

# **2013-14 Final Budget**

## **Presentation to the District Budget Advisory Council August 29, 2013**

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

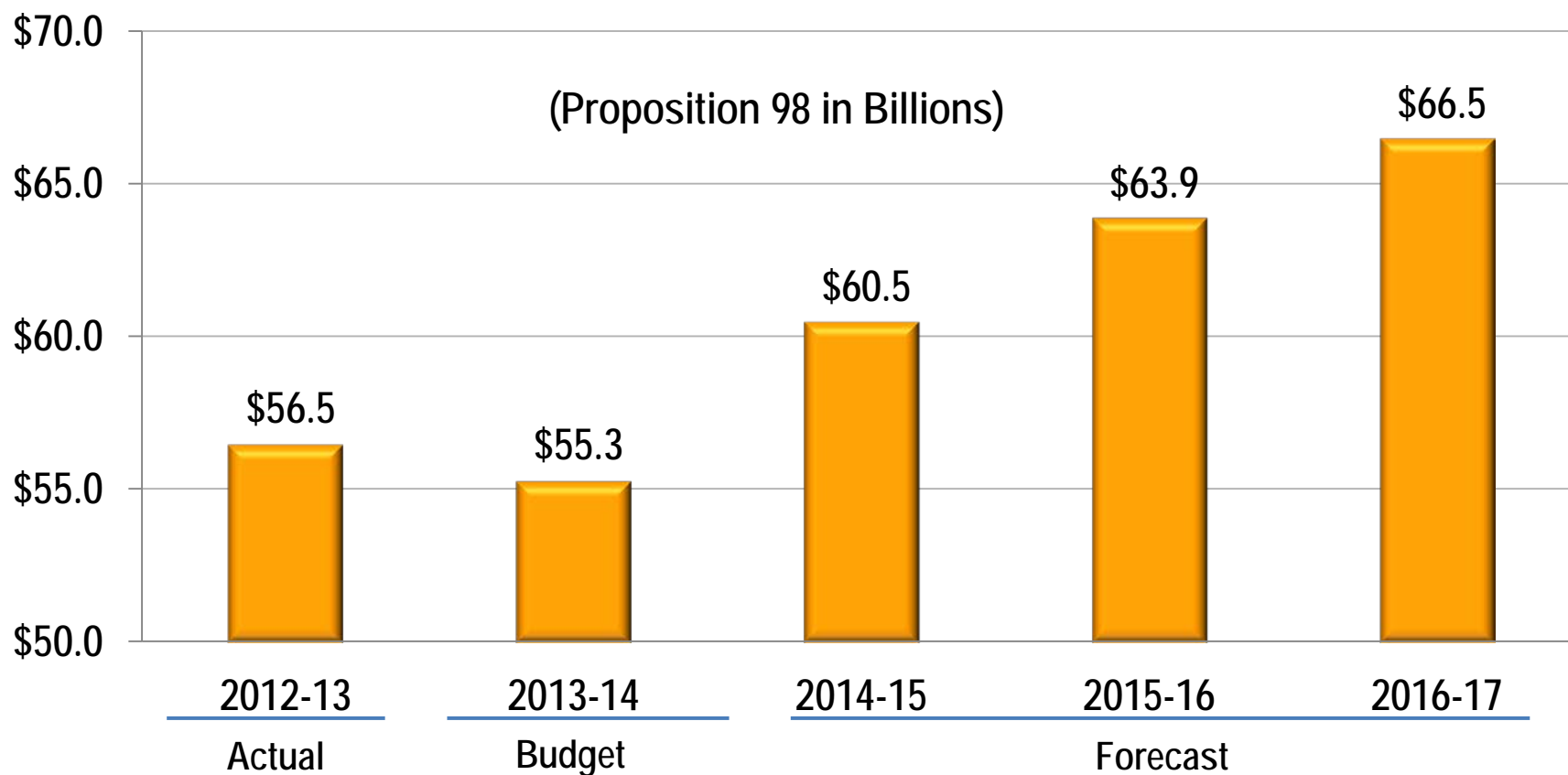
## DISCUSSION

- ▶ 2012-13 Summary
- ▶ 2013-14 Budget Development
  - State Budget Summary
  - Budget Assumptions
    - Changes Tentative Budget to Final Budget
  - Multiyear
    - Budget
    - FTES
  - Health Benefits
  - Fund Balance
  - Recommended Action (Final Budget)
  - Looking Ahead

