

Monterey Peninsula College

Tentative Budget

Fiscal Year 2015-16

*Pending Board Approval on
June 24, 2015*

Monterey Peninsula College

Tentative Budget

Fiscal Year 2015-2016

Table of Contents

<u>Title</u>	<u>Description</u>	<u>Page</u>
Executive Summary	Narrative Overview of budget	1-10
3 Year Comparison of all Funds	A 3-year comparison of revenue and expenses for all funds	11-12
Unrestricted General Fund Highlights	Narrative of Unrestricted General Fund revenues and expenses	13-15
Exhibits	Major Object Category	
	- Unrestricted General Fund	Exhibit A
	- Restricted General Fund	Exhibit B
	- Child Development Center	Exhibit C
	- Student Center	Exhibit D
	- Parking	Exhibit E
	- Self Insurance	Exhibit F
	- Workers Comp	Exhibit G
	- OPEB	Exhibit H
	- Capital Projects	Exhibit I
	- Building Fund	Exhibit J
Planning and Resource Allocation Process		Attachment A
President’s Planning Assumptions – 2015/2016		Attachment B
Institutional Goals 2014-17		Attachment C

Executive Summary

2015-2016 Tentative Budget

Introduction

The Tentative Budget is the District's spending plan from July 1 through September 15. On or before September 15, the Board is required to hold a public hearing and approve an Adopted Budget for the fiscal year. The Tentative Budget is based on "budget assumptions" developed from a number of sources including the Governor's May Revision, the Chancellor's Office and the Community College League of California. As of this writing, there is no approved State Budget for 2015-16, however legislative leaders and the Governor appear to have an agreed framework including the funding of public education.

Following is a summary indicating the projected beginning balances (based on the current 2014-15 budgets and prior to year end and audit), 2015-16 tentative budgets and projected ending balances for all funds maintained by the District:

Summary of All Funds				
MPC 2015-2016 Tentative Budget				
<u>Funds</u>	Beginning Fund Balance <u>7/1/15</u>	<u>2015-2016 Budgets</u>		Ending Fund Balance <u>6/30/16</u>
		<u>Revenue</u>	<u>Expense</u>	
General				
Unrestricted	\$3,802,947	\$41,352,541	\$44,468,339	\$687,149
Restricted	\$0	\$7,248,791	\$7,248,791	\$0
Special Revenue				
Child Development - Unrestricted	\$0	\$129,652	\$129,652	\$0
Child Development - Restricted	\$0	\$405,461	\$405,461	\$0
Student Center	\$414,127	\$259,200	\$259,200	\$414,127
Parking	\$535,794	\$484,000	\$484,000	\$535,794
Debt Service				
Student Center	\$22,331	\$22,100	\$22,100	\$22,331
Capital Projects	\$378,443	\$1,231,450	\$1,231,450	\$378,443
Building	\$9,759,850	\$10,000	\$0	\$9,769,850
Self Insurance	\$1,761,464	\$6,728,726	\$6,728,726	\$1,761,464
Other Post Employment Benefits (OPEB)	\$3,908,381	\$537,030	\$0	\$4,445,411
Worker Comp Insurance	\$106,000	\$60,000	\$60,000	\$106,000
Fiduciary				
Financial Aid	\$17,745	\$5,300,000	\$5,300,000	\$17,745
Associated Students	\$92,451	\$90,000	\$90,000	\$92,451
Scholarship and Loans	\$272,948	\$935,000	\$935,000	\$272,948
Trust Funds	\$293,917	\$744,500	\$744,500	\$293,917
Orr Scholarship	\$12,302	\$10,000	\$10,000	\$12,302
Total	\$21,378,700	\$65,548,451	\$68,117,219	\$18,809,932

Unrestricted General Fund expenses are shown to exceed revenues by \$3,115,798, resulting in an ending fund balance of \$687,149, significantly below the Board established fund balance reserve of 10% and the Chancellor's Office minimum prudent reserve of 5%. All other funds are budgeted to have positive ending fund balances.

The \$3,115,798 imbalance is the District's structural deficit using budgeted numbers. No one-time funds (transfers from other funds) are being included in the Tentative Budget to offset the structural deficit. This will be the fifth consecutive year the District has had an Unrestricted General Fund deficit.

The Governor's 2015-16 May Revise provides additional funding of \$6,006,494 for MPC's Unrestricted General Fund, which can be used to address the structural problem and other needs of the District. The May Revise was released on May 14, which did not allow sufficient time for the District to identify expenditures and follow its established Planning and Resource Allocation Process for inclusion in the Tentative Budget. In addition, specifics on the funding will not be known until the state budget and trailer bills are approved. The additional \$6 million is currently included in Unrestricted General Fund budgeted revenue and a corresponding expense is budgeted as a contingency. Appropriate expenses need to be identified using established processes and then allocated from the contingencies to offset expenses and eliminate or reduce the structural deficit. The intent is to complete this process and be able to submit a balanced Final Budget in August.

The District has 3 major problems that need to be addressed: 1) the Unrestricted General Fund structural deficit, 2) future losses of revenue and increased expenses, and 3) other needs (including employee compensation, filling needed positions, and maintaining systems and facilities). The additional funding proposed by the state for 2015-16 is not sufficient to completely address these problems. Although significant cuts have been made over the past four years to address the structural deficit, the cuts and use of one-time funds (transfers from other funds) has not solved the problem and the structural deficit continues to grow. There are not sufficient additional ongoing funds in the proposed budget to offset the structural deficit and adequately address the other needs of the District. The additional one-time funds in the proposed budget can be used to assist with this but extreme caution must be used because of the future losses of revenue and increased expenses these one-time funds are intended for. Other actions, in addition to allocating the 2015-16 increased funding, will be needed to address the District's financial problems.

State Budget...Governor's May Revise for California Community College

Revenues in the State are up and the Governor's May Revise is very positive for community colleges. The increased funding comes with a warning from the Governor that despite stronger state revenue collections this year, **the State Budget remains precariously balanced and faces the prospect of deficits in future years.** The Governor stressed the importance of living within our means and avoiding the boom-bust budgeting of the past.

