



Solano Community College District Tentative 2010-11 District Budgets

Governing Board Meeting
June 22, 2010



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

Serving Solano and Yolo Counties, California
Solano Community College ~ *Transforming Students' Lives*
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SOLANO COMMUNITY COLLEGE DISTRICT

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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***

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Executive Summary

The state of California is projecting a \$19.1 billion budget shortfall over the next 18 months with a budget plan for 2010-11 premised on making expenditure reductions, anticipated receipt of federal funds, and alternative borrowing/funding shifts. The May Revise on May 14 saw Governor Schwarzenegger's continued affirmation to invest in higher education by leaving the UC, CSU, and CCC proposals largely unchanged from January's budget proposal. The Governor has taken significant steps to protect college access at a very difficult fiscal time for California.

The reduction in workload measures implemented in the 2009-10 budget year and subsequent loss of FTES Apportionment revenue of 3.39% continues into the 2010-11 budget year. This loss has not been restored.

Clearly, available funding is insufficient for community colleges. With unprecedented enrollment demand due to the peak of high school graduations and unemployment, colleges across the state report continued increased enrollment even while course sections are reduced. Given the compelling educational and economic needs of Californians, colleges, Solano included, have utilized reserves, set priorities and stretched available funds to maximize student access and success.

The budget debate will accelerate as anticipated prolonged deliberations take place this summer moving towards a final 2010-11 state budget.

2010-11 Major Revenue Assumptions

- State General Apportionment revenues are based upon the 2009-10 First Principal Apportionment (P-1), adjusted by the negative .38% COLA and the addition of \$1,107,182 Base Funding for the recently approved Vallejo Center.
- The budget is based upon a funded FTES base of 8,965.
- Due to the uncertainty of enrollment growth funding in the budget year, no growth funding is being proposed at this time, although enrollment demand remains high.
- For purposes of the Tentative Budget State Categorical program funding is budgeted at the 2009-10 levels.

Apportionment revenue is based on the 2009-10 First Principal Apportionment (P-1), the 2009-10 AB X4 1 workload adjustments, and an estimated -0.38% COLA:

General Apportionment Revenue for 2010-11

➤	Base Apportionment	\$46,353,894
	Total	<u>\$46,353,894</u>

The Sources:

➤	Property Taxes	\$ 9,752,393
➤	98% of Enrollment Fees	\$ 3,559,577
➤	State Apportionment	<u>\$33,041,924</u>
	Total:	<u>\$46,353,894</u>

Full-Time Equivalent Students (FTES):

Growth is budgeted at 0%.

•	2009-10	Base FTES	8,965
•	2009-10	0% Funded Growth	-0-
•	2010-11	Base FTES	8,965
•	2010-11	0% Funded Growth	-0-

Budget assumes no paid growth in 2010-11

Cost of Living Adjustment (COLA):

COLA for 2010-11 is projected to be a negative -.038%. per the Governor's May revise budget proposal.

2010-11 Major Expenditure Assumptions

- Step and column adjustments are included in the compensation expenditures.
- Step and column increases of \$351,932 for all qualifying employees
- Increase of \$850,000 for health and welfare benefits
- Total Projected Increase for Step & Column and Health Benefits = \$1,201,932

Statutory benefits are budgeted as follows:

	<u>Percentage</u>
STRS	8.25%
PERS	10.707%
FICA	6.2%
EPMC PERS	7.49%
Medicare	1.45%
SUI	0.72%
Workers' Compensation	1.48%

Utility expenses have been increased by 3% over the 2009-10 budget, due to both PG&E rate increases and higher usage due to completed construction of new facilities.

Future retiree benefits are budgeted at \$225,000. The District is a member of the Community College League's Retiree Health Benefits JPA – a statewide organization of pooled monies in an irrevocable trust.

A summary of expenditure changes from 2009-10 to 2010-11 is reflected in Exhibit 1

Reductions in certain areas regarded as encroachment into the Unrestricted General Fund are being implemented.

The District has aggressively pursued several expense reduction measures over the past year. The College projects a total of approximately \$1 million savings for 2010-11. In excess of 123 course sections were eliminated in spring 2010, realizing savings from adjunct faculty salaries. More savings came from several faculty and classified staff positions remaining vacant, reducing consultant and legal services, offering an early retirement incentive and other actions that in aggregate comprise the \$1 million cost reductions.

