

2006 – 2007
Governing Board
Adoption Budget Workshop

September 12, 2006



Overview & Introduction by Chancellor Suarez



Overview of the Unrestricted General Fund

- Unrestricted General Fund is the Operating fund of the district
- Presentation will focus on this Fund

Major Assumptions in the AB – State Provided Income

- District can restore enrollments to the Base, so no \$\$ reduction to Base funding – *Most critical assumption in the budget*
- No Growth revenue
- 5.92% COLA

Major Assumptions in the AB – District Budgeting

- District FTES (Full Time Equivalent Students) budgeted to equal the State funded Base FTES – *Most critical assumption in the AB*
- *Since Fall Term only up about 1% over 05/06, funds must be held to mitigate potential effects of not fully restoring FTES*

Potential Negative Fiscal Impacts of Not Restoring FTES

- Restore only 1% \$2,676,588
- Restore 2% \$1,952,388
- Restore 3% \$1,228,188
- Restore 4% \$ 503,988
- Restore 4.7% No Reduction

Source: *Gold Handout*



Potential Sources for 06/07 One-Time Mitigation Funding

- Two One-Time Block Grants held in Site 2
+ \$1,540,396
- Reduce Contingency Reserve
+ \$425,000
- Use One-Time funds proposed to fund the
05/06 Retiree Health & Welfare Past
Service Liability
+ \$1,000,000

Other Assumptions

- 05/06 Retirement Liability funded
- 06/07 Retirement liability not funded pending enrollment results
- Contingency Reserve = 5% of prior year actual expenditures, less \$600,000 Board-approved transfer for fire barriers

Unrestricted General Fund Increase and Allocations to the Colleges

- Income is 7.58% greater than at 05/06 AB
- So, why aren't the college budgets also at least 7.58% greater than 05/06 AB????
 - Retiree Health & Welfare \$ 340,557
 - One-time block grants \$1,540,396
(held in Site 2 pending enrollment data)
 - H&W Past Service Liability \$1,000,000
(funded from 05/06 ending balance)



HIGHLIGHTS FROM THE Adoption Budget Booklet

Section – by – Section Discussion

Summary of Adoption Budget (AB), Page ii

- Total Funds Available: \$349 million
- Selected Funds within that total
 - Unrestricted General Fund: \$102,681,816
 - Capital Outlay Fund: \$ 50,129,689
 - Prop. R Fund: \$154,353,674
- Total is 8% less than 05/06 AB because \$50 million spent on construction program



Page iv, Summary of FTES Data

- Note decline from 03/04 to 05/06
- 02/03, the peak, 18,052 Resident FTES
 - 05/06: 5.8%, 1,042, FTES less than 02/03
- Good news
 - Summer of 2006 very strong
 - Fall 2006 at least 1% over 05/06
- Effects of FTES on budget – *Gold Handout*

Pages 1, 2, 3 – Summary of Operations and Ending Balances

- Page 1 is the Combined General Fund, which includes the Restricted General Fund
- Page 2, the Unrestricted General Fund
 - Discussion of Ending Balances – *Blue Handout* – Effect of one time block grants; Uncommitted 06/07 Ending Balance equals \$4.4 million, 5.21% of Unrestricted G.F.
 - Contingency Reserve – Only 5.7% more than 02/03; net of \$600,000 for fire mitigation

Page 3 – Parking Fund

- Only Fund with a Negative Balance
 - 05/06 <\$192,000> Ending Balance
 - 06/07 <\$192,000> Beginning Balance
 - 06/07 <\$192,000> Ending Balance
- Factors
 - \$40 maximum permit fee
 - Declining number of students
 - Increasing expenses, especially salary & benefits



Page 3 Parking, Continued

- Process to resolve
 - District Strategic Planning & Budget Council
 - District Parking Committee
- Potential mitigations include
 - Decrease services & staffing
 - Increase percent of staff paid for from the Unrestricted General Fund (currently 60%)
 - Others to be discussed



Pages 5, 6, 7, Income Statement

- Page 6, Unrestricted G.F.
 - Note \$1,540,396 of one-time block grant funds under “Other State”
 - Total Income is 4.76% more than 05/06 Actual
 - Total Income is 7.58% more than 05/06 Adoption Budget, see *Green Handout*

Caution, remember much of increase is one-time, and full FTES restoration is assumed!