The following chart indicates the totals proposed for the community college system and the current estimates that MPC would receive in increased funding for the Unrestricted General Fund:

Unrestricted General Fund:

Ongoing

Description	Proposed System-wide	Estimate for MPC*
Cost of living allowance of 1.02%	\$61,000,000	\$339,671
Fund to restore enrollment declines over past 3 years	\$41,900,000	\$0 estimated, \$1.2M available
New \$'s for enrollment increases - 3% system-wide, growth formula allows 1% for MPC.	\$156,500,000	\$0 estimated, \$330K available
Increases CDCP FTES rate to same as credit.	\$49,700,000	\$163,800
Increase base allocation to reflect increased operating expenses in areas of facilities, STRS & PERS, professional development, converting faculty from PT to FT, and other general expenses.	\$266,700,000	\$1,516,644
Total UGF ongoing/undesignated funds		\$2,020,115
Ongoing/Designated		
Funds for approximately 600 additional FT faculty. Allocated based on FTES. Districts with lower portions of FT faculty expected to hire more. Funds would be accounted for in UGF but amount required to be spent on new hires will depend on MPC FT/PT ratio. System to provide numbers in future.	\$75,000,000	\$426,503
Total UGF ongoing funds		\$2,446,618
One-time		
One-time funds to pay down prior mandate obligations to be allocated on a per FTES basis. Intention is to provide CC's potential on-going funds to offset future loss of Prop 30 funds.	\$626,000,000	\$3,559,876
Total Unrestricted General Fund		\$6,006,494

The Governors May Revise also includes revised estimates for property taxes and fee revenue that should eliminate apportionment state shortfalls of past, and will eliminate community college cash deferrals.

In addition, the following chart indicates the totals proposed for the community college system and the current estimates that MPC would receive in new/increased funding to various restricted funds:

Restricted Funds:

Description	Ongoing or 1-time	Proposed System-wide	Estimate for MPC*
Funds for maintenance or instructional equipment with no match required. Allocated per FTES.	1-time	\$148,000,000	\$841,632
Energy efficiency program grants.	1-time grant	\$38,700,000	\$0
Grant program for making more effective, evidence based practices available to under prepared students.	1-time grant	\$60,000,000	TBD
Awards for Innovation in Higher Education.		\$50,000,000	
COLA of 1.02% for DSPS, EOPS, CalWORKS, and Child Care Tax Bailout programs.	ongoing	\$2,500,000	TBD

Pilot program for coordination with CSU.	1-time	\$2,000,000	TBD
Student Equity Planning		\$115,000,000	\$330,000
Student Success Programs		\$100,000,000	\$620,000
Institutional Effectiveness - Partnership Initiative		\$15,000,000	TBD

Estimates for MPC are not included for all restricted funds because specifics of the allocations to individual institutions are not yet known.

It is anticipated that the state budget will be approved by June 30, related trailer bills approved early July, and reports on specific funding for individual colleges released by the Chancellor’s Office shortly thereafter.

Unrestricted General Fund Structural Deficit

The District has had an Unrestricted General Fund structural deficit for the three years: 2011-12, 2012-13, and 2013-14, and is projecting structural deficits for 2014-15 and 2015-16:

<u>Year</u>	<u>Status</u>	<u>Structural Deficit</u>
2011-12	Actual	\$1,151,981
2012-13	Actual	\$1,779,538
2013-14	Actual	\$1,654,433
2014-15	Final Budget	\$2,641,207
2015-16	Tentative Budget	\$3,115,798

Based on the above, \$4,585,952 in one-time funds has been spent to cover the first three years of the structural imbalance. Because of conservative budgeting practices followed by the District, the actual structural deficit for 2014-15 will likely be less than budgeted but will be significant nonetheless and take additional one-time resources that could be better spent elsewhere. And, the plan is to address the structural problem in the 2015-16 FY.

The primary source of income (Apportionment) for the Unrestricted General Fund is based on enrollments and the primary cause of the structural problem is declining enrollments:

<u>Year</u>	<u>FTES</u>		<u>Apportionment*</u>
2010-11	7682	Final	\$37,649,497
2014-15	6503	as of P1	\$33,301,119
decline	1179		\$4,348,378

**Computational revenue without stability or state shortfall \$'s*

The state imposed financial cuts and corresponding workload reductions on all community colleges in 2009-10 and again in 2011-12. Subsequently, new regulations were implemented that set limits on class repetitions and limited classes for lifelong learners. The new rules have severely hampered MPC’s ability to grow.

Significant adjustments have been made by the District to offset the loss of apportionment revenue and balance budgets, including:

- Implemented retirement incentives and reductions in force, eliminated:
 - 3.41 FTE management and 2.25 FTE administrative positions including PIO, Director of Maintenance, Maintenance Supervisor
 - 1 Confidential position in HR
 - 14 net FTE Faculty positions
 - 24.38 FTE classified positions including 4 in facilities, 6.4 in CDC, and 2 in Theater
- Reorganized Child Development – reduced Unrestricted General Fund support from \$ 500K to \$50K
- Reorganized Theater – reduced Unrestricted General Fund support from \$ 948K to \$ 565K, including positions reduced
- Implemented adjustments to increase categorical support to Unrestricted General Fund
- Reduced supplies, travel and equipment budgets 29% (\$325,500) (from 2008-09 to 2013-14)
- Reduced contingency budgets (\$87K)
- Implemented one-time salary reduction of 2.02%
- Reduced medical benefits
- Paid off SunTrust loan (repayment obligation of UGF) with 1-time funds
- Eliminated Academic Support Center program (\$97K, including position reduced)
- Used \$4.6M 1-time funds (transferred from other funds)

Future losses of revenue and increases in expenses

Although projecting the future with any degree of accuracy would be an educated guess at best, there are at least three future certainties that can be quantified that will have significant negative impacts on District finances:

- **Loss of Proposition 30 Revenue:** the sales tax increase (from 6.25% to 6.55%) lasts through 2016 and the income tax increase on high income earners lasts through 2018 with the full-year effect of the expiration of all temporary taxes realized the following year resulting in a cumulative apportionment loss of \$1.87M by 2019-20.

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Per FTES	\$27	\$55	\$173	\$288
MPC at 6503 FTES	\$175,581	\$357,665	\$1,125,019	\$1,872,864

- **PERS/STRS increases:** MPC retirement systems PERS and STRS have established rates that based on 2015-16 employee salaries will result in cumulative increased UGF expenses of \$1.96M by 2019-20.

