Topics

- The District’s Budget Philosophy
  - Our principles
- Enhancements
  - New tools
- Fiscal Year 2012-13 Adoption Budget
  - Overview and fund balance
  - Goals and targets
  - Proposition 30 and reserves
  - Recap and questions
The District’s Budget Philosophy

• Since adopting the SB361 model, the District has budgeted revenue conservatively
  – Apportionment revenue
    • Example: In FY 2010-11 the District experienced unanticipated FTES growth funds
  – Lottery revenue
    • The District has typically budgeted for an historically low dollar per FTES figure
  – Non-resident tuition
    • There has been extensive growth in this area (increase of 13.5% in the past two fiscal years) yet the District has not anticipated these large increases in its budgeting
The District’s Budget Philosophy

- On the expense side, the District has planned and budgeted for increases within areas outside its control
  - Utilities
    - Due to the light winter, costs in FY 2011-12 were at 93% of budget; this created a $280,000 savings
  - Retiree Health Benefits
    - The pay-as-you-go system, while still costing well over $10 million in FY 2011-12, was at 97% of budget; this created a $380,000 savings
  - Legal Fees
    - On the flip side, legal fees exceeded budget by $90,000
The District’s Budget Philosophy

• Overall, the District’s budget philosophy is built upon fiscally conservative principles that plans with an eye out for future success
  – Realistic, yet cautious, revenue estimates
  – Sensible, but prudent, expense estimates
  – Assessing and planning for future liabilities and obligations

• These are sound principles and have served the District well
Budgeting Enhancements

• The District Office developed a uniform budget template that all sites now utilize
  – Creates continuity between the campuses and eliminates the disparate fashions in which the District Office would receive budget information
  – Allows for easy auditing of payroll
  – Auto-calculates salary and benefit costs for employees (86% of total expenses) with the option for manual adjustments

• Revenues and expenses have been adjusted to be more in sync with known trends
  – This is not a departure from our budget philosophy; the enhancements in the model allows for the utilization of historical trends to create a more robust and accurate budget document
Adoption Budget Overview

• Due to the uncertainty of state funding, the District built the Adoption Budget with an FTES target in between two funding extremes
  – Mitigates risk
  – Allows for manageable mid-year adjustments
  – Protects base funding

• This is a temporary budget
  – The District will not know to what level the state will fund it until nearly half the fiscal year is complete
  – Significant adjustments will occur once the outcome of Proposition 30 is known
The District begins FY 2012-13 with an opening fund balance in its ongoing, unrestricted general fund of $30.78 million

- While a very healthy amount, this is nearly $3 million less than the District had as an opening balance in FY 2011-12

With budgeted expenses of $157.33 million offset by revenues of $156.15 million, the District is facing a structural, or operating, deficit of $1.18 million

- This $1.18 million deficit will be paid from the District fund balance
# Adoption Budget – Fund Balance

**Opening Fund Balance:** $30,785,101

less operating deficit **(1,183,431)**

**Ending Fund Balance:** $29,601,670

## Components of Ending Fund Balance

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>Restricted:</strong></td>
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<tr>
<td>5% Board Reserve:</td>
<td>7,801,333</td>
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<tr>
<td>3% Board Reserve:</td>
<td>4,680,800</td>
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<td>Designated Reserves:</td>
<td>9,400,124</td>
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<td>Subtotal Restricted:</td>
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<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td><strong>Unrestricted:</strong></td>
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<tr>
<td>2% Board Authorized:</td>
<td>3,120,532</td>
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<tr>
<td>Undesignated Reserves:</td>
<td>4,598,881</td>
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<td>Subtotal Unrestricted:</td>
<td>$7,719,413</td>
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**Total Reserves:** $29,601,670 (18.8% of expenses)

includes ISA Payback, deficit fund reserves and reserves for tax measure failing
## Goals and Targets

### FY 2012-13 Total FTES Targets - Adoption Budget

<table>
<thead>
<tr>
<th></th>
<th>Resident</th>
<th>Non-resident</th>
<th>Total</th>
<th>% of Total</th>
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<tr>
<td>CCC</td>
<td>5,466</td>
<td>193</td>
<td>5,659</td>
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<td>DVC</td>
<td>14,341</td>
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<td>16,316</td>
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<td>LMC</td>
<td>7,393</td>
<td>100</td>
<td>7,493</td>
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<td>27,200</td>
<td>2,268</td>
<td>29,468</td>
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### FY 2012-13 Total FTES Targets - Prop 30 Fails

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<tr>
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<td>DVC</td>
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<td>LMC</td>
<td>7,002</td>
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<td>7,102</td>
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<td>25,762</td>
<td>2,268</td>
<td>28,030</td>
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### FY 2012-13 Total FTES Targets - Prop 30 Passes

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<th>% of Total</th>
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<td>Total</td>
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<td>2,268</td>
<td>30,038</td>
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Proposition 30

- Governor Brown’s tax measure has a $9.2 million impact to the District
  - If Proposition 30 passes, the District’s revenue will increase approximately $2.6 million from the Adoption Budget
  - If Proposition 30 fails, the District’s revenue will reduce by approximately $6.6 million from the Adoption Budget

- FTES growth potential
  - Provided Proposition 30 passes and assuming it generates the anticipated revenue, there is a provision for $50 million in system-wide growth
  - The District is eligible for $853,000 in growth funds, approximately 187 FTES. This is growth of 0.6%
Proposition 30 - Reserves

• If Prop 30 passes, the revenue increase will result in a structurally balanced budget for the District
  – This will provide firm footing for the District’s future and is a result of the significant reductions the District has made over the past few years
• If Prop 30 fails, the District’s reserves, including the 2% the Board authorized, will be needed
  – The District will be forced to further downsize resulting in fewer students served, more sections eliminated and additional staff reductions
• Expenses will also adjust based upon the outcome of Prop 30. The District will add to or downsize course offerings to adapt to the finalized funded FTES level
Recap

- Fiscally conservative budget philosophy that adjusts for known changes and spotted trends
- Healthy reserves; over 18% of expense budget
- Small structural deficit; less than 1% of expense budget
- An aggressive FTES strategy that allows for mid-year adjustments and protects base funding
- A recognition that the outcome of Proposition 30 will cause a mid-year course correction
- A commitment to the community to serve and provide excellent educational opportunities to all students
Questions?

Proposition 30

Contra Costa Community College District