Contra Costa Community College District

pathways to success

STUDY SESSION ON THE 2011-12 DISTRICT BUDGET

APRIL 27, 2011

Chancellor's Office
Contra Costa Community College District
500 Court Street
Martinez, California 94553

STUDY SESSION ON THE 2011-12 DISTRICT BUDGET

AGENDA

I. Review of District Budget materials for FY 10-11 and FY 11-12

II. Response from the Governing Board

PURPOSE

The Budget Study Session is conducted annually in April so that the chancellor and staff can (1) share the status of the budget for the current year; (2) share what is known regarding the upcoming year; and (3) give the Governing Board the opportunity to respond to the presentation and provide direction to the chancellor on the items to be included in the budget.

STUDY SESSION ON DISTRICT BUDGET

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Introduction

Board Policy 5033 establishes the process for the development of the District budget. It requires that the budget be prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. In addition, it ensures that the presentation and review of budget proposals comply with state law and regulations and provide adequate time for Board study. The Policy delineates the budget development criteria and values.

Criteria

- The annual budget shall support the District's strategic master plan and the colleges' educational and facilities master plans.
- Assumptions, upon which the budget is based, are presented to the Board for review.
- A schedule is provided to the Board at the November Board meeting each year that includes dates for presentation of the tentative budget, required public hearing(s), Board study session(s), and approval of the adopted 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 shall be no less than 5% to address significant opportunities that present themselves throughout the year.
- 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.

Values

The foundation of the budget development process is a belief in basic, shared values: honesty, integrity, transparency, and an overall sense of collegiality. Fiscal prudence will be exercised in the development and management of the budget. These values will be upheld by ensuring:

- discussions and all actions are student-centered;
- communication of financial information is practiced to ensure dialogue among constituencies and honest portrayal of the District's financial condition;
- decisions on financial matters are data driven;
- district budget practices are comparable to institutions of similar size and scope; and
- items included in the budget will be based on need.

Business Procedure 18.02 requires that to the extent possible, the budget will:

- allow the resources sufficient for meeting the needs o the diverse student population of the District;
- be developed based on achievable full-time equivalent student (FTES) goals that provide for the highest possible level of student access;
- maintain a minimum emergency fund balance reserve of 5% of the unrestricted general fund budgeted expenditures for the fiscal year: an additional 5% contingency Board reserve will also be maintained;
- provide sufficient funding to ensure an appropriate number of faculty, classified staff and management personnel to fulfill the mission of the District and its colleges;
- provide for contractual obligations and fixed costs;
- cover the current year retiree health benefit expenses and increase restricted reserves for the retiree health benefit liability;
- include funding for new Districtwide projects based on District goals;

- adhere to formulae stipulated in Business Procedures;
- budget and restrict college year-end carryover balances for one-time expenditures only;
- maintain and improve our colleges in a manner that attracts students and provides an environment that promotes education, including providing matching funds;
- include total compensation for all employees which will be in the top one-third of the Bay 10, excluding basic aid districts, only if the District can afford it;
- reflect improvement in productivity at all levels; and
- be developed within a multi-year plan.

This presentation is prepared in adherence to the policies and procedures set forth for budget development. In preparing the annual budget for the District, the goal is to develop a balanced budget that provides for programs and services that meet the needs of the community served by the Contra Costa Community College District.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT

STRATEGIC GOALS AND OBJECTIVES

2009-14

GOALS	OBJECTIVES
GOAL 1 **STUDENT LEARNING AND SUCCESS: Significantly improve the success of our diverse student body in pursuit of their educational and career goals with special emphasis on closing the student achievement gap.**	1.1 Increase the percentage of students who transfer to a variety of four-year institutions while narrowing the transfer gap across subgroups. 1.2 Increase the percentage of students who receive relevant and timely training for the workplace while narrowing the achievement gap across subgroups. 1.3 Increase the percentage of Limited English Proficient (LEP) students who become proficient in the English language. 1.4 Increase the percentage of students who are proficient in Basic Skills while narrowing the proficiency gap across subgroups.
GOAL 2 **COLLEGE AWARENESS AND ACCESS: Increase awareness of and equitable access to Contra Costa Community College District for a changing and diverse population.**	2.1 Increase awareness of our Colleges as a source for higher education, career preparation, and lifelong learning options for our diverse community. 2.2 Increase equitable access to our Colleges for a diverse population of learners. 2.3 Hire and retain employees who are sensitive to and knowledgeable of the needs of our continually changing student body.
GOAL 3 **PARTNERSHIPS FOR WORKFORCE AND ECONOMIC DEVELOPMENT: Support economic and workforce development through education and leadership in collaboration with government, community organizations, business, and industry.**	3.1 Increase the percentage of students successfully entering the workforce. 3.2 Increase District participation in workforce and economic development activities. 3.3 Increase collaborative initiatives with educational partners from preschool through four-year institutions, business and industry, government, and community organizations to increase economic vitality and supply well-qualified workers for current and emerging industries in Contra Costa County.
GOAL 4 **ORGANIZATIONAL EFFECTIVENESS: Improve the effectiveness of Districtwide planning, operations, resource allocation, and decision-making.**	4.1 Use accurate data and information as a basis for decision-making. 4.2 Evaluate and improve the effectiveness of services provided by the District Office. 4.3 Implement, align, evaluate, and improve strategic planning processes within the District on an ongoing basis. 4.4 Increase the creation and implementation of professional development programs to prepare employees for internal promotional opportunities and also enhance their knowledge, skills, and abilities.
GOAL 5 **RESOURCE MANAGEMENT: Provide sound stewardship of the District's physical and fiscal assets to ensure a sustainable economic future consistent with our values, vision, and mission.**	5.1 **Manage enrollment to maximize District productivity.** 5.2 **Diversify funding sources to increase the level of discretionary control over resources and increase the total funding received by the Colleges.** 5.3 **Allocate resources according to planning priorities.** 5.4 **Increase operational and administrative efficiency to deliver educational services utilizing the most cost-effective methods.** 5.5 **Develop practices and procedures that promote sustainability in all areas of the District, including but not limited to, instruction, operations, construction, facilities, land use, energy, water conservation, and environmental integrity.**

CONTRA COSTA COMMUNITY COLLEGE DISTRICT GOVERNING BOARD
2010-2011 BOARD GOALS

District Strategic Direction 1: Student Learning and Success
Significantly improve the success of our diverse student body in pursuit of their educational and career goals with special emphasis on closing the student achievement gap.

1.1 Improve Board and District leadership cultural proficiency and understanding of student characteristics and dynamics that contribute to the achievement gap.
1.2 Track progress on the indicators of student learning and success, using 2008-2009 data as the base year.
1.3 Monitor progress on all campuses in the District on establishing and assessing Student Learning Outcomes.

District Strategic Direction 2: College Awareness and Access
Increase awareness of and equitable access to Contra Costa Community College District for a changing and diverse population.

2.1 Monitor progress toward a Brentwood center and review the need for services at other locations in the District.
2.2 Monitor student satisfaction with District responsiveness to requests for information and ease of enrollment processes.
2.3 Strengthen Board involvement in increasing community awareness and outreach.

District Strategic Direction 3: Partnerships for Workforce and Economic Development
Support partnerships for workforce and economic development through education and leadership in collaboration with government, community organizations, business, and industry.

3.1 Monitor that the District continues to plan and implement workforce/economic development programs and provides leadership in the community for workforce and economic development efforts.
3.2 Monitor that workforce development programs and courses meet, as appropriate, workforce demand in the communities served by the District.

District Strategic Direction 4: Organizational Effectiveness
Improve the effectiveness of Districtwide planning, operations, resource allocation, and decision-making.

4.1 Monitor that accurate, transparent data and information are provided to the Board for decision-making.
4.2 Monitor the evaluation of Districtwide governance and decision-making structures to ensure that improvements strengthen student leadership development and involvement in governance.
4. 3 Monitor that professional development programs prepare employees for internal promotional opportunities and enhance their knowledge, skills, and abilities, including but not limited to:
   - a focus on the contribution all employees make to student success: and
   - training and education to prevent litigation and legal liability.

