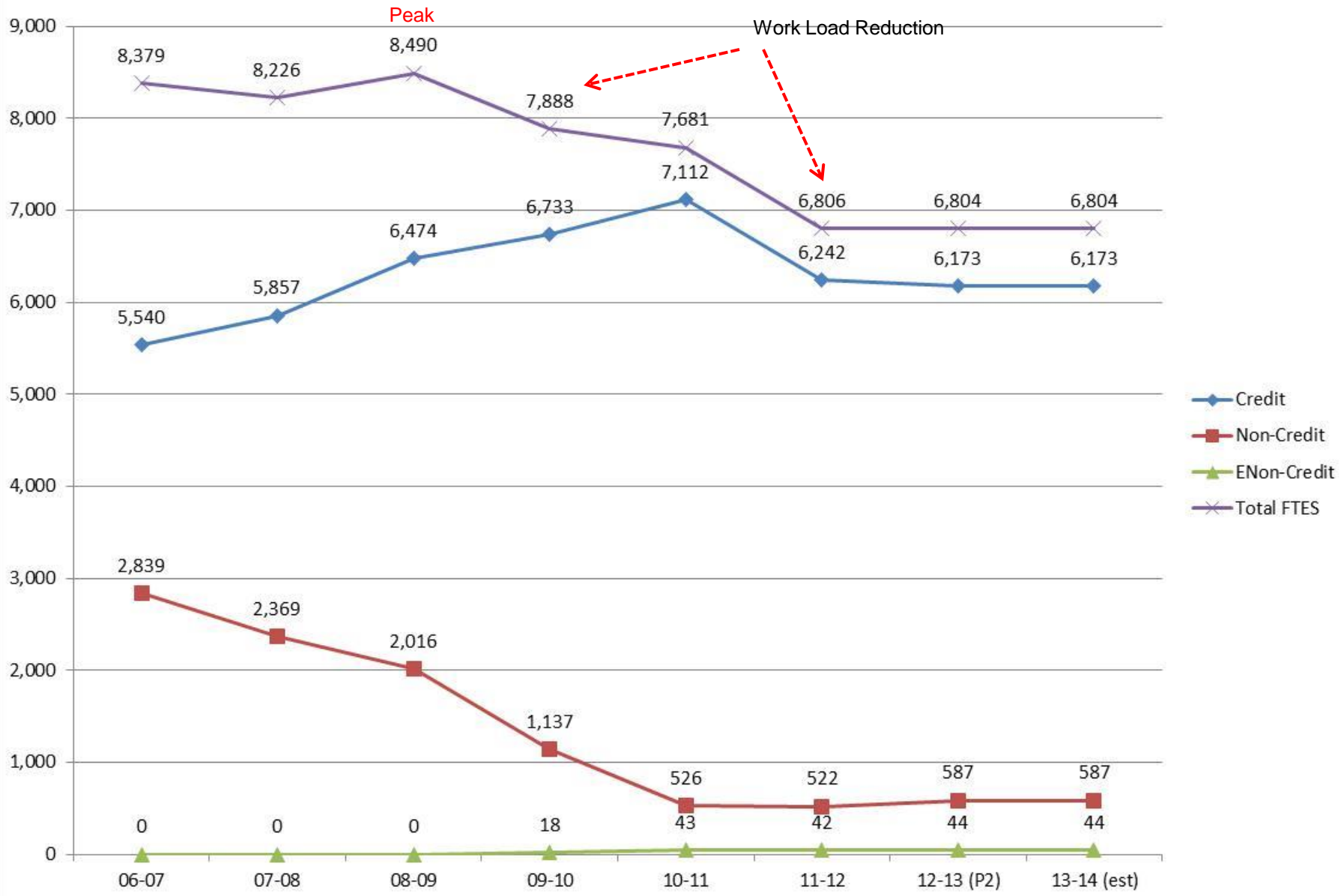
