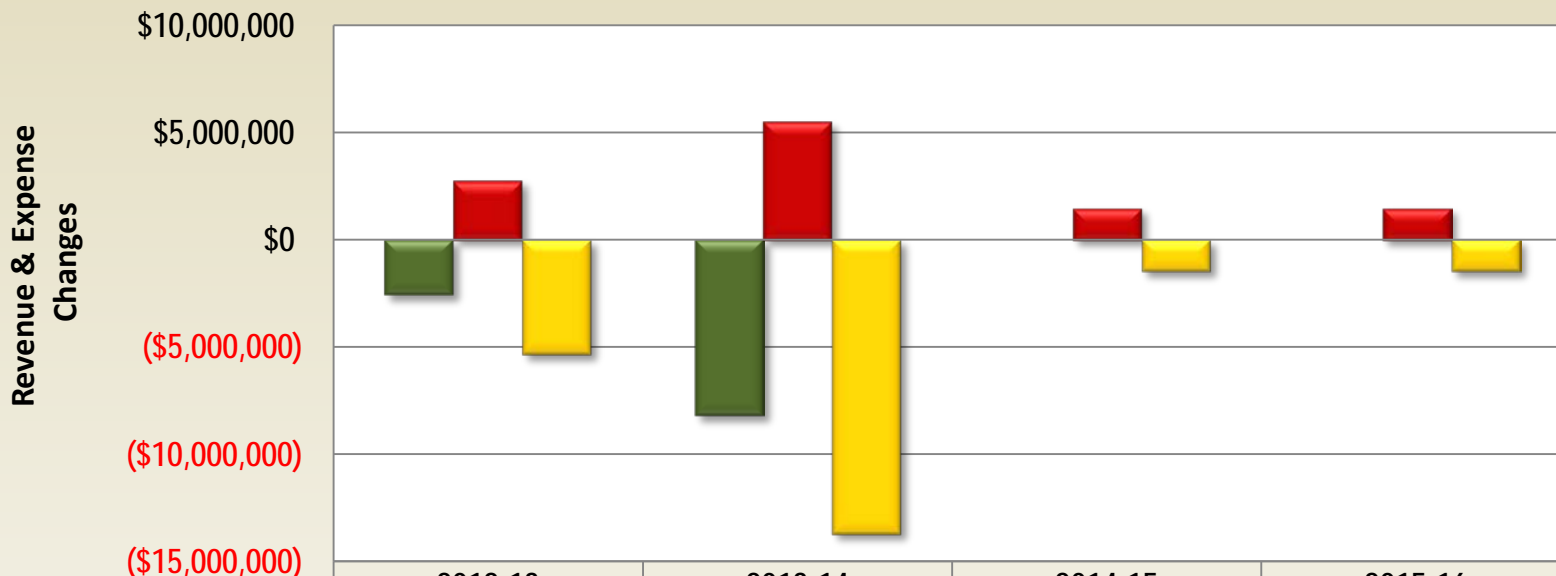


	2012-13	2013-14	2014-15	2015-16
■ Total Revenue Changes	(\$2,600,000)	\$6,336,000	\$6,589,440	\$6,853,018
■ Total Expense Changes	\$2,763,885	\$9,780,000	\$2,780,000	\$2,780,000
■ Net Change in Operating Budget	(\$5,363,885)	(\$3,444,000)	\$3,809,440	\$4,073,018

Assumptions

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

Multi-Year Projections (Taxes Fail)



	2012-13	2013-14	2014-15	2015-16
■ Total Revenue Changes	(\$2,600,000)	(\$8,200,000)	\$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)	(\$13,700,000)	(\$1,500,000)	(\$1,500,000)

Assumptions

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

What changed between January and May?

