

Chabot-Las Positas Community College District



Board of Trustees Meeting

September 18, 2012

Adoption Budget
Fiscal Year 2012-13

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Business Services*

Presentation Summary

- Budget Requirement
- Governor's Proposal for Fiscal Year 2012-13
- CLPCCD's Response
 - Budget Reductions
 - Contingency Plan for Mid-Year Cuts
 - Parcel Tax (Measure I) on the November Ballot
 - Work of the District Budget Study Group (DBSG)
- Concerns and Budget Risks
 - Propositions 30, 38 and Measure I
 - Borrowing from RUMBL (Retiree Fund)
 - One time Budget Solutions
- Enrollment Data
- Budget –FY 2012-13
- Questions and Comments

Budget Requirement

- Title 5, Sections 58301 and 58305 of the California Code of Regulations require community college districts to:
 - Hold a public hearing on the proposed budget
 - Adopt a final budget on or before the 15th day of September

Governor's Proposal for Fiscal Year 2012-13

The budget act was predicated upon two scenarios:

- New revenues will result through voter approval of the November 6th ballot initiative (Proposition 30)
- And if the initiative does not pass, reductions (mid-year cuts) will be implemented on January 1, 2013

The major components of the 2012-13 California Community College budget are:

- No new reductions unless the November initiative fails
- No proposal to increase student fees
- No Cost of Living Adjustment (COLA) . If funded, would be 3.17%
- \$50 million in growth funding to help restore some of the FTES lost in recent years
- \$159.9 million to buy down system deferrals
- No change to categorical programs

Governor's Proposal for Fiscal Year 2012-13

Continued

- No repeal of SB 361 (Funding Model for CCC's)
- Approval of a new mandates block grant in which Districts opting in will receive \$28 per FTES
- Hold harmless protection from any shortages in RDA-related revenues
- If initiative fails:
 - No Deferral buy-backs (\$159.9 million)
 - No new funding for growth/restoration (\$50 million)
 - Cut in base apportionment of \$338.6 million, nearly 7.5%
 - For CLPCCD, reduction of \$5.2 million or 1,156 Full Time Equivalent Students (FTES)

CLPCCD's Response – Budget Reductions

At the March 30, 2012 DBSG (District Budget Study Group) meeting, the group decided that the three sites (Chabot College, Las Positas College, and District Office & Maintenance and Operations) would cut \$1.5 million each.

At the April 20, 2012 DBSG meeting all three sites presented their \$1.5 million in cuts.

- \$1.5 million in cuts for Chabot College
- \$1.5 million in cuts for Las Positas College
- \$1.5 million in cuts for District Office and Maintenance & Operations
- Achieved using layoffs, reduction in employee hours, elimination of vacant positions, employee contributions toward medical benefits, and furlough days

CLPCCD's Response – Contingency Plan

On August 24, 2012 the District Budget Study Group (DBSG) reviewed, and by consensus approved, a contingency plan to address the \$5.2 million apportionment reduction (mid-year cuts) if Proposition 30 fails. The contingency plan includes:

• Mandated cost revenue included in the May Revise	\$400,000
• SEIU Concessions for 2012-13	\$600,000
• Workload reduction (7.5% reduction in Spring Semester)	\$800,000
• Better than projected ending balance in 2011-12	\$1,300,000
• PG&E rebates received in August	\$1,400,000
• Use of 5% reserve (would leave a 4.2% reserve balance)	<u>\$700,000</u>
Total	\$5,200,000

CLPCCD's Response – Parcel Tax (Measure I)

On July 31, 2012 the Chabot-Las Positas Community College District Board of Trustees adopted a resolution calling for an election for voter approval for an educational parcel tax to be placed on the November 6, 2012 ballot.

- The measure would generate approximately \$5.6 million per year
- The measure would levy \$28 per parcel
- The measure would be for six (6) years
- Would help maintain programs in 2012- 13 and 2013-14

CLPCCD's Response – Work of the DBSG

- Balanced the FY 2012-13 budget
- The district with agreement from the DBSG engaged a consultant, Mr. Mike Hill to assist the DBSG with the following:
 - Develop a budget/financial format agreeable to DBSG
 - Develop a financial tool to help the district in monitoring budget status
 - Lead the DBSG through a process and strategy to come up with a solution to address the current budget deficit (mid-year cuts)
 - develop an allocation model that follows the following guiding principles
 - ❖ is it perceived to be fair?
 - ❖ is it easily understood?
 - ❖ does it work in good and bad times?
 - ❖ does it create the right incentives for performance?

Concerns and Budget Risks

	Pass	Fail	Result
Measure I Proposition 30	✓ ✓		No mid-year trigger cuts ; no cuts to spring semester; restore previous cuts
Measure I Proposition 30	✓	✓	No mid-year trigger cuts
Measure I Proposition 30		✓	No mid-year trigger cuts
Measure I Proposition 30	✓		
Measure I Proposition 30		✓ ✓	Mid-year trigger cuts; additional cuts in 2013-14

Concerns and Budget Risks

Proposition 30: Temporary Taxes to Fund Education

- Raise state's sales tax by 0.25% (one-quarter cent) from January, 2013 – December 31, 2016
- Raise marginal personal income tax rates by 1% to 3% on filers making over \$250,000 (joint filers earning \$500,000) for tax year 2012 through 2018
- Tax increase would count towards Prop 98 guarantee

Proposition 38: Tax to Fund Education and Early Childhood Programs

- Increase marginal personal income tax rates on filers making over \$7,316 (\$14,642 for joint filers) by 0.4%-2.2% for tax years 2013 through 2024
- Revenues would not count toward Prop 98 guarantee

Concerns and Budget Risks - *Continued*

- No direct impact on California Community Colleges
- If it passes with more votes than Prop 30, then the trigger cuts to California Community Colleges take effect

Note: Both measures require simple majority (50% +1). Only one with the greatest number of votes will take effect.

