



Coast Community College District Meeting of the Budget Committee

November 16, 2010

Inspiration. Innovation. Graduation.

- **Areas of Discussion**

- Review of Internal Operating Deficit
- Probable Impact of State Imbalance
- Review of Budget Assumptions
- Approaches toward Closing Internal Operating Deficit
- Time Constraints
- Budgetary Risk
- Looking Ahead

Where Were We at the Time of the 2010-2011 Adopted Budget?

Budget Shortfall Forecast for Future Years as of 9/15/10		
	2011-12	2012-13
A) 2010-11 Budget Reduction (covered by one-time funds)	\$ -	\$ -
Board Election	\$ -	\$ 550,000
Estimated Mandatory Increase		
STRS (1%, 2%)	\$ 436,000	\$ 872,000
PERS (0.9%, 3%)	\$ 319,500	\$ 1,065,000
UIC	\$ -	\$ -
	\$ 755,500	\$ 2,487,000
B) To Protect Categorical Contract Employees	\$ -	\$ -
C) Negotiable Items		
Salary Increase		
CFE	<i>unknown</i>	<i>unknown</i>
CFCE/Classified	<i>unknown</i>	<i>unknown</i>
CCA	<i>unknown</i>	<i>unknown</i>
CDMA/Other	<i>unknown</i>	<i>unknown</i>
Health Benefits	\$ 1,000,000	\$ 2,000,000
Step & Column	\$ 1,225,000	\$ 2,450,000
	\$ 2,225,000	\$ 4,450,000
TOTAL SHORTFALL	\$ 2,980,500	\$ 6,937,000
CUMULATIVE SHORTFALL	\$ 2,980,500	\$ 9,917,500

What Underlying Budget Assumptions have Changed?

	Adopted Budget September 2010	November 2010
COLA	- .38	0
Growth	0	2.21

What is Happening with the State?

- **LAO Fiscal Outlook**
 - \$6B current year deficit
 - \$19B Budget year deficit
 - \$20B annual imbalance thru 2015-16
 - Urges Legislature to repeal Prop 98 enhancements including CCC growth (restoration)
- **Governor calls Special Session of the Legislature**
 - Will convene December 6 when new membership is seated

What is the Outlook for the Community College System?

- **2010-11**
 - Increased likelihood of mid-year budget re-opener
 - “Claw-back” of restoration
- **2011-12**
 - \$255 million Prop 98 CCC reduction (CCLC)
 - \$230 million Prop 98 CCC reduction (CCCCO)

What does This Mean for Coast for the 1011-12 Fiscal Year?

- Internal Operating Deficit
 - ~\$3 million
- State Budget Cut
 - We are approximately 3% of system
 - A likely reduction of \$7 to \$7.5m
- Total Impact ~\$10 million

**What Approaches
can we take to
Close the 2011-12
Deficit?**

**1) All Expense
Reductions**

Scenario 1		2011-12
<i>Est. as of 2010-11 Adopted Budget</i>		
Potential Revenue		
Eliminate Negative COLA		
Restoration		
Total Revenue estimate		\$0
Emerging Deficit		
STRS		(\$436,000)
PERS		(\$319,500)
Health Benefits		(\$1,000,000)
Step/Column		(\$1,225,000)
Subtotal - CCCD Internal Operating Deficit		(\$2,980,500)
Likely state imposed budget cut		(\$7,000,000)
Possible Negotiated Solutions		\$0
Total Projected Deficit		(\$9,980,500)
Site	Allocation	Amount
OCC	46%	(\$4,630,952)
GWC	28%	(\$2,836,458)
Coastline	16%	(\$1,613,847)
District-wide	0%	\$0
District office	9%	(\$898,245)
Total	100%	(\$9,980,500)

What will Further Inform this Decision-Making Process?

- **2010-11 State Budget Status**
Special Session of the Legislature Commences
December 6, 2010.
- **2011-12 January Budget Proposal**
Released on or about January 10, 2011
- **2011-12 May Revise**

What are the Budgetary Risks Coast is Facing?

- Revenue “Claw Back”
- Mid-Year Budget “Re-opener”
- Overly Optimistic Budget Assumptions (State)
- Temporary Taxes signed into law in Feb. 2009 will sunset in 2011-12
- Persistent underlying structural imbalance (State)
- Imposition of additional deferrals
 - \$150M in 2001-02
 - \$832M current year

What Time Constraints are We Under?

- **2011-12 Budget Development**

- 2011-12 State Budget Proposal January
- Tentative Budget Development Jan to May
- “Lock Down” Tentative Budget May 1
- Adopt Tentative June
- “Lock Down” Final (Adopted) Budget August 1
- Adopt Final Budget September

Looking Ahead

We will Recalculate Multi-Year Projections at the Following Critical Junctures:

- January Budget Proposal
- May Revise
- With Tentative Budget
- With Adopted Budget
- Major Changes such as Mid-Year State Budget Re-Open.