## HOW HAS THE BUDGET PICTURE EVOLVED?

- ▶ Governor has taken a very conservative approach
- ▶ Difference of opinion between DOF and LAO projections
- ▶ Protect California from boom-bust cycle
- ▶ Promise of recovery, but a long path to restoring approximately 16% in lost COLA

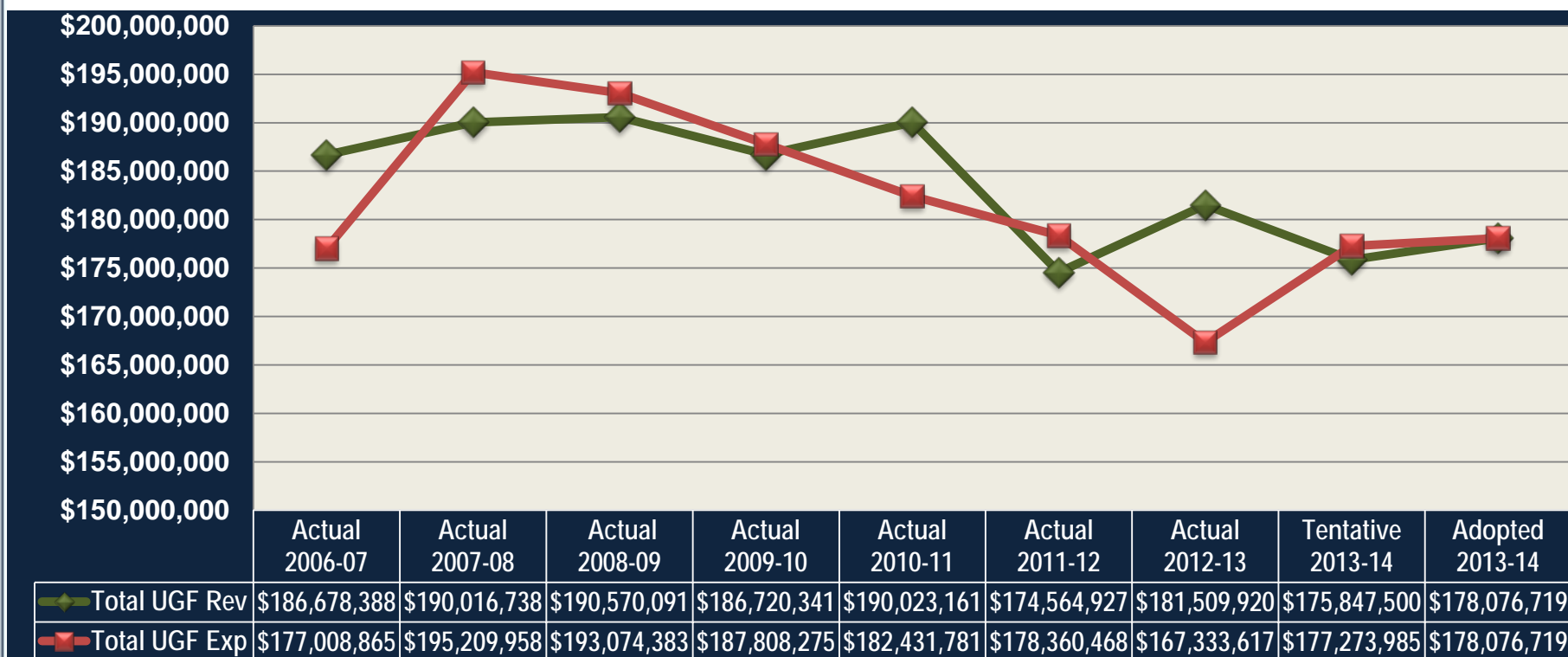
## Proposition 98 FORECAST



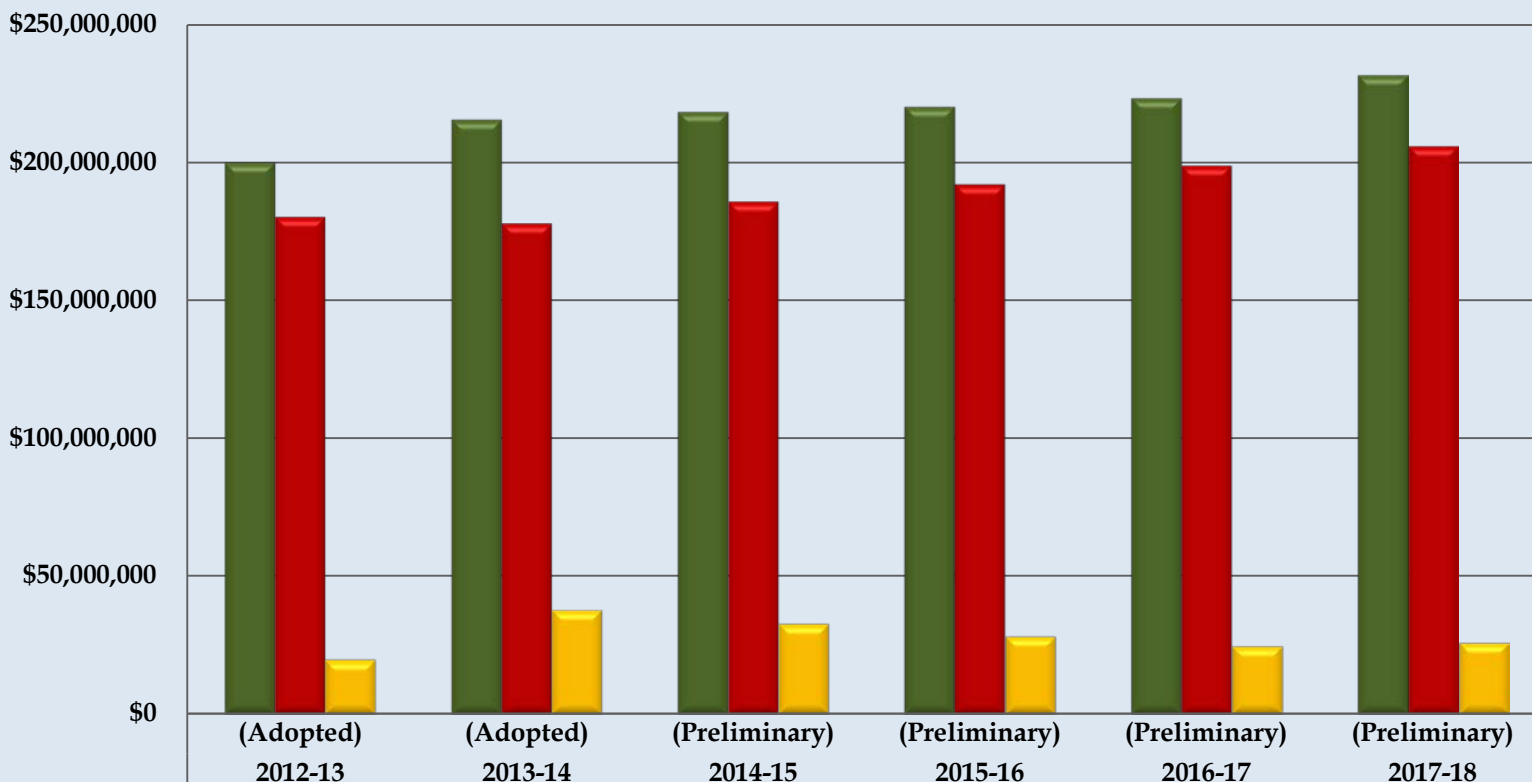
# BUDGET ASSUMPTIONS

	<b>JANUARY</b>	<b>TENTATIVE</b>	<b>FINAL</b>
COLA	<b>3.60%</b>	<b>3.60%</b>	<b>1.57%</b>
Growth			<b>1.63%</b>
Health Benefits	<b>1.45%</b>	<b>1.45%</b>	<b>-0.24%</b>
PERS	<b>11.417%</b>	<b>11.417%</b>	<b>11.442%</b>
STRS	<b>8.25%</b>	<b>8.25%</b>	<b>8.25%</b>
Overall FTES Target	<b>33,617</b>	<b>33,617</b>	<b>33,617</b>

