

# 2013-14 Budget Development

Presentation to the  
District Budget Advisory Committee  
March 14, 2013

*Presented by Andy Dunn, Vice Chancellor  
Finance and Administrative Services*

## Discussion

- ▶ Budget Development Calendar
- ▶ 2011-12 Final Recalculation
- ▶ 2012-13 Budget Performance
  - FON
    - Historical Trend Data
    - Vacancies
  - 50% Law
    - Historical Trend Data
    - Strategies to achieve compliance
- ▶ 2013-14 FTES Scenarios

- ▶ 2013-14 Budget Scenarios
  - Growth
  - Cola/Growth
- ▶ Deficit Targets
- ▶ Health Benefits
  - Historical Trend Data
  - Changes from Adopted Budget
  - Impacts from the ACA
- ▶ Fund Balance Analysis
  - 10 cohort districts
  - Statewide comparison
- ▶ Risk and Uncertainty
- ▶ Looking Ahead

## Budget Development Calendar

<b>Jan 10</b>	Governor's Budget Proposal
<b>Jan 18</b>	Statewide Budget Workshop
<b>Jan 24</b>	District Budget Advisory Committee (DBAC)
<b>Jan 31</b>	VSP Closes
<b>Feb 6</b>	Board of Trustees Meeting
<b>Feb 10</b>	Targets
<b>Mar 14</b>	District Budget Advisory Committee (DBAC)
<b>May 15</b>	May Revise
<b>May 16</b>	District Budget Advisory Committee (DBAC)
<b>Jun 13</b>	District Budget Advisory Committee (DBAC)
<b>June</b>	Adopt Tentative Budget

## 2011-12 Final Recalculation

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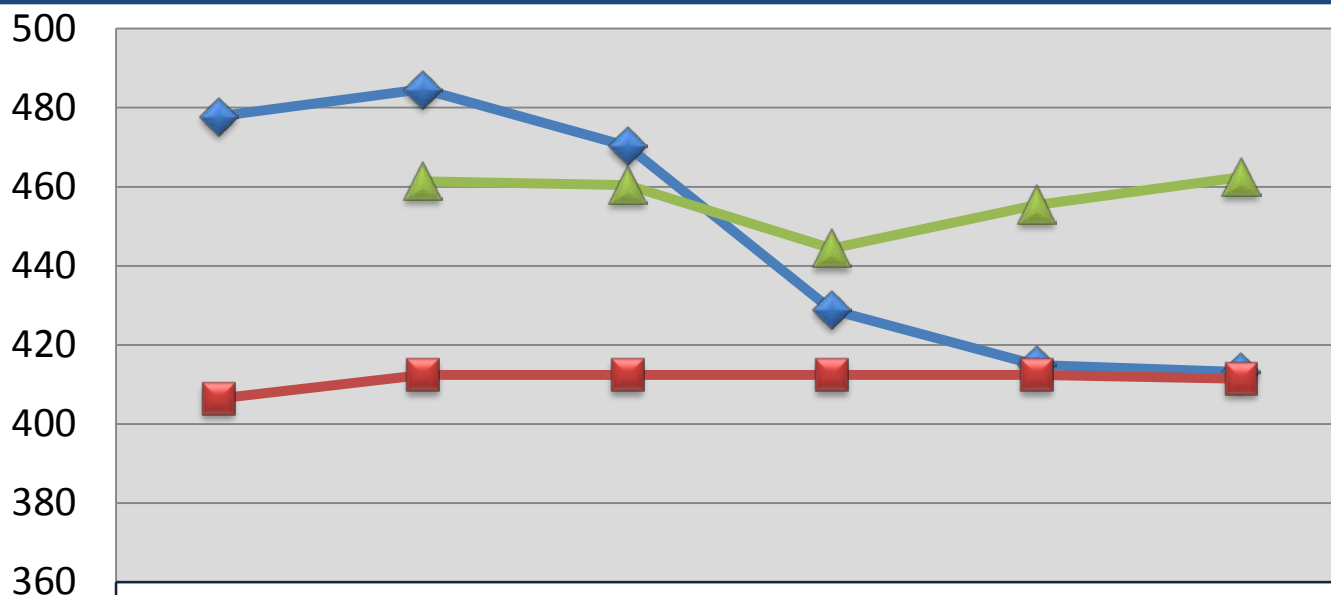
2011-12 Final Recalculation	32,449
2012-13 (P-1)	30,704
Current FTES Below Base	1,745

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Note:

\$7.7 million at risk if Coast does not recover base.

