

**Monterey Peninsula  
College**  
**2011-12 Final Budget**  
*(Draft)*

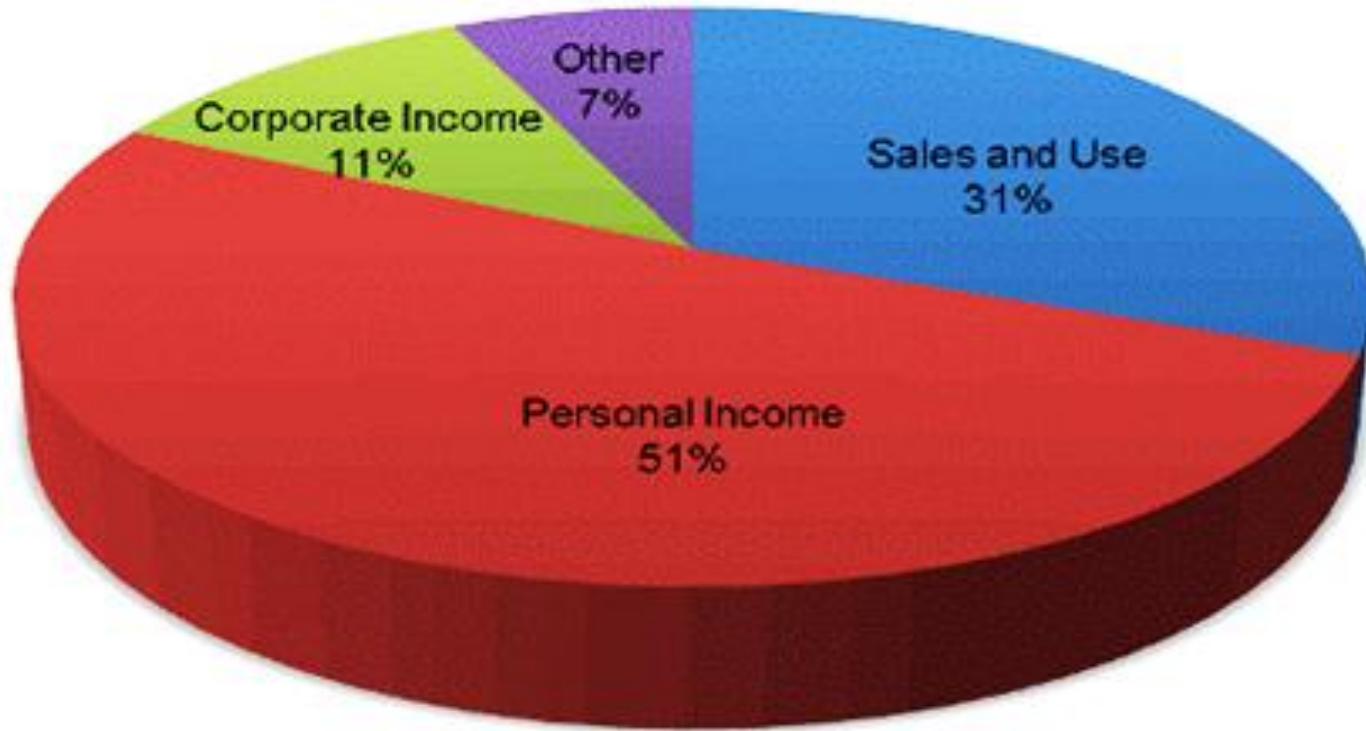
**Presentation to College Council**  
**August 16, 2011**

# State Approved Budget 2011-12

- CC system will be cut \$290M in apportionment from 2010-11 levels
- Student fees will be increased from \$26 to \$36 per unit
- New inter-year deferral of \$129M
- Potential for mid-year trigger cuts of \$30 million and \$72 million if certain statewide revenue estimates are not met

# It's About Revenue !

**Sources of General Fund Revenues**  
FY 2009-10



# State Adopted Budget

## Closing the Budget Gap From DOF official budget document

	Two - Yr. Total	%
Expenditure Reductions	\$15,043	55.3
Revenues	\$947	3.5
Other	\$2,920	10.7
Natural Changes*	\$8,287	30.5
<b>Total Solutions and Changes</b>	<b>\$27,197</b>	

*\* Changes are from the improvement in the state's revenue outlook*

State unemployment rate was 12.1% as of June 30.

