

# State Center Community College District Fiscal Planning

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Board of Trustees Retreat  
April 20, 2012



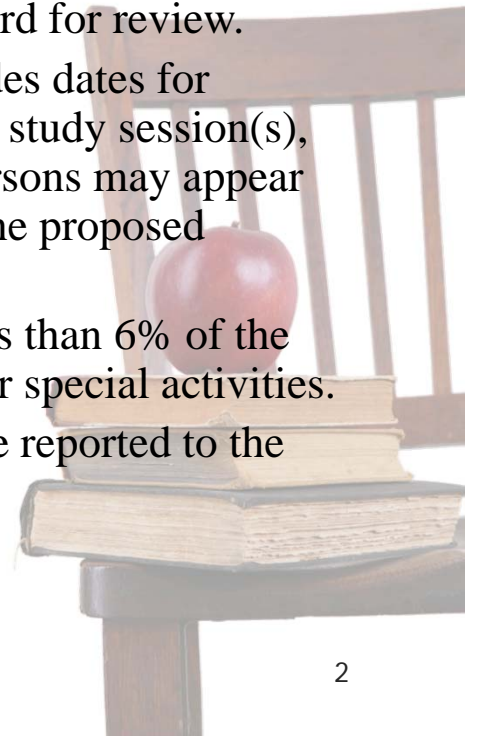
# Board Policies – Budget Preparation (BP 6200)

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Each year, the chancellor shall present to the Board a budget, prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. The schedule for presentation and review of the budget proposals shall comply with state law and regulations, and provide adequate time for Board study.

Budget development shall meet the following criteria:

- 🍎 The annual budget shall support the district’s master and educational plans.
- 🍎 Assumptions upon which the budget is based are presented to the Board for review.
- 🍎 A schedule is provided to the Board by March of each year that includes dates for presentation of the tentative budget, required public hearing(s), Board study session(s), and approval of the final budget. At the public hearings, interested persons may appear and address the Board regarding the proposed budget or any item in the proposed budget.
- 🍎 Unrestricted general reserves for economic uncertainty shall be no less than 6% of the district’s annual budget exclusive of funds designated by the Board for special activities.
- 🍎 Changes in the assumptions upon which the budget was based shall be reported to the Board in a timely manner.
- 🍎 Budget projections address long-term goals and commitments.



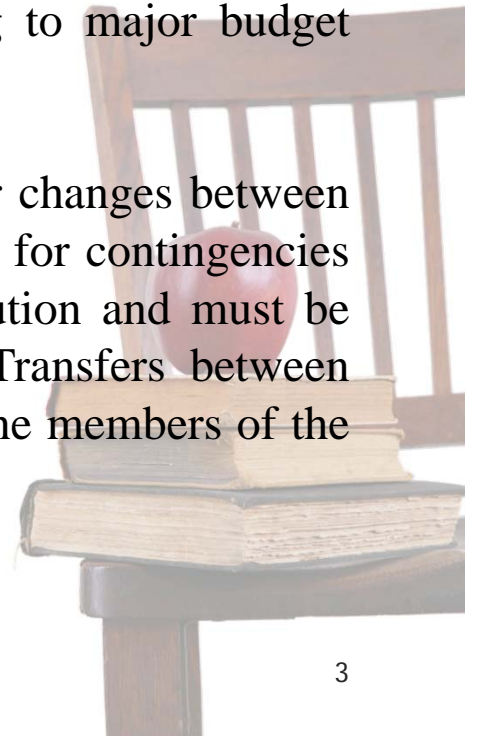
# Board Policies – Budget Management (BP 6250)

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The budget shall be managed in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. Budget revisions shall be made only in accordance with these policies and as provided by law.

Revenues accruing to the district in excess of amounts budgeted shall be added to the district's reserve for contingencies. They are available for appropriation only upon a written resolution of the Board that sets forth the need according to major budget classifications in accordance with applicable law.

Board approval, as evidenced by a written resolution is required for changes between major expenditure classifications. Transfers from the district reserve for contingencies to any expenditure classification must be by way of written resolution and must be approved by a two thirds vote of the members of the Board. Transfers between expenditure classifications must be approved by a majority vote of the members of the Board.



# Board Policies – Fiscal Management (BP 6300)

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Administrative regulations shall be established to assure the district's fiscal management is in accordance with the principles contained in Title 5, Section 58311, including:

- 🍎 Fiscal objectives, procedures, and constraints are communicated to the Board and employees.
- 🍎 Adjustments to the budget are made in a timely manner, when necessary.
- 🍎 The management information system provides timely, accurate, and reliable fiscal information.
- 🍎 Responsibility and accountability for fiscal management are clearly delineated.

The books and records of the district shall be maintained pursuant to the California Community Colleges Budget and Accounting Manual.

As required by law, the Board shall be presented with a quarterly report showing the financial and budgetary conditions of the district.

As required by the Budget and Accounting Manual, expenditures shall be recognized in the accounting period in which the liability is incurred and shall be limited to the amount budgeted for each major classification of accounts and to the total amount of the budget for each fund.