## Coast Full-Time Faculty Trend Data



- ◆ FT FTEF (Actual)
- State FT Obligation
- ▲ Calculated FON

	2007	2008	2009	2010	2011	2012
FT FTEF (Actual)	477.8	484.7	470.3	428.8	414.9	413.1
State FT Obligation	406.4	412.4	412.4	412.4	412.4	411.4
Calculated FON		461.4	460.4	444.4	455.4	462.4

## FON - Vacancies

### ► Where do we expect to be this fall?

Total Budgeted Positions (2012-13 Adopted Budget)	447
Actual Filled	411
Vacancies	36

Current Vacancies (as of March 1, 2013)	26
Current Filled (as of March 11, 2013)	421
	447

Active Recruitment	3
Remaining Vacancies	23
	26

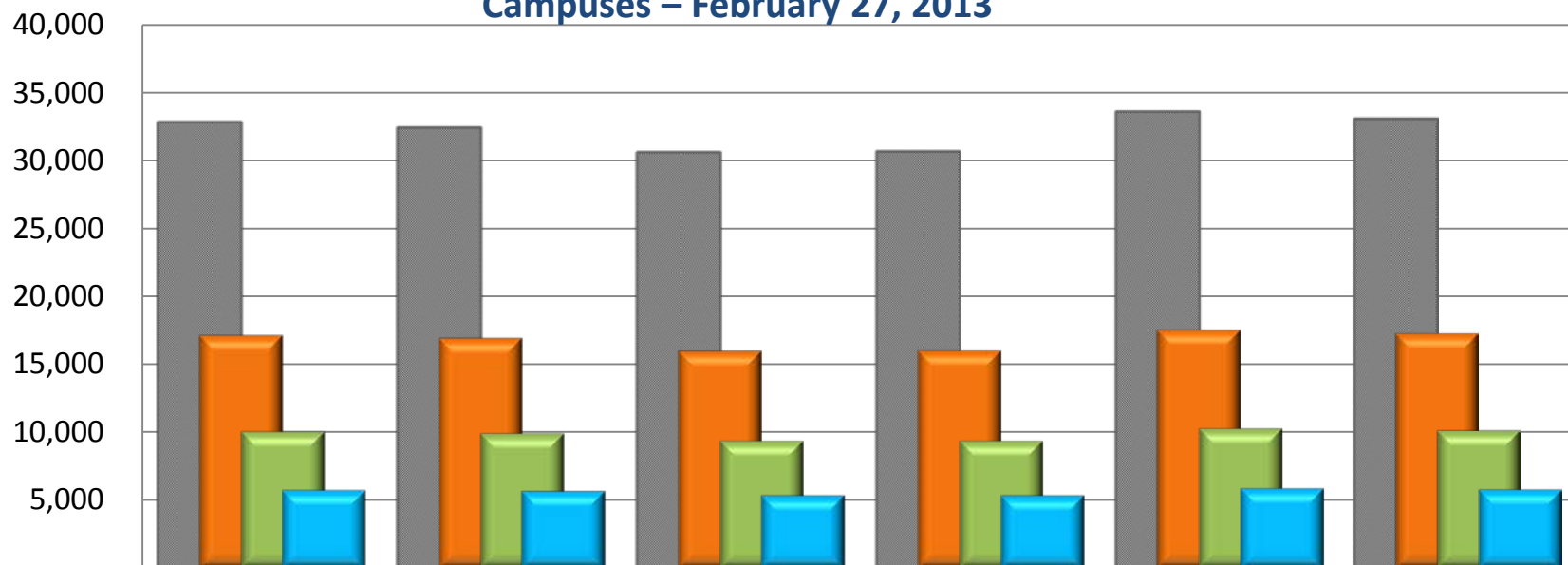
## 50% Law – Historical Trend Data

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<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
50.16%	50.58%	50.06%	50.53%	50.62%	50.14%