# State Adopted Budget

- Redevelopment Agencies (RDA) are to contribute \$1.7B to schools (Prop 98) and local governments as part of the 2011-12 budget solution or face elimination.
- A lawsuit has been filed challenging required contribution saying state violated voter-approved Prop 22.
- Who will prevail and what does it mean?

# Mid-year Trigger Cuts

- The budget allows mid-year trigger cuts if Dept. of Finance determines on or before December 15th that revenues are falling short of budget assumptions.
  - Tier 0 – There will be no midyear cuts if at least \$3 billion of the \$4 billion of the higher revenues materialize.
  - Tier 1 – If only \$2 billion to \$3 billion of the revenues materialize, the CC system could see a \$30M cut to apportionment at spring semester which could be offset by another \$10 increase to student fees.
  - Tier 2 – If less than \$2 billion of the revenues, the CC system would receive a reduction to apportionments of up to \$72 million beyond the Tier 1 cuts.



# MPC Budget Assumptions

## Tentative Budget

- No funded COLA (statutory COLA estimated at 2.24%)
- No growth funding
- \$3.39M reduction to state apportionment (9% reduction from 10-11)
  - Workload reduction (reduced FTE cap)
- Fee increase from \$26 to \$36 per unit
- No change to state categorical funding levels
  - Categorical flexibility extended for another two years
- No buy down of inter-year deferrals

## Final Budget

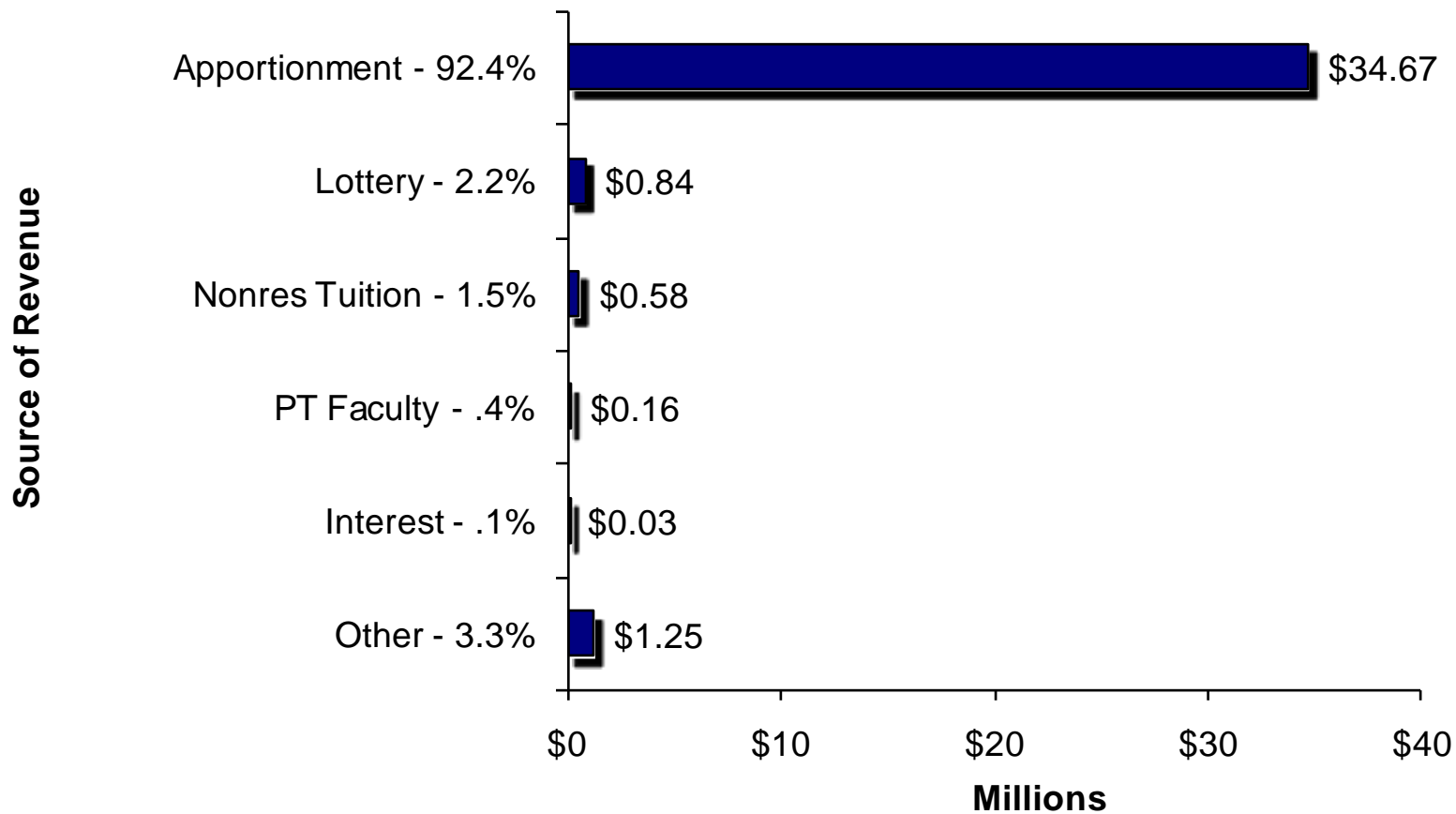
- No funded COLA (statutory COLA estimated at 2.24%)
- No growth funding
- **\$2.94M reduction to apportionment (Tier 2 worst case scenario)**
  - Workload reduction (reduced FTE cap)
- **Mid year fee increase from \$36 to \$46 per unit – (Tier 1 & 2)**
- No change to state categorical funding levels
  - Categorical flexibility extended for another two years
- **New inter-year deferral**

