



# Chabot-Las Positas Community College District

## Budget Update

## Convocation August 15, 2011

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Business Services*

# Presentation Summary

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- State Budget
- State Budget: Impact on California Community Colleges and Chabot-Las Positas Community College District
- District Structural Deficit
- Identified Solutions to Deficit
- Outstanding Deficit
- Outlook for Chabot-Las Positas Community College District

# State Budget: Big Picture

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- \$85.9 billion General Fund expenditure
- Majority-vote budget (Prop 25)
- Triggers mid-year cuts to education and other programs
- Solves \$26.6 billion gap identified in January

# State Budget: Big Picture – *Continued*

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## Major Solutions:

- \$11.1 billion in expenditure reductions
- \$11.8 billion in baseline revenue adjustments
- \$2.9 billion in borrowing, shifts, and fund transfers
- \$1 billion in new revenue changes (e.g. new and extended fees, revenue collections)
- \$0.5 billion in local realignment revenue impacts

# State Budget: Details

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- \$150 million in cuts to each, University of California, California State University systems
- \$150 million cut to state courts
- \$200 million in “Amazon” online tax enforcement
- \$2.8 billion in deferrals to K-12 schools and community colleges
- \$300 million from \$12 per vehicle increase in DMV registration fee
- \$150 million from fire fee for rural homeowners
- \$1.7 billion from redevelopment agencies
- \$1.2 billion in higher May and June revenue

# State Budget: Impact on California Community Colleges

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- \$400 million base reduction (workload reduction)
- Increase in student fees of \$10 per unit (from \$26/unit to \$36/unit)
- 0% COLA (statutory COLA is 1.67%)
- Apportionment deferrals continue with a new deferral of \$129 million from Spring 2012 to October 2012
- Extend categorical flexibility through 2014-15

# State Budget: Impact on California Community Colleges

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*Department of Finance will certify in January whether \$4 billion projection is accurate. The “trigger” cuts are essentially in three tiers, based on how much of the extra \$4 billion comes in.*

For community colleges:

Tier 0 (less than \$1 billion): No cuts

Tier 1 (\$1-2 billion): \$30 million apportionment cut, backfilled by an increase in fees of \$10, to \$46/unit

Tier 2 (\$2+ billion): Tier 1 cut and fee increase PLUS a \$72 million additional apportionment cut (workload reduction assumed)

# State Budget: Impact on Chabot-Las Positas Community College District

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- Adopted budget with less than \$2 billion of new revenue, causing triggers to be pulled
  - ➔ *\$387 million net reduction to apportionment*
  - ➔ *\$362 million net budget cut plus \$25 million fee shortfall*

Chabot-Las Positas Community College District

Apportionment reduction: **-\$5,922,000 (6.9%)**



# District Structural Deficit

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State Apportionment Reduction	\$(5,922,000)
District Mandatory Obligations	(3,348,257)
Essential/Critical Needs (net)	(3,026,033)
Projected Budget Deficit	<u><u>\$(12,296,290)</u></u>

# District Mandatory Obligations

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Premium increases for health/medical/dental/vision	\$(1,654,701)
Step/column, longevity, career advancement increases	(715,724)
Premium increases for property and liability insurance	(47,525)
Premium increases for student and athletic insurance	(59,377)
Workers' compensation increase	(57,958)
Unemployment insurance increase	(437,602)
Public Employees' Retirement System (PERS) increase	(100,370)
Increase in utilities	(275,000)
<b>Total District Mandatory Obligations</b>	<b><u>(\$3,348,257)</u></b>

# Identified Solutions to Budget Deficit

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Transfer of Information Technology Expenditure to Measure B Interest Earnings	\$720,000
Dublin Center Lease Revenue	500,000
Reduction In Force	1,500,000
Supplemental Employee Retirement Plan (SERP)	3,000,000
Funded Vacant Positions (estimate)	500,000
State Chancellor's Workload Reduction (estimate) of 1,712 FTES equates to lower adjunct faculty costs	2,650,000
Executive and Administrator Concessions	395,148
<b>Total Identified Solutions to Deficit</b>	<b><u>\$9,265,148</u></b>

# Outstanding Deficit

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Outstanding Deficit	\$(3,031,142)
<b>OTHER POTENTIAL SOLUTIONS</b>	
Labor Concessions	
Reduction In Force	
Reduction In Instructional & Support Services	
<b>Total</b>	<b>\$(3,031,142)</b>

# Outlook for Chabot-Las Positas Community College District

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- We have a structural deficit
- We do not have the 5% reserve for economic uncertainties
- Health and welfare costs continue to increase
- State: revenues coming in below projected – July <\$539 million
  - Possible mid-year cuts
- Nation: market volatility
- Must work together towards a balanced budget