



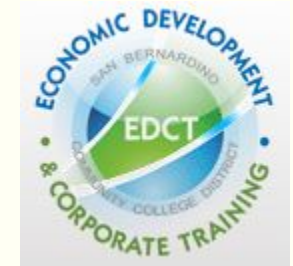
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Fiscal Year 2014-2015 Budget Study Session
September 9, 2014
Final Budget Presentation



Agenda

- Objectives for Fiscal Year 2014-2015
- Challenges To Meet Objectives
- Solutions to Meet Objectives
- Outcomes



OBJECTIVES FOR FISCAL YEAR 2014-2015

Objectives for Fiscal Year 2014-2015

- Board Directives
- Strategic Plan
- Program Review
- Accreditation
- Faculty Obligation Number (FON)



Objectives - Board Directives as Approved on January 16, 2014

- Balance the 2014-15 budget without the use of Fund Balance (Reserve) while maintaining a minimum Fund Balance level of 15% (State minimum is 5%).
- Allocate funding through the district resource allocation model to support SBVC and CHC as comprehensive community colleges through transfer education, career/technical education, and basic skills education.
- Increase student success and access.
- Identify new or reallocated funds for strategic initiatives.
- Maintain “selective hiring freeze” to provide strategic funding of priority needs.
- Reorganize and reallocate resources where possible to increase efficiency and improve services.
- Reduce expenditures that are not mission-critical.
- Invest in projects that enhance the efficiency of district and college operations.
- Continue the Measure M bond program based on facilities master plans.
- Continue to develop external funding streams including grants, scholarships, and fundraising.
- Maintain full funding for step and column increases.
- Maintain 50% law ratios in staffing plans.
- Honor collective bargaining agreements.
- Continue toward the sustainability of KVCR (New).

Objectives - Strategic Plan

- Goal 1: Student Success
- Goal 2: Enrollment and Access
- Goal 3: Partnerships of Strategic Importance
- Goal 4: District Operational Systems

Objectives - Program Review & Accreditation

Program Review

- Allocation of Resources
- Prioritization of Positions by College
- Needs by College

Accreditation Standards

- Institutional Mission & Effectiveness
- Student Learning Programs & Services
- Resources
- Leadership & Governance

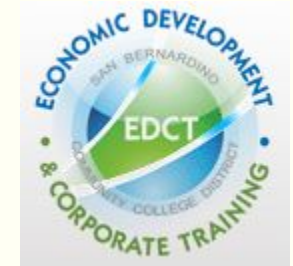
Objectives - 50% Law & Faculty Obligation Number (FON)

50% Law Compliance

- Fiscal Year 2013-2014 was 50.8%

Faculty Obligation Number (FON) Compliance

- Fall 2014 FON Requirement will be 194.8 (1% Increase from Fall 2013)