District Strategic Direction 5: Resource Management
Provide sound stewardship of the District's physical and fiscal assets to ensure a sustainable economic future consistent with our values, vision, and mission.

5.1 Monitor enrollment patterns to ensure they maximize District productivity.
5.2 Promote Board understanding of District practices designed to promote sustainability in all areas of the District, including benefits and costs.
5.3 Monitor that college sites are well maintained, and the construction program is well-managed, assures efficiency, limits overspending, and complies with Measures A and AA.
5.4 Closely monitor District liabilities and resources to assure adequate reserve and ability to respond to continuing limits.

Board Goal: Board Functioning

6.1 Work together to maintain and strengthen a well-functioning Board unit by adhering to principles of effective trusteeship, with a particular focus on the Board's policy role.

Budget Development Calendar
2011-12 Budget Development

The following is a listing of the actions to be undertaken in the development of the budget for 2011-12. The Budget Calendar adheres to the guidelines for preparation of the annual budget as set forth in the California Code of Regulations and Board Policy 5033.

November	Resident and non-resident Full-Time Equivalent Students (FTES) targets set for fiscal year (FY 2011-12)
	District Office provides year budgets to the Cabinet for prior fiscal year
	Districtwide educational planning meeting
	Faculty staffing meeting (formerly Box 2 A)
January	District files Apportionment Attendance Report (CCFS 320) for the first period attendance (summer and fall)
February	Budget Development Calendar goes to the Cabinet, District Governance Council (DGC), and the Governing Board
	Enrollment and FTES projections updated by the District Office and provided to the colleges
	First Principal Apportionment issued by the State System Office
	District estimates revenue projections based on January CCFS 320 submittal for current fiscal year and for 2011-12
	District provides colleges with estimated revenue projections and personnel costs to colleges (end of February)
	District leadership conducts a budget workshop with DGC
	Budget parameters and values reviewed by Governing Board
April	Colleges, District Office, and Districtwide services provide expenditures to the District to start development of Tentative Budget
	Budget forums at all District locations
	District files CCFS 320 for the second period (Spring)
	Cabinet reviews FTES projections and growth targets and revises as necessary.
April 27	Board study session on Budget
May	District updates revenue projections based on CCFS 320 and May Revise
May	Budget workshop for DGC
June	Chancellor’s Cabinet reviews Tentative Budget
	DGC reviews Tentative Budget

June 22	Tentative Budget is submitted to Governing Board for approval
July 1	Deadline to file approved Tentative Budget with the County Superintendent of Schools
July 15	District files CCFS 320 for third period (April 15 to June 30)
August	District leadership prepares the Final (Adoption) Budget
	Carryover calculations completed for the prior year
	Cabinet reviews proposed Adoption Budget
	DGC reviews proposed Adoption Budget
August 30	Newspaper publications notified of the availability of the Adoption Budget
August 30	Adoption Budget available for public inspection
September 7	Governing Board conducts a public hearing for the 2011-12 Adoption Budget and considers approval of the budget presented
	The finalized Adoption Budget is filed with the County Superintendent of Schools and with the California Community Colleges Chancellor's Office
October 10	Annual Financial and Budget Report (CCFS 311) is filed with the State System Office for year-end 2010-11 and the budget projections for 2012-13
October	District may file an Adjustment Application - FTES (CCFS 317) to adjust FTES
Throughout the year	The Governing Board approves budget transfers and budget adjustments per Board policy

Status of Fiscal Year 2010–11

Since the budget was adopted by the Board in September 2010, several changes have occurred. The Governor and State legislature continue to try to close a $25B to $26.6B deficit over two fiscal years, and so far there have not been any mid-year reductions. It is projected that growth funding will be paid to California community colleges in July. The deficit continues to grow larger due to a reduction in student fees.

Changes in Revenues

- The current State budget proposal includes 2.21% in growth funding ($126 M).
  - Potential impact: The revenue would provide approximately $3.1M additional funding to the District, if realized. The growth FTES will be distributed to the colleges according to Business Procedure 18.01. The District anticipates actually receiving these funds in July 2011. The 690 credit FTES will be distributed as follows:

	FTES	Growth Funds
CCC	105.12	$ 479,851
DVC	444.16	$2,027,532
LMC	140.38	$ 640,817

- The deficit factor not included in the State budget package.
  - Potential impact: During the adoption budget process, the District projected a $587,566 or .4% deficit factor and has informed the colleges and District to hold a portion of reserves to cover a deficit that could materialize in Spring 2011. The Chancellor's Office projected at First Principle Apportionment (P1) a $1,215,892, or .819% deficit factor, resulting in the following amounts by location:

CCC	$ 230,182
DVC	$ 547,719
LMC	$ 301,995
DO	$ 135,996

The growth funding impacts the resident full-time equivalent student targets for each of the colleges as noted in the chart below. The non-resident targets for the colleges remain the same and have not been revised.

Revised Resident FTES Targets (These targets do not include any negative adjustment resulting from the ISA/athletics FTES discrepancy report).

2010 Resident FTES Targets				
	FTES	**% Of Total**	**Growth FTES**	**Revised Resident FTES Total**
CCC	6,152.99	20.71%	105.12	6,258.11
DVC	15,345.39	51.64%	444.16	15,789.55
LMC	8,217.03	27.65%	140.38	8,357.41
Total	29,715.41	100.00%	689.66	30,405.07

Non-Resident FTES Targets				
	CCC	**DVC**	**LMC**	**Total**
Fiscal Year 2010-11	192.69	1,706.71	78.16	1,977.56
Percentage	9.74%	86.31%	3.95%	100.00%

Changes in Expenditures

Changes in the expenditure assumptions developed for FY 2010-11 are listed below:

- The District received a retroactive rate decrease to the workers' compensation premiums for 2010-11, from 2.05% to 1.64%, effective July 1, 2010.
  - Potential impact: Expenditures for FY 2010-11 were budgeted at $2.1M and will decrease to $1.6M. This is a savings of $408,000.

- Student insurance costs increased by $33,566, in addition to the $16,000 increase budgeted.

- The District is currently examining the FTES claimed from instructional services agreements for the FY 2007-08 through FY 2009-10 academic years for cosmetology FTES adjustments for three years, and for FTES associated with out-of state athletes paying resident fees for four years.
  - Potential impact: The District is projecting a reduction for resident FTES for the years being examined, as well as pay back apportionment funding for FY 2007-08, FY 2008-09, and FY 2009-10. The impact of both FTES discrepancy reports is projected at $4.4 M.

Adoption Budget and Projected Reserves

The following table details the Adoption Budget reserves and the projected reserves for FY 2010-2011. Noteworthy is the additional $3.1 M in growth funds that will be allocated to the District in July 2011 as part of the deferral. The colleges, faculty, staff and management of the District have exercised fiscal prudence this year in anticipation of major reductions next year.

Adoption Budget and Projected Reserves

	2010-11 Adoption Budget	2010-11 Ending Balance
Designated College Reserves	$ 2,486,229	$ 4,853,292
Designated District Office Reserves	829,151	464,065
Subtotal, Designated Reserves	**$3,315,380**	**$5,317,357**
5% Contingency Reserve	$ 8,471,394	$ 8,471,394
5% Board Reserve	8,471,394	8,471,394
1% Minimum Location Reserves	1,645,858	1,586,228
Subtotal, Designated Reserves	**$18,588,646**	**$18,529,016**
Undesignated District Reserve	850,066	1,314,317
Undesignated College Reserves	853,503	5,214,384
Undesignated District Office Reserves	320,136	475,000
Subtotal, Undesignated Reserves	**$ 2,023,705**	**$ 7,003,701**
TOTAL RESERVES	**$23,927,731**	**$30,850,074**
Calls on Reserves:		
FTES Adjustments	0	-2,200,000
TOTAL AVAILABLE RESERVES 6/30/11	**$23,927,731**	**$28,650,074**

Adoption and Projected Budget Status

The following table shows the difference between the FY 10-11 adoption budget and the projected budget at year-end.