## MULTI-YEAR UGF PROJECTION (Adopted Budget 2013-14)



# MULTI-YEAR PROJECTIONS



■ Total Rev & Beg Balance	\$200,088,160	\$215,736,800	\$218,517,978	\$220,338,871	\$223,519,974	\$231,877,728
■ Total Expense	\$180,411,008	\$178,076,719	\$185,922,719	\$192,228,719	\$199,004,719	\$206,090,719
■ Ending Fund Balance	\$19,677,152	\$37,660,081	\$32,595,259	\$28,110,152	\$24,515,255	\$25,787,009

# ESTIMATED FUND BALANCE DETAIL

2013-14 Beginning Fund Balance			
		Tentative	Final
<b>Estimated District (w/o college) fund balance</b>		<b>\$19,636,410</b>	<b>\$25,202,147</b>
Reserve for Contingency (7%)		<u>\$12,300,000</u>	<u>\$12,300,000</u>
Balance		\$7,336,410	\$12,902,147
<b>Designations</b>			
Deficit Factor		\$0	\$7,575,416
Rainy Day Fund		\$5,570,410	\$2,000,000
District-wide Marketing		\$225,000	\$225,000
Contractual Carry-over		\$400,000	\$443,747
Contract/Grant Development		\$56,000	\$13,500
EFR/ENP Payout		\$85,000	\$85,000
Community Education/Continuing Education		\$0	\$200,000
Retiree Health Benefits		<u>\$1,000,000</u>	<u>\$1,000,000</u>
Total		\$7,336,410	\$11,542,663
<b>Undesignated Balance</b>		\$0	\$1,359,484
College Fund Balance		\$5,700,000	\$12,457,934
<b>Total Fund Balance</b>		<b>\$25,336,410</b>	<b>\$37,660,081</b>



## WHAT DROVE THE CHANGES IN FUND BALANCE?

▶ Change in Transfers	\$4,000,000
▶ One Time post RDA funds	\$15,700,000
▶ Stabilization	<u>\$3,000,000</u>
<b>TOTAL</b>	<b>\$22,700,000</b>