CHALLENGES TO MEET OBJECTIVES

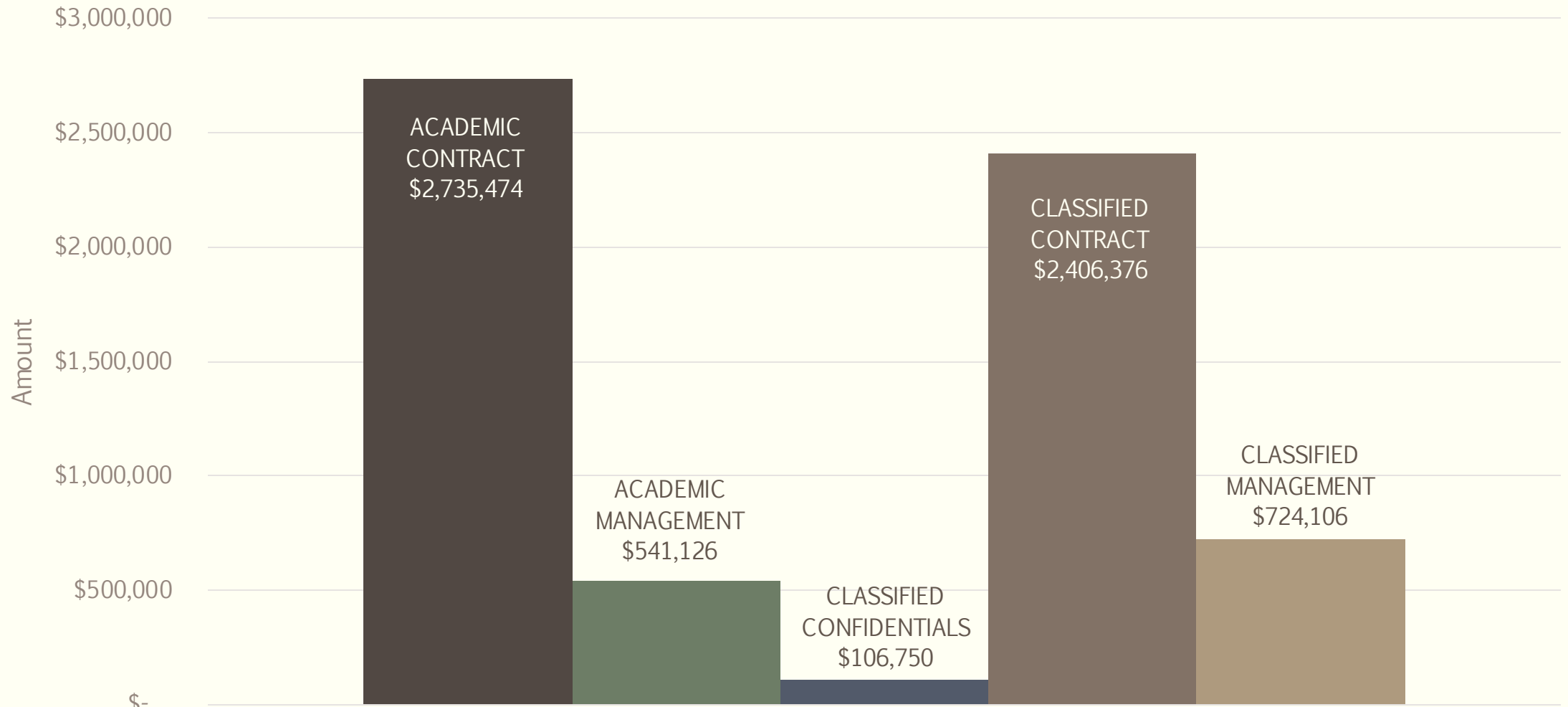
Challenges To Meet Objectives

- Increases in Costs
- FTES Enrollment Management
- 50% Law Compliance
- Sustainability of KVCR
- Continued Funding for Student Success Initiatives



Challenges - Increases in Costs

Salary Increases – Impact for 2 Years



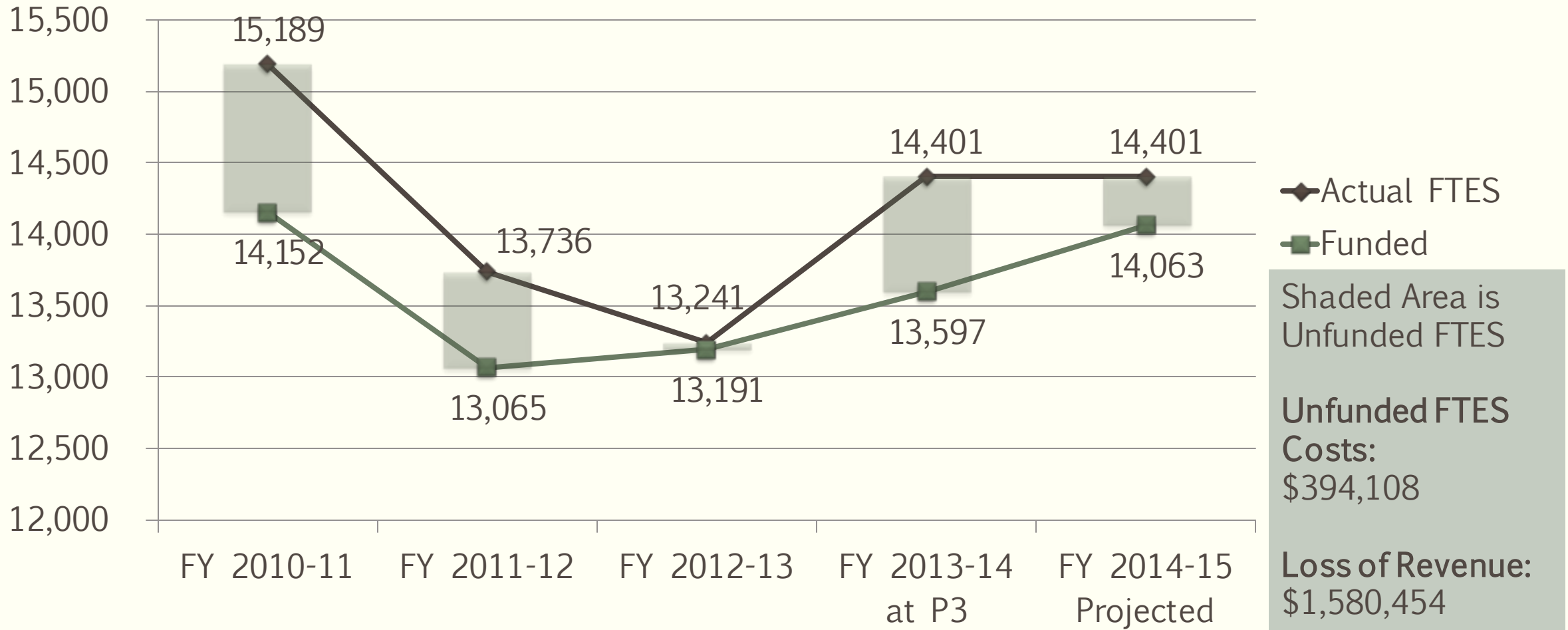
Challenges - Increases in Costs

- Increase in Benefits
 - Health, Dental, Vision was increased by an average of 6%
 - Lowest Cost is \$15,366.72
 - 90% of Employees Elect this Benefit
 - Approximate Cost \$7.3 Million
 - Expected Increases to Comply with Affordable Care Act
 - STRS & PERS rates increased by 1% combined
 - STRS proposal to fully pay the \$74 billion in unfunded CalSTRS over the next 30 years
- Increase in Utilities
 - 13.5% Increase from FY 2013-2014

Challenges - FTES Enrollment Management

- Limited State Funded FTES Growth
 - Projected State Funded Growth is 3.43%
 - SBCCD Actual Growth for FY 2013-2014 was 8.8%
- Unfunded FTES at P3 for FY 2013-2014 were 804
- Position SBCCD to Receive Additional Funding Under the “District of Greatest Needs”

Challenges - FTES Enrollment Management



Unfunded FTES	1,037	671	50	804	338
---------------	-------	-----	----	-----	-----

