



Solano Community College District
Tentative 2011-12 District Budgets
for Approval

Governing Board Meeting
June 15, 2011

Serving Solano & Yolo Counties, California
♦ *Transforming Students' Lives* ♦
4000 Suisun Valley Road, Fairfield, California 94534
www.solano.edu

Jowel C. Laguerre, Ph.D.
Superintendent-President

SOLANO COMMUNITY COLLEGE DISTRICT

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The first reading of this budget took place at the June 1, 2011 Board Study Session

Report prepared by Yulian Ligioso, Vice President, Finance & Administration
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Mission: Solano Community College prepares a diverse student population to participate successfully in today's local and global communities.

Vision: Solano Community College will be a recognized leader in educational excellence – *transforming students' lives.*

Strategic Goals:

- Goal 1: Foster Excellence in Learning
- Goal 2: Maximize Student Access and Success
- Goal 3: Strengthen Community Connections
- Goal 4: Optimize Resources

Guiding Principles and Priorities for Budget Development

- Reflect values of the institutional goals and the Educational Master Plan and Facilities Master Plan
- Promote offerings that emphasize career technical education, transfer and basic skills
- Maintain well-balanced offerings and student support services that are responsive to community needs and ensure timely and successful completion of students' educational goals
- Achieve enrollment targets for maximum funding/resources
- Sustain adequate reserves to meet District obligations and cash flow
- Optimize college resources via re-organizing and consolidating programs and services to increase efficiencies and cost savings

Summary of May Revision

On Monday, May 16th Governor Brown released the annual May Revision and relative to the budget proposal issued in January, the news is largely positive. The Department of Finance has identified an increase in revenue of \$6.6 billion covering the 2010-11 and 2011-12 years. Combined with the significant legislative actions taken in March, the scope of the budget gap identified by the Governor has been reduced from \$26.6 billion to \$10.8 billion.

- - 26.6 Billion gap identified in January
- +14.0 Billion in cuts and other solutions approved in March
- - 0.6 Billion in erosions of March package (due to implementation delays)
- - 1.0 Billion due to Proposition 10 litigation
- + 6.6 Billion in general fund revenues identified in May Revision
- - 2.0 Billion in new costs
- - 1.2 Billion for a budget reserve
- = \$10.8 Billion

The May Revision proposes to keep most of the actions taken on the California Community College budget earlier in the year intact (a \$400 million base reduction plus an increase of fees of \$10 per unit) while using the new revenues to buy back \$350 million in inter-year deferrals. This proposal would reduce deferrals from \$961 million to \$611 million.

The May Revision also identifies \$57 million in increased current year property tax revenues without making a corresponding reduction in our General Fund appropriation, which should help mitigate a deficit in 2010-11 apportionments.

Notably, there is no proposal for census reform or for any other significant policy change.

In the event tax extensions are not approved, the May Revision summary speaks in broad terms about reductions to education (additional \$500 million in cuts to each of UC and CSU and a \$5 billion cut to Proposition 98), though the Governor chose not to specify how these reductions would be taken.

Impact on Community College
Source: Community College League

	March Budget	May Revise	Assembly Subcomm.	Senate Subcomm.
General Fund Apportionment Reduction	- \$400 million	- \$400 million	- \$400 million	- \$400 million
Student Fees (<i>GF Apportionment Increase</i>)	\$36/unit (\$110 million)	\$36/unit (\$110 million)	\$36/unit (\$110 million)	\$36/unit (\$110 million)
Deferral Reduction	None	\$350 million	\$410.7 million	\$347 million
Other Adjustments		<ul style="list-style-type: none"> • additional prop. tax revenue to close shortfall • suspend some mandated programs 	<ul style="list-style-type: none"> • additional prop. tax revenue to close shortfall • \$25M backfill student fee shortfall • rejected May Revise changes 	<ul style="list-style-type: none"> • additional prop. tax revenue to close shortfall • suspend some mandates

Impact of tax extension not passing: \$550 million reduction to community colleges

2011-12 Major Revenue Assumptions

- State General Apportionment revenues are based on the 2010-11 First Principal Apportionment (P1), which include a net workload restoration for 2010-11 of approximately \$840,000.
- State General Apportionment revenues also include an approximate \$6.8 million reduction as a result of the proposed 2011-12 State Budget Proposal, assuming an All-Cuts or the worst case scenario. FABPAC (Financial and Budget Planning Advisory Council) recommended at its April 6 meeting, that the college move forward with the All-Cuts Scenario for budget planning purposes.

