



Chabot-Las Positas Community College District

Adoption Budget
September 20, 2011

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Presentation Summary

- Budget Requirement
- State Budget Act
- Impact on California Community Colleges
- Trigger Language
- Impact on Chabot-Las Positas Community College District
- Structural Deficit
- Identified Solutions to Structural Deficit
- Outstanding Deficit
- District Reserve for Economic Uncertainties

Budget Requirement

- Title 5, Section 58301 of the California Code of Regulations requires community college districts to hold a public hearing on the proposed budget for the ensuing fiscal year.
- Title 5, Section 58305 of the California Code of Regulations requires community college districts to adopt a final budget on or before the 15th day of September.

State Budget Act

- The 2011-12 Budget Act was passed on June 28, 2011 and signed by the Governor on June 30.
- The Budget Act closed a deficit of \$26.6 billion for the 18 months ending June 30, 2012.
- Solutions included in the Budget Act are:
 - \$11.1 billion in expenditure reductions
 - \$11.8 billion in baseline revenue adjustments
 - \$2.9 billion in borrowing, shifts, and fund transfers
 - \$1.0 billion in new revenue changes
 - \$0.5 billion in local realignment revenue impacts

Impact on California Community Colleges

- \$400 million base reduction (workload reduction)
- Increase in student fees of \$10 per unit (from \$26/unit to \$36/unit)
- 0% COLA (statutory COLA is 1.67%)
- Apportionment deferrals continue with a new deferral of \$129 million from Spring 2012 to October 2012
- Extend categorical flexibility through 2014-15
- No funding was provided for either growth or COLA
- No restoration of the categorical program reductions that were enacted in the 2009 Budget Act
- Additional \$4 billion in revenue with contingency language (triggers)

Trigger Language

- Triggers take effect if the \$4 billion revenue estimates are not met, resulting in mid-year cuts
 - Tier 0 – If at least \$3 billion of the \$4 billion of higher revenues materialize, there will be no mid-year cuts.
 - Tier 1 – If \$2 billion to \$3 billion of the revenues materialize, up to \$601 million in mid-year cuts could be enacted. These actions would include an additional \$100 million reduction to each of UC and CSU and a \$30 million General Fund reduction to the California Community Colleges offset by an increase in fees to \$46 per unit. On September 8, 2011 the California legislature passed bill ABx1 32, which defers the \$10 per unit fee increase until Summer 2012.
 - Tier 2 – If less than \$2 billion of the revenues materialize, over \$1.8 billion in cuts could be meted out to K-14. Specifically, K-12 could see the elimination of transportation funding (\$248 million) and a reduction of funding equivalent to 7 school days (\$1.5 billion). The California Community Colleges could receive a reduction to apportionments of up to \$72 million beyond the Tier 1 cuts. These reductions would be proportionate to revenue estimates.

Impact on Chabot-Las Positas Community College District

- Using the Tier 2 scenario, the Budget Act reduces the District's General Apportionment by \$5,922,000.
- The Community College League of California has advised districts to increase the apportionment reduction by a factor of 1.07751938, bringing the reduction from \$5,922,000 to \$6,381,070.

Structural Deficit

- The District's budget deficit is projected at \$12,623,960, which is made up of:
 - Apportionment reduction \$ (6,381,070)
 - Mandatory obligations \$ (3,348,257)
 - Essential/critical needs (net) \$ (2,894,633)
 - Projected budget deficit \$(12,623,960)

Identified Solutions to Structural Deficit

● Transfer of information technology expenditures to Measure B interest earnings	\$ 720,000
● Lease revenue from Dublin Center	\$ 500,000
● Reduction In Force	\$1,500,000
● Savings from Supplemental Employee Retirement Plan (SERP)	\$3,000,000
● Savings from funded vacant positions (estimate)	\$ 500,000
● Avoided costs from State Chancellor's workload reduction (estimate) of 1,712 FTES – equates to lower adjunct faculty costs	\$2,650,000
● Concessions from management employee group	\$ 395,000

Outstanding Deficit

- As of this writing, there still remains a structural deficit of \$3,358,960
- Negotiations have not been settled with both the Classified Employee Group and the Faculty Association.