January Budget Proposal	May Revise
<p><u>2011-12</u></p> <ul style="list-style-type: none"> • Deficit Factor: \$5.4 Million <p><u>2012-13</u></p> <ul style="list-style-type: none"> • Deficit: \$9.2 Billion • Taxes Pass <ul style="list-style-type: none"> – \$268 million deferral buy-down • Taxes Fail <ul style="list-style-type: none"> – \$300 million base cut • Coast Impact <ul style="list-style-type: none"> – \$8.2 million base cut – 5.56% workload reduction 	<p><u>2011-12</u></p> <ul style="list-style-type: none"> • Deficit Factor: \$4.1 Million <p><u>2012-13</u></p> <ul style="list-style-type: none"> • Deficit: \$15.7 Billion • Taxes Pass <ul style="list-style-type: none"> – \$313 million deferral buy-down • Taxes Fail <ul style="list-style-type: none"> – \$300 million base cut • Coast Impact <ul style="list-style-type: none"> – \$9.5 million base cut – 6.4% workload reduction

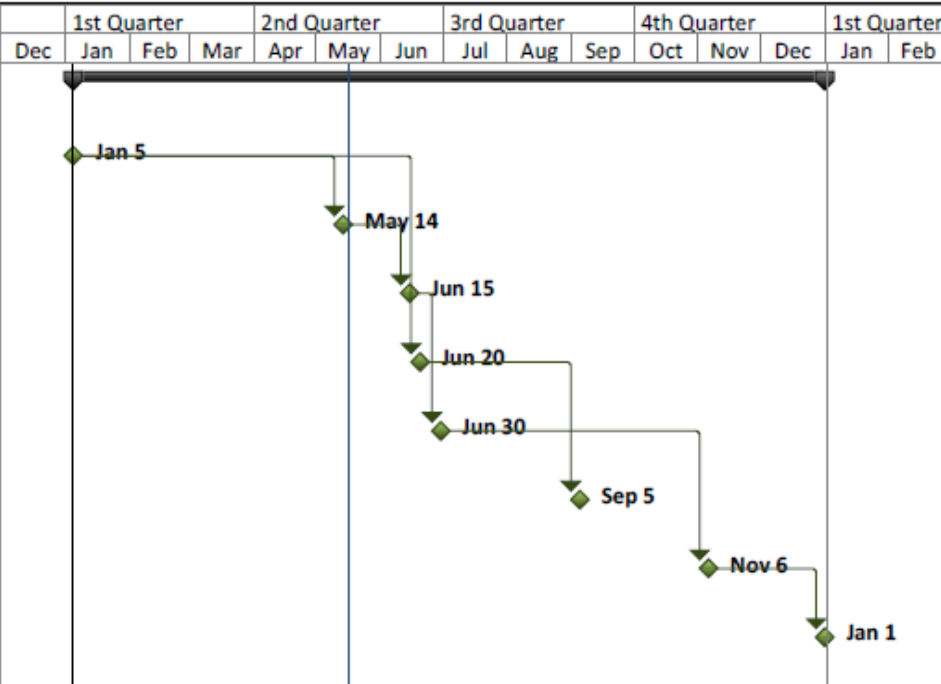
