



# Santa Barbara City College Budget Forum

## February 2014

February 20, 2014

IDC 220

8:30 – 9:30 am

February 26, 2014

PS 128

2:10 – 3:30 pm

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# BUDGET FORUM

- Full Time Equivalent Student Restoration Projection
- Comparison of Revenue and Expense for 2011-12 and 2012-13 Actual and 2013-14 Adjusted Budget
- Ending Fund Balances
- 2014-15 Preliminary Budget Assumptions

# FTES Restoration Projection

as of Feb. 18, 2014

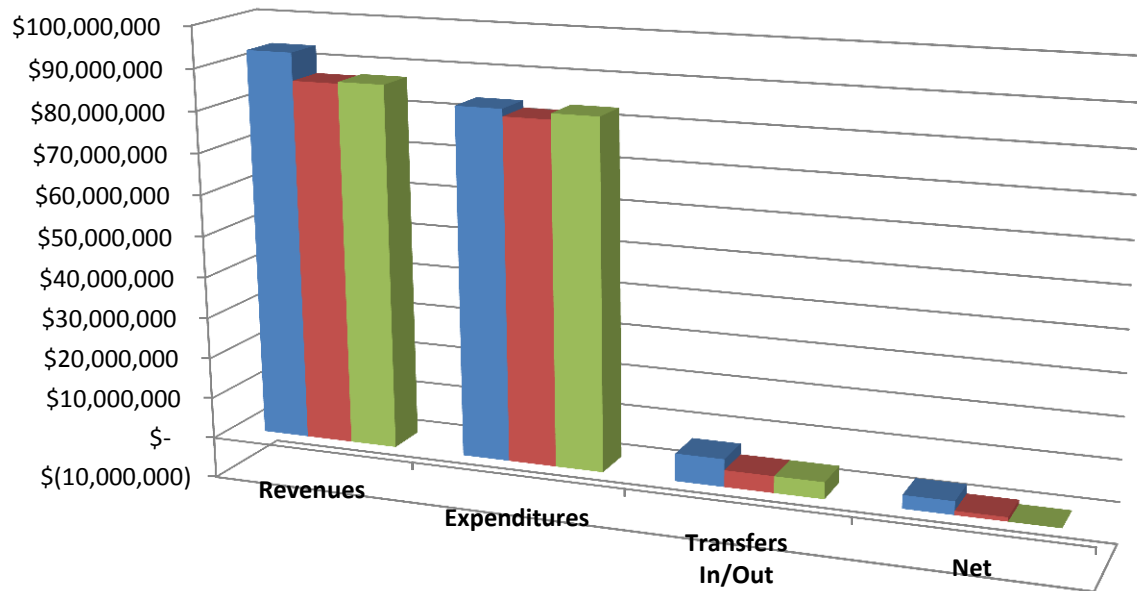
<b>Credit FTES</b>	2012-13 Actual	2013-14 Actual (P1)
Summer	1,047	1,158
Suppress FTES borrowed from previous Summer	0	-680
Second Summer Intersession	0	0
Fall	5,781	6,063
Spring	5,861	6,119
<b>Subtotal Credit FTES</b>	<b>12,689</b>	<b>12,660</b>
<b>Under Cap (borrowed from Summer)</b>	<b>680</b>	<b>844</b>
<b>Funded Credit FTES</b>	<b>13,369</b>	<b>13,504</b>

# GENERAL FUND UNRESTRICTED Comparison

## Comparison by Category

- Revenues flat from 12-13 to 13-14
- Expenditures up, but on budget
- Transfers flat from 12-13 to 13-14
- 2013-14 is projected to break even

