

# Solano Community College District

Tentative 2012-13 District Budgets

1<sup>st</sup> Reading

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## Governing Board Study Session

June 6, 2012

### Transforming Students' Lives

Serving Solano and Yolo Counties and the City of Winters, California

4000 Suisun Valley Road, Fairfield, CA 94534

[www.solano.edu](http://www.solano.edu)

Jowel C. Laguerre, Ph.D.

Superintendent-President

# Solano Community College District

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## Report Prepared by:

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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

- **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.**
- **Maintain adequate reserves to meet District obligations and cash flow.**
- **Accreditation recommendations.**

# Summary of May Revision

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## California

### Projected 2012-13 Budget Problem (billions)

Governor Brown releases the annual May Revision, identifying a rising budget problem for 2012-13 of \$15.7 billion, a significant increase over his January projection of \$9.2 billion. The various changes between January and May include:

|                             |    |              |
|-----------------------------|----|--------------|
| Lowered revenue assumptions | \$ | 4.3          |
| Higher Prop 98 guarantee    |    | 2.4          |
| Net, Other                  |    | <u>(0.2)</u> |
|                             | \$ | <u>6.5</u>   |

### Proposed Budget Balancing Actions

#### Expenditure Reduction

|                         |    |            |    |
|-------------------------|----|------------|----|
| Health & Human Services | \$ | 2.5        |    |
| Education               |    | 2.3        |    |
| Other reductions        |    | <u>3.5</u> | \$ |

|          |    |             |
|----------|----|-------------|
| Revenues |    | 5.9         |
| Other    |    | <u>2.5</u>  |
| Total    | \$ | <u>16.7</u> |

# Summary of May Revision (continued)

## Trigger Cuts if Voters Reject Tax Measure

|                              |    |             |
|------------------------------|----|-------------|
| Prop 98                      | \$ | 5.50        |
| UC                           |    | 0.25        |
| CSU                          |    | 0.25        |
| Other                        |    | <u>0.10</u> |
| Total statewide trigger cuts | \$ | <u>6.10</u> |

## 2012-13 May Revision General Fund Budget Summary

|   |    |             |
|---|----|-------------|
| Prior Year Balance                      | \$ | -2.5        |
| Revenues and Transfers                  |    | <u>95.7</u> |
|   | \$ | <u>93.2</u> |
| Expenditures                            |    |             |
| Non-Proposition 98 Expenditures         | \$ | 53.7        |
| Proposition 98 Expenditures             |    | <u>37.7</u> |
|   | \$ | <u>91.4</u> |
| Fund Balance                            | \$ | 1.8         |
| Reserve for Liquidation of Encumbrances |    | <u>0.7</u>  |
| Special Fund for Economic Uncertainty   | \$ | <u>1.1</u>  |
| Total Available Reserves                | \$ | <u>1.1</u>  |



# Community Colleges

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- No major changes to January proposal
- Increased growth in Prop 98 (tax measure passes) buys down debt \$313 million versus \$218 million in January
- No Growth
- No COLA
- Shift \$48 million in SB 70 programmatic money through Prop 98
- Mandate block grant reform; \$28/FTES; \$33.4 million
- RDAs; \$116 million versus \$146.7 million in January

## Triggers

- If tax measure fails, \$5.5 billion of cuts to K-14  
CCCs roughly 11%
- Loss of \$313 million deferral repayment
- Additional base cut of \$300 million
- Roughly a 6% workload reduction

## Cal Grants

No impact on community colleges anticipated

## Current Year Deficit

Statewide deficit expected to decrease from 3.3% to 2.4%

## November Tax Measure

Governor's versus Molly Munger

## CCCCO Recommendation

Do not assume that the ballot initiative will pass.

Budget very cautiously for the 2012-13 year.

Outcome too uncertain, repercussion of drastic mid-year cuts are too large.



# 2012-13 Major Revenue Assumptions

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| Base Apportionment Components |                            |
|-------------------------------|----------------------------|
| Property Taxes                | \$8,919,892                |
| Enrollment Fees               | 3,125,000                  |
| State Apportionment           | 29,492,612                 |
| <b><u>Total</u></b>           | <b><u>\$41,537,504</u></b> |

- Tax Measure fails; revenue reductions of \$ 2,388,853 in college's State General Apportionment funding.
- The revenue limit calculation also includes an approximate 1% deficit factor, a further apportionment revenue reduction of \$419,571.
- Property Taxes are flat at \$8.9 million.
- Enrollment fees are \$46 per unit.



# 2012-13 Major Revenue Assumptions

(continued)

| Full-Time Equivalent Students (FTES) |                    |       |
|--------------------------------------|--------------------|-------|
| 2011-12                              | Base FTES          | 9,229 |
| 2011-12                              | Workload Reduction | (726) |
| 2011-12                              | Funded FTES        | 8,503 |
| 2012-13                              | Workload Reduction | (523) |
| 2012-13                              | Re-benched FTES    | 7,980 |

- The budget is based on a funded FTES base of 7,980 after estimated workload reduction of nearly 6.2% or re-benching of 523 FTES.
- Full Vacaville Center base funding.
- Lottery revenues down \$125,000.
- Bookstore/Barnes & Noble Commissions of \$350,000.
- For purposes of the Tentative Budget, State Categorical Program funding is budgeted at the 2011-12 levels.