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## 2013-14 Preliminary FTES Targets Campuses – February 27, 2013



	2011-12 Adopted Budget	2011-12 Final Recalculation	2012-13 Stability Model (5.56% Workload Reduction)	2012-13 (P-1)	2013-14 (Target = ~5.7% Stabilization + 3.6% Restoration)	2013-14 (Target = ~5.7% Stabilization + 2.0% Restoration)
■ TOTAL	32,848	32,449	30,645	30,704	33,617	33,098
■ OCC - 52.11%	17,117	16,909	15,969	16,000	17,518	17,247
■ GWC - 30.51%	10,022	9,900	9,350	9,368	10,257	10,098
■ CCC - 17.38%	5,709	5,640	5,326	5,336	5,843	5,752



## 2013-14 Target – Scenario A

	<u>FTES</u>	<u>Allocation</u>	
<b>2013-14 (Scenario A)</b>	<b>33,617</b>	OCC	1,518 52.11%
<b><i>Target Above Base</i></b>	<b>2,913</b>	GWC	889 30.51%
		CCC	<u>506</u> <u>17.38%</u>
Stabilization	5.70%		<b>2,913</b> 100.00%
Restoration	<u>3.60%</u>		
Total	9.30%		

## 2013-14 Target – Scenario B

	<u>FTES</u>	<u>Allocation</u>	
<b>2013-14 (Scenario A)</b>	<b>33,098</b>	OCC	1,248 52.11%
<b><i>Target Above Base</i></b>	<b>2,394</b>	GWC	730 30.51%
		CCC	<u>416</u> <u>17.38%</u>
Stabilization	5.70%		<b>2,394</b> 100.00%
Restoration	<u>2.00%</u>		
Total	7.70%		

## Multi-year Projections *(Draft March 2013)*

A) REVENUE	2012-13		2013-14		2013-14
	<i>(Adopted)</i>		<i>Growth</i>		<i>(COLA &amp; Growth)</i>
<b>Beginning Balance (District &amp; College)</b>	23,483,776		19,677,152		19,677,152
<b>Apportionment Base</b>	\$158,607,241		\$158,607,241		\$158,607,241
COLA	\$0	0.0%	\$0	1.6%	\$2,537,716
Restoration/Growth	\$0	3.6%	<u>\$5,709,861</u>	2.0%	<u>\$3,172,145</u>
Subtotal	\$0		\$5,709,861		\$5,709,861
State Deficit Factor	\$0		\$0		\$0
Dedicated Revenue (college)	11,974,089		11,974,089		11,974,089
Other Revenue	<u>\$6,023,054</u>		<u>\$6,023,054</u>		<u>\$6,023,054</u>
Subtotal	\$17,997,143		\$17,997,143		\$17,997,143
<b>Total Revenue</b>	<u>\$176,604,384</u>		<u>\$182,314,245</u>		<u>\$182,314,245</u>
<b>Total Revenue &amp; Beginning Balance</b>	<u>\$200,088,160</u>		<u>\$201,991,397</u>		<u>\$201,991,397</u>

## Multi-year Projections *(Draft March 2013)*

B) EXPENSE	2012-13		2013-14		2013-14
<b>Expense Base</b>	\$180,411,008		\$180,411,008		\$180,411,008
<b>Contractual CB Expenses</b>					
Health Benefits	\$0		\$600,000		\$600,000
Step & Column	\$0		\$500,000		\$500,000
Increase in ARC	\$0		\$800,000		\$800,000
<b>Subtotal Contractual CB Exp</b>	\$0		\$1,900,000		\$1,900,000
<b>Calculated COLA Pass-Thru</b>	\$0	0.0%	\$0	1.6%	\$1,680,000
<b>Growth</b>					
Restore FON to "Unfrozen Base"	\$0		\$0		\$0
Growth Driven faculty hires	\$0	3.6%	\$1,494,000	2.0%	\$830,000
<b>General Personnel</b>					
STRS	\$0		\$0		\$0
PERS	\$0	12.0%	\$100,000	12.0%	\$100,000
UIC	\$0		\$0		\$0
<b>Other Expense</b>					
Board Election	\$0		\$250,000		\$250,000
<b>Subtotal - Other Expense</b>	\$0		\$1,844,000		\$1,180,000
<b>Total Expense Changes</b>	\$0		\$3,744,000		\$4,760,000