Challenges - FTES Enrollment Management

- New Basic Allocation Threshold for Medium Size Colleges (Valley College)
 - FY 2014-2015 is 9,647 FTES Compared to 9,375 for FY 2013-2014
 - 3% Increase
 - At this rate, State will Require 10,000 FTES by FY 2016-2017
 - Maintain Valley College at 9,902 FTES
 - Unfunded FTES at P3 for FY 2013-2014 were 384
- Allow Crafton Hills College to Grow to become a Self-Sustaining Comprehensive College
 - Approximately 6,000 FTES
 - Approximately 5% Growth per Year for the Next 5 Years
 - Unfunded FTES at P3 for FY 2013-2014 were 420

Challenges - Comply with the 50% Law Requirement & Sustainability of KVCR

50% Law Compliance

- Fiscal Year 2013-2014 was 50.8%

Sustainability of KVCR

- New KVCR Manager
- No Foundation Director
- New Board Directive

Challenges - Continue Funding for Student Success Initiatives

- Enhance Learning Experiences for Students at Valley College Through the Learning Compass
- Continue Offering Services to Meet Objectives of the Learning Compass Such as
 - Tutorial Services
 - Supplemental Instruction
 - Counseling support
 - Library support
- Continue Offering Services to Meet the Needs of the Communities Such as
 - Valley Bound
 - Puente
 - Tumaini

Challenges - Continue Funding for Student Success Initiatives

- Meet the goals of Student Success Initiative Under the Left Lane Project at Crafton Hills College
- Five Key Domains:
 - 1) Improve student success in basic skills learning
 - 2) Ensure every CHC student has an educational plan
 - 3) Clarify educational pathways
 - 4) Expand Left Lane services to serve a larger population
 - 5) Increase institutional capacity through professional development
- 2nd Year of Project



SOLUTIONS TO MEET OBJECTIVES

Solutions

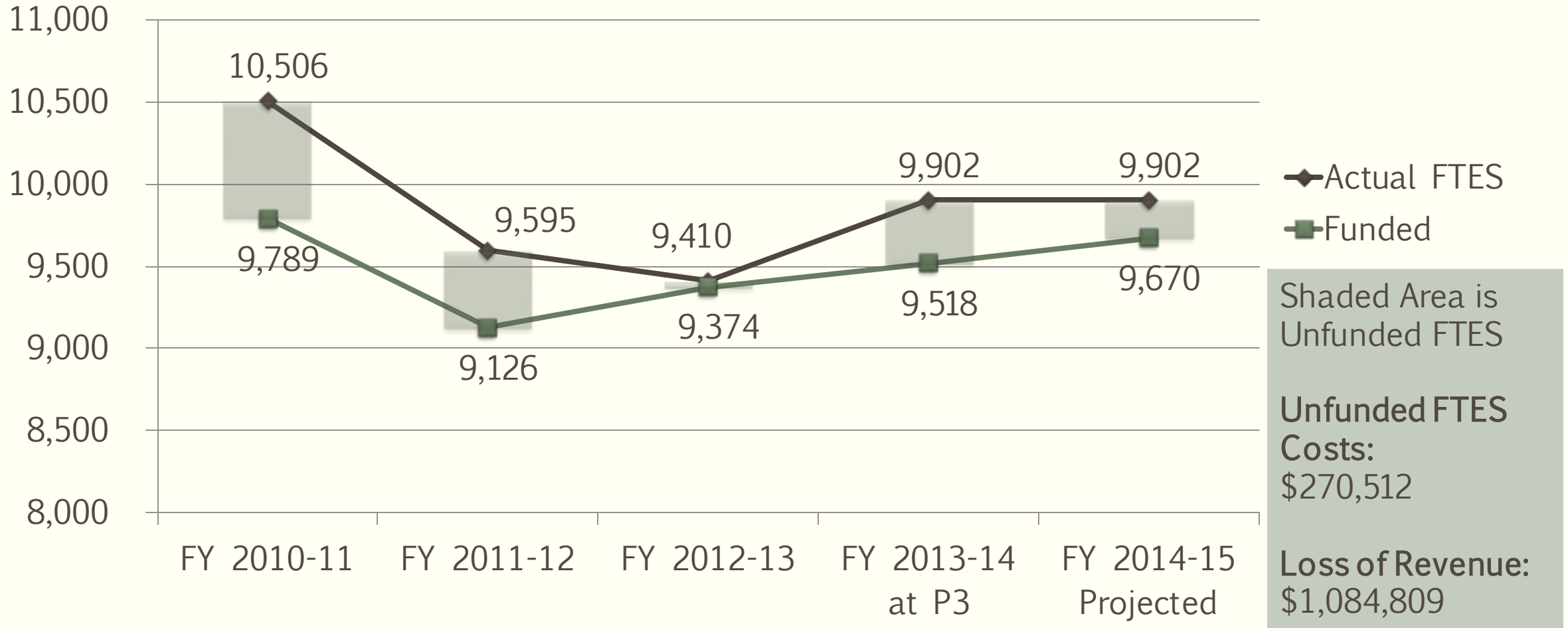
- Enrollment Management
- Selective Hiring
- Deficit Factor
- Savings Factor
- Sustainability of KVCR
- Assessments to Colleges
- Block Grant
- Funding for Student Success



