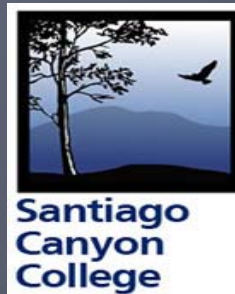




RANCHO SANTIAGO

COMMUNITY COLLEGE DISTRICT



2011-2012 ADOPTED BUDGET

Board of Trustees Meeting
September 12, 2011

Outline of Presentation

1. State Budget Overview
2. RSCCD 2011-2012 Proposed Adopted Budget
3. Risks and Concerns
4. Recommendation

State Budget Overview

State Budget Overview

- ▣ Approved by Legislature with majority vote
 - Included \$4 billion in additional expected revenues
 - Automatic trigger cuts
 - ▣ Trigger 1
 - ▣ Trigger 2
- ▣ Cuts to CCCs
 - \$400 million cut to base apportionment
 - \$110 million in increased fee revenue
 - ▣ Enrollment fee increase from \$26 to \$36/unit
 - \$129 million in new deferrals

State Budget Overview

- ▣ State revenues intentionally overstated in order to approve state budget on simple majority
 - Waiting for economy to get stronger
- ▣ State expenditures intentionally understated
 - Many are subject to lawsuits
- ▣ More accounting tricks (deferrals), shifts, “shenanigans” and internal borrowing
- ▣ “Suspension” of Proposition 98 minimum funding
 - With simple majority vote?

State Budget

What's Included for CCs

- ▣ No Cost of Living Allowance (COLA)
 - Fourth year in a row without COLA

<u>Fiscal Year</u>	<u>CCC COLA</u>	<u>Statutory</u>
2001-02	3.87	3.87
2002-03	2.00	1.66
2003-04	0.00	1.86
2004-05	2.41	2.41
2005-06	4.23	4.23
2006-07	5.92	5.92
2007-08	4.53	4.53
2008-09	0.00	5.66
2009-10	0.00	5.02
2010-11	0.00	(0.38)
2011-12	0.00	2.24

- ▣ Student fees increased from \$26 to \$36 per unit
- ▣ 6.2% Workload Reduction = “Negative Growth”

More State Apportionment Deferrals

- ▣ Additional \$129 million state-wide deferral (IOU's)
- ▣ Total deferrals now at \$961 million for CCCs
- ▣ \$24.1 million deferral at year end for RSCCD
- ▣ Deferral mechanism is how state is able to maintain same level funding to education without the additional revenue sources
- ▣ Now over 30% of state apportionment funds are provided in the succeeding fiscal year
- ▣ Creates monumental cash flow problem for districts every June through end of October

RSCCD
2011-2012
Proposed Adopted Budget

Proposed Adopted Budget

- ▣ With State Budget passed “on time”, the district’s budget preparation could also be on time this year (September 15)...however...
- ▣ Don’t expect enacted State Budget to hold
- ▣ Adopted Budget prepared for the Trigger 1 cuts of \$1 million
- ▣ If Trigger 2 cuts materialize, will have to evaluate mid-year options
- ▣ CCLC advising districts to prepare for Trigger 1 and Trigger 2 to be implemented

Proposed Adopted Budget

- Includes Budget Allocation and Planning Review (BAPR) committee recommended and Board approved budget assumptions for the Adopted Budget
- BAPR committee review and support for proposed Adopted Budget
 - Action item to recommend to Chancellor did not occur at last BAPR meeting
 - Will ratify at next BAPR meeting
 - Email poll from BAPR committee indicates almost unanimous support
 - 17 out of 18 BAPR voting members responded with their support of recommendation to Chancellor of the proposed Adopted Budget
- Includes utilizing a “modified” RSCCD Budget Allocation Model (BAM)
 - BAM again modified to accommodate redistribution of discretionary revenues due to targeted budget reductions over the last three years
 - Each campus gets to keep it’s share of cost savings
 - Creates disproportionate allocation of discretionary funds when compared to the BAM

Proposed Adopted Budget What's Included?

- ▣ Revenue:
 - No Cost of Living Allowance (COLA)
 - 6.2% Workload reduction (negative growth)
 - (\$7.9) million state funding reduction
 - 3% estimated local property tax deficit
 - (\$1.2) million offset to projected
 - 15% Estimated student fee shortfall
 - (\$1.3) million offset to projected
 - Additional Fee Waivers (\$800k)
 - Potential increase to \$46 will likely cause collectability issues (\$500k)

Proposed Adopted Budget General Fund Combined

- ▣ Federal Revenues = \$10.11 million – 6%
- ▣ State Revenues = \$96.35 million – 60%
- ▣ Local Revenues = \$53.57 million – 34%
 - Property taxes = \$41.1 million
 - 3.3% net increase
 - DOF projected \$42.4 million, less \$1.2 million offset
 - Only collected \$39.8 million in 2010/11
 - Student fees (net) = \$7.7 million (@ \$36/unit)
 - ▣ DOF projected \$9 million, less \$1.3 million offset
 - Non-resident tuition = \$2.0 million