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
PERS rate	18.847%	20.050%	23.600%	25.200%	26.900%
STRS rate	10.73%	12.58%	14.43%	16.28%	18.13%
Total annual \$ increase	\$283,284	\$362,797	\$528,384	\$390,806	\$397,861
Cumulative \$ increase		\$646,081	\$1,174,465	\$1,565,271	\$1,963,132

- **Affordable Care Act (ACA):** For this Tentative Budget, the ACA transitional reinsurance and PCORI fees are \$34,405 and mandated addition of 8 positions to fully paid benefits cost of \$159,248

result in total increased costs of \$193,653. Providing accurate costs for future provisions of ACA with any degree of accuracy is likely not possible assuming past changes and delays in implementation will likely continue for the future. However, current provisions of the ACA establish thresholds on the costs for benefits (\$10,200 for single person, \$27,500 for family) and starting in 2018 taxes employers 40% on the amounts above the thresholds. Estimates for total cost to MPC are between \$281K and \$431K per year.

General Fund

The General Fund includes the general operating budgets for the District. Some monies are restricted as to their use and the fund is therefore separated by unrestricted and restricted.

Unrestricted General Fund

The District's primary financial activities for day-to-day operating revenues and expenses occur in the Unrestricted General Fund. Revenue is budgeted by the source of the funding and expenses are budgeted by their function.

No transfers from other funds are being used to balance the Unrestricted General Fund and expenses exceed revenue by \$3,115,798, which represents MPC's budgeted structural deficit for 2015-16. Significant additional funding from the State is anticipated this year that can be used to address the structural deficit and other needs of the District. The structural deficit is primarily caused by ongoing expenses exceeding ongoing revenues and this imbalance can only be resolved by increases in ongoing revenue or decreases in ongoing expenses. Using all of the additional ongoing, unrestricted state funds budgeted to be received would still leave a structural imbalance exceeding \$1M.

Additional state funding included in this Tentative Budget total \$6,006,494 and falls into three categories:

1. Ongoing, unrestricted - \$2,020,115
2. Ongoing, designated to hire additional full-time faculty - \$426,503
3. One-time, unrestricted - \$3,559,876

(These one-time funds are being provided to community colleges for increased general operating expenses. It is understood that the Governor also intends to include these funds in the 2016-17 budget as one-time funds and eventually make them ongoing to offset the future loss of Prop 30 funding.)

MPC is also eligible for \$1.53M in additional funding if FTES can be increased (\$1.2M from restoration and \$330K for growth). The District could get paid for an additional \$1.53M in ongoing apportionment by growing 310 credit FTES (using the 2015-16 projected rate per credit FTES of \$4,943). This Tentative Budget uses the same base FTES for 2015-16 as 2014-15 (P1); therefore, no funds are budgeted for restoration and growth.

This Tentative Budget includes 3 offsetting contingency expense budgets totaling \$6,006,494. The District will be using its Planning and Resource Allocation Process (attachment A) to address the structural deficit and other needs of the District and identify expense budgets to replace the contingency budgets, which will reduce the structural deficit. The process will include matching ongoing revenue with ongoing expenses and one-time revenue with one-time expenses. Emphasis will be given to addressing the majority of the structural problem now while significant additional funds are available, and ensuring the District is prepared for the certain future loss of Prop 30 funding and increases in PERS, STRS and ACA.

Restricted General Fund

Funds used for the operation and support of educational programs that are specifically restricted by law, regulation, donor, or other outside agency are recorded in the Restricted General Fund. The majority of these funds must be expended within the fiscal year or returned to the funding agency. Budgets for state programs are based on the state's current approved budget. Funds budgeted for all programs total a little over \$7.2M. Since no allocation details have been provided by the Chancellor's Office, the amounts shown below are based on prior year estimates and will be adjusted at the Final Budget.

The following chart shows the 18 largest categorical programs and their respective funding level for the 2015-16 Tentative Budget:

	2014-15	2015-16	Change
Matriculation - CR/NCR	\$826,747	\$1,420,469	\$593,722
Extended Opportunities Programs and Services (EOP&S)	\$730,407	\$731,316	\$909
Access Resource Center (DSP&S)	\$476,686	\$626,661	\$149,975
ITEST (Nat. Science Foundation)	\$402,480	\$408,499	\$6,019
TRIO: Upward Bound	\$388,453	\$388,453	\$0
TRIO: Math Science Upward Bound	\$376,700	\$376,700	\$0
Student Equity	\$0	\$330,590	\$330,590
TRIO: Student Support Services	\$304,351	\$304,351	\$0
Health Services	\$342,000	\$300,987	-\$41,013
Student Financial Aid Administration (SFAA/BFAP)	\$240,493	\$240,493	\$0
Lottery	\$239,394	\$239,394	\$0
CalWorks/TANF	\$218,543	\$208,285	-\$10,258
Fire Training (Fee Supported)	\$150,500	\$146,000	-\$4,500
Federal Work Study	\$136,838	\$136,838	\$0
Perkins I-C Across CTE Programs	\$136,951	\$136,042	-\$909
Enrollment Growth- Nursing	\$135,287	\$135,287	\$0
First 5 Monterey County Workforce Devt.	\$109,486	\$109,723	\$237
Marine Tech. Mentor/Intern	\$108,938	\$103,865	-\$5,073

Special Revenue Fund:

Child Development Center (CDC), Student Center and Parking are accounted for in the Special Revenue Fund. Revenues generated by these programs are intended to pay for the cost of services provided.

Revenues and expenses for child development services are recorded in the CDC Fund. The CDC Fund includes monies that are restricted as to their use and the fund is therefore separated into unrestricted and restricted. The CDC Fund has a total budget of \$535,113 (unrestricted and restricted). CDC has been operating with a State Preschool contract under the California Department of Education. The Unrestricted General Fund is budgeted to transfer \$50,000 (a reduction of \$210,707 from 2014-15) to support CDC.

The Student Center Fund is maintained to record financial transactions of the Student Center building that was partially constructed using lease revenue bonds. The Student Center Fund receives revenue primarily from student use fees and commissions from the bookstore and cafeteria. The bond requires income to be used to make debt payments and maintain the facility. Half of the Student Activity Coordinator is paid by the Student Center Fund and half is paid by the Unrestricted General Fund.

The Parking Fund is maintained to record financial transactions related to parking as required by the Education Code. Revenues are primarily from parking permit sales and parking citations. Expenses are for parking security and maintenance and improvements to the parking lots.