	FY 2010-11 Adoption Budget	FY 2010-11 Projected Budget
Revenues	$169,857,954	$174,108,217
Expenditures	174,664,950	171,815,026
Increase/(Decrease)	(4,806,996)	2,293,191
Reserves	$23,927,731	$28,650,074

2011-12 Budget Discussion

The budget development process for the 2011-12 fiscal year began in earnest in January when the governor presented his budget proposal. Governor Brown's budget proposal was bold and promised a shorter cycle and a balanced budget on the condition that taxes scheduled to end in June 2011 would be extended upon placement on the June ballot for voter approval. The District developed three scenarios and chose one for development based on the Governor's proposal. Unfortunately, the governor was unable to secure the votes to place the extensions on the ballot. As a result, planning for the FY 2011-12 State Budget has taken a turn for the worse. The projected deficit for FY 2011-12 is now between $25B and $26.6B as the numbers keep changing. Governor Brown recently signed several "trailer bills", one of which is SB 70, which increases tuition from $26 to $36 per unit beginning in the fall 2011 semester. At the time of this writing, the Governor is indicating that the already approved $400M reduction to community colleges will increase by $585M if the State has to cut the projected $15.4B deficit. It is clear that the tax extensions will not be placed on the ballot, possibly resulting in an "all cuts budget". The Governor will present his May Revise on May 13. In the meantime, the District is developing a budget based on the information it has currently.

Budget Assumptions for FY 2011-12

Revenue Assumptions

The following are the budget assumptions for revenues based on what is known at this point in the State budget process.

- A student fee increase of $10 per unit, bringing the rate to $36 per unit, will generate $110 M in new revenue statewide that will be used to offset additional workload reduction. The Legislative Analyst's Office (LAO) is recommending a $66 per credit unit, which would generate $280M statewide.
    - Potential impact: It is likely that any growth funding will be eventually designated in the State budget as an offset to workload, thus providing no growth. Two percent of enrollment fees is retained at the District level, but it is anticipated that more students will qualify for fee waivers, thus negating any local revenue increase.

- An additional $129M inter-year funding deferral bringing the total of deferrals to $961M.
    - Potential impact: The District deferral will be approximately $18.9M, up 15% from the prior year deferral.

- The current State budget proposal's Cost of Living Adjustment (COLA) is zero.
    - Potential impact: The District faces higher costs in staffing, health care and other goods and services. Without COLA, the District will be stretched to find resources for ongoing and increased costs, and, therefore, will continue to reduce costs through budget reductions.

- Lottery revenue is projected to be the same rate as 2010-11, $110 per FTES. Lottery revenue is calculated based on the State-approved rate multiplied by the District's total FTES (resident and non-resident).
    - Potential impact: If the District's total FTES increases, revenue will increase and if the District total FTES decreases, revenue will decrease. Based on the scenarios above, lottery revenue is estimated to decrease by $296,007 – $413,221 over the prior year's adopted budget.

- The 2011-12 California Community Colleges budget proposes a modest decline in estimated local property taxes ($33.4M). According to the Governor's proposed budget, revised estimated property taxes are expected to decline by $14.7M over the previous year.

- Potential impact: Based on the scenarios above, the District is projecting a .4% deficit factor ($524,635 – $569,903). A reserve will be set aside by each college and the District Office for the deficit factor according to Business Procedure 18.01.

- The current State budget proposal includes 1.9% in growth funding ($110M).
  - Potential impact: The potential revenue to the District could be $2,629,873 for FY 2011-12. It is likely that any growth funding will be eventually designated in the State budget as an offset to workload, thus providing no growth.

- Apportionment Funding: The 2011-12 budget forecast predicts a $342M-1.085B budget reduction for community colleges. The District is revising its apportionment assumptions based on the failure of the June tax extension ballot measure. The legislature has agreed to offset the apportionment reductions with the Governor's proposed growth funding of $110M or $2.6M for the District.

  Below are two scenarios developed by the District as a result of the Governor's failure to have the tax extensions placed on the ballot. These two scenarios differ from the three offered by the District in January. The District is building a budget based on a $708M system reduction and a $15.5M revenue reduction to the District (Scenario 4 below). Scenario 5 represents a worst-case scenario, a loss of $20.3M in revenue to the District.

  The District projected budget scenarios are reflected below and include the $110M system wide growth funding ($2.6M for the District) as an offset to a workload reduction:
  - Potential impact: The range of the District's portion of this cut is approximately $15.5M up to $20.3M.
    - Scenario #4 – Substantially All Cuts State budget – State Cuts $20B, CC $708M - Prop. 98 Funded at Minimum: The projected cut is the District's proportionate share of a $20B reduction.
      - Impact to Apportionment Revenues: District would lose $15.5M in revenues. The District would lose 3,381 credit FTES for a net apportionment funding reduction of $15.5 M and a reduction in class sections of approximately 1100.

    - Scenario #5 – Substantially All Cuts State budget – State Cuts $24-25.1B, CC $899M - Prop 98 Funded is Suspended: The projected cut is the District's proportionate share of $899M reduction.
      - Impact to Apportionment Revenues: District would lose $20.5M in revenues. The District would lose 4,446 credit FTES for a net apportionment funding reduction of $20.3M and a reduction in class sections of approximately 1,500.

  The Governor previously proposed to enact "reforms to census accounting practices to provide better incentives for maximizing academic course sections available for students seeking vocational certificates and transfer to four-year colleges within the diminished level of funding." The Chancellor's Office has established a task force that has one year to recommend reforms to funding to promote student retention and persistence.

- The interest revenues continue to decline due to the deferrals and low interest rates. Revenues from interest were $1M three years ago and are projected to be zero for FY 2011-12. The District may have to budget for borrowing funds to maintain cash flow.

- No further cuts to student support categoricals. Flexibility provisions will be extended for two additional years through 2014-15.

- The Cal Grant program appears to remain intact.

Expenditure Assumptions

Delineated below are expenditure increases totaling $5.7M.

- o The District projects the CalPERS rate to increase to 12.1%, estimated to be an additional expenditure of $458,618. The official rate will not be released until May 2011.
- o The workers' compensation rate decreased in FY 2010-11, and the Contra Costa County Schools Insurance Group (CCCSIG) is projecting the rates will only increase slightly in FY 2011-12 due to the strong financial position of CCCSIG. The projected rate increase is $75K in FY 2011-12.
- o Insurance costs for property and liability and student insurance increased by $1,037,306.
    - Property and liability is projected to increase 3.1% or $32,000.
    - Student insurance is projected to increase 8.82% or $49,566.
    - State Unemployment Insurance (SUI) is projected to increase from .72% to 1.61%, an increase of $955,740. This rate increase is based on statewide schools and colleges unemployment utilization.
- o Health and welfare costs are projected to increase by 12.5%, which is a $3,048,874 increase. This includes the increase in retiree health benefits, which are 39% of the $24.1M cost of health and welfare expenditures.
- o The long-term disability rate decreased in FY 2010-11, an approximate decrease of $206,342 Districtwide for both FY 2010-11 and FY 2011-12.
- o Step and column costs are projected to be $1,262,000.
- o The Contra Costa Assessment Appeals Board ruled that the County incorrectly calculated Chevron's property tax from 2004-2007. The District's portion of the $17.9M refund to Chevron over a two-year period will be $1,053,076. The impact to the FY 2011-12 Adoption Budget is $702,051.
- o Audit costs are projected to increase by $20,560 for a total of $206,000
- o FY 2011-12 subsidies for CCC and LMC are $1.3M and $309,000, respectively, to be paid from undesignated reserves, and if necessary, the $1M retiree health benefit annual contribution.
- o It is projected the District will continue to experience large banked load and vacation accrual payouts. Accruals for 2011-12 will be paid from Fund 29 and from college reserves.
- o The District anticipates payment of pending liability claims.
- o The District is projected to file a FTES discrepancy report based on instructional service agreements and the out-of-state athletic issue, which will impact FTES and reserves by over $4.4M.