Base Apportionment Components	
Property Taxes	\$8,625,439
Enrollment Fees	3,602,569
State Apportionment	28,812,901
Total	\$41,040,909

- The budget is based on a funded FTES base of 7,651 after estimated workload reduction of nearly 17%.

Full-Time Equivalent Students (FTES)		
2010-11	Base FTES	8,955
2010-11	Workload Restoration	274
2010-11	Funded FTES	9,229
2011-12	Workload Reduction	(1,578)
2011-12	Rebenched FTES	7,651

- Enrollment fees are \$36 per unit.
- Bookstore outsourcing is being reviewed and incremental revenues of \$135,000 are included.
- For purposes of the Tentative Budget State Categorical Program funding is budgeted at the 2010-11 levels, less one-time and carryover funds.

2011-12 Major Expenditure Assumptions

- Step and column adjustments for all qualifying employees of \$346,624
- Salary increases of 1% for SCFA, CSEA, ALG (Administrative Leadership Group) amount to \$282,108
- Increase of \$837,010 for health and welfare benefits
- Increase of \$206,309 for PERS
- ALG has made the following concessions totaling \$199,294:
 - forego the 1% salary increase
 - suspend step & column movement
 - agree to eight furlough days
- Recruitment of two faculty positions: aeronautics and welding at \$127,596
- Property and liability insurance of \$420,327
- Retiree benefits are budgeted at \$123,000 and are transferred into an irrevocable trust, set up with the Community College League's Retiree Health Benefits JPA in which Solano College is a member district

The District has aggressively pursued several expense reduction strategies over the past year, continuing into 2011-12, with a projected annual savings of \$2,893,962. The college eliminated approximately 9% or 285 course sections of its offerings, realizing savings from adjunct professor salaries. Academic Affairs further implemented a re-organization, merging six instructional divisions into four schools, and reduced faculty release time. Additional savings are anticipated as a result of spending freezes in supplies, other operating expenditures, such as consulting, travel, printing, postage and others, and equipment accounts, as well as expenditure transfers to categorical grants.

Even with the aforementioned reduction strategies, \$1,942,450 in additional reductions are needed (see Page 9 – Unrestricted 2011-12 General Fund Budget), an amount representing concessions needed from the Solano College Faculty Association, its Classified Unions – CSEA and Local 39. And if those reductions are not achieved for fiscal year 2011-12 alternatives likely will include more draconian expenditure decreases, including suspension of all equipment purchases, significant reductions of other operating expenditures, supplies, overtime, temporary help, further considerable cuts to offerings, layoffs, and/or dipping below the 5% reserve levels. It is important to note that falling below the 5% reserve level has serious implications including being out of compliance with state and board guidelines, cash flow, credit rating and accreditation.

The College is also planning to realign categorical spending to be in line with certified funding and has tentatively budgeted special funds at approximate fiscal year 2010-11 levels.

Major Assumptions – Changes Between Two Budget Fiscal Years

Adjustments to Budgets:		Revenue	Expenditures
2011-12 Tentative Budget			
Revenues			
	Bookstore Outsourcing	\$135,000	
	Apportionment Reduction (All-Cuts Scenario)	(6,815,000)	
		<u>(6,680,000)</u>	
Expenditures			
	1% Salary Increase		\$282,108
	Health Benefits increase		\$837,010
	PERS		\$206,309
	Step & Column		\$346,624
	Full-Time Faculty Hires		\$127,596
	Property & Liability Insurance		\$419,362
	Retiree Health Benefits (OPEB) Set-Aside		\$123,000
			<u>\$2,342,009</u>
	<u>Administrative Reductions:</u>		
	Class Schedules-285 Sections		(\$997,500)
	Academic Re-Org		(\$414,000)
	Release Time (3 FTE)		(\$115,000)
	Reduction in Force (Academic & Student Affairs, Reprographics)		(\$175,993)
	Other Operating Expenditures by Approximately 17.5%		(\$748,000)
	Supplies by 15%		(\$132,689)
	Equipment Purchases by 15%		(\$35,780)
	Financial/Special Consultants		(\$275,000)
			<u>(\$2,893,962)</u>
	Net Change in Revenues & Expenditures Between 2010-11 and 2011-12		<u>(\$6,128,047)</u>

