



GROSSMONT-CUYAMACA

COMMUNITY COLLEGE DISTRICT

2009/10 Adoption Budget Governing Board Workshop

Sue Rearic
Vice Chancellor, Business Services
Adoption Budget September 8, 2009



Total Adoption Budget

◎ Today's Workshop

- > PowerPoint Presentation
- > Adoption Budget Packet

◎ Total Budget \$233,643,473

> General Fund:

• Unrestricted Fund	\$105.1 M
• Restricted Fund	<u>24.5 M</u>
• Total General Fund	\$129.6 M

◎ Presentation begins with details on Unrestricted General Fund



Budget Message

2009/10

Fiscal Reality in the State Continues to be Severe

Approved State Budget:

- Continued to negatively impact Community Colleges
- Workload adjustments – State CUTS to # of funded students

Despite Unreliable & Ever-Changing Environment, Must Meet Requirements

- Adopt a Budget by September 15th
- Continue Operations & Fund Commitments

Also, Must Prepare for More Reductions

- 2008/09 = 3% Budget Cut
- 2009/10 = Cuts Got Deeper
 - 4.0% Cut balanced in Tentative Budget
 - 9.5% Cut now a reality
 - Worse? Expect more Mid-Year Cuts





STATE UPDATE

2/20/09 - Governor's 18-month Budget

2008/09 = Removed COLA & Delayed Payments

2009/10 = 0% COLA & 3% Statewide Growth

3/9/09 - State 2008/09 Updates

Our 3% deficit estimate was right on target

5/09-6/09 - Governor's May Revisions

Proposition failed on 5/19/09 and State estimate of
Shortfall became \$24 Billion
CA Budget "*structurally broken*"

7/28/09 – Signed budget package

State Chancellor Jack Scott said budget is held together by
"borrowing & gimmicks"



California Community Colleges 2009/10 Budget

- **0% COLA**
- **0% Growth**
- **More Apportionment Shortfalls**
(State delays payments to districts)
- **Increased Student Fee from \$20 to \$26**
- **Property Tax Shortfall**
- **Categorical Impact – Still not clear**



Unrestricted General Fund

	2008/09 Working Budget	2009/10 4% Cut TB Balanced by Sites	2009/10 9.5% Cut Realistic Scenario	2009/10 12% Cut Additional Cuts
Initial Funds Available	\$ 111,455,597	\$ 110,961,981		
Less Board Contingency Reserve 5 %	<u>- 5,025,083</u>	<u>- 5,016,754</u>	<u>Details have changed</u>	
Less Revenue Cut	<u>- 2,766,153</u>	<u>- 4,138,653</u>	<u>But the Story Remains the same</u>	
Total Funds Available	\$ 103,664,361	\$ 101,806,574		
Impact Overall Reduction	-3% \$ 2.7 M ↓	-4% \$ 4.1 M ↓	-9.5% ↓ Was \$9.8 now \$10.1M	-12% ↓



2009/10 9.5% Cut

- ⦿ **TB Revenue Reduction** **\$4.1 M**
- ⦿ **AB Additional Revenue Reduction** **6.0 M**
- ⦿ **Total Revenue Reduction** **\$10.1 M**
*\$10.1 million less than traditional revenue calculation
(initially calculated as part of TB process)*

***Now revenue is \$7 million LESS than
actual 2008/09 (see page 6)***



Response to Challenge

- ◎ **Implemented Deeper Cuts to Operations**
 - *Save 1-Time 2008/09 \$ to help 2009/10 Shortfall*
 - Froze more positions, significantly cut hourly services
 - Deeper cuts to travel, supplies and delayed purchases as much as possible
- ◎ **Established Budget Task Force**
 - Independent Review of District's estimates
 - Analysis of Budget Presentations
 - Consider communication & trust
- ◎ **Developed Further Reductions Strategies**
- ◎ **1st Step-Offered Early Retirement Incentive**

While keeping an eye on Strategic Plans & Budget Priorities



Budget Priorities

***Look to our Strategic Plans & Values
Students, Employees & Our Community***

- **Protect The Learning Core - Students First**
 - Instruction, Academic & Student Services
 - Safe, Clean , Reliable & Efficient Facilities
- **Balance Needs of Employees & Needs of Students**
 - within Budget Constraints
- **Fund Structural Commitments & Fixed Increases**
- **Maximize Potential Revenues**
- **Address Accreditation, Legal and Fiscal Stability Challenges**