# 2012-13 Budget Guiding Principles For Budget Development

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- Align Programs, Services, and Staffing to Core Mission:
  - Basic Skills
  - Career Technical Education
  - Transfer
- Focus on Student Completion
- Managed Student Enrollment
- Maintain Financial Stability
- Maximize Operational Efficiencies



# FY 2011-12 Lottery Expenditures

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# 2011-12 Lottery Expenditures

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	<u>Funds Remaining</u>	<u>Expensed</u>	<u>Total</u>
District Office	\$ 331,900	\$ 933,560	\$ 1,265,460
Fresno City College	893,137	722,183	1,615,320
Reedley College	93,003	655,437	748,440
North Centers	162,433	408,347	570,780
Board of Trustees	80,233	319,767	400,000
<b>TOTAL:</b>	<u>\$1,560,706</u>	<u>\$3,039,294</u>	<u>\$4,600,000</u>



# FY 2012-13 Decision Package

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# 2012-13 Lottery Decision Package

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Fresno City College	\$ 1,625,270
Reedley College	\$ 753,065
Willow International	\$ 342,290
Madera Center	\$ 226,075
Oakhurst	\$ 31,035
Districtwide	\$ 1,222,265
Board of Trustees	<u>\$ 400,000</u>
<b>TOTAL</b>	<u><b>\$ 4,600,000</b></u>



# 2011-12 Budget Deficit Proposal

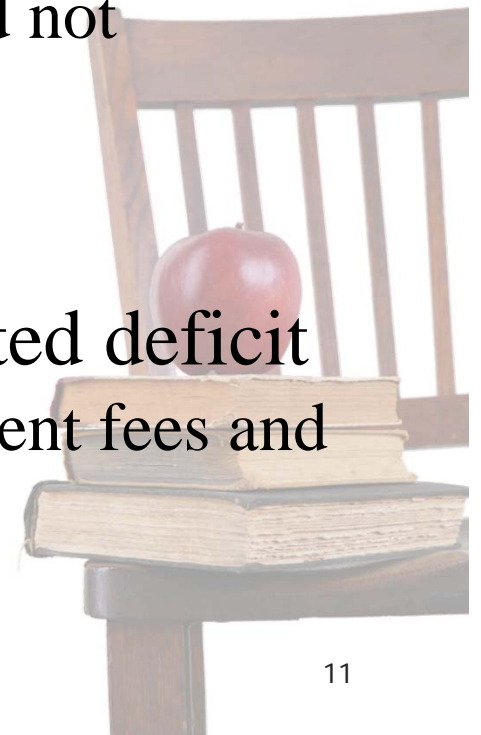
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# 2011-12 Budget Update

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- 🍎 2011-12 Adopted budget \$4,934,747 use of reserves
- 🍎 December 2011 - \$2,525,000 Mid-Year Trigger Cuts
  - **\$4 Billion** in anticipated state revenues did not materialize
  - \$1,583,800 from various savings
  - \$941,200 from campus reserves
- 🍎 February 2012 - \$3,550,000 unanticipated deficit
  - \$149 Million statewide shortfall – enrollment fees and property taxes
  - \$640,000 budgeted for deficit



# 2011-12 Budget Deficit Plan

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🍎 2011-12 Budget Shortfall (February Surprise)	<u>&lt;\$ 3,550,000&gt;</u>
🍎 2011-12 Budget Deficit	\$ 640,000
🍎 Reimbursement of Measure E Costs	\$ 800,000
🍎 Projected 2011-12 Additional Savings	\$1,350,000
🍎 Recommended Use of Reserves	<u>\$ 760,000</u>
	<u>\$3,550,000</u>



# Enrollment Management



# State Apportionment Revenues & Impact on Funded Cap

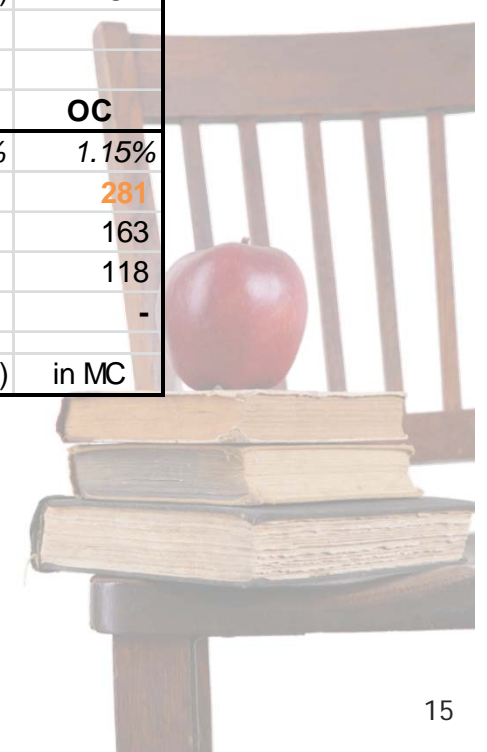
2012-13	Tax Initiative <b>FAILS</b>
State Apportionment (5.56% Workload Reduction)	\$119,245,000
Base Allocation (Colleges and Centers)	(11,071,818)
2012-13 Advance Apportionment FTES Based	\$108,173,182
Assumption: 346 Non Credit	(949,770)
Subtotal	\$107,223,412
Amount Paid per Credit FTES	\$ 4,565
Estimated 2012-13 Credit FTES Funded Cap	23,488