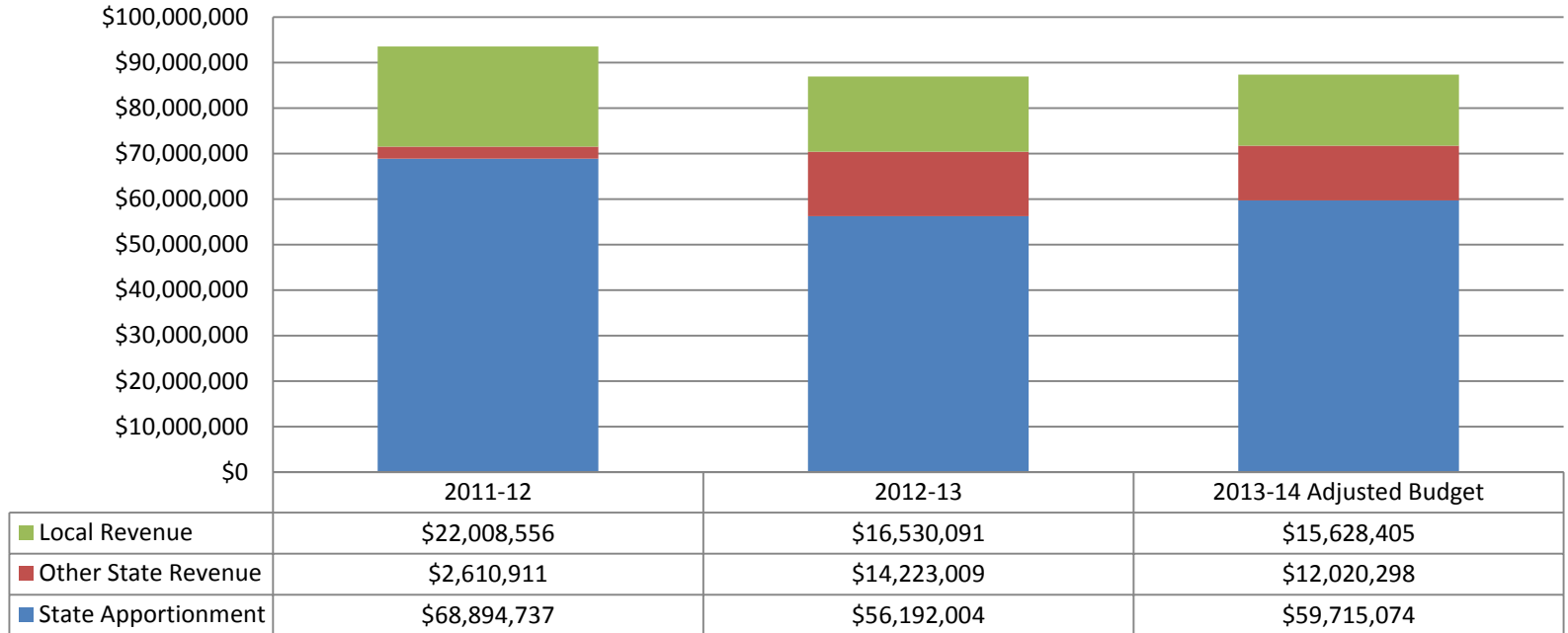
**General Fund Unrestricted Comparison**



	Revenues	Expenditures	Transfers In/Out	Net
■ 11-12 Actual	\$93,514,205	\$83,626,000	\$6,658,297	\$3,229,908
■ 12-13 Actual	\$86,945,104	\$81,897,527	\$4,038,324	\$1,009,254
■ 13-14 Adjusted	\$87,363,777	\$83,348,239	\$4,030,908	\$(15,370)

