



# Coast Community College District

Meeting  
of the Board of Trustees

## Budget Study Session

April 6, 2011

Inspiration. Innovation. Graduation.

## Table of Contents

- State Update
- Budget Development Update
- Solutions Matrix
- Health Benefits Cost Comparison
- Multi-Year Projection
- Fund Balance Projection
- Budget Development Schedule

## State Update

- ❑ March 24, 2011 - Governor signed 13 trailer bills into law.
  - These 13 bills account for \$11.2 billion in budget solutions.
- ❑ The State Budget Bill, SB 69, is still awaiting Governor's action.
  - For K-14 education, the Governor's signature includes:
    - \$2.1 billion deferral from 2011-12 to 2012-13
    - Two-year extension of the categorical flexibility provisions
    - California Community College fees increase from \$26 per unit to \$36 per unit.
- ❑ March 29, 2011, Governor broke off budget negotiations with Republican members of the Legislature.

Sources: School Services of California  
Community College League of California  
California Community College Chancellor's office

## State Update

---

### Possible Avenues Going Forward?

- Approve an all-cuts plan with sights set on the Presidential General Election in Nov. 2012
- Approve an all-cuts plan and pursue a November initiative with a “targeted” tax package;
- Approve a half-cuts budget with a November initiative and return for more cuts if the initiative fails;
- Pursue majority-vote revenues and try to persuade the Governor to break his pledge for voter approval of any tax increase.
- Other?

Sources: School Services of California  
Community College League of California  
California Community College Chancellor’s office

## Budget Development

### Review Change (2010-11)

2011-12 Scenarios	Sep-10	Nov-10	Jan-11 Scenario #1*	Jan-11 Scenario #2*	Feb-11 Scenario #3 (Alt)	Mar-11 Scenario #1	Mar-11 Scenario #2	Mar-11 Scenario #3
<b>General Apportionment</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>COLA*</b>	\$0	\$0	\$640,000	\$640,000	\$640,000	\$640,000	\$640,000	\$640,000
<b>Growth/Restoration*</b>	\$0	\$0	\$3,800,000	\$3,800,000	\$3,800,000	\$4,180,000	\$4,180,000	\$4,180,000
<b>Deficit Factor</b>	\$0	\$0	(\$440,000)	(\$440,000)	(\$440,000)	(\$1,340,000)	(\$1,340,000)	(\$1,340,000)
<i>Total Revenue change estimate</i>	\$0	\$0	\$4,000,000	\$4,000,000	\$4,000,000	\$3,480,000	\$3,480,000	\$3,480,000

## Budget Development

### Emerging 2011-12 Internal Operating Deficit

2011-12 Scenarios	Sep-10	Nov-10	Jan-11 Scenario #1*	Jan-11 Scenario #2*	Feb-11 Scenario #3 (Alt)	Mar-11 Scenario #1	Mar-11 Scenario #2	Mar-11 Scenario #3
<b>STRS</b>	(\$436,000)	(\$436,000)	(\$436,000)	(\$436,000)	(\$436,000)	\$0	\$0	\$0
<b>PERS</b>	(\$319,500)	(\$319,500)	(\$319,500)	(\$319,500)	(\$319,500)	(\$235,000)	(\$235,000)	(\$235,000)
<b>Health Benefits</b>	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
<b>Step/Column</b>	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)
<b>UIC</b>	\$0	\$0	\$0	\$0	\$0	(\$985,000)	(\$985,000)	(\$985,000)
<i>Subtotal - CCCD 2011-12 Internal Operating Deficit</i>	(\$2,980,500)	(\$2,980,500)	(\$2,980,500)	(\$2,980,500)	(\$2,980,500)	(\$3,445,000)	(\$3,445,000)	(\$3,445,000)