2012-13	Tax Initiative <b>PASSES</b>
State Apportionment	\$125,611,000
Base Allocation (Colleges and Centers)	(11,071,818)
2012-13 Advance Apportionment FTES Based	\$114,539,182
366.57 Non Credit	(1,006,235)
Subtotal	\$113,532,947
Amount Paid per Credit FTES	\$ 4,565
Estimated 2012-13 Credit FTES Funded Cap	24,870



# Tax Initiative **Fails** (Scenarios)

<b>Credit FTES Cap</b>	<b>23,488</b>					
<b>2012-13</b>	<b>SCCCD</b>	<b>FCC</b>	<b>RC</b>	<b>WI</b>	<b>MC</b>	<b>OC</b>
<b>Tax Initiative Fails</b>	100.00%	63.00%	18.24%	11.63%	5.98%	1.15%
Cr FTES Target (2.0%)	23,958	15,094	4,370	2,786	1,433	275
Projected Fall 2012* 4-1-12	12,634	7,516	2,505	1,592	858	163
Spring 2013	11,324	7,578	1,865	1,194	575	112
Summer 2013	-	-	-	-	-	-
Reduction of Sections	(515)	(114)	(182)	(124)	(95)	in MC
<b>Credit FTES Cap</b>	<b>23,488</b>					
<b>2012-13</b>	<b>SCCCD</b>	<b>FCC</b>	<b>RC</b>	<b>WI</b>	<b>MC</b>	<b>OC</b>
<b>Tax Initiative Fails</b>	100.00%	63.00%	18.24%	11.63%	5.98%	1.15%
Cr FTES Target (4.0%)	24,428	15,389	4,456	2,841	1,461	281
Projected Fall 2012* 4-1-12	12,634	7,516	2,505	1,592	858	163
Spring 2013	11,794	7,873	1,951	1,249	603	118
Summer 2013	-	-	-	-	-	-
Reduction of Sections	(379)	(21)	(161)	(110)	(87)	in MC



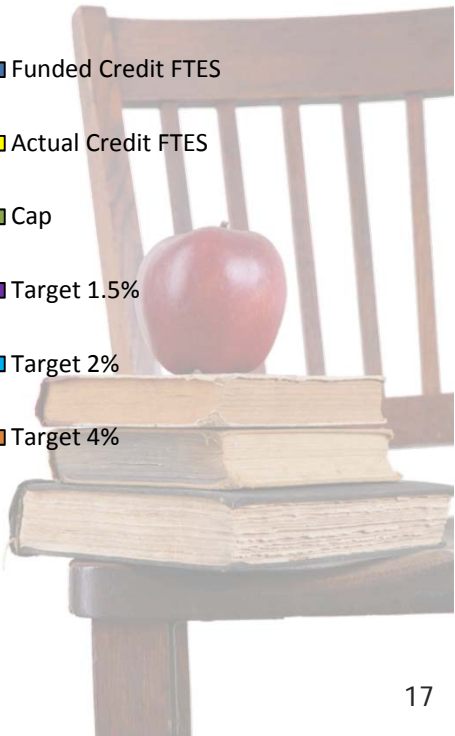
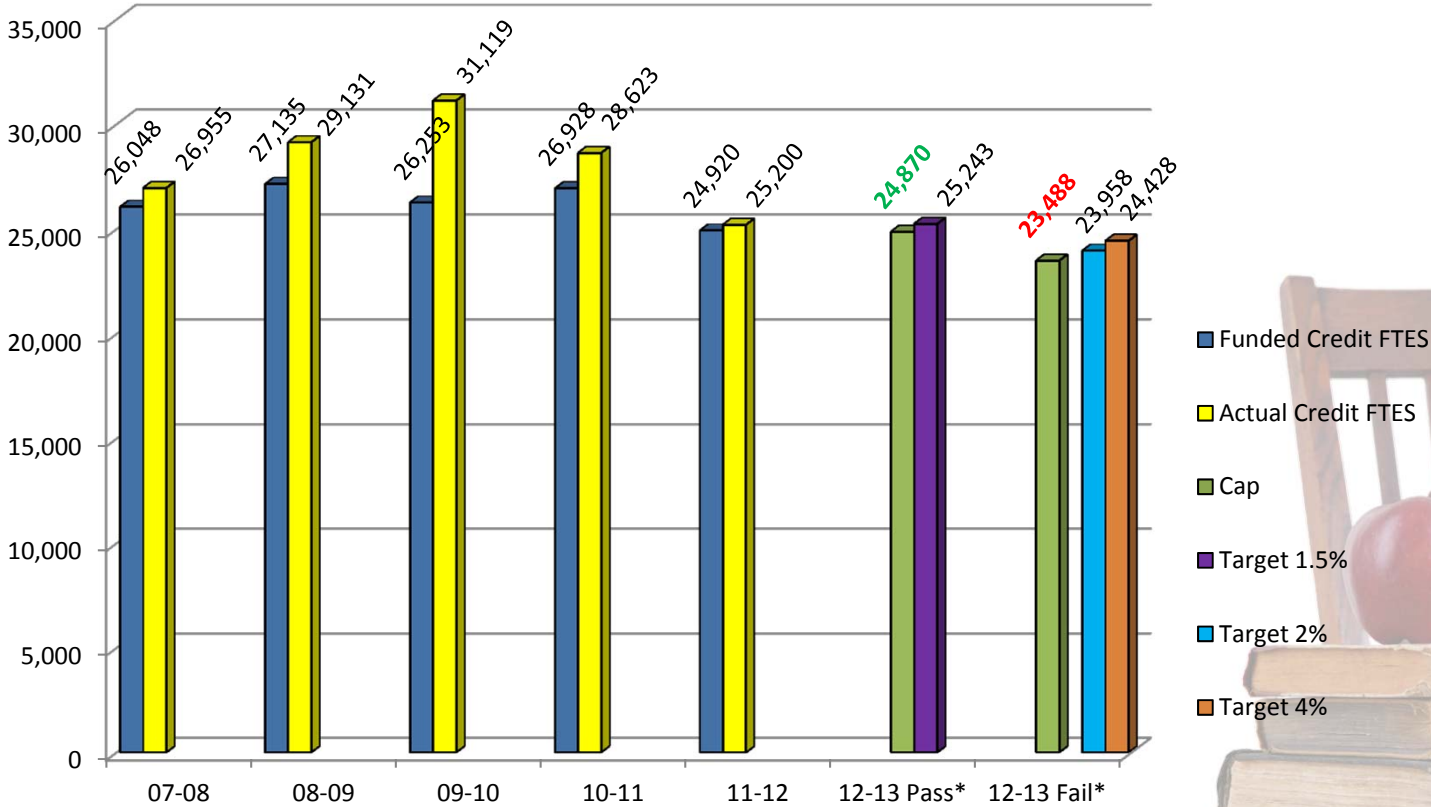
# Tax Initiative Passes

