San Joaquin Delta Community College District

FINAL ADOPTED BUDGET 2013-14

Raquel Puentes-Griffith, Controller
Board of Trustees Meeting
September 10, 2013
Agenda

- Overview, Assumptions and FTES
- Changes from Tentative to Final Budget
- Three Year Budget Model
- Future Considerations
State and District Overview

- **State Budget – Stable for the short-term; Long-Term?**
  - On time and balanced budget
  - Watch for “supplemental” revenues (RDA/Prop 30) exposure
  - CC System looking for permanent augmentation after Prop 30 temp revenues expire

- **District Budget – Cautiously optimistic**
  - Balanced budget for 2013-14 with strategic resource reinvest approach
  - Addressed long-term obligations with funding plans
  - Acknowledge that future solutions are needed to manage significant annual inflationary costs that automatically rise
  - Operating deficit projected in 2014-15
### Major Budget Assumptions 1 – 4

1. The budget assumes $177 million System restoration based on the Governor's Budget Proposal for a total ongoing increase of $2.3M divided between COLA (1.57% $1.2M) and workload restoration (1.63% $1.1M).

2. The 2013-14 FTES target is 16,100. It assumes a 1.63% workload restoration of 247 FTES for a funded FTES target of 15,442. This includes a slight margin to capture additional restoration funds if available in 2013-14. The difference between the total FTES target of 16,100 and the funded target of 15,442 is non-resident and apprenticeship FTES which are funded separately.

3. The budget reflects 3 additional faculty positions at $360,000 and an increase of $842k to the part-time faculty budget to achieve the FTES target in 2013-14. The amount will be converted in the subsequent budget year to offset a majority of the cost for 10 additional new faculty and prepare for the increase in the FON state compliance requirement.

4. The budget assumes $250,000 for OPEB (Other Post Employment Benefits) contribution based on the Board approved liability funding plan.
5. The 2013-14 budget includes a $1.7M set-aside from new ongoing revenue and existing budget reallocation to support District strategic goal initiatives and obligations. Included in the fulfilled obligation is $275k for the Non-CTA "Me Too" obligation with the remaining amount applied toward the strategic operational staffing plan.

6. All categorical programs are required to be self-supporting, aside from required General Fund match, which requires expenditures to be adjusted to the amount of revenues received.

7. All auxiliary programs are required to be self-supporting which requires expenditures to be adjusted to the amount of revenues received.

8. The District will maintain a prudent and Chancellor’s Office recommended reserve level of at least 5% and aligned with ACCJC and Commission recommended fiscal standards.
FTES Impact
State Workload Reductions

Funded and Projected FTES and Restoration
Per P2 Apportionment 2008-09 to 2012-13
Projected 2013-14 to 2015-16

Loss of -1242
Loss of -701
Restored an additional 57, in excess of the 134 budgeted for a total of 191 FTES

729 FTES to be restored back to 2008-09 levels

*Workload reduction

Adopted Budget 2013-14
September 10, 2013
## Unrestricted General Fund

### Changes in Revenue

(Details in Attachment 3)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013-14 Tentative Budget Revenues</strong></td>
<td>$82.6 million</td>
</tr>
<tr>
<td><strong>Increases</strong></td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Decreases</strong></td>
<td>-0.3</td>
</tr>
<tr>
<td><strong>2013-14 Adopted Budget Revenues</strong></td>
<td>$82.9 million</td>
</tr>
</tbody>
</table>

*Major increases: FTES restoration, Contract Admin, Lottery
Major decreases: Nonresident tuition, misc local revenue*
Unrestricted General Fund
Revenue Sources 2013-14: Two New Sources

$82.9 million Total Revenue

- $76.9M State Apportionment 92.8%
- $6.0M Other 7.2%
- $36.8M General Apportionment 44.4%
- $24.1M Property Taxes 29.1%
- $1.8M RDA 1.8%
- $10.4M Prop 30 - EPA 12.5%
- $4.1M Enrollment Fees 4.9%

Adopted Budget 2013-14
September 10, 2013
Revenue 2012-13 vs. 2013-14
More Complicated and More Exposure

$45M General Apportionment 56%
$25.5M Property Taxes 32%
$3.8M Enrollment Fees 5%