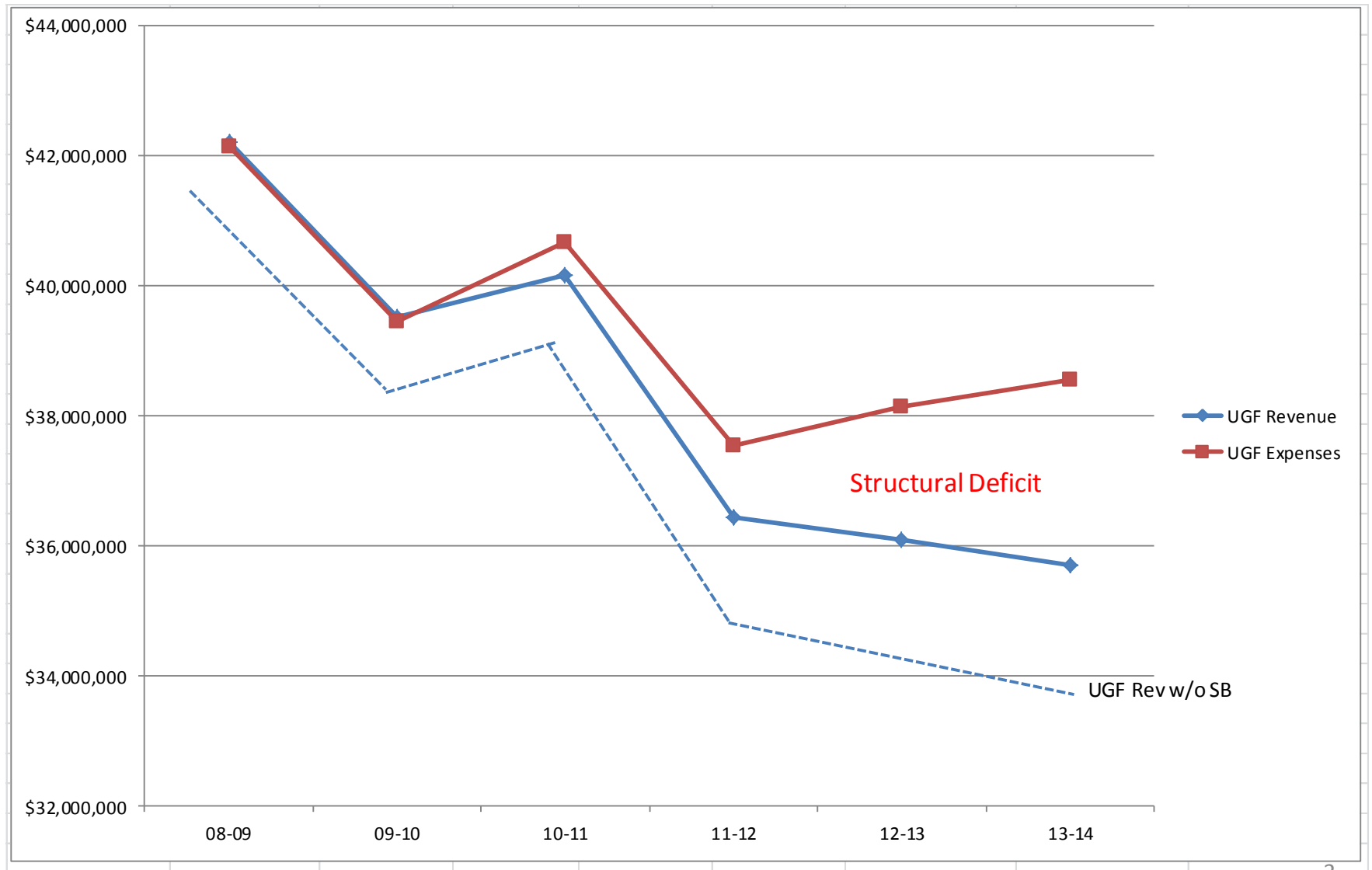