Cr FTES Cap 2012-13	SCCCD	FCC	RC	WI	MC	OC
<b>Tax Initiative Passes</b>	100.00%	62.50%	18.24%	12.13%	5.98%	1.15%
Cr FTES Target (1.5%)	<b>25,243</b>	<b>15,777</b>	<b>4,604</b>	<b>3,062</b>	<b>1,510</b>	<b>290</b>
Projected Fall 2012* <b>4-1-12</b>	12,634	7,516	2,505	1,592	858	163
Spring 2013/Summer 2013	12,609	8,261	2,099	1,470	652	127





# History of Funded & Actual Credit FTES



# Fund Balance/Reserves

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# Analysis of Other Community College Districts' Fund Balances

Fund Balance 6/30/2011	District	FTES*	Budget/ Expenditures in \$M	Fund Balance % of Budget or Expenditures
\$50,782,489	North Orange	37,444	\$201.6	25%
\$47,079,378	Rancho Santiago	30,479	\$167.3	28%
\$44,842,128	Foothill DeAnza	30,466	\$197.8	23%
<b>\$41,314,383</b>	<b>State Center</b>	<b>30,968</b>	<b>\$168.4</b>	<b>25%</b>
\$37,845,373	Contra Costa	30,545	\$169.4	22%
\$33,813,071	Mt. San Antonio	31,048	\$141.6	24%
\$30,502,902	Ventura County	27,726	\$142.4	21%
\$27,288,952	Coast	35,186	\$209.9	13%
\$18,460,071	Yosemite	17,429	\$114.5	16%
\$13,217,249	Riverside	29,201	\$142.5	9%

\*FTES per FY 2010-11 P-2



# Fund Balance Designations

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	<u>FREQUENCY</u>	<u>SCCCD</u>
Board Policy Economic Uncertainty (Range 5% to 10%)	9 of 9	X
Campus/Budget Center Carryover Reserves	5 of 9	X
Current or Future Budget Deficits	5 of 9	X
Encumbrances, Prepaid Exp's, Inv., Cash Accts.	4 of 9	X
Undesignated	4 of 9	X
Reserve for Restricted Programs	3 of 9	
Retiree Health Benefits	2 of 9	
Vacation Accrual/Current Year Payout	2 of 9	
VSP (Voluntary Separation Program)	2 of 9	
Board Discretionary	1 of 9	
Cash Flow	1 of 9	
Contract/Grant Development	1 of 9	
Educational/Facilities Master Plan	1 of 9	
Equip Upgrades/Technology	1 of 9	
Faculty Leave Bank	1 of 9	
Redistricting	1 of 9	
Scheduled Maintenance	1 of 9	