## Multi-year Projections *(Draft March 2013)*

	2012-13	2013-14 Growth	2013-14 Growth & COLA
Total Expected Level of Spending	\$180,411,008	\$184,155,008	\$185,171,008
Structural Imbalance	<b>(\$3,806,624)</b>	<b>(\$1,840,763)</b>	<b>(\$2,856,763)</b>
Ending Fund Balance	\$19,677,152	\$17,836,389	\$16,820,389
Required to meet 5% Reserve	\$9,020,550	\$9,207,750	\$9,258,550
Over/(Under) 5% Threshold	\$10,656,602	\$8,628,638	\$7,561,838
Over/(Under) 5% Threshold	5.91%	4.69%	4.08%

# Deficit Targets

<b>Structural Imbalance</b>	<b>\$1,840,763</b>	<b>\$2,856,763</b>
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## Deficit Targets by Site

	<u>Allocation %</u>	<u>Growth</u>	<u>COLA/Growth</u>
OCC	47.03%	\$865,711	\$1,343,536
GWC	28.16%	\$518,359	\$804,464
CCC	15.89%	\$292,497	\$453,940
DIST	8.92%	\$164,196	\$254,823

### Assumptions:

- Coast Must "Make" Base
  - If not, \$7.7 million at stake
- Coast must earn full compliment of growth funding