$36.8M General Apportionment 44.4%
$24.1M Property Taxes 29.1%
$1.5M RDA 1.8%
$10.4M Prop 30 - EPA 12.5%
$4.1M Enrollment Fees 4.9%

Adopted Budget 2013-14  September 10, 2013
Unrestricted General Fund
Changes in Expenditures  (Details in Attachment 4)

2013-14 Tentative Budget Expenditures  $ 82.5 million

Increases  2.3

Decreases  (1.9)

2013-14 Adopted Budget Expenditures  $ 82.9 million

*Major increases: Faculty hourly budget, strategic operating plan, and carryover/one-time items.
Major decreases: unemployment/disability rate and conversion of positions to grant from general fund
Unrestricted General Fund Expenditures 2013-14

$82.9 million Total Expenditures

- $9.4M Other Operating (9.9%)
- $1.4M Supplies (1.5%)
- $.6M Capital (0.6%)
- $.8M Transfer Out (0.8%)
- $31.9M Certificated (39.4%)
- $20.0M Benefits (24.7%)
- $18.7M Classified (22.6%)
### Unrestricted General Fund Impact on Fund Balance
(Details in Attachment 5)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance June 30, 2013</td>
<td>$10.2 million</td>
</tr>
<tr>
<td>Adopted Budget Revenues</td>
<td>82.9</td>
</tr>
<tr>
<td>Adopted Budget Expenditures*</td>
<td>(82.9)</td>
</tr>
<tr>
<td>Projected Net Operating Results for 2013-14</td>
<td>$(.1)**</td>
</tr>
<tr>
<td>Projected Ending Fund Balance June 30, 2014</td>
<td>$10.3 million</td>
</tr>
</tbody>
</table>

* Includes carryovers and one-time items
** Rounding
### Three-Year Planning Model
(Details in Attachment 6a & 6b)

<table>
<thead>
<tr>
<th>Estimated Funded Resident FTES</th>
<th>Actual FY 12-13</th>
<th>Tentative to Adopted</th>
<th>Adopted FY 13-14</th>
<th>Projected FY 14-15</th>
<th>Projected FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Funded Resident FTES</td>
<td>15,194</td>
<td></td>
<td>15,442</td>
<td>15,674</td>
<td>15,909</td>
</tr>
<tr>
<td>Projected % Restoration/Growth</td>
<td>1.27%</td>
<td></td>
<td>1.63%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Projected Inflationary COLA</td>
<td></td>
<td></td>
<td>1.57%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

| Revenues                      | $ 81,251,300   | $ 82,947,900         | $ 85,186,800     | $ 87,492,200       |
| Expenditures                  | 81,117,200     | 82,925,200           | 85,900,800       | 88,811,800         |

| Operating Results (Rev - Exp) | $ 134,100      | $ 22,700             | $(714,000)       | $(1,319,600)       |
| Beginning Fund Balance        | $ 10,144,600   | $ 10,278,700         | $ 10,301,400     | $ 9,587,400        |
| Fund Balance Change (+/-)     | $ 134,100      | $ 22,700             | $(714,000)       | $(1,319,600)       |
| Estimated Ending Balance      | $ 10,278,700   | $ 10,301,400         | $ 9,587,400      | $ 8,267,800        |

Based on Total Estimated Fund Balance

| Estimated Ending Balance      | 12.67%         | 12.42%               | 11.16%           | 9.31%              |

*Adopted Budget 2013-14 September 10, 2013*
Future Planning Considerations Under Short Term Stability

• Must take a measured and cautious approach
  • Reinvestment of resources should be carefully planned
  • Do not overcommit or enter into additional long-term obligations
  • Protect reserves, and *perhaps* entertain increasing reserves to hedge against exposures
    ✓ Operating deficits and penalties under ACA (Affordable Care Act)

• During the short-term stability period find solutions to be fiscally and operationally “flexible” and “scalable”
  • Continue with re-evaluation of core services as a basis for decisions
  • Find solutions to rising inflationary costs under local control
  • Invest in capital and deferred maintenance to avoid increasing emergency repairs that increase liability
  • Responsibly increase FTES to ensure continued student access/success and restore past workload reductions