# Status of Reserves

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SCCCD Reserves – June 30, 2011 (25% of Budget)	\$41,314,383
Use of Reserves FY 2011-12	
Adopted Budget Deficit	<\$ 4,934,747>
Lottery Decision Packages	< 4,129,028>
Parking Fees & Fines to Capital Projects for Maintenance of Parking Lots	< 684,000>
Mid-Year Reduction Plan	<u>&lt; 941,200&gt;</u>
Current Balance of Reserves	\$30,625,408



# Status of Reserves

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Designated:		
Inventory, Prepaid & Revolving Cash (Unavailable Assets)		\$ 331,083
Lottery		\$ 3,138,857
Reserve for Economic Uncertainty (BP 6200 – minimum 6%)		\$10,107,000
Campus Reserves		
• Fresno City College	\$8,540,636	
• Reedley College	2,524,106	
• Willow International	1,084,489	
• Madera & Oakhurst	<u>1,087,432</u>	
		\$13,236,663
Undesignated		<u>3,811,805</u>
Current Balance of Reserves		\$30,625,408



# Districtwide Current & Future Unfunded Needs

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Board Policy Economic Uncertainty (BP 6200 – no less than 6%)

Cash Flow

Clovis Center Capital Improvements\*

Educational, Facilities, Technology Master Plan

Future Budget Reductions/Deficits

Replacement of Technology

Scheduled Building Maintenance\*

Transition Plan (Center to College Status)

Retiree Health Benefits\* Annual Required Contribution (ARC)

Vacation Payoff

\$2,000,000

\$ 500,000

\*Potential Transfer of Funds



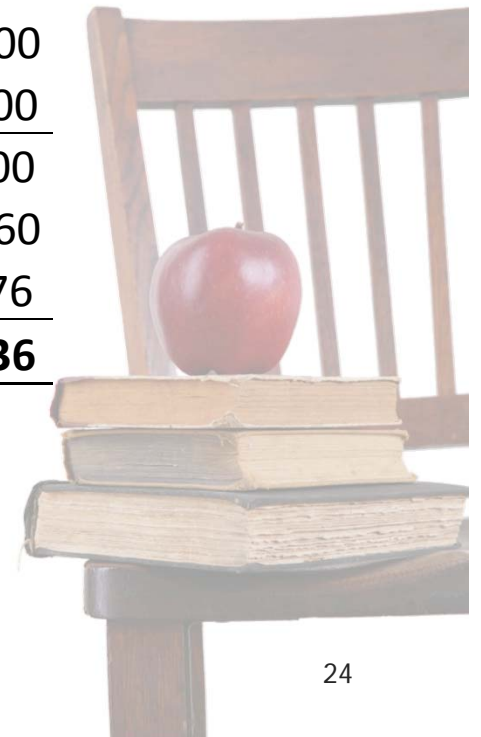
# Fresno City College

## Current & Future Unfunded Needs (Draft)

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### Projected Costs of Unfunded Needs:

Technology	\$ 1,162,000
Scheduled Maintenance	922,000
Instructional	1,507,000
Student Services	301,000
Non-Instructional Equipment	25,000
Grand Total of Projected Costs	<u>\$ 3,917,000</u>
Co-Curricular	605,260
Undesignated Contingency	4,018,376
<b>Total FCC Reserves</b>	<b><u>\$ 8,540,636</u></b>





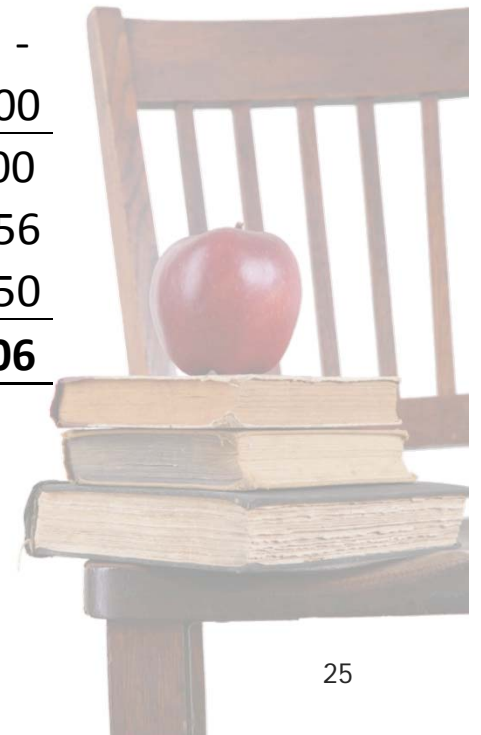
# Reedley College

## Current & Future Unfunded Needs (Draft)

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### Projected Costs of Unfunded Needs:

Technology	\$	700,000
Scheduled Maintenance		300,000
Instructional		550,000
Student Services		-
Non-Instructional Equipment		100,000
Grand Total of Projected Costs	\$	1,650,000
Co-Curricular		146,456
Undesignated Contingency		727,650
<b>Total RC Reserves</b>	<b>\$</b>	<b>2,524,106</b>