District Reserve for Economic Uncertainties

- The District's Unrestricted General Fund Ending Balance is \$2,118,823
- However, for fiscal year 2011-12, the minimum reserve requirement is \$4,608,664
- The District intends to make up the difference with internal borrowing from the Retiree Benefit (RUMBL) Fund of \$2,489,841
- This amount of \$2,489,841 will need to be paid back from concessions and budget cuts

General Fund (Unrestricted)

Total Revenues	\$89,251,483
Total Expenditures	\$92,814,692
Increase/(Decrease) in Fund Balance	(3,563,209)
Beginning Balance	5,682,032
Ending Balance	\$ 2,118,823

General Fund (Unrestricted) – *continued*

Required 5% Reserve for Unforeseen Economic Uncertainties	4,608,664
Ending Balance	\$ 2,118,823
Shortfall to Meet Minimum 5% Reserve	\$2,489,841

Chabot-Las Positas Community College

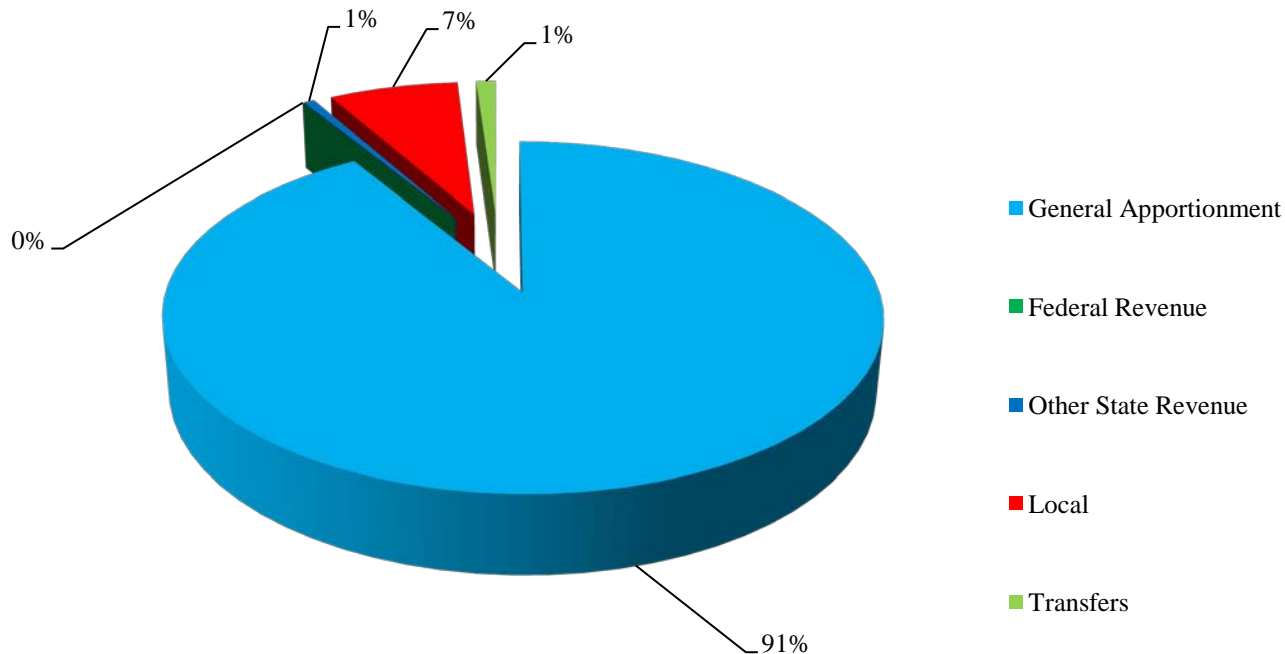
	2011-12 Adoption Budget	2012-13 Projected Budget
Total Revenue and Transfers In	89,251,483	89,251,483
Total Expenditures and Transfers Out	92,814,692	95,591,352*
Increase/(Decrease) in Fund Balance	(3,563,209)	(6,339,869)
Beginning Balance	5,682,032	4,608,664
Ending Balance	2,118,823	(1,731,205)
Internal Borrowing from (Pay Back to) RUMBL	2,489,841	(2,489,841)
Ending Balance - Unrestricted General Reserve	4,608,664	(4,221,046)
Amount Needed for 5% Reserve		(4,747,497)
Total Amount of Deficit		(8,968,543)

* Mandatory obligations in the amount of \$2,960,417 include increases in automatic step and column salary increases, longevity, and professional development; medical insurance; dental, vision, life; workers' compensation; RUMBL; property and liability insurance; student and athletic insurance; and utilities.

