

San Bernardino Community College District

2011-2012 Budget Study Session



Agenda

- Governor's 2011-12 Proposed Budget
- Proposition 98
- State Budget Scenario #1
- State Budget Scenario #2
- State Budget Scenario #3
- Impact on 2011-12 Budget Before District Reductions
- Impact on 2011-12 Budget With District Reductions
- Impact on Enrollment

Agenda

- Other Budget Considerations
- Budget Process
- Board of Trustees 2011-12 Budget Directions
- Impact on Fund Balance
- 2011 Fund Balance Survey (Unofficial)
- Impact of Deferrals on Cash Flow
- Next Steps
- Political Issues

Governor's 2011-12 Proposed Budget

- No mid-year cuts for 2010-11
- \$400 million cut for "Census Reform"
- Student enrollment fee increase from \$26 to \$36 per credit unit
- Enrollment growth of 1.9% (funded by enrollment fee increase)
- Additional \$129M inter-year funding deferral (\$1.65M for SBCCCD)

Governor's 2011-12 Proposed Budget

- No further cuts to student support categorical programs
- Categorical flexibility provisions
- Cal Grant Funding
- No cost-of-living adjustment (COLA)
- Voters approve a \$12B tax package on June ballot
- No specifics if tax package is not approved

Proposition 98

- Guaranteed funding source that grows with the economy and number of students
- Three different formulas (tests) for funding
 - Test #1 – 39% of General Fund (GF) revenues
 - Test #2 – Growth in Per Capita Personal Income (operative in years with normal to strong GF growth)
 - Test #3 – Growth in General Fund Revenues (operative when GF revenues fall or grow slowly)
- Legislature can suspend Prop 98 with a two-thirds vote and provide any level of funding

State Budget Update

Scenario #1

- Tax package in June is approved, Prop 98 funded at minimum
- State General Fund: -\$5,096,000
- Increased Student Fees: \$1,401,000
- Net Reduction: -\$3,694,000
- Lost Students
 - CHC: 499
 - SBVC: 1,240

State Budget Update

Scenario #2

- Tax package in June is not approved, Prop 98 funded at minimum
- State General Fund: -\$7,898,000
- Increased Student Fees: \$1,401,000
- Net Reduction: -\$6,497,000
- Lost Students
 - CHC: 877
 - SBVC: 2,180

State Budget Update

Scenario #3

- Tax package in June is not approved, Prop 98 suspended
- State General Fund: -\$11,465,000
- Increased Student Fees: \$1,401,000
- Net Reduction: -\$10,064,000
- Lost Students
 - CHC: 1,357
 - SBVC: 3,372

Impact on 2011-12 Budget Before District Reductions

General Fund Unrestricted Revenue	2010-11 Budget	Cuts in Revenue	2011-12 Scenario #1	Cuts in Revenue	2011-12 Scenario #2	Cuts in Revenue	2011-12 Scenario #3
State Base Revenue plus Growth	\$71,541,942	\$3,694,000	\$67,847,942	\$6,497,000	\$65,044,942	\$10,064,000	\$61,477,942
Other Revenue	\$3,174,684	\$73,416	\$3,101,268	\$126,692	\$3,047,992	\$169,054	\$3,005,630
Total Revenue	\$74,716,626	\$3,767,416	\$70,949,210	\$6,623,692	\$68,092,934	\$10,233,054	\$64,483,572
2010-11 Budget	\$73,676,657		\$73,676,657		\$73,676,657		\$73,676,657
Net Revenue Less Expenses	\$1,039,969		-\$2,727,447		-\$5,583,723		-\$9,193,085
2011-12 Budget Increases							
Step & Column, Net FTE Change			-\$477,472		-\$477,472		-\$477,472
12% Increase in Dental Benefits			-\$51,440		-\$51,440		-\$51,440
10% Increase in Overall Benefits			-\$572,000		-\$572,000		-\$572,000
Grant Obligations			-\$169,000		-\$169,000		-\$169,000
Increased GASB 45 Liability			-\$650,000		-\$650,000		-\$650,000
Potential 2011-12 Budget Deficit			-\$4,647,359		-\$7,503,635		-\$11,112,997