# 2012-13 Major Expenditure Assumptions

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- No summer 2012 course offerings.
- Suspension of football and water polo.
- Solano College Theater Association contract termination.
- Solano College Foundation support.
- Step/column, increases.
- 25 vacant positions.
- Net cost reductions in health and welfare benefits about \$1.3 million.
- Salary increase for various units to defray costs associated with health provider change.

# 2012-13 Major Expenditure Assumptions

(continued)

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- eCollege \$400,000 savings
- Trustee elections \$400,000
- Utilities flat
- No equipment purchases
- \$200,000 set aside for strategic proposals.
- Retiree benefits/OPEB \$123,000

# Major Assumptions

## Changes Between Two Budget Fiscal Years

|                     | Adjustments to Budget                      | Revenues             | Expenditures         |
|---------------------|--|----------------------|----------------------|
| <b>Revenues</b>     |  |                      |                      |
|                     | Apportionment Reductions                   | (\$2,388,853)        |                      |
|                     | Deficit Factor                             | (419,571)            |                      |
|                     | Net Increase in B&N commissions            | 215,000              |                      |
|                     | Net Decrease in Lottery Funds              | (125,000)            |                      |
|                     | Net, Other                                 | <u>219,566</u>       |                      |
| <b>Expenditures</b> |  |                      |                      |
|                     | No summer offerings, salary/benefits       |                      | (\$1,000,000)        |
|                     | Suspension of football, water polo         |                      | (200,000)            |
|                     | Step/Col, increases                        |                      | 522,000              |
|                     | Solano College Theater Association         |                      | (650,000)            |
|                     | Solano College Foundation                  |                      | (134,949)            |
|                     | CalPERS                                    |                      | (1,321,458)          |
|                     | eCollege                                   |                      | (400,000)            |
|                     | Trustee elections                          |                      | 400,000              |
|                     | No equipment purchases                     |                      | (202,754)            |
|                     | Net, Supplies & Other Operating            |                      | <u>(397,274)</u>     |
|                     | <b>NET CHANGE in REVENUES/EXPENDITURES</b> |                      |                      |
|                     | between 2011-12 and 2012-13                | <u>(\$2,498,858)</u> | <u>(\$3,384,435)</u> |

# Tentative 2012-13 General Fund Budgets – Unrestricted and Restricted

|                                  | Current Year Budget<br>2011-12 |                  |                   | Tentative Budget<br>2012-13 |                  |                   |
|----------------------------------|--------------------------------|------------------|-------------------|-----------------------------|------------------|-------------------|
|                                  | Unrestricted                   | Restricted       | Combined          | Unrestricted                | Restricted       | Combined          |
| <b>Revenue</b>                   |                                |                  |                   |                             |                  |                   |
| Federal Revenue                  | 0                              | 945,000          | 945,000           |                             | 265,000          | 265,000           |
| State Revenue                    | 32,489,700                     | 2,120,022        | 34,609,722        | 30,709,546                  | 2,661,786        | 33,371,332        |
| Local Revenue                    | 13,886,446                     | 530,000          | 14,416,446        | 13,167,742                  | 530,000          | 13,697,742        |
| <b>Total Revenue</b>             | <b>46,376,146</b>              | <b>3,595,022</b> | <b>49,971,168</b> | <b>43,877,288</b>           | <b>3,456,786</b> | <b>47,334,074</b> |
| <b>Expenditures</b>              |                                |                  |                   |                             |                  |                   |
| Academic Salaries                | 18,631,268                     | 301,174          | 18,932,442        | 18,040,676                  | 311,535          | 18,352,211        |
| Classified Salaries              | 9,269,875                      | 1,020,581        | 10,290,456        | 8,794,822                   | 1,439,029        | 10,233,851        |
| Employee Benefits                | 13,683,717                     | 642,367          | 14,326,084        | 12,155,474                  | 937,281          | 13,092,755        |
| Supplies and Materials           | 754,301                        | 331,923          | 1,086,224         | 684,998                     | 331,923          | 1,016,921         |
| Other Operating Exp and Services | 5,698,171                      | 1,167,371        | 6,865,542         | 4,578,978                   | 305,412          | 4,884,390         |
| Capital Outlay                   | 202,754                        | 131,606          | 334,360           | 0                           | 131,606          | 131,606           |
| Strategic Proposals              |                                |                  |                   | 200,000                     |                  | 200,000           |
| Additional Reductions Needed     | (400,703)                      |                  | 0                 |                             |                  | 0                 |
| <b>Total Expenditures</b>        | <b>47,839,383</b>              | <b>3,595,022</b> | <b>51,835,108</b> | <b>44,454,948</b>           | <b>3,456,786</b> | <b>47,911,734</b> |
| Net (Decrease) in Fund Balance   | (1,463,237)                    | 0                | (1,463,237)       | (577,660)                   | 0                | (577,660)         |
| Estimated Beginning Balance      | 4,302,047                      | 0                | 4,302,047         | 2,838,810                   | 0                | 5,670,055         |
| Ending Balance                   | 2,838,810                      | 0                | 2,838,810         | 2,261,150                   | 0                | 5,092,395         |
| <b>5% Reserve Balance</b>        | <b>2,391,969</b>               | <b>0</b>         | <b>N/A</b>        | <b>2,222,747</b>            | <b>0</b>         | <b>N/A</b>        |
| Undesignated Reserve Balance     | 446,841                        | 0                | N/A               | <b>38,403</b>               | <b>0</b>         | <b>N/A</b>        |