

Solano College FY 2014-15 Budget

Presented to:

Governing Board – August 6, 2014
Academic Senate – August 11, 2014
Flex Cal – August 12, 2014
Nursing Department – August 12, 2014
Shared Governance – August 13, 2014

Overview

- ▶ Sound Fiscal Management Self-Assessment
- ▶ Historic Perspective
- ▶ Pre-Adjustment FY 2014-15 Budget
- ▶ Account Analysis
- ▶ Reserve Levels
- ▶ Recommendations

Sound Fiscal Management Self Assessment Checklist

1. Deficit Spending —Is this area acceptable? **NO**

- Is the district spending within their revenue budget in the current year? **No**
- Has the district controlled deficit spending over multiple years? **Yes**
- Is deficit spending addressed by fund balance, ongoing revenue increases, or expenditure reductions? **Fund Balance, and one-time revenue increases**
- Are district revenue estimates based upon past history? **No. Revenue estimates are tied to enrollment targets and FTES achieved.**
- Does the district automatically build in growth revenue estimates? **No; only to extent enrollment estimates target include growth.**

2. Fund Balance —Is this area acceptable? **YES for FY 2013/14**

- Is the district's fund balance stable or consistently increasing? **Fund Balance increased for 12/13 and 13/14 due to the passage of Proposition 30, which averted significant revenue losses.**
- Is the fund balance increasing due to on-going revenue increases and/or expenditure reductions? **During 12/13 the District identified multiple expense saving strategies which helped the Fund Balance grow, particularly, with the passage of the tax initiative Proposition 30.**

Sound Fiscal Management Self Assessment Checklist

3. Enrollment —Is this area acceptable? **NO**

- Has the district's enrollment been increasing or stable for multiple years? **No, enrollments have been declining since FY 2011/12.**
- Are the district's enrollment projections updated at least semiannually? **Yes**
- Are staffing adjustments consistent with the enrollment trends? **Yes**
- Does the district analyze enrollment and full-time equivalent student (FTES) data? **Yes.**
- Does the district track historical data to establish future trends between P-1 and annual for projection purposes? **Yes.**
- Has the district avoided stabilization funding? **No. The District went into stability funding in FY 2011/12 and again plans to do so in FY 2014/15.**

4. Unrestricted General Fund Balance – Is this area acceptable? **YES for FY 2013/14**

- Is the district's unrestricted general fund balance consistently maintained at or above the recommended minimum prudent level (5% of the total unrestricted general fund expenditures)? **Yes.**
- Is the district's unrestricted fund balance maintained throughout the year? **Yes.**

Sound Fiscal Management Self Assessment Checklist

5. Cash Flow Borrowing —Is this area acceptable? **YES**

- Can the district manage its cash flow without interfund borrowing?
No. However, with the State's 2014-15 budget, the Governor intends to significantly lower the deferrals which should improve the District's cash flow borrowings.
- Is the district repaying TRANS and/or borrowed funds within the required statutory period? Yes. The District's temporary funds transfer arrangement with Solano County has always been repaid timely.

6. Bargaining Agreements —Is this area acceptable? **NO**

- Has the district settled bargaining agreements within new revenue sources during the past three years? No.
- Did the district conduct a pre-settlement analysis identifying an ongoing revenue source to support the agreement? Yes.
- Did the district correctly identify the related costs? Yes.
- Did the district address budget reductions necessary to sustain the total compensation increase? No.

Sound Fiscal Management Self Assessment Checklist

7. Unrestricted General Fund Staffing —Is this area acceptable **NO**

- Is the district ensuring it is not using one-time funds to pay for permanent staff or other ongoing expenses? **Yes.**
- Is the percentage of district general fund budget allocated to salaries and benefits at or less than the statewide average (i.e., the statewide average for 2003-04 is 85%)? **No. For FY 2014-15 total salaries and benefits run approximately 88%.**

8. Internal Controls —Is this area acceptable? **YES**

- Does the district have adequate internal controls to insure the integrity of the general ledger? **Yes.**
- Does the district have adequate internal controls to safeguard the district's assets? **Yes.**

Sound Fiscal Management Self Assessment Checklist

9. Management Information Systems —Is this area acceptable? **YES**

- Is the district data accurate and timely? **Yes.**
- Are the county and state reports filed in a timely manner? **Yes.**
- Are key fiscal reports readily available and understandable? **Yes. The District is also currently evaluating and testing ARGOS, a report writer.**

10. Position Control —Is this area acceptable? **YES**

- Is position control integrated with payroll? **Yes.**
- Does the district control unauthorized hiring? **Yes.**
- Does the district have controls over part-time academic staff hiring? **Yes.**

