



C H A B O T - L A S P O S I T A S | *Community College District*

Board of Trustees Meeting - June 20, 2017 Tentative Budget Fiscal Year 2017-18

*Lorenzo Legaspi
Vice Chancellor, Business Services
June 20, 2017*

Presentation Summary

- Budget Requirement
- Governor's Budget Proposal for FY 2017-18
- Student Enrollment Data
 - Budget Stability/Decline Restoration
- Major Revenue Assumptions
- Major Expenditure Assumptions
- Budget Allocation Model Summary
- Budgets for District Funds
- Unrestricted General Fund – Ending Balance
- Looking Ahead – Opportunities and Budget Risks
- Questions and Comments

Budget Requirement

- Title 5, Section 58305 of the California Code of Regulations requires community college districts to adopt a tentative budget on or before the first day of July each year.
- Final budget will be presented at the public hearing on September 19 at 6:30 p.m. in District Office board room

Governor's Budget Proposal for FY2017-18

- Proposition 98 – Increased by \$1.1 billion to \$74.6 billion, of which community colleges receive 10.90%.
- Access – \$57.8 million ongoing, which equates to a 1% growth rate
- Cost of Living Adjustment (COLA) – \$97 million ongoing, which equates to a 1.56% COLA
- Base Allocation Funding – \$183.6 million ongoing to fund employee benefits, facilities, professional development, converting faculty from part time to full time, and other general expenses
- Other Apportionment Increases -The May revision includes \$45.8 million on a one-time basis for unused prior-year enrollment growth funding, however these funds might be reallocated for other purposes during legislative negotiations. \$31.7 million in one-time revenue to backfill for lower than estimated RDA (redevelopment agency) revenue

Governor's Budget Proposal for FY2017-18 – *Continued*

- CalGrants - \$5 million ongoing for Full-Time Student Success Grant to provide approximately \$600 per full-time student
- Guided Pathways – \$150 million one-time to assist colleges in integrating Student Success and Support, Student Equity, Student Success for Basic Skills, and Strong Workforce
- California Community Colleges Chancellor's Office (CCCCO) - \$1.1 million in funding to support six positions and a second Deputy Chancellor. The expectation is to shift the mission from regulatory oversight to assisting the districts and colleges in improving student outcomes. The six positions are:
 - 1 administrator in the Institutional Effectiveness Division to implement the Guided Pathways grant
 - 2 information technology specialists and 2 research specialists in the Technology, Research, and Information Systems Division to better support the system's increasing demands for more timely data and research

Governor's Budget Proposal for FY2017-18 – *Continued*

- 1 attorney in the Office of the General Counsel to provide additional legal services
- Proposition 39 - \$46.5 million one-time to support energy efficiency projects; 2017-18 is the final year of the program
- Categorical Program Cost of Living Adjustment - \$5.6 million for a 1.56% COLA for Disabled Student Programs and Services (DSPS) program, Extended Opportunities Programs and Services (EOPS) program, Special Services for CalWORKs Recipients program, and the Child Care Tax Bailout program

Governor's Budget Proposal for FY2017-18 – *Continued*

- Online Education - \$10 million ongoing, no change from January proposal, to expand access to online education; the Governor is asking the CCCCO to develop a proposal by November 2017 for a completely online community college
- Deferred Maintenance and Instructional Equipment – The May revise includes \$135.8 million one-time for this purpose but defers allocation of the funds until the 2018-19 fiscal year
- Equal Employment Opportunity Program - \$1.8 million increase on a one-time basis from FON (faculty obligation number) penalties
- Innovation Awards - \$20 million one-time, no change from January proposal , with focus areas determined by the CCCCO
- Integrated Library Systems -\$6 million one-time

Student Enrollment Data – Full Time Equivalent Students (FTES)

YEAR	CHABOT	% GROWTH	LPC	% GROWTH	TOTAL	% GROWTH
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	9,754	(9.3)	6,442	(4.5)	16,196	(7.5)
2012-2013	9,552	(2.0)	6,651	3.2	16,203	0.0
2013-14	9,698	1.5	6,758	1.6	16,456	1.6
2014-15	10,132	4.5	7,065	4.5	17,197	4.5
2015-16	10,455	3.2	7,185	1.7	17,640	2.6
2016-17 Projected	8,949	(14.4)	6,592	(8.3)	15,541	(11.9)
2017-18 Budgeted	10,200	14.0	7,200	9.2	17,400	12.0

Title 5 § 58776 Budget Stability

Districts shall receive stability funding only in the initial year of decline in FTES in an amount equaling the revenue loss associated with the FTES reduction for that year.