Solutions – Enrollment Management

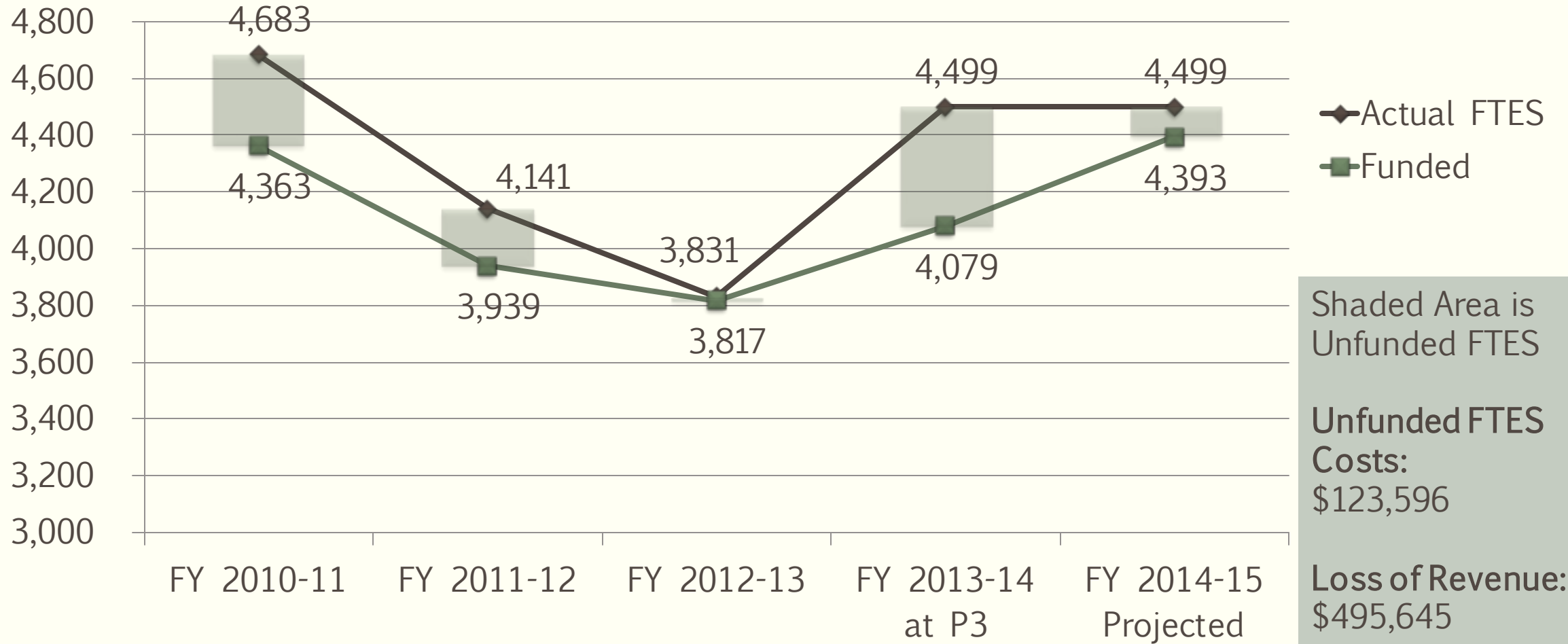
- .85% COLA for State Revenues
- 3.43% Funded Growth (Originally Projected at 2.75%)
- Actual Planned 0% Growth for SBCCD for FY 2014-2015
 - Reduced Unfunded FTES from 804 to 338
- Increase and/or Maintain Productivity
 - Crafton 527 Per Brain Trust Report
 - Valley 490 Per Brain Trust Report
- District of Greatest Needs Projections
- Unfunded FTES Paid From District Reserves on a One-Time Basis
 - \$400,000
- District Wide Enrollment Management Plan (Brain Trust)