## Budget Development

2011-12 Scenarios	Sep-10	Nov-10	Jan-11 Scenario #1*	Jan-11 Scenario #2*	Feb-11 Scenario #3 (Alt)	Mar-11 Scenario #1	Mar-11 Scenario #2	Mar-11 Scenario #3
Estimated net state imposed budget cut (%)		4%	5%	9%	14%	5%	9%	14%
Estimated state imposed budget cut*	\$0	(\$7,000,000)	(\$12,128,000)	(\$18,798,000)	(\$32,809,000)	(\$12,141,000)	(\$18,821,000)	(\$32,911,000)
Increased Student Fees	\$0	\$0	\$3,335,000	\$3,335,000	\$8,467,000	\$3,335,000	\$3,335,000	\$8,467,000
<i>Net projected State Impact</i>	\$0	(\$7,000,000)	(\$8,793,000)	(\$15,463,000)	(\$24,342,000)	(\$8,806,000)	(\$15,486,000)	(\$24,444,000)
Possible Negotiated Solutions	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Total Projected Deficit	(\$2,980,500)	(\$9,980,500)	(\$7,773,500)	(\$14,443,500)	(\$23,322,500)	(\$8,771,000)	(\$15,451,000)	(\$24,409,000)
Estimated District-wide (Admin 9) savings	\$0	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
<i>Net deficit before workload Reduction</i>	(\$2,980,500)	(\$9,980,500)	(\$7,273,500)	(\$13,943,500)	(\$22,822,500)	(\$8,271,000)	(\$14,951,000)	(\$23,909,000)
Projected Workload Reduction	\$0	\$0	\$1,876,500	\$3,303,000	\$5,216,625	\$0	\$0	\$0
Non-Instructional Cost Reduction Allocated to Sites	(\$2,980,500)	(\$9,980,500)	(\$5,397,000)	(\$10,640,500)	(\$17,605,875)	(\$8,271,000)	(\$14,951,000)	(\$23,909,000)

## Budget Development

2011-12 Scenarios		Sep-10	Nov-10	Jan-11 Scenario #1*	Jan-11 Scenario #2*	Feb-11 Scenario #3 (Alt)	Mar-11 Scenario #1	Mar-11 Scenario #2	Mar-11 Scenario #3
Site	Allocation	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
OCC	46%	(\$1,382,952)	(\$4,630,952)	(\$2,504,208)	(\$4,937,192)	(\$8,169,126)	(\$3,837,744)	(\$6,937,264)	(\$11,093,776)
GWC	28%	(\$847,058)	(\$2,836,458)	(\$1,533,827)	(\$3,024,030)	(\$5,003,590)	(\$2,350,618)	(\$4,249,074)	(\$6,794,938)
Coastline	16%	(\$481,947)	(\$1,613,847)	(\$872,695)	(\$1,720,569)	(\$2,846,870)	(\$1,337,421)	(\$2,417,577)	(\$3,866,085)
District Office	9%	(\$268,245)	(\$898,245)	(\$485,730)	(\$957,645)	(\$1,584,529)	(\$744,390)	(\$1,345,590)	(\$2,151,810)
<b>Total</b>	<b>100%</b>	<b>(\$2,980,500)</b>	<b>(\$9,980,500)</b>	<b>(\$5,397,000)</b>	<b>(\$10,640,500)</b>	<b>(\$17,605,875)</b>	<b>(\$8,271,000)</b>	<b>(\$14,951,000)</b>	<b>(\$23,909,000)</b>

### Assumptions:

\*2010-11 COLA results from absence of budgeted negative COLA

\*Restoration @ 2.2% = \$3.8m

\*Scenario #1 = June tax package approved, \$400 million cut less \$110 million in student fee revenue

\*Scenario #2 = June tax package fails and Prop 98 funded at minimum. \$620 million cut less \$110 in student fee revenue

\*Scenario #3 = June tax package fails and Prop 98 suspended. \$1.085 billion cut less \$280 million in student fee revenue

\*Figures revised as noted in Scott Lay email of January 27, 2011 re changes in Basic Aid District calcs.