# Willow-International

## Current & Future Unfunded Needs (Draft)

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### Projected Costs of Unfunded Needs:

Technology	\$	786,102
Scheduled Maintenance		50,000
Instructional		161,503
Student Services		-
Non-Instructional Equipment		-
Grand Total of Projected Costs	\$	997,605
Co-Curricular		7,142
Undesignated Contingency		79,742
<b>Total WI Reserves</b>	<b>\$</b>	<b>1,084,489</b>

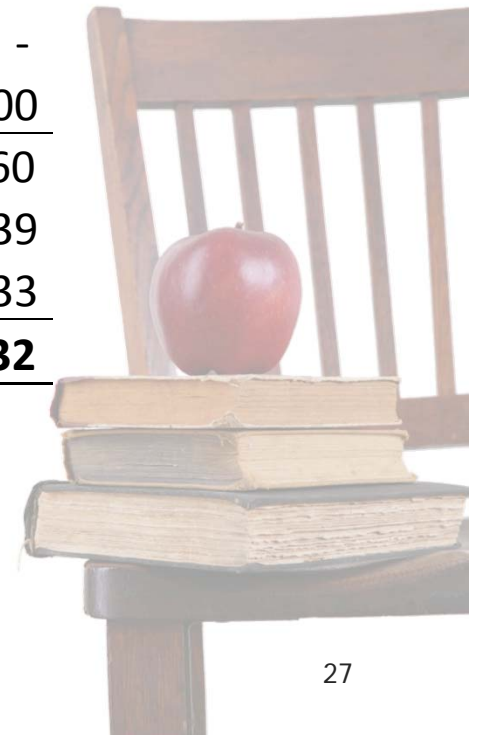


# Madera Center/Oakhurst Current & Future Unfunded Needs (Draft)

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Projected Costs of Unfunded Needs:

Technology	\$	946,216
Scheduled Maintenance		-
Instructional		45,544
Student Services		-
Non-Instructional Equipment		20,800
Grand Total of Projected Costs	\$	1,012,560
Co-Curricular		28,039
Undesignated Contingency		46,833
<b>Total MC/O Reserves</b>	<b>\$</b>	<b>1,087,432</b>



# Districtwide Undesignated Fund Balance/Reserves

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SCCCD Undesignated Fund Balance	\$ 3,811,805
FCC Undesignated Fund Balance	4,018,376
RC Undesignated Fund Balance	727,650
WI Undesignated Fund Balance	79,742
MC/O Undesignated Fund Balance	46,833
Total Undesignated Fund Balance/Reserves	<u>\$ 8,684,406</u>



# 2012-13 Budget Reduction Plan

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# 2012-13 Budget Update

	Fail	Pass
11-12 Total Computational Revenue	125,611,000	125,611,000
Tax Initiative - Fails	(6,375,000)	
Plus: District Miscellaneous Revenue	3,750,000	3,750,000
Parking Fee - Transfer	(350,000)	(350,000)
Budgeted Deficit ( Estimated at 0.75%)	(894,000)	(942,000)
Available General Fund Resources	<u>121,742,000</u>	<u>128,069,000</u>
11-12 Budgeted Expenditures - General	(134,693,000)	(134,693,000)
Step/Column for 12-13 (Salary & Benefits)	(1,070,000)	(1,070,000)
State Unemployment Insurance - Decrease of 0.51%	393,000	393,000
Retirement (PERS) - Increase of 1.2%	(299,000)	(299,000)
Utilities Increase	(250,000)	(250,000)
Election Costs - Nov 2012	(250,000)	(250,000)
Dental & Vision Cost Savings	350,000	350,000
Reduction in Lottery funding for 12-13	(180,000)	(180,000)
Total Estimated Deficit for 2012-13	<u>(14,257,000)</u>	<u>(7,930,000)</u>



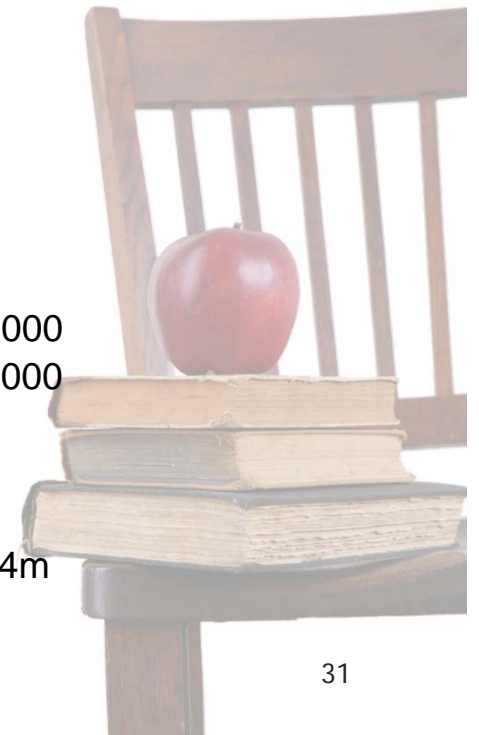
# 2012-13 Budget Reduction Plan (Draft)