Debt Service

Long-term debt principal, interest, and related costs of the District are accounted for in the Debt Service Fund. There is one obligation remaining that is accounted for in this fund: the annual long-term debt payment for the Student Center. Student Use Fees in the Student Center operating accounts pay the Student Center required payment of \$22,100.

Capital Projects *...add comment on rest. and unrest. fund bal*

Non-bond expenses for all major acquisition, construction and deferred maintenance projects are accounted for in the Capital Projects Fund. Local projects include IPP & FPP processing, athletic facilities, and District expenses for Fort Ord. Expenses have been estimated at \$xxxxxxx. The current fund balance of \$xxxxxxx includes \$xxxxxxx in restricted funds, and \$xxxxxxx in designated funds.

Building

Expenses associated with Measure I, the \$145 million Proposition 39 bond, are accounted for in the Building Fund. No expenses are currently included in the 2015-16 Tentative Budget. Revenue of \$10K for interest income is budgeted resulting in a projected ending balance of \$9,769,850.

Self Insurance

Expenses for the District's self-insured medical benefits are budgeted and recorded in the Self Insurance Fund. Payments will be made from the various operating funds to the Self Insurance Fund to cover the claim payment. Total expenses of \$6,728,726 are budgeted for 2015-16.

Other Post Employment Benefits (OPEB)

The District has an OPEB Unfunded Actuarial Accrued Liability of \$11,216,214. Since 2003-04, a total of \$3,908,381 has been designated to address this liability, of which \$436,260 is restricted (being transferred from restricted accounts) and \$3,472,121 is committed (transferred from UGF by Board action). These funds have been kept in district accounts to assist with cash flow because the state was deferring payments to colleges (2013-14 year end deferral was \$4,373,304). Because state deferrals will be eliminated in 2015-16, the District should consider depositing these funds in an irrevocable trust. This will comply with GASB rules for funding the liability and provide greater interest income to satisfy the liability.

Workers Comp

The District is responsible for a small number of workers compensation claims after it withdrew from a K12 workers compensation self insurance JPA. A stop loss insurance policy covers claims exceeding \$200K and the District is responsible for costs under this. A reserve of \$106K has been established to cover the projected liability.

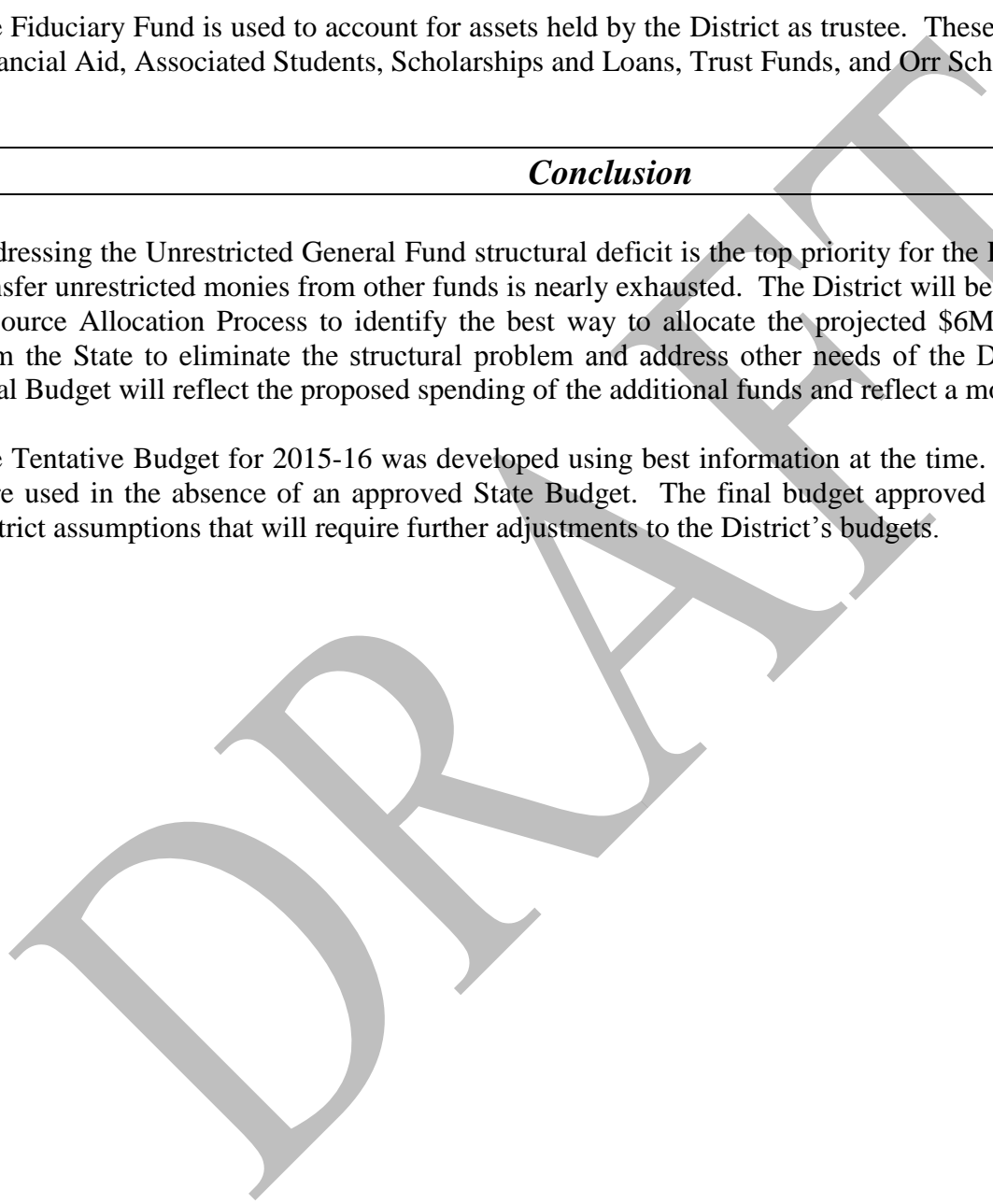
Fiduciary Funds

The Fiduciary Fund is used to account for assets held by the District as trustee. These funds include Student Financial Aid, Associated Students, Scholarships and Loans, Trust Funds, and Orr Scholarship funds.