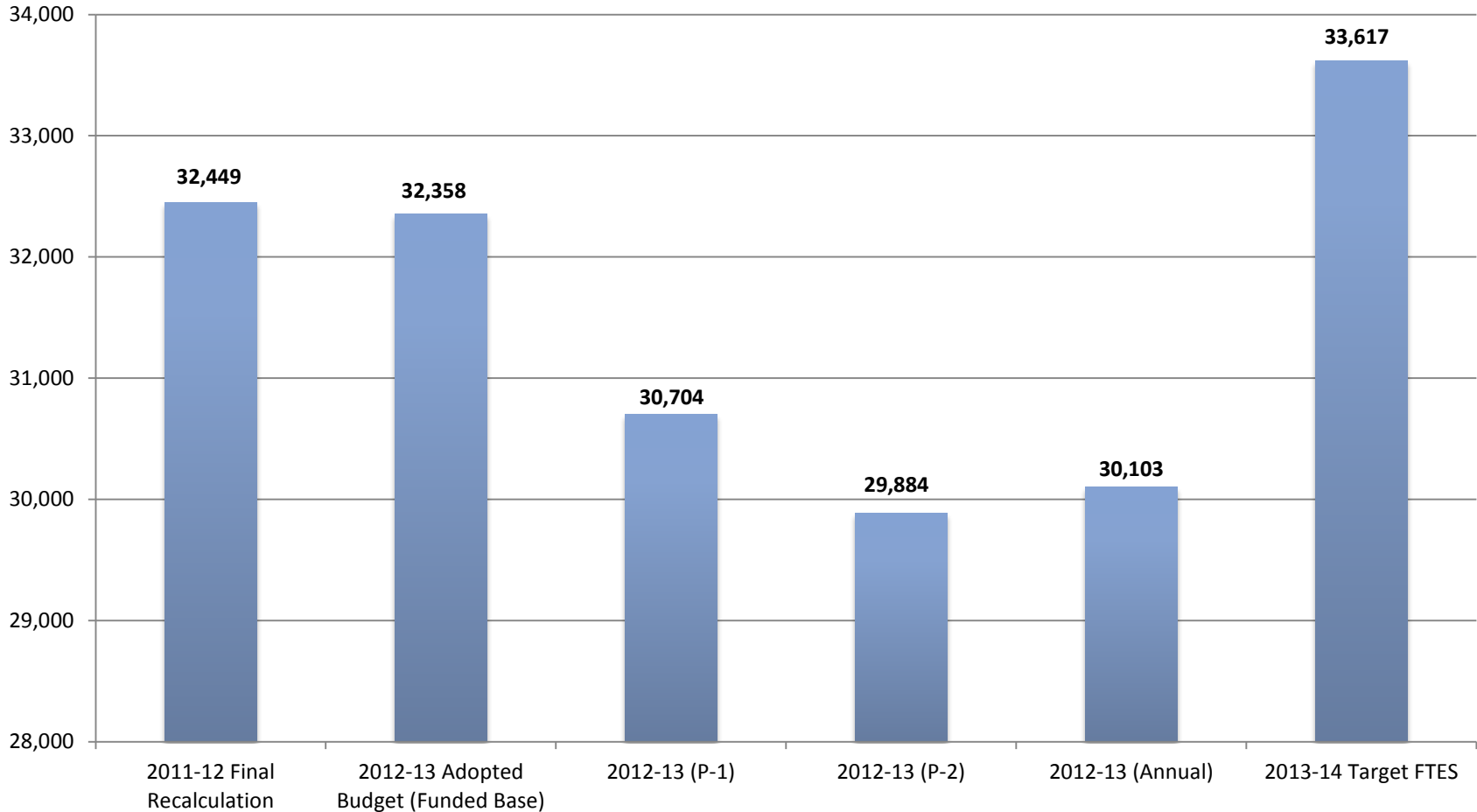
## 2011/12 – 2012/13 FTES SUMMARY

<b>2011-12 Final Recalculation</b>	32,449
<b>2012-13 Stability Model (5.56% Workload Reduction)</b>	30,645
<b>2012-13 (P-1)</b>	30,704
<b>2012-13 (P-2)</b>	29,884
<b>2012-13 (Annual)</b>	<u>30,103</u>
<b><i>Current FTES Below 2011-12 Base</i></b>	2,346

Note:

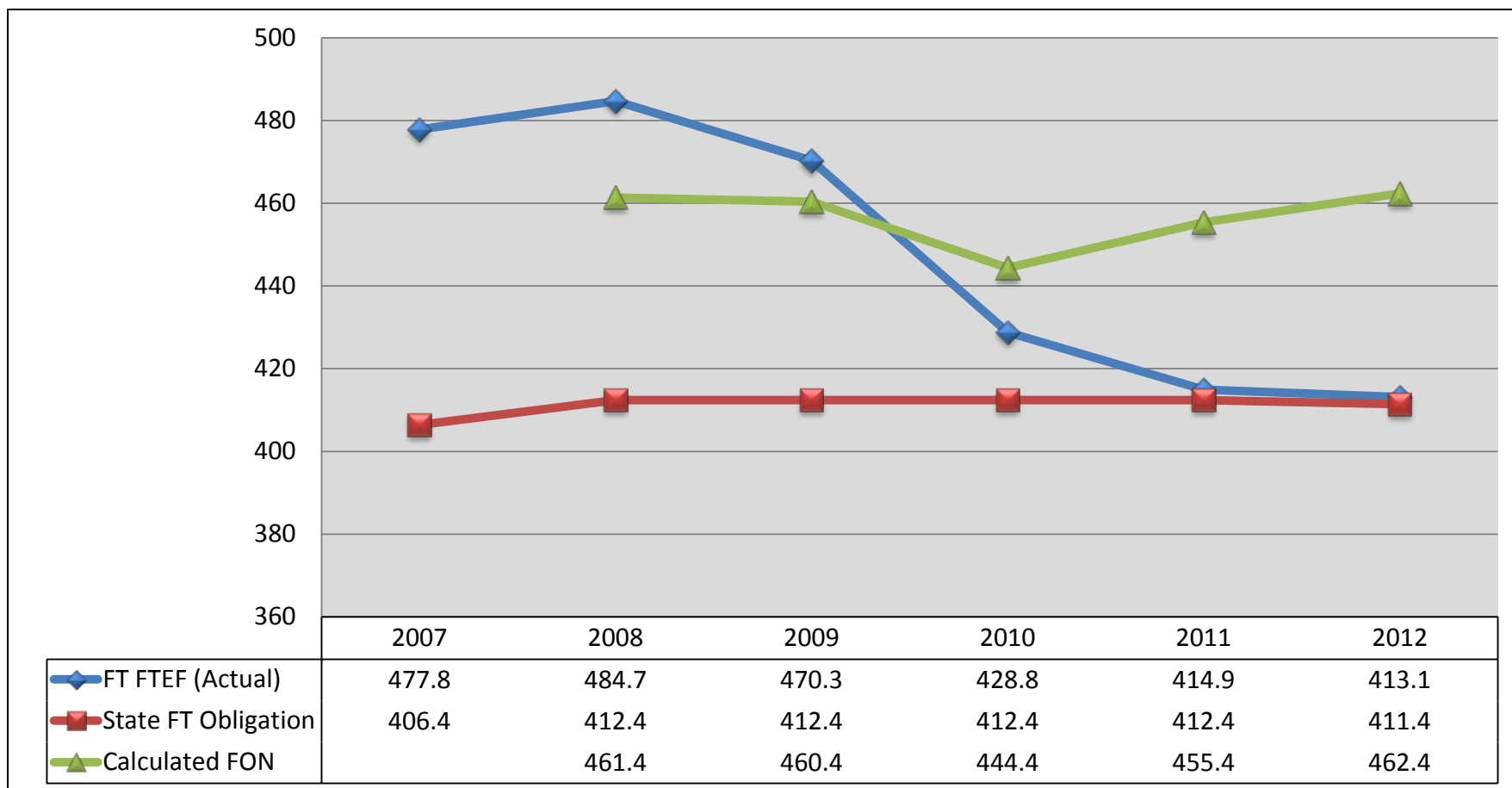
**\$10.7 million at risk if Coast does not recover base.**

## FTES SUMMARY



**Inspiration. Innovation. Graduation.**

# 2007-2012 FON HISTORY



# 50% LAW – COAST TREND

UGF Only	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Instructional Salaries & Benefits	80,692,989	81,501,504	80,479,987	76,427,486	71,825,674	69,725,789
<b>Total Expenses (Less Exclusions)</b>	<b>159,540,718</b>	<b>162,813,592</b>	<b>159,279,530</b>	<b>150,975,072</b>	<b>143,240,198</b>	<b>139,193,649</b>
Percentage	50.58%	50.06%	50.53%	50.62%	50.14%	50.09%

## WHAT MAJOR STEPS HAS THE DISTRICT TAKEN TO MANAGE THROUGH THE DOWNTURN?

	CFE	CFCE	ACE	CDMA
Fall 2007	500	795	14	137
Fall 2008	499	803	14	142
Fall 2009	482	802	14	145
Fall 2010	432	759	11	123
Fall 2011	418	703	11	108
Fall 2012	412	679	11	110
<b>Reduction in Employee Counts (compared with 2007 base)</b>	<b>(88)</b>	<b>(116)</b>	<b>(3)</b>	<b>(27)</b>
<i>Changes in Percentage</i>	<i>18%</i>	<i>15%</i>	<i>21%</i>	<i>20%</i>

