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State Center Community College District  
Budget Study Session  
February 21, 2012

# 2012-13 Budget Study Session

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- BP 6200 – Budget Preparation
- Projected 2012-13 Fiscal Impact on SCCCD
- State Apportionment Revenues and Impact on Funded Enrollment (FTES) Cap
- History of Funded and Actual Credit FTES
- Status of Reserves
- Overview of Key Fiscal Factors
- 2012-13 Proposed Guiding Principles for Budget Development

# 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 budget proposals shall comply with state law and regulations and provide adequate time for Board study.

# Budget Preparation – BP 6200

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## 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.

# Projected 2012-13 Fiscal Impact

## Status Quo Budget w/Step & Column Increases Only

|                                             | Tax Initiative<br><b>FAILS</b> | Tax Initiative<br><b>PASSES</b> |
|---------------------------------------------|--------------------------------|---------------------------------|
| <b>REVENUES:</b>                            |                                |                                 |
| State Apportionment                         | 119,225,000                    | 125,600,000                     |
| State Budget Deficit (est. 0.75%)           | (900,000)                      | (942,000)                       |
| Misc. Revenue                               | 3,750,000                      | 3,750,000                       |
| Total Projected Revenues                    | 122,075,000                    | 128,408,000                     |
| <b>EXPENDITURES:</b>                        |                                |                                 |
| 2011-12 Budget (Fund 11 Only)               | 140,087,714                    | 140,087,714                     |
| Lottery Unrestricted Portion                | (4,129,028)                    | (4,129,028)                     |
| Parity Pay                                  | (581,380)                      | (581,380)                       |
| Revised 2011-12 Expenditures                | 135,377,306                    | 135,377,306                     |
| 2012-13 Step & Column Increases             | 1,100,000                      | 1,100,000                       |
| Total Projected Expenditures                | 136,477,306                    | 136,477,306                     |
| (Shortfall)/Surplus                         | (14,402,306)                   | (8,069,306)                     |
| Estimated Costs Increases                   | (1,150,000)                    | (1,150,000)                     |
| Revised Estimated Total (Shortfall)/Surplus | (15,552,306)                   | (9,219,306)                     |
| Funded Cap (FTES)                           | 23,511                         | 24,908                          |

# State Apportionment Revenues & Impact on Funded Cap

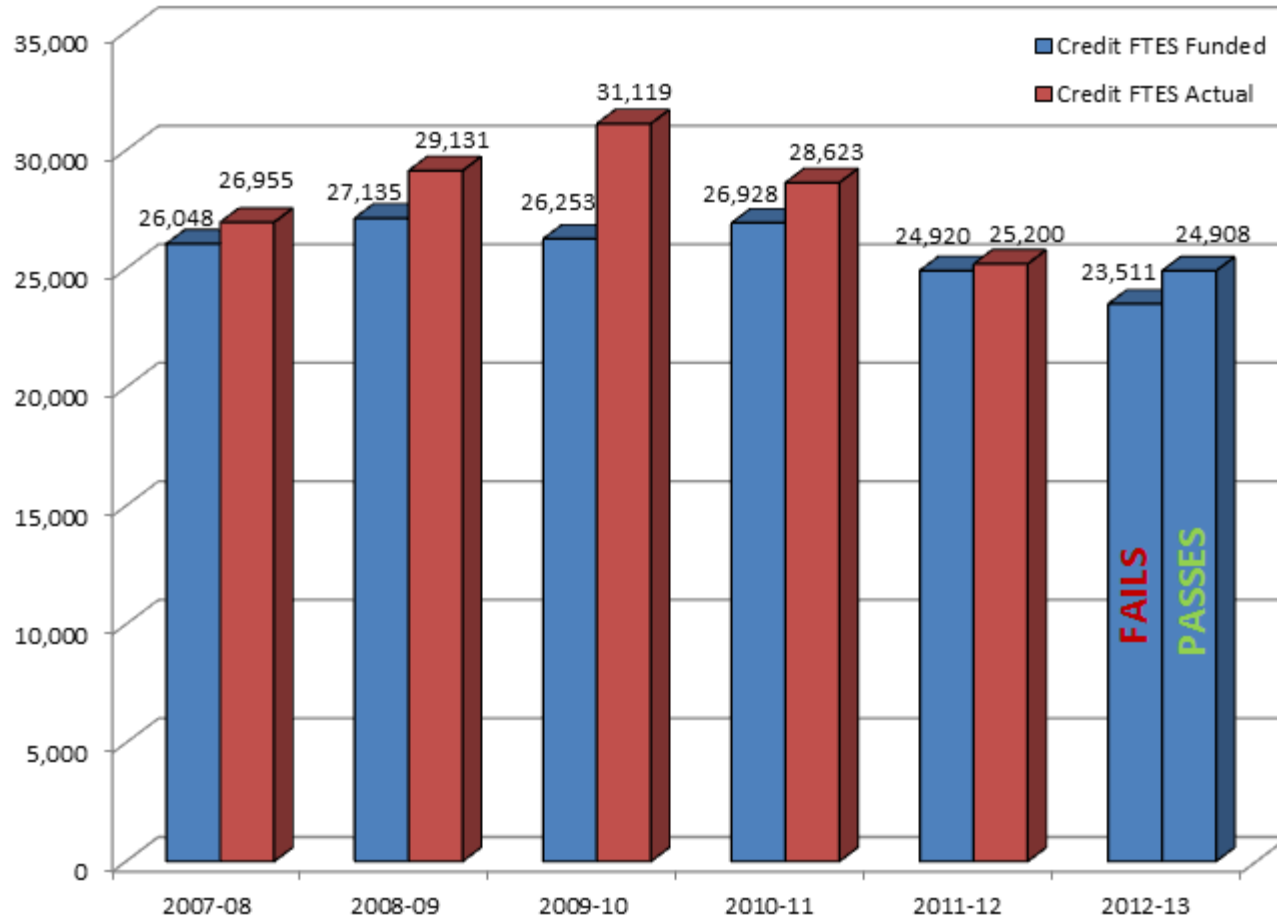
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| 2012-13                                        | Tax Initiative<br>Fails |
|------------------------------------------------|-------------------------|
| State Apportionment (5.56% workload Reduction) | \$ 119,225,000          |
| Base Allocation (Colleges & Centers)           | \$ (11,071,818)         |
| 2012-13 Advance Apportionment FTES Based       | \$ 108,153,182          |
| Assumption: 300 Non-Credit FTES                | \$ (825,000)            |
| Subtotal                                       | \$ 107,328,182          |
| Amount Paid per Credit FTES                    | \$ 4,565                |
| Estimated 2012-13 Credit FTES Funded Cap       | 23,511                  |

