



Fiscal Year 2010-11 Tentative District Budgets

For Adoption at the Governing Board Meeting – June 16, 2010

Presented by:
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SOLANO COMMUNITY COLLEGE DISTRICT

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Introduction

The state is forecasting a massive \$19.1 billion budget shortfall over the next 18 months with a budget plan premised on making expenditure reductions, anticipated receipt of federal funds, and alternative funding/funding shifts. The May Revise issuance on May 14 saw Governor Schwarzenegger's continued affirmation to invest in higher education by leaving the UC, CSU, and CCC proposals largely unchanged from January's budget proposal. Now the budget debate will accelerate as deliberations take place this summer towards a final state 2010-11 budget.

As the District develops a comprehensive spending plan for 2010-11, it takes into consideration the following in light of rising enrollment and large cuts to categorical programs:

- There is no growth FTES budgeted. State Appropriation remains flat with the same workload adjustment (re-benching) in 2009-10. The budget is built on funding at 8,965 FTES. A proposal is to fund growth at 2.21%, which could result in funding for an additional 197.23 FTES. However, this is contingent on the budget passage, and approved funding would be added to spring 2011. As of P-2 reporting for 2009-10, the District earned 9,398 FTES.
- Revenue from property taxes decreased approximately 1.5% from last year.
- COLA is a negative -.038%; however, it may be re-adjusted to 0% in the final state budget.
- There is continued significant risk of additional funding deferrals as the state faces cash flow challenges resulting in similar challenges at the local level. The District has requested two temporary transfers of funds from the Solano County Treasury to meet its expense obligations and payroll as the fiscal year ends. We will receive \$8.1 million in deferred state apportionment in July to repay the anticipated County loan.
- Further cuts are proposed for EOPS, Part-time Faculty Compensation, CalWorks' welfare to work program. The actual reductions, if any, are unknown at this time.
- Health & Welfare benefits increase of \$850,000 and employee step and column increases of \$351,932.
- The funding for categorical programs is tenuous—the District intends to maintain 2009-10 funding levels. The elimination of CalWorks and drastic reductions in child care programs is being rejected by the LAO.

The College achieved center status from the Board of Governors in May for the Vallejo Center. We anticipate receiving an additional appropriation of \$1 million for 2009-10 and ongoing beginning with 2010-11. The new revenue is largely offset by an approximate \$1 million reduction in appropriations due to higher than projected collection of enrollment fees during 2009-10. The District is making staffing recommendations with the 2010-11 center revenue to addressing increased staffing levels at both Vallejo and Vacaville Centers.

Despite the serious budget issues, the District has aggressively pursued several expense saving measures over the past year to maintain the Board-mandated 5% reserve. The District has managed thus far to avoid furloughs and significant layoffs. The College projects a total of \$1.4 million savings for 2010-11. We also cut over 123 course sections in spring 2010, realizing savings from adjunct faculty salaries. More savings came from several faculty and classified staff positions remaining vacant, reducing consultant and legal services, offering an early retirement incentive (estimated over \$500,000 savings), and other actions that in aggregate comprise the \$1.4 million cost reductions (see BREM List on Page 9). These items were included in building the budget.

Tentative Budget Assumptions for 2010-11
June 16, 2010

Full-Time Equivalent Students (FTES)

Growth is budgeted at 0%.

- 2009-10 Base FTES 8,965
- 2010-11 0% Growth -0-

- 2010-11 Base FTES 8,965

**2010-11 growth will be funded at 0%.
Therefore, no additional FTES will be added to
the 2009-10 base.
The May Revise projects a 2.2% increase.
If growth is approved, it will be added to Spring 2011.**

- 2009-10 Base FTES 8,965
- 2009-10 0% Growth -0-
- 2010-11 Estimated Funded FTES 8,965

2009-10 base fund rate is \$5,019 per FTES.

Property Taxes/Deficit Factors

2008-09 property taxes were \$10,728,701, or a decrease of \$1,614,515 from the original estimate. 2009-10 is \$9,752,393, or a decrease of \$976,308 from the 2008-09 estimation of collections. The 2010-11 property tax revenue is projected to be \$9,606,107, or a decrease of -1.5% from the previous year.