Exhibit 1
Major Assumptions – Changes Between Two Budget Fiscal Years

	Revenue	Expenditures
Adjustments to Budgets:		
2009-10 Working Budget		
Added Vallejo Center status	\$1,107,082	
2010-11 Tentative Budget		
Revenues		
Negative COLA	(\$176,817)	
Expenditures		
Health & Welfare Cost Increase		801,932
New Staffing Costs for Vallejo, Vacaville		700,000
Estimated Step and Column Movement		400,000
Add in Election Costs		250,000
eCollege		20,000
		2,171,932
Early Retirement Net Savings		(329,000)
Reduce Contribution to College Theater		(220,000)
Reduce Legal Fees		(200,000)
Library Staff Retirement		(67,000)
Contract Consultant		(65,000)
Reduce Parking Contribution		(65,000)
CMF Clean-up		(50,000)
Special Trustee Contract		(48,000)
Community Service Staff		(28,125)
Night Crew (Custodians) Shift Change		(15,000)
		(\$1,087,125)
Net Change in Surplus/(Deficit) Between 2009-10 and 2010-11		(\$1,261,624)

Tentative 2010-11 General Fund Budgets – Unrestricted and Restricted

	Current Year Budget ⁸			Tentative Budget			
	2009-10			2010-11			
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	
Revenues							
Federal Revenue	0	1,752,671	1,752,671	0	1,752,671	1,752,671	
State Revenue	34,626,174	4,250,172	38,876,346	34,449,357	4,250,172	38,699,529	7
Local Revenue	15,731,684	558,895	16,290,579	15,731,684	558,895	16,290,579	
Other Revenue	55,000	0	55,000	55,000	0	55,000	
Total Revenue	50,412,858	6,561,738	56,974,596	50,236,041	6,561,738	56,797,779	
Expenditures							
Academic Salaries	20,599,431	956,600	21,556,031	21,303,431	979,455	22,282,886	1,5
Classified Salaries	9,346,655	1,612,697	10,959,352	9,303,530	1,651,227	10,954,757	2,5
Employee Benefits	11,057,583	691,223	11,748,806	11,859,515	707,737	12,567,252	3,5
Supplies and Materials	1,354,411	621,303	1,975,714	1,354,411	636,147	1,990,558	5
Other Operating Exp and Service	7,487,747	1,480,728	8,968,475	7,329,747	1,516,105	8,845,852	4,5
Capital Outlay	520,246	727,905	1,248,151	300,246	745,296	1,045,542	6,5
Other Outgo 7xxx	25,000	520,749	545,749	25,000	533,191	558,191	
Total Expenditures	50,391,073	6,611,205	57,002,278	51,475,880	6,769,157	58,245,037	
Deficit/Surplus	21,785	(49,467)	(27,682)	(1,239,839)	(207,419)	(1,447,258)	
Transfers In	0	0	0	0	0	0	
Transfers out	0	0	0	0	0	0	
Net increase (decrease) in Fund Balance	21,785	(49,467)	(27,682)	(1,239,839)	(207,419)	(1,447,258)	
Beginning Balance	3,162,710	256,886	3,419,596	3,184,495	207,419	3,391,914	
Ending Balance	3,184,495	207,419	3,391,914	1,944,656	0	1,944,656	
	5.6%			3.3%			
5% Reserve Balance	2,850,114		2,850,114	2,912,252		2,912,252	
Restricted Designations		207,419	207,419		0	0	
Unappropriated Fund Balance	334,381	0	334,381	(967,596)	0	(967,596)	

Notes:

¹ Reduced salaries for early retirement incentive net savings, library staff retirement. Increased salaries for new staffing at Vacaville and Vallejo Centers, and step/column movement.

² Reduced salaries for community service staff reduction and night crew (custodians) shift change.

³ Increase to health and welfare benefits.

⁴ Adjusted for various changes including legal fees, contract changes, and parking contribution.

⁵ Increased categorical costs ratably to spend down accumulated carryover from prior year, balancing categorical programs.

⁶ Reduced contribution to the College Theater.

⁷ Increased 2009-10 State Revenue budget by \$1,107,182 due to Vallejo Center status funding; decreased 2010-11 apportionment by 0.38%.

⁸ Per Statement of Revenue, Expenditures, Other from Banner, June 18, 2010.