



# Coast Community College District Meeting of the Budget Committee

November 16, 2010

Inspiration. Innovation. Graduation.

- **Areas of Discussion**

- Review of Internal Operating Deficit
- Probable Impact of State Imbalance
- Review of Budget Assumptions
- Approaches toward Closing Internal Operating Deficit
- Time Constraints
- Budgetary Risk
- Looking Ahead

## Where Were We at the Time of the 2010-2011 Adopted Budget?

<b>Budget Shortfall Forecast for Future Years as of 9/15/10</b>		
	<b>2011-12</b>	<b>2012-13</b>
A) 2010-11 Budget Reduction (covered by one-time funds)	\$ -	\$ -
Board Election	\$ -	\$ 550,000
Estimated Mandatory Increase		
STRS (1%, 2%)	\$ 436,000	\$ 872,000
PERS (0.9%, 3%)	\$ 319,500	\$ 1,065,000
UIC	\$ -	\$ -
	<b>\$ 755,500</b>	<b>\$ 2,487,000</b>
B) To Protect Categorical Contract Employees	<b>\$ -</b>	<b>\$ -</b>
C) Negotiable Items		
Salary Increase		
CFE	<i>unknown</i>	<i>unknown</i>
CFCE/Classified	<i>unknown</i>	<i>unknown</i>
CCA	<i>unknown</i>	<i>unknown</i>
CDMA/Other	<i>unknown</i>	<i>unknown</i>
Health Benefits	\$ 1,000,000	\$ 2,000,000
Step & Column	\$ 1,225,000	\$ 2,450,000
	<b>\$ 2,225,000</b>	<b>\$ 4,450,000</b>
<b>TOTAL SHORTFALL</b>	<b>\$ 2,980,500</b>	<b>\$ 6,937,000</b>
<b>CUMULATIVE SHORTFALL</b>	<b>\$ 2,980,500</b>	<b>\$ 9,917,500</b>

## What Underlying Budget Assumptions have Changed?

	Adopted Budget September 2010	November 2010
COLA	- .38	0
Growth	0	2.21

## What is Happening with the State?

- **LAO Fiscal Outlook**
  - \$6B current year deficit
  - \$19B Budget year deficit
  - \$20B annual imbalance thru 2015-16
  - Urges Legislature to repeal Prop 98 enhancements including CCC growth (restoration)
- **Governor calls Special Session of the Legislature**
  - Will convene December 6 when new membership is seated

## What is the Outlook for the Community College System?

- **2010-11**
  - Increased likelihood of mid-year budget re-opener
  - “Claw-back” of restoration
- **2011-12**
  - \$255 million Prop 98 CCC reduction (CCLC)
  - \$230 million Prop 98 CCC reduction (CCCCO)

## What does This Mean for Coast for the 1011-12 Fiscal Year?

- Internal Operating Deficit
  - ~\$3 million
- State Budget Cut
  - We are approximately 3% of system
  - A likely reduction of \$7 to \$7.5m
- Total Impact ~\$10 million

## What Approaches can we take to Close the 2011-12 Deficit?

### 1) All Expense Reductions

<b>Scenario 1</b>		<b>2011-12</b>	
<b>Est. as of 2010-11 Adopted Budget</b>			
<b>Potential Revenue</b>			
Eliminate Negative COLA			
Restoration			
<b>Total Revenue estimate</b>			<b>\$0</b>
<b>Emerging Deficit</b>			
STRS			(\$436,000)
PERS			(\$319,500)
Health Benefits			(\$1,000,000)
Step/Column			(\$1,225,000)
<b>Subtotal - CCCD Internal Operating Deficit</b>			<b>(\$2,980,500)</b>
<b>Likely state imposed budget cut</b>			<b>(\$7,000,000)</b>
<b>Possible Negotiated Solutions</b>			<b>\$0</b>
<b>Total Projected Deficit</b>			<b>(\$9,980,500)</b>
<b>Site</b>	<b>Allocation</b>	<b>Amount</b>	
OCC	46%		(\$4,630,952)
GWC	28%		(\$2,836,458)
Coastline	16%		(\$1,613,847)
District-wide	0%		\$0
District office	9%		(\$898,245)
<b>Total</b>	<b>100%</b>		<b>(\$9,980,500)</b>



## What will Further Inform this Decision-Making Process?

- **2010-11 State Budget Status**  
Special Session of the Legislature Commences  
December 6, 2010.
- **2011-12 January Budget Proposal**  
Released on or about January 10, 2011
- **2011-12 May Revise**

## What are the Budgetary Risks Coast is Facing?

- Revenue “Claw Back”
- Mid-Year Budget “Re-opener”
- Overly Optimistic Budget Assumptions (State)
- Temporary Taxes signed into law in Feb. 2009 will sunset in 2011-12
- Persistent underlying structural imbalance (State)
- Imposition of additional deferrals
  - \$150M in 2001-02
  - \$832M current year

## What Time Constraints are We Under?

- **2011-12 Budget Development**

- 2011-12 State Budget Proposal January
- Tentative Budget Development Jan to May
- “Lock Down” Tentative Budget May 1
- Adopt Tentative June
- “Lock Down” Final (Adopted) Budget August 1
- Adopt Final Budget September

## Looking Ahead

We will Recalculate Multi-Year Projections at the Following Critical Junctures:

- January Budget Proposal
- May Revise
- With Tentative Budget
- With Adopted Budget
- Major Changes such as Mid-Year State Budget Re-Open.