	<b>Tax Initiative Fails</b>	<b>Tax Initiative Passes</b>
Budget Shortfall	\$ 14,300,000	\$ 8,000,000
Schedule C Reductions (2% Target)	\$ 1,325,000	
Core Restructuring:		
Training Institute*	\$ 175,000	
Food Services*	\$ 85,000	
Community Classroom Rentals	\$ 100,000	
Staffing - Districtwide	\$ 898,000	
Recoup Cost on Class Schedules	\$ 12,600	
FON (504 to 490)	\$ 910,000	
RC Pool*	\$ 75,000	
Reorganize Transportation*	\$ 210,000	
Salary & Benefits Concessions	\$ 6,000,000	\$ 2,300,000
Use of Reserves	\$ 4,900,000	\$ 2,300,000

Highlighted Items represent ~\$3.8m

\*Requires Negotiations

If you assume it takes ~1/2 year to implement, savings reduced to ~\$3.4m



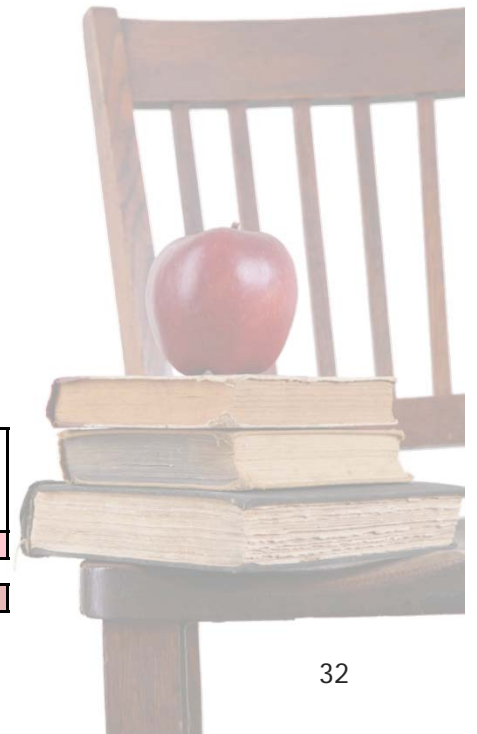
# 2012-13 Budget Reduction Model Simulation (Draft)

	Fund 11 Only Projections**	50% Law Impact		50.27%
		Instructional Numerator	All Costs Denominator	
Unaudited 2010-11 as of 8-25-11			\$65,064,860	129,438,096
Estimate Budget Deficit (Tax Initiative Fails)	\$ (14,300,000)			
Use of Reserves (Fund Balance)	\$ 4,900,000			
Net Reduction	\$ (9,400,000)			
Reduction to Sch C/Overload	\$ 1,325,000	\$ (1,325,000)	\$ (1,325,000)	
No Step/Column Increases	\$ -		\$ -	
Reduction to Medical Cap	\$ -	\$ -	\$ -	
Management - Salaries (Full & Part-Time)	7.279%	\$ 623,053	xxx \$ (623,053)	
Management - Benefits (Full & Part-Time)		\$ 92,212	xxx \$ (92,212)	
Confidential - Salaries (Full & Part-Time)	7.279%	\$ 81,138	xxx \$ (81,138)	
Confidential - Benefit (Full & Part-Time)		\$ 17,286	xxx \$ (17,286)	
Classified - Salaries (Full & Part-Time)	7.279%	\$ 1,415,597	xxx \$ (1,415,597)	
Classified - Benefits (Full & Part-Time)		\$ 301,593	xxx \$ (301,593)	
Non-Instr Academic-Salaries (Full & Part-Time)	5.459%	\$ 509,625	xxx \$ (509,625)	
Non-Instr Academic-Benefits (Full & Part-Time)		\$ 59,234	xxx \$ (59,234)	
Instructional Academic - Salaries (Full & Part-Time)	5.459%	\$ 2,603,959	\$ (2,603,959) \$ (2,603,959)	
Instructional Academic - Benefits (Full & Part-Time)		\$ 296,304	\$ (296,304) \$ (296,304)	
<b>Instructional Expenditures</b>				
Other Reductions - FON (496 to 476)		\$ 910,000	\$ (910,000) \$ (910,000)	
<b>Non-Instructional Expenditures</b>				
Other Reductions - Classified Staffing		\$ 748,000	\$ (748,000)	
Other Reductions - Certificiated Non-Instructional		\$ 50,000	\$ (50,000)	
Other Reductions - Transportation Dept (108K Salary 92xxx)		\$ 105,000	\$ (105,000)	
Other Reductions - Classroom Rental		\$ 100,000	\$ (100,000)	
Other Reductions - Class Schedules		\$ 12,600	\$ (12,600)	
Other Reductions - Pool (RC)		\$ 37,500	\$ (37,500)	
<b>Reductions not impacting 50% law calc</b>				
Other Reductions - Training Institute Transfer		\$ 87,500		
Other Reductions - Food Svc Transfer		\$ 42,500		
Remaining (Deficit)/Surplus	\$ 18,100	\$ 59,929,597	\$ 120,149,996	49.88%