## CCCD Health Benefit Renewal Analysis From 2012-13 Budget Presentation

### FINANCIAL OVERVIEW Effective - October 1, 2012

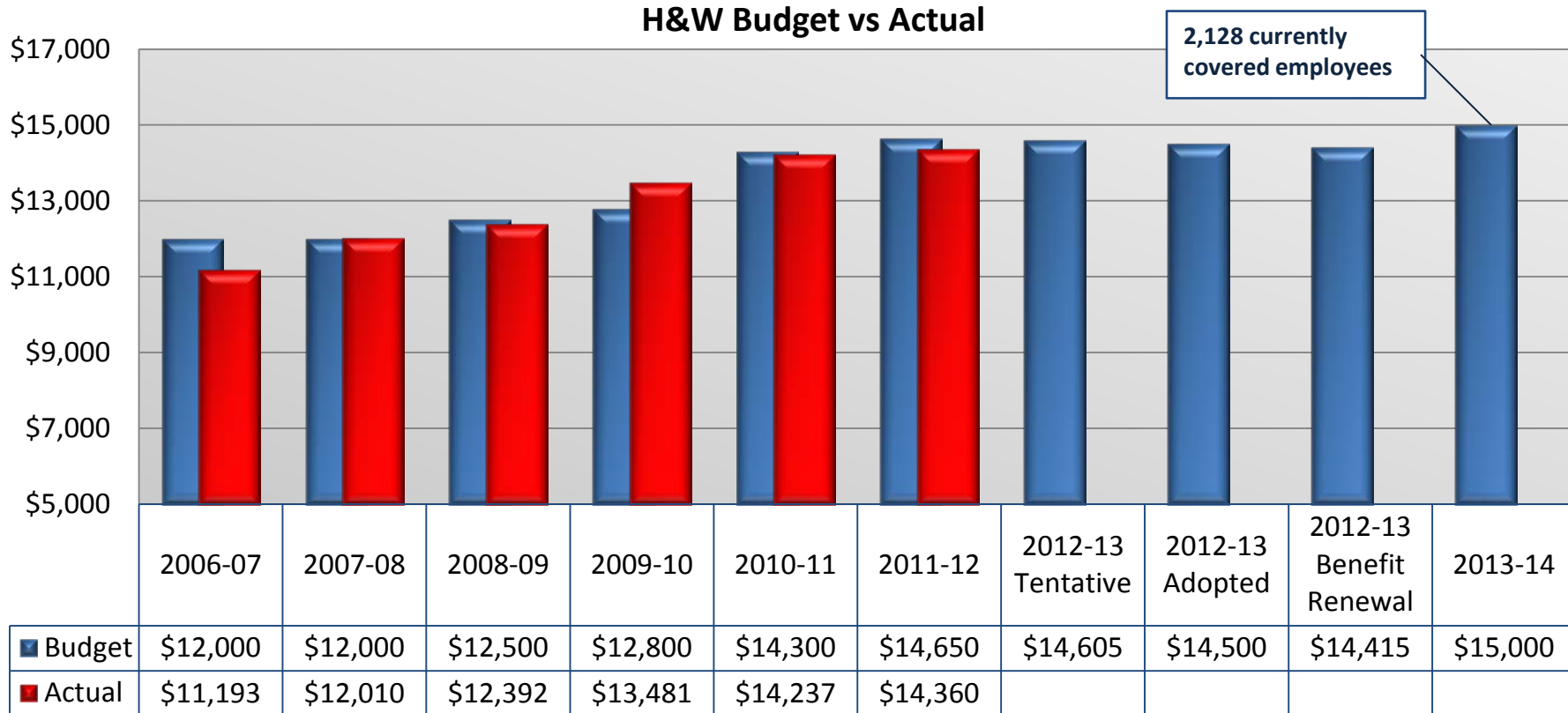
Line of Coverage	Initial Renewal \$Δ	% Δ	Negotiated Renewal \$Δ	% Δ	Proposed Renewal \$Δ	% Δ	Proposed Renewal \$Δ	% Δ
Delta Health Systems Medical/Rx - Self Funded*	\$920,199	4.30%	\$62,037	0.29%	\$62,037	0.29%	<i>JAA Network</i> -\$696,158	-2.97%
UnitedHealthcare HMO - Fully Insured	\$1,021,426	14.10%	\$377,688	5.20%	<i>Anthem HMO</i> -\$146,026	-2.01%	\$199,691	2.75%
Kaiser HMO - Fully Insured	\$539,829	15.04%	\$539,829	15.04%	\$539,829	15.04%	\$539,829	15.04%
Delta Dental - Self Funded*	\$204,614	5.80%	\$102,928	2.91%	\$102,928	2.91%	\$102,928	2.91%
VSP Vision - Self Funded*	\$30,476	6.80%	\$9,063	2.03%	\$9,063	2.03%	\$9,063	2.03%
ING Life/AD&D - Fully Insured	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
ING Long Term Disability - Fully Insured	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
Care Resources EAP	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%
<b>TOTAL ANNUAL PREMIUM INCREASE</b>	<b>\$2,716,543</b>	<b>7.20%</b>	<b>\$1,091,544</b>	<b>2.90%</b>	<b>\$567,831</b>	<b>1.51%</b>	<b>\$155,352</b>	<b>0.39%</b>

\*Self-Funded plans are underwritten with data through April 2012.