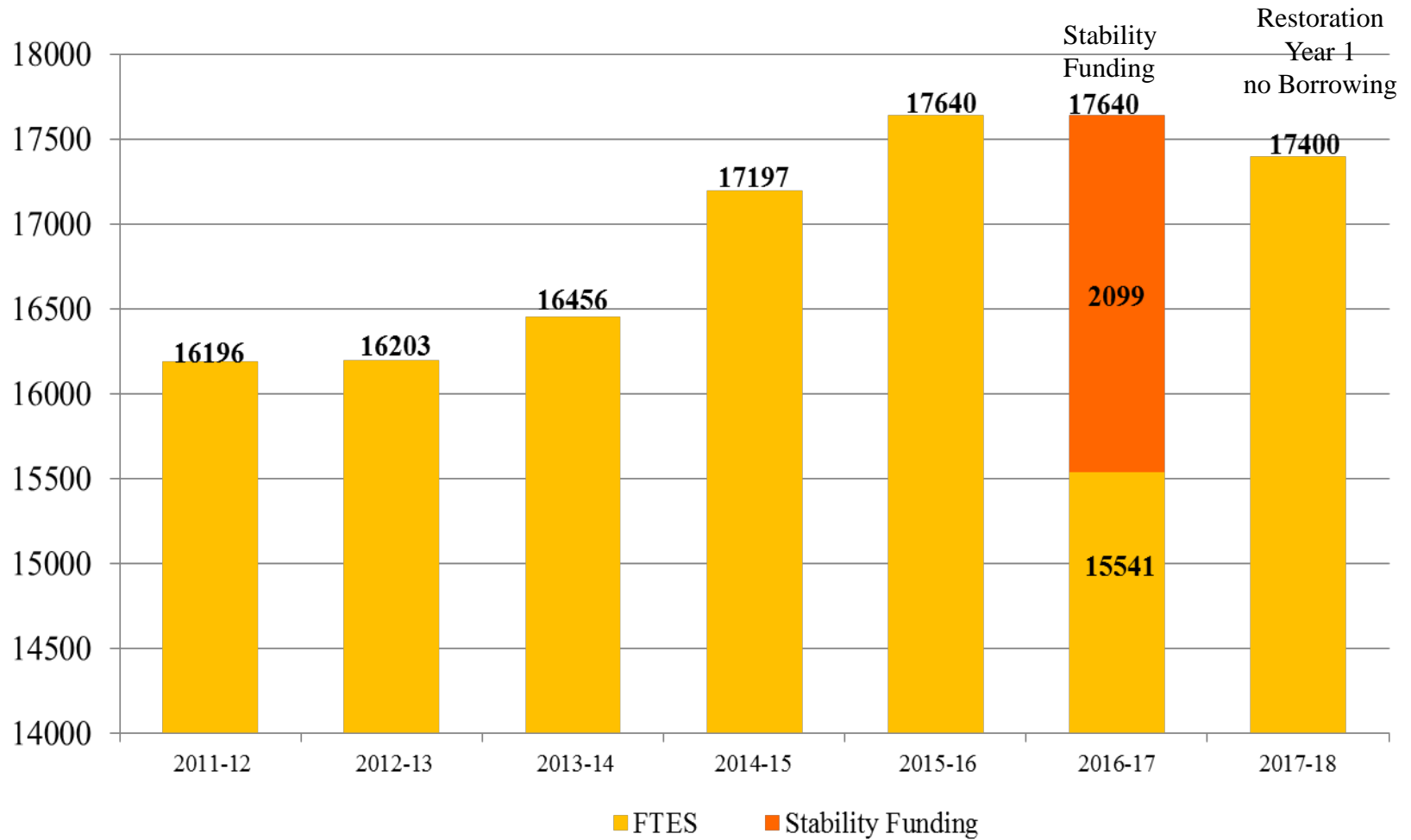
Declines in college FTES that result in a reduction of calculated basic allocation will not cause a reduction in basic allocation base revenue until the third year after the year of the FTES decline, and the basic allocation will not be reduced if the FTES is restored back to or above the pre-decline base.