# Summary of All Funds

Funds	Beginning	Budgets		Ending
	Fund Balance	2011-2012		Fund Balance
	<u>7/1/2011</u>	<u>Revenue</u>	<u>Expense</u>	<u>6/30/2012</u>
General				
<b>Unrestricted</b>	<b>\$3,763,831</b>	<b>\$37,533,388</b>	<b>\$37,530,148</b>	<b>\$3,767,071</b>
<b>Restricted</b>	<b>\$0</b>	<b>\$5,576,376</b>	<b>\$5,576,376</b>	<b>\$0</b>
Special Revenue				
Child Development - Unrestricted	\$0	\$560,576	\$560,576	\$0
Child Development - Restricted	\$0	\$231,190	\$231,190	\$0
Student Center	\$214,409	\$275,200	\$264,229	\$225,380
Parking	\$92,179	\$469,000	\$464,458	\$96,721
Debt Service				
Student Center Revenue Bond	\$20,905	\$18,975	\$18,975	\$20,905
Lease Payments	\$103,491	\$275,324	\$275,324	\$103,491
Capital Projects	\$812,067	\$3,216,400	\$3,914,852	\$113,615
<b>Building</b>	<b>\$54,046,985</b>	<b>\$200,000</b>	<b>\$39,371,502</b>	<b>\$14,875,483</b>
<b>Self Insurance</b>	<b>\$9,327,145</b>	<b>\$6,886,665</b>	<b>\$7,477,624</b>	<b>\$8,736,186</b>
Fiduciary				
Financial Aid	\$12,881	\$5,500,000	\$5,500,000	\$12,881
Associated Students	\$16,122	\$134,000	\$134,000	\$16,122
Scholarship and Loans	\$272,948	\$2,850,000	\$2,850,000	\$272,948
Trust Funds	\$293,917	\$589,000	\$589,000	\$293,917
Orr Scholarship	\$61,262	\$50,000	\$40,000	<u>\$71,262</u>
<b>Total</b>	<b><u>\$69,038,142</u></b>	<b><u>\$64,366,094</u></b>	<b><u>\$104,798,254</u></b>	<b><u>\$28,605,982</u></b>
Notes: Beginning Balance is prior to audit of 2010-2011 fiscal year end.				
Ending Balance is calculated based on Beginning Balance and Budgets				



## Where the money comes from



# FTES / Apportionment

	2009-10		2010-11		2011-12
Credit FTES	6732.95	85.36%	7111.29	92.58%	?
Non-Credit FTES	1155.05	14.64%	569.74	7.42%	?
<b>Total FTES</b>	<b>7,888</b>		<b>7,681</b>		<b>7,101</b> *
<b>Apportionment Revenue</b>	<b>\$37,489,519</b>		<b>\$37,512,000</b>		<b>\$34,672,630</b> *
* Assumes Tier 2 trigger cut and workload reduction of approx. 580 FTES					

