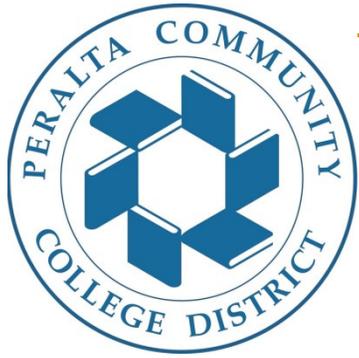


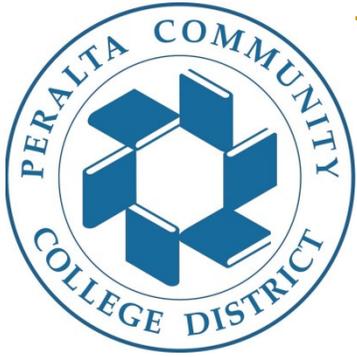
2011-12 BUDGET UPDATE

Board Meeting
January 18, 2011



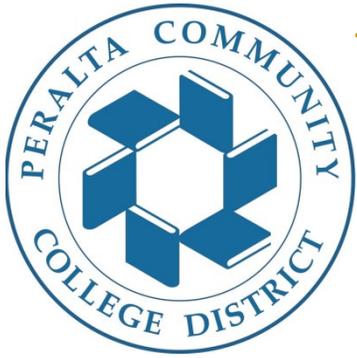
AGENDA

- Impact of Governor Brown's proposal
 - Known cost increases
 - Summary
-



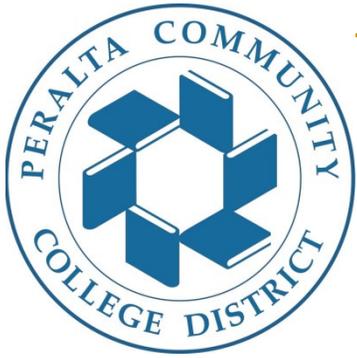
“TOUGH BUDGET FOR TOUGH TIMES.”

- Projected budget shortfall of \$25.4 billion.
 - ❖ \$8.2 billion related to 2010-11.
 - ❖ \$17.2 billion related to 2011-12.
 - \$12.5 billion in proposed spending cuts.
 - \$12 billion in revenue increases (maintenance of current tax rates for 5 years).
 - \$1.9 billion in other solutions.
 - \$1 billion in reserves.
-



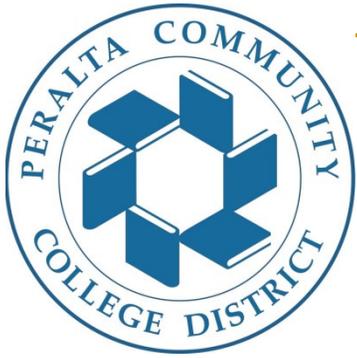
GOVERNOR'S PROPOSAL

- No mid-year cuts.
 - \$400 million in cuts for General Apportionment.
 - “reforms to census accounting practices to provide better incentives for maximizing academic course sections available for students seeking vocational certificates and transfer to four-year colleges within the diminished level of funding.”
 - Student fee increase of \$10 per credit unit.
-



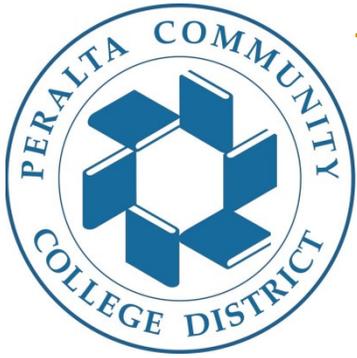
GOVERNOR'S PROPOSAL (CONT'D)

- 1.9% (\$110 million) enrollment growth funded by student fee increase.
 - Anticipated \$14.7 million 2010-11 property tax shortfall (not backfilled).
 - Additional \$129 million inter-year funding deferral, bringing total to \$961 million.
 - Extension of categorical flexibility provisions through 2014-15.
-

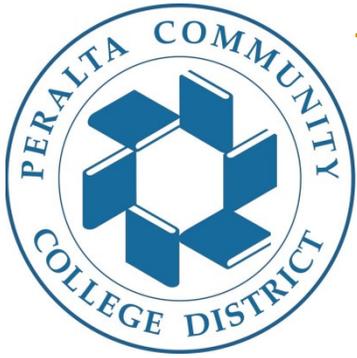


GOVERNOR'S PROPOSAL (CONT'D)

- Assumption that voters will approve \$12 billion in additional revenues in June special election.
 - ❖ Should June tax package fail, General Apportionment cuts increase to as much as \$899 million.
 - Considered best case scenario.
-

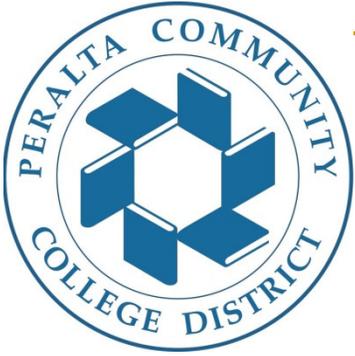


2011-12 LOCALLY DRIVEN BUDGET ASSUMPTIONS



GENERAL ASSUMPTIONS

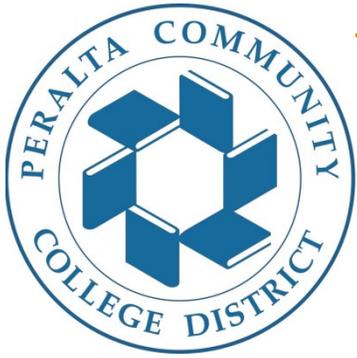
- The 2011-12 Adopted Budget will be balanced.
 - The 2011-12 Adopted Budget will have a contingency reserve of no less than 5%.
 - Budgeting for 2011-12 will utilize the modified Budget Allocation Model (TBD).
 - The District and colleges will use plans, planning documents, and planning processes as a basis for the development of their expenditure budgets.
-



REVENUE ASSUMPTIONS

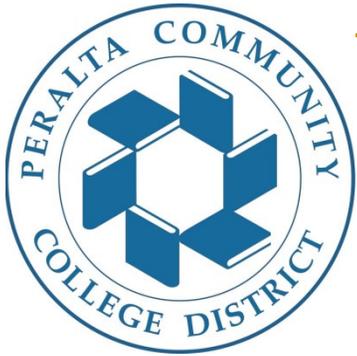
- General apportionment deficit factor 1.5% for 2011-12
- The Cost of Living Adjustment (COLA) of 0.00% for 2011-12
- Enrollment Growth funds for PCCCD of 0%* for 2011-12

*Governor's proposal calls for 1.9%