Sound Fiscal Management Self Assessment Checklist

11. Budget Monitoring —Is this area acceptable? **YES**

- Is there sufficient consideration to the budget, related to long-term bargaining agreements? **Yes.**
- Are budget revisions completed in a timely manner? **Yes**
- Does the district openly discuss the impact of budget revisions at the board level? **No.**
- Are budget revisions made or confirmed by the board in a timely manner after the collective bargaining agreements are ratified? **While collective bargaining settlements are considered as part of the budget development, they are not included in the budget but rather reflected as part of actual expenditures incurred. Thus no budget revisions are made for such settlements.**
- Has the district's long-term debt decreased from the prior fiscal year? **Yes.**
- Has the district identified the repayment sources for the long-term debt? **Yes. OPEB (Other Post-Employment Benefits) and payments for other long-term debt are budgeted for.**
- Does the district compile annualized revenue and expenditure projections throughout the year? **Yes, and periodic updates were provided to the Budget Planning Committee and now to Shared Governance Council (after the committee merger).**



Sound Fiscal Management Self Assessment Checklist

12. Retiree Health Benefits —Is this area acceptable? **NO**

- Has the district completed an actuarial calculation to determine the unfunded liability? **Yes.** The actuarial study was updated as of 2013 and presented to the Governing Board in March 2014.. Due to the District's change in healthcare providers, joining the CalPERS group, the total unfunded liability was reduced.
- Does the district have a plan for addressing the retiree benefits liabilities? **No.** The District currently budgets for and pays the difference between the annual required contribution and pay-as-you-go amounts. While such payments have increased net assets and reduced liabilities, the District is also in the process of considering methodologies to accelerate funding and lowering this liability.

13. Leadership/Stability —Is this area acceptable? **YES**

- Has the district experienced recent turnover in its management team (including the Chief Executive Officer, Chief Business Officer, and Board of Trustees)? **No.** District administration has stabilized; there are two recently elected Governing Board Trustees.

Sound Fiscal Management Self Assessment Checklist

14. District Liability —Is this area acceptable? **YES**

- Has the district performed the proper legal analysis regarding potential lawsuits that may require the district to maintain increased reserve levels? **No. Analysis is done at the Northern California Community College Self Insurance Authority (NCCCSIA) of which the District is a member of. Self Insured Retention levels are deemed adequate.**
- Has the district set up contingent liabilities for anticipated settlements, legal fees, etc.? **Yes. Via the NCCCSIA, a community college joint powers authority, that covers property & liability as well as workmen's compensation. Additionally, a small reserve amount is maintained in the District's Self-Insurance Fund to address future settlements not covered by our JPA insurance coverage.**