Tentative 2011-12 General Fund Budgets – Unrestricted and Restricted

	Current Year Budget			Tentative Budget		
	2010-11			2011-12		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
Revenue						
Federal Revenue	0	780,700	780,700	0	415,000	415,000
State Revenue	34,220,153	2,248,557	36,468,710	30,101,901	1,908,422	32,010,323
Local Revenue	15,588,954	544,774	16,133,728	13,373,008	530,000	13,903,008
Other Revenue	0	3,258	3,258	0	0	0
Total Revenue	49,809,107	3,577,289	53,386,396	43,474,909	2,853,422	46,328,331
Expenditures						
Academic Salaries	20,161,973	279,407	20,441,380	19,141,185	316,548	19,457,733
Classified Salaries	9,804,067	1,194,941	10,999,008	9,300,052	1,005,207	10,305,259
Employee Benefits	12,197,793	543,257	12,741,050	13,650,715	642,367	14,293,082
Supplies and Materials	1,134,590	447,846	1,582,436	751,901	170,617	922,518
Other Operating Exp and Services	6,681,209	474,015	7,155,224	5,700,571	407,355	6,107,926
Capital Outlay	288,534	424,692	713,226	202,754	89,369	292,123
Other Outgo		213,131	213,131		327,008	327,008
Additional Reductions Needed	0	0	0	(1,942,450)	(105,049)	(2,047,499)
Total Expenditures	50,268,166	3,577,289	53,845,455	46,804,728	2,853,422	49,658,150
Net (Decrease) in Fund Balance	(459,059)	0	(459,059)	(3,329,819)	0	(3,329,819)
Estimated Beginning Balance	3,162,710	0	3,162,710	5,670,055	0	5,670,055
Ending Balance	2,703,651	0	2,703,651	2,340,236	0	2,340,236
5% Reserve Balance	2,513,408	0	2,513,408	2,340,235	0	2,340,236
Undesignated Reserve Balance	190,243	0	190,243	0	0	0

Other District Funds

Debt Service Fund 21

Child Development Fund 33

Capital Outlay Fund 41

Measure G Bond Fund 42

Bookstore Fund 51

Self-Insurance Fund 61

Financial Aid Fund 74



Debt Service Fund 21

The Debt Service Fund is established to account for re-payment of the Measure G Bond. Expenditures are covered by proceeds of the ad valorem property tax which is billed and collected by the Solano County Tax Assessor's Office.

PROPOSED BUDGET				
FISCAL YEAR 2011-12				
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE			Adopted Budget	Proposed Budget
			2010-11	2011-12
REVENUES:				
	Federal Sources		\$ -	\$ -
	State Sources		-	-
	Local Sources		6,750,756	6,750,756
		Total Revenue	\$ 6,750,756	\$ 6,750,756
EXPENDITURES:				
	Academic Salaries			
	Other Staff Salaries		-	-
	Employee Benefits		-	-
	Supplies & Materials		-	-
	Services & Other Operating		-	-
	Capital Outlay		-	-
	Debt Service - Principal		3,515,000	3,515,000
	Debt Service - Interest		3,824,197	3,824,197
		Total Expenditures	\$ 7,339,197	\$ 7,339,197
		EXCESS REVENUES (EXPENDITURES)	\$ (588,441)	\$ (588,441)
		OTHER FINANCING SOURCES (USES)		
	Other Sources			
	Other Uses		-	-
		Total Other Sources (Uses)	\$ -	\$ -
		FUND BALANCE INCREASE (DECREASE)	\$ (588,441)	\$ (588,441)
		BEGINNING FUND BALANCE		
	Beginning Balance		5,765,063	5,176,622
	Prior Year Adjustments			
		Adjusted Beginning Balance	\$ 5,765,063	\$ 5,176,622
		ENDING FUND BALANCE	\$ 5,176,622	\$ 4,588,181

Child Development Fund 33

The Child Development Fund is the fund designated to account for all revenues for, or from the operation of, Child Care and Development Services, including student fees for child development services. Costs incurred in the operation and maintenance of the Child Care and Development Services are paid from this fund.