Budget Analysis 2013-14

FTES Trend



What does “deficit spending” look like?



Budget Responses

\$2.85 million deficit created over the past 3 years because revenues have fallen much faster than expenses.

- Reserves and 1X funds used to close the deficit gap, but this is unsustainable
- Some of the 1X funds used to close the deficit should be earmarked for items such as OPEB unfunded liability and other capital investments.

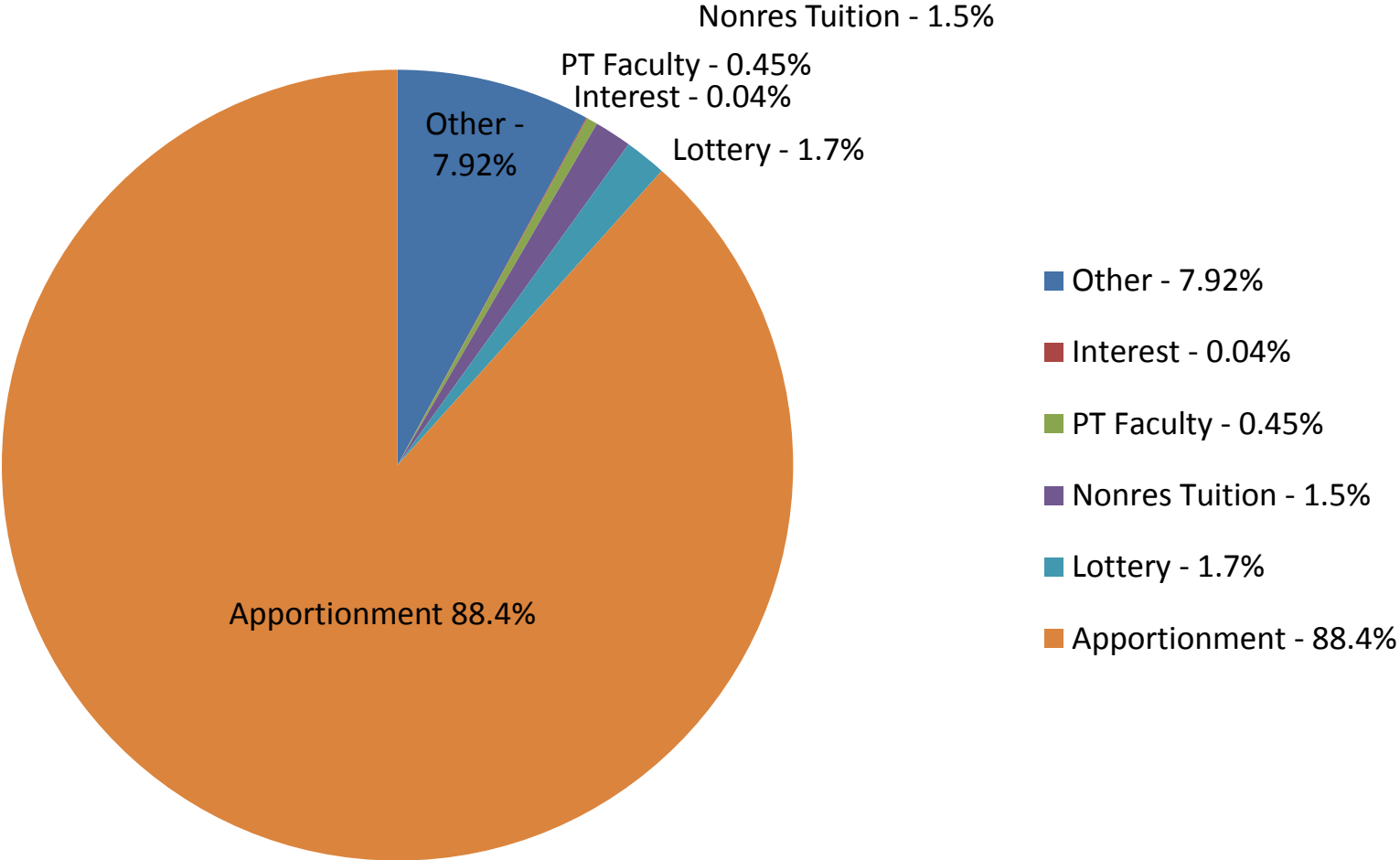
Goal is for revenues = expenditures

- Reduce ongoing/structural expenses by at least \$1.4 million for 2014-15 budget
- Balanced budget in 2015-16
- Tough choices ahead....it will be a matter of values