FY 2010-11 and 2011-12 Comparison

Based on the revenue and expenditure assumptions, the 2011-12 unrestricted general fund budget will be decreased by $21.2M ($15.5M revenue reduction plus $5.7M expenditure increases). The following table summarizes the affect of the 2011-12 workload reduction, using scenario #4, resulting in a decrease of 3,381.27 FTES and a $20M reduction to revenue. Revenues and expenditures in 2010-11 include local revenues/uses.

	FY 2010-11 Revised Budget	**Projected 2011-12 Tentative Budget**	**Increase/(Decrease)**
FTES Targets	*30,405.08*	*27,023.80*	*(3,381.28)*
Revenues	$174,108,217	$154,095,386	$(20,012,831)
Expenditures	171,815,026	156,932,112	$(14,882,914)
Increase/(Decrease)	2,293,191	(2,836,726)	
Reserves	$28,650,074	$20,911,340	$(7,738,734)

<u>Three-Year Reductions for 2011-12</u>

The following table provides a summary of three years of reductions to the District's unrestricted general fund budget beginning with FY 2009-10.

	FY 2009-10	**FY 2010-11**	**FY 2011-12**
CCC	**$1,409,609**	**$2,052,063**	**$3,900,000**
DVC	**3,230,120**	**2,820,746**	**7,917,150**
LMC	**1,438,884**	**2,499,371**	**6,001,190**
District Office	**1,561,017**	**1,362,914**	**1,402,369**
Unidentified			**1,946,882**
Total	**$7,639,630**	**$8,735,094**	**$21,167,591**

District Fiscal Planning

District Financial Trends

From FY 2006-07 to FY 2010-11 the District has experienced a 1.2% percent decrease in revenues, from $167M in FY 2006-07 to $164M in FY 2010-11. There has been a 19.6% increase to salaries and benefits for the same period of time. Total certificated salaries have increased 6.5%, from $68M to $72.5M. Total classified salaries have increased 15% from $28.8 to $33M in FY 2010-11. The total of benefits has increased 19.6% with health and welfare for active employees increasing 43% from $10.2M to $14.6M. Retiree health benefits have increased 21% during that same period.

	Final Actuals 2006-2007	Final Actuals 2007-2008	Final Actuals 2008-2009	Final Actuals 2009-2010	Adopted Budget 2010-2011
Sources:					
Federal Revenues	18,880	22,601	28,465	43,024	-
State Revenues	71,734,071	73,842,925	74,648,927	73,388,325	73,057,673
Local Revenues	93,586,110	94,666,667	97,233,669	93,548,410	91,421,060
Total Other Financing Sources	1,287,482	21,995	458,753	139,972	142,159
Total Revenues and Other Financing Sources	$ 166,626,543	$ 168,554,188	$ 172,369,814	$ 167,119,731	$ 164,620,892
Uses:					
Monthly Instructional Salary	30,059,615	30,285,950	32,549,980	33,240,978	32,852,929
Noninstructional Salaries Full Time	11,164,364	12,178,819	13,508,082	13,808,984	13,584,127
Instructional Salaries Part Time	25,753,709	28,651,392	27,713,728	26,878,829	25,112,390
Noninstructional Salaries Part Time	1,103,261	1,268,026	1,511,027	1,630,109	986,815
Total Academic Salaries	$ 68,080,949	$ 72,384,187	$ 75,282,817	$ 75,558,900	$ 72,536,261
Noninstructional Salaries Full Time	20,843,523	23,111,790	25,211,368	26,699,033	26,804,974
Instructional Aides Full Time	2,864,543	2,954,464	3,241,573	3,282,695	3,195,028
Variable Non-Instructional	4,097,491	4,577,843	4,603,844	4,040,606	2,412,951
Variable Classroom Aide	718,784	901,139	971,088	830,640	565,707
Variable Manager/Supervisor Short Term Hourly	43,518	14,935	-	-	-
Variable Aide Other	270,603	340,763	324,647	230,972	186,598
Total Classified Salaries	$ 28,838,462	$ 31,900,934	$ 34,352,520	$ 35,083,946	$ 33,165,258
STRS	7,488,730	5,558,224	5,374,741	5,461,860	4,829,077
PERS	2,346,545	2,666,847	3,041,084	3,343,064	3,514,703
FICA	1,750,236	1,943,697	2,112,774	2,183,864	1,989,200
Health & Welfare, current employees	10,208,388	10,150,702	12,170,397	13,715,258	14,597,949
Health & Welfare, retirees	7,873,554	8,628,117	8,170,358	8,281,710	9,515,482
Unemployment Insurance	8,531	169,829	380,194	489,997	969,773
Workers Comp.	1,654,587	2,131,200	1,963,613	2,027,819	2,054,750
Medicare	1,296,265	1,432,698	1,502,006	1,524,412	1,447,592
Other Benefits	783,486	968,305	1,034,330	1,108,026	1,040,392
Total Benefits	$ 33,410,322	$ 33,649,619	$ 35,749,497	$ 38,136,010	$ 39,958,918
Total Salaries and Benefits	$ 130,329,733	$ 137,934,740	$ 145,384,834	$ 148,778,856	$ 145,660,437

Three-Year Budget Projection

In an effort to plan for the future, the District has begun development of budget assumptions for FY 2012-13, FY 2013-14, and FY 2014-15. These projections are based on no increased revenues and continued increasing costs.

The revenue assumptions for FY 2012 -13 and FY 2013 -14 are:

1. No Cost of Living Adjustment (COLA)
2. A 0.2% - 0.4% deficit factor
3. A reduction in apportionment of $269M - $538.419M

The expenditure assumptions for FY 2012-13 and FY 2013-14 are:

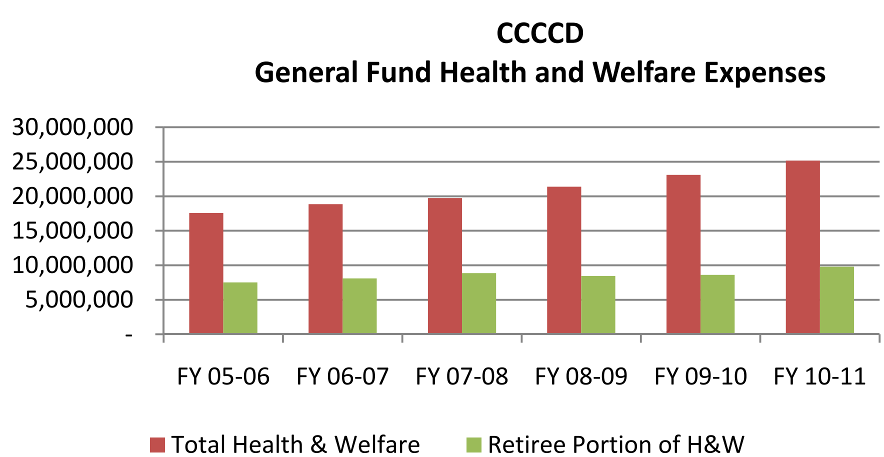
1. PERS will increase to 13%
2. No increases in workers compensation, student insurance, and property and liability.
3. No increases in State Unemployment Insurance
4. STRS will increase to 9.25%
5. Health and welfare expenses are projected to continue to increase 12.5% each year.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT - 3 Year Budget Projection
FUND 11: GENERAL FUND - UNRESTRICTED