PROPOSED BUDGET				
FISCAL YEAR 2011-12				
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE			Adopted Budget 2010-11	Proposed Budget 2011-12
REVENUES:				
	Federal Sources		66,844	32,300
	State Sources		709,495	622,822
	Local Sources		55,821	17,883
		Total Revenue	\$ 832,160	\$ 673,005
EXPENDITURES:				
	Academic Salaries			
	Other Staff Salaries		462,834	418,855
	Employee Benefits		276,287	281,217
	Supplies & Materials		23,270	7,296
	Services & Other Operating		69,769	7,964
	Capital Outlay		-	-
	Additional reductions needed		-	(42,327)
		Total Expenditures	\$ 832,160	\$ 673,005
EXCESS REVENUES (EXPENDITURES)			\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
	Other Sources			
	Other Uses		-	
		Total Other Sources (Uses)	\$ -	\$ -
FUND BALANCE INCREASE (DECREASE)			\$ -	\$ -
BEGINNING FUND BALANCE				
	Beginning Balance		-	-
	Prior Year Adjustments			
		Adjusted Beginning Balance	\$ -	\$ -
ENDING FUND BALANCE			\$ -	\$ -

Capital Outlay Fund 41

The Capital Outlay Fund is used to account for the collection of redevelopment property tax revenues allocated exclusively for educational facilities, which are exempt from inclusion in the calculation of the District's revenue level for each fiscal year.

PROPOSED BUDGET				
FISCAL YEAR 2011-12				
REVENUES, EXPENDITURES			Adopted	Proposed
AND CHANGE IN FUND BALANCE			Budget	Budget
			2010-11	2011-12
REVENUES:				
	Federal Sources		\$ -	\$ -
	State Sources		-	-
	Local Sources		571,356	485,653
		Total Revenue	\$ 571,356	\$ 485,653
EXPENDITURES:				
	Academic Salaries			
	Other Staff Salaries		-	-
	Employee Benefits		-	-
	Supplies & Materials		-	-
	Services & Other Operating		15,000	350,000
	Capital Outlay		100,000	-
		Total Expenditures	\$ 115,000	\$ 350,000
EXCESS REVENUES (EXPENDITURES)			\$ 456,356	\$ 135,653
OTHER FINANCING SOURCES (USES)				
	Other Sources			
	Other Uses		(97,887)	-
		Total Other Sources (Uses)	\$ (97,887)	\$ -
FUND BALANCE INCREASE (DECREASE)			\$ 358,469	\$ 135,653
BEGINNING FUND BALANCE				
	Beginning Balance		3,038,841	3,397,310
	Prior Year Adjustments			
		Adjusted Beginning Balance	\$ 3,038,841	\$ 3,397,310
ENDING FUND BALANCE			\$ 3,397,310	\$ 3,532,963

Measure G Bond Fund 42

The Measure G Bond construction fund is the fund designated for the deposit of proceeds from the sale of all community college revenue bonds. Such deposits are used to meet the costs of acquisition or construction and all expenses of authorized projects.

PROPOSED BUDGET				
FISCAL YEAR 2011-12				
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE			Adopted Budget 2010-11	Proposed Budget 2011-12
REVENUES:				
	Federal Sources		\$ -	\$ -
	State Sources		-	-
	Local Sources		240,000	204,000
	Total Revenue		\$ 240,000	\$ 204,000
EXPENDITURES:				
	Academic Salaries			
	Other Staff Salaries		-	100,000
	Employee Benefits		-	35,000
	Supplies & Materials		-	-
	Services & Other Operating		1,500,000	1,500,000
	Capital Outlay		11,087,702	7,500,000
	Total Expenditures		\$ 12,587,702	9,135,000
EXCESS REVENUES (EXPENDITURES)			\$ (12,347,702)	\$ (8,931,000)
OTHER FINANCING SOURCES (USES)				
	Other Sources			
	Other Uses			
	Total Other Sources (Uses)		\$ -	\$ -
FUND BALANCE INCREASE (DECREASE)			\$ (12,347,702)	\$ (8,931,000)
BEGINNING FUND BALANCE				
	Beginning Balance		24,433,159	19,145,883
	Prior Year Adjustments			
	Adjusted Beginning Balance		\$ 24,433,159	\$ 19,145,883
ENDING FUND BALANCE			\$ 12,085,457	\$ 10,214,883

Bookstore Fund 51

The Bookstore Fund is the fund designated to receive the proceeds derived from the District's operation of a community college bookstore. Necessary expenses, including salaries, wages and cost of capital improvements for the bookstore may be paid from the generated revenue.

