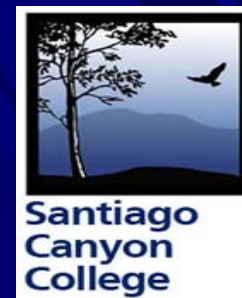




RANCHO SANTIAGO

COMMUNITY COLLEGE DISTRICT



2011-2012 Tentative Budget

Board of Trustees Meeting
June 20, 2011

1. State Budget Update
2. RSCCD Tentative Budget

State Budget Update

- Legislature approved a state budget on June 15th
- Governor Brown vetoed that budget the next day as “not a balanced solution...with legally questionable maneuvers”
- Therefore, we still don't have a state budget
 1. If legislators get paid expect a prolonged budget stalemate
 2. If legislators don't get paid we may have a budget by the end of June
 - State Controller to decide?

State Budget Update

- July 1st tax extensions are no longer considered a part of the state budget solution
- However, Governor still trying to strike a deal for tax extensions before June 30th
- All parties seem more polarized
- If tax extensions or tax increases are not part of state budget solution, more cuts to education are threatened

State Budget Update

What we do know

- SB-70 – trailer bill approved on March 17th
- Reduces funding for community colleges
 - Net \$290 million reduction in state apportionment funding
 - RSCCD - \$7.1 million
 - Increases student fees from \$26 to \$36 per unit
- Additionally
 - Student fee estimated shortfall now projected to be \$25 million statewide in 2011/2012
 - Therefore, we estimate an additional RSCCD funding reduction of approximately \$800,000
- We now have a Modified Plan A

State Budget Update

- Original Plan A
 - RSCCD reduction in funding of \$7.1 million
- Modified Plan A
 - RSCCD reduction in funding of \$7.9 million
- Plan B – minimum Prop 98 funding guarantee (no suspension) with additional \$6.6 billion in state revenue estimates
 - RSCCD reduction in funding of \$13 million
- Plan C – all cuts budget/prop 98 suspension
 - RSCCD reduction in funding of \$20 million
 - No longer an option due to higher state revenue estimates

State Budget Update

- Modified Plan A is law as of July 1st and operational with tuition fee shortfall
- Plan B now considered the “worst case” scenario
- Ultimate outcome of state budget deal will most likely occur somewhere between modified Plan A and current Plan B
 - RSCCD funding reduction between \$7.9 million and \$13 million
- Best case scenario
 - If a tax extension/tax increase deal is approved modified Plan A operational

RSCCD Tentative Budget

- Tentative Budget was prepared with the Modified Plan A scenario
 - State funding reduction of \$7.9 million
- However, at this time, expenditure reductions to offset this funding reduction have not yet been fully identified and itemized in the budget plan
- Temporary use of ending fund balance until actual reductions identified in Adopted Budget plan

Tentative Budget

- July 1st deadline by law
- Tentative Budget is merely a placeholder
 - in order to continue to pay employees and obligations as of July 1st until there is an enacted state budget and RSCCD adopts a district budget
 - Proposed Adopted Budget scheduled for September 12th

Tentative Budget - combined

- Federal Revenues = \$13,676,217 – 9%
- State Revenues = \$90,127,059 – 56%
- Local Revenues = \$56,949,531 – 35%
 - Property taxes = \$45 million
 - Student fees = \$7 million (\$36/unit)
 - Non resident tuition = \$2.0 million
 - Interest earnings = \$251,000
 - \$455,059 budgeted in 09/10

Tentative Budget

■ Revenue

- No Cost of Living Allowance (COLA)
 - Four years in a row of no funded COLA
- Negative enrollment growth funding
 - Workload measures reduction of 6%
 - Loss of \$7.9 million in funded FTES
 - State reduces state apportionment
 - Modified Plan A
- Lower estimates on interest earnings
 - \$200,000 less
- Lower estimates on non-resident tuition
 - \$650,000 less

RSCCD Tentative Budget

- Salaries and benefits - \$140,913,946
 - Approximately 82% of all district expenses
- Increased health benefit premium costs for employees/retirees
 - \$1.8 million
- Increased cost of Unemployment Insurance - \$1.1 million
- Increased cost of PERS - \$330,000
- Utilities, contractual increases - \$500,000

Tentative Budget

- Includes Board of Trustees approved budget assumptions
- Reserves for economic uncertainty
 - minimum 5%
 - \$8,760,258
- Cash flow to address apportionment deferrals
 - \$25 million in year-end cash deferrals
 - Use of ending balance for cash flow needs

Tentative Budget

- General fund ending balance as of June 30, 2011 projected to be approximately \$40.9 million
- Ending balance increased due to:
 - Additional revenues
 - Some projected savings
 - Estimated based on current spending patterns
 - Expenditures could end up higher/lower than projected

Tentative Budget

- Mostly one time revenue adjustments increased ending balance
 - \$7.5 million budgeted mid-year apportionment reduction that didn't happen
 - \$1.1 million in OEC approved Center status for 2009/2010 (one time)
 - \$1.1 million in OEC approved Center status for 2010/2011 (current year allocation)
 - \$3 million in 2.21% growth that was not budgeted in the Adopted Budget
 - Expected to be cut in mid-year reductions
 - To be funded by state in 2011-2012 fiscal year

Tentative Budget Recommendation

- Recommend approval of the proposed Tentative Budget, as presented - as a placeholder budget in order to continue paying payrolls and district obligations as of July 1, 2011