Tentative Budget 2013-14

| | Beginning | Budgets | | Ending |
|--------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Fund Balance | 2013-2014 | | Fund Balance |
| <u>Funds</u> | <u>7/1/2013</u> | <u>Revenue</u> | <u>Expense</u> | <u>6/30/2014</u> |
| General | | | | |
| Unrestricted | \$3,856,431 | \$38,543,238 | \$38,545,154 | \$3,854,515 |
| Restricted | \$0 | \$5,133,123 | \$5,133,123 | \$0 |
| Special Revenue | | | | |
| Child Development - Unrestricted | \$0 | \$312,715 | \$312,715 | \$0 |
| Child Development - Restricted | \$0 | \$187,493 | \$187,493 | \$0 |
| Student Center | \$259,336 | \$265,200 | \$265,200 | \$259,336 |
| Parking | \$116,995 | \$512,000 | \$487,184 | \$141,811 |
| Debt Service | | | | |
| Student Center | \$20,905 | \$18,075 | \$18,075 | \$20,905 |
| Lease Payments | \$52,285 | \$275,324 | \$275,324 | \$52,285 |
| Capital Projects | | | | |
| Building | \$27,158,736 | \$50,000 | \$7,520,032 | \$19,688,704 |
| Self Insurance | \$8,292,175 | \$6,342,942 | \$8,092,942 | \$6,542,175 |
| Fiduciary | | | | |
| Financial Aid | \$12,881 | \$5,300,000 | \$5,300,000 | \$12,881 |
| Associated Students | \$75,000 | \$90,000 | \$90,000 | \$75,000 |
| Scholarship and Loans | \$272,948 | \$2,531,700 | \$2,531,700 | \$272,948 |
| Trust Funds | \$293,917 | \$469,102 | \$469,102 | \$293,917 |
| Orr Scholarship | \$41,262 | \$13,000 | \$28,000 | \$26,262 |
| Total | <u>\$42,224,478</u> | <u>\$61,203,604</u> | <u>\$71,938,329</u> | <u>\$31,489,753</u> |
| Notes: Beginning Balance is prior to audit of 2012-2013 fiscal year end. | | | | |
| Ending Balance is calculated based on Beginning Balance and Budgets | | | | |