# GENERAL FUND UNRESTRICTED Revenue Comparison

## Unrestricted General Fund Revenues

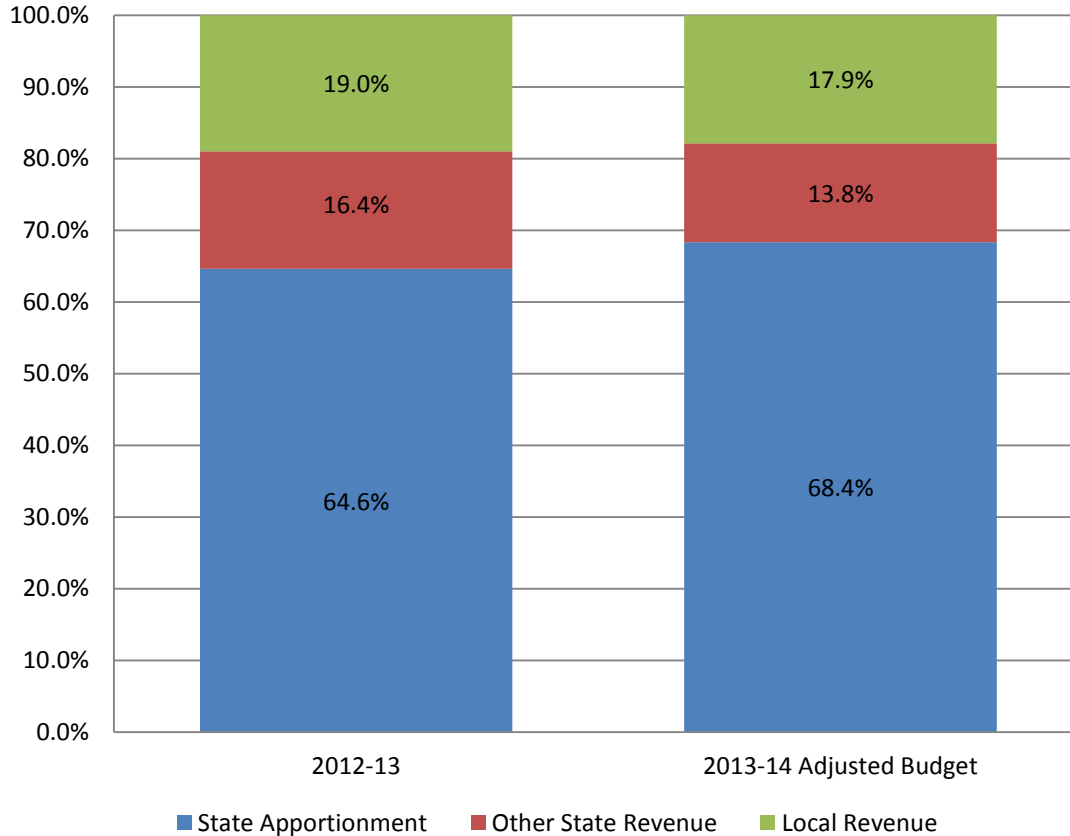


- Local Revenue in 2011-12 includes the one-time \$7 million transfer from Workers Comp Fund
- Local Revenue decline in 2013-14 is due to fee based course revenue being collected in the CLL Special Revenue Fund, instead of Unrestricted General Fund and the planned reduction in International enrollment
- Increase in Other State Revenue from 2011-12 to 2012-13 is from passage of Proposition 30 (Education Protection Act)
- Decrease in Other State Revenue from 2012-13 to 2013-14 is from Education Protection Act shortfall in collected tax revenues

