2011-2012
Tentative Budget

Board of Trustees Meeting
June 20, 2011
1. State Budget Update
2. RSCCD Tentative Budget
Legislature approved a state budget on June 15th

Governor Brown vetoed that budget the next day as “not a balanced solution…with legally questionable maneuvers”

Therefore, we still don’t have a state budget

1. If legislators get paid expect a prolonged budget stalemate
2. If legislators don’t get paid we may have a budget by the end of June
   - State Controller to decide?
State Budget Update

- July 1st tax extensions are no longer considered a part of the state budget solution.
- However, Governor still trying to strike a deal for tax extensions before June 30th.
- All parties seem more polarized.
- If tax extensions or tax increases are not part of state budget solution, more cuts to education are threatened.
State Budget Update
What we do know

- SB-70 – trailer bill approved on March 17th
- Reduces funding for community colleges
  - Net $290 million reduction in state apportionment funding
    - RSCCD - $7.1 million
  - Increases student fees from $26 to $36 per unit
- Additionally
  - Student fee estimated shortfall now projected to be $25 million statewide in 2011/2012
  - Therefore, we estimate an additional RSCCD funding reduction of approximately $800,000
- We now have a Modified Plan A
State Budget Update

- **Original Plan A**
  - RSCCD reduction in funding of $7.1 million

- **Modified Plan A**
  - RSCCD reduction in funding of $7.9 million

- **Plan B** — minimum Prop 98 funding guarantee (no suspension) with additional $6.6 billion in state revenue estimates
  - RSCCD reduction in funding of $13 million

- **Plan C** — all cuts budget/prop 98 suspension
  - RSCCD reduction in funding of $20 million
  - No longer an option due to higher state revenue estimates

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No longer an option due to higher state revenue estimates
State Budget Update

- Modified Plan A is law as of July 1\textsuperscript{st} and operational with tuition fee shortfall
- Plan B now considered the “worst case” scenario
- Ultimate outcome of state budget deal will most likely occur somewhere between modified Plan A and current Plan B
  - RSCCD funding reduction between $7.9 million and $13 million
- Best case scenario
  - If a tax extension/tax increase deal is approved modified Plan A operational
RSCCD Tentative Budget

Tentative Budget was prepared with the Modified Plan A scenario
  – State funding reduction of $7.9 million

However, at this time, expenditure reductions to offset this funding reduction have not yet been fully identified and itemized in the budget plan

Temporary use of ending fund balance until actual reductions identified in Adopted Budget plan
Tentative Budget

- July 1\textsuperscript{st} deadline by law
- Tentative Budget is merely a placeholder
  - in order to continue to pay employees and obligations as of July 1\textsuperscript{st} until there is an enacted state budget and RSCCD adopts a district budget
  - Proposed Adopted Budget scheduled for September 12\textsuperscript{th}
Tentative Budget - combined

- Federal Revenues = $13,676,217 – 9%
- State Revenues = $90,127,059 – 56%
- Local Revenues = $56,949,531 – 35%
  - Property taxes = $45 million
  - Student fees = $7 million ($36/unit)
  - Non resident tuition = $2.0 million
  - Interest earnings = $251,000

$455,059 budgeted in 09/10
Tentative Budget

Revenue

- No Cost of Living Allowance (COLA)
  - Four years in a row of no funded COLA
- Negative enrollment growth funding
  - Workload measures reduction of 6%
  - Loss of $7.9 million in funded FTES
  - State reduces state apportionment
  - Modified Plan A
- Lower estimates on interest earnings
  - $200,000 less
- Lower estimates on non-resident tuition
  - $650,000 less
RSCCD Tentative Budget

- Salaries and benefits - $140,913,946
  - Approximately 82% of all district expenses

- Increased health benefit premium costs for employees/retirees
  - $1.8 million

- Increased cost of Unemployment Insurance - $1.1 million

- Increased cost of PERS - $330,000

- Utilities, contractual increases - $500,000
Tentative Budget

- Includes Board of Trustees approved budget assumptions
- Reserves for economic uncertainty
  - minimum 5%
  - $8,760,258
- Cash flow to address apportionment deferrals
  - $25 million in year-end cash deferrals
  - Use of ending balance for cash flow needs
Tentative Budget

General fund ending balance as of June 30, 2011 projected to be approximately $40.9 million

Ending balance increased due to:
- Additional revenues
- Some projected savings
  - Estimated based on current spending patterns
    - Expenditures could end up higher/lower than projected
Tentative Budget

Mostly one time revenue adjustments increased ending balance

- $7.5 million budgeted mid-year apportionment reduction that didn’t happen
- $1.1 million in OEC approved Center status for 2009/2010 (one time)
- $1.1 million in OEC approved Center status for 2010/2011 (current year allocation)
- $3 million in 2.21% growth that was not budgeted in the Adopted Budget
  - Expected to be cut in mid-year reductions
  - To be funded by state in 2011-2012 fiscal year
Tentative Budget Recommendation

- Recommend approval of the proposed Tentative Budget, as presented - as a placeholder budget in order to continue paying payrolls and district obligations as of July 1, 2011