Where UGF money comes from



Other = transfer in from other funds to balance budget

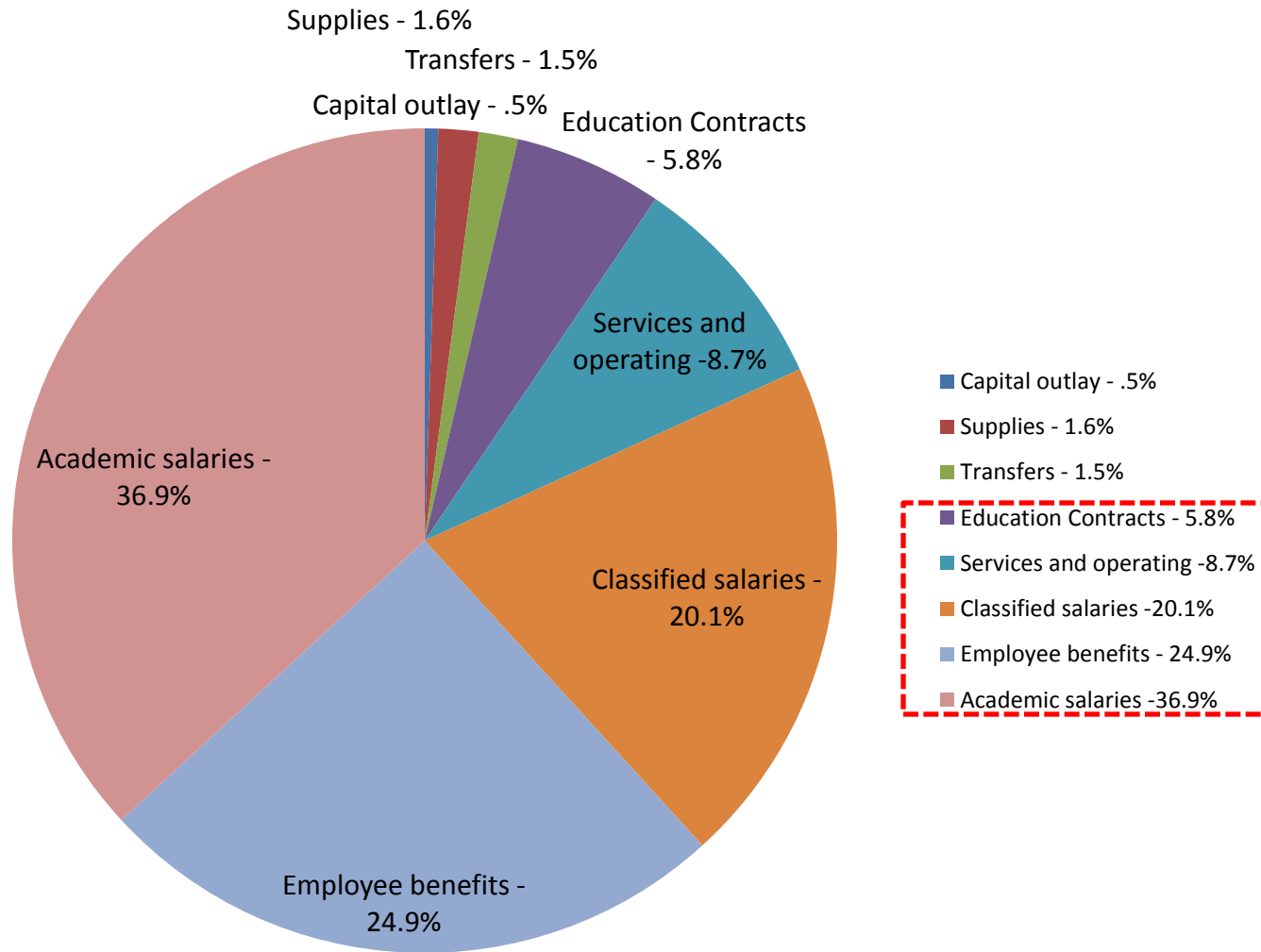
Apportionment is generated by FTES

| 320 Annual for 2012-13 | | | |
|----------------------------------------------------------------------------------|--------------|---------|---------------|
| | Funding Rate | FTES | Apportionment |
| Base Allocation | | | \$3,598,340 |
| Credit FTES | \$4,564.8251 | 6186.3 | \$28,239,377 |
| Noncredit FTES | \$2,744.9578 | 651.56 | \$1,788,505 |
| Enhanced Noncredit | \$3,232.0676 | 44.3 | \$143,181 |
| | | | |
| | | 6882.16 | \$33,769,403 |
| Adjustments: | | | |
| Deficit Coefficient (estimated) | | | (\$300,000) |
| | | | |
| Total Apportionment Earned (Est.)* | | | \$33,469,403 |
| | | | |
| Budgeted Apportionment 12-13 | | | \$34,296,195 |
| | | | |
| Revenue Shortfall 12-13 | | | (\$826,792) |
| | | | |
| <i>* Subject to audit, verification of SB FTES and final deficit coefficient</i> | | | |

UGF Revenue Assumptions for 13-14

- Apportionment revenue (\$34M) based on 6,803 FTES
 - About same level as 2012-13
 - Changes in financial aid, repeatability, and drop date reporting will probably offset any real growth in FTES
 - Total assumes 475 FTES can be purchased from SB
 - Total assumes approximately \$526,392 in projected COLA (1.57%).
 - Total assumes no deficit coefficient

Where UGF money goes



UGF Expenses

| Academic Salaries (1100-1400) for 2013-14 | |
|----------------------------------------------------------------|---------------------|
| Instructional Salaries (FT Faculty) | \$6,086,928 |
| Instructional Salaries (PT faculty / adjunct, grading factor) | \$5,058,078 |
| Non-Instructional Salaries | |
| * Academic administrators, counselors, librarians, dept chairs | \$2,722,319 |
| Non-Instructional Salaries | |
| * Hourly | \$337,526 |
| Total - does not include statutory or health benefits | \$14,204,851 |
| Classified & Other Nonacademic Salaries (2100-2400) | |
| Non-Instructional Classified FT | \$4,912,458 |
| Managers, Supervisors and Confidential | \$1,111,454 |
| Instructional Aides, Regular FT | \$828,356 |
| Instructional Aides, PT and Hourly | \$630,782 |
| Non-Instructional Classified, PT and Hourly | \$249,341 |
| Total - does not include statutory or health benefits | \$7,732,391 |