Solutions – Enrollment Management for Valley College



Unfunded FTES	717	469	36	384	232
---------------	-----	-----	----	-----	-----

Solutions – Enrollment Management for Crafton Hills



Unfunded FTES

320

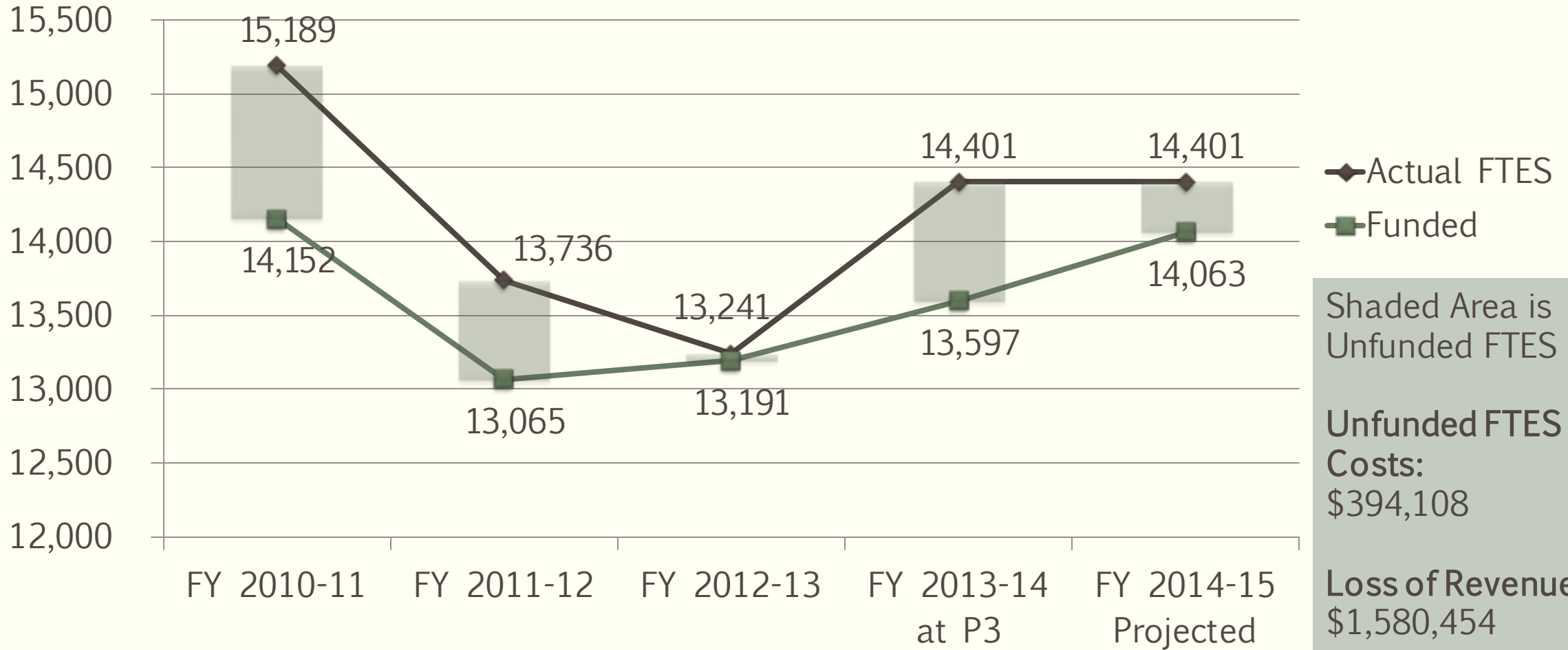
202

14

420

106

Solutions – Enrollment Management for District Total



Unfunded FTES

1,037

671

50

804

338

Solutions – Selective Hiring

- Selective Hiring
 - Directive by Board of Trustees
 - Position Control Across Colleges and District
 - Colleges Prioritized Positions Based on Need, Approved Funding, and Program Review
 - District Office Prioritized Positions Based on Need, Approved Funding, and Program Review
 - Select Number of Vacancies were Placed in Administrative Hold

Solutions – Deficit Factor

- Deficit Factor
 - State Allocates FTES Funding, then Holds Back What it Cannot Afford
 - Budgeted at 0%
 - State Chancellor’s Budget Workshop
 - Historical Data

Fiscal Year	Deficit Factor
2007-08	0.33%
2008-09	1.19%
2009-10	0.00%
2010-11	0.71%
2011-12	1.94%
2012-13	0.22%
2013-14	1.72% at P2

Solutions – Savings Factor

- 1.2% Savings Factor Included as Savings to Expenditures
 - Position Savings for Budgeted Positions
 - Not from Administrative Holds
 - Other Expenditures Savings
- Savings Factor Amounts

Site	Amount
Valley College	\$475,000
Crafton Hills College	\$238,000
District Office	\$159,000
Total	\$872,000

Solutions – Sustainability of KVCR

- KVCR augmentation from District Reserves on a One-Time Basis
- Continue Strategic Planning Meetings with KVCR Manager and District Staff
- Continue the Development of a Solid Business Plan
- Contract Through Community Counseling Service (CCS) Contract

Solutions – Assessments

- Decrease Property & Liability Assessment to \$550,000
- No KVCR Assessment
- Reduce EDCT College Assessment by 20%
- Retirement Benefit (GASB 43/45) Payout
 - Eliminated a liability in the amount of \$4 million,
 - Eliminates future assessment to Colleges in the amount of \$750 thousand per year
 - Eliminated future contribution in the amount of \$3 million
 - Eliminates future assessment to Colleges in the amount of \$570 thousand per year

Solutions – Block Grant & Student Success

- Physical Plant & Instructional Materials Block Grant
 - \$1,914,551
 - No matching requirement
 - Flexible between Physical Plant and Instructional Materials
 - Relieves the General Fund and the Capital Outlay Fund
- Partial Funding for Student Success from District Reserves on a One-Time Basis
 - \$600,000



OUTCOMES

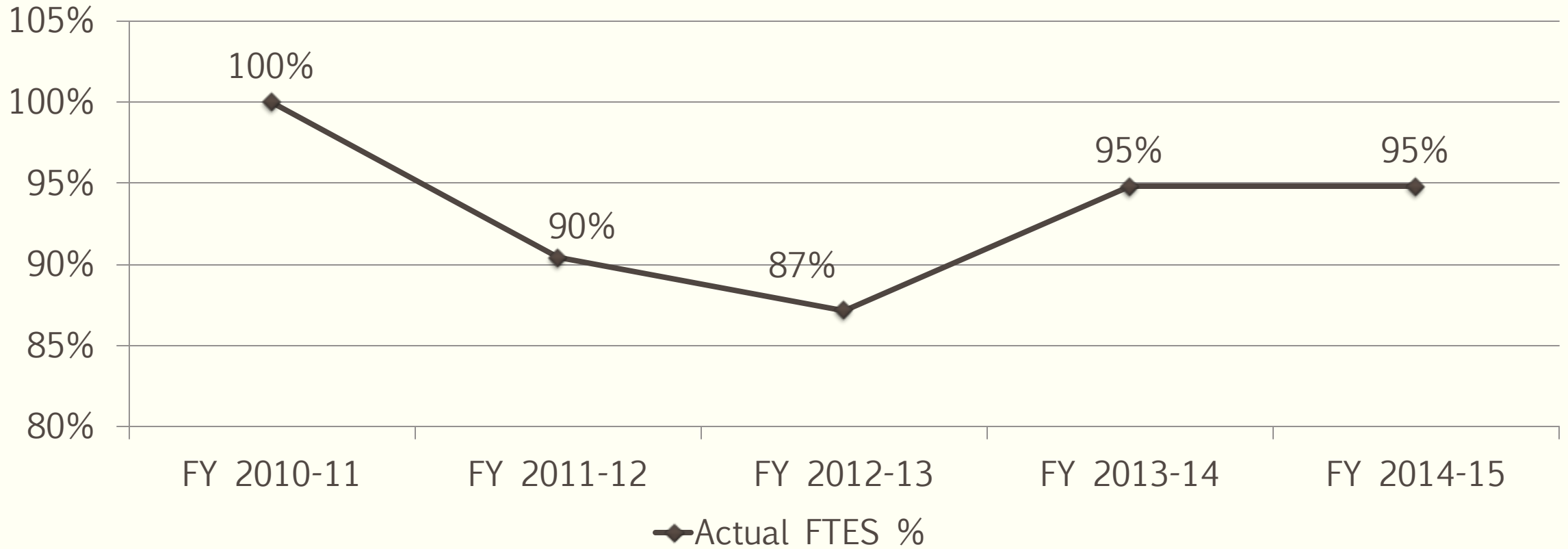
Outcomes

- Enrollment
- Projected 50% Law Compliance Rate
- FON Rate
- Balanced Budget
- Ending Fund Balance
- Multi-Year Financial Plan