Pages 9, 10, 11, Expenditure Statement

General Comments

- Remember that budget accounts will always be greater than prior year actual amounts because it is assumed that every dollar of every budgeted amount is spent
- In 05/06 the total actual expenditures were about 91% of the 05/06 Adoption Budget

Page 9 Total G.F. Expenditure Statement – Object 5910

- Object 5910 is “Other Holding”
- District wide it totals \$3.5 million
- Contents include many One-time block grants
- Why in holding accounts?
 - Need guidelines and regulations from CCCCCO
 - Block grants rec’d too late for the college governance structures to review, develop plans, and allocate

Page 9, Combined Expenditure Statement

- Staff Benefits \$14.6% more than 05/06 – ouch!
- Other noticeable increases will be discussed on a site-by-site basis
 - Grossmont
 - Cuyamaca
 - District Services
 - Districtwide

Page 10, Unrestricted Expenditure Statement

- Budgeted expenditures 16% more than Actual 05/06 expenditures! Compare to Income on Page 6 only up 4.76%.....
 - remember 100% of budgets assumed to be spent
 - If 91% of AB spent as in 05/06, then will be only 5.9% increase
 - Remember 05/06 Actual Expenditures unusually low because U.F. not settled and paid
 - 06/07 Gross Ending Balance higher than 05/06
- Bottom line, expected expenditures roughly equal to projected income



Grossmont College

(Pages 13 – 16 of Adoption Budget)

Presentation by Dr. Dean Colli, Interim
President



Grossmont College

Assumptions

- **Students are priority #1** – Maximize their access to campus services and instruction
- **Enrollment** – Achieve our targeted base of 12,516 FTES
- **Staffing** – Continue to hire faculty and classified staff based on priorities set by the staffing planning process



Grossmont College

Assumptions

- **Facilities** – Open new buildings, proceeding with the implementation of the Facilities Master Plan
- **Focus on goals** and objectives of the Strategic Plan mindful of changing conditions
- **Rely on the college processes** for planning and budget



Grossmont College

Challenge

- **Achieve resident base FTES**

Goal FY 05/06	12,656
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Actual FY 05/06	11,825
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Goal in FY 06/07	12,516
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- We must increase 691 FTES (5.8%) over our past year actual in order to reach our base FTES target



Grossmont College

Budget Outlook

- **Comparing Budget Year 06/07 to 05/06**

AB to AB +3.42% +\$1,921,414

TB to AB +10.92% +\$5,640,838



Grossmont College

Allocation Strategies

- **Mandatory Commitments from Beginning Balance of \$6,166,483**
 - > POCO's totaling \$867,000
 - > \$1.7 million for SERP's and Parity pay
 - > \$1.8 million to fund estimated compensation increases from 2005/2006 contractual agreements

**Balance Available in 2006/2007 Adopted Budget
for Distribution
\$1,855,861**



Grossmont College

Proposed Distribution of Available Balance

Fund additional costs to occupy new buildings

> College M & O	\$395,000
> New Section Support Costs	\$40,900
> Additional Class. Staffing	\$189,816
TOTAL	\$625,716



Grossmont College

Proposed Distribution of Available Balance (cont.)

- **Resources required to fully fund faculty replacements and a new position for high demand courses in the following areas:**

English, English as a Second Language, Exercise Science, Foreign Language (New), Mathematics, and Psychology

Total **\$ 124,550**



Grossmont College

Remaining Fiscal Challenges

- Achieve Targeted FTES Base
 - Additional funding for Promotion and Outreach
 - Funding for sections to address new audiences
- Continue to make progress to address low full-time to part-time faculty ratio



Grossmont College

Remaining Fiscal Challenges (cont.)

- Address long-term classified staffing needs in critical areas
- Budget stability at the program level – move from one time to ongoing budget allocations in areas of most significant need
- Ongoing need for facility repair and remodel not covered by Proposition R funding

Grossmont College

Remaining Fiscal Challenges (cont.)

- Reduce reliance on year to year categorical funding to meet ongoing needs in equipment, technology, and student resource needs
- Address the significant underserved need for professional development in all employee groups



Grossmont College

Short Term Fiscal Solutions

- Utilize current year block grant funding to meet most urgent needs.
- Delay filling some vacant positions
- Use formal and informal communication processes to seek innovative and creative cost saving measures
- Seek external funding
 - Grants and Contracts
 - Grossmont College Foundation



GROSSMONT COLLEGE

Questions???