Impact on 2011-12 Budget With District Reductions

General Fund Unrestricted Revenue	2010-11 Budget	Cuts in Revenue	2011-12 Scenario #1	Cuts in Revenue	2011-12 Scenario #2	Cuts in Revenue	2011-12 Scenario #3
State Base Revenue plus Growth	\$71,541,942	\$3,694,000	\$67,847,942	\$6,497,000	\$65,044,942	\$10,064,000	\$61,477,942
Other Revenue	\$3,174,684	\$73,416	\$3,101,268	\$126,692	\$3,047,992	\$169,054	\$3,005,630
Total Revenue	\$74,716,626	\$3,767,416	\$70,949,210	\$6,623,692	\$68,092,934	\$10,233,054	\$64,483,572
2011-12 Budget	\$73,676,657		\$69,862,704		\$68,562,704		\$66,162,704
Net Revenue Less Expenses	\$1,039,969		\$1,086,506		-\$469,770		-\$1,679,132
2011-12 Budget Increases							
Step & Column, Net FTE Change			-\$477,472		-\$477,472		-\$477,472
12% Increase in Dental Benefits			-\$51,440		-\$51,440		-\$51,440
10% Increase in Overall Benefits			-\$572,000		-\$572,000		-\$572,000
Grant Obligations			-\$169,000		-\$169,000		-\$169,000
Increased GASB 45 Liability			-\$650,000		-\$650,000		-\$650,000
Potential 2011-12 Budget Deficit			-\$833,406		-\$2,389,682		-\$3,599,044
Potential 2011-12 Budget Deficit Before Reductions			-\$4,647,359		-\$7,503,635		-\$11,112,997

Impact on Enrollment

Description	2010-11	2011-12 Scenario #1	2011-12 Scenario #2	2011-12 Scenario #3
Potential Funded FTES for 2011-12	14,081	13,321	12,729	11,976
Potential Reduction in FTES from 2010-11		790	1,404	2,186
Potential Reduction in Head Count from 2010-11		2,125	3,777	5,880
Potential Reduction in Sections from 2010-11		213	378	588

Other Budget Considerations

Full-time Obligation Number (FON) for Full-time Faculty

- Fall 2011 FON Requirement – 213.8 Full-time Faculty
- Fall 2010 (At Apportionment 2) – 217.8 Full-time Faculty

50% Law – 50% of expenditures are spent “in the classroom”

- 2009-2010 Reported 50% Law Compliance – 50.88%

Budget Process

- Chancellor's Cabinet
 - Identified Conceptual Alternatives and Solutions
- District Budget Committee (Collegial Consultation)
 - Shared alternatives and solutions with committee
 - Reviewed timeline of budget deadlines
 - Discussed next steps for the committee

Board of Trustees 2011-12

Budget Directions

- Avoids layoffs, if possible, of all full-time and part-time permanent contract employees
- Full funding for contractual step increases
- Maintain resource flexibility by maintaining a “selective hiring freeze” as appropriate
- Maintain flexibility to fund up to the full cost of health benefits as negotiated
- Explore options to reduce the “General Fund” support for KVCR and PDC
- Bond funding to continue implementation of the District’s Facilities Master Plans

Board of Trustees 2011-12 Budget Directions

- Allocate base funding to the colleges and other sites to be used to satisfy each site's highest priority goals and objectives (enrollment, programs, and services) consistent with the District's Resource Allocation Model
- Reallocate staff resources as appropriate throughout the District
- Consistent with each college's priorities and objectives, reduce 12-month faculty contracts to 10- or 11-month contracts
- Explore the feasibility of a Supplemental Employee Retirement Program (full year or mid-year program)

