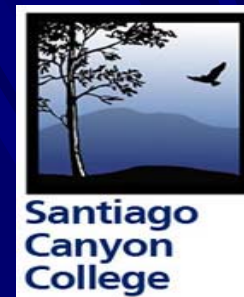




RANCHO SANTIAGO

COMMUNITY COLLEGE DISTRICT



2012-2013
Tentative Budget

Board of Trustees Meeting
June 18, 2012

Overview

1. State Budget Update
2. RSCCD Tentative Budget
3. 2012-2013 Mid-Year
Budget Concerns

State Budget Update

- State Budget approved by Legislature on Friday June 15, 2012
 - Yet to be signed by Governor
- Many State Budget Act Trailer Bills are still incomplete
- Assumes November tax measure will pass
 - No additional funding for RSCCD
 - Only buys down some state deferrals
- State Budget includes Trigger language to dramatically reduce education's funding if Governor's tax measure fails
 - RSCCD = loss of \$8.6 million in state funding

State Budget Update Community Colleges

- If Governor's tax measure passes
 - Essentially assumes same reduced level of funding as 2011-2012
- Assumes any Redevelopment Successor Agency shortfalls to community colleges will be backfilled by state
- Waiting for Trailer Bill implementation language

RSCCD Tentative Budget

- July 1st deadline by law for an approved operating district budget
- Tentative Budget is merely a placeholder in order to continue to pay employees and obligations after July 1st
- RSCCD proposed Adopted Budget scheduled for September 10th Board of Trustees meeting
 - Once we receive more detail on state budget funding for our district from state Chancellor's Office

RSCCD Tentative Budget

- Tentative Budget prepared using the Board approved 2012-2013 Tentative Budget Assumptions
- Assumes that the Governor's tax initiative will pass in November
- Tentative Budget utilizes new SB361 Revenue Allocation Model for revenue allocation to the campuses
 - Campuses decide expenditure appropriations
- Includes \$5 million in budget cuts to lessen deficit spending
- Estimated spend down (deficit spending) of ending fund balance of \$9.9 million

Tentative Budget Restricted and Unrestricted

- Federal Revenues = \$14,256,380 – 9%
- State Revenues = \$98,235,880 – 62%
- Local Revenues = \$45,851,935 – 29%
 - Property taxes = \$34 million
 - Student fees = \$7 million (\$46/unit)
 - Non-resident tuition = \$1.65 million
 - \$2.6 million actual revenue in 09/10
 - Interest earnings = \$201,000
 - \$934,152 actual revenue in 09/10

Tentative Budget

■ Revenue

- No Cost of Living Allowance (COLA)
 - Five years in a row of no funded COLA
- No Growth/Restoration
 - Funded FTES projected at 28,000 FTES
 - Down from 34,310 FTES in 08/09
- Lower estimates on interest earnings
 - Down 78% in four years
 - Only earning 0.50% from County Treasury
- Lower estimates on non-resident tuition
 - \$927,000 less than four years ago

RSCCD Tentative Budget

■ Expenditures

- Salaries and benefits - \$136,365,517
 - Approximately 82% of all district budgeted expenses
- All vacant funded positions are budgeted
- Increased health benefit premium costs for employees/retirees
 - \$1.2 million increase
- Increased cost of PERS - \$290,000
- Negotiated salary settlement, step and column movement included for 2012/13
- BOT election November 2012 - \$400,000

RSCCD Tentative Budget

- Includes 5% Contingency Reserve
 - minimum 5% reserve at \$6.9 million
 - Budget Stabilization Fund of approximately \$24.5 million (unrestricted ending balance)
- Includes OPEB contributions to Retiree Health Benefit Fund
- State Apportionment Cash Deferrals
 - \$25.3 million in year-end (June through October) cash deferrals
 - Use of Budget Stabilization Fund for cash flow needs

RSCCD Tentative Budget

- General Fund ending balance as of June 30, 2012 projected to be approximately \$42.4 million
- Original estimate \$38 million in 2011-2012
Adopted Budget
 - Campus savings of approximately \$2.2 million
 - State one time prior year revenue adjustment of \$1.6 million
- Projected June 30, 2012 ending balance estimated to decrease from \$42.4 million to \$32.3 million by June 30, 2013
 - Approximately \$10 million planned spend down of ending balance

2012-2013 Mid-Year Budget Concerns

- Will the Governor's tax measure pass in November?
 - Munger's tax increase for education excludes community colleges for funding
 - If not, Trigger language will further deteriorate our state funding
 - Loss of \$8.6 million in state funding
 - 7.3% workload measures reduction (negative growth)
 - Loss of approximately 2,000 funded FTES
 - Additional ongoing reductions will need to be implemented by July 1, 2013

Tentative Budget Recommendation

- Recommend approval of the proposed 2012-2013 Tentative Budget, as presented