Unrestricted General Fund Revenue

The District derives revenues from a number of sources as shown below. The major sources of revenue are:

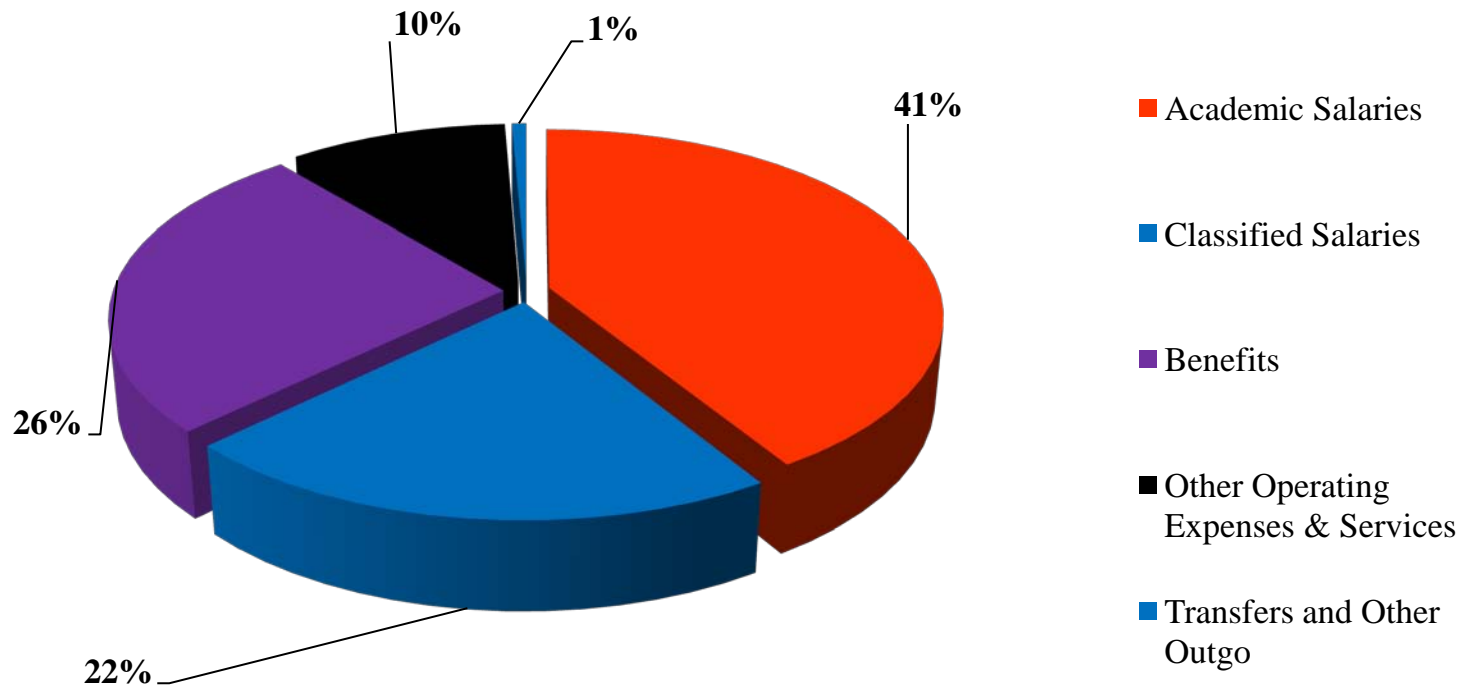
General Apportionment (State General Fund, Property Taxes, Equalization and Enrollment Fees)	\$81,450,383
Federal Revenue	\$ 1,200
Other State Revenue	\$ 526,800
Local	\$ 6,315,130
Transfers	\$ 957,970



