

San Bernardino Community College District

September 15, 2011 Final Budget



Agenda

- New “Best Practice” Format
- State Budget Update
- Budget Assumptions & Highlights
- Resource Allocation Model 2011-12
- Student Access and Success
- Enrollment

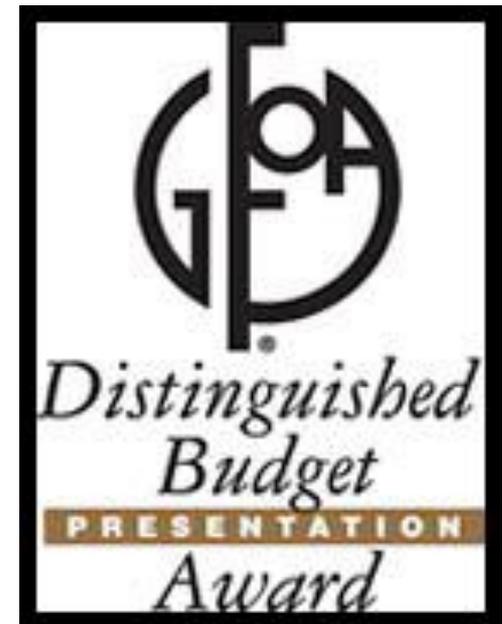
Agenda

- Fund Balance
- Other Post Employment Benefits (OPEB)
- 2012-13 Budget Challenges
- Next Steps
- Questions

New “Best Practice” Format: Government Finance Officers Association Distinguished Budget Presentation Award

The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting.



State Budget Update

- \$400M revenue cut to community colleges
- \$110M revenue increase
 - \$26 per unit to \$36 per unit
- Net cut of \$290M to community colleges
- Additional \$129M deferral state-wide
 - Total state deferrals now at \$961M

State Budget Update

- No funding for growth or cost-of-living adjustment (COLA)
- No restoration of prior categorical reductions
- Assumes \$4B additional state revenue
- Includes trigger cuts if not materialized (Tier 1, 2 triggers)

Budget Assumptions & Highlights

- Worst Case Scenario
 - Budget assumes all positions filled
 - Vacancies during the year will generate savings
- General Fund – Unrestricted
 - Revenues: \$71,262,738
 - Expenditures & other financing sources: \$74,542,477
 - Net shortfall: **-\$3,279,839**
- Total of **\$15.4M** inter-year funding deferral

Budget Assumptions & Highlights

- State funds 13,064 full-time equivalent students (FTES-Tier 2)
- Enrollment target for SBCCD is 13,456 FTES
- Unfunded budgeted enrollment of 392 FTES is \$412,000
- District budget committed to student success initiatives and district strategic planning is \$500,000
- Total district budget committed to student access, student success, and strategic planning is \$912,000

Resource Allocation Model for 2011-12

- Colleges receive District revenues from state
 - Base revenues received in whole for each college based on size of college
 - FTES revenues split 70/30 for SBVC and CHC, respectively
- Colleges receive revenues from other sources (no split in some cases)
- Total revenues prior to District – Central Services assessment
- Colleges assessed for District – Central Services
 - Fiscal Services
 - Police
 - Technology
 - Human Resources

Resource Allocation Model for 2011-12

- Colleges assessed for District – Central Services (cont.)
 - Economic Development and Corporate Training
 - KVCR
 - Property and liability insurance, prior-year supplemental employee retirement plans (SERP), GASB 45/other post employment benefit (OPEB) obligation
- Net College Allocations
- College Budgets
- Excess/(Structural Deficit): Net college allocation minus the college budgets

Resource Allocation Model for 2011-12

Structural deficit of \$1.9M for SBVC for 2011-12

- \$1.9M of the \$5.1M 2010-11 savings to be used for the 2011-12 Budget
- 2011-12 Budget balanced
- \$3.2M SBVC Fund Balance