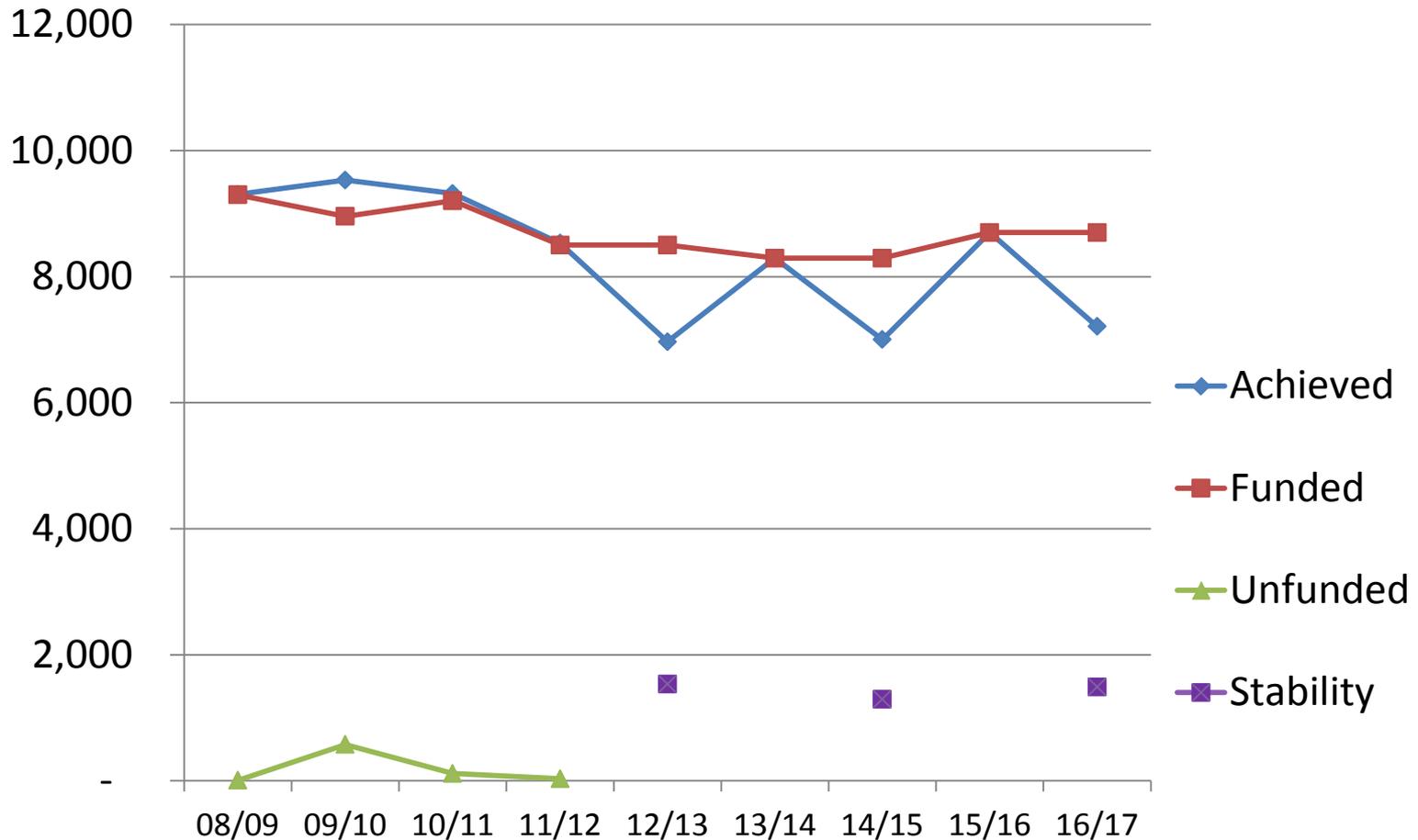
15. Reporting —Is this area acceptable? **YES.**

- Has the district filed the annual audit report with the System Office on a timely basis? **Yes.**
- Has the district taken appropriate actions to address material findings cited in their annual audit report? **Yes**
- Has the district met the requirements of the 50 percent law? **Yes.**
- Have the Quarterly Financial Status Reports (CCFS-311Q), Annual Financial and Budget Reports (CCFS-311), and Apportionment Attendance Reports (CCFS-320) been submitted to the System Office on or before the stated deadlines? **Yes.**



FTES

History and Looking Forward



Fill Rates

Academic Yr.	Sections			Fill Rate %			Average FTES			Sections	Fill Rate %	Avg FTES
	Summer	Fall	Spring	Summer	Fall	Spring	Summer	Fall	Spring	Total	Total	Total
2008-09	379	1,322	1,197	75.39%	66.13%	81.62%	2.62	3.17	3.57	2,898	73.17%	3.26
2009-10	394	1,219	1,133	81.80%	87.28%	93.69%	3.04	3.58	3.74	2,746	89.10%	3.57
2010-11	331	1,159	1,126	80.70%	90.66%	92.10%	2.92	3.63	3.72	2,616	90.00%	3.58
2011-12	231	993	967	94.17%	95.77%	90.46%	3.78	3.96	3.89	2,191	93.22%	3.91
2012-13		979	1,057		83.05%	78.55%		3.55	3.34	2,036	80.75%	3.45
2013-14	268	978	1,041	70.71%	79.62%	74.52%	2.78	3.42	3.29	2,287	76.27%	3.29
2014-15	291	1,075		66.66%	72.34%		2.66	3.09		1,366	71.09%	3.00

Operating Ratios /Funding

# Students	28	29	30	31	35
Units	3	3	3	3	3
WSCH	84	87	90	93	105
Load	0.2	0.2	0.2	0.2	0.2
WSCH/Load	420	435	450	465	525
FTES	2.8	2.9	3	3.1	3.5
FTES/FTEF	14	14.5	15	15.5	17.5
Avg Blended Cost (FT/PT Faculty)	8,500	8,500	8,500	8,500	8,500
50% law	8,500	8,500	8,500	8,500	8,500
Estimated Costs	17,000	17,000	17,000	17,000	17,000
Revenue	15,199	15,742	16,285	16,828	18,999
Estimated Gain/(Loss)	(1,801)	(1,258)	(715)	(172)	1,999