\*\*Based on

Change in %

Needs to be more than 50%	49.88%
	-0.39%





# Revenue Generation

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# Current Revenue Generating Leases

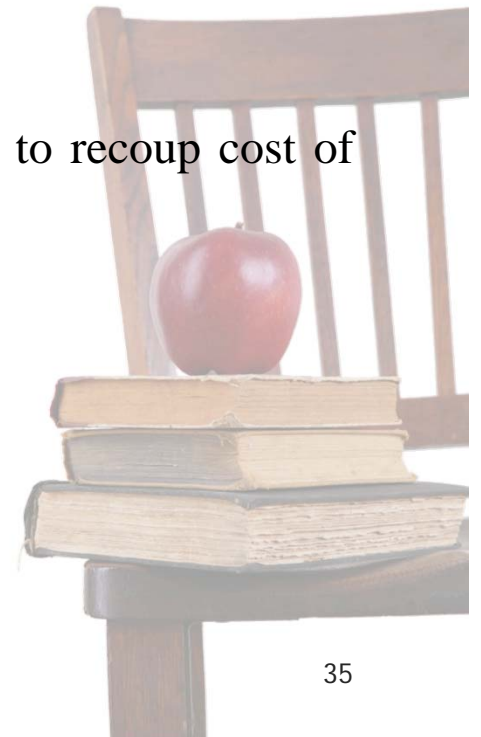
<u>Contractor</u>	<u>Service</u>	<u>Location</u>	<u>Term</u>	<u>Expiration</u>	<u>Revenue</u>	<u>Comments</u>
<u>Foodservice</u>						
Taher, Inc.	Cafeteria, Catering	FCC, MC	1 yr	2012	\$28,000/yr	5 yr contract expired. Extended on year to year basis. Waiting for decision on new Foodservice RFP
Tom Hagihara	Pacific Café	FCC	5 yr	2014	\$25,000/yr	
Sara Abwini	Willow International Cafe	WI	1 yr	2012	none	Extended on year to year basis. Rent temporarily suspended due to capital costs by contractor.
Coca Cola Bottling	Pouring Rights	DW	5 yr	2012	\$55,000/yr	Includes sponsorship/scholarship funding and vending commissions. Estimated expiration 9/12 based upon case commitment.
Canteen of Fresno	Beverage/Snack Vending	DW	5 yr	2012	\$30,000/yr	Beverage vending at FCC only plus snack vending across all campuses.
<u>Farming</u>						
Moonlight/Wawona	Farming	RC	10 yr	2019	\$55,000/yr	All RC farmland is now under same lease.
Parga Partners	Farming	SE Site	1 yr	2012	\$82,000/yr	5 yr contract expired. Extended on year to year basis until notice given for development.
<u>ATM</u>						
EECU	ATM Machines	FCC, WI, MC	5 yr	2016	\$5,000/yr	Based upon \$2,500/yr rent plus \$.035 per transaction.
<u>Cell Tower</u>						
T-Mobile	Cell Tower Lease	FCC-Health Sci.	30 yr	2032	\$10,000/yr	Based upon monthly rental fee with a 3% yearly escalation clause.
AT&T	Cell Tower Lease	FCC-Euleess	30 yr	2023	none	Initial payment of \$50,000 with a \$1 yr rental fee paid in advance.
AT&T	Cell Tower Lease	RC	30 yr	2024	none	Initial payment of \$50,000 with a \$1 yr rental fee paid in advance.
<u>Smog Referee</u>						
Foundation CCC	Smog Program	FCC-CTC			\$12,000/yr	



# Revenue Generating Strategies

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- 🍎 Phase-in increase to parking fees until comparable with local educational institutions and regional community colleges
- 🍎 Increase parking fines and penalties to be comparable with local agencies
- 🍎 Evaluate child development fees and make comparable to current market rates
- 🍎 Recoup class schedule costs (student discard them)
- 🍎 Sell Ratcliffe Stadium
- 🍎 Use Ratcliffe Stadium as an event venue (concerts)
- 🍎 Sell advertising space on LCD panels at graduation ceremonies to recoup cost of event
- 🍎 Hold swap-meets at colleges on Saturdays – as weather permits
- 🍎 Expense management solutions – American Express
- 🍎 Other potential uses of \$30M in Measure E Bond funds



# Revenue Generating Strategies

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## Measure E Bond

“To prepare students are FCC/RC, NC for transfer to four-year college and careers, including public safety, firefighting, healthcare technology and business, by upgrading equipment, lighting, wiring, fire safety; replacing portables, repairing plumbing, heating/ventilation; repairing/constructing/equipping classrooms, libraries, computer labs, buildings, parking, acquiring land, shall state center community college district issue \$161,000,000 of bonds at legal rates, with the Citizens Oversight Committee, annual financial audits and no money for administrative salaries?”