<i>Conclusion</i>

Addressing the Unrestricted General Fund structural deficit is the top priority for the District. The ability to transfer unrestricted monies from other funds is nearly exhausted. The District will be using its Planning and Resource Allocation Process to identify the best way to allocate the projected \$6M in additional funding from the State to eliminate the structural problem and address other needs of the District. The District's Final Budget will reflect the proposed spending of the additional funds and reflect a more positive picture.

The Tentative Budget for 2015-16 was developed using best information at the time. Revenue assumptions were used in the absence of an approved State Budget. The final budget approved by the State will alter District assumptions that will require further adjustments to the District's budgets.



Monterey Peninsula College

3-Year Comparison

	2013-2014	2014-2015		2015-2016	% >
	<u>Actual</u>	<u>Act thru May*</u>	<u>Revised Budget</u>	<u>Budget</u>	<u>Budget to Final Bud</u>
Unrestricted General Fund:					
Income					
Federal	\$5,816	\$4,806	\$10,700	\$11,000	2.8%
State	\$17,041,483	\$17,368,943	\$17,643,781	\$22,362,541	26.7%
Local	\$22,176,288	\$20,572,408	\$20,374,992	\$18,979,000	-6.9%
Total Income	<u>\$39,223,587</u>	<u>\$37,946,157</u>	<u>\$38,029,473</u>	<u>\$41,352,541</u>	8.7%
Expense					
Academic Salaries	\$14,764,531	\$13,296,767	\$14,588,593	\$14,581,300	0.0%
Classified Salaries	\$7,564,070	\$6,464,770	\$7,120,866	\$7,082,003	-0.5%
Fringe Benefits	\$8,930,823	\$8,888,780	\$9,513,895	\$9,956,494	4.7%
Books and Supplies	\$476,975	\$439,040	\$504,399	\$470,451	-6.7%
Operating	\$5,466,070	\$4,082,670	\$5,773,093	\$12,122,822	110.0%
Capital Outlay	\$133,691	\$213,169	\$200,226	\$136,586	-31.8%
Transfers	\$1,896,558	\$260,707	\$328,481	\$118,683	-63.9%
Total Expenses	<u>\$39,232,718</u>	<u>\$33,645,903</u>	<u>\$38,029,553</u>	<u>\$44,468,339</u>	16.9%
Restricted General Fund:					
Income					
Federal	\$1,536,126	\$789,759	\$2,532,774	\$1,995,731	-21.2%
State	\$2,864,673	\$3,261,944	\$5,090,047	\$4,211,384	-17.3%
Local	\$604,093	\$565,946	\$938,702	\$1,041,672	11.0%
Total Income	<u>\$5,004,892</u>	<u>\$4,617,649</u>	<u>\$8,561,523</u>	<u>\$7,248,787</u>	-15.3%
Expense					
Academic Salaries	\$1,214,831	\$1,608,897	\$1,984,406	\$1,824,435	-8.1%
Classified Salaries	\$1,038,263	\$1,130,730	\$1,300,523	\$1,116,835	-14.1%
Fringe Benefits	\$358,742	\$1,027,397	\$1,135,818	\$1,200,193	5.7%
Books and Supplies	\$192,146	\$331,106	\$443,407	\$256,264	-42.2%
Operating	\$1,276,673	\$1,350,045	\$1,869,667	\$1,465,887	-21.6%
Capital Outlay	\$131,594	\$468,938	\$851,744	\$494,380	-42.0%
Transfers	\$652,672	\$266,885	\$1,027,354	\$890,797	-13.3%
Total Expenses	<u>\$4,864,921</u>	<u>\$6,183,998</u>	<u>\$8,612,919</u>	<u>\$7,248,791</u>	-15.8%
Unrestricted Child Development					
Income	\$277,545	\$282,433	\$302,207	\$129,652	-57.1%
Expense	\$277,545	\$280,700	\$302,207	\$129,652	-57.1%
Restricted Child Development					
Income	\$239,625	\$287,935	\$249,846	\$405,461	62.3%
Expense	\$239,625	\$214,126	\$249,846	\$405,461	62.3%
Student Center					
Income	\$259,617	\$244,151	\$259,200	\$259,200	0.0%
Expense	\$146,577	\$166,493	\$259,200	\$259,200	0.0%
Student Revenue Bond					

Income	\$18,564	\$17,699	\$17,625	\$22,100	25.4%
Expense	\$18,075	\$17,625	\$17,625	\$22,100	25.4%

*Actual through May 31, 2015

	2013-2014	2014-2015		2015-2016	% > Budget to Final Bud
	<u>Actual</u>	<u>Act thru May*</u>	<u>Revised Budget</u>	<u>Budget</u>	
Debt Service					
Income	\$1,330,169	\$0	\$0	\$0	0.0%
Expense	\$1,383,132	\$0	\$0	\$0	0.0%
Parking					
Income	\$924,860	\$447,166	\$525,000	\$484,000	-7.8%
Expense	\$446,610	\$441,204	\$557,587	\$484,000	-13.2%
Capital Projects					
Income	\$1,153,857	\$585,572	\$750,116	\$1,231,450	64.2%
Expense	\$2,560,272	\$781,842	\$1,387,991	\$1,231,450	-11.3%
Self Insurance					
Income	\$6,707,233	\$5,382,028	\$6,553,264	\$6,728,726	2.7%
Expense	\$12,171,002	\$6,438,411	\$8,794,471	\$6,728,726	-23.5%
OPEB					
Income	\$0	\$0	\$0	\$537,030	0.0%
Expense	\$0	\$0	\$0	\$0	0.0%
Worker Comp Insurance					
Income	\$0	\$62,275	\$770,000	\$60,000	-92.2%
Expense	\$0	\$62,275	\$770,000	\$60,000	-92.2%
Financial Aid					
Income	\$5,339,985	\$5,408,323	\$5,200,000	\$5,300,000	1.9%
Expense	\$5,324,833	\$5,408,323	\$5,200,000	\$5,300,000	1.9%
Associated Students					
Income	\$96,072	\$76,806	\$90,000	\$90,000	0.0%
Expense	\$59,099	\$50,643	\$90,000	\$90,000	0.0%
Scholarship and Loans					
Income	\$2,199,477	\$1,926,513	\$2,500,000	\$935,000	-62.6%
Expense	\$2,212,724	\$1,957,410	\$2,500,000	\$935,000	-62.6%
Trust Funds					
Income	\$645,664	\$672,019	\$510,000	\$744,500	46.0%
Expense	\$502,521	\$554,323	\$510,000	\$744,500	46.0%
Orr Scholarship					
Income	\$7,474	\$5,170	\$10,000	\$10,000	0.0%
Expense	\$20,419	\$1,165	\$20,000	\$10,000	-50.0%
Building Fund					
Income	\$134,174	\$54,561	\$25,000	\$10,000	-60.0%
Expense	\$14,728,459	\$1,512,332	\$2,232,397	\$0	-100.0%

*Actual through May 31, 2015.