# GENERAL FUND UNRESTRICTED

## Revenue Comparison

REVENUE AS A PERCENT OF TOTAL



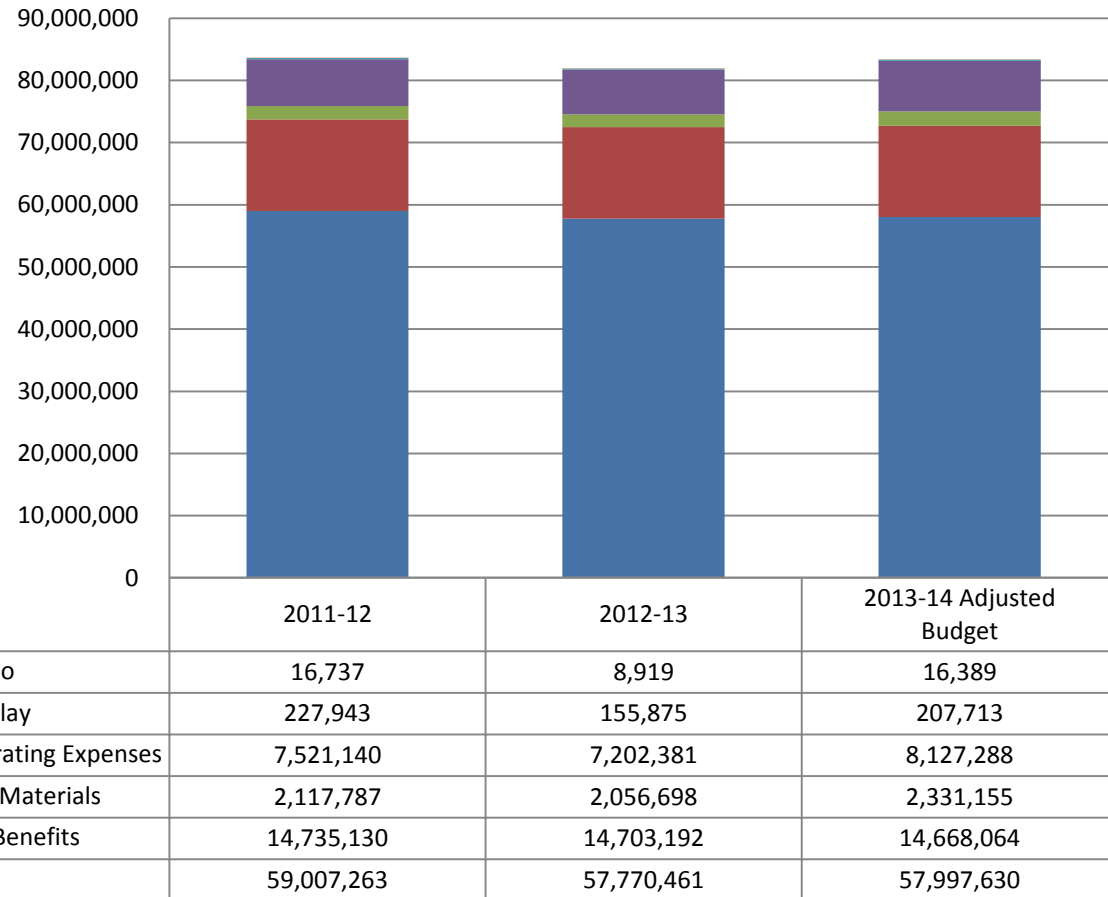
Focus on 2012-13 to 2013-14

- State Apportionment and Local Secured Taxes increase, offset by decrease of RDA revenue
- Other State Revenue decrease of due to EPA shortfall
- Local Revenue decrease of fee based revenue being collected in CLL not GF and planned reduction in International fees
- Also included in Local Revenues are: materials fees, interest income, School of Culinary Arts, energy rebates, etc.