© District Human Resources Census

## Comparison of Beginning Balance and Revenue 2009-2014

	<b>Actual 2009-2010</b>	<b>Actual 2010-2011</b>	<b>Actual 2011-2012</b>	<b>Actual 2012-2013</b>	<b>Budget 2013-2014</b>
<b>Beginning Balance *</b>	21,096,788	19,698,262	27,289,189	23,483,778	37,660,881
<b>Federal Revenue</b>	10,745,253	9,488,549	8,358,755	8,300,926	5,245,349
<b>State Revenue</b>	82,816,482	87,639,933	73,122,065	56,284,236	60,514,510
<b>Local Revenue</b>	118,407,039	116,581,085	113,547,164	140,795,051	134,104,493
<b>Other Financing</b>	17,461	512,511	505,598	500,222	500,000

\*INCLUDES COLLEGE BEGINNING BALANCES

District Ending Balance	25,202,147
Entity Ending Balances	<u>12,457,934</u>
	37,660,081
2013-14 Reserve	12,300,000

## COMPARISON OF EXPENSES 2009-2014

	Actual 2009-2010	Actual 2010-2011	Actual 2011-2012	Actual 2012-2013	Budget 2013-2014
<b>Certificated Salaries</b>	80,805,978	74,796,109	70,849,061	70,000,965	67,972,002
<b>Classified Salaries</b>	55,174,407	51,725,911	49,723,043	48,143,862	48,265,242
<b>Staff Benefits</b>	48,983,373	50,048,423	49,533,829	48,071,190	49,364,506
<b>Books and Supplies</b>	3,452,601	3,623,844	2,884,735	3,289,572	4,889,803
<b>Other Operating Exp &amp; Svcs</b>	19,621,842	18,567,719	19,282,788	18,688,968	27,771,059
<b>Capital Outlay</b>	2,072,907	2,856,037	2,103,833	2,146,949	2,716,087
<b>Student Aid &amp; Other Outgo</b>	2,963,061	5,012,655	7,961,707	1,362,624	1,352,900

