



2015/16
Tentative Budget
Workshop
June 9, 2015

Linking Strategic Planning to Budget

Values Students, Employees, & Community

➤ **Student Access**

- **Students first**

➤ **Learning and Student Success**

- **Protecting the learning core**

➤ **Value and Support of Employees**

- **Balance needs of employees with needs of students**

➤ **Economic and Community Development**

- **Maximize potential revenues**

➤ **Fiscal and Physical Resources**

- **Fund structural commitments and fixed increases**
- **Address Accreditation, legal & fiscal stability challenges**

Tentative Budget Workshop

- Today's PowerPoint
- TB Workshop Edition booklet
- Additional Details – [available on intranet](#)

Overview

- Governor's Proposed Budget – January 2015
- Governor's May Revision
- GCCCD Tentative Budget Development
- 2015/2016 Formula Allocations

2014/2015 State Forecast

- Steady growth for the California economy
- Actual State revenues have outpaced estimates
 - Forecast shows State revenue increases
 - \$ 2.6 billion above 2014-15 budget act, and
 - \$ 5.3 billion additional increase in 2015-16
- California's unemployment rate anticipated to fall to 6.3 % by end of 2015
 - Significant improvement from the unemployment rate of 12.4 % in 2010
 - Still not at the pre-recession level of 4.9 % in 2006
- Personal income up 4.5 % in 2015 and 5.2 % in 2016

2015/2016 Governor's Proposed Budget

- In January 2015, Governor Brown released his proposed budget
 - Budget proposal is a starting point, then changes follow

- Budget Priorities:
 - Paying down debt and long-term liabilities
 - Continue saving for a rainy day
 - Invest in education

- Key Components:
 - \$ 92.4 M for a 1.58 % COLA
 - \$106.9 M for a 2.00 % increase in Access
 - \$125 M to increase base allocation funding
 - \$200 M for Student Success & Equity programs
 - Plus one-time funds:
 - \$94.5 M to pay off deferrals
 - \$353.3 M to pay down outstanding mandates

California Community Colleges May Revise

- Increase in Access
 - \$156.5 M for 3.0 % – Increase from January proposal of 2.0 %

- Decrease in COLA
 - \$61.1 M for a 1.02 % COLA - Decrease from January proposal of 1.58 %

- Increase in Base Allocation Funding
 - \$ 266.7 M – Increase from January proposal of \$125 M

- Deferred Maintenance & Instructional Equipment
 - \$ 148 M (split 50/50 on deferred maintenance & instructional equipment)
 - Local match will not be required

More on May Revise

Will be included in budget once additional information is received.

- Funding for Full-Time Faculty
 - \$ 75 M proposed – allocations and additional details will be sorted out in the State budget development process
- Increase in Funding Outstanding Mandates
 - \$626 M of one-time funds (increase from 353.3 M in January)
- Proposition 39
 - \$38.7 M to fund the 3rd year of energy efficiency projects

More details of the State budget are under development and will hopefully be included in the approved budget language.

Budget is expected to be approved soon and signed by the Governor before July 1, 2015

GCCCD Tentative Budget

➤ Total Budget \$227.4 M

	<u>14/15 TB</u>	<u>15/16 TB</u>
<u>General Fund:</u>		
Unrestricted Fund	\$105.4 M	\$115.7 M
Restricted Fund	16.5 M	26.0 M
Total General Fund	<u>\$121.9 M</u>	<u>\$141.7 M</u>
<u>Other Funds</u>	94.5M	85.7 M
Total Tentative Budget	<u><u>\$216.4 M</u></u>	<u><u>\$227.4 M</u></u>

Unrestricted General Fund Budget

Increase in TB Operating Funds - Based on May Revise

- COLA of 1.02 %
- Restoration/Growth of 3.0 %
- Increase in Base Allocation
- Less 1% budget deficit

Offset by increased cost including:

- Cost to fund 3.0 % Growth
- Compensation Increases
 - Step/Column & Longevity
 - STRS & PERS rate increases
 - Health Benefits
- Retiree costs and bargaining commitments
- Utilities & Operating cost increases
 - Plans underway to begin reducing costs (may help mid-year)

Tentative Budget Assumptions

- 1.02% Cost-of-Living (COLA) \$.9 M
- 3.0% Enrollment Restoration \$2.6 M
 - FTES CAP 18,739
 - Increase of 546 over 2014/15
- Base Adjustment \$4.3 M
- 1% Budget Deficit Factor (\$1.1) M
 - Under-budget revenue to protect against shortfall in apportionment payments
- One-time funds dedicated from Prior Year \$0
- Beginning balance (reserve plus site estimates) \$8.6 M

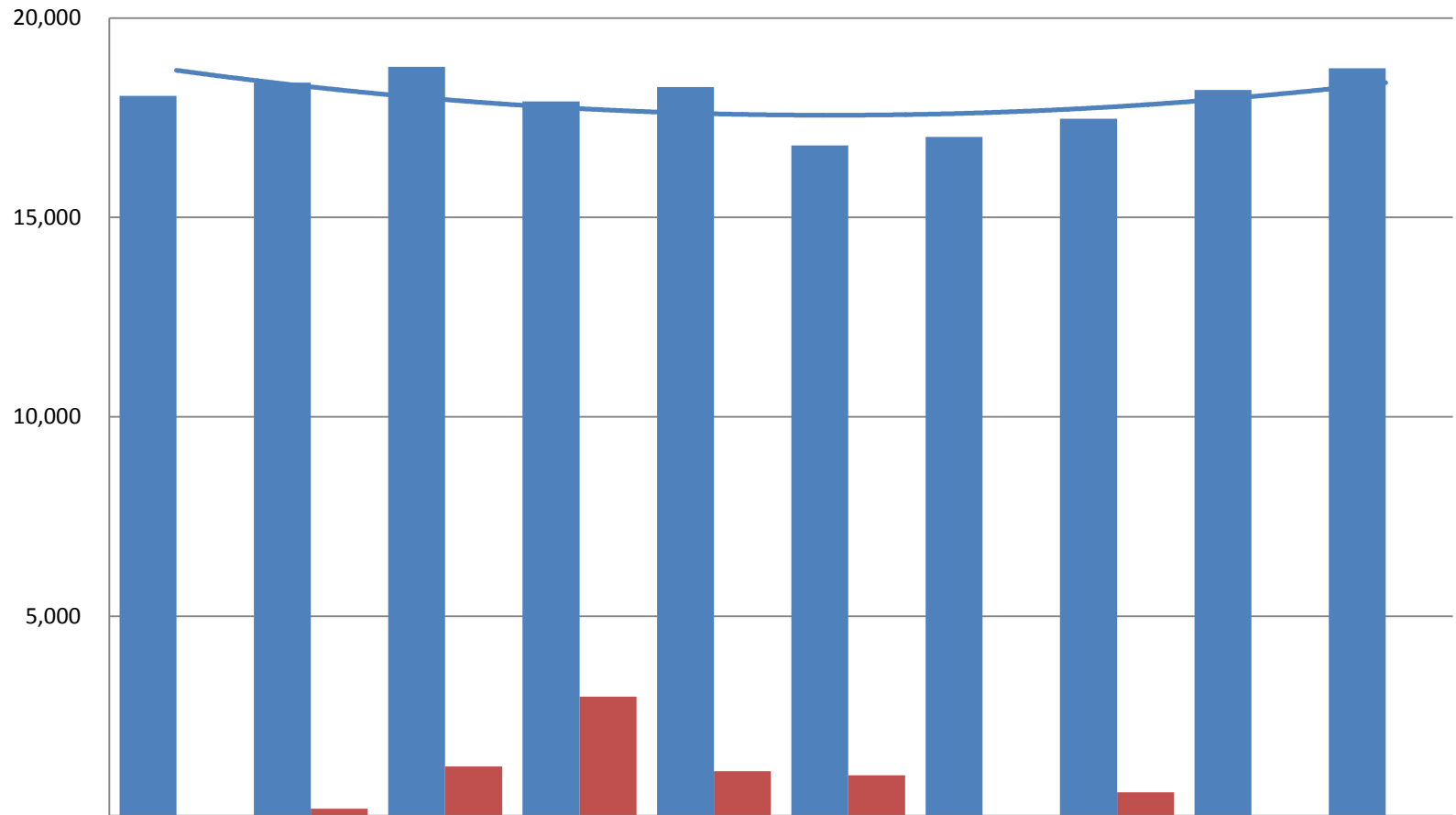
Workload Reduction (WLR), Restoration & Growth Summary

