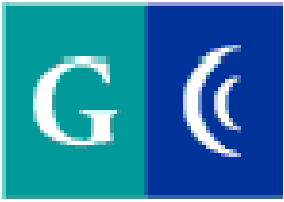




GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

2011/12
Tentative
Budget Workshop
June 14, 2011



Budget Priorities

**Budget Planning Linked to Strategic Areas of Focus
And Values Students, Employees & Our Community**

- **Protect The Learning Core – *Students First***
 - **Student Access**
 - **Learning and Student Success**
- **Balance Needs of Employees with Needs of Students**
 - **Value and Support of Employees**
- **Fund Structural Commitments & Fixed Increases**
 - **Fiscal and Physical Resources**
- **Maximize Potential Revenues**
 - **Fiscal and Physical Resources**
 - **Economic and Community Development**
- **Address Accreditation, Legal & Fiscal Stability Challenges**
 - **Fiscal and Physical Resources**



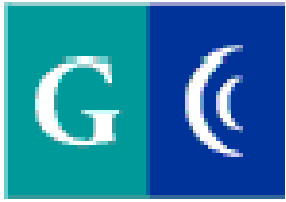
Total Tentative Budget

➤ Today's Workshop

- PowerPoint Presentation
- Tentative Budget Packet

➤ Total Budget \$172,887,334

○ General Fund:	<u>11/12 TB</u>	<u>10/11 TB</u>	<u>09/10 TB</u>
Unrestricted Fund	\$102.9 m	\$104.0 m	\$106.8m
Restricted Fund	<u>19.1 m</u>	<u>19.8m</u>	<u>22.8m</u>
Total General Fund	\$122.0 m	\$123.8m	\$129.6m
Other Funds	<u>50.9 m</u>	<u>66.6m</u>	<u>111.8 m</u>
Total Budget	<u><u>\$172.9 m</u></u>	<u><u>\$190.4m</u></u>	<u><u>\$241.4m</u></u>



Budget Message 2011/12

- **State Budget Challenges are Unresolved**

- **Tentative Budget is presented for Governing Board approval in June:**
 - Required by Education Code by 6/30 each year
 - Required to continue operations on July 1st
 - Required to fund commitments for new fiscal year



State Overview

➤ **January Governor's Budget**

- “tough budget for tough times”
- Budget Shortfall of \$26.6 billion
- \$12.5 billion in spending reductions
- \$12 billion in revenue extensions and modifications
- \$1.9 billion in other solutions

➤ **May Revise**

- Budget gap has been reduced from \$26.6 billion to \$10.8 billion:
 - Significant legislative actions in March approved to cut \$14 billion
 - Increase in revenue of \$6.6 billion for 2010-11 and 2011-12
 - \$3.6 billion additional cost and \$1.2 billion budget reserve
- Focus more on “wall of debt” - \$35 billion in borrowing
- 5-year plan to reduce the debt starting with buying back \$3 billion in education deferrals



California Community Colleges

➤ **January Governor's Budget**

- 3 budget scenarios – from \$400 million to \$1.085 billion in apportionment reductions & census reforms
- Student fee increase from \$26 per credit unit to \$36 per credit unit - \$110 million additional revenue
- 1.9% enrollment growth - \$110 million funded by student fee increase
- Additional \$129 million inter-year funding deferral – total deferral \$961 million
- \$14.8 million for GCCCD – 29.41% of State General Apportionment

➤ **May Revise**

- No enrollment growth and no census reforms
- 2 budget scenarios – from \$400 million to \$600 million in apportionment reductions
- \$25 million student fee revenue shortfall
- Buyback of \$350 million in inter-year deferrals – total deferral \$611 million
- \$9.4 million for GCCCD – 18.7% of State General Apportionment



GCCCD Impact Scenario B

	January's Budget	May Revise
Potential Net Reductions	\$8.1 M	\$8.3M
Workload FTES Reductions	9.1%	10.05%
FTES Reduction s	(1,668)	(1,842)
FTES CAP	16,659	16,485



Budget Steps

Steps are overlapping but have different deadlines

STEP 1 - Develop & Balance Tentative Budget

- Estimate revenue and structural cost increases
- Balance with operational reductions – no deficit spending

STEP 2 - Close out 2010/11

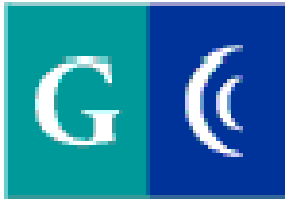
- Ending balances partially mitigate 2011/12 cuts

STEP 3 – Develop Adoption Budget

- Update revenue
- Anticipate deeper cuts which will require further reduction strategies