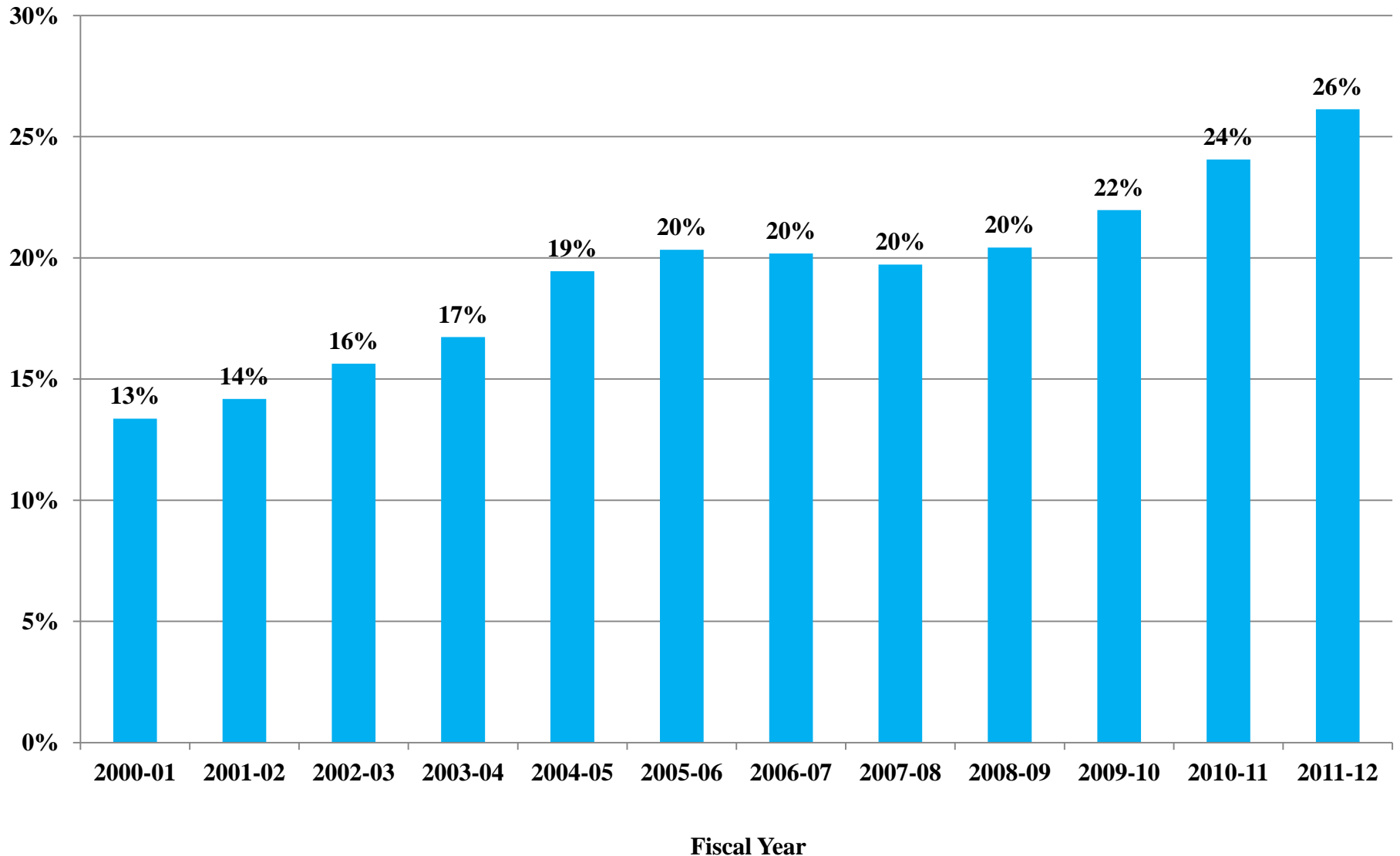
Unrestricted General Fund Expenditures

The District's major expense categories are shown below. Salaries and benefits make up 89% of the District's (unrestricted) expenditures.