# GENERAL FUND UNRESTRICTED Expenditure Comparison

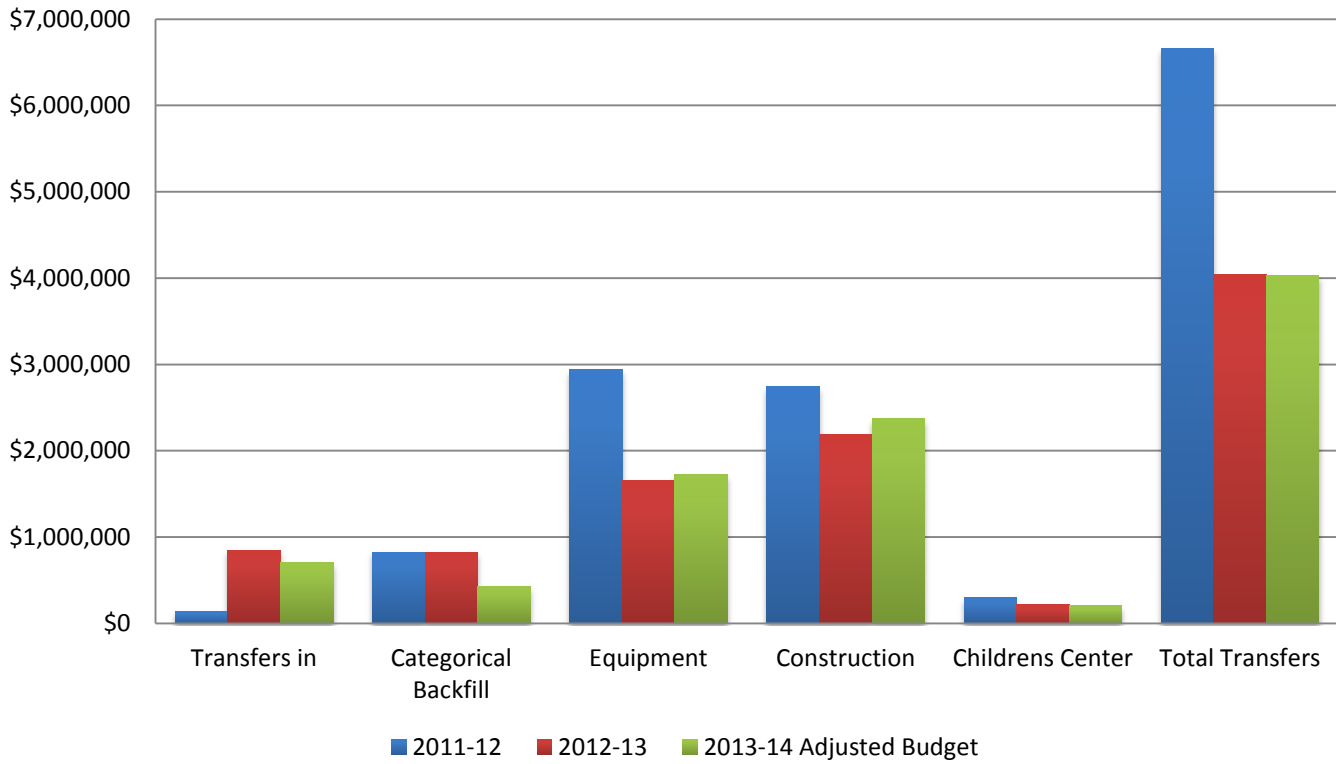
- Other Operating Expenses and Supplies & Materials increase from 12-13 to 13-14 as planned per ZBB
- Salaries in 12-13 included the one-time 3% payment
- Salaries in 13-14 include all negotiated agreements resulting in increases from COLA, Ewing study recalibrations and reclassifications
- Benefits in 13-14 include all negotiated agreements for health care benefits
- Salary decrease from 11-12 to 12-13 is due to open positions in 12-13 and salaries transferred to CLL

## Unrestricted General Fund Expenditures



# Transfers

## Transfers



Total Transfers	
<b>2011-12</b>	<b>\$6,658,296</b>
<b>2012-13</b>	<b>\$4,038,324</b>
<b>2013-14</b>	<b>\$4,030,908</b>

- In 11-12 higher ending balances were allocated to Equipment and Construction
- Transfers to Construction and Equipment for 13-14 are now planned within the budget process
- Decrease in Categorical backfill from 12-13 to 13-14 are due to increase in state funding for Categorical in 13-14