Board of Trustees 2011-12 Budget Directions

- Balance the 2011-12 Budget utilizing the District's 2009-10 "Fallout" and Fund Balance (Reserve) as appropriate to maintain programs, services, and the directions above while maintaining a minimum Fund Balance level of 15% (State minimum is 5%)
- Develop "transition plans" to minimize or mitigate future utilization of Fund Balance

Impact on Fund Balance

Description	2010-11	2011-12 Scenario #1	2011-12 Scenario #2	2011-12 Scenario #3
Total General Fund Expenditure 2010-11 Budget and Potential Reductions for 2011-12	\$74,919,037	-\$3,813,953	-\$5,113,953	-\$7,513,953
Potential 2011-12 Budgets		\$71,100,000	\$69,800,000	\$67,400,000
Potential One-time Use of Fund Balance While Developing "Transition Plans" to Mitigate Future Use		-\$833,406	-\$2,389,682	-\$3,599,044
Projected Fund Balance	\$17,609,972	\$16,776,566	\$15,220,290	\$14,010,928
Projected Fund Balance% of Budgeted Expenditures	23.51%	23.60%	21.81%	20.79%

2011 Fund Balance Survey (Unofficial)

“What is your fund balance % (reserve) of your budgeted expenditures?”

- 43 out of 72 districts responded
- High – 27.8% of expenditures
- Low – 5.0%
- Median – 10.4%
- Average – 11.1%
- For 2010-11, SBCCD’s 23.5% ranked 2nd (behind Kern’s 27.8%)

Impact of Deferrals on Cash Flow

Description	2010-11	2011-12 Scenario #1	2011-12 Scenario #2	2011-12 Scenario #3
Total General Fund Expenditure Budget	\$94,673,984	\$90,900,000	\$89,600,000	\$87,200,000
Potential One-time Use of Fund Balance While Developing "Transition Plans" to Mitigate Future Use		-\$833,406	-\$2,389,682	-\$3,599,044
Projected Fund Balance	\$17,609,972	\$16,776,566	\$15,220,290	\$14,010,928
Without Constitutional Advance, Sufficient Cash Flow Through:		September	September	August
With \$10M Constitutional Advance, Sufficient Cash Flow Through:		October	October	September

Next Steps

- Budget Calendar (Key Milestones)
 - March, 2011: News on June election
 - April 22, 2011: Budgets due to Fiscal Services
 - May 12, 2011: Board is updated on status of budget process and receives preliminary budget
 - June 9, 2011: Tentative Budget presented to Board for adoption, June election???
 - July or Later: California Budget enacted
 - September 8, 2011: Board is presented Final 2011-12 Budget for adoption

Next Steps

- Keep Board Informed
 - Board Meetings
 - Chancellor's Chat
 - Other Means as Necessary

Political Issues

- No “Census Reform”
- California Legislative Analyst Office (LAO) Recommendations
 - Statewide registration priorities be more prescriptive in order to maximize access for the highest priority students, better reflecting the goals set forth in the Master Plan
 - Limit State support for courses taken by students that have earned more than 100 CCC units
 - State funding of activity courses should be limited to only one time for any given class or similar class in the same sequence, with the exception of intercollegiate athletics and adaptive physical education classes
 - Activity course repeats could be handled as “community services” classes so that a fee is charged to pay for the class

Political Issues

- **Eliminating Redevelopment Agencies (Uncertain)**
 - In 2012-13, the budget calls for \$1.9 billion in local property taxes designated for redevelopment to be divided among counties (\$289 million), cities (\$495 million), special districts (\$105 million) and schools (\$1 billion)
 - Brown criticizes redevelopment agencies for failing to help build affordable housing, for diverting local funding from public safety services and schools, and for failing to attract businesses to the State

- Source: Steven Harmon, Contra Costa Times, January 19, 2011



Questions?