| 2012-13                                  | Tax Initiative<br>Passes |
|------------------------------------------|--------------------------|
| State Apportionment                      | \$ 125,600,000           |
| Base Allocation (Colleges & Centers)     | \$ (11,071,818)          |
| 2012-13 Advance Apportionment FTES Based | \$ 114,528,182           |
| Assumption: 300 Non-Credit FTES          | \$ (825,000)             |
| Subtotal                                 | \$ 113,703,182           |
| Amount Paid per Credit FTES              | \$ 4,565                 |
| Estimated 2012-13 Credit FTES Funded Cap | 24,908                   |

# History of Funded & Actual Credit FTES

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# Status of Reserves

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|                                   |                |                      |
|-----------------------------------|----------------|----------------------|
| Reserves 6/30/11                  |                | \$ 41,314,383        |
| Use of Reserves:                  |                |                      |
| Balance Budget 2011-12            | \$ (4,934,747) |                      |
| 2011-12 Mid-Year Reduction Plan   | \$ (941,200)   | \$ (5,875,947)       |
| <b>Projected Reserves 6/30/12</b> |                | <u>\$ 35,438,436</u> |

## **P-1 State Apportionment (2/16/12)**

### **2011-12 Deficits (One-Time)\***

|                                   |                     |
|-----------------------------------|---------------------|
| Enrollment Fee Overestimate (DOF) | \$ 2,500,000        |
| Property Tax Overestimate (DOF)   | \$ 750,000          |
| State Structural Deficit          | \$ 300,000          |
|                                   | <u>\$ 3,550,000</u> |



# Overview of Key Fiscal Factors

| Year                                      | State Appt<br>Funding | Deficit           | Deferral          | Use of<br>Reserves | Funded<br>CR FTES<br>Cap |
|-------------------------------------------|-----------------------|-------------------|-------------------|--------------------|--------------------------|
| 2007-08 (Recalc)                          | \$ 131,205,819        | \$ (482,450)      | \$5.6m            | -                  | 26,048                   |
| 2008-09( Recalc)                          | \$ 136,470,850        | \$ (1,623,837)    | \$15.8m           | -                  | 27,135                   |
| 2009-10 (Recalc)                          | \$ 131,909,012        | \$ -              | \$19.8m           | -                  | 26,253                   |
| 2010-11 (Recalc)                          | \$ 135,082,688        | \$ (435,535)      | \$23.9m           | -                  | 26,928                   |
| 2011-12 (P-1)                             | \$ 125,610,986        | \$ (4,294,947)    | \$27.0m           | \$5.9m             | 24,920                   |
| 2012-13 (Gov's Jan. Budget) <b>Fails</b>  | \$ 119,225,000        | ?                 | \$27.0m           |                    | 23,511                   |
| 2012-13 (Gov's Jan. Budget) <b>Passes</b> | \$ 125,600,000        | ?                 | \$21.0m           |                    | 24,908                   |
| Trend                                     | <b>Declining</b>      | <b>Increasing</b> | <b>Increasing</b> | <b>Increasing</b>  | <b>Decreasing</b>        |

# 2012-13 Proposed Budget Guiding Principles for Budget Development

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Align Programs, Services, and Staffing to Core Mission  
(Career Technical Education, Transfer, Basic Skills)

Focus on Student Completion

Managed Student Access

Maintain Financial Stability

Maximize Operational Efficiencies

# Questions?

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