## Budget Solutions Scenarios

with Workload VSP-A Vacancies  
and Simulated Negotiated Solutions

2011-12 Scenarios			Scenario #1*		Scenario #2*		Scenario #3	
Net Deficit - Pre Negotiations			\$8,271,000		\$14,951,000		\$23,909,000	
Negotiated Solutions		Allocation (1)	Solutions					
<b>Unit</b>	<b>Share</b>	<b>total sal &amp; ben</b>	<b>3% Simulated Reduction</b>		<b>5% Simulated Reduction</b>		<b>8% Simulated Reduction</b>	
CFE	43%	\$52,205,415		0%		0%		0%
CFCE	41%	\$49,709,290		0%		0%		0%
ACE	1%	\$1,142,752		0%		0%		0%
CDMA	13%	\$16,184,323	\$485,530	92%	\$809,216	92%	\$1,294,746	92%
Exec	1%	\$1,481,673	\$44,450	8%	\$74,084	8%	\$118,534	8%
<b>Total</b>	<b>100%</b>	<b>\$120,723,453</b>	<b>\$529,980</b>	<b>100%</b>	<b>\$883,300</b>	<b>100%</b>	<b>\$1,413,280</b>	<b>100%</b>
Net Deficit - Post Negotiations			\$7,741,020		\$14,067,700		\$22,495,720	

## Budget Solutions Scenarios - OCC

with Workload VSP-A, Vacancies  
and Simulated Negotiated Solutions

2011-12 Scenarios		Scenario #1*	Scenario #2*	Scenario #3			
Net Deficit - Post Negotiations		\$7,741,020	\$14,067,700	\$22,495,720			
Site	Allocation (2)	Amount - Post Negotiations					
Orange Coast College	46.40%	<b>\$3,591,833</b>	<b>100%</b>	<b>\$6,527,413</b>	<b>100%</b>	<b>\$10,438,014</b>	<b>100%</b>
Savings from Non-Salary Accts.		(\$600,000)	-17%	(\$600,000)	-9%	(\$600,000)	-6%
Workload Reduction		(\$1,031,906)	-29%	(\$2,063,813)	-32%	(\$3,095,719)	-30%
VSP - A		(\$900,000)	-25%	(\$900,000)	-14%	(\$900,000)	-9%
VSP - B		(\$120,000)	-3%	(\$120,000)	-2%	(\$120,000)	-1%
Vacant Positions		(\$160,000)	-4%	(\$160,000)	-2%	(\$160,000)	-2%
Re-organization							
Non-Contractual Release Time		(\$150,000)	-4%	(\$150,000)	-2%	(\$150,000)	-1%
Savings from probable layoffs						\$0	0%
Other							
Remaining Target Deficit		<b>\$629,927</b>	<b>18%</b>	<b>\$2,533,600</b>	<b>39%</b>	<b>\$5,412,295</b>	<b>52%</b>