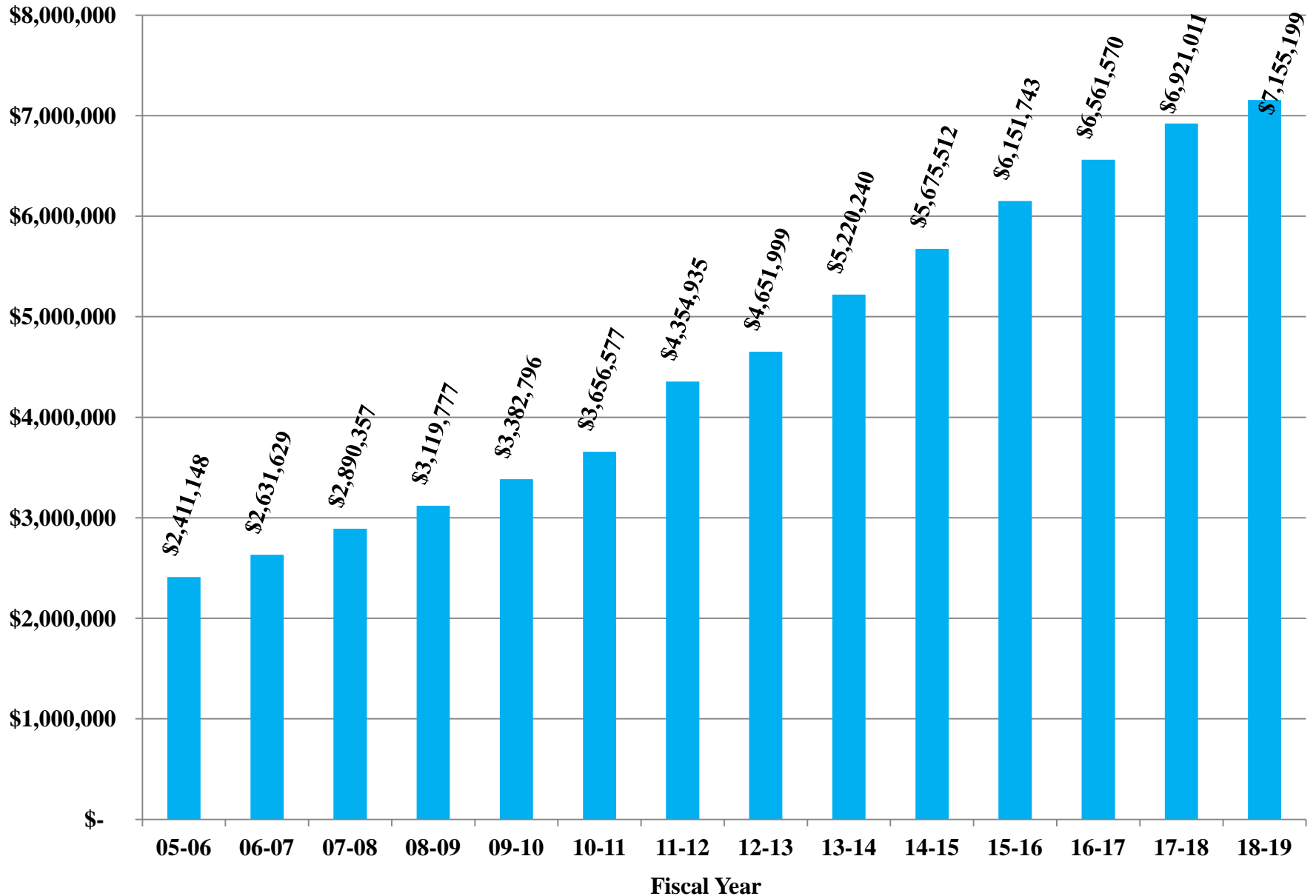
Academic Salaries	\$38,223,533
Classified Salaries	\$20,040,026
Benefits	\$24,251,292
Other Operating Expenses and Services	\$ 9,658,431
Transfers and Other Outgo	\$ 641,410