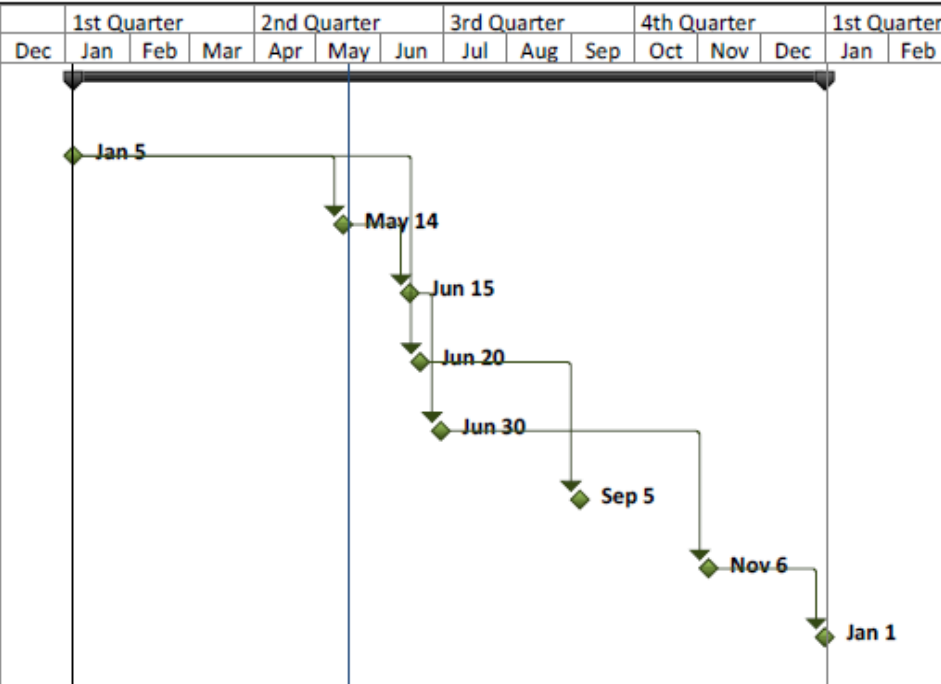
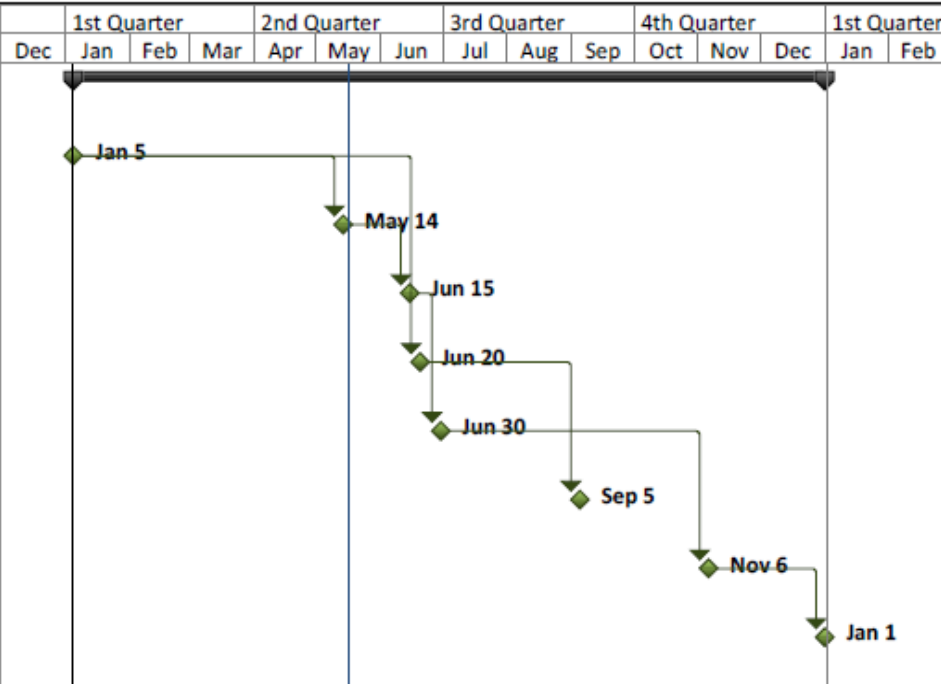
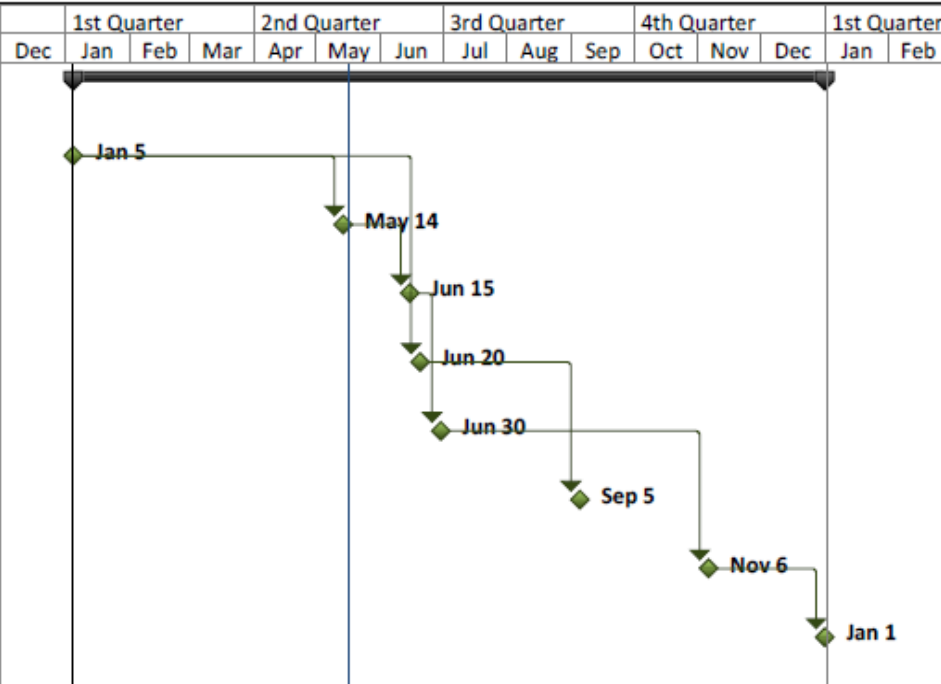
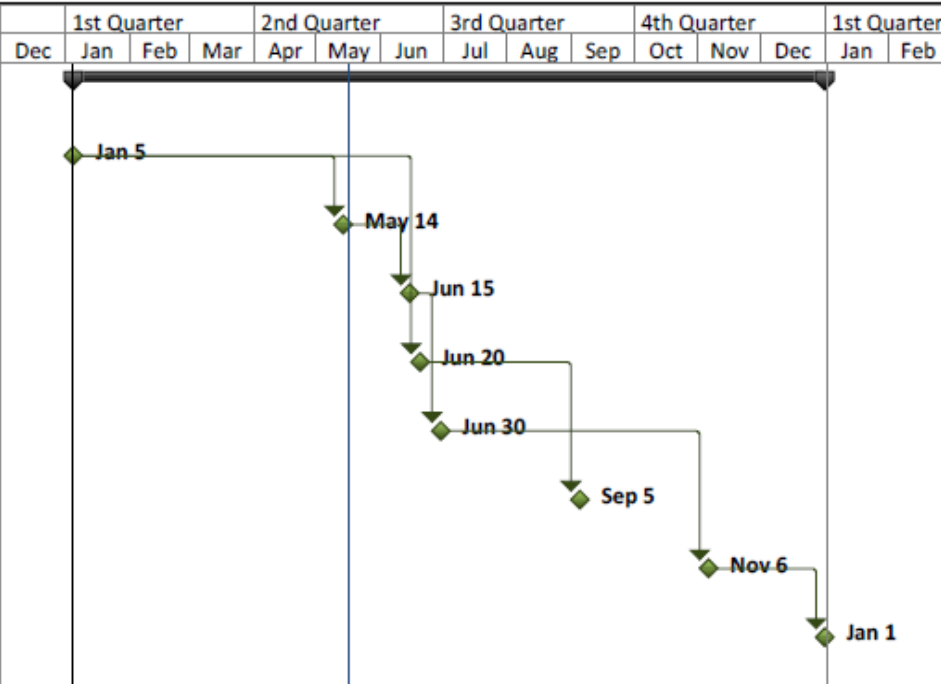
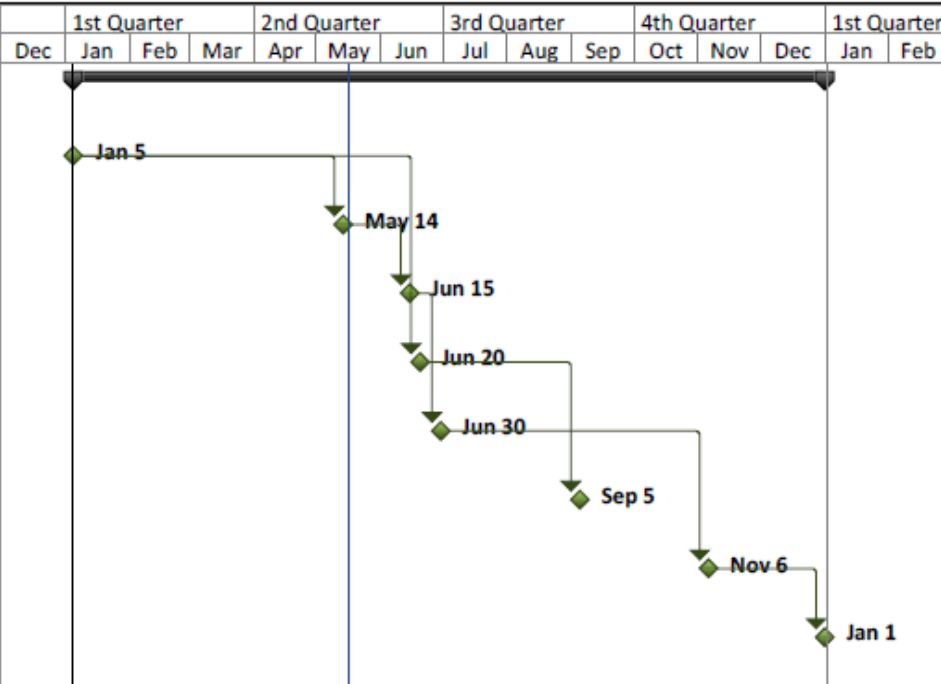
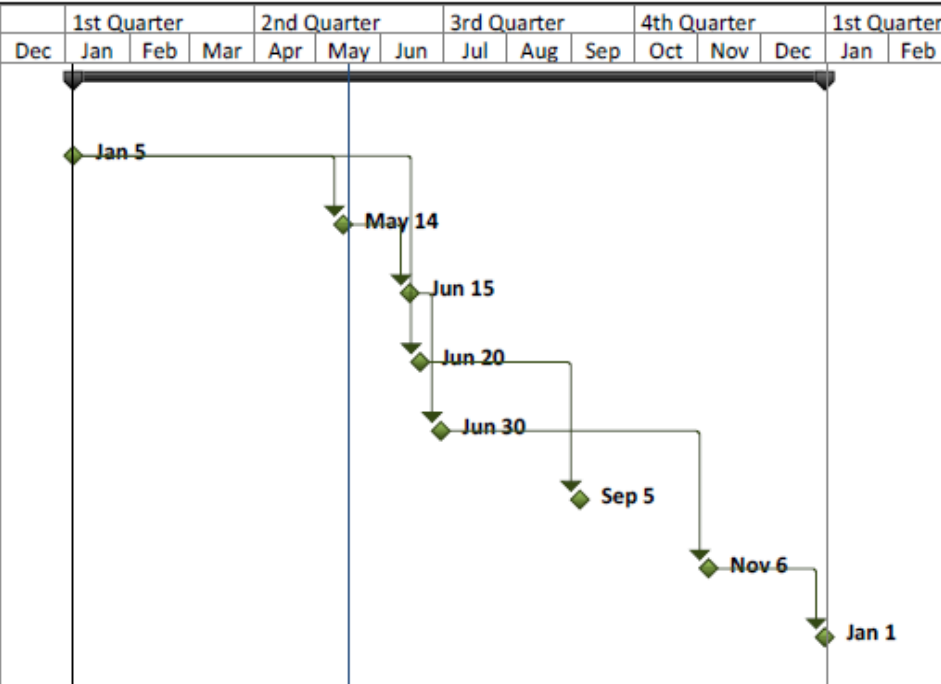
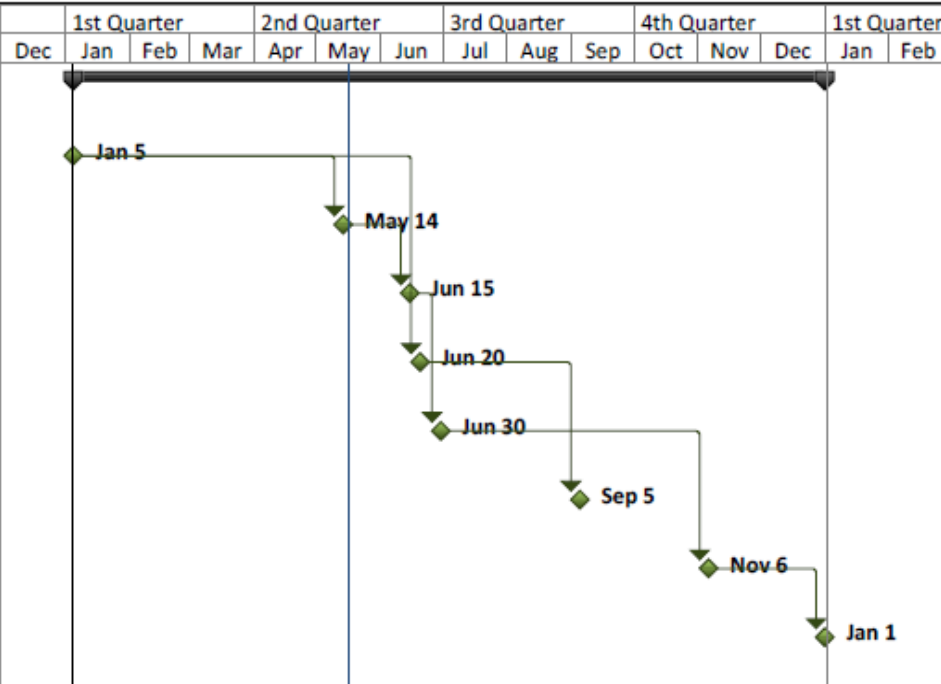
How has our Rainy Day Fund Changed?