Description	Adoption Budget 2010-2011	Adoption Budget 10-11 Adjusted	Projected Budget 2011-2012	Projected Budget 2012-2013	Projected Budget 2013-2014
Sources:					
Federal Revenues	-	-	-	-	-
State Revenues	73,057,673	75,642,697	60,479,723	60,479,723	60,479,723
Local Reveneus	91,421,060	91,586,299	89,755,826	90,457,877	90,457,877
Other Revenues	3,124,941	3,124,941	2,207,829	2,207,829	2,207,829
District Subsidy for CCC & LMC	2,254,280	2,254,280	1,652,008	1,049,737	447,465
Unrecognized Revenue Increases	-	1,500,000	-	-	-
Total Revenues	$ 169,857,954	$ 174,108,217	$ 154,095,386	$ 154,195,166	$ 153,592,894
Uses:					
Academic Salaries	72,536,261	72,536,261	73,405,173	74,284,511	75,174,402
Classified Salaries	33,165,258	33,165,258	33,561,613	33,962,724	34,368,649
Employee Benefits	39,958,918	39,372,260	44,404,512	49,014,283	53,173,971
Supplies and Materials	6,584,492	6,584,492	6,584,492	6,584,492	6,584,492
Other Operating Expenses	14,685,439	14,735,311	15,131,437	15,199,437	15,267,437
Capital Outlay	1,395,423	1,395,423	1,395,423	1,395,423	1,395,423
Transfers and Other Outgo	6,339,159	6,339,159	4,359,662	3,757,391	3,155,119
Unidentified Current Expenditure Reductions	-	(2,313,138)	-		
Unidentified Prior Year(s) Expenditure Reductions	-	-	-	(21,610,200)	(30,372,015)
Total Expenses	$ 174,664,950	$ 171,815,026	$ 178,842,312	$ 162,588,061	$ 158,747,478
Net Surplus / (Structural Deficit)	**$ (4,806,996)**	**$ 2,293,191**	**$ (24,746,926)**	**$ (8,392,895)**	**$ (5,154,584)**
Beginning Fund Balance	28,734,727	28,556,883	28,650,074	20,911,340	20,230,523
Ending Fund Balance	**$ 23,927,731**	**$ 30,850,074**	**$ 3,903,148**	**$ 12,518,445**	**$ 15,075,939**
Reserves:					
5% General Fund Reserve	8,471,394	8,471,394	7,782,065	7,966,525	7,804,609
5% Board Contingency Reserve	8,471,394	8,471,394	7,782,065	7,966,525	7,804,609
1% Site Reserve	-	1,586,228	1,299,276	1,299,276	1,299,276
College and District Office / Wide Reserve	2,429,754	95,318	95,318	95,318	95,318
Designated Reserve	1,120,369	5,222,039	4,664,948	4,664,948	4,664,948
Undesignated Reserve	3,434,820	7,003,701	3,889,676	(712,332)	(1,762,069)
Total Budgeted Reserves	$ 23,927,731	$ 30,850,074	$ 25,513,348	$ 21,280,260	$ 19,906,691
Out of Balance	-	-	**$ (21,610,200)**	**$ (8,761,815)**	**$ (4,830,752)**
Total Budgeted Reserves	23,927,731	30,850,074	25,513,348	21,280,260	19,906,691
Calls of Reserves:					
FTES adjustments	-	(2,200,000)	(2,200,000)	-	-
College Subsidies	-	-	(1,652,008)	(1,049,737)	(447,465)
Liability Claims	-	-	(750,000)	-	-
Bank Load & Vacation Accrual Payouts	-	-	-		
Adjusted Budgeted Reserves	$ 23,927,731	$ 28,650,074	$ 20,911,340	$ 20,230,523	$ 19,459,226

Health & Welfare Trends

The District continues to see significant increases in the cost of providing health benefits for active and retired employees. The chart below shows the increase in total health benefits paid from FY 05-06 through FY 09-10 and the anticipated costs as budgeted in FY 10-11.



Banked Load and Vacation Accrual

The banked load liability has significantly increased over the past six years and dropped slightly in FY 2009-10 due to large payouts to faculty who retired. Vacation accrual has increase by approximately $1.3M over the past six years. The following table shows a five-year history of the load banking and vacation accrual liability:

CCCCD Banked Load and Accrued Vacation Liability

	June 30th Balances:	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A	Fund 29, Long-Term Debt Fund (Reserve)	2,013,089	2,013,089	2,739,043	2,750,000	2,750,000	2,750,000
B	Faculty Load Banking Liability	5,193,529	7,010,503	7,300,015	8,500,649	9,124,113	9,088,324
C	Accrued Vacation	3,497,127	3,810,167	4,219,545	4,593,800	4,988,710	4,815,679
D	Unfunded Liability **D = A - B - C**	(6,677,567)	(8,807,581)	(8,780,517)	(10,344,449)	(11,362,823)	(11,154,003)
1	Changes in Reserve	(10,957)	-	725,954	10,957	-	-
2	Changes in Load Banking Liability	1,509,370	1,816,974	289,512	1,200,634	623,464	(35,789)
3	Changes in Accrued Vacation	532,268	313,040	409,378	374,255	394,910	(173,031)
4	Percentage Change in Liability	44%	32%	0%	18%	10%	-2%
	[1] Funds were transferred from Fund 29 to balance budget shortfall in 2002/03						
	[2] Some accrued vacation was paid off as part of employee settlements re: furloughs						

Next Steps

Currently, the colleges and District Office are identifying areas in which reductions should occur in order to reach their targets. The governor's revised budget is expected to be released on May 13, 2011. Depending on the significance of the governor's May revise, changes may be made to the Tentative Budget presented to the Board in June for adoption. Prior to the Board's approval in June, the Tentative Budget will be taken though the participatory governance process.

The Adoption Budget must be approved at the September 14, 2011, meeting. It is hoped that the State Budget will be approved by that time. If it is not, additional changes may be necessary to address any State revenue increases or decreases.

Conclusion

Austerity will continue in the 2011-12 fiscal year. At the time of this presentation, it is clear that financial resources for the State's community colleges will be severely reduced. The impact on the Contra Costa Community College District, for the second consecutive year, will be a loss in revenue resulting in fewer students served and a reduced workforce. The challenge for the District will be to offer high quality services in a financially unstable environment.

Appendices

Sound Fiscal Management Checklist

Pursuant to Education Code Section 84040, the Board of Governors for the California Community College Systems is required to adopt criteria and standards for the periodic assessment of the fiscal condition of California community college districts. Based on these requirements the System Office established standards for sound fiscal management and a process to monitor and evaluate the financial health community college districts. The System Office monitors and assesses a district's financial condition through:

- Quarterly Financial Status Reports (CCFS-311Q)
- Annual Financial and Budget Reports (CCFS 311)
- Annual District Audit Reports
- Apportionment Attendance Reports (CCFS 320)
- District responses to inquiries
- Other available information (Accounting Advisory 05-05)

The System Office has developed the Sound Fiscal Management Checklist as a tool to assist Districts in monitoring the fiscal health of the district and encourages districts regularly complete the checklist with the Board and executive staff.

Question	Answer	Explanation
1. Deficit Spending		
Is this Area Acceptable?	Yes	
Is the District spending within their revenue budget in the current year?	No	Due to the State workload reduction, deferrals, and increased costs, the District is using $4.8 M of reserves in FY 10-11 to soften the blow of the loss of revenues and to transition CCC and LMC into the District's new revenue allocation model.
Has the District controlled deficit spending over multiple years?	Yes	The District has built up the ending fund balance since FY 03-04 primarily by identifying and setting aside one-time, unrestricted revenues.
Is deficit spending addressed by fund balance, on-going revenue increases, or expenditure reductions?	Yes	The District makes a budgetary distinction between "on-going" and "one-time" revenues and expenditures. For FY 10-11, the District's on-going expenses are budgeted in excess of on-going revenues.
Are District revenue estimates based upon past history?	Yes	Non-apportionment revenues are based upon past history and adjusted for known changes. FTES-related revenues are based upon FTES projections for each college.
Does the District automatically build in "growth" in growth revenue estimates?	No	The District bases its apportionment revenue on FTES targets that are set during budget development. FTES targets include either growth or decline as projected utilizing trend data and State funding availability.