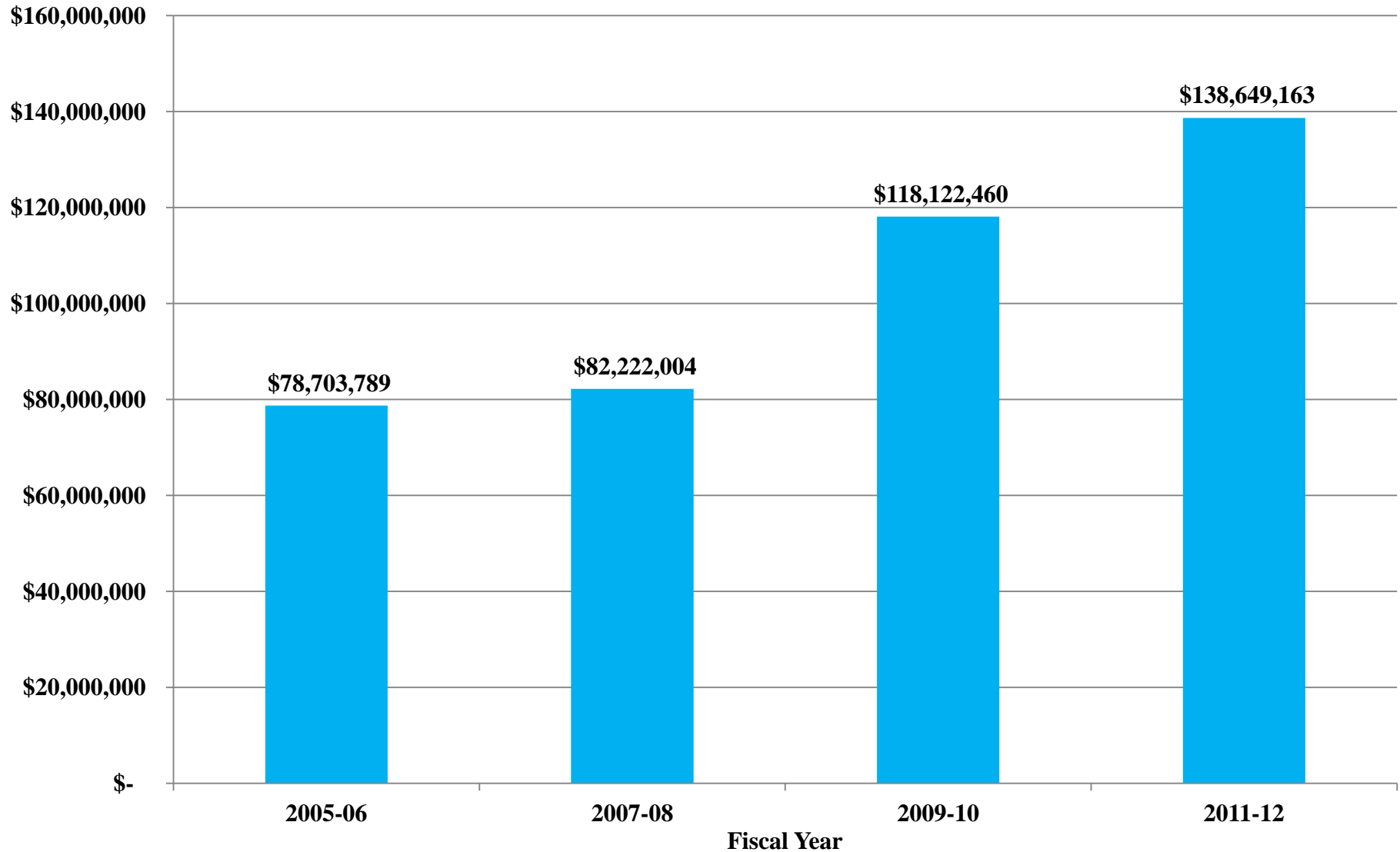
Chabot-Las Positas Community College District Employee Benefits as a Percentage of Operating Expenses



