

Budget Update

College Council – May 3, 2011

State Economy:

- State economy seems to have stabilized
 - State unemployment remains high at 12.3% compared to 9.2% nationally
 - Personal income tax revenue has stopped declining – this is a good sign (Pg. 5-6)
 - Economic recovery is still very fragile – lots of liquidity but lenders aren't lending and consumers continue to be careful with spending.
 - Corporate profits are beginning to rise, however, real estate and the price of oil are critical areas for consumers

Legislative Update:

- On March 24, 2011, Governor signed a number of trailer bills into law accounting for \$11.2B in budget solutions most of which are program reductions
 - Included in these bills are a number of reductions to K-14 education
 - \$2.1B deferral from 2011-12 to 2012-13
 - Two-year extension of categorical flexibility provisions
 - A fee increase to CC from \$26 per unit to \$36 per unit
- SB 69 is still awaiting action – additional \$13B in state revenue and program cuts
 - Elimination of redevelopment agencies
 - Extension of temporary taxes and fees
- Legislature missed deadline to put tax package on June special election
- Temporary tax and fee increase expire on June 30th creating a \$9B hole in the state's revenue stream
- Assembly and Senate budget committees continue to hold public hearings to articulate the potential of an “all cuts” budget
- Governor wants the public to vote for tax package but needs 2/3's approval of both houses to put on ballot
 - Republicans are holding out for pension reform, spending cap, etc.
 - Still unclear whether there are sufficient votes to put tax extension and pension package on Fall ballot
- Recent survey conducted by LA Times / USC on state budget reveals interesting trends
 - 60% of voters surveyed would support tax extension – up from 44% in the Fall
 - 70% of voters surveyed would support caps on current and future public employee pensions

- May Revise (May 16th Release) will tell how Governor proposes to close \$13B gap
 - Could put temporary measures (gimmicks and shifts) in place awaiting a Fall election
 - Could put forward an “all cuts” budget so as to frame the Fall election
 - Combination of both?
- LAO Options for additional CC cuts (Pg. 7)

MPC Budget Development:

- Budget development for 2011-12 is based on a set of revenue and expense assumptions (Pg. 8)
 - On the revenue side, staff is relying on Governor’s January budget proposal, in addition to budget information from the Chancellor’s office and the Community College League.
 - The Governor is scheduled to release the May Revise on May 16th which will provide some additional guidance
 - **MPC’s 2011-12 budget development will be based on the Worst Case scenario with triggers that would allow the college to back off cuts as more information is known.**
- Revenue Assumptions
 - Workload reduction estimated to reduce **apportionment** from \$5.364 to \$1.932 million. Proposed student fee increase partially offsets reduction in apportionment
 - Statutory **COLA** of 2.37% will not be funded
 - Reduction in “**Nonresident Fee**” revenue because use of statewide average has declined
- Expense Assumptions
 - **Self-Insurance** – Health benefits cost is projected to increase by \$900,000 for 2011-12. This is somewhat offset by the movement of CHOMP to Tier 1. The goal is to reduce health cost by \$500K-\$700K from current year levels, therefore, the gap of over \$1 million still remains. Any change to the health plan is subject to collective bargaining.
 - **Early Retirement Savings**
 - **PERS Increase** – Increase in district’s PERS contribution due to decreased investment returns during recession
 - **Step & Longevity for Conf & Mgr**
 - **Turnover Savings for Mgr**
 - **Step for Faculty**