STEP 4 - Prepare for Potential Deeper 2011/12 Mid-Year Cuts

- Anticipate slow state fiscal recovery over the next few years



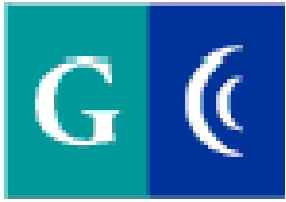
Tentative Budget Assumptions (Scenario B)

➤ **REVENUE**

- No COLA
- No Growth
- \$8.1 million in apportionment reduction
- 4% budget deficit
- One-time 10/11 funds dedication via April Board action
- Beginning balances at prior year TB level

➤ **EXPENDITURES**

- 9.1% FTES workload reduction
- Fund contractual & fixed cost increases
- Fund limited number of approved positions of critical staffing plan
- All other vacant positions are not funded
- Reduce benefits cost by \$500,000



Unrestricted General Fund 2011/12 Shortfall

Projected Income	\$ 87.6 m
Projected Expenses	\$110.4 m
Base Budget Requirement <i>(including open positions)</i>	\$107.8 m
Projected Increased Cost*	<u>\$2.6 m</u>
	\$110.4 m

Shortfall **\$22.8 m**

**Step & Column, Utilities, State Unemployment,
PERS, Health Benefits increase offset by \$.5 m reduction
& Critical Restricted Program backfill*