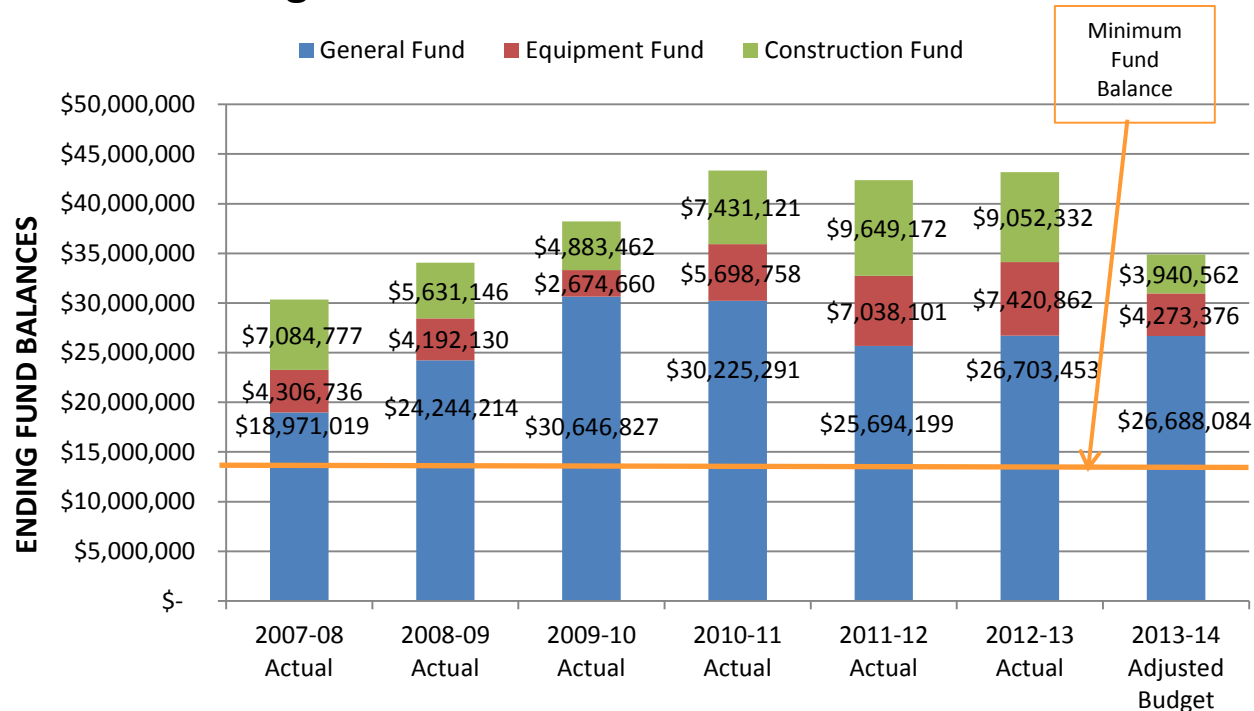
# GENERAL FUND BALANCE

- Ending Fund Balances do not change significantly
- Decreasing deferrals results in increased “Undesignated” reserves

	June 30, 2012 Actual	June 30, 2013 Actual	June 30, 2014 Adjusted Budget
	Ending Balance	Ending Balance	Ending Balance
Fund Balance			
Reserved for Restricted Purpose	\$0	\$0	\$0
Designated:			
State Mandated Contingency (5%)	\$4,226,847	\$4,385,920	\$4,247,449
Banked TLUs	\$1,184,108	\$1,264,593	\$1,264,593
General Apportionment Deferral	\$12,873,524	\$9,499,775	\$8,386,558
Total Designated	<u>\$18,284,479</u>	<u>\$15,150,288</u>	<u>\$13,898,600</u>
Undesignated	\$7,409,720	\$11,553,165	\$12,789,483
Total Fund Balance	<u><u>\$25,694,200</u></u>	<u><u>\$26,703,453</u></u>	<u><u>\$26,688,084</u></u>
% Total Ending Balance/Expenditures	30.7%	32.6%	32.1%
% Designated Ending Balance/Expenditures	21.9%	18.5%	16.7%

# FUND BALANCES

## Ending Balances with Minimum Fund Balance



- The Minimum Fund Balance is 5% of the Unrestricted General Fund expenditures of \$4.2 million, accrued TLU overload of \$1.3 million, and deferrals of \$8.4 million, totaling \$13.9 million for the 2013-14 Adjusted Budget.
- Reduction in total fund balance is a result of spending down Equipment and Construction funds on deferred needs.

# 14-15 Budget Assumptions

## Revenue

- COLA increase of 0.86% ( $\$48.5 \text{ million} \times 1.3\% = \$630,500$ )
- 3% enrollment growth/workload restoration ( $\$155.2$  million for CCC's). No growth budgeted for SBCC.
- No increase to community college enrollment fees
- Increase Education Protection Act funds to eliminate shortfall of \$100 per FTES requirement. ( $\$100 \times 14,251 = \$1,425,100$ ). It is unknown how much deficit factor will be offset by state.
- Deficit factor will be budgeted at 1%.
- No change to state funding level of the Mandate Block Grant. Funding remains at \$28 per FTES.
- International and out of state enrollment fee revenues are expected to remain flat due to reductions in enrollment (in 2013-14) offset by increase of enrollment fee rate (in 2014-15).
- Lottery revenue is expected to remain at the same levels as the prior year.