- **Classified Reclass Cost** – Represents 3rd year of 5 year payout plan
- **Classified Step & Longevity**
- **Possible Savings in FT Faculty Replacement**
- **Possible offset from PT Faculty**
- **Insurance** – increase due to new bldgs (SS, Ed Ct, BC)
- **Utilities** – increase due to new bldgs. and rising rates
- **Backfill Categorical for Student Services programs**
- **MCOE financial system user charge** – MCOE is proposing to charge users of their financial system starting 2011-12. This may increase to \$93K annually if they purchase the new Escape system.
- **Ed Ctr data / phone** – cost of new broadband data service and phone
- **Reduction in 4000-6000 (15%)** – Individual departments were requested to reduce operating budgets in supplies, contracts, and services
- **Reduction in UGF support for CDC** – CDC has presented a plan to reduce GF support by \$200K
- **External Borrowing** – District may need to issue Tax and Revenue Anticipation Notes (TRAN) to support cashflow
- **Marina Ed Ctr Startup** – There is likely to be some start up expenses for the opening of the Ed Ctr that are not covered by bond program
- **Trustee Election Expense** – There will be three seats opened for the November election
- **Demographic Review of Trustee Areas** – District is required to review trustee areas using new census information
- **Library Materials** – The reduction of categorical resources to support library materials, including electronic data bases, needs to be replenished.
- **Projected Deficit**
 - Worst Case \$6,325,033
 - Middle Case \$4,359,033
 - Best Case \$2,893,033
- **Ed Center Budget (Pg. 9-10)**
 - A preliminary Ed Center budget has been developed
 - The estimated cost of operating the permanent Ed Ctr is \$358,094 excluding the cost of adjunct faculty
 - The net new cost of operating this facility is \$34,005 (utilities, phone & data lines). All other expenses are re-allocation from the main campus.

- **Budget Development Timetable**
 - May 3rd – College Council budget update
 - May 16th – Governor’s May Revise
 - Sometime in May – Collective bargaining agreements with MPCTA and MPCEA on compensation related and health benefits
 - May 31st – College Council first reading of Tentative Budget for 2011-12
 - June 14th – College Council second reading of Tentative Budget for 2011-12
 - June 28th – Board Adoption of Tentative Budget for 2011-12



Controller *John Chiang*

California State Controller's Office

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April 2011 California Personal Income Tax Daily Revenue Tracker

Estimated Personal Income Tax Revenues for the Month of April 2011

Personal income taxes for the 2009-10 fiscal year comprised 52.58% of all State General Fund revenues. Of those receipts, 16.02% arrived during the month of April.

Because these receipts are so important to the State's fiscal situation, State Controller John Chiang provides a daily tally of this month's personal income tax revenues as compiled and reconciled by the State Controller's Office. Year-to-date figures for April 2011 and April 2010 are included for year-over-year comparison.

The Governor's latest budget estimate projected personal income tax receipts would total \$6.841 billion in April.

Preliminary Report of California State Personal Income Tax Revenues - Month of April 2011 (In Thousands of Dollars)*

Date	Daily Personal Income Taxes (Receipts And Withholding Minus Refunds)	Fiscal 2010-11 Year-To-Date Personal Income Tax Revenues	Fiscal 2009-10 Year-To-Date Personal Income Tax Revenues
March Balance		\$33,915,115	\$29,291,276
April 1	\$ (42,548)	\$33,872,567	\$29,367,731
April 2	---	---	\$29,322,380
April 3	---	---	---
April 4	\$290,439	\$34,163,006	---
April 5	\$166,042	\$34,329,048	\$29,594,010
April 6	\$317,089	\$34,646,137	\$29,581,139
April 7	\$127,676	\$34,773,813	\$30,122,672
April 8	\$134,000	\$34,907,813	\$30,254,686
April 9	---	---	\$30,295,406
April 10	---	---	---
April 11	\$18,323	\$34,926,136	---
April 12	\$214,611	\$35,140,747	\$30,550,559
April 13	\$188,617	\$35,329,364	\$30,885,481
April 14	\$213,142	\$35,542,506	\$31,188,445

April 15	\$522,261	\$36,064,767	\$31,465,961
April 16	---	---	\$32,243,184
April 17	---	---	---
April 18	\$741,670	\$36,806,437	---
April 19	\$1,147,539	\$37,953,976	\$32,960,518
April 20	\$1,236,048	\$39,190,024	\$33,503,932
April 21	\$324,765	\$39,514,789	\$33,822,688
April 22	\$614,443	\$40,129,232	\$33,927,756
April 23	---	---	\$34,502,269
April 24	---	---	---
April 25	\$147,106	\$40,276,338	---
April 26	\$230,103	\$40,506,441	\$35,091,593
April 27	\$201,000	\$40,707,441	\$35,675,264
April 28	\$(12,071)	\$40,695,370	\$36,103,641
April 29	\$	\$	\$36,203,092
April 30	---	---	\$36,441,371
Monthly Total	\$6,780,255		

*The table above shows the most recent personal income tax revenues, which include payroll withholdings, taxes received and refunds paid out. The reconciliation of these numbers can take up to two days. Final April revenues may not be known until the first week of May due to delivery and processing requirements and the large volume of tax filings received.