PROPOSED BUDGET				
FISCAL YEAR 2011-12				
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE			Adopted Budget 2010-11	Proposed Budget 2011-12
REVENUES:				
	Retail Sales		\$ 3,670,000	\$ 3,661,281
	Cost of Goods Sold		2,900,000	2,929,025
	Net Sales		\$ 770,000	\$ 732,256
EXPENDITURES:				
	Academic Salaries			
	Other Staff Salaries		\$ 425,275	\$ 403,743
	Employee Benefits		160,000	224,627
	Supplies & Materials		17,000	24,721
	Services & Other Operating		160,000	119,700
	Capital Outlay		25,000	0
	Additional reductions needed		0	(21,102)
	Total Expenditures		\$ 787,275	\$ 751,689
EXCESS REVENUES (EXPENDITURES)			\$ (17,275)	\$ (19,433)
OTHER FINANCING SOURCES (USES)				
	Other Sources			
	Other Uses		(35,000)	
	Total Other Sources (Uses)		\$ (35,000)	\$ -
FUND BALANCE INCREASE (DECREASE)			\$ (52,275)	\$ (19,433)
BEGINNING FUND BALANCE				
	Beginning Balance		640,781	588,506
	Prior Year Adjustments			
	Adjusted Beginning Balance		\$ 640,781	\$ 588,506
ENDING FUND BALANCE			\$ 588,506	\$ 569,073

Self-Insurance Fund 61

The Self-Insurance Fund was established from excess equity from the District's membership in the Northern California Community Colleges Self-Insurance Authority JPA. Its purpose is to pay for potential property and indemnity claims not covered by the JPA.

PROPOSED BUDGET				
FISCAL YEAR 2011-12				
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE			Adopted Budget 2010-11	Proposed Budget 2011-12
REVENUES:				
	Federal Sources		\$ -	\$ -
	State Sources		-	-
	Local Sources		-	5,000
		Total Revenue	\$ -	\$ 5,000
EXPENDITURES:				
	Academic Salaries			
	Other Staff Salaries		-	-
	Employee Benefits		-	-
	Supplies & Materials		-	-
	Services & Other Operating		419,362	-
	Capital Outlay		-	-
		Total Expenditures	\$ 419,362	\$ -
EXCESS REVENUES (EXPENDITURES)			\$ (419,362)	\$ 5,000
OTHER FINANCING SOURCES (USES)				
	Other Sources			
	Other Uses		-	-
		Total Other Sources (Uses)	\$ -	\$ -
FUND BALANCE INCREASE (DECREASE)			\$ (419,362)	\$ 5,000
BEGINNING FUND BALANCE				
	Beginning Balance		878,089	458,727
	Prior Year Adjustments			
		Adjusted Beginning Balance	\$ 878,089	\$ 458,727
ENDING FUND BALANCE			\$ 458,727	\$ 463,727

Financial Aid Fund 74

Financial Aid funds are intended to help students pay educational expenses including tuition and fees, books and supplies, etc. for education and are comprised of federal and state sources and available amounts are primarily driven by the number of FAFSA (Free Application for Federal Student Aid) applications submitted by students and processed by the college.

PROPOSED BUDGET				
FISCAL YEAR 2011-12				
REVENUES, EXPENDITURES			Projected	Proposed
AND CHANGE IN FUND BALANCE				Budget
			2010-11	2011-12
REVENUES:				
	Federal Sources		11,691,681	14,472,083
	State Sources		463,216	503,000
	Local Sources		-	-
		Total Revenue	\$ 12,154,897	\$ 14,975,083
EXPENDITURES:				
	PELL		9,671,891	10,500,000
	FSEOG		164,470	172,083
	ACG		36,213	
	Direct Loans		1,819,107	3,800,000
	Cal Grants		463,216	503,000
			-	-
			-	-
		Total Expenditures	\$ 12,154,897	\$ 14,975,083
EXCESS REVENUES (EXPENDITURES)			\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
	Other Sources			
	Other Uses		-	
		Total Other Sources (Uses)	\$ -	\$ -
FUND BALANCE INCREASE (DECREASE)			\$ -	\$ -
BEGINNING FUND BALANCE				
	Beginning Balance		-	-
	Prior Year Adjustments			
		Adjusted Beginning Balance	\$ -	\$ -
ENDING FUND BALANCE			\$ -	\$ -