Outcomes - Enrollment

Actual FTES %



Actual FTES	15,189	13,736	13,241	14,401	14,401

Outcomes – 50% Law & FON Rate

- Projected 50% Law Compliance Rate
 - We are on target to reach the minimum requirement of 50%
 - We will monitor the 50% Law rate on a quarterly basis

- FON Rate
 - Fall 2014 FON Requirement will be 194.8 (1% Increase from Fall 2013)
 - Fall 2015 FON Requirement Projection is 207.8
 - Our Latest FON Actual Number was 223.11
 - We do not Anticipate Issues Meeting the FON

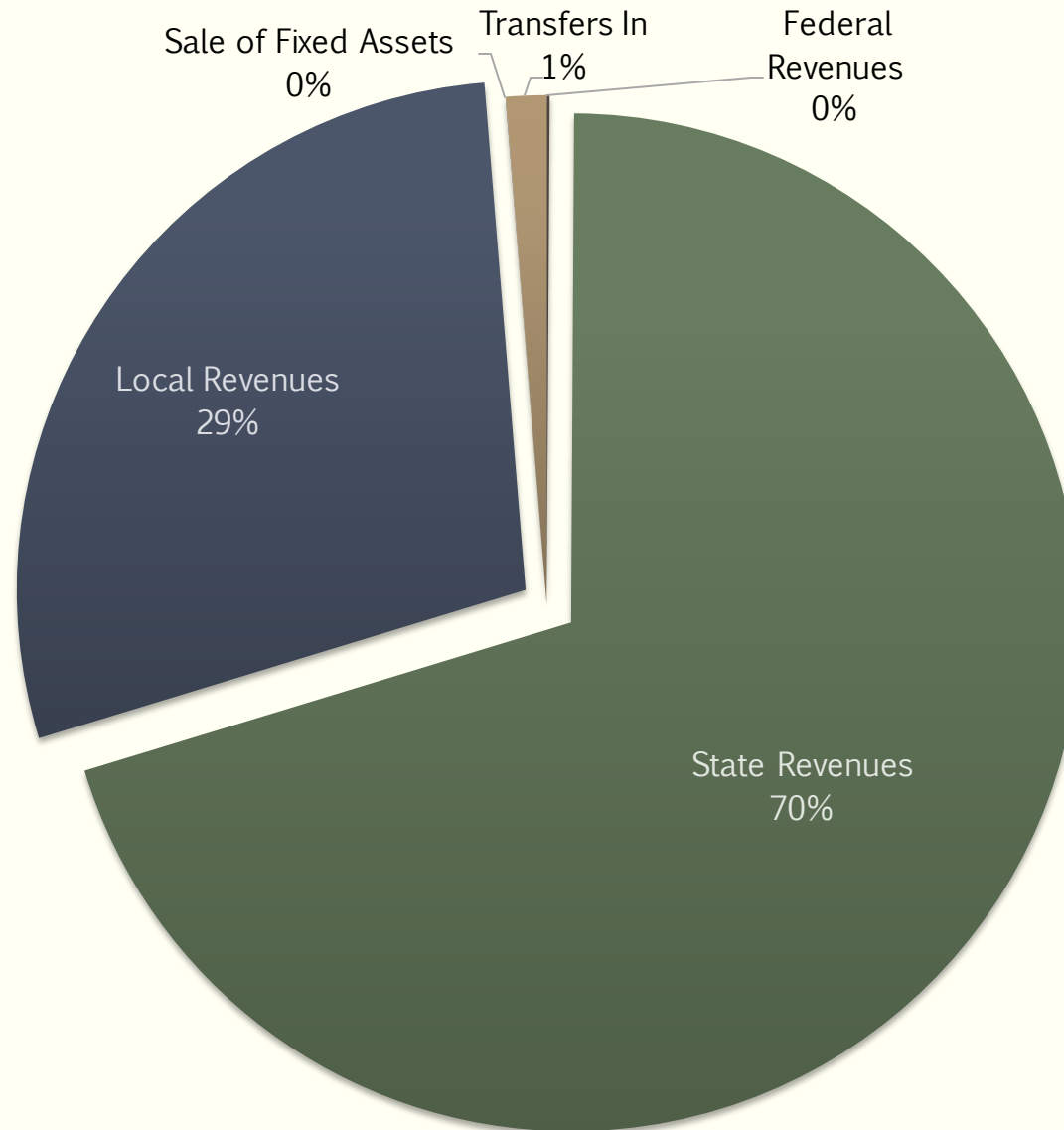
Outcomes – Balanced Budget (Unrestricted General Fund)