The 2009-10 deficit factor due to state shortfalls was 1.5%, or a funding rate of 98.5%. In 2009-10 this amount was a loss of \$706,513 to the District. The 2010-11 projected shortfall eliminates all growth funding. A deficit factor is unknown at this point in time.

Cost of Living Adjustment (COLA)

COLA for 2010-11 is a negative -.038%.

Overall Expenditures

The Budget Revenue & Expenditure Measures (BREM), formerly known as the People & Things List, outlines all reductions and enhancements proposed and/or identified. The BREM is attached.

A plan to reduce encroachment into the Unrestricted General Fund by 50% in 2009-10 and an additional 50% in 2010-11 is being planned.

Utility expenses have been increased by 3% over the 2009-10 budget, due to both PG&E rate increases and higher usage due to completed construction of new facilities.

Future retiree benefits are budgeted at \$225,000. The District is a member of the Community College League's Retiree Health Benefits JPA – a statewide organization of pooled monies in an irrevocable trust.

What Is Not Included

The information on categorical program reductions from the state is unknown at this time. The District is currently formulating a plan for budget reductions to be implemented when the actual amount of the reductions are known. The District will assess if 2009-10 funding levels can be maintained via general fund transfers. General fund transfers to support categorical programs were presented, discussed and supported by FABPAC, Shared Governance Council, the Supt/President's Cabinet, and the Governing Board in October 2009.

Transfers from the General Fund would lower the amount of reserves available to meet our unrestricted fund ending balance reserve of 5%. Transfers would also reduce the amount of funds available to hire faculty and maintain compliance with the 50% calculation.

Categorical programs are funded in 2010-11 at the same levels as in 2009-10. We have been advised by the Chancellor's Office that reductions in categorical programs are subject to debate and final state budget funding adjustments. Accordingly, under "Assumptions" no changes are made yet in categorical program funding. However, adjustments will be made for the Adopted Fiscal Year 2010-11 Budget to be presented in September, pending state budget passage.

Reductions in appropriation and property tax revenues are possible given the current significant state budget deficit, but are unknown at this time. The state's 2010-11 budget debate and formulation is in progress.

2010-11 MAJOR REVENUE ASSUMPTIONS

Apportionment revenue is based on the 2010-11 Second Principal Apportionment and the 2009-10 AB X4 1 workload adjustments:

General Apportionment Revenue: 2010-11

➤ Base apportionment \$45,070,705

TOTAL **\$45,070,705**

Sources:

➤ Property Taxes \$9,397,800

➤ 98% of Enrollment Fees 3,561,346

➤ State General Apportionment
(Base Apportionment +COLA + Growth –
Property Taxes - 98% Enrollment Fees) 32,111,559

TOTAL **\$45,070,705**

2010-11 MAJOR EXPENDITURE ASSUMPTIONS

- Step and column adjustments are included in the compensation expenditures.
- Step and column increases of \$351,932 for all qualifying employees
- Increase of \$850,000 for health and welfare benefits
- Total Projected Increase for Step & Column and Health Benefits = \$1,201,932

Statutory benefits are budgeted as follows:

	<u>Percentage</u>
STRS	8.25%
PERS	10.707%
FICA	6.2%
EPMC PERS	7.49%
Medicare	1.45%
SUI	0.72%
Workers' Compensation	1.48%

**BUDGET REVENUE/EXPENSE MEASURES (BREM)
2010-11 AND 2011-12**

Item	EXPENSES	Tentative 2010-11	Projected 2011-12
1.1	Evaluate platform for online classes (move away from eCollege to something else)	\$ (20,000)	0
1.2	Reduce legal fees	\$ 200,000	0
1.3	Elections *	\$ (250,000)	0
1.4	Reduction of District contributions to support community theater program	\$ 220,000	0
1.5	CMF Clean-Up	\$ 50,000	0
1.6	Contract reductions	\$ 75,000	0
1.7	Special Trustee contract	\$ 48,000	0
TOTAL NET SAVINGS		\$ 323,000	\$ -

Notes:

1.3 For 2012-13, estimated election costs - \$250,000

Item	HUMAN RESOURCES	Tentative 2010-11	Projected 2011-12
2.1	Vacant faculty positions due to retirements (4.0 FTEF)	\$ 438,476	<i>To Be Determined</i>
2.2	Early retirement program - final impact to be determined	\$ 500,000	
2.3	Vacant staff position not being replaced (library services technician)	\$ 67,000	
2.4	Community Services staff (.375 FTE staff)	\$ 28,125	
2.5	Custodial shift from grave to early evening	\$ 15,000	
2.6	Parking fund contribution to police services salaries (one-time transfer)	\$ 65,000	
TOTAL NET SAVINGS		\$ 1,113,601	

Total Expense & Human Resource Savings		\$ 1,436,601	\$ -
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Notes:

2.1 & 2.2 Faculty retirements are separate from the PARS early retirement incentive program, and will be realized with or without the PARS implementation.

Solano Community College District

Tentative 2010-11 Budget Summary - UNRESTRICTED FUNDS ONLY

		FY 2009-2010		FY 2010-11	3% APPORTIONMENT REDUCTION
		ADJUSTED BUDGET	YEAR-TO-DATE	TENTATIVE BUDGET 2010-11	
REVENUES					
8100	FEDERAL REVENUES	0	179,545	0	0
8600	STATE REVENUES	33,518,992	28,259,856	33,518,992	32,513,422
8800	LOCAL REVENUES	15,731,684	10,150,355	15,731,684	15,731,684
8900	OTHER FINANCING SOURCES	55,000	126,217	55,000	55,000
	TOTAL REVENUES	49,305,676	38,715,973	49,305,676	48,300,106
EXPENDITURES					
1000	ACADEMIC SALARIES	20,599,431	20,613,744	20,902,544	20,877,396
2000	CLASSIFIED & OTHER NON ACADEMIC SALARIES	9,346,655	8,385,239	8,360,067	8,277,114
3000	EMPLOYEE BENEFITS	11,057,583	10,604,578	11,639,510	11,639,510
4000	SUPPLIES AND MATERIALS	1,354,411	1,332,429	1,332,429	1,332,429
5000	OTHER OPERATING EXPENSES & SERVICES	7,487,747	7,339,348	7,225,549	7,225,549
6000	CAPITAL OUTLAY	520,246	292,823	242,823	242,823
7000	OTHER OUTGO	25,000	0	25,000	25,000
	TOTAL EXPENDITURES	50,391,073	48,568,162	49,727,923	49,619,822
Estimated Ending Fund Balance for FY 2009-10		\$ (1,085,397)	\$ (9,852,189)	\$ (422,247)	\$ (1,319,716)

Solano Community College District

Tentative 2010-11 Budget Summary - RESTRICTED FUNDS ONLY

		FY 2009-2010		FY 2010-11	3%
		ADJUSTED BUDGET	YEAR-TO-DATE	TENTATIVE BUDGET 2010-11	APPORTIONMENT REDUCTION
REVENUES					
8100	FEDERAL REVENUES	1,855,019	655,926	1,855,019	1,799,368
8600	STATE REVENUES	5,186,728	4,150,203	5,186,728	5,031,126
8800	LOCAL REVENUES	827,242	1,793,355	827,242	802,425
8900	OTHER FINANCING SOURCES	0	0	0	-
	TOTAL REVENUES	7,868,989	6,599,484	7,868,989	7,632,919
EXPENDITURES					
1000	ACADEMIC SALARIES	956,600	721,792	956,600	956,600
2000	CLASSIFIED & OTHER NON ACADEMIC SALARIES	1,612,697	1,246,757	1,612,697	1,612,697
3000	EMPLOYEE BENEFITS	691,223	525,310	691,223	691,223
4000	SUPPLIES AND MATERIALS	621,303	127,880	621,303	621,303
5000	OTHER OPERATING EXPENSES & SERVICES	1,480,728	1,005,681	1,480,728	1,480,728
6000	CAPITAL OUTLAY	727,905	268,819	727,905	727,905
7000	OTHER OUTGO	520,749	359,008	520,749	520,749
	TOTAL EXPENDITURES	6,611,205	4,255,247	6,611,205	6,611,205
Estimated Ending Fund Balance for FY 2009-10		\$ 1,257,784	\$ 2,344,237	\$ 1,257,784	\$ 1,021,714