2. Fund Balance		
Is this Area Acceptable?	**Yes**	
Is the District's fund balance stable or consistently increasing?	Yes	The ending fund balance has steadily increased since FY 03-04 growing from $8,642,592 to $28,556,885 in FY 09-10. It is expected that the ending fund balance will decrease over the next 2-3 years as reserves are used to partially backfill State revenue reductions.
Is the fund balance increasing due to ongoing revenue increases and/or expenditure reductions?	Yes	The prior increase in fund balance occurred due to a combination of expenditure control in FY 03-04, FY 04-05, & 05-06, and revenue increases in FY 07-08, FY 08-09 due to restoration in FTES. A State-imposed "workload reduction" (reduction in funded FTES) in FY 09-10 and future years will cause the fund balance to shrink.

3. Enrollment		
Is this Area Acceptable?	**Yes**	
Has the District's enrollment been increasing or stable for multiple years?	No	The District's enrollment peaked in 2002-03 and declined until FY 06-07. The District exceeded the funding cap in FY 09-10 due to Statewide workload reductions.
Are the District's enrollment projections updated at least annually?	Yes	Enrollment projections are monitored throughout each semester and updated when the CCFS 320 is completed in January, April, and July.
Are staffing adjustments consistent with the enrollment trends?	Yes	The course schedule at each location determines the staffing levels per term. Increases or decreases to course offerings are heavily influenced by budgetary considerations such as State-imposed workload reductions.
Does the District analyze enrollment and full-time equivalent student (FTES) data?	Yes	The colleges and Cabinet review current trends and develop both college and District projections.
Does the District track historical data to establish future trends between P-1 and annual for projection purposes?	Yes	The District produces periodic reports of enrollment trends and utilizes multi-year analyses in developing projections.
Has the District avoided stabilization funding?	No	The District has received stabilization funding in FY 04-05 and FY 08-09. The District exceeded its funded FTES in FY 09-10 and expects to earn all available growth in FY 10-11.

4. Unrestricted General Fund Balance		
Is this Area Acceptable?	Yes	
Is the District's Unrestricted General Fund Balance consistently maintained at or above the recommended minimum prudent level (5% of the total Unrestricted General Fund expenditures)?	Yes	Over the previous five years, the District has maintained at least a 5% fund balance and in FY 08-09 a 5% "Board Contingency Reserve" was established in addition to the on-going 5% contingency reserve.
Is the District's Unrestricted Fund Balance maintained throughout the year?	Yes	The District's Unrestricted Fund Balance is maintained and monitored throughout the year.

5. Cash Flow & Borrowing		
Is this Area Acceptable?	Yes	
Can the District manage its cash flow without interfund borrowing?	Yes	The District has never used Interfund borrowing due to the County Teeter plan, which advances local property taxes.
Is the District repaying Tax Revenue Anticipation Notes (TRANS) and/or borrowed funds within the required statutory period?	N/A	

6. Bargaining Agreements		
Is this Area Acceptable?	Yes	
Has the District settled bargaining agreements within new revenue sources during the past three years?	Yes	On-going salary increases are determined based on an agreed upon formula taking into consideration on-going restoration revenue, new resources and permanent expenditure reductions. The District has not given salary increases since FY 08-09, but has an approved contract in place for United Faculty through FY 10-11 and for Local One (classified staff) through FY 12-13. Based on workload reductions, categorical reductions, and increased costs of benefits, the District has re-opened negotiations for 2011-12.
Did the District conduct a pre-settlement analysis identifying an ongoing revenue source to support the agreement?	N/A	
Did the District correctly identify the related costs?	N/A	
Did the District address budget reductions necessary to sustain the total compensation increase?	N/A	

7. Unrestricted Fund Staffing		
Is this Area Acceptable?	Yes	
Is the District ensuring it is not using one-time funds to pay for permanent staff or other ongoing expenses?	Yes	The District differentiates ongoing and one-time funding to ensure that one-time monies are not being used for ongoing expenditures. The District has been accruing an unfunded liability for faculty load banking.
Is the percentage of District General Fund allocated to salaries and benefits at or less than the statewide average (i.e., the statewide average for 2009-10 was 85%).	No	For 2009-10, the percentage of the general Fund that was expended for salaries and benefits was 85.7%. In 2010-11, the percentage of the General Fund budgeted for salaries and benefits is 86.5%.

8. Internal Controls		
Is this Area Acceptable?	Yes	
Does the District have adequate internal controls to insure the integrity of the general ledger?	Yes	For the majority of the District's transactions, there were adequate controls to insure the integrity of the 2009-10 general ledger and an unqualified opinion of the financial statements was issued by the District's independent auditors.
Does the District have adequate internal controls to safeguard the District's assets?	No	While the District has made significant progress in this area, work is ongoing to ensure appropriate internal controls are in place throughout the District.

9. Management Information Systems		
Is this Area Acceptable?	Yes	
Is District data accurate and timely?	Yes	The District has taken steps to ensure a timely and accurate close of the fiscal year. The FY 2009-10 records were complete prior to the District audit and required only a few minor adjustments, a significant improvement when compared to prior years.
Are the county and state reports filed in a timely manner?	Yes	All reports are submitted to reporting agencies by their appropriate deadlines.
Are key fiscal reports readily available and understandable?	Yes	Many reports are available on the District's web site as part of the agenda materials provided to the governing Board. Commonly requested documents, such as budget and audits, are also available on the Vice Chancellor's web page.

10. Position Control		
Is this Area Acceptable?	Yes	
Is position control integrated with payroll?	No	Datatel does not have a true position control module that includes 'real time' information. Hourly positions and stipends reside completely outside the position control process
Does the District control unauthorized hiring?	Yes	The District's Human Resources Department oversees hiring. Regular positions are validated by the Finance Department for budget only.
Does the District have controls over part-time academic staff hiring?	Yes	Part-time academic staff hiring is overseen by the colleges and monitored through budget allocations.

11. Budget Monitoring		
Is this Area Acceptable?	Yes	
Is there sufficient consideration to the budget, related to long-term bargaining agreements?	Yes	The District prepares multi-year projections of the Unrestricted General Fund, including the effects of bargaining agreements.
Are budget revisions completed in a timely manner?	Yes	Budget revisions are made as requested, by either Board action or campus decisions. The revised budgetary figures are taken to the Board on a monthly basis for review purposes. The Board approves budget revisions on a quarterly basis.
Does the District openly discuss the impact of budget revisions at the Board level?	Yes	On a quarterly basis, at its public meeting, the Board receives a report detailing the revisions that have been made during the quarter.
Are budget revisions made or confirmed by the Board in a timely manner after the collective bargaining agreements are ratified?	Yes	The Board formally approves all budget revisions on a quarterly basis. Any changes made to the budget due to collective bargaining agreements are included in subsequent fiscal reports.
Has the District's long-term debt decreased from the prior fiscal year?	No	In 2002 and 2006, voters approved the District's issuance of $120 and $286.5 M (respectively) in capital bonds. As each portion of the total bonds is issued, the overall debt increases.
Has the District identified the repayment sources for the long-term debt?	Yes	The voter-approved bonds are repaid through tax levies. Per GASB 16, the District funds the current portion of its accrued compensated absences (the District is not obligated to fund the long-term portion). The District compiles an actuarial every two years for GASB 45 post employment health benefits debt and has established an irrevocable trust to meet GASB 45 guidelines.
Does the District compile annualized revenue and expenditure projections throughout the year?	Yes	The Board receives monthly reports comparing the revenues and expenditures to budgeted amounts, and the percentage received/spent (to-date) to the percentage of the year completed.