UGF Expenses

| | |
|--------------------------------------------------------------------------------|--------------------|
| Employee Benefits (3100-3900) | |
| STRS Retirement | \$1,139,361 |
| PERS Retirement | \$1,365,566 |
| FICA | \$478,942 |
| Medicare | \$313,607 |
| SUI (State Unemployment Insurance) | \$231,856 |
| Worker's Comp | \$667,862 |
| Health & Welfare (Medical, Dental, Vision, Life Ins., Lg Term Disability Ins.) | \$5,404,098 |
| Total | \$9,601,292 |
| Services & Operating (5100-5900) | |
| Contracts (Other than Instructional Contracts) | \$147,217 |
| Travel & Conference | \$151,691 |
| Dues & Memberships | \$173,955 |
| Insurance (Property & Liability, Student Accident) | \$361,819 |
| Utilities | \$1,190,717 |
| Leases, Repairs, Maint. Agreements | \$643,781 |
| Legal, Election & Audit | \$217,400 |
| Other Services | \$473,998 |
| Total | \$3,360,578 |

UGF Expenses

| Education Contracts (various 5100 codes) | |
|------------------------------------------|--------------------|
| Drama | \$90,000 |
| Hope Services | \$12,000 |
| South Bay Reg. Public Safety JPA | \$1,166,324 |
| Occupational Ed. Fire | \$67,300 |
| Monterey Bay Aquarium | \$5,000 |
| Parks and Rec | \$83,926 |
| North Bay Industries | \$18,600 |
| Central Coast Lighthouse Keepers | \$11,500 |
| Monterey State Park | \$7,200 |
| Monterey Fire Dept. | \$36,500 |
| Clovis Fire | \$10,000 |
| Contingency for Contracts | \$250,467 |
| CHOMP | \$486,131 |
| Total | \$2,244,948 |

Tentative Budget Results

- UGF revenues are estimated to decrease by \$391K compared to 12-13
 - Loss of stability funding somewhat offset by hybrid estimate in 12-13 and projected COLA of 1.57%
- UGF expenses are estimated to increase by \$402K compared to 12-13
 - Board election, Ed Contract increase, expiration of wage concession, and lowering of health premium
- Structural deficit has increased from \$2M in 12-13 to \$2.85M in 13-14
- Will have to use reserves and other 1X funds (Self Insurance and Capital Outlay) to close structural deficit

Unrestricted General Fund Comparison

| Unrestricted General Fund | Adopted 12-13 | Tentative 13-14 | Variance |
|--------------------------------------------------------------------|--------------------|--------------------|-------------|
| Revenues | | | |
| 8100 Fed Revenues | \$10,700 | \$10,700 | |
| 8600 State Revenues | \$1,025,626 | \$894,887 | |
| 8610 Apportionment | \$19,104,397 | \$18,021,682 | |
| 8800 Local Revenues | \$15,947,048 | \$16,770,667 | |
| Ongoing Revenues <u>before</u> Transfers & Reserves | \$36,087,771 | \$35,697,936 | (\$389,835) |
| Expenses | | | |
| Salaries & Statutory Benefits | \$26,678,433 | \$26,929,769 | |
| Health & Welfare | \$5,751,764 | \$5,404,100 | |
| Contracts (ISA, CHOMP & Misc.) | \$2,045,076 | \$2,392,165 | |
| Non-personnel items (utilities, insurance, supplies, repairs, etc) | \$3,667,729 | \$3,819,120 | |
| | \$38,143,002 | \$38,545,154 | \$402,152 |
| Structural Deficit in UGF | \$2,055,231 | \$2,847,218 | |

Self Insurance Fund

- Three phase medical plan expired on June 30th
- Funding rate was lowered from \$1,280 to \$1,200 because of recent claims history
 - Consultant had recommended a 12.82% increase of the \$1,280 rate based on national trends
- Retiree rates (>65 yrs. old) increased by 9% starting in January 2014.
- Consultant has identified a list of cost savings measures for H&WCC to consider

Self Insurance Fund

- Cost saving measures considered ranged from \$4,499 to \$1,025,031.
 - The low end of the savings range involved small changes to deductible, out-of-pocket max, co-insurance, co-pay and HSA (health savings account)
 - High end of the savings option included going to a tiered model (employee, employee +1, and family) with employee contributing 10% to 20% of equivalent premium.
 - There was no consensus on H&WCC to make any changes at this time.

Other UGF Transfers

- Not all funds are self supporting. UGF supports the following funds
 - Self Insurance \$4,990,380
 - Child Development Fund \$250,867
 - Debt Service (energy) \$275,324
 - EOPS \$67,364

Questions