Unrestricted General Fund Highlights

2015-2016 Tentative Budget

Revenues:

Total Unrestricted General Fund revenue budgeted for 2014-15 is \$xxxxxxx. This includes \$6M in additional state funding as proposed in the Governor's May Revise.

- **Apportionment** - The largest source of unrestricted revenue is referred to as Apportionment and is based on the structure of a college and actual. Apportionment funds are received from student registration fees, local property taxes, and state. Apportionment includes a basic allocation (based on the college structure - single/multiple campus, centers, and size of each) and workload (FTES - credit and non-credit). MPC's 2014-15 P1 FTES of 6,503 is being used to calculate a base Apportionment revenue of \$33,301,119 for 2015-16 Tentative Budget. The projected apportionment assumes no deficit coefficient.
- **Additional State Funding based on Governor's May Revise** - amounts calculated based on 2014-15 P1 (total \$6,006,494)
 - Ongoing - \$2,020,115
 - COLA – 1.02% on Apportionment base = \$339,671
 - OCDCP Equalization – 120 CDCP FTES X \$1,365 = \$163,800
 - Base allocation increase – based on MPC FTES vs statewide FTES = \$1,516,644
 - Ongoing/designated- \$426,503
 - Funds for additional FT faculty, to improve FT/PT teaching ratio.
 - One-time - \$3,559,876
 - One-time funds to help pay down prior obligations... understand intended to provide potential future funding to offset future loss of Prop 30 funds.
- **Restoration and Growth** – MPC is eligible for \$1.2M in restoration funding and an additional \$330K in growth funding. The college will need to increase the current FTES base (6,503) by approximately 330 to earn this funding. No amount is being included in this budget for Restoration or Growth.
- **Part-Time Faculty Compensation** – The District has budgeted the same as last year, \$173,268.
- **Lottery** – Funds received from the Lottery Commission are based on FTES, including non-resident and apprenticeship. Lottery funds are budgeted at \$856,604, using School Services projection of \$128 per FTES and 6503 instate and 185 nonresident FTES.
- **Nonresident Fees** – The non-resident fee revenue for 2015-16 is budgeted at \$586,000. The new rate adopted by the board for 2015-16 is the State average of \$200 per unit, which is \$7 more than the MPC 2014-15 rate.

- **Interest** – The yield on the funds deposited with the county treasury continues to be at historic lows (< 0.50%) and the District is budgeting \$15,000 in interest income for 2015-16.

Expenses:

Total Unrestricted General Fund Expenses are budgeted at \$44,468,339. Projections are included for all known obligations and only mandated increases (contractual, fee increases, etc.) in expenses have been added to the budget.

- **Salaries** - Total net salaries are budgeted at \$21,663,303 for a small increase over \$21,631,280 in 2014-15. Increases for required step and column movement and longevity have been budgeted where appropriate, and turnover savings are reflected in the totals.
- **Fringe Benefits** – Fringe benefits are shown in two categories: salary roll-up costs and medical benefits.

Salary roll-up costs include retirement, Medicare, FICA, unemployment, and workers comp and total 29.547% for classified employees and 15.23% for academic employees. The employer rate for STRS increased 1.85% from last year, and the PERS rate increased by 0.076%.

Employer rates for STRS and PERS are both expected to increase every year for the next several years. The Legislature has set STRS rates to increase by a total of 10.85% spread over the period from 2014-15 to 2020-21. Roll-up costs associated with salary increases for required step and column movement and longevity increases have been budgeted.

Expenses for the District's self-insured medical benefits are budgeted and recorded in the Self Insurance Fund. Payments are made from the various operating accounts to the Self Insurance Fund to cover the expenses. This Tentative Budget uses the medical rate from 2014-15. If new rates are approved, they will be used for the Final Budget in August.

- **Books and Supplies** – This category is budgeted at \$470,451 for 2015-16.
- **Services and Operating** – At \$12,122,822 this budget category is \$6,233,976 more than last year. Most of the difference (\$6,006,494) is in amounts set aside for expenses (to be determined) that will be supported by new state revenues.
 1. **Utilities** – Total utility expenses (electricity, natural gas, water, waste disposal and sewage) are budgeted at \$1,198,641. Telephone expenses are budgeted at \$86,000.
 2. **Risk Management (insurance)** – The District is in a pool with other community colleges and is self-insured for property and liability coverage. Property and liability is budgeted at \$291,188. Student accident insurance for athletes is budgeted at \$70,474. (A budget for student accident insurance is also included in the Restricted General Fund at \$44,717.)
 3. **Instructional Service Agreements** – \$2,333,624 is budgeted for Instructional Service Agreements (ISA.)
 4. **Travel** – The conference attendance and related travel budget is \$85,659 for 2015-16.

5. Legal Expenses - This category is the same as last year with a budget of \$178,321.
6. Election Expenses –There will be a Board election in 2015-16, and election expense is budgeted at \$175,000.
7. Building Maintenance – Minor capital improvements is budgeted at \$77,000.
8. Other Services & Expenses – The total budgets here are similar to last year, except for the set-aside total of \$6,006,494 mentioned above. There was an overall decrease in the other budget lines of \$38,575.
9. Contingencies – Total general contingencies are \$30,120, including \$10,000 for unanticipated institutional expenditures, \$6,580 for the Superintendent/President, \$11,040 total for vice presidents, \$2,500 total for deans.

Three contingency budgets totaling \$6,006,494 are included representing the additional state funds proposed by the Governor’s May Revise:

- Ongoing - \$2,020,115
- Ongoing designated - \$426,503
- One-time - \$3,559,876

- **Capital Outlay** – This category is budgeted at \$136,586.
- **Transfers** - Transfers to other funds are budgeted at \$118,683, a decrease of \$209,798 from last year, due to a decrease in the transfer to Child Development Fund.