12. Retiree Health Benefits		
Is this Area Acceptable?	Yes	
Has the District completed an actuarial calculation to determine the unfunded liability?	Yes	The last actuarial calculation was performed in January 2009; a revised actuarial is expected to be completed in Spring 2011. The District's unfunded liability is $262 M.
Does the District have a plan for addressing the retiree benefits liabilities?	Yes	By the end of FY 10-11, the District will have set aside over $58 M toward funding this liability. The District selected a financial advisor, appointed a Retirement Board of Authority, prepared a substantive plan, and has funded $9.1M each year since FY 08-09 into an irrevocable trust.

13. Stable Leadership		
Is this Area Acceptable?	Yes	
Has the District experienced recent turnover in its management team (including Chief Executive Officer, Chief Business Officer, and Board of Trustees)?	Yes	The Chancellor is in her sixth year and has been with the District for over 20 years. The Governing Board has five members, one elected in November 2010; one appointed in March 2011 to complete the remainder of a vacancy due to the death of a board member; one who has served for six years; and two who have served for more than ten years. There was turnover in the leadership of the financial area in FY 2007-08 with positions filled by experienced managers in FY 2008-09.
Does the District compile annualized revenue and expenditure projections throughout the year?	Yes	The Board receives quarterly financial statements on all funds of the district and periodic "Fiscal Trends" reports comparing the revenues and expenditures to budgeted amounts, and the percentage received/spent (to-date) to the percentage of the year completed.

Audit Findings Update

The annual financial audit for the District conducted by Vavrinek, Trine, Day & Co., LLP for FY 08-09 reported five findings, two of which are material findings related to internal controls. In order to keep the Board updated on the progress of implementing policies, procedures and processes to address the audit, the following matrix details the main issues of the audit, the

Audit Findings for FY 2008-09					
2008-09 Audit Findings	Description of Recommendation	District Action	Responsible Managers	Target Date of Completion	Progress
2009-1 Material Weakness	Year End Closing Procedures need to continue to be improved to include all significant accruals are included in Annual Financial and Budget Report	Improve year end closing procedures to insure all significant accruals and adjustments reflect accurate finances	Vice Chancellor Director of Fiscal Services	Closing for FY 2010	Implemented
2009-2 Material Weakness	Payroll Clearing Account balances are not supported by detailed payroll clearing reconciliations.	Implement timely processing, posting, and reconciliation of payroll. Review and validate payroll transactions.	Vice Chancellor Director of Fiscal Services	June 2010	Implemented
2009-3 Significant Deficiency	Bookstore Subsidiary Ledger Reports Accounts receivable and payable detail reports do not agree with amounts reported in trial balances.	District will monitor bookstore transactions on a regular basis.	Vice Chancellor Director of Fiscal Services College Business Officers	June 2010 and ongoing	Implemented
2009-4 Significant Deficiency	District does not have a systematic procedure to document the cost of instructional material required for each class. Instructional material fees charged to students are not documented.	The District will work with the colleges to develop a method to keep track of instructional materials costs and compare charges to fees that are charged students.	Vice Chancellor Director of Fiscal Services College Representatives	June 2010	Not Implemented repeat see 2010-2
2009-5 Significant Deficiency	District is out of compliance with State requirements regarding maintaining evidence of approvals from the principal and parents for the special admit full time and part-time students.	The District will work with the colleges to develop procedures to review and maintain the necessary approvals for concurrently enrolled students	Vice Chancellor Director of Fiscal Services	June 2010	Implemented repeat see 2010-4

Audit Findings for FY 2009-10					
2009-10 Audit Findings	Description of Recommendation	District Action	Responsible Managers	Target Date of Completion	Results
2010-1 Significant Deficiency	Develop and implement a timely process to comply with return of Title IV.	The District will work with the colleges to develop standardized procedures for processing the return of Title IV financial aid funds.	Director of Fiscal Services Financial Aid Directors	June 2011	Implemented
2010-2 Significant Deficiency	Los Medanos College was unable to demonstrate they spent all of the instructional material fees required for one of its courses selected.	The District will work with the colleges to develop a method to keep track of instructional materials costs and compare charges to fees that are charged students.	Associate Vice Chancellor and College Business Officers	June 2011	Repeat 2009-4 In Process
2010-3 Significant Deficiency	Contra Costa College should maintain documentation to support the eligibility of all individuals receiving services through the CalWorks and TANF programs. Student files should be checked to determine that all for required documents are included.	The District will work with Contra Costa College to implement procedures to ensure all student files are complete to include eligibility documentation.	Associate Vice Chancellor and College Business Officers	June 2011	Implemented
2010-4 Significant Deficiency	Contra Costa College was out of compliance with State requirements regarding maintaining evidence of approvals from the principal for the special full time and part-time students and Los Medanos and Contra Costa College exceeded the 10% limit placed on concurrent enrollment on P.E. courses and therefore overstated apportionment by the amount of concurrent students.	The District will work with the colleges to develop procedures to review and maintain the necessary approvals for concurrently enrolled students and limits on enrollment used for FTES reporting in order to be in compliance with the State requirements.	Associate Vice Chancellor and College Business Officers	June 2011	Repeat 2009-5