**Potential Positions impacted by closing remainder of deficit:**

**28**

**60**

## Budget Solutions Scenarios – GWC

with Workload VSP-A, Vacancies  
and Simulated Negotiated Solutions

2011-12 Scenarios		Scenario #1*	Scenario #2*	Scenario #3			
Net Deficit - Post Negotiations		\$7,741,020	\$14,067,700	\$22,495,720			
<u>Site</u>	Allocation (2)	Amount - Post Negotiations					
Golden West College	28.42%	<b>\$2,199,998</b>	<b>100%</b>	<b>\$3,998,040</b>	<b>100%</b>	<b>\$6,393,284</b>	<b>100%</b>
Savings from Non-Salary Accts.		(\$500,000)	-23%	(\$500,000)	-13%	(\$500,000)	-8%
Workload Reduction		(\$601,988)	-27%	(\$1,203,975)	-30%	(\$1,805,963)	-28%
VSP - A		(\$545,073)	-25%	(\$545,073)	-14%	(\$545,073)	-9%
VSP - B							
Vacant Positions		(\$233,000)	-11%	(\$233,000)	-6%	(\$233,000)	-4%
Re-organization		(\$242,197)	-11%	(\$242,197)	-6%	(\$242,197)	-4%
New Revenue		(\$100,000)	-5%	(\$100,000)	-3%	(\$100,000)	-2%
Non-Contractual Release Time		(\$134,400)	-6%	(\$134,400)	-3%	(\$134,400)	-2%
Savings from probable layoffs						\$0	0%
Other							
Remaining Target Deficit		(\$156,660)	-7%	\$1,039,395	26%	\$2,832,651	44%

**Potential Positions impacted by closing remainder of deficit:**

**11.5**

**31.5**

## Budget Solutions Scenarios – CCC

with Workload VSP-A, Vacancies  
and Simulated Negotiated Solutions

2011-12 Scenarios		Scenario #1*		Scenario #2*		Scenario #3		
Net Deficit - Post Negotiations		\$7,741,020		\$14,067,700		\$22,495,720		
<u>Site</u>	Allocation (2)	Amount - Post Negotiations						
Coastline Community College	16.17%	<b>\$1,251,723</b>	<b>100%</b>	<b>\$2,274,747</b>	<b>100%</b>	<b>\$3,637,558</b>	<b>100%</b>	
Savings from Non-Salary Accts.		(\$300,000)	-24%	(\$300,000)	-13%	(\$300,000)	-8%	
Workload Reduction		(\$336,544)	-27%	(\$673,088)	-30%	(\$1,009,631)	-28%	
VSP - A		(\$189,980)	-15%	(\$189,980)	-8%	(\$189,980)	-5%	
VSP - B								
Vacant Positions		(\$158,453)	-13%	(\$158,453)	-7%	(\$158,453)	-4%	
Re-organization			0%		0%		0%	
Non-Contractual Release Time					\$0	0%	\$0	0%
Savings from probable layoffs								
Other		(\$217,882)			(\$217,882)	-10%	(\$217,882)	-6%
Remaining Target Deficit		<b>\$48,864</b>	<b>21%</b>	<b>\$735,344</b>	<b>32%</b>	<b>\$1,761,612</b>	<b>48%</b>	

**Potential Positions impacted by closing remainder of deficit:**

**8**

**20**

## Budget Solutions Scenarios – District

with Workload VSP-A, Vacancies  
and Simulated Negotiated Solutions

2011-12 Scenarios		Scenario #1*		Scenario #2*		Scenario #3	
Net Deficit - Post Negotiations		\$7,741,020		\$14,067,700		\$22,495,720	
<u>Site</u>	Allocation (2)	Amount - Post Negotiations					
District Office	9.00%	\$696,692	<u>100%</u>	\$1,266,093	<u>100%</u>	\$2,024,615	<u>100%</u>
Savings from Non-Salary Accts.		(\$677,605)	-97%	(\$677,605)	-54%	(\$677,605)	-33%
VSP - A		(\$180,000)	-26%	(\$180,000)	-14%	(\$180,000)	-9%
VSP - B							
Vacant Positions		(\$270,000)	-39%	(\$270,000)	-21%	(\$270,000)	-13%
Re-organization							
Non-Contractual Release Time							
Savings from probable layoffs					\$0	0%	\$0
Other							
Remaining Target Deficit		(\$430,913)	-62%	\$138,488	11%	\$897,010	44%