# 14-15 Budget Assumptions Expenditures

## Assumptions with Estimates:

- Minimum wage increases from \$8.50 to \$9.00, effective June 11, the district will increase hourly wages by 5.88% at each level, resulting in an increase of approximately \$125,000
- Classified staff who are also employed as adjunct instructors will be paid at a blended overtime rate, increasing instructional expenses by approximately \$100,000 per year
- 3 instructors to be hired in 2014-15, increasing instructional expenses by approximately \$180,000
- COLA increase of 0.86% applied to all salaries, approximately \$500,000

# 14-15 Budget Assumptions Expenditures

## Assumptions without Estimates:

- Instructors salary tables may be adjusted as a result of the Ewing study
- Classified Staff salary expense increases included in Program Review
- Hourly salary expense increases included in Program Review
- Opportunity to convert 10 or 11 month employees to 12 month employees will result in an increase of classified salaries and benefits
- Adjustments to supplies and operating expense budgets
- State unemployment, CalSTRS, CalPERS, workers compensation rates will change
- Health insurance benefit costs will increase

# 14-15 Budget Assumptions

## Cash Flow

- Starting with the current year, the Governor proposes to move up the backfilling of any RDA funding shortage to April 15, to minimize any impact to local apportionments. This shifts the funding of \$38.4 million in 2013-14 and \$35.6 million in 2014-15.
- \$592.4 million to eliminate cash deferrals: Improving economy increased minimum funding required for K-14 by \$3.4 billion for 2012-13 and 2013-14. Combined with \$2.7 billion in revenue for 2014-15, the state will pay down all K-14 deferrals, totaling \$6.1 billion (\$592.4 million to community colleges).

# 14-15 Budget Assumptions Transfers

- Categorical programs (EOPS, DSPS, and SSSP), the amount needed to backfill from the General Fund is approximately \$425,000.
- Transfer to the Children’s Center Fund is \$209,000.
- Transfer to the Construction Fund for ongoing campus maintenance of \$2.0 million.
- Transfer to the Construction Fund for loan payments to the California Energy Commission for the photovoltaic system loan is \$191,846 and for lighting program loan is \$91,940. These amounts will continue for the life of the loans (ending in 2024 and 2021).
- Transfer to the Equipment Fund is \$1.5 million for equipment replacement and \$155,000 for copier replacement.
- Transfer in from the “I Can Afford College” State Financial Aid Media campaign grant is a pass through of funds that the College manages for the chancellor’s office.

A scenic photograph of a coastal area with a green lawn in the foreground, palm trees, and a blue ocean under a clear sky. The title 'Budget Development Timeline' is overlaid in red text with a red underline.

# Budget Development Timeline

## Progress of 2014-15 Budget Development:

- Governor's Budget Proposal published in January
- Labor Budget reports have been returned and Salary Model is being updated by Accounting
- Non Labor Budget spreadsheets are distributed and must be updated and approved by area VP's by March 10
- Program Review ranking in progress



# Budget Development Timeline



## Upcoming 2014-15 Budget Development:

- Classified Staffing proposals submitted by April 1<sup>st</sup>
- Program Review – CPC 1<sup>st</sup> reading April 1<sup>st</sup>
- Program Review – CPC 2<sup>nd</sup> reading April 15<sup>th</sup>
- Tentative Budget – CPC 1<sup>st</sup> reading May 6<sup>th</sup>
- Tentative Budget – CPC 2<sup>nd</sup> reading May 20<sup>th</sup>
- Approval of Tentative Budget – Board of Trustees  
June 26<sup>th</sup>
- Approval of Adopted Budget – Board of Trustees  
August 21<sup>st</sup>

## Wrap Up

- Governor's Budget proposal in January was positive for CCC's
- Revenues and expenses for 13-14 are on target with budget
- General Fund Unrestricted Ending Fund balance remains flat
- 14-15 Budget development process is well underway
- Governor's May Revise will provide clarity on 14-15 Budget Assumptions