

Coast Community College District

Meeting of the District Budget Advisory Committee

April 7, 2011

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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
General Apportionment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COLA*	\$0	\$0	\$640,000	\$640,000	\$640,000	\$640,000	\$640,000	\$640,000
Growth/Restoration*	\$0	\$0	\$3,800,000	\$3,800,000	\$3,800,000	\$4,180,000	\$4,180,000	\$4,180,000
Deficit Factor	\$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
STRS	(\$436,000)	(\$436,000)	(\$436,000)	(\$436,000)	(\$436,000)	\$0	\$0	\$0
PERS	(\$319,500)	(\$319,500)	(\$319,500)	(\$319,500)	(\$319,500)	(\$235,000)	(\$235,000)	(\$235,000)
Health Benefits	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Step/Column	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)	(\$1,225,000)
UIC	\$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
<i>Site</i>	<i>Allocation</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
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)
Total	100%	(\$2,980,500)	(\$9,980,500)	(\$5,397,000)	(\$10,640,500)	(\$17,605,875)	(\$8,271,000)	(\$14,951,000)	(\$23,909,000)

<i>Assumptions:</i>	<p>*2010-11 COLA results from absence of budgeted negative COLA</p> <p>*Restoration @ 2.2% = \$3.8m</p> <p>*Scenario #1 = June tax package approved, \$400 million cut less \$110 million in student fee revenue</p> <p>*Scenario #2 = June tax package fails and Prop 98 funded at minimum. \$620 million cut less \$110 in student fee revenue</p> <p>*Scenario #3 = June tax package fails and Prop 98 suspended. \$1.085 billion cut less \$280 million in student fee revenue</p> <p>*Figures revised as noted in Scott Lay email of January 27, 2011 re changes in Basic Aid District calcs.</p>
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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		
Unit	Share	total sal & ben	3% Simulated Reduction	5% Simulated Reduction	8% Simulated Reduction
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%
Total	100%	\$120,723,453	\$529,980 100%	\$883,300 100%	\$1,413,280 100%
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%	\$3,591,833	100%	\$6,527,413	100%	\$10,438,014	100%
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		\$629,927	18%	\$2,533,600	39%	\$5,412,295	52%

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			
Site	Allocation (2)	Amount - Post Negotiations					
Golden West College		\$2,199,998	100%	\$3,998,040	100%	\$6,393,284	100%
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	28.42%	(\$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%	\$1,251,723	<u>100%</u>	\$2,274,747	<u>100%</u>	\$3,637,558	<u>100%</u>	
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								
Savings from probable layoffs					\$0	0%	\$0	0%
Other		(\$217,882)		(\$217,882)	-10%	(\$217,882)	-6%	
Remaining Target Deficit		\$48,864	21%	\$735,344	32%	\$1,761,612	48%	

Potential Positions impacted by closing remainder of deficit:

8

20

Budget Solutions Scenarios

with Workload VSP-A, Vacancies
and Simulated Negotiated Solutions

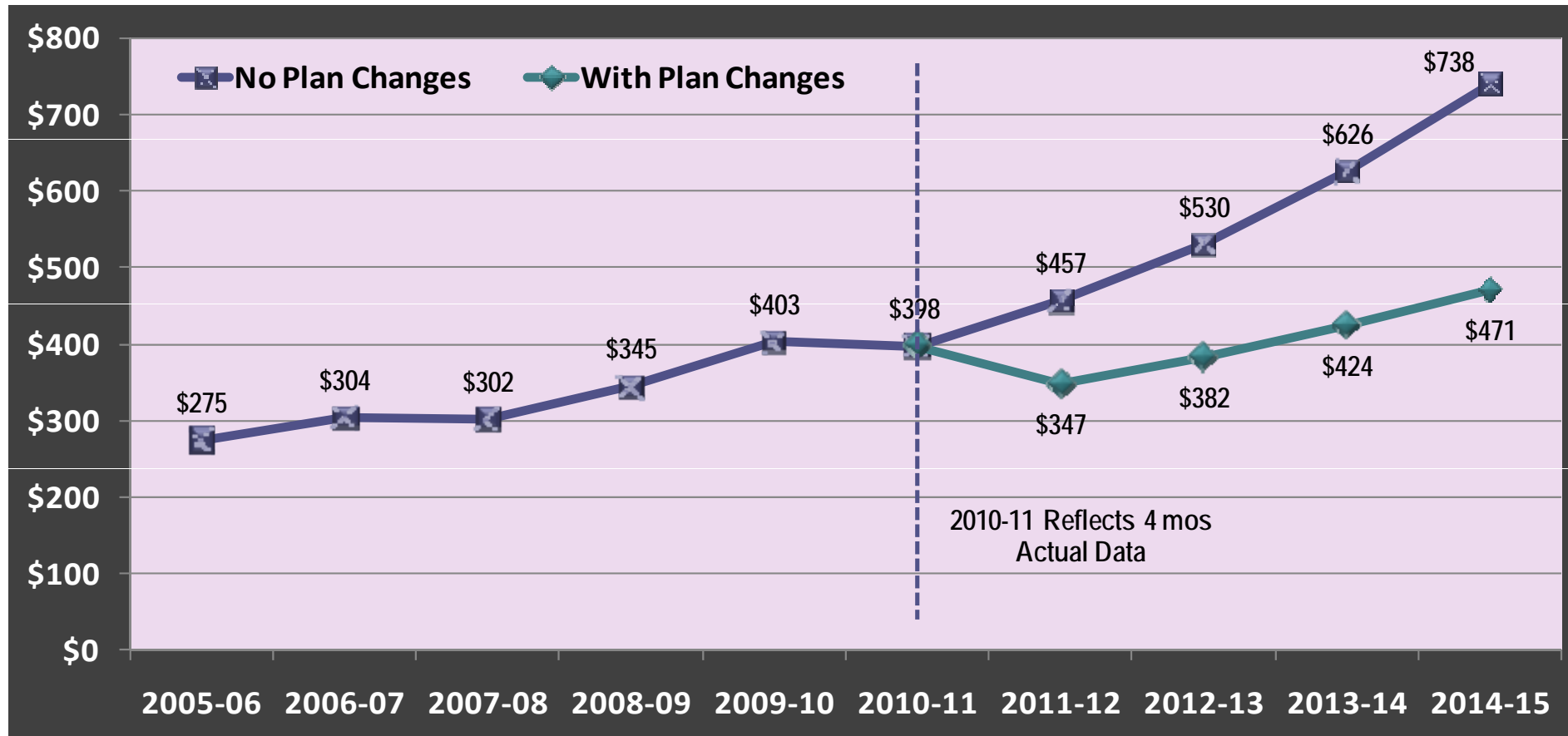
2011-12 Scenarios		Scenario #1*	Scenario #2*	Scenario #3
Balance to Close Deficit				
Remaining progress toward target		\$694,274	\$4,732,634	\$11,190,217
<u>Position Reductions at \$90,000/each</u>		<u>8</u>	<u>53</u>	<u>124</u>
<u>Total Probable layoffs</u>		<u>8</u>	<u>53</u>	<u>124</u>