Title 5 § 58777 Decline Restoration

(a) Districts shall be entitled to restore any reductions in apportionment revenue due to declines in FTES during the three years following the initial year of decline in credit, noncredit, or career development and college preparation FTES if there is a subsequent increase in FTES.

(b) Restoration of revenue for declining workload and the inflation adjustments made between the year of decline and the year of restoration shall be made at the district's current marginal growth funding rate.

Enrollment



Major Revenue Assumptions

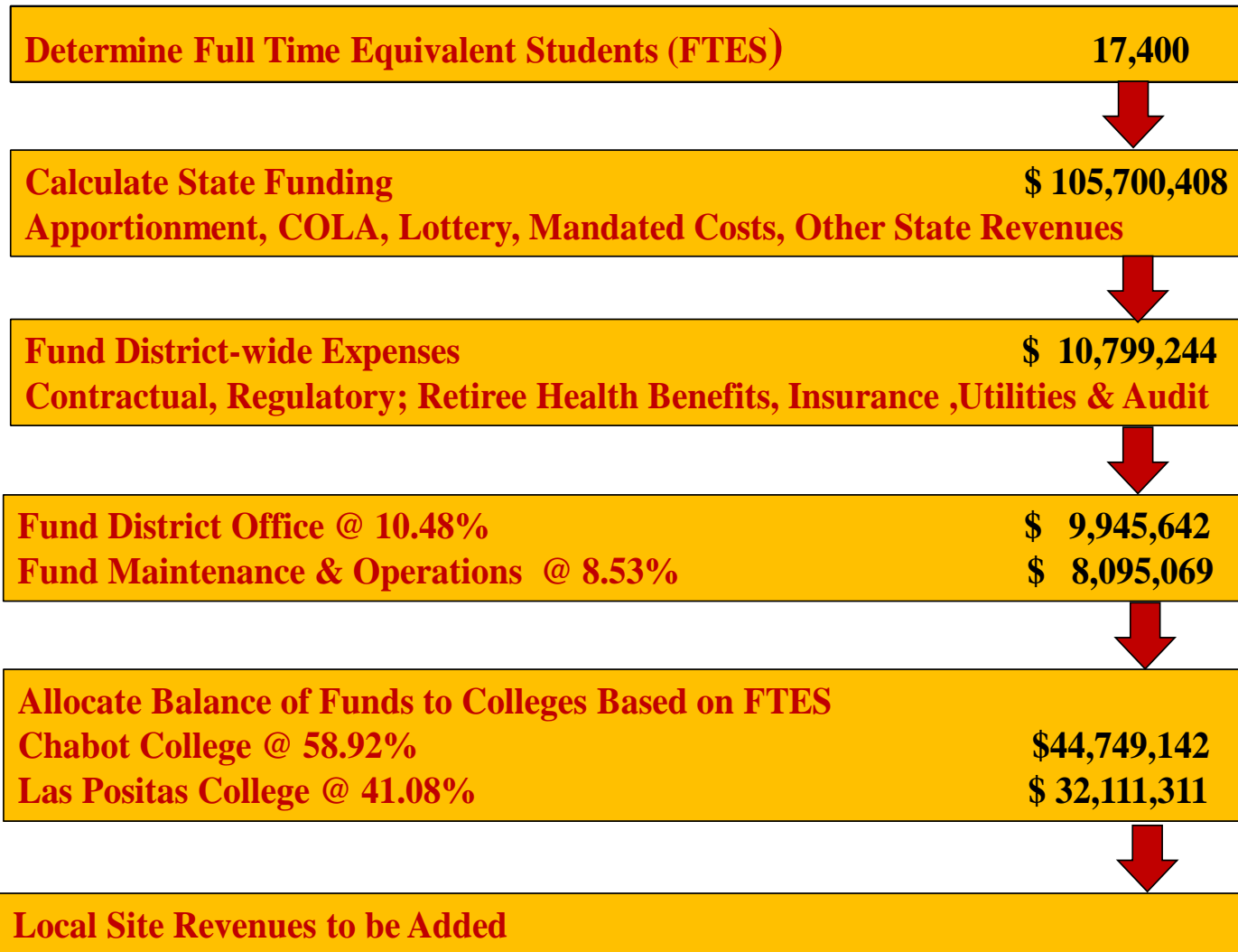
● State Apportionment Funding Rates	
➤ Credit base funding rate per FTES	\$5,006
➤ Non-credit base funding rate per FTES	\$3,010
➤ Credit marginal funding rate per FTES	\$5,084
● Apportionment Revenue	
➤ Basic allocation (size of colleges)	\$7,926,213
➤ Base revenue (17,400 FTES)	\$78,393,371
➤ COLA @ 1.56%	\$1,222,937
➤ Increase in base allocation (based on \$183.6 M)	\$2,751,757
➤ 2015-16 Unallocated Apportionment, 2015-16 rollback, 2016-17 ongoing	\$3,691,357
➤ Restoration	\$8,565,681