Concerns and Budget Risks

		Amount	On-Going	One-Time
Apportionment Reduction if Governor's Tax Initiative Fails (Prop 30)	\$	5,200,000		
Potential Solutions:				
Mandated Cost Revenue Included in the May Revise	\$	400,000	400,000	
SEIU Concessions for 2012-13	\$	600,000	200,000	400,000
Workload Reduction (7.5% reduction in the spring semester)	\$	800,000	800,000	
Better than projected ending balance in 2011-12	\$	1,300,000		1,300,000
PG&E Rebates in August		1,400,000		1,400,000
Remaining reduction still to be addressed	\$	(700,000)		
Use 5% Reserve		700,000		700,000
Totals			1,400,000	3,800,000

Enrollment Data

Year	Chabot	% Growth	LPC	Growth	Total	% Growth
1997-1998	9,171	(2.0)	4,098	7.3	13,269	0.7
1998-1999	9,636	5.1	4,581	11.8	14,217	7.1
1999-2000	9,868	2.4	4,678	2.1	14,546	2.3
2000-2001	10,005	1.4	4,982	6.5	14,987	3.0
2001-2002	10,569	5.6	5,508	10.6	16,078	7.3
2002-2003	10,928	3.4	6,120	11.1	17,048	6.0
2003-2004	10,326	(5.8)	5,707	(6.7)	16,033	(6.0)
2004-2005	10,477	1.4	5,886	3.1	16,363	2.1
2005-2006	10,367	(1.1)	6,171	4.8	16,538	1.1
2006-2007	10,313	(0.5)	7,089	14.9	17,402	5.2
2007-2008	10,420	1.0	7,186	1.4	17,606	1.2
2008-2009	10,912	4.7	6,591	(8.3)	17,503	(0.6)
2009-2010	11,315	3.7	7,501	13.8	18,816	7.5
2010-2011	10,756	(4.9)	6,744	(10.1)	17,500	(7.0)
2011-2012 (Target)	9,033	(16.0)	6,298	(6.6)	15,331	(12.4)
2012-2013	If Prop 30 fails				14,695	

Adoption Budget 2012-2013 – District General Fund

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$106,778,115
EXPENDITURES	
Total Expenditures	\$106,024,943
NET INCREASE/(DECREASE) IN FUND BALANCE	\$753,172
BEGINNING BALANCE	\$7,016,924
ENDING BALANCE	\$7,770,096

Adoption Budget 2012-2013 – Unrestricted

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$91,423,508
EXPENDITURES	
Total Expenditures	\$90,670,336
NET INCREASE/(DECREASE) IN FUND BALANCE	\$753,172
BEGINNING BALANCE	\$5,887,199
ENDING BALANCE	\$6,640,370

Adoption Budget 2012-2013 – Restricted

REVENUE	
State /Local/Federal Revenue and Transfers	\$15,354,607
EXPENDITURES	
Expenditures and Transfers	\$15,354,607
NET INCREASE/(DECREASE) IN FUND BALANCE	0
BEGINNING BALANCE	\$1,129,726
ENDING BALANCE	\$1,129,726

Adoption Budget 2012-2013 – Cafeteria Fund

REVENUE	
Operations/Commissions and Interest	\$42,435
EXPENDITURES	
Expenditures and Transfers	\$45,173
NET INCREASE/(DECREASE) IN FUND BALANCE	\$(2,738)
BEGINNING BALANCE	\$29,909
ENDING BALANCE	\$27,171

Adoption Budget 2012-2013

Child Development Fund

REVENUE	
State /Local/Federal Revenue	\$1,098,402
Transfers	\$250,846
EXPENDITURES	
Expenditures and Transfers	\$1,349,248
NET INCREASE/(DECREASE) IN FUND BALANCE	0
BEGINNING BALANCE	(0)
ENDING BALANCE	\$(0)

Adoption Budget 2012-2013

Self Insurance Fund (RUMBL)

REVENUE	
Transfers and Interest	\$5,306,797
EXPENDITURES	
Expenditures and Transfers	\$5,296,797
NET INCREASE/(DECREASE) IN FUND BALANCE	\$10,000
BEGINNING BALANCE	\$366,035
ENDING BALANCE	\$376,035

Adoption Budget 2012-2013

Measure B Capital Projects Fund

REVENUE	
Interest	\$365,350
EXPENDITURES	
Expenditures	\$58,000,000
NET INCREASE/(DECREASE) IN FUND BALANCE	\$(57,634,650)
BEGINNING BALANCE	\$168,097,866
ENDING BALANCE	\$110,463,216

Adoption Budget 2012-2013

Capital Projects Fund

REVENUE	
State /Local/Federal Revenue and Transfers	\$6,260,647
EXPENDITURES	
Expenditures	\$6,391,047
NET INCREASE/(DECREASE) IN FUND BALANCE	\$(130,400)
BEGINNING BALANCE	\$6,309,050
ENDING BALANCE	\$6,178,650

Adoption Budget 2012-2013

Special Reserve Funds (Nike Project, COP)

REVENUE	
Interest	\$12,000
EXPENDITURES	
Expenditures	\$594,670
NET INCREASE/(DECREASE) IN FUND BALANCE	\$(582,670)
BEGINNING BALANCE	\$3,426,502
ENDING BALANCE	\$2,843,832

Questions and Comments
