

STATE CENTER COMMUNITY COLLEGE DISTRICT BUDGET STUDY SESSION



February 17, 2015

**Presented by:
Ed Eng**

Vice Chancellor of Finance and Administration

2015-16 Revenues and Commitments

	On-Going Funding			
	Restoration/ Access/ Growth (2%)	Base Allocation	CDCP	Total
State Allocation	\$ 106,900,000	\$ 125,000,000	\$ 49,000,000	
District Share (Estimated)	\$ 3,000,000	\$ 2,750,000	\$ 200,000	\$ 5,950,000

Early Projections

Proposed Usage:
2015-16

OPEB - GASB45	\$ -	\$ 900,000	\$ -	\$ 900,000
Pension Reform (STRS/PERS)	\$ -	\$ 1,625,000	\$ -	\$ 1,625,000
Clovis Summer '14 Addtl FTES in Base	\$ -	\$ 110,000	\$ -	\$ 110,000
Step/Column Increase	\$ 900,000	\$ -	\$ -	\$ 900,000
Payroll - W/C, SUI (Est.)	\$ 250,000	\$ -	\$ -	\$ 250,000
Growth Adjunct	\$ 750,000	\$ -	\$ -	\$ 750,000
Retirement Savings	\$ (260,000)			\$ (260,000)
New Academic Positions (\$100K/per)	\$ -	\$ -	\$ -	\$ -
Total Costs/Savings	\$ 1,640,000	\$ 2,635,000	\$ -	\$ 4,275,000
Available for FT Faculty				\$ 1,675,000

50% Law – Ed Code Section 84362

50% Rule = $\frac{\text{Instructional Salaries and Benefits}}{\text{All Costs Expended by the District}}$

Includes only the unrestricted General Fund (Fund 11)

Excluded in the calculation: Lottery, community service, child development centers, student transportation, parking, capital expenditures (new equipment, construction and library books), fund transfers and retiree health & welfare benefits.

What is the FON?

Pursuant to Ed Code Section 87482.6 and CCR Title 5 Section 51025, the Faculty Obligation Number is the number of full-time faculty a district is required to employ each year. The FON requirement is provided annually to a district by the State Chancellor's Office.

CCR Title 5 Section 53302

For purposes of this Chapter, the term “full-time faculty” means any faculty member, as defined in CCR Title 5 Section 53402(c), who is a regular or contract employee of the district pursuant to Sections 87601, 87605, 87608, 87608.5 or 87609 of the Education Code.

CCR Title 5 Section 53402(c)

Faculty include, but are not limited to, instructors, librarians, counselors, community college health service professionals, disabled student programs and services professionals, extended opportunity programs and services professionals.

FON

(Full-Time Faculty Obligation Number)

Current FON Fall 2014	483.4
Projected CCCCO FON Fall 2015	479.5
Difference (Surplus)	3.9

2014 FON Penalty per Faculty \$73,057/ Faculty Fine

% of Full-Time Equivalent Faculty (FTEF) to Full-Time Faculty 55.81%

Administration is recommending addressing the full-time faculty needs of the campuses to comply with the FON. FT Faculty is the administration's highest priority and allows the District to meet its FON obligation for the 2015-16 year so the District does not incur a penalty of \$73,057 per FT faculty. Additionally, full-time faculty provide support for accreditation, committees, and addresses the 50% law compliance requirement.

2015-16 Revenues and Commitments

	One-Time Funding		
	State Mandate Reimb.	State Mandate Block Grant	Total
State Allocation	\$ 353,300,000	\$28/FTES	
District Share (Estimated)	\$ 7,775,000	\$ 25,000	\$ 7,800,000

Early Projections

Proposed Usage:
2015-16

Sch. Maint., Equipment, & Technology Enhancements			\$ 7,775,000
Total Costs/Savings	\$ -	\$ -	\$ 25,000

These are the projects and expenditures the District has scheduled to be completed this budget year. There are approximately \$10.2m in available reserves in the Capital Projects Fund to address future scheduled maintenance needs. The five year scheduled maintenance plan has projects for 2016-17 to 2019-20 that amount in excess of \$20m. There is no guarantee the state will provide any of this funding in budget years to come. A basic principle of budgeting is to not fund on-going positions from one-time funds, you have no way to pay for them in the future.

2015-16 Revenues and Commitments

Restricted Categorical Funding

	SSSP	Equity	Prop 39	Adult Education
State Allocation	\$ 100,000,000	\$ 100,000,000	\$ 39,600,000	\$ 500,000,000
District Share (Estimated)	\$ 2,100,000	\$ 2,930,000	Unknown	Unknown

Early Projections

New Funding Formula
2014-15 Expenditure carryover to 12/31/15

K-12 MOE \$300m to \$350m
Consortiums to share balance

2015-16 Lottery Allocation

Estimated Lottery Funds Available

Lottery Unrestricted	2014-15	2015-16
Estimated Revenue	3,450,000	3,400,000
Reserves	550,000	420,000
Total	4,000,000	3,820,000
Lottery Restricted		
Estimated Revenue	850,000	975,000
Reserves	50,000	50,000
Total	900,000	1,025,000
Grand Total	4,900,000	4,845,000

2015-16 Lottery Allocation

Lottery Unrestricted	Actual 2014-15	2015-16 Allocation
Board	400,000	420,000
DO	1,239,480	1,170,620
FCC	1,351,080	1,216,020
RC	767,898	685,237
CCC	241,542	328,123
Total	4,000,000	3,820,000
Lottery Restricted		
FCC	405,630	521,968
RC	301,320	383,170
CCC	193,050	119,863
Total	900,000	1,025,001
Grand Total	4,900,000	4,845,001

Bond Refunding

\$161m Measure E Bonds (2002 General Obligation Bonds)

Bonds Issued:

<u>Date</u>	<u>Series</u>	<u>Amount</u>
June 17, 2003	2003A	\$20,000,000
July 15, 2004	2004A	\$25,000,000
June 27, 2004	2007A	\$66,000,000
August 1, 2009	2009A & 2009B	(\$10m each) \$20,000,000

March 2012 refunded (refinanced) \$23.88m in new bonds to replace old bonds (2003A & 2004A)

Saved the taxpayers over \$2.2m

At the March Board meeting, administration will recommend authority to refund the 2007A bonds. Interest rates are now favorable with savings estimated to be approximately between \$5m to \$8m. Actual savings will depend on interest rates on the date of the refunding. There is no cost to the District as underwriting and legal fees are “paid” out of the savings. The only impact is staff time. This refunding provides evidence to the taxpayer that the District has been good stewards of the bonds.

Questions