2016/17 Tentative Budget Workshop
June 14, 2016
Linking Strategic Planning to Budget

GCCCD 2016-2022 Mission, Vision, Goals

- **District Mission**
  
  Provide outstanding diverse learning opportunities that prepare students to meet community needs, promotes a global responsibility, and fosters opportunities for all.

- **District Vision**
  
  - Student Success, Equity, and Access
  - Workforce and Economic Development
  - Organizational Strength

- **Districtwide Goals**
  
  - Create streamlined, student-centered pathways to educational goal completion.
  - Close achievements gaps by engaging individual students with diverse needs and removing structural barriers to their success.
  - Cultivate a student-centered culture of excellence, trust, stewardship, and service.
Tentative Budget Workshop

➢ Today’s PowerPoint

➢ TB Workshop Edition booklet

➢ Additional Details – available on intranet
Overview

- Governor’s Proposed Budget – January 2016:
  - GCCCD Tentative Budget Development
  - 2016/2017 Income Allocation Model

- Governor’s May revision
The State of California’s revenue outlook continues to improve

Actual State revenues have outpaced estimates

- Augmentation of one-time funds of $266.7 million for general operating expenses
- Proposition 98 minimum guarantee estimated to grow $0.8 billion

California’s unemployment rate has fallen below 6% for the first time since 2007

- Significant improvement from the unemployment rate of 12.4% in 2010
- Still not at the pre-recession level of 4.9% in 2006
In January 2016, Governor Brown released his proposed budget

- Budget proposal is a starting point, then changes follow

Budget proposal has five major themes:

- Maintaining fiscal balance
- Continued investment in education
- Repairing the State’s infrastructure
- Counter-acting the effects of poverty
- Confronting climate change

Key Components:

- $29.3 M for a .47 % COLA
- $114.7 M for a 2.00 % increase in Access
- No increase in base allocation funding
- No augmentation of Student Success & Equity program funds
- Plus one-time funds:
  - $200 M added to improve and expand efforts for workforce
  - $30 M increase to the existing Basic Skills to incentivize student transition to college-level programs
Increase in Access
  $114.7 M for 2.0 % – No change from January proposal

Decrease in COLA
  $0.0 M for a 0% COLA - Decrease from January proposal of 0.47 %

Increase in Base Allocation Funding
  $ 75 M – Increase from January proposal of $0 M

Increase in one-time mandated cost funds
  $38.6 million increase to cover lower than estimated 15/16 property taxes
More on May Revise
Will be included in budget once additional information is received.

- Increase in funds to retire prior mandated claims
  - $29.2 M increase to be used to promote campus security, technology and professional enhancement

- Proposition 98
  - Up slightly from $71.6 B to $71.9 B

More details of the State budget are under development and will hopefully be included in the approved budget language.

Budget is expected to be approved soon and signed by the Governor before July 1, 2016
GCCCD Tentative Budget

➢ Total General Fund Budget $179.3 M

General Funds Available:

<table>
<thead>
<tr>
<th></th>
<th>14/15 TB</th>
<th>15/16 TB</th>
<th>16/17 TB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Fund</td>
<td>$105.4 M</td>
<td>$115.7 M</td>
<td>$124.8 M</td>
</tr>
<tr>
<td>Restricted Fund</td>
<td>16.5 M</td>
<td>26.0 M</td>
<td>54.5 M</td>
</tr>
<tr>
<td>Total General Fund</td>
<td>$121.9 M</td>
<td>$141.7 M</td>
<td>$179.3 M</td>
</tr>
</tbody>
</table>
Increase in TB Operating Funds:
- COLA
- Growth funded

Increased costs will be higher:
- Cost to fund Growth
- Compensation Increases
  - Step/Column & Longevity
  - STRS & PERS rate increases
  - Health Benefit rate increases
- Utilities & Operating cost increases
  - Impact of rate increases exceeded the usage reductions

Transfer of funds from 15/16 will help cover initial year impact of higher expenses

Detailed fiscal impacts will be included in Adoption Budget presentation
Tentative Budget Assumptions

- .47% Cost-of-Living (COLA) $ .5 M

- Enrollment Growth $ 1.3 M
  - FTES CAP 19,024
  - Increase of 281 over 2015/16

- One-time funds from Prior Year $ 2.7 M

- Beginning balance (reserve plus site estimates) $ 10.6 M
### Resident FTES History & Projections

#### Table: Resident FTES History & Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>Funded (CAP)</th>
<th>Unfunded (Above CAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06-07</td>
<td>18,049</td>
<td>-</td>
</tr>
<tr>
<td>07-08</td>
<td>18,382</td>
<td>176</td>
</tr>
<tr>
<td>08-09</td>
<td>18,775</td>
<td>1,232</td>
</tr>
<tr>
<td>09-10</td>
<td>17,908</td>
<td>2,989</td>
</tr>
<tr>
<td>10-11</td>
<td>18,268</td>
<td>1,116</td>
</tr>
<tr>
<td>11-12</td>
<td>16,804</td>
<td>1,015</td>
</tr>
<tr>
<td>12-13</td>
<td>17,021</td>
<td>-</td>
</tr>
<tr>
<td>13-14</td>
<td>17,474</td>
<td>586</td>
</tr>
<tr>
<td>14-15</td>
<td>18,197</td>
<td>-</td>
</tr>
<tr>
<td>15-16</td>
<td>18,743</td>
<td>-</td>
</tr>
<tr>
<td>16-17 TB</td>
<td>19,024</td>
<td>-</td>
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</tbody>
</table>
## 2016/2017 FTES Growth Scenario