**A negative figure indicates that the daily refund total outpaced daily receipts and withholdings.

Source: California State Controller's Office

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California State Controller's Office, Controller John Chiang



Higher Education Budget Options *(Continued)*

Potential Community College Budget Reductions	
<i>(In Millions)</i>	
Establish 90-unit cap on each student's taxpayer-subsidized CCC credits	\$250
<ul style="list-style-type: none"> • About 120,000 students were above this threshold in 2009-10 • A slightly higher cap of 100 units would affect about 80,000 students, for \$175 million in savings 	
Adopt additional fee increase (taking fees to \$66/unit)	170
<ul style="list-style-type: none"> • Represents highest fee level that could be fully reimbursed through federal tax credits for eligible students • Savings estimate assumes enrollment would decline by 10 percent and over half of students would receive a BOG waiver 	
Reduce funding for credit basic skills instruction to the rate provided for noncredit basic skills	125
<ul style="list-style-type: none"> • Reduces funding for such courses from \$4,565 to \$3,232 per FTE student • To accommodate lower funding rate for credit basic skills courses, districts could be allowed greater flexibility—such as using faculty with bachelor's (rather than master's) degrees. This is the standard currently in place for noncredit basic skills courses, which focus at a similar level 	
Eliminate state funding for intercollegiate athletics	55
<ul style="list-style-type: none"> • Prohibit districts from claiming apportionments for team practices 	
Eliminate state funding for repetition of credit physical education and fine-arts ("activity") classes	55
<ul style="list-style-type: none"> • Estimate assumes no new restrictions on students majoring in PE or fine arts, as well as students with disabilities in adaptive PE courses 	
Eliminate state funding entirely for noncredit PE and fine-arts (activity) classes	30
<ul style="list-style-type: none"> • These courses do not apply toward transfer or associate's degrees 	
Total	\$685

MPC 2011-12 Unrestricted General Fund Budget Projections

<u>Changes in Revenue and Expenses</u>	<u>Worst Case</u>	<u>Middle Case</u>	<u>Best Case</u>
2010-11 Budgeted Excess Revenue over Expense	\$4,331	\$4,331	\$4,331
Projected changes in revenues:			
Apportionment - Workload Reduction	-\$5,364,000	-\$3,398,000	-\$1,932,000
COLA (2.37% not funded)	\$0	\$0	\$0
Student Fee Increase Revenue	Included Above	Included Above	Included Above
CCC Apportionment Deficit	\$0	\$0	\$0
Interest Income	?	?	?
Nonresident Fee Decrease - \$183 to \$176/Unit	-\$25,000	-\$25,000	-\$25,000
Lottery	?	?	?
Total change in revenue	-\$5,389,000	-\$3,423,000	-\$1,957,000
Net difference in revenue	-\$5,384,669	-\$3,418,669	-\$1,952,669
Projected changes in expenses:			
Compensation-Related			
Self Insured Medical - Claims & Premium- Projected increase absent new cost containment negotiated	\$617,100	\$617,100	\$617,100
Early Retirement Incentive savings (net of costs)	(?)	(?)	(?)
Increase PERS Employer rate 10.707% to 11.4%	\$72,927	\$72,927	\$72,927
Payroll increases for Step, Long, etc. (incl. Benefits)- Conf. & Mgr.	\$28,962	\$28,962	\$28,962
Turnover Savings. (incl. Benefits)- Managers	(?)	(?)	(?)
Payroll increases for Step (incl. Benefits) Faculty	\$130,854	\$130,854	\$130,854
One-year cost of Reclass (UGF share 82%) (incl. Benefits)- Classified (Revised 4/4)	\$115,552	\$115,552	\$115,552
Payroll increases for Step, Long (incl. Benefits)- Classified (Revised 4/4)	\$108,391	\$108,391	\$108,391
Possible savings in FT Faculty Replacements	(?)	(?)	(?)
Possible offset added costs for PT Faculty (see Replacements above)	?	?	?
Operational			
Insurance (Prop, Liability, WC) Increase est.	\$7,500	\$7,500	\$7,500
Utilities increase est. %	\$72,063	\$72,063	\$72,063
Backfill Categorical for Student Services programs	?	?	?
MCOE financial system use charge	\$53,010	\$53,010	\$53,010
Ed. Ctr. & PSTC increase phone/data line costs	\$34,005	\$34,005	\$34,005
Reduction target of 15% for 4000-6000	(\$400,000)	(\$400,000)	(\$400,000)
Reduction in UGF support for CDC	(\$200,000)	(\$200,000)	(\$200,000)
One-Time			
External Borrowing Cost (TRAN)	?	?	?
Marina Ed Center Startup	?	?	?
Trustee election expense	\$199,000	\$199,000	\$199,000
Demographic Review Trustee areas	\$31,000	\$31,000	\$31,000
Library Materials (incl. electronic)	\$70,000	\$70,000	\$70,000
Net difference in expenses	\$940,364	\$940,364	\$940,364
Difference (excess expenses)	-\$6,325,033	-\$4,359,033	-\$2,893,033
Negotiated/Collective bargaining items			