2011-12 BUDGET DEVELOPMENT ASSUMPTIONS

		10/11 Adoption Budget	2011-12 Scenario #1 Assuming Governor's Budget is Approved	2011-12 Scenario #2-Rebasec June Tax Package Fails--Prop. 98 Funded at Min.	2011-12 Scenario #3 June Tax Package Fails--Prop. 98 Suspended ($899M - 2.39%)	2011-12 Scenario #4 June Tax Package Fails--Prop 98 funded at minimum All-cuts budget	2011-12 Scenario #5 June Tax Package Fails--Prop. 98 Suspended ($899M - 2.55%)
Revenue Increase/Decreases							
Revenue Assumptions							
1a.	**FTES (Resident includes 2.21% FY 10-11 growth)**	29,715	30,405	30,405	30,405	30,405	30,405
1b.	**Workload reduction**		(1,657)	(2,888)	(4,141)	(3,381)	(4,446)
	Revised Resident Base FTES		28,748	27,517	26,265	27,024	25,959
			-5.45%	-9.50%	-13.62%	-11.12%	-14.62%
2.	**FTES (Non-Resident)**	1,978	1,978	1,978	1,978	1,978	1,978
	Add'l Revenue Generated	$9,002,476	$243,067	$243,067	$243,067	$243,067	$243,067
3.	**Student Fee Revenue**	$26	$36	$36	$36	$36	$36
4.	**Deferral**	$832M	$961M	$961M	$961M	$961M	$961M
5.	**COLA**	0.00%	-	-	-	-	-
6.	**Lottery**	$110	$110	$110	$110	$110	$110
	Revenue Generated	$3,486,226	($106,413)	($241,844)	($379,596)	($296,077)	($413,221)
7.	**Deficit**	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
	Reduction in Revenue	($587,566)	($569,903)	($547,422)	($524,556)	($538,419)	($518,974)
8.	**Growth**		1.90%	1.90%	1.90%	1.90%	1.90%
	Growth Revenue Generated (11/12)		$2,629,873	$2,629,873	$2,629,873	$2,629,873	$2,629,873
	(District assumes growth will offset workload reduction)						
			$400M	*$620M*	*$899m*	*$708M*	*$899M*
9.	**Apportionment Revenue Reduction**	0.0%	6.80%	10.54%	14.35%	12.04%	15.28%
	Legislative Revenue Reduction	$0	($10,194,033)	($15,814,209)	($21,530,731)	($18,064,808)	($22,926,103)
	Subtotal, Net Apportionment Workload Reduction		($7,564,159)	($13,184,335)	($18,900,858)	($15,434,935)	($20,296,229)
	Total Revenue Reductions		($7,427,505)	($13,183,112)	($19,037,387)	($15,487,945)	($20,466,383)
Expense Increase/Decreases							
Expenditure Assumptions							
1.	**PERS**	10.70%	12.10%	12.10%	12.10%	12.10%	12.10%
	Expenditure Increases	$3,459,004	$458,618	$458,618	$458,618	$458,618	$458,618
2.	**Workers Comp**	2.05%	1.64%	1.64%	1.64%	1.6985%	1.6985%
	Expenditure Increases	$2,054,750	($408,380)	($408,380)	($335,148)	($335,148)	($335,148)
3a.	**Property and Liability**	1.55%	3.10%	3.10%	3.10%	3.10%	3.10%
	Expenditure Increases	$1,048,000	$32,000	$32,000	$32,000	$32,000	$32,000
3b.	**Student Insurance**	8.82%	8.82%	8.82%	8.82%	27.31%	27.31%
	Expenditure Increases	$181,469	$16,000	$16,000	$16,000	$49,566	$49,566
3c.	**State Unemployment Insurance**	0.72%	0.72%	0.72%	0.72%	1.61%	1.61%
	net of experience charges	$ 773,183	$ -	$ -	$ -	$ 955,740	$ 955,740
4.	**Health and Welfare (H&W)***	8.13%	9.13%	9.13%	9.13%	12.50%	12.50%
	Expenditure Increases	$24,390,989	$2,381,021	$2,381,021	$2,381,021	$3,048,874	$3,048,874
5.	**Long Term Disability (salary continuance)**	0.69%	0.42%	0.42%	0.42%	0.42%	0.42%
	Expenditure Increases	$0	($206,342)	($206,342)	($206,342)	($206,342)	($206,342)
	STRS	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
	Expenditure Increases	$5,461,860	-	-	-	-	-
6.	**Step & Column (Annual Average)**	$1,100,000	$1,262,000	$1,262,000	$1,262,000	$1,262,000	$1,262,000
7.	**Chevron**	$351,025	$702,051	$702,051	$702,051	$702,051	$702,051
8.	**Audit**	$205,600	$20,560	$20,560	$20,560	$20,560	$20,560
9.	**Subsidies for CCC and LMC**	$2,254,280	($602,272)	($602,272)	($602,272)	($602,272)	($602,272)
10.	**Retiree Health Benefit (Annual Contribution)**	$1,000,000	-	-	-	-	-
11.	***Restore DO and DW services reduction**		$588,000	$588,000	$588,000	$588,000	$588,000
	***One-time additional reduction to DO/DW services**		($294,000)	($294,000)	($294,000)	($294,000)	($294,000)
12.	**FTES Adjustment Claim (Athletics/ISAs)**		-	-	-	-	-
	Expenditure Increases		**$3,949,256**	**$3,949,256**	**$4,022,488**	**$5,679,647**	**$5,679,647**
SUMMARY OF STRUCTURAL DEFICIT							
	Revenue Increase/(Decrease)		($7,427,505)	($13,183,112)	($19,037,387)	($15,487,945)	($20,466,383)
	Expense Increase/(Decrease)		$3,949,256	$3,949,256	$4,022,488	$5,679,647	$5,679,647
	FY 2011-12 Structural Deficit		($11,376,761)	($17,132,368)	($23,059,875)	($21,167,591)	($26,146,030)
11.	***Vacation/Bank Load payout**	-	$773,000	$773,000	$773,000	$773,000	$773,000
12.	***Financial impact for significant claims**	-	$750,000	$750,000	$750,000	$750,000	$750,000
			$1,523,000	$1,523,000	$1,523,000	$1,523,000	$1,523,000

Revenue notes:
1a. FY 10-11 Base + Growth $ included in = 30,405 FTES beginning base FY 11-12
Expenditure notes:
1. CalPERS sets rates for the subsequent year each May; the rate for 2011/12 has not formally been set yet and could go higher than estimated
4. Health and welfare rates are estimates based on preliminary information
7. Deficit factor for State apportionment funding is not included in any totals; funds have been/will be budgeted by each location as a reserve per 18.01
8. Growth funding in 2010-11 was not included in the District's Adopted Budget. Budget revisions will include 2.21% growth ($3.1M)
11. Banked load and vacation payoffs will be funded from Fund 29 in 2010-11 and 2011-12, up to the 6-30-10 obligation.

THREE-YEAR BUDGET ASSUMPTIONS

		2012-13 Base=Scen. #4 Prop 98 funded at minimum	2013-14 Base=Scen. #4 Prop 98 funded at minimum	2014-15 Base=Scen. #4 Prop 98 funded at minimum
Revenue Increase/Decreases				
Revenue Assumptions				
1a.	FTES (Resident includes 2.21% FY 10-11 growth)	27,024	27,024	27,024
1b.	Workload reduction	-	-	-
	Revised Resident Base FTES	27,024	27,024	27,024
		0.00%	0.00%	0.00%
2.	FTES (Non-Resident)	1,978	1,978	1,978
	Add'l Revenue Generated	-	-	-
3.	Student Fee Revenue	$36	$40	$45
4.	Deferral	$961M	$961M	$961M
5.	COLA	-	-	-
6.	Lottery	$110	$110	$110
	Revenue Generated	$0	$0	$0
7.	Deficit	0.4%	0.2%	0.2%
	Reduction in Revenue	($538,419)	($269,210)	($269,210)
8.	Growth	0.00%	0.00%	0.00%
	Growth Revenue Generated (11/12)	-	-	-
	(District assumes growth will offset workload re			
		-	-	-
9.	Apportionment Revenue Reduction	0.00%	0.00%	0.00%
	Legislative Revenue Reduction	$0	$0	$0
	Subtotal, Net Apportionment Workload Reducti	$0	$0	$0
	Total Revenue Reductions	($538,419)	($269,210)	($269,210)
Expense Increase/Decreases				
Expenditure Assumptions				
1.	PERS	12.10%	13.00%	13.00%
	Expenditure Increases	-	$291,393	-
2.	Workers Comp	1.6985%	1.6985%	1.6985%
	Expenditure Increases	$0	$0	$0
3a.	Property and Liability	3.10%	3.10%	3.10%
	Expenditure Increases	$32,000	$32,000	$32,000
3b.	Student Insurance	6.93%	6.48%	6.08%
	Expenditure Increases	$16,000	$16,000	$16,000
3c.	State Unemployment Insurance	1.61%	1.61%	1.61%
	net of experience charges	$ -	$ -	$ -
4.	Health and Welfare (H&W)*	12.50%	12.50%	12.50%
	Expenditure Increases	$3,429,983	$3,429,983	$3,429,983
5.	Long Term Disability (salary continuance)	0.42%	0.42%	0.42%
	Expenditure Increases	$0	$0	$0
	STRS	9.25%	9.25%	9.25%
	Expenditure Increases	$662,044	-	-
6.	Step & Column (Annual Average)	$1,262,000	$1,262,000	$1,262,000
7.	Chevron	-	-	-
8.	Audit	$20,560	$20,560	$20,560
9.	Subsidies for CCC and LMC	($602,271)	($602,272)	($447,465)
10.	Retiree Health Benefit (Annual Contribution)	-	-	-
11.	*Restore DO and DW services reduction *One-time additional reduction to DO/DW services	$294,000	-	-
12.	FTES Adjustment Claim (Athletics/ISAs)	-	-	-
		-	-	-
	Expenditure Increases	**$5,114,316**	**$4,449,664**	**$4,313,078**
SUMMARY OF STRUCTURAL DEFICIT				
	Revenue Increase/(Decrease)	($538,419)	($269,210)	($269,210)
	Expense Increase/(Decrease)	$5,114,316	$4,449,664	$4,313,078
	FY 2011-12 Structural Deficit	($5,652,735)	($4,718,874)	($4,582,288)
11.	*Vacation/Bank Load payout	$773,000	$773,000	$773,000
12.	*Financial impact for significant claims	-	-	-
		$773,000	$773,000	$773,000

Five-Year Expenditure Trends