Major Expenditure Assumptions

- Based on serving 17,400 FTES
- Salary increase at 3% for faculty
- Step/column and longevity included
- Premium increases for health & welfare, assumes status quo employee contributions
- Retiree health benefits consistent with new actuarial report
- STRS/PERS increased rates
- Utilities budget increased by 5%

Budget Allocation Model- Calculations

BUDGET ALLOCATION



Tentative Budget 2017-2018 – Unrestricted General Fund

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$124,306,122
EXPENDITURES	
Total Expenditures	\$128,313,955
Net Increase/(Decrease) in Fund Balance	(4,007,832)
Beginning Balance	\$25,577,006
Ending Balance	\$21,569,174

Tentative Budget 2017-2018 – Restricted General Fund

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$105,957,933
EXPENDITURES	
Total Expenditures	\$105,553,702
Net Increase/(Decrease) in Fund Balance	\$404,231
Beginning Balance	\$5,895,795
Ending Balance	\$6,300,026

Tentative Budget 2017-2018 – Cafeteria Fund

REVENUE	
Operations/Commissions and Interest	\$57,500
EXPENDITURES	
Expenditures and Transfers	\$20,000
Net Increase/(Decrease) in Fund Balance	\$37,500
Beginning Balance	\$63,507
Ending Balance	\$101,007

Tentative Budget 2017-2018 - Child Development Fund

REVENUE	
State/Local/Federal Revenue Transfers In	\$1,716,787
EXPENDITURES	
Expenditures	\$1,808,502
Net Increase/(Decrease) in Fund Balance	\$(91,715)
Beginning Balance	\$193,168
Ending Balance	\$101,453

Tentative Budget 2017-2018 - Self Insurance Fund (RUMBL)

REVENUE	
Transfers and Interest	\$5,723,442
EXPENDITURES	
Expenditures and Transfers	\$5,698,442
Net Increase/(Decrease) in Fund Balance	\$(25,000)
Beginning Balance	\$4,604,923
Ending Balance	\$4,629,923

Tentative Budget 2017-2018 - Bond Fund

REVENUE	
Interest & Proceeds –Sale of Capital Assets	\$532,608
EXPENDITURES	
Expenditures	\$27,000,000
Net Increase/(Decrease) in Fund Balance	\$(26,467,392)
Beginning Balance	\$50,467,854
Ending Balance	\$24,000,462

Tentative Budget 2017-2018 - Capital Projects Fund

REVENUE	
State /Local/Federal Revenue and Transfers	\$2,705,684
EXPENDITURES	
Expenditures	
	\$2,555,684
Net Increase/(Decrease) in Fund Balance	\$150,000
Beginning Balance	\$6,246,237
Ending Balance	\$6,396,237

Tentative Budget 2017-2018 - Special Reserve Funds (Nike Project, COP)

REVENUE	
Interest	\$15,000
EXPENDITURES	
Expenditures	\$209,000
Net Increase/(Decrease) in Fund Balance	\$(194,000)
Beginning Balance	\$3,090,881
Ending Balance	\$2,896,881

Looking Ahead – Opportunities and Budget Risks

- Enrollment: Stability/Restoration
- Economy/Recession
- STRS/PERS Increases
- Deficit Spending
- Structural Deficit
- Rainy Day Fund
- Proactive vs Reactive: Budget Adjustments

Questions and Comments