Proposed Adopted Budget General Fund Combined

- ▣ Total budget year revenue - \$160.05 million
- ▣ Beginning Fund Balance (includes reserves) – \$47.08 million
- ▣ Combined total resources - \$207.13 million

Proposed Adopted Budget General Fund Combined

- ▣ Expenditures:
 - Salaries and benefits - \$136.31 million
 - Over 81% of all district expenses
 - ▣ Academic Salaries - \$58.38 million - 43%
 - ▣ Classified Salaries - \$37.35 million - 27%
 - ▣ Employee Benefits - \$40.57 million - 30%
 - Supplies - \$2.81 million
 - Services and other operating expense - \$25.18 million
 - Equipment - \$2.63 million
 - Other transfers - \$2.03 million
 - Total budgeted expenditures of \$168.96 million

Proposed Adopted Budget What's Included?

- ▣ Reserve for economic uncertainty
 - 5% Board Policy - \$8,447,993
- ▣ Other Designated Reserves - \$2,712,278
 - ▣ Includes:
 - Child Development Cash Flow - \$1 million
 - Load Bank Leave and Vacation Payout - \$1 million
 - Restricted Program Reserves and Revolving Cash

Proposed Adopted Budget

- ▣ Beginning balance - General Fund - July 1, 2011,
 - \$47,079,378
- ▣ Projected General Fund June 30, 2012 ending balance
 - \$38,167,197
- ▣ Spend down of approximately \$9 million in proposed adopted budget
 - Assumes all expenditure line item budgets will be spent
 - Does not include potential Trigger 2 reductions of -\$2 million
- ▣ If Trigger 2 cuts included, current year spend down will increase to \$11 million, therefore the June 30, 2012 ending balance would be approximately \$36 million

Increase in 2010-2011 Fund Balance

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

	Not Included in the budget for <u>FY 2010-11</u>
Workload reduction and deficit	\$ 7,514,795
OEC center 2010-11	1,107,182
OEC center 2009-10	1,107,182
2.21 % growth	3,079,583
Expenditure savings/Vacant positions savings	<u>2,812,277</u>
Total	15,621,019
Beginning balance 7/1/2010	<u>32,190,876</u>
Ending balance 6/30/2011	<u>\$ 47,811,895</u>
2010-11 Second Principal Apportionment 6/17/11 Deficit	<u>(732,517)</u>
Ending balance for 6/30/2011 on 9/7/2011	<u>\$ 47,079,378</u>

Risks and Concerns

Risks and Concerns

- ▣ Imbalanced state budget
 - LAO State Fiscal Outlook report generally published in November
 - DOF and LAO must determine by December 15, 2011 whether Trigger 1 or Trigger 2 must be implemented
- ▣ Trigger 1
 - Student enrollment fee increase from \$36 to \$46
- ▣ Trigger 2
 - Additional state funding reductions
 - As workload measures (negative growth)
- ▣ Mid-year expenditure adjustments and reductions very difficult
- ▣ Managing FTES generation very important in a period of workload measures reductions (negative growth)

Risks and Concerns

▣ Managing FTES Generation

<u>Full-Time Equivalent Students</u>	Santa Ana College		Santiago Canyon College		Total FTES
	FTES	%	FTES	%	
2010/11 Annual					
Credit	16,239	70.95%	6,648	29.05%	22,887
Non-Credit	5,612	71.42%	2,246	28.58%	7,858
Total	<u>21,851</u>	71.07%	<u>8,894</u>	28.93%	<u>30,745</u>
2011/12 Projected					
Credit	15,101	70.63%	6,279	29.37%	21,380
Non-Credit	5,395	72.33%	2,064	27.67%	7,459
Total	<u>20,496</u>	71.07%	<u>8,343</u>	28.93%	<u>28,839</u>

Risks and Concerns

- ▣ We can expect continued apportionment deferrals if state needs to make additional reductions to Prop 98
 - State may not be able to buy back these cash deferrals for a long time
 - Continuing cash flow concerns
- ▣ Spending down ending fund balance
 - Provides needed cash flow for state IOU's
 - Won't last forever...

Recommendation

List of Funds Budgeted

General Fund

Expenditures	\$ 168,959,865
Board Policy Contingency (5%)	8,447,993
Restricted Reserves	2,712,278
Unrestricted Contingency - Cash Flow	<u>27,006,926</u>

Total General Fund \$ 207,127,062

Child Development Fund	5,550,263
General Obligation Bond Funds	99,134,297
Bond Interest and Redemption Funds	25,576,813
Capital Outlay Projects Fund	23,349,489
Self-Insurance Fund - Workers' Compensation	7,771,227
Self-Insurance Fund - Property and Liability	2,501,823
Retiree Benefits Fund	(8,455,950)
Student Financial Aid Fund	23,379,407
Diversified Trust Fund	2,043,622
Associated Students Fund	423,734
Bookstore Fund	10,752,373
Community Education Fund	<u>688,849</u>

Total All Funds \$ 399,843,009

Adopted Budget Recommendation

- ▣ Recommend approval of the proposed 2011-2012 Adopted Budget, as presented