Child Development Fund	\$50,000
EOP&S	\$ 68,683

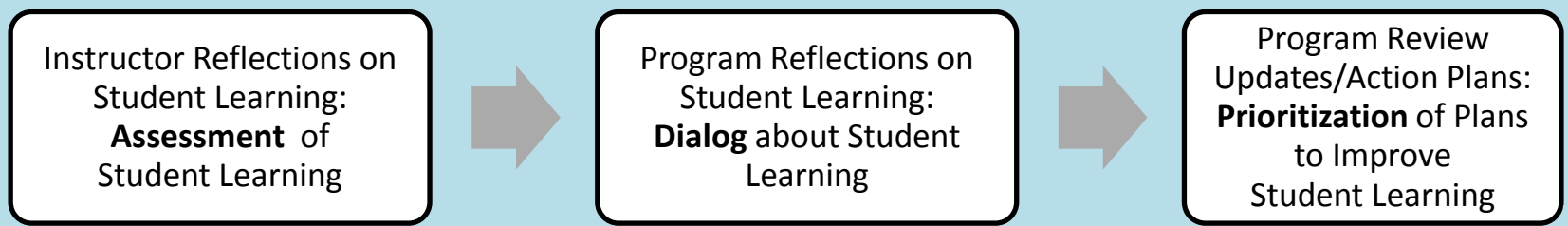
- **Other** - The District records the mandatory allocation of revenue generated by DSPTS classes by covering direct expenses totaling \$377,246 in the Unrestricted General Fund.

<i>Conclusion</i>

Unrestricted General Funds Expenses are budgeted to exceed revenues by \$3M, (the current structural deficit) and, an ending fund balance of \$700K is projected. Expense budgets include \$6,006,494 in contingencies for expenses (to be determined) that will be supported by the additional state revenues and significantly reduce or eliminate the structural deficit and increase the projected ending fund balance.

The Tentative Budget for 2015-16 was developed using the best information available at the time. The final budget approved by the State could alter District assumptions that would require further adjustments to the District’s Final Budget.

Monterey Peninsula College Planning and Resource Allocation Process



Ideas and Data to Enhance Programs and Services for Students*

Multi-year mission/goals and Education/Facilities/Technology Master Plans influence and are influenced by the Planning and Resource Allocation process.

1. College Council reviews student achievement data and a summary of the reflection process-in September. ¹

2. College Council reviews previous year's progress on institutional goals/Education Master Plan in September.

3. Superintendent sets planning assumptions for next fiscal year in October.

4. College Council provides direction to advisory groups in updating Education Master Plan objectives as needed.

5. All units complete Program Review Updates/Action Plans in March.

6. Advisory groups review action plans and share preliminary priorities with College Council in early April.

Each planning step:

- Supports and/or advances student learning.
- Is evidence-supported.
- Requires communication to constituencies.

12. IMPLEMENTATION

11. Superintendent/President submits tentative budget to Board in June and final budget to Board in August.

10. College Council makes allocation recommendations to the President in May/June.

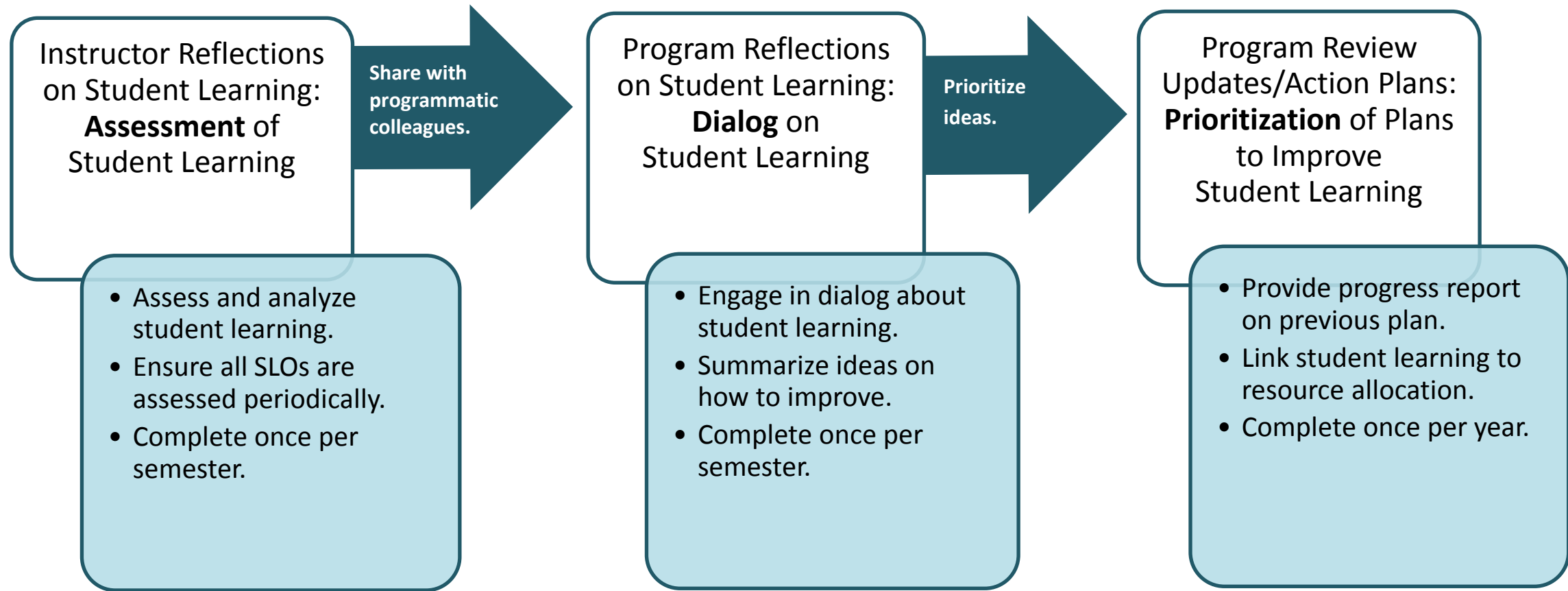
9. Administration completes institutional review of budget in May/June.

8. Budget Committee affirms revenue assumptions based on May Revise.

7. Budget Committee affirms revenue assumptions based on Governor's Budget Proposal and begins budget development in early April.

*Please see attached page for further details.

