



Budget Workshop

August 17, 2011

Agenda

- **State Budget**
- **Peralta's 2011-12 Tentative Budget**

2011-12 State Budget



- **State budget bill signed on June 30, 2011 contained the following solutions to address an identified \$26.8 billion budget deficit:**
 - **\$11.1 billion in expenditure reductions**
 - **\$11.8 billion in baseline revenue adjustments**
 - **\$2.9 billion in borrowing and fund transfers**
 - **\$1 billion in new revenue**

2011-12 State Budget



- The Budget Bill contained the following community college provisions:
 - \$400 million cut to general apportionment – reduced to \$290 million after the offset of \$10 per unit fee increase
 - \$129 million increase in cash deferrals
 - Extended for two additional years categorical flexibility provisions
 - Contains “triggers” that include additional cuts to community colleges and additional fee increases if state revenues do not meet budget projections

2011-12 State Budget



- **“Triggers” fall within the following framework:**
 - If State revenues are estimated to be less than \$1 billion lower than budgeted – no changes
 - If State revenues are estimated to be between \$2 billion and \$1 billion lower than budgeted - \$23 million in cuts to childcare, \$30 million in additional cuts to general apportionments, and \$10 additional fee increase (from \$36 per unit to \$46 per unit)
 - If State revenues are estimated to be more than \$2 billion lower than budgeted - \$72 million in additional cuts to general apportionment on top of cuts & fee increases previously mentioned

2011-12 State Budget



- According to the August State Controller's report, 2011-12 revenues are already 10.3% lower than budgeted

2011-12 Tentative Budget - Process

- Discussions started in late Fall regarding 2011-12 budget assumptions
- Based upon the Governor's proposal released in January, initial budget assumptions were presented to the Board of Trustees on January 18th and presented to the Planning and Budgeting Council on January 28th
- 2011-12 budget development guidelines were distributed to the Colleges on February 3rd and responses were due from Colleges on April 1st
- Presented to the Planning and Budget Council on May 20th
- Approved by BOT on June 28th

2011-12 Budget Assumptions

General Principals

- **The 2011-12 Adopted Budget will be balanced**
- **The 2011-12 Adopted Budget will have a contingency reserve of no less than 5%**
- **The District and colleges will use plans, planning documents, and planning processes as a basis for the development of their expenditure budgets**

2011-12 Budget Assumptions



Revenue Assumptions

- Workload reduction as proposed by the Governor will be incorporated into the tentative budget
- Anticipated deferral of approximately \$18 million in general fund apportionment payments
- General apportionment deficit factor of 0.5% for 2011-12
- The Cost of Living Adjustment (COLA) of 0% for 2011-12
- Enrollment Growth funds for PCCD of 0% for 2011-12
- Funded base credit FTES of 18,184.94
- Funded base non-credit FTES of 104.60

2011-12 Budget Assumptions



Expenditure Assumption

- The district intends to meet all negotiated contractual obligations
- Projected step and column salary increases of \$1.5 million
- Projected medical benefit costs to remain steady (no projected increase)
- Projected PERS increase of 1.323% to 11.030%
- Expenditure reduction related to the refinancing/restructuring of the District's OPEB debt service payment
- Maintain District contribution to DSPS of \$1.15 million
- Any restricted funding cuts or cost increases must be borne by the respective program

Unrestricted General Fund Budget

- **Based upon the enacted State budget, the anticipated revenue reduction (assuming tax extensions pass) is \$5.8 million. Further, anticipated or known cost increases amounted to \$4.7 million. Total budget solutions needed for Peralta was approximately \$10.5 million.**