### 2% Growth Analysis

<table>
<thead>
<tr>
<th></th>
<th>GC</th>
<th>CC</th>
<th>Total</th>
<th>Targeted Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>12,996</td>
<td>5,747</td>
<td>18,743</td>
<td></td>
</tr>
<tr>
<td>Additional Growth to makeup for 2015/16</td>
<td>744</td>
<td></td>
<td>744</td>
<td></td>
</tr>
<tr>
<td>2% Growth Split (GC 0.0% - CC 100.0%)</td>
<td></td>
<td>-</td>
<td>375</td>
<td>2.00%</td>
</tr>
<tr>
<td>Total FTES Needed</td>
<td>13,740</td>
<td>6,122</td>
<td>19,862</td>
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</tbody>
</table>

*Planned growth =* 5.72% 6.53% 5.97%
Unrestricted General Fund

TB Revenue – Pages 4 (chart) and 6 ($)

- State Apportionment $102,301,160 (91.8%)
- Lottery $2,561,062 (2.3%)
- Non Res Tuition $3,565,000 (3.2%)
- Other State $1,178,209 (1.1%)
- Other Local $858,755 (0.7%)
- Full Time Faculty Hiring $1,023,808 (0.9%)

Total Revenue $111,487,994
### Site Allocations
Unrestricted General Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds Available</td>
<td>$124,846,255</td>
<td></td>
</tr>
<tr>
<td>Less Contingency Reserve</td>
<td>(7,066,769)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Income Allocation Model</strong></td>
<td><strong>$117,779,486</strong></td>
<td></td>
</tr>
<tr>
<td>Grossmont College</td>
<td>$68,534,098</td>
<td>14</td>
</tr>
<tr>
<td>Cuyamaca College</td>
<td>30,151,431</td>
<td>18</td>
</tr>
<tr>
<td>District Services</td>
<td>12,401,991</td>
<td>22</td>
</tr>
<tr>
<td>Districtwide Commitments</td>
<td>6,691,966</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total Allocations</strong></td>
<td><strong>$117,779,486</strong></td>
<td></td>
</tr>
</tbody>
</table>
Unrestricted General Fund
TB Expenditures – Pages 10 ($) and 12 (chart)

- Total Salaries: $72,143,945 (61.3%)
- Staff Benefits: $26,396,516 (22.4%)
- Supplies: $2,347,504 (2.0%)
- Rents, Utilities & Other Operating: $15,449,704 (13.1%)
- Capital Outlay: $585,164 (0.5%)
- Other Outgo: $856,653 (0.7%)

Total Compensation: 83.7%
Total Expenditures: $117.8 M
## Health Benefit Increases

<table>
<thead>
<tr>
<th>Category</th>
<th>2015-16 # Budgeted</th>
<th>2016-17 # Budgeted</th>
<th>YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Cost</td>
<td>Total Cost</td>
<td>Total Cost</td>
</tr>
<tr>
<td><strong>Contract Employees</strong></td>
<td>739</td>
<td>761</td>
<td>$1,490,396</td>
</tr>
<tr>
<td></td>
<td>$11.83 M</td>
<td>$13.32 M</td>
<td></td>
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<tr>
<td><strong>Retirees</strong></td>
<td>83</td>
<td>75</td>
<td>$ (185,590)</td>
</tr>
<tr>
<td></td>
<td>$1.32 M</td>
<td>$1.13 M</td>
<td>$1.741,541</td>
</tr>
<tr>
<td><strong>Part-time faculty</strong></td>
<td>74</td>
<td>123</td>
<td>$436,735</td>
</tr>
<tr>
<td></td>
<td>$0.81 M</td>
<td>$1.25 M</td>
<td></td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>896</td>
<td>959</td>
<td>$1,741,541</td>
</tr>
<tr>
<td></td>
<td>$13.96 M</td>
<td>$15.70 M</td>
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</table>
STRS/PERS Increases

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>STRS Increase</td>
<td>$1,185,309</td>
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<tr>
<td>PERS Increase</td>
<td>$787,821</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$1,973,130</strong></td>
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</table>

Less: Recommendation to fund 50% of the Unrestricted portion of the increase using 2015/16 one-time funds

- 871,236

Amount to be funded using 2016/17 resources

$1,101,894
Budget Challenges

- FTES targets must be met

- Significant increases in STRS/PERS, health benefits and other costs

- Proposition 30 (Education Protection Act [EPA]) is temporary tax increase
  - Governor reiterated in his January message that Prop 30 was temporary
  - Sales tax increase ends on December 31, 2016
  - Income tax increase ends on December 31, 2018
  - GCCCD 15-16 EPA funds were $15.5 M
SUMMARY

Key Talking Points of this TB

 This is a balanced budget

 Statement from Mario Rodriguez, Acting Vice Chancellor at CCC Chancellor’s Office, “We are nearing the point where a normal economic expansion period should end; therefore, it’s important to use the resources provided in this budget to position your college for the future.”

 Budget revenue assumes meeting FTES goals

 Sites have budgeted holdings just in case
Next Steps

Step 1 Consider 2016/17 Tentative Budget
- Tentative Budget must be approved
- Docketed for Board approval June 16th
- To continue operations on July 1st

Step 2 Close Out 2015/16
- Final revenue & expenditures

Step 3 Develop 2016/17 Adoption Budget
- Approved State budget
- Updated with final year-end balances
- Adoption Budget Workshop
Thank you

To the many individuals across the District who work year-round to develop a comprehensive budget plan.

District Strategic Planning & Budget Committee

Cuyamaca College Council

Grossmont College Planning & Resource Council

District Services Council