	May-12	May Revise
Estimated Fund Balance	\$18,700,000	\$18,700,000
Deficit Factor (Student Fee shortfall)	(\$5,400,000)	(\$4,101,103)
Estimated Net Available Fund Balance	\$13,300,000	\$14,598,897
General Reserve	(\$11,600,000)	(\$11,600,000)
Balance/(Deficit)	\$1,700,000	\$2,998,897
Create "Rainy Day Fund"	(\$8,211,252)	(\$9,509,849)
Election Cost	(\$500,000)	(\$500,000)
Contractual Carry Over	(\$325,000)	(\$325,000)
ED Svcs Grant Dev	(\$65,000)	(\$65,000)
EFR/ENP Payout	(\$269,000)	(\$269,000)
Additional needed one-time funds	(\$9,370,252)	(\$10,668,849)
Balance/(Deficit)	(\$7,670,252)	(\$7,669,952)
Redirect Retiree Benefits to pay portion of current year cost	\$3,000,000	\$3,000,000
Freeze Equipment from 10-11 ending balance	\$0	\$0
Reduce General Reserve from 6.5% to 5.5%	\$1,900,000	\$1,900,000
Transfer-In Unrestricted F-40 balances	\$200,000	\$200,000
Current year health benefit savings	\$1,600,000	\$1,600,000
Unused Categorical Backfill	\$0	\$0
subtotal	\$6,700,000	\$6,700,000
Balance/(Deficit)	(\$970,252)	(\$969,952)
Transfer-In from entity resources		
OCC - 52.11%	(\$505,598)	(\$505,442)
GWC - 30.51%	(\$296,024)	(\$295,932)
CCC - 17.38%	(\$168,630)	(\$168,578)
Balance	\$0	\$0

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 6% will be decided in November.
- Redevelopment funds may not materialize.
 - Current Year (\$116.1m)
 - Budget Year (\$341.2m)
- 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.

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
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													
3	May Revise Released	Mon 5/14/12	Mon 5/14/12													
4	Legislature sends budget to Governor	Fri 6/15/12	Fri 6/15/12													
5	Coast Board Adopt Tentative Budget	Wed 6/20/12	Wed 6/20/12													
6	Governor Signs state budget into law	Sat 6/30/12	Sat 6/30/12													
7	Coast Board Adopts Final Budget	Wed 9/5/12	Wed 9/5/12													
8	General Election (Gov. Tax Package)	Tue 11/6/12	Tue 11/6/12													
9	Trigger reductions if Rev. targets not met	Tue 1/1/13	Tue 1/1/13	