2012-2013
Tentative Budget

Board of Trustees Meeting
June 18, 2012
Overview

1. State Budget Update
2. RSCCD Tentative Budget
3. 2012-2013 Mid-Year Budget Concerns
State Budget Update

- State Budget approved by Legislature on Friday June 15, 2012
  - Yet to be signed by Governor
- Many State Budget Act Trailer Bills are still incomplete
- Assumes November tax measure will pass
  - No additional funding for RSCCD
  - Only buys down some state deferrals
- State Budget includes Trigger language to dramatically reduce education’s funding if Governor’s tax measure fails
  - RSCCD = loss of $8.6 million in state funding
State Budget Update
Community Colleges

- If Governor’s tax measure passes
  - Essentially assumes same reduced level of funding as 2011-2012
- Assumes any Redevelopment Successor Agency shortfalls to community colleges will be backfilled by state
- Waiting for Trailer Bill implementation language
RSCCD Tentative Budget

- July 1st deadline by law for an approved operating district budget
- Tentative Budget is merely a placeholder in order to continue to pay employees and obligations after July 1st
- RSCCD proposed Adopted Budget scheduled for September 10th Board of Trustees meeting
  - Once we receive more detail on state budget funding for our district from state Chancellor’s Office
RSCCD Tentative Budget

- Tentative Budget prepared using the Board approved 2012-2013 Tentative Budget Assumptions
- Assumes that the Governor’s tax initiative will pass in November
- Tentative Budget utilizes new SB361 Revenue Allocation Model for revenue allocation to the campuses
  - Campuses decide expenditure appropriations
- Includes $5 million in budget cuts to lessen deficit spending
- Estimated spend down (deficit spending) of ending fund balance of $9.9 million
Tentative Budget
Restricted and Unrestricted

- Federal Revenues = $14,256,380 – 9%
- State Revenues = $98,235,880 – 62%
- Local Revenues = $45,851,935 – 29%
  - Property taxes = $34 million
  - Student fees = $7 million ($46/unit)
  - Non-resident tuition = $1.65 million
    - $2.6 million actual revenue in 09/10
  - Interest earnings = $201,000
    - $934,152 actual revenue in 09/10
Tentative Budget

Revenue

- No Cost of Living Allowance (COLA)
  - Five years in a row of no funded COLA
- No Growth/Restoration
  - Funded FTES projected at 28,000 FTES
  - Down from 34,310 FTES in 08/09
- Lower estimates on interest earnings
  - Down 78% in four years
  - Only earning 0.50% from County Treasury
- Lower estimates on non-resident tuition
  - $927,000 less than four years ago
RSCCD Tentative Budget

Expenditures

- Salaries and benefits - $136,365,517
  - Approximately 82% of all district budgeted expenses
- All vacant funded positions are budgeted
- Increased health benefit premium costs for employees/retirees
  - $1.2 million increase
- Increased cost of PERS - $290,000
- Negotiated salary settlement, step and column movement included for 2012/13
- BOT election November 2012 - $400,000
RSCCD Tentative Budget

- Includes 5% Contingency Reserve
  - minimum 5% reserve at $6.9 million
  - Budget Stabilization Fund of approximately $24.5 million (unrestricted ending balance)
- Includes OPEB contributions to Retiree Health Benefit Fund
- State Apportionment Cash Deferrals
  - $25.3 million in year-end (June through October) cash deferrals
  - Use of Budget Stabilization Fund for cash flow needs
RSCCD Tentative Budget

- General Fund ending balance as of June 30, 2012 projected to be approximately $42.4 million
- Original estimate $38 million in 2011-2012

Adopted Budget
- Campus savings of approximately $2.2 million
- State one time prior year revenue adjustment of $1.6 million

Projected June 30, 2012 ending balance estimated to decrease from $42.4 million to $32.3 million by June 30, 2013
- Approximately $10 million planned spend down of ending balance
2012-2013 Mid-Year Budget Concerns

Will the Governor’s tax measure pass in November?

- Munger’s tax increase for education excludes community colleges for funding
- If not, Trigger language will further deteriorate our state funding
  - Loss of $8.6 million in state funding
  - 7.3% workload measures reduction (negative growth)
  - Loss of approximately 2,000 funded FTES
- Additional ongoing reductions will need to be implemented by July 1, 2013
Tentative Budget Recommendation

Recommend approval of the proposed 2012-2013 Tentative Budget, as presented