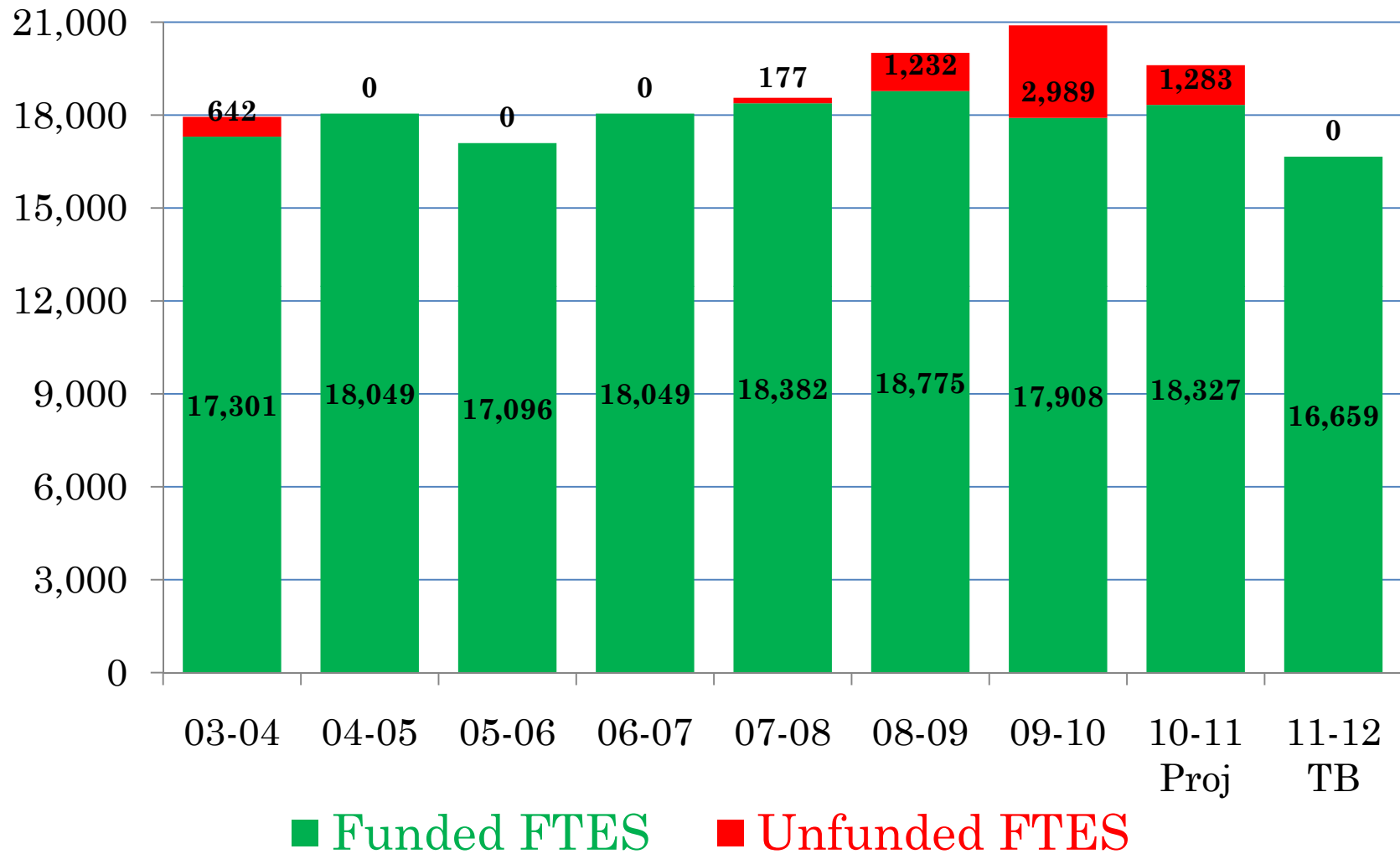


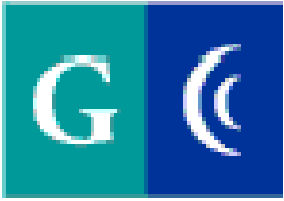
TB Solutions to address the Shortfall

Beginning Balances	\$2.2 m
One-Time 10/11 Funds – April Board Action	8.2 m
Sections Reduction	3.0 m
Unfunded Open Positions	8.0 m
Reduce Benefits Cost	.5 m
DW & DS 4% Reductions	.6 m
Delay Facilities Projects	.3 m
Total Solutions	<u><u>\$22.8 m</u></u>



FTEs History & Projections





Vacant Positions

➤ Total Vacant Positions	192
➤ Approved Positions to be Delayed	21
➤ Approved Positions to be Hired	15



Site Allocations

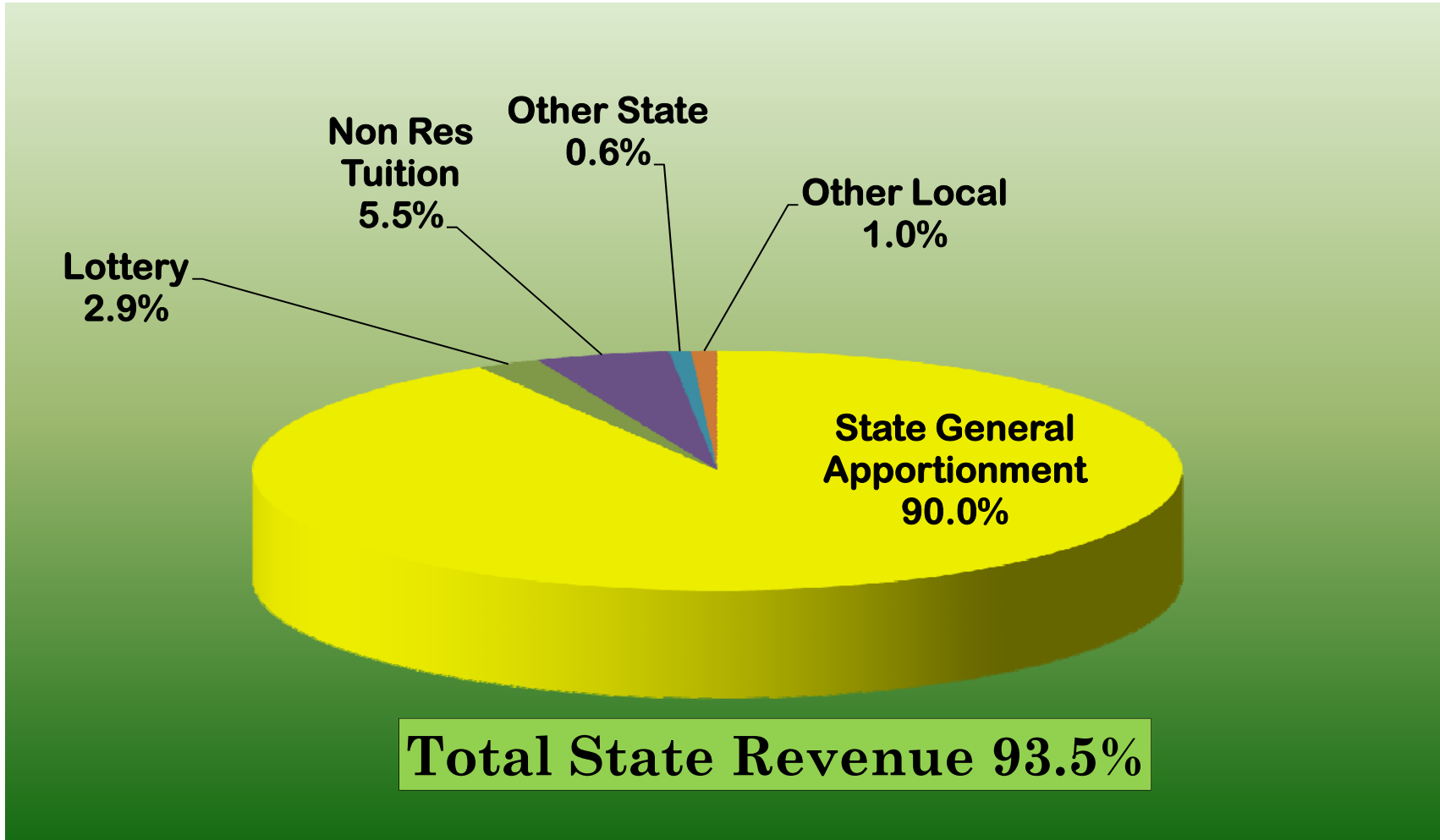
Unrestricted General Fund

Total Funds Available	\$102,959,476
Less 5% Contingency Reserve	(4,930,670)
Total Formula Allocation	<u>\$ 98,028,806</u>