Unrestricted General Fund

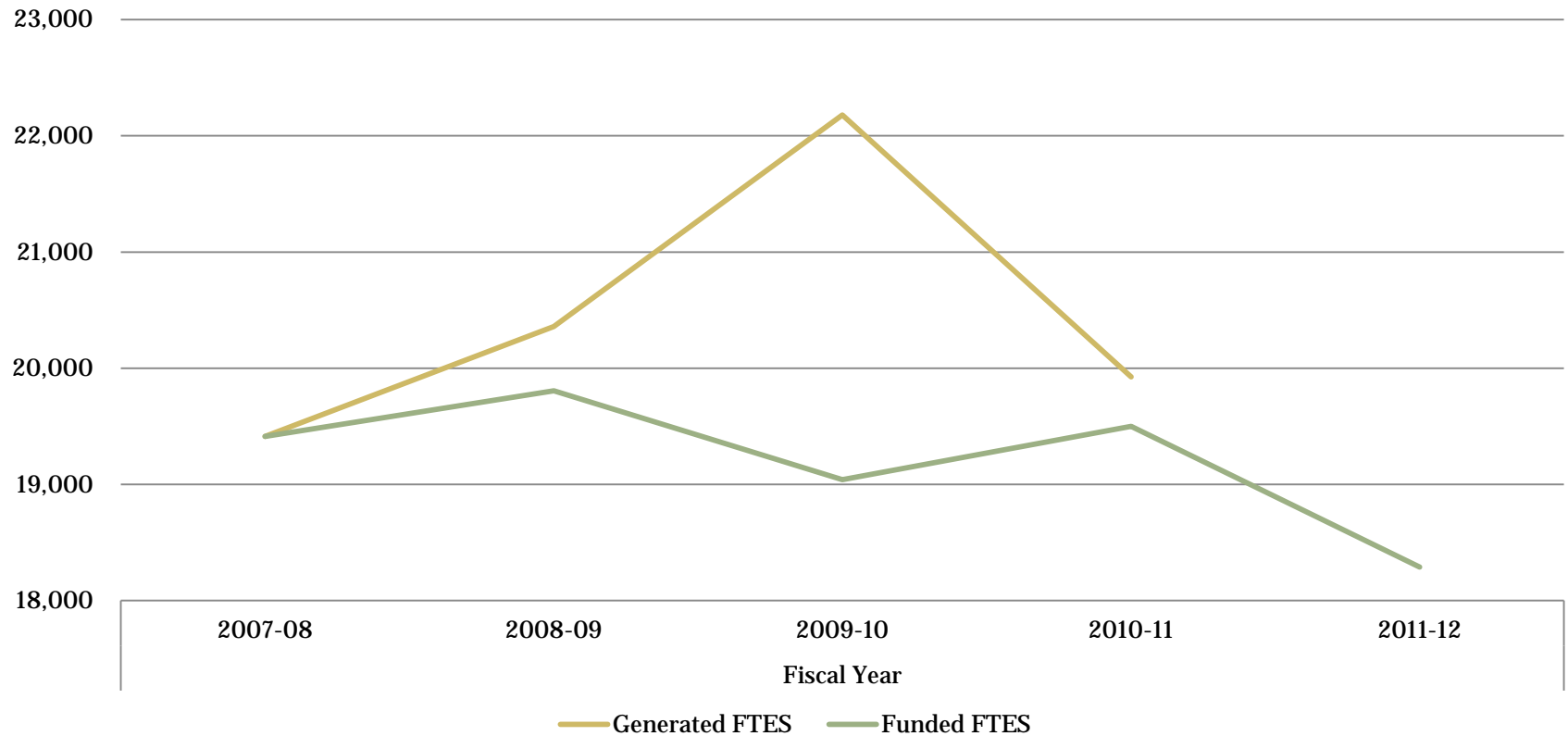
- To address this anticipated need the following actions have been enacted:

Budget actions taken:

OPEB debt service restructure		\$ 2.5 million
Increase in transfers in from OPEB trust		\$ 4.2 million
Discretionary budget reductions		
District	\$1,500,000	
COA	\$ 272,000	
Laney	\$ 568,000	
Merritt	\$ 251,000	
BCC	\$130,000	\$ 2.7 million
Instructional hourly reduction		\$ 1 million
Administrative reorganizaton		\$.67 million
Total budget solutions		\$11 million

Funded FTES

FTES History



State Economic Risk

- The “triggers” expose the District to potential mid-year reductions
- Initial indications are that should reductions materialize, they would take the form of additional workload (FTES) reductions
 - Tier 1 – Additional reduction in funded FTES of 115 FTES to 18,070 FTES (6.8% reduction from ‘10-11)
 - Tier 2 – Additional reduction of funded FTES of 277 FTES to 17,908 FTES (9.2% reduction from ‘10-11)

Conclusion

- Questions?