Cuyamaca College

(Pages 17, 18, 19 of Adoption Budget)

Presentation by
Dr. Geraldine M. Perri



CUYAMACA COLLEGE

Budget Priorities to Meet Enrollment Goal

(Goal = 5,533 FTES, **6.6% increase** – 346 FTES)

- Ensure *student access* to learning
- Support ongoing *institutional planning* priorities
- Support full-time *faculty & staff* contract positions
- Support the quality of the *overall educational experience*



CUYAMACA COLLEGE

06/07 Budget Comparison

Adoption Allocation	\$24,751,554
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TB Allocation	<u>(22,741,376)</u>
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Difference	\$ 2,010,178
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CUYAMACA COLLEGE

Budget Year Comparison

TB 06/07 to AB 06/07 +8.84% +\$2,010,178

AB 05/06 to AB 06/07 +3.81% +\$ 907,606



CUYAMACA COLLEGE

Strategy to Balance the Adoption Budget

DIFFERENCE FROM TB TO AD \$ 2,010,178

I. Fund Additional Operational Costs

II. Reinstatement of Funds Reduced at TB

III. Fund College Priorities



CUYAMACA COLLEGE

Strategy to Balance the Adoption Budget

I. Fund Additional Required Operational Expenses:

Increase in benefits/holdings from TB 06/07	\$	931,571
Purchase Order Carryovers from AB 05/06		<u>118,367</u>
Total Funds Required		\$1,049,938

(Remaining Balance **960,240**



CUYAMACA COLLEGE

Strategy to Balance the Adoption Budget

II. Reinstatement of Funds Reduced at TB 06/07

1) Release 5 Frozen Positions (Instructors (2), Counselor, CIS lab assistant, Custodian)	\$ 233,117
2) Reinstatement Funds to Offset Divisional Reductions at TB (Executive, Instruction, Student Services, Administrative Services)	321,800
3) Reinstatement Funds to Offset Institutional Reductions at TB (Hourly, supplies, contract services)	<u>174,779</u>
Total Funds Reinstated from TB	\$ 729,696



CUYAMACA COLLEGE

Strategy to Balance the Adoption Budget

III. Fund College Priorities

1) New Positions (Bio Tech Sr., Computer Lab Tech, Admin Sec)	\$ 91,090
2) Enrollment Strategies	20,000
3) Increase in Utilities and Maintenance	<u>119,454</u>
Funds Required	\$ 230,544



CUYAMACA COLLEGE

Summary of Changes from TB to Adoption Budget

DIFFERENCE FROM TB TO AD	\$ 2,010,178
I. Fund Additional Operational Costs	\$ 1,049,938
II. Reinstatement of Funds Reduced at TB	729,696
III. Fund College Priorities	<u>230,544</u>
	\$2,010,178



CUYAMACA COLLEGE

Budget Challenges FY 06/07

1. Providing a comprehensive instructional program
2. Increasing full-time faculty to support existing programs and services and to develop new programs and services
3. Offering comprehensive support services with limited staff

CUYAMACA COLLEGE

Budget Challenges FY 06/07

4. Maintaining college outcomes: certificate and degree completions, transfers and job placements
5. Promoting outreach and marketing
6. Supporting faculty and staff development
7. Maintaining existing and new college facilities and grounds



CUYAMACA COLLEGE

Measures to Address Budget Challenges

1. Procure additional funds through external grants and contracts
2. Continue freezing vacant positions
3. Implement more cost-efficient ways of operating institutionally



CUYAMACA COLLEGE

Measures to Address Budget Challenges (cont'd)

4. Collaborate with the College Foundation on special projects
5. Continue to promote the college in the community and implement innovative institutional strategies to enhance enrollment



CUYAMACA COLLEGE

Questions???



*District Services (Pages 21, 22, 23
of Adoption Budget)*

District Services

- Operating departments of the District
Accounting, Purchasing, Payroll, Human Resources, Benefits, Risk Management, Public Safety, Budget, Purchasing & Contracts, Facilities Planning & Development, Information Services, Chancellor, Board
- Discussion by Sue Rearic

Districtwide Budget

- Sue Rearic will be presenting the site budget and addressing the obvious increases the Board may note:
 - Page 25 total increase over 05/06 = 123% !!
 - Refer also to the *White 8.5x14 Handout* which gives much more detail concerning this site
 - Major factors are in bold type

That Completes the Presentation of the General Fund



Supplemental Funds, Pages 29 – 47

- By far the largest is Fund 40, the Capital Outlay Projects Fund
 - Note that budget columns are multi year, not just one budget year
 - Total Fund 40, Page 38 = \$204, 483,363
 - Subfund 41, Pages 39 - 41 – All capital outlay funding sources except Proposition R
 - Subfund 42, Pages 43 – 45 – Proposition R

That Completes the Presentation of the Adoption Budget Booklet



SB 361 – New Funding Formula

- Signed by the Governor after initial allocations to colleges
- Districts are ‘held harmless’ - districts get the greater of SB 361 funding or Program Based funding
- Many, many details to work out before SB 361 formula used to distribute the First Principle Apportionment in January (gulp)

SUMMARY

- Lots of money potentially on the table
- But, much of it is One-time
- **Restoration of FTES is critical!**
- If FTES not fully restored to Base, AB has one-time funds held to mitigate the 06/07 impact

THE END

September 12, 2006