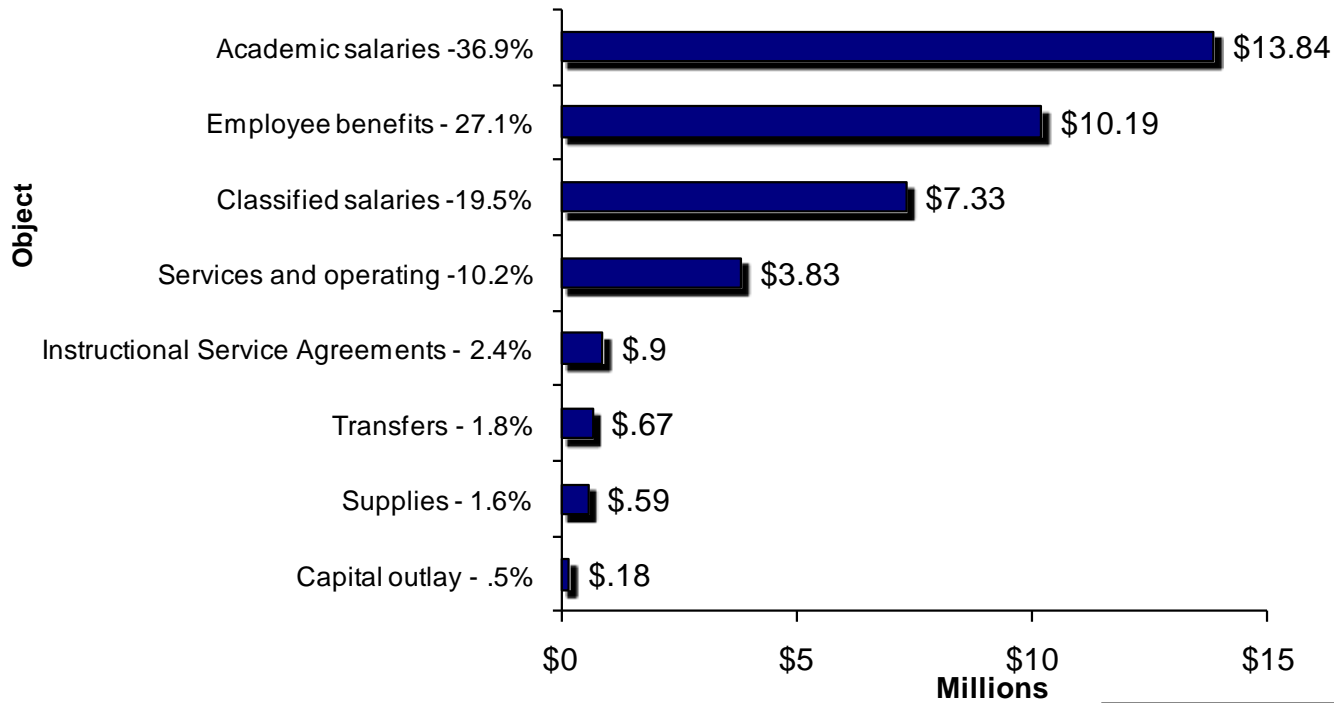
Funding Rate for Credit FTES                      \$4,565  
 Funding Rate for Non- Credit FTES                \$2,744