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

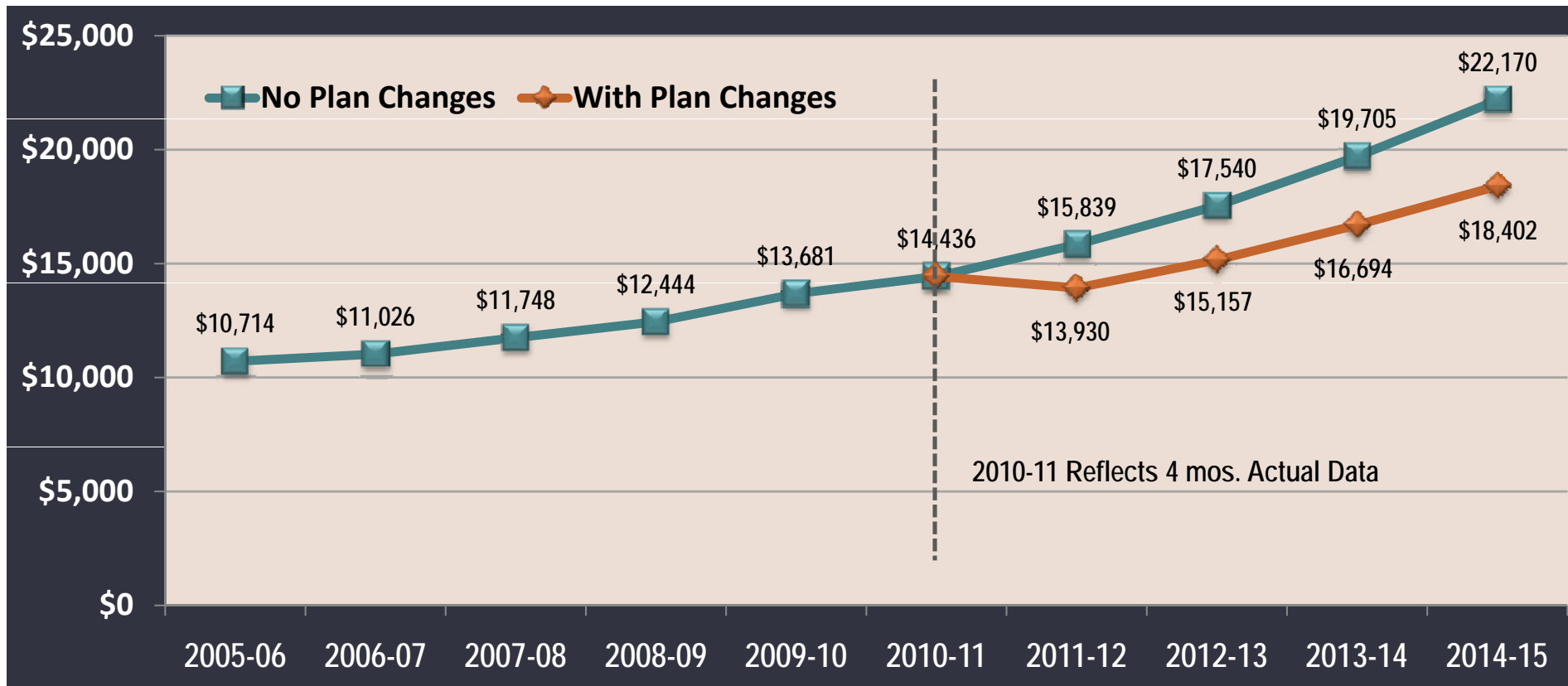
30-Mar-11

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

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

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		
Beginning Fund Balance (Reserve)		\$ 13,500,000
New Revenues		
Apportionment	\$ 3,450,000	
Mandated Costs Reimbursement	635,000	
Other Income	170,000	
Total New Revenues		\$ 4,255,000
Budget Savings		
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	
Total District-wide Savings	\$ 2,150,000	
Total Budget Savings		\$ 2,950,000
Projected Ending Fund Balance		\$ 20,705,000
Reserved Ending Balance		
Contingency Reserve	\$ 13,500,000	
GWC Learning Resource Center	2,000,000	
VSP Payout	360,000	
Total Reserved Ending Balance		\$ 15,860,000
Available for One-Time Purposes		\$ 4,845,000

Un-Met District Needs

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

March 28, 2011 DETAIL - Site Budget Reduction Plans

ID	Task Name	Duration	Start	Finish	2011																	
					Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov				
1																						
2	Coast Budget Development (2011-12)	221 days?	Wed 11/10/10	Wed 9/14/11																		
3	LAO Fiscal Outlook Released	0 days	Wed 11/10/10	Wed 11/10/10																		
4	January Budget Proposal Released	0 days	Mon 1/10/11	Mon 1/10/11																		
5	Develop and Distribute Budget Reduction Scenarios	11 days?	Mon 1/17/11	Mon 1/31/11																		
6	Solidify Site Budget Reduction plans	37 days?	Mon 2/28/11	Wed 4/20/11																		
7	Week 5 (2/28) - Mini State Budget - Policy check	6 days?	Mon 2/28/11	Mon 3/7/11																		
8	Week 7 (3/14) - Conclude VSP - A	0 days	Mon 3/14/11	Mon 3/14/11																		
9	Week 9 -Board of Trustees Study Session	0 days	Wed 4/6/11	Wed 4/6/11																		
10	Week 10 - Conclude VSP - B	0 days	Fri 4/15/11	Fri 4/15/11																		
11	Week 11 - Solution summary to Board	0 days	Wed 4/20/11	Wed 4/20/11																		
12	"May Revise" Released	0 days	Thu 5/5/11	Thu 5/5/11																		
13	"Lock Down" Tentative Budget Solution	0 days	Thu 5/5/11	Thu 5/5/11																		
14	Tentative Budget Adoption	0 days	Wed 6/15/11	Wed 6/15/11																		
15	State Budget signed into law	0 days	Fri 7/1/11	Fri 7/1/11																		
16	Final Budget Adoption	0 days	Wed 9/14/11	Wed 9/14/11																		