Budget Steps

Steps are overlapping but have different deadlines

STEP 1 - DEVELOP & BALANCE TENTATIVE BUDGET - COMPLETED

Estimate Revenue and Structural Cost Increases

Balance with Operational Reductions – No Deficit Spending

STEP 2 - CLOSE OUT 2008/09 - COMPLETED

Ending Balances Partially Mitigated 2009/10 Cuts

STEP 3 – DEVELOP ADOPTION BUDGET

Updated Revenue (State reductions)

State Mandated Student (FTES) reduction

Incorporate 1-Time savings from 2008/09 to help 2009/10

Deeper Cuts Required Further Reduction Strategies

**STEP 4 - Prepare for Deeper 2009/10 Mid-Year Cuts and Next Year 2010/11 Reductions -
Impacts will Worsen as the State Addresses the Structural Shortfall**



Adoption Budget Income

UPDATED REVENUE:

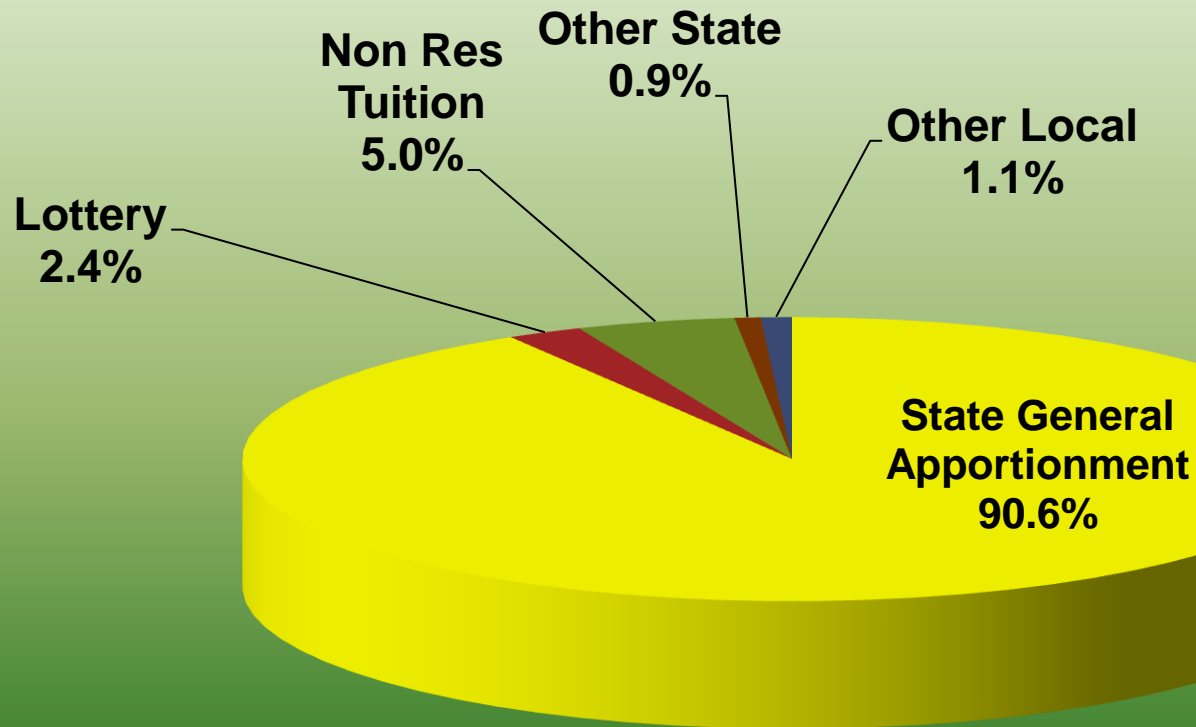
COLA		0%
GCCCD FTES Growth	TB=4.19%	Now 0 %
	<i>State now reduced 3.39%</i>	
Overall Revenue Reduction	TB=↓ 4%	Now ↓ 9.50%
Apportionment Payment Delays	Cash Flow Impact	

BIG STATE IMPACTS:

- ◎ Student Fees Increases From \$20 to \$26 per unit
 - > Sounds like more \$ but just adjusts the component of Apportionment so it helps the state, but not directly the GCCCD budget
- ◎ State Workload Adjustment
 - > This is a deliberate and permanent downsizing of the Community College System
 - > The initial impact is a reduction to the # of students the state will fund
 - > But future impacts on GCCCD Growth and Facilities Funding are not yet clear



Unrestricted Revenue



Total Unrestricted General Fund Income



FTES

[Full Time Equivalent Students]

Challenge Statewide: Increasing Demand with Declining Funding

GCCCD 2008/09:

FTES Goal **18,913** *2.19% Growth over 2007/08 initial funded of 18,508*

Final **20,007** **Huge Growth**

State Continued to reduce our FTES CAP... Now 2008/09 is Funded at 18,751

GCCCD 2009/10:

TB FTES Goal **19,588** *4.19% growth over 2008/09 Projected Funded of 18,800*

Initial AB Goal **18,751** *State Funded level for 2008/09 of 18,751*

UPDATE - Revised AB FTES Goal 18,052

State Workload Reduction cut our FTES funding 3.39% to 18,052



Initial Steps to 2009/10 Adoption Budget

◎ **Early Retirement Incentive (ERI)**

- 29 Individuals took the ERI option
- Net saving for 2009/10 \$1.2m

◎ **DSP&BC Budget Task Force**

Report Completed

- Confirmed the 2009/10 estimated reduction of 9.5%
- Noted budget and data were clear and accurate
- Suggested better communication (FAQs)
- Recommended identifying & dedicating budget set-asides
- Recommended transparency of ending balances



More Steps to 2009/10 Adoption Budget

◎ 2008/09 \$2.1m to help 2009/10

- > 1-Time \$1,017,608 to partially fund employee benefits in 2009/10
- > \$1,119,177 to fund 1st year impact of the 2009/10 salary increases resulting from step, column & longevity increases

◎ More Budget Reductions

Must fill remainder of \$5.7m hole

- > **District Services Reorganization**
- > **Deeper cuts to Districtwide Commitments**
- > **Reduced funded contract & hourly positions and related benefits**
- > **Operational Reductions across the district**
- > **Facilities related strategies & meetings going-Green moving ahead**
- > **Cut More Course Sections**

*Many cuts are very tight and not sustainable
We will need to analyze mid-year for impacts and possible adjustments*



2009/2010

Total Open Positions

	Open Positions	Additional Open Positions from ERI	Total Open Positions
District Services	13	4	17
Grossmont College	45	13	58
Cuyamaca College	44	12	56
Total	102	29	131



Site Allocations

Total Unrestricted Funds TB and AB

	TB Allocation	TB % of Total	AB Allocation	AB % of Total
Grossmont College	\$ 60,549,473	59.47%	\$60,122,423	59.98%
Cuyamaca College	27,055,916	26.58%	26,529,214	26.46%
District Services	\$10,251,697	10.07%	9,755,793	9.73%
Districtwide Commitments	<u>3,949,488</u>	<u>3.88%</u>	<u>3,839,698</u>	<u>3.83%</u>
Total Funds Available (pg 2)	<u>\$101,806,574</u>	<u>100.00%</u>	<u>\$100,247,128</u> Reduction \$1.6 M	<u>100.00%</u>



Total Funds Available AB to TB

- ◎ **Additional Revenue Reduction** ↓ \$6.00 Million
Earlier estimated to be \$5.7M

- ◎ **ADD – One Time Solutions from 2008/09**
 - > 1-Time Funds dedicated from 08/09 2.13 M
 - > Beginning Balance increase 2.12 M

- ◎ **Help from Contingency Reserve** .16 M

- > **Total Change in Funds Available** ↓ \$1.60 M



Changes in Allocations

Budget Category	TB Allocation	TB %	AB Allocation	AB %	Increase (Decrease) From TB
Contract & Hourly Salaries	\$ 68.8	67.6%	\$ 65.9	65.8%	↓ \$2.9m
Staff & Retiree Benefits	\$ 20.7	20.4%	\$ 19.1	19.0%	Salary Related impacts plus ERI impact ↓ \$1.7m
Supplies & Other Operations	\$ 11.9	11.7%	\$11.9	11.9%	No Change
POCO 08-09 Purchase Order Carry Over	\$0	0%	\$1.4	1.4%	08-09 POCO
Other Holding	\$.4	.3%	\$ 1.9	1.9%	↑ \$1.6m \$1.5 from Committed 0809 ending balance
Total	\$ 101.8 m	100%	\$ 100.2m	100%	Overall \$1.6m Reduction



Impact of Reductions Adoption Budget

⦿ District

Chancellor Miles

⦿ Sites:

> **Grossmont College**

Dr. Cooke

> **Cuyamaca College**

Arleen Satele

> **District Services**

Sue Rearic

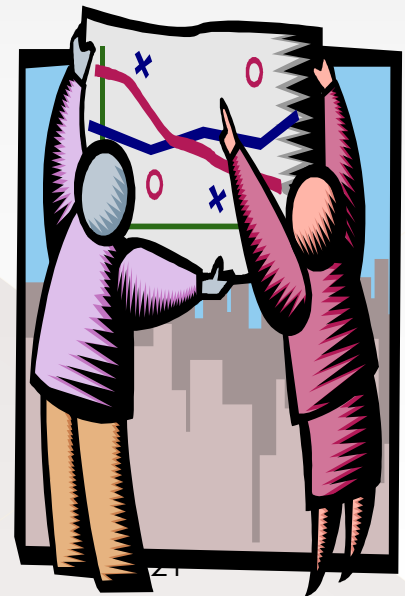
> **Districtwide Commitments**

Sue Rearic



Step 4 - Post Adoption Budget

- ◎ **Plan for Additional Mid-Year Cuts and Challenges for 2010/11**
- ◎ **Expect Budget Woes for Several Years**
- ◎ **Develop Long-term Strategies for Maintaining Core Operations at Reduced Funding Levels**





Continue Developing Solutions

FURLOUGHS

Use Volunteers

Freeze Step & Column
Reduce Salaries

Employee
Salary
Give
Back

Employees
Share
Benefit
Costs

**CUT Small
Programs**

**Increase
Tuition**

**CUT
Classes**

***Cut
Administration
&
Share Staff***

CONSOLIDATE
DEPARTMENTS

**Automate
Processes**

***Power
Down !***

FREEZE Overtime,
Special Assignments,
Sabbaticals, Hiring,
Travel

**Increase
Fundraising**

**4-Day
Work
Schedule**

Close 2
weeks
August,
December
(unpaid
leave)

Go
Paperless

Close
EVERYTHING
on Weekends

Shorten
Semesters

Increase Parking Fees



SUMMARY

Unrestricted Funds

Step 1 2009/10 Tentative Budget

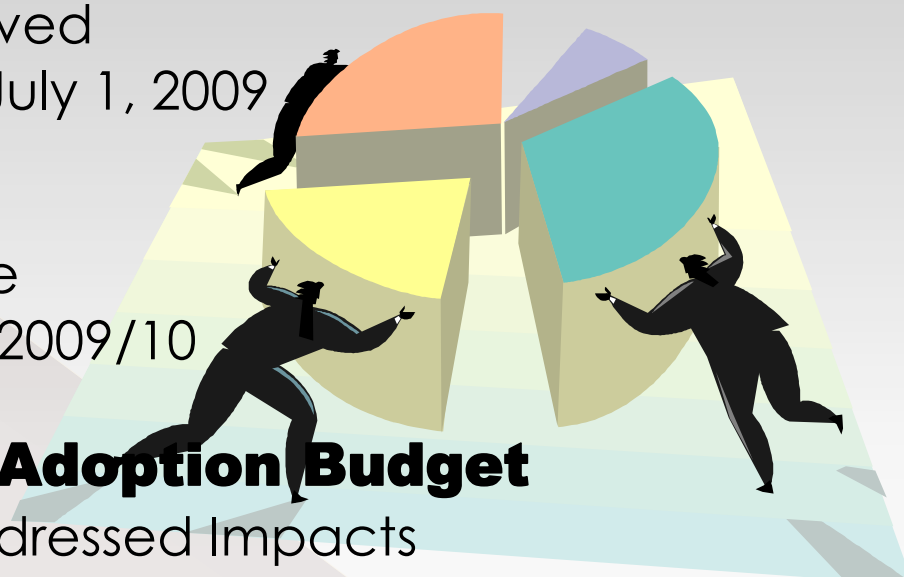
Tentative Budget Approved
Continued Operations July 1, 2009

Step 2 Closed Out 2008/09

Final Revenue & Expense
Balances committed to 2009/10

Step 3 Developed 2009/10 Adoption Budget

Reduction Scenarios Addressed Impacts



We have completed Steps 1 – 3. We now move our focus to Step 4.

Step 4 Prepare for Deeper Mid-Year Cuts & more Challenges in 2010/11 and beyond

Planning & Open Communication are VITAL
Together we will survive these challenges and help
Operations and Services Thrive



Total General Fund

- **Restricted Funds:**

Beginning Balance	\$2.9 M
Transfers Out	(2.1)
Income	<u>23.7</u>
Total Funds Available (Page 8)	\$24.5 M

- **Total Unrestricted** **105.1**

- **Total General Fund** **\$129.6 M**



Budget Packet

Strategic Areas of Focus

Governing Board & Administration

Table of Contents

General Fund	\$129.6 M
Other Funds	<u>104.0</u>
Total Funds Available	\$233.6 M

(page i)



Conclusion of Presentation

- Governing Board will consider this budget for Action in open session this evening
- State law requires an adopted budget by September 15th each year.
- Increases and/or decreases will be considered at monthly board meetings.
- Mid-year the district will assess revenue status and budget allocations for possible mid-year adjustments
- Follow-Ups to Budget Task Force Recommendations