Funding History

	09/10	10/11	11/12	12/13	13/14	14/15
Workload Reduction	-3.70%	0.00%	-7.65%	0.00%	0.00%	0.00%
Growth	0.00%	2.71%	0.00%	0.00%	0.00%	0.00%
COLA	0.00%	0.00%	0.00%	0.00%	1.57%	0.85%
Deficit Factor	0.00%	-0.32%	-1.94%	-0.19%	-1.72%	-0.55%
Funded FTES	8,963	9,206	8,502	8,502	8,196	8,196

Sources:

FY 09/10 to 12/13 - Recalculation Apportionment - Exhibit E

FY 13/14 - Second Principal Apportionment - Exhibit C

FY 14/15 - Advance Apportionment - Exhibit C

Excess / (Deficiency) of Revenues over Expenditures

	09/10	10/11	11/12	12/13	13/14	14/15
Net Increase/(Decrease) in Fund Balance	(2,021,223)	2,388,907	(1,501,627)	2,860,884	(1,052,267)	(2,604,629)
Prior Year Adjustment	1,808,627	117,312	(1,411,172)	-		
Beginning Fund Balance	3,419,596	3,207,000	5,713,219	2,800,420	5,661,304	4,609,037
Ending Fund Balance	3,207,000	5,595,907	2,800,420	5,661,304	4,609,037	2,004,408
Fund Balance %	6.2%	11.6%	5.9%	14.1%	9.8%	4.1%
Revenues	100%	104%	92%	96%	93%	94%
Salaries & Benefits	100%	100%	96%	91%	100%	103%
Salaries & Benefits as % of Total Expenditures	81%	85%	85%	86%	88%	88%

Source:

CCCCO - Fiscal Data Abstract

FY 2009/10 to 2013/14

SCC - Tentative Budget FY 2014/15

Pre-Adjusted Budget

	Projected 13/14	Unadjusted Budget 14/15
Revenues	46,148,335	46,237,007
Expenditures		
Academic Salaries	19,625,625	19,877,036
Classified Salaries	9,463,763	9,589,648
Benefits	11,718,541	13,338,322
Supplies	633,977	458,838
Other Operating	5,526,146	5,242,792
Equipment	208,409	35,000
Other Outgo	24,141	300,000
	<u>47,200,602</u>	<u>48,841,636</u>
Revenues>Expenditures	(1,052,267)	(2,604,629)
Beginning Fund Balance	<u>5,661,304</u>	<u>4,609,037</u>
Ending Fund Balance	<u>4,609,037</u>	<u>2,004,408</u>
	9.8%	4.1%



Revenues (millions)

▶ SB 361

◦ Total Computational Revenues

- Credit FTES (8,200) \$38.3
- Basic Allocation \$ 5.7
- Deficit Factor 0.5%
- Comprised of:
- Enrollment Fees \$ 3.5
- Property Taxes \$11.6
- State Apportionment \$28.7

▶ Local

- Lottery \$ 0.9
- Non-Resident Fees \$ 0.4
- Contract Education \$ 0.3
- Community Education \$ 0.2
- Other \$ 0.7

Expenditures (millions)

Unrestricted General Fund Only

▶ Staffing

◦ Faculty	#Employees (FTE)	\$Amount
• Full-time	146.5	\$11.6
• Adjunct/Overload		\$ 6.6
◦ CSEA	88.4	\$ 4.5
◦ Local 39	44	\$ 2.1
◦ ALG	36.2	\$ 3.5
◦ Hourly/Overtime		\$ 1.2

▶ Benefits \$13.3

▶ Other \$ 6.0



Expenditures (millions)

- ▶ **Mandatory & Required**
 - Utilities
 - Licenses
 - Leases
 - Insurance
 - Contracted Services
 - Legal & Audit
 - Elections
 - Maintenance Agreements
 - Strategic Proposals
 - Foundation
 - Other

- ▶ **Discretionary**
 - Travel
 - Memberships
 - Contracts
 - Other



Reserve Level Considerations

- ▶ Board Policy
- ▶ State Chancellor's Office Guidelines
- ▶ Accreditation
- ▶ Cash Flow
- ▶ Credit Rating



Recommendations

- ▶ FY 2014–15
 - Address Structural Deficit
 - Expenditure Reductions of >\$1.75 million
 - Targeted Reserve Levels of >8%
 - Enrollment Management
 - Scheduling
 - Customer Service
 - Develop plan to address 15/16 growth

- ▶ FY 2015–16 and on
 - Attain Balanced Budget
 - Maintain and/or improve Reserve Levels

Solano Community College

▶ Every Student Counts