		2014-15 Forecast			District
		SBVC	CHC	District Office	Total
State Base Revenue					
1	Base Allocation Revenue per SB361 for Medium and Small Colleges	\$3,969,431	\$3,402,370		\$7,371,801
2	Credit FTES Percent	68.76%	31.24%		100.00%
3	Total College Credit FTES	9,669.83	4,393.33		14,063.16
4	District Funded Rate Credit FTES per State Allocation				\$4,675.90
5	Credit Funding (multiply line 3 x 4)	\$45,215,163	\$20,542,782		\$65,757,945
6	Total District Noncredit FTES				0.00
10	Total State Base Revenue (add lines 1, 5, & 9)	\$49,184,594	\$23,945,152	\$0	\$73,129,746
11	Revenue Shortfall Percent				0.00%
12	Revenue Shortfall Amount (multiply line 10 x 11)	\$0	\$0	\$0	\$0
13	Adjusted State Base Revenue (line 10 minus line 12)	\$49,184,594	\$23,945,152	\$0	\$73,129,746
Other Revenue					
21	College Part-time Faculty	\$213,000	\$96,773	\$0	\$309,773
22	College Lottery Funds	\$1,261,155	\$572,985	\$0	\$1,834,140
23	College Interest Income	\$52,120	\$23,680	\$0	\$75,800
24	Other Campus Revenue per Campus Projections	\$832,622	\$656,152	\$0	\$1,488,774
25	Student Success Funding Support	\$412,560	\$187,440	\$0	\$600,000
26	Unfunded FTES Funding Support	\$275,040	\$124,960	\$0	\$400,000
27	Other Revenue	\$274,261	\$124,606	\$0	\$398,867
28	Total College Revenue (add lines 19, 21-27)	\$52,505,352	\$25,731,748	\$0	\$78,237,100

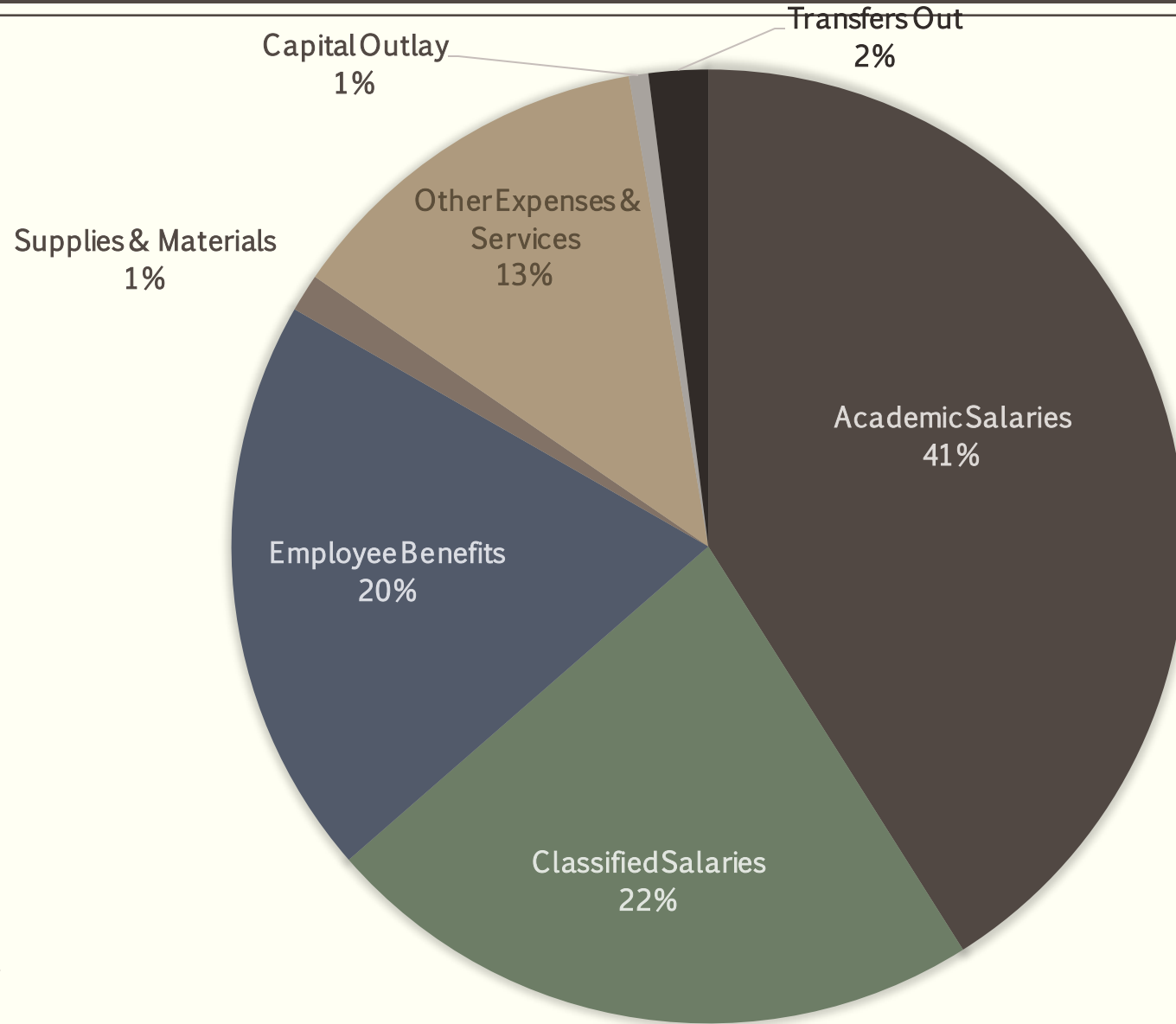
Outcomes – Balanced Budget (Unrestricted General Fund)

		2014-15 Forecast			
		SBVC	CHC	District Office	District Total
Assessments					
29	Assessment for District Office Operations Expenditures	-\$9,231,310	-\$4,194,097	\$13,425,407	\$0
30	Assessment for Property & Liability Insurance Cost	-\$378,180	-\$171,820	\$550,000	\$0
31	Assessment for KVCR Operations Expenditures	\$0	\$0	\$0	\$0
32	Assessment for GASB 45 Liability (Past)	\$0	\$0	\$0	\$0
33	Assessment for EDCT Operations Expenditures	-\$138,180	-\$62,780	\$200,960	\$0
Individual Site Budgets					
35	Total Site Budget Allocation for Colleges <i>(add lines 28, 29-33)</i>	\$42,757,682	\$21,303,051	\$14,176,367	\$78,237,100
36	1000 - Academic Salaries	\$21,293,826	\$10,446,425	\$628,096	\$32,368,347
37	2000 - Classified Salaries	\$7,507,714	\$4,667,563	\$5,604,111	\$17,779,388
38	3000 - Benefits	\$8,585,660	\$4,441,495	\$2,505,396	\$15,532,552
39	4000 - Supplies	\$548,634	\$220,287	\$241,900	\$1,010,821
40	5000 - Other Expenses and Services	\$4,229,468	\$1,467,642	\$4,348,738	\$10,045,848
41	6000 - Capital Outlay	\$118,464	\$52,869	\$298,125	\$469,458
42	7000 - Other Outgo	\$0	\$0	\$550,000	\$550,000
43	Prior Year Expenditures	\$97,654	\$0	\$0	\$97,654
44	Site Budgeted / Estimated Actual Expenditures	\$42,381,420	\$21,296,281	\$14,176,367	\$77,854,068
45	Excess/(Deficit) (line 35 minus line 43 plus line 44)	\$376,262	\$6,770	\$0	\$383,032

Outcomes – Revenues By Category (Unrestricted General Fund)



Outcomes – Expenses By Category (Unrestricted General Fund)



Outcomes – Ending Fund Balance (Unrestricted General Fund)

- Projected Ending Fund Balance Amount is \$16,190,438
- Projected Ending Fund Balance Percent is 20.80%
- Fund Balance Can Support 2.5 Months of Expenditures
- Board Directive is 15%

Outcomes – Multi-Year Financial Plan (Unrestricted General Fund)

	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020
Revenues							
State Revenue	\$ 72,905,161	\$ 73,129,746	\$ 75,575,063	\$ 78,107,245	\$ 80,729,426	\$ 83,444,850	\$ 86,256,882
Part-Time Faculty	309,773	309,773	309,773	309,773	309,773	309,773	309,773
Unrestricted Lottery	1,713,488	1,834,140	1,834,140	1,834,140	1,834,140	1,834,140	1,834,140
Interest Income	81,330	75,800	75,800	75,800	75,800	75,800	75,800
Other Campus Revenue	1,441,688	1,488,774	1,488,774	1,488,774	1,488,774	1,488,774	1,488,774
Other Revenue	455,442	398,867	398,867	398,867	398,867	398,867	398,867
Transfers In	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Revenue	\$ 76,906,882	\$ 78,237,100	\$ 80,682,417	\$ 83,214,599	\$ 85,836,780	\$ 88,552,204	\$ 91,364,236
Expenditures							
1000 - Academic Salaries	\$ 32,901,106	\$ 32,368,347	\$ 32,994,900	\$ 33,844,293	\$ 34,798,330	\$ 35,775,024	\$ 36,774,928
2000 - Classified Salaries	15,961,356	17,779,388	18,118,912	18,465,227	18,818,468	19,178,773	19,546,285
3000 - Benefits	13,587,959	15,532,552	16,789,148	18,171,405	19,691,887	21,364,418	23,204,201
4000 - Supplies	899,278	1,010,821	1,019,413	1,028,078	1,036,817	1,045,630	1,054,517
5000 - Other Expenses and Services	8,869,104	10,045,848	10,131,238	10,217,353	10,304,201	10,391,786	10,480,117
6000 - Capital Outlay	914,050	469,458	473,448	477,473	481,531	485,624	489,752
7000 - Other Outgo	1,303,851	550,000	600,000	600,000	600,000	600,000	600,000
Total Expenditures	\$ 74,436,704	\$ 77,756,414	\$ 80,127,060	\$ 82,803,829	\$ 85,731,234	\$ 88,841,256	\$ 92,149,800
Net Operating Excess/(Deficit)	\$ 2,470,178	\$ 480,686	\$ 555,357	\$ 410,770	\$ 105,546	\$ (289,052)	\$ (785,564)
Other Adjustments or One-Time Expenditures							
GASB 43/45	\$ (7,553,213)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carry Overs	\$ (35,088)	\$ (97,654)					
KCVR	(2,260,440)	(1,036,000)	(500,000)	-	-	-	-
Total Other Adjustments or One-Time Expenditures	\$ (9,848,741)	\$ (1,133,654)	\$ (500,000)	\$ -	\$ -	\$ -	\$ -
Increase/(Decrease) to Fund Balance	\$ (7,378,563)	\$ (652,968)	\$ 55,357	\$ 410,770	\$ 105,546	\$ (289,052)	\$ (785,564)
Beginning Fund Balance	24,221,959	16,843,396	16,190,428	16,245,785	16,656,555	16,762,102	16,473,050
Ending Fund Balance	\$ 16,843,396	\$ 16,190,428	\$ 16,245,785	\$ 16,656,555	\$ 16,762,102	\$ 16,473,050	\$ 15,687,486
Ending Fund Balance % from Total							
Expenditures	19.98%	20.82%	20.28%	20.12%	19.55%	18.54%	17.02%



QUESTIONS

Fiscal Year 2014-2015 Budget Study Session
September 9, 2014