Structural deficit of \$1.9M for CHC for 2011-12

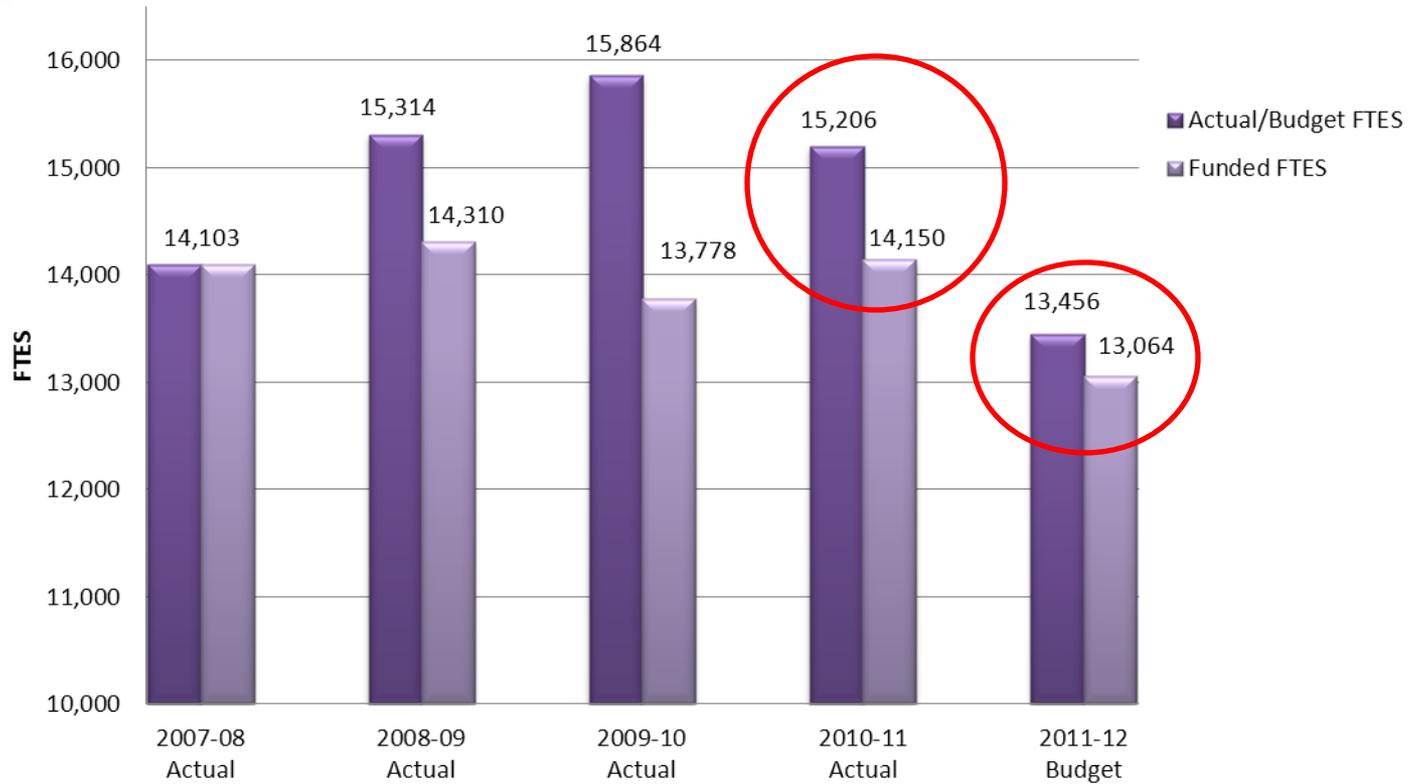
- \$1.5M from 2010-11 savings of \$1.5M to be used for the 2010-11 Budget
- 2010-11 Budget deficit of \$360K
- CHC is expected demonstrate savings and balance the 2011-12 Budget

Student Access and Success

- To meet state funded amount, must reduce 587 sections, or **-14.1%**
- Discussion – Too steep a cut, what about providing access?
- What do we do about student success?
- Final budget – restore 103 sections beyond funded amount at a cost of \$412,000 (restores 18% of 587 section potentially cut)
- Develop Student Success Initiatives Plan with the Academic Senates and College Administration
- Projects funded through the District Office using one-time funds
- Provide a balance of both student access and success

Enrollment

Full-Time Equivalent Students (FTES)



FTES Over Base
% Over Base

0.0%

1,004
7.0%

2,086
15.1%

1,056
7.5%

392
3.0%

Enrollment

Description	Funded 2011-12 Tier 2	Budget 2011-12	Variance Budget 2011- 12/ Funded 2011- 12 Tier 2	Estimated Budget Unfunded (Adjunct Rate of \$4,000/ Section)
FTES	13,064	13,456	392	-\$412,000
Sections	3,428	3,531	103	-\$412,000
Head Count	35,142	36,197	1,055	-\$412,000

***Proportionate to current
productivity ratios**

Enrollment

Description	Funded 2010-11	Actual 2010-11	Funded 2011-12 Tier 2	Budget 2011-12 3% Over Funding Amount	Variance Actual 2010-11/ Funded 2011-12	Variance Actual 2010-11/ Budget 2011-12
FTES	14,150	15,206	13,064	13,456	-2,142	-1,750
Sections	*3,736	4,015	3,428	3,531	-587	-484
Head Count	*38,299	41,159	35,142	36,197	-6,017	-4,962

*Proportionate to current productivity ratios

Fund Balance

Beginning Fund Balance, July 1, 2010

\$18,705,000

2011 Fund Balance Contribution

\$6,975,000

Ending Fund Balance, June 30, 2011

\$25,680,000

Projected Use of 2010-11 Excess for 2011-12

-\$3,280,000

Ending Fund Balance, June 30, 2012

\$22,400,000

Fund Balance% of Budgeted Expenditures

30.0%

\$15.4M “Deferral Factor” resulting in a \$7M Fund Balance, Fund Balance%

9.95%

Other Post Employment Benefits (OPEB)

Required by GASB 45, OPEB is other employer paid benefits for retirees, except for pension (hence, the “Other”) and includes health, dental, and life insurance.

District total liability as of 8/1/09 was **\$8,338,911**. The District makes “contributions” to gradually meet this obligation.

2010-11 End-of-Year OPEB Liability

\$1,100,000

2011-12 Budget Year Liability per Contribution Schedule

\$1,000,000

Total OPEB Liability for year-end 2011-12

\$2,100,000

2011-12 OPEB contribution for toward \$8,338,911 liability

-\$500,000

2011-12 OPEB contribution toward current year liability

-\$500,000

Total OPEB Liability for year-end 2011-12

\$1,100,000

2012-13 Budget Challenges

2012-13 Budget Challenges

No Increase in Federal, State, and Local Revenue

\$0

Annual Salary Increases

(\$600,000)

Fill Select Faculty/Staff Vacancies

(\$500,000)

Title V Grant Obligations

(\$200,000)

Increased Medical and Dental

(\$650,000)

GASB 45/OPEB Liability

(\$1,100,000)

Structural Deficit from 2011-12

(\$3,750,000)

Total Budget Challenge

(\$6,800,000)

Next Steps

Develop Transition Plan for 2012-13 and Beyond

- Assess state budget
- Evaluate enrollment
- Evaluate organizational structure
- Evaluate all district positions
- Develop plan to structurally balance budget to minimize or mitigate future utilization of fund balance



Questions?