Grossmont College	\$ 58,221,337	Page 14
Cuyamaca College	25,972,169	Page 18
District Services	9,918,296	Page 22
Districtwide Commitments	3,917,004	Page 26
Total Allocations	<u>\$ 98,028,806</u>	

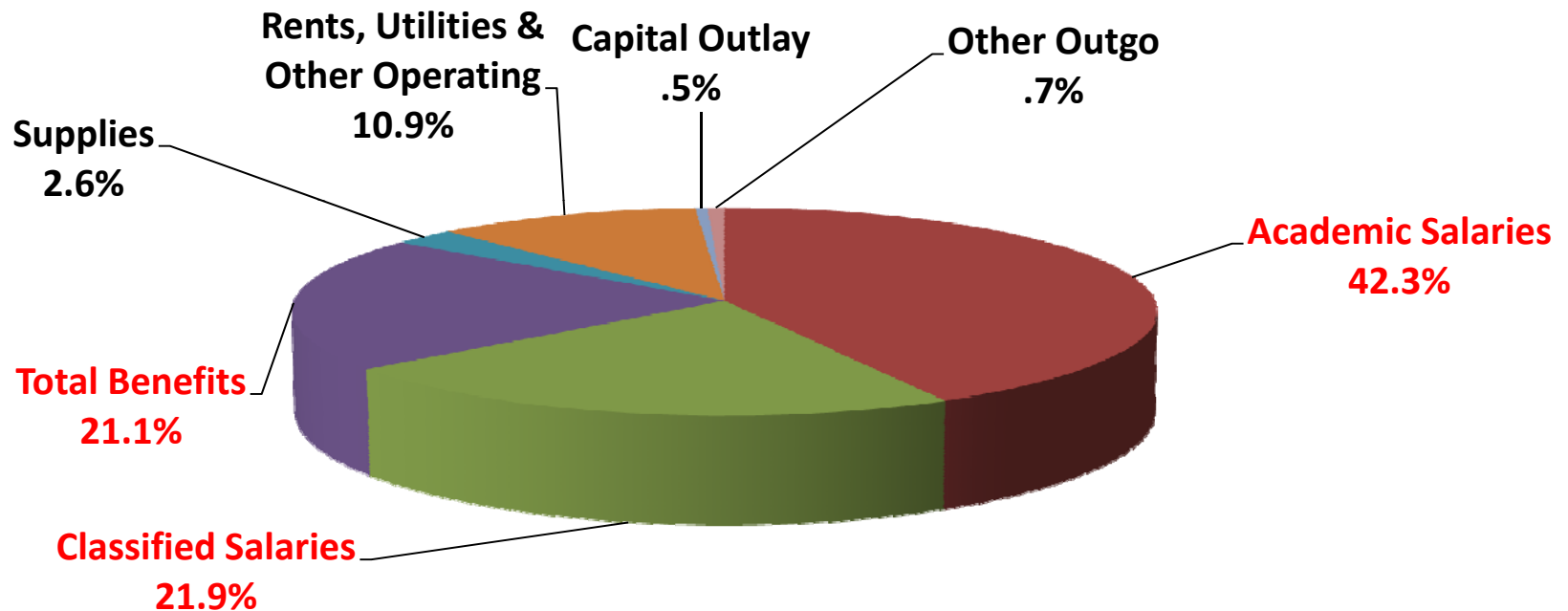


Unrestricted General Fund Revenue - \$87.6 m – Page 6





Unrestricted General Fund Budget Expenditures – Page 10



Operational Costs	14.7%
Total Compensation	85.3%



SUMMARY

Step 1 Approve 2011/12 Tentative Budget

- Tentative Budget must be approved
- Going to the Board for approval June 21st
- Continue operations July 1, 2011

Step 2 Close Out 2010/11

- Final revenue & expenditures
- Balances will help 2011/12

Step 3 Develop 2011/12 Adoption Budget

- Reduction scenarios must address impacts

Step 4 Plan for Mid-Year Cuts & Slow Recovery

- Experts suggest to budget with caution
- Planning & open communication will continue
- Unclear how State will allocate cuts