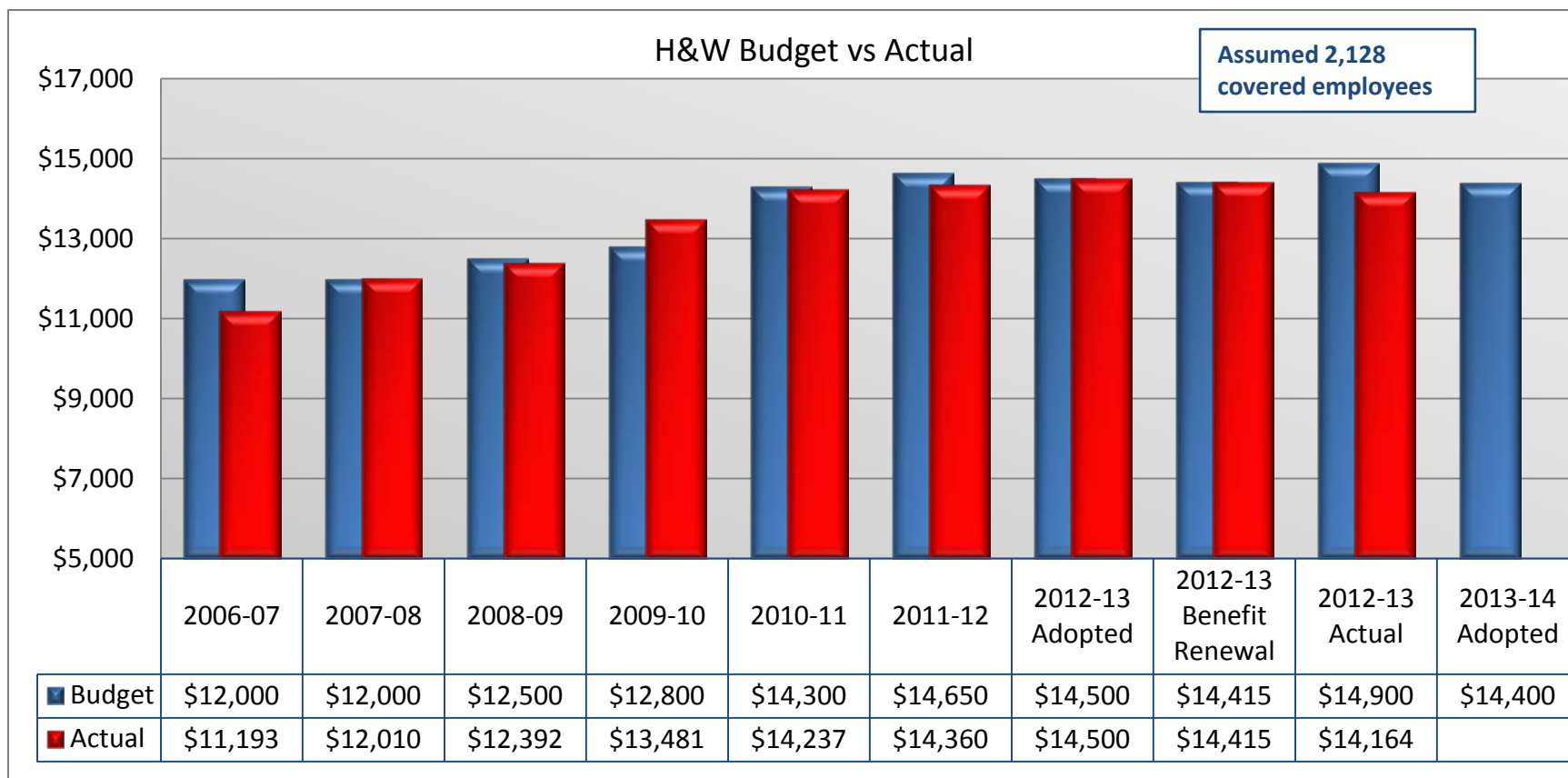


# STATEWIDE CATEGORICAL CHANGES

Categorical Program Funding  
2013-2014 Budget Act (AB110)

Title Description	STATEWIDE			COAST		
	FY 2012-2013	Incr/Decr	FY 2013-14	FY 2012-2013	Incr/Decr	FY 2013-14
Basic Skills Students	20,037,000	-	20,037,000	445,499	-	445,499
Student Financial Aid Administration	71,025,000	(3,488,000)	67,537,000	1,337,148	57,312	1,394,460
Disabled Students	69,223,000	15,000,000	84,223,000	1,464,612	63,828	1,528,440
CalWorks	26,695,000	7,850,000	34,545,000	387,466	10,330	397,796
C.A.R.E.	5,254,000	-	5,254,000	141,480	-	141,480
Student Success & Support (formerly Matriculation)	49,183,000	50,000,000	99,183,000	1,155,027	(5,559)	1,149,468
Equal Employment Opportunity	767,000	-	767,000	13,523	-	13,523
Part-Time Faculty Health Insurance	490,000	-	490,000	33,952	-	33,952
Part-Time Faculty Compensation	24,907,000	-	24,907,000	745,184	-	745,184
Physical Plant & Instructional Support	-	30,000,000	30,000,000	-	821,456	821,456
E.O.P.S.	73,605,000	15,000,000	88,605,000	1,827,587	(27,786)	1,799,801
<b>TOTAL</b>	<b>341,186,000</b>	<b>114,362,000</b>	<b>455,548,000</b>	<b>7,551,478</b>	<b>919,581</b>	<b>8,471,059</b>

# HEALTH BENEFITS - PEPY Trend



## CCCD HEALTH BENEFIT RENEWAL ANALYSIS FOR THE BENEFITS YEAR COMMENCING OCTOBER 1, 2013

### FINANCIAL OVERVIEW - UPDATED RX Effective - October 1, 2013

Line of Coverage	Renewal \$Δ	% Δ
Delta Health Systems Medical/Rx - Self Funded*	-\$231,355	-1.09%
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%
<b>TOTAL ANNUAL PREMIUM INCREASE</b>	<b>-\$92,854</b>	<b>-0.24%</b>

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

\*\*Does not include EGWP option.

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

## RISK LOOKING AHEAD

### **Extension of Revenues under Prop 30**

- SUT sunsets at end of 2016
- PIT sunsets at end of 2018

### **Composition of Apportionment Base shifting**

- 2008: Two-thirds GF approved in Budget Act
- 2013: One-third GF approved in Budget Act
- Two thirds of apportionment now based on uncertain estimates
- Lack of continuous appropriation
- Backfill:
  - RDA
  - EPA

## SUMMARY OF 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.