**Potential Positions impacted by closing remainder of deficit:                      2    10**

## Budget Solutions Scenarios – All Sites

with Workload VSP-A, Vacancies  
and Simulated Negotiated Solutions

2011-12 Scenarios		Scenario #1*		Scenario #2*		Scenario #3	
Net Deficit - Post Negotiations		\$7,741,020		\$14,067,700		\$22,495,720	
<i>Site</i>	Allocation (2)	Amount - Post Negotiations					
<i>All Sites Summary</i>		<b>\$7,741,020</b>	<b>100%</b>	<b>\$14,067,700</b>	<b>100%</b>	<b>\$22,495,720</b>	<b>100%</b>
Savings from Non-Salary Accts.		(\$2,077,605)	-27%	(\$2,077,605)	-15%	(\$2,077,605)	-9%
Workload Reduction		(\$1,970,438)	-25%	(\$3,940,876)	-28%	(\$5,911,313)	-26%
VSP - A		(\$1,815,053)	-23%	(\$1,815,053)	-13%	(\$1,815,053)	-8%
VSP - B		(\$120,000)	-2%	(\$120,000)	-1%	(\$120,000)	-1%
Vacant Positions	99.99%	(\$821,453)	-11%	(\$821,453)	-6%	(\$551,453)	-2%