# Restricted Revenues / Categoricals 2011-12

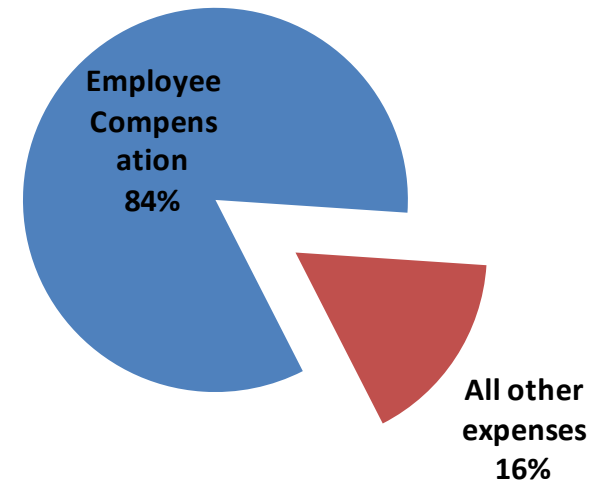
Disabled Students Programs and Services (DSP&S)	\$592,643
Extended Opportunities Programs and Services (EOP&S)	\$604,226
Marine Advanced Technology Education (MATE)	\$429,174
MATE ROV Competition/ITEST	\$373,141
Upward Bound	\$369,995
Health Services	\$363,300
Math Science Upward Bound (MSUB)	\$358,042
Matriculation - CR/NCR	\$346,346
New Scholars	\$304,351
Student Financial Aid Administration (SFAA/BFAP)	\$211,620
Enrollment Growth- Nursing	\$131,156
CalWorks/TANF	\$158,262
Perkins I-C Student Support Structure	\$142,130
Federal Work Study	\$136,838
Lottery	\$165,462
Workability	\$111,828
Marine Tech Mentor/Intern	\$111,282
Basic Skills 2009-10	\$92,784

- 18 largest categorical programs operated by MPC
- Total categorical funding equals \$5.5M
- Funding level remains the same as prior year
- Flexibility provision extended for two additional years
- Categorical programs were cut \$1.6M in 09-10 and has not been restored

## Where the money goes



We are a people business.....



# Budget Response to State Cuts

- Institutional savings
  - Each dept. was asked to cut 15% from their operating budget (supplies, contracts, travel, etc.)
- Savings related to workload reduction
  - Course offerings reduced 5% for fall with contingency plans to reduce further if necessary
  - ISAs reduced \$439,000
- Compensation related savings totaling \$1.8M for all groups (Faculty, Classified, Management and Confidentials)
- District's use of one-time funds and reserves (approx. 20%) to close remaining deficit

# Self Insurance Fund

- Preliminary indications are that health benefit expenses are \$500K less than budgeted for 2010-11
- Keenan analysis of the data suggests the following
  - CHOMP discounts from 1-1-11 to 6-30-11: -\$168K (6 months)
  - Removing grandfathering of maintenance Rx: -\$24K (6 months)
  - Higher Keenan discounts due to Coalition size increase: -\$9K (9 months)
  - Employee's making more cost effective choices – changing behavior?
  - Favorable Utilization Variance

# Self Insurance Fund

- Health benefit costs continue to rise
  - Stop Loss Premium increased \$305K for 2011-12
  - Increased attachment point (deductible) from \$125K to \$150K per claim – means increased \$ exposure
- Savings trends from 2010-11 are inconclusive because of short study period
- District will hold medical composite rate at 2010-11 level (\$1,280 per insured individual) for budgeting purposes even though Keenan is projecting an 18% increase.
- Savings from 2010-11 will be used to offset increase in 2011-12 health benefit costs
- If savings trends do not continue and expenses exceed budgeted amount, we will be spending down our self-insurance reserve.

# Building Fund

- District continues to make excellent progress in its bond program
- Four projects (HUM, LS/PS, theater, and 1<sup>st</sup> fl. Gym) will start construction in 2011-12. This represents roughly 1/3 of the sq. footage on this campus
  - Approximately \$39M will be spent on these projects over the next 18 to 24 months.
- Other projects including Music, Arts Complex, Student Center, other athletics and Fort Ord properties are in the planning pipeline.



# Institutional Goals

- Progress on goals that require additional resources are being made, albeit slow...
- **Goal 3 – managing the rate of growth at Marina / Seaside**
  - Opening of perm Ed Center will provide educational opportunities for an underserved area
  - Long term growth at Fort Ord facilities will strengthen MPC's financial base in the long run
  - Need to monitor and regulate growth while in this climate of “workload reduction”
- **Goal 4 – Maintain and strengthen instructional and institutional technology**
  - District will be investing in “thin client” technology and infrastructure in 2011-12 (Ed Center, Student Services & partially in the Library Technology Center)
  - This technology should provide a more cost effective platform as older PCs become obsolete and are replaced.

# Conclusion

- State's budget assumptions are tenuous
- MPC will be conservative in its revenue estimate and will budget for "worst case"
- If state revenues materialize, there will be provisions for restoration of cuts and concessions
- Full restoration of funding to pre-recession (2007) levels is likely still 2 to 3 years away.

Questions?