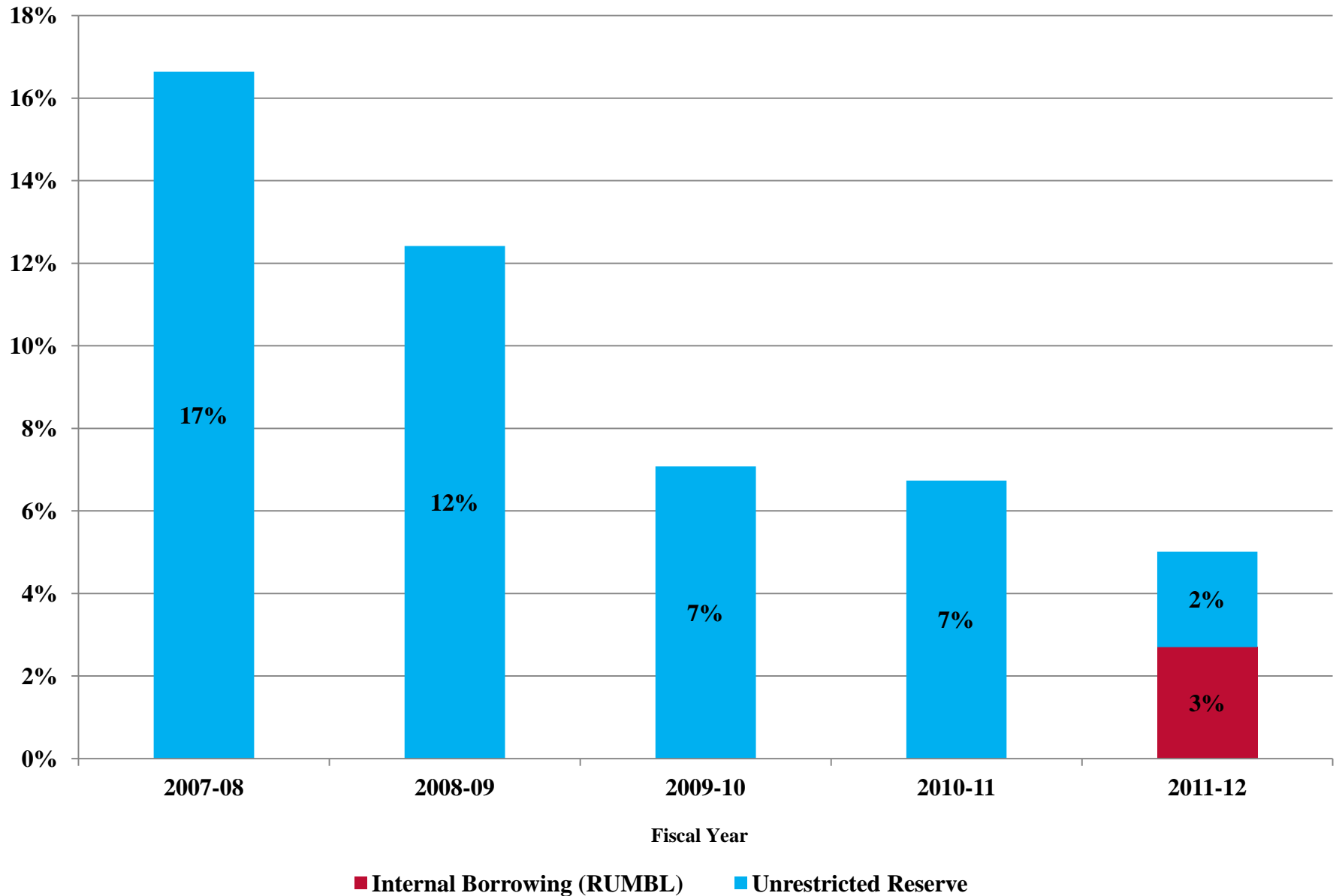
Chabot-Las Positas Community College District OPEB – Pay –As- you -Go -Amounts



Chabot-Las Positas Community College District OPEB – Unfunded Liability



Chabot-Las Positas Community College District Unrestricted Reserve Percentage



Cafeteria Fund

Total Revenues	\$33,780
Total Expenditures	47,809
Increase/(Decrease) in Fund Balance	(14,029)
Beginning Balance	31,303
Ending Balance	\$17,274

Child Development Fund

Total Revenues	\$1,394,000
Total Expenditures	1,394,000
Increase/(Decrease) in Fund Balance	-0-
Beginning Balance	-0-
Ending Balance	-0-

Self Insurance Fund (RUMBL)

Total Revenues	\$4,865,797
Total Expenditures	4,855,797
Increase/(Decrease) in Fund Balance	10,000
Beginning Balance	3,031,216
Ending Balance	\$3,041,216
Loan to Unrestricted General Fund Reserve	\$2,489,841
Ending Balance	\$ 551,375

Measure B Fund

Total Revenues	\$5,316,195
Total Expenditures	58,000,000
Increase/(Decrease) in Fund Balance	(52,683,805)
Beginning Balance	222,271,219
Ending Balance	\$169,587,414

Capital Outlay Projects Fund

Total Revenues	\$ 5,452,797
Total Expenditures	4,132,898
Increase/(Decrease) in Fund Balance	1,319,899
Beginning Balance	3,838,898
Ending Balance	\$5,158,797

Property Sale Fund

Total Revenues	\$15,000
Total Expenditures	876,155
Increase/(Decrease) in Fund Balance	(861,155)
Beginning Balance	3,699,127
Ending Balance	\$2,837,972

Closing

- We have a structural deficit
- We have less than 5% reserve for economic uncertainties
- Health and welfare costs continue to increase
- Mid-year cuts expected
- Internal borrowing must be paid back
- Multi year projection shows negative ending balance
- We must act NOW!!