2009-10 workload reduction	(\$ 3,049,857)	-3.35%
2010-11 workload restoration	2,123,704	2.14%
2011-12 additional reduction	(6,340,043)	-7.56%
2012-13 workload restoration	942,779	1.29%
2013-14 workload restoration	2,066,272	2.60%
2014-15 workload restoration	<u>3,399,427</u>	<u>4.00%</u>
Net Remaining Workload Reduction	<u><u>(\$ 857,717)</u></u>	<u><u>-0.70%</u></u>

2015-16 Governors Proposal for Access is 3.0 %. For GCCCD that fully restores to pre-WLR level and provides for Growth at 2.3 %

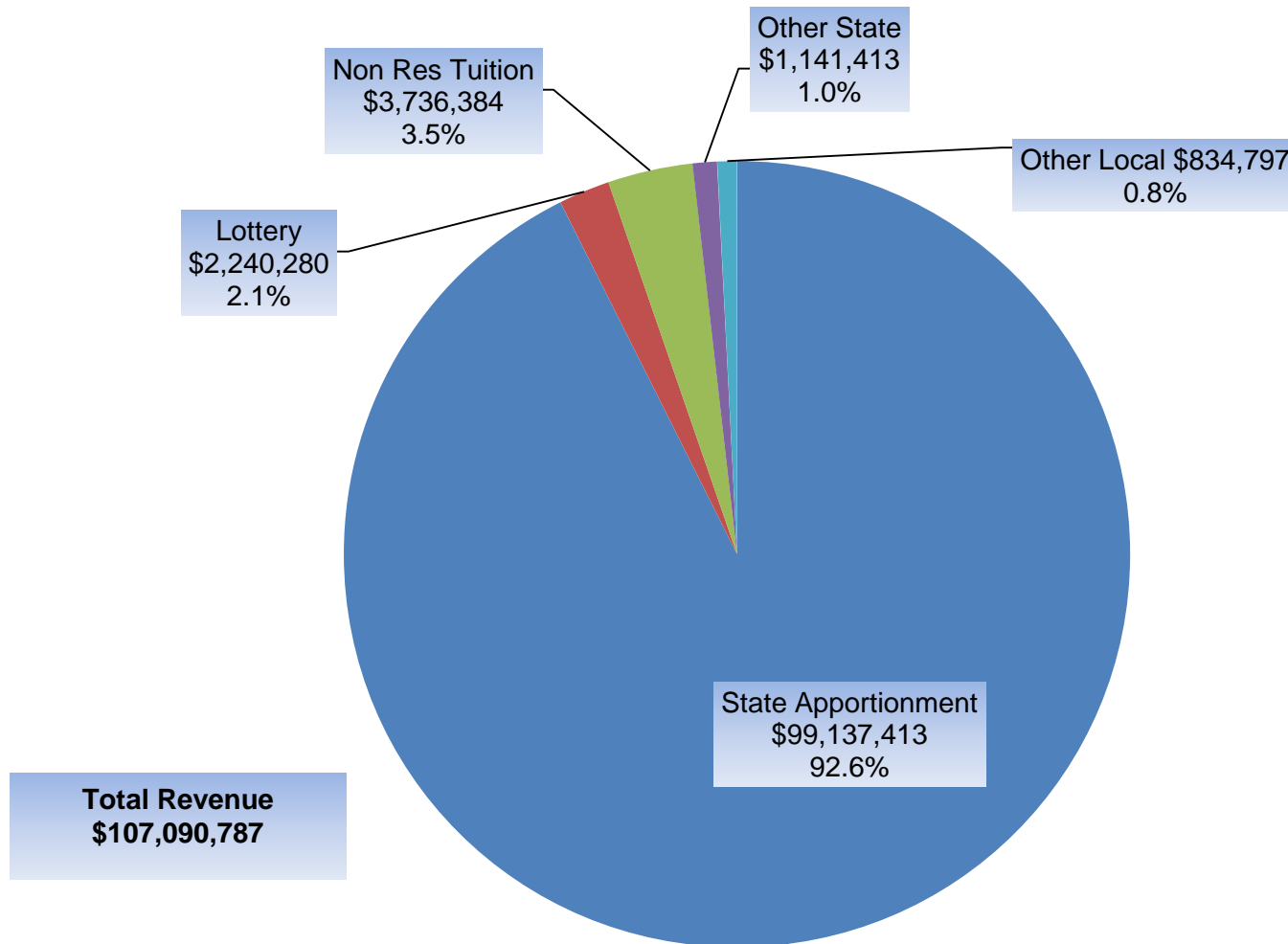
The colleges are planning on 2.0 % growth and budgeted the additional 1.0 % in holding for strategic growth initiatives.

Resident FTES History & Projections



Funded (CAP)	18,049	18,382	18,775	17,908	18,268	16,804	17,021	17,474	18,193	18,739
Unfunded (Above CAP)	-	176	1,232	2,989	1,116	1,015	-	586	-	-

Unrestricted General Fund TB Revenue— Pages 4 (chart) and 6 (\$)



Site Allocations

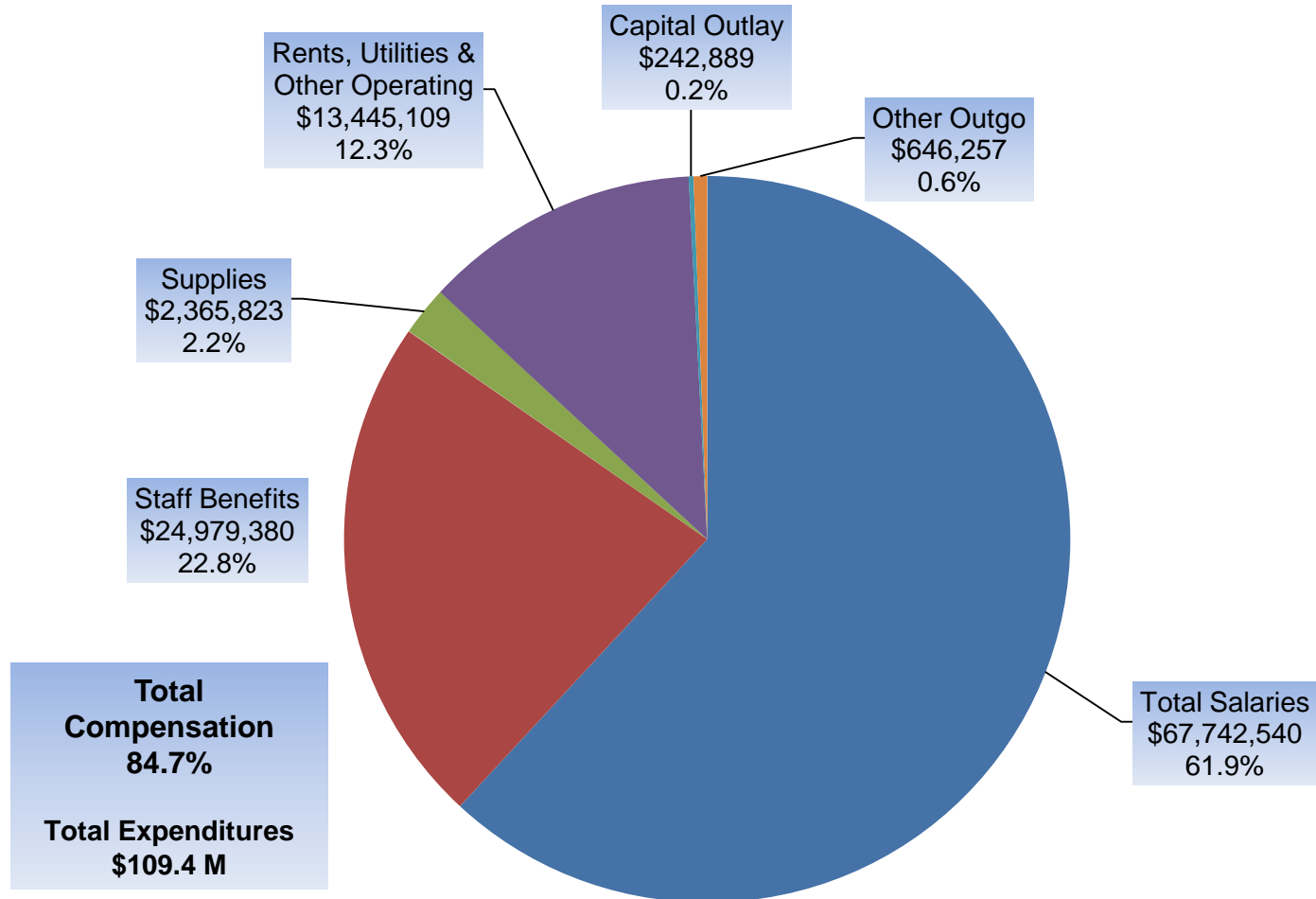
Unrestricted General Fund

Total Funds Available	\$ 115,713,763
Less Contingency Reserve	(6,291,765)
Total Formula Allocation	<u>\$ 109,421,998</u>

Grossmont College	\$ 63,442,309	Page 14
Cuyamaca College	27,952,024	Page 18
District Services	11,503,772	Page 22
Districtwide Commitments	6,523,893	Page 26
Total Allocations	<u>\$ 109,421,998</u>	

Unrestricted General Fund

TB Expenditures – Pages 10 (\$) and 12 (chart)



Budget Challenges

- Growth Funds must be earned
- Unknown State Deficit
 - Final revenue comes in P1 of the following year
 - The 6/30/14 deficit was reported in February 2015
- New funds come with new requirements
- Significant increases in STRS/PERS and other costs
- Proposition 30 is temporary tax increase
 - Governor reiterated in his January message that Prop 30 was temporary
 - Sales tax increase ends on December 31, 2016
 - Income tax increase ends on December 31, 2018

SUMMARY

Key Talking Points of this TB

- This is a balanced budget
- Continues to be a challenging environment
- Difficulty meeting CAP, we will need to move summer into this year, and grow more in 15/16
- Revenues are rising, but costs keep going up
- Organizational Enhancement is helping:
 - Staffing Plans
 - Institutional Effectiveness - Looking for efficiencies & cost reductions (such as Cenergistic re utilities, copiers standards, new ERP, etc.)
 - Enrollment Management Strategies

Next Steps

Step 1 Consider 2015/16 Tentative Budget

- Tentative Budget must be approved
- Docketed for Board approval June 16th
- To continue operations on July 1st

Step 2 Close Out 2014/15

- Final revenue & expenditures

Step 3 Develop 2015/16 Adoption Budget

- Approved State budget
- Updated with final year-end balances
- Adoption Budget Workshop

Questions and Appreciations

Thank you

*To the many individuals
across the District who work
year-round to develop a
comprehensive budget plan.*

**District Strategic
Planning &
Budget
Committee**

**Grossmont College
Planning &
Resource Council**

**Cuyamaca
College Council**

**District Services
Leadership
Council**