SUMMARY OF MARINA ED. CTR. BUDGET, FY 2011-12			4/22/2011
	Categories Budgeted	Budget for FY 2011-12	New/Increase Portion of FY 2011-12
Marina Ed. Ctr. Budget, Dept. 2101 (Site code #041)			
<u>Salaries & Benefits:</u>			
100%	Unit Office Mgr (2101), FT	\$56,294	
19-Hr	Adm. Asst. 2 (2301), PT	\$16,357	
10%	Counselor (1215)	\$9,908	
15%	Assessment Specialist (2101)	\$7,151	
10%	Matric. Svc. Spec. Sr. (2101)	\$4,834	
7309	Health & Welfare Interf. Transfer	\$30,922	
2000	Hourly Temp. & Sub. Incl. Rollup	\$4,799	
4000	Supplies	\$5,500	
5500	Utilities	\$34,812	\$14,619
5504	Telephone (Incl. new ATT Data Lines)	\$20,376	\$19,386
5000	Other Services	\$6,160	
	TOTAL DEPT. 2101	\$197,113	\$34,005
Also: removed \$8143 total in Mileage and Conf. Travel from 2010-11 Budget			
Budget in IT Dept. 0912, 0910, 0971 (Track with Site code #041)			
<u>Salaries & Benefits:</u>			
14%	Network Engineer	\$12,904	
9%	IT Suppt. Tech.	\$6,485	
15%	Systems/Programming Manager	\$16,757	
4.5%	Tech Resource Spec.	\$3,151	
(Equiv. to 4.5% of 10 employees, based on % of FTES)			
Budget in Facilities Dept's (Track with Site code #041)			
<u>Salaries & Benefits:</u>			
25%	Maintenance Spec.	\$16,475	
25%	Groundskeeper	\$13,690	
50%	Custodian	\$20,921	
	Other Supplies & Services Based on % of Sq. Ft.	\$12,256	
Budget in Evening Programs Dept. (Track with Site code #041)			
<u>Salary & Benefits:</u>			

SUMMARY OF MARINA ED. CTR. BUDGET, FY 2011-12		4/22/2011	
29%	Evening Campus Supervisor (Security)	\$7,137	
Budget in MPC at Ft. Ord Dept. 1085			
	Transfer to Capital Outlay for Environmental Insurance (2011-12 Last Year, so One-time expense)	\$51,205	
Budget in Academic Teaching Dept's (Track with Site code #041)			
	Adjunct Teaching, Various Dept's (est. at \$378,270 incl. benefits as of 2/24/11) (Amount spent on Ed. Ctr. site not tracked for FY 2010-11.)	??	
TOTALS, ALL DEPT'S		\$358,094	\$34,005