Source: Driver Alliant

## Health Benefits PEPY Trend

H&W Budget vs Actual



2,128 currently covered employees

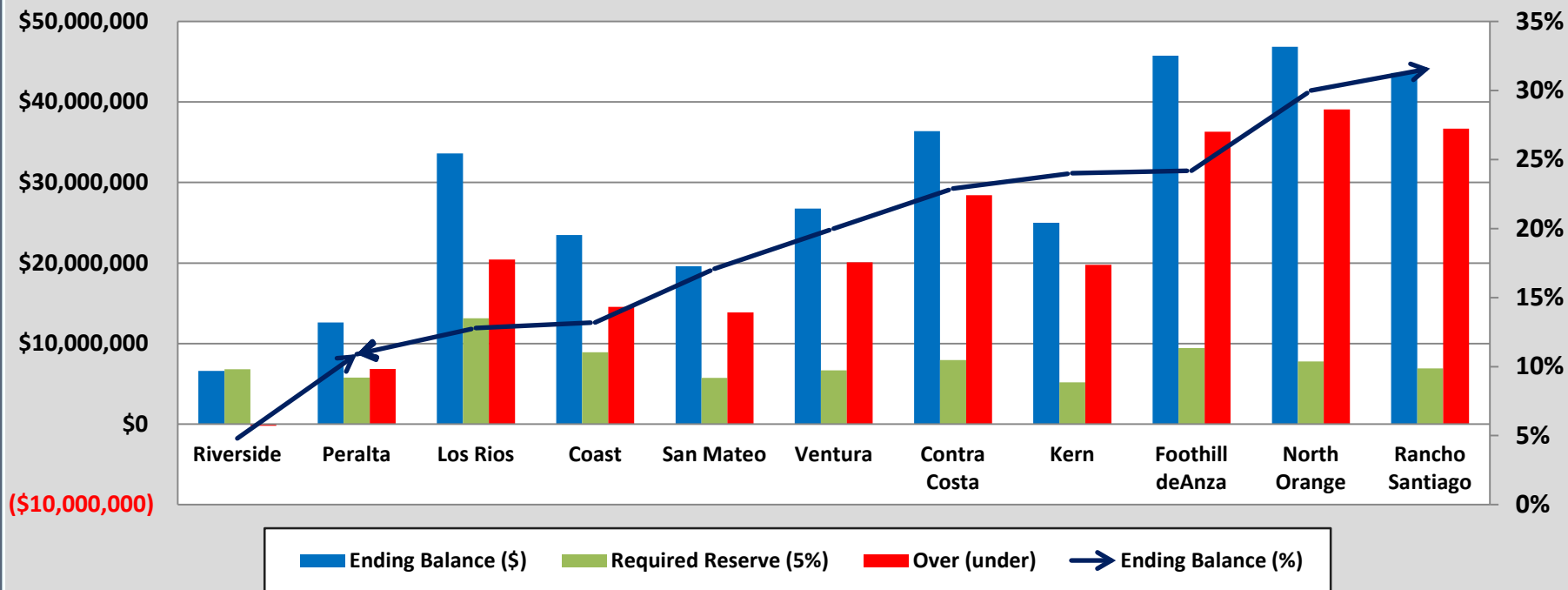


## Health Benefits

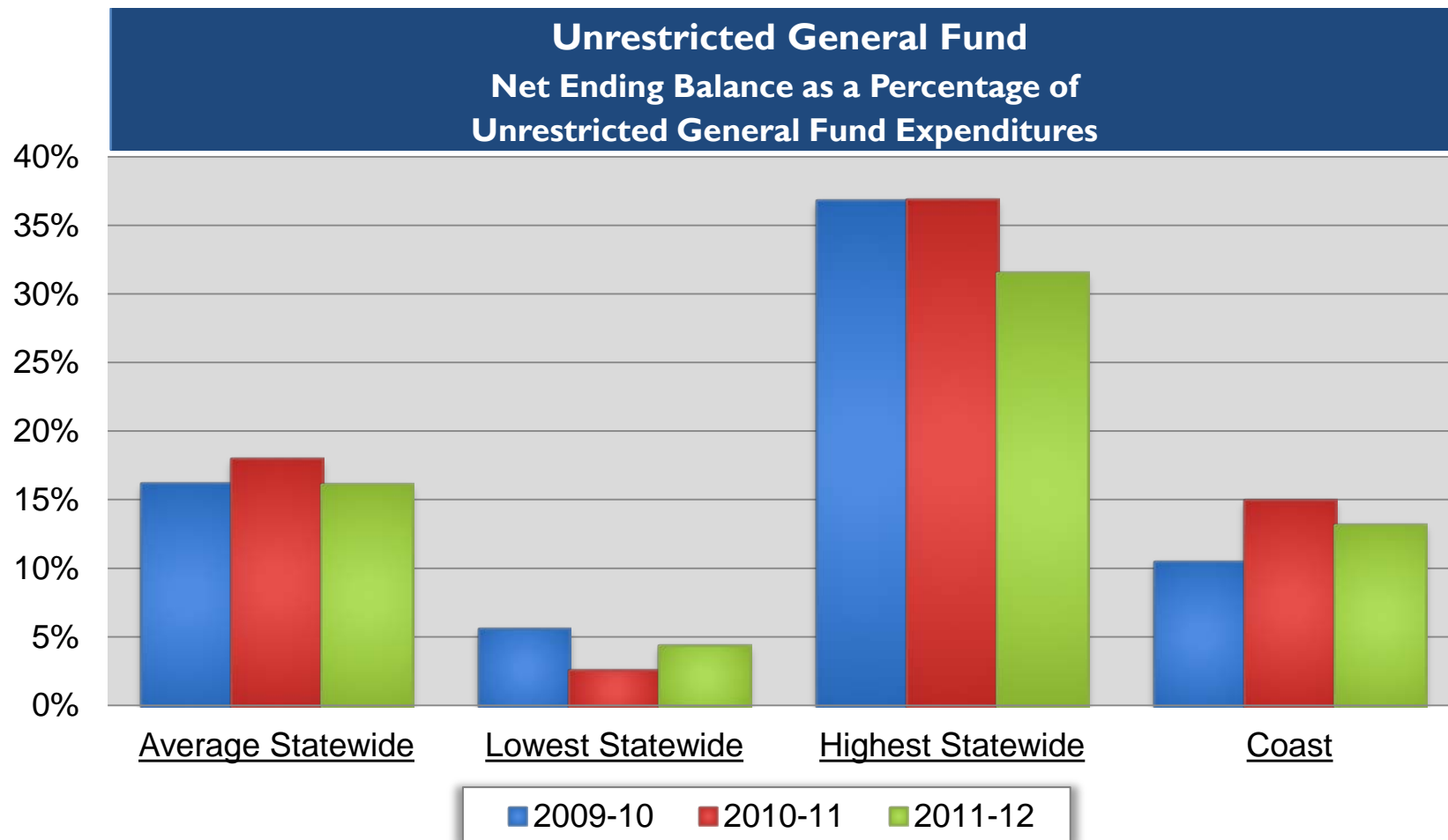
- ▶ Emerging issues from the Affordable Care Act (ACA)
  - Estimating FT Status
    - Risk is with respect to short term hourly ( $\geq 75\%$ ) employees.
  - Patient Centered Outcomes Research Fee
    - \$1.00 per covered life increases to \$2 per covered life in 2014.
  - Annual Fees
    - Fee has yet to be determined.
  - Reinsurance Fees to Insurance Carriers and TPA
    - Fees take effect 1/1/2014 and sunset on 1/1/2017.
    - Fee not determined yet.
  - Cadillac Tax
    - 40% excise tax on "excess benefits".
    - \$10,200 for individual coverage.
    - \$27,500 on family coverage.
    - Takes effect in 2018.

## Fund Balance Comparison

**Fund Balance Trend w/Comparable Colleges**  
Ending Balance as of June 30, 2012



## State-wide Fund Balance Summary



## Risk and Uncertainty

- ▶ EPA Fund
- ▶ Limited Term Resources
  - SUT – Four years
  - PIT – Seven years
- ▶ 2012-13 only one cash infusion at year end
- ▶ 2013-14 and onward – quarterly payments
- ▶ Deficit Factor
  - RDA Funds - backfill
  - Student Enrollment Fee
- ▶ Enrollment Management Risk
  - \$7.725 million at risk without FTES restoration

## Budget Development – Looking Ahead

- ▶ Revenue and Cost Containment Opportunities
  - 2013-14
    - Collective Bargaining
    - VSP – two net position captured
    - Re-organization
  - 2014-15 and Beyond
    - Photo Voltaic
    - Real Estate Asset Development
    - Re-Organization
    - Collective Bargaining