Student Learning: Foundational to Planning and Resource Allocation



MPC President's Planning Assumptions – 2015/2016

In an effort to facilitate planning of the 2015/2016 schedules of classes and services, the following planning assumptions are provided. These assumptions are based on the anticipated 2015/2016 budget and its impact on district operations. It is noted that these planning assumptions are preliminary in that they are made prior to the release of the Governor's budget in January.

1. Planning must support the preparation and submission of MPC's Institutional Self-Study to the ACCJC and the ACCJC site visit in March 2016.
2. Though the passing of Prop 30 has resulted in the cessation of state-mandated budget reductions (so-called workload reductions), clearly the State of California is not using the existing Prop 30 revenue to restore base funding for community college districts. Most "new" funding has been made available for growth and selected categorically-funded initiatives like the Student Success and Support Plan (3SP). MPC has not been able to take advantage of the growth funding that is available. In fact, MPC has lost significant funding due to declining enrollments. Therefore, MPC must assume no new funding from the state and, at best, the same revenue projection from 2014-15. At worst, MPC will experience continued decline in enrollment.
3. Planning must be done to maximize our potential for gaining enrollment.
 - b. CSUMB: Partnerships with CSUMB that enable MPC to enroll students in 2+2 programs, initiate a concurrent enrollment model, and fill service gaps that exist at CSUMB (e.g., pre-college English and, potentially, foreign language).
 - c. Area High Schools: We must plan to maximize concurrent enrollment of qualified high school students in our service district. We must plan to capture a greater percentage of college-bound high school graduates from area high schools.
 - d. Program Expansion/Development: We must plan to expand or develop economically feasible CTE programs.
 - e. Basic Skills Instruction: One area of focus are those English as a Second Language courses/pathways that qualified for enhanced non-credit apportionment funding. We must also plan to integrate practices that are proven to be effective in assessment and course delivery to help students maximize their opportunities. Such practices will provide opportunities for our under-served and create a pipeline of success for students.
4. Class scheduling will be anchored by the MPC annual schedule. This document will serve as an invaluable tool for students, advisors/counselors, and other faculty so that useful planning is possible. Effective scheduling of the district courses is the key to financial solvency. The schedule needs to be scrutinized for efficiency and to maximize potential enrollments while reducing costs. The Marina Education Center is a key strength to increase enrollment. The Marina Education Center schedule must be maximized to facilitate students' educational plans to the maximum extent possible. In general, MPC will examine specific offerings to increase average class size as a means of promoting access and

enrollment, including the possibility of redirecting program resources to areas of greatest need. Enrollment demand will be met through redistribution of existing resources and enhanced efficiency.

5. Repeatability policies have created a gap in community needs and the availability of courses at MPC. The MPC Community Education program must increase its class offerings to meet this need and mitigate services lost due to policy changes.
6. A major goal of the 2015/2016 budget development process is to end deficit spending.
7. Successful negotiations with both labor units are required to facilitate institutional stability and end deficit spending in a manner that best serves the students, community, and employees.
8. The budget development process for 2015/2016 must reflect the anticipated budget parameters of the California community college system, including legislative guidelines, and fiscal conditions resulting from collective bargaining agreements.
9. The budget development process for 2015/2016 must reflect the anticipated budgetary impact of the Affordable Care Act (ACA). The college must plan to eliminate and, in rare cases, significantly reduce the additional cost anticipated by implementation of the ACA.
10. All staffing requests of all types of employees will continue to be examined to ensure the greatest efficiency.

MONTEREY PENINSULA COLLEGE

2014-2020 Institutional Goals and Supporting Objectives

Mission Statement

Monterey Peninsula College is an open-access institution that fosters student learning and achievement within its diverse community. MPC provides high quality instructional programs, services, and infrastructure to support the goals of students pursuing transfer, career training, basic skills, and lifelong learning opportunities.

Values Statement

To attain the mission of the college and enhance the intellectual, cultural, and economic vitality of our diverse community, MPC strives to:

- Cultivate collaboration to promote student success
- Recruit and retain highly qualified faculty and staff
- Provide students and staff with clean, accessible, attractive, and safe facilities
- Provide equipment and training sufficient to support student learning and achievement

Goal 1: Help students achieve their educational goals.

Objective 1.1: Create, delete and/or revise programs and curriculum to help students transfer or build job-related skills. [Meet SB 1440 and 440 requirements]

Objective 1.2: Develop and implement Student Success and Equity plans. [Student Success Initiative]

Objective 1.3: Continue to develop continuing education program encompassing community education, contract education, and workforce development. See *Strategic Initiative on Continuing Education*. [Community needs]

Objective 1.4: Provide essential support services for the Marina Education Center and the Seaside Public Safety Center. [Meet Accreditation standards]

Objective 1.5: Implement the online learning strategic plan that includes institutional support, protocols, and assessment. [Meet Accreditation standards.]

Objective 1.6: Maximize systematic participation in the Instructor and Program Reflections process for continuous quality improvement. [Meet Accreditation standards]

Objective 1.7: Review and revise scheduling processes to meet student needs and increase class size average. [Fiscal Stability]

Objective 1.8: Meet the college's Institution-Set Standards. [Meet Accreditation standards]

Goal 2: Establish and maintain fiscal stability.

Objective 2.1: Improve institutional efficiencies.

Objective 2.2: Create and implement a significant marketing plan.

Objective 2.3: Strategically improve and enhance enrollment and retention rates.

Objective 2.4: Develop and implement a plan to increase the number of international students.

Objective 2.5: Create opportunities to partner with public and private organizations.

Objective 2.6: Obtain extramural funding.

Goal 3: Review, revise, and communicate policies and procedures to support the college mission.

Objective 3.1: Review and revise Board policies and administrative procedures as needed.
[Accreditation]

Objective 3.2: Develop and distribute handbooks to clarify committee functions and shared governance processes.

Goal 4: Establish and maintain effective infrastructure to promote student learning and achievement.

Objective 4.1: Strengthen connectivity, security, and sustainability of technology infrastructure.
[Accreditation]

Objective 4.2: Implement an information management system. [Accreditation]

Objective 4.3: Develop funding and sustainability model for technology. [Accreditation]

Objective 4.4: Review and revise facilities plan. [Accreditation and Fiscal Stability]

Objective 4.5: Create and implement a human resources plan. [Accreditation, Fiscal Stability and Equity]

Objective 4.6: Update and implement the emergency response plan.