Re-organization		(\$242,197)	-3%	(\$242,197)	-2%	(\$242,197)	-1%
New Revenue				(\$100,000)	-1%	(\$100,000)	0%
Savings from probable layoffs				\$0	0%	(\$270,000)	-1%
Other				(\$217,882)	-2%	(\$217,882)	-1%
<i>Remaining Target Deficit</i>		<b>\$694,274</b>	<b>9%</b>	<b>\$4,732,634</b>	<b>34%</b>	<b>\$11,190,217</b>	<b>50%</b>

**Potential Positions impacted by closing remainder of deficit:**

**53**

**124**

## Budget Solutions Scenarios

with Workload VSP-A, Vacancies  
and Simulated Negotiated Solutions

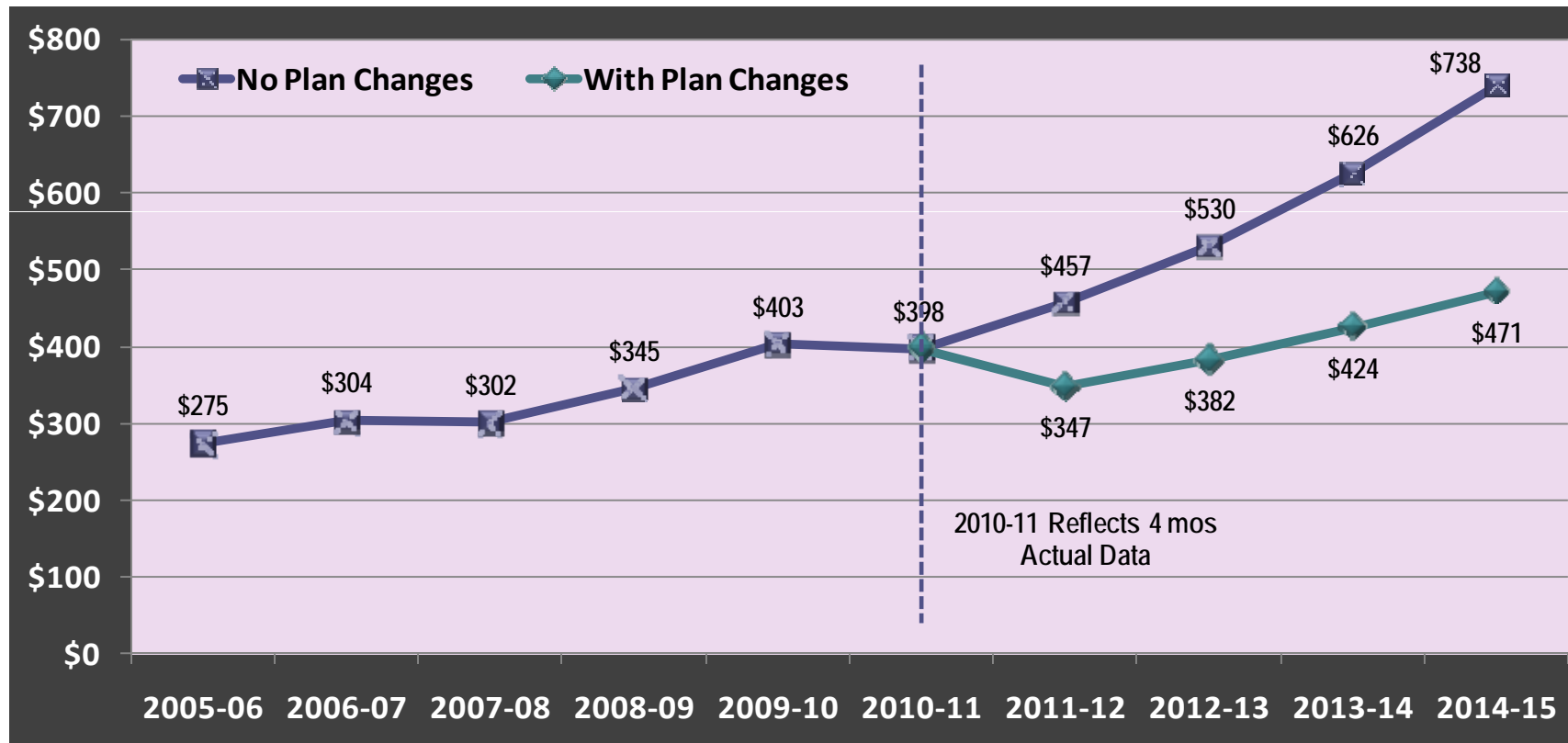
2011-12 Scenarios		Scenario #1*	Scenario #2*	Scenario #3
Balance to Close Deficit				
Remaining progress toward target		\$694,274	\$4,732,634	\$11,190,217
Position Reductions at \$90,000/each		<u>8</u>	<u>53</u>	<u>124</u>
Total Probable layoffs		<u>8</u>	<u>53</u>	<u>124</u>

**Notes:**

Allocation (1) = Salary and benefit per bargaining unit  
 Allocation (2) = Budget Allocation per 2010-11 Adopted Budget  
 Assumed \$90K total comp cost per position for VSP-A and Vacancies

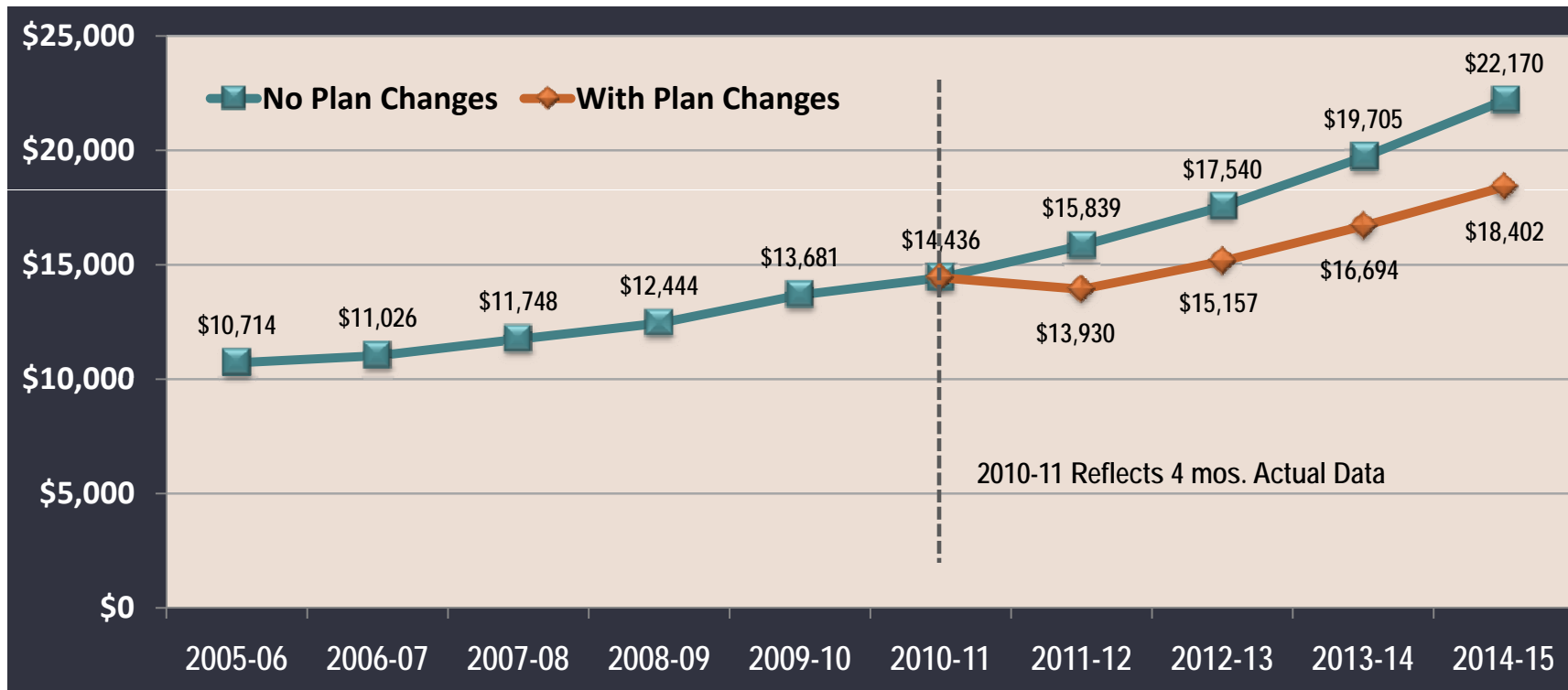
30-Mar-11

## Comparison of Prescription Benefit Cost PEPM



Source: Driver-Alliant, March 2011

## Comparison of Total Claims Cost PEPY



Source: Driver-Alliant, March 2011

## Multi-Year Projection

<b>A) Revenue</b>		<u>2011-12</u>		<u>2012-13</u>		<u>2013-14</u>		<u>2014-15</u>		<u>2015-16</u>
<b>Changes in Revenue</b>										
Apportionment Base		<b>\$172,000,000</b>		<b>\$151,188,000</b>		<b>\$158,445,024</b>		<b>\$166,842,610</b>		<b>\$176,352,639</b>
State Workload Reduction	-14.00%	<b>(\$24,080,000)</b>	0.00%	<b>\$0</b>	0.00%	<b>\$0</b>	0.00%	<b>\$0</b>	0.00%	<b>\$0</b>
COLA	0.00%	<b>\$0</b>	1.80%	<b>\$2,721,384</b>	2.30%	<b>\$3,644,236</b>	2.70%	<b>\$4,504,750</b>	2.80%	<b>\$4,937,874</b>
Growth Funds	1.90%	<b>\$3,268,000</b>	3.00%	<b>\$4,535,640</b>	3.00%	<b>\$4,753,351</b>	3.00%	<b>\$5,005,278</b>	3.00%	<b>\$5,290,579</b>
Subtotal		<b>(\$20,812,000)</b>		<b>\$7,257,024</b>		<b>\$8,397,586</b>		<b>\$9,510,029</b>		<b>\$10,228,453</b>
State Deficit Factor	0.00%	<b>\$0.00</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>
Lottery FTES	31,789.80		32,743.49		33,725.80		34,737.57		35,779.70	
Lottery projection	\$111.00	<b>(\$507,691)</b>	\$110	<b>\$73,117</b>	\$108.75	<b>\$65,896</b>	\$108.75	<b>\$110,030.42</b>	\$108.75	<b>\$113,331</b>
Other Revenue										
<b>Total Revenue Changes</b>		<b>(\$21,319,691)</b>		<b>\$7,330,141</b>		<b>\$8,463,483</b>		<b>\$9,620,059</b>		<b>\$10,341,784</b>
<b>B) Expense</b>										
<b>Change in Expense</b>										
Board Election		<b>\$0</b>		<b>\$400,000</b>		<b>\$0</b>		<b>\$400,000</b>		<b>\$0</b>
<b>Estimated Statutory Benefit Changes</b>										
STRS		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>
PERS	11.400%	<b>\$235,000</b>	14.13%	<b>\$1,172,180</b>	14.43%	<b>\$130,720</b>	14.43%	<b>\$0</b>	14.43%	<b>\$0</b>
UIC (1.6%, 0%, 0%)	0.009%	<b>\$985,000</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>
Health Benefits	9.800%	<b>\$1,000,000</b>	10.80%	<b>\$3,749,907</b>	12.40%	<b>\$4,772,728</b>	12.50%	<b>\$5,436,625</b>	10.00%	<b>\$4,800,000</b>
Step & Column		<b>\$1,225,000</b>		<b>\$1,225,000</b>		<b>\$1,225,000</b>		<b>\$1,225,000</b>		<b>\$1,225,000</b>
<b>Negotiated changes</b>		<b>TBD</b>		<b>TBD</b>		<b>TBD</b>		<b>TBD</b>		<b>TBD</b>
<b>Total Expense Changes</b>		<b>3,445,000</b>		<b>\$6,547,087</b>		<b>\$6,128,448</b>		<b>\$7,061,625</b>		<b>\$6,025,000</b>
<b>Net Change in Operating Budget</b>		<b>(\$24,764,691)</b>		<b>\$783,054</b>		<b>\$2,335,035</b>		<b>\$2,558,434</b>		<b>\$4,316,784</b>

**Notes:**

School Services Financial Projection Dartboard, March 2011.  
 Health Benefit projections - Alliant Driver, March 2011 (2,000 covered employees - active and retired)  
 Benefit Assumptions: 2,238 benefitted employees  
 2010-COLA - Ed Code Section 84750 and by reference 42238.1  
 Lottery based on total (Resident and Non-Resident) FTES (37,800 for 2010-11)  
 PERS basis: \$43,000,000  
 STRS basis: \$60,500,000  
 UIC basis: \$103,500,000

Projected Ending Fund Balance 2010 - 2011		
<b>Beginning Fund Balance (Reserve)</b>		\$ 13,500,000
<b>New Revenues</b>		
Apportionment	\$ 3,450,000	
Mandated Costs Reimbursement	635,000	
Other Income	170,000	
<b>Total New Revenues</b>		<b>\$ 4,255,000</b>
<b>Budget Savings</b>		
District Site	\$ 800,000	
District-wide Accounts (Admin 9)		
Reduced Insurance Costs	\$ 300,000	
Unused Categorical Position Backfill	400,000	
Election Costs Below Projection	250,000	
Bargaining Unit Retraining Funds	280,000	
DIS and Voyager Projects	420,000	
Other Budget Savings	500,000	
<b>Total District-wide Savings</b>	<b>\$ 2,150,000</b>	
<b>Total Budget Savings</b>		<b>\$ 2,950,000</b>
<b>Projected Ending Fund Balance</b>		<b>\$ 20,705,000</b>
<b>Reserved Ending Balance</b>		
Contingency Reserve	\$ 13,500,000	
GWC Learning Resource Center	2,000,000	
VSP Payout	360,000	
<b>Total Reserved Ending Balance</b>		<b>\$ 15,860,000</b>
<b>Available for One-Time Purposes</b>		<b>\$ 4,845,000</b>

## Un-Met District Needs

---

- On-going Budget for Computer Refresh for Faculty and Other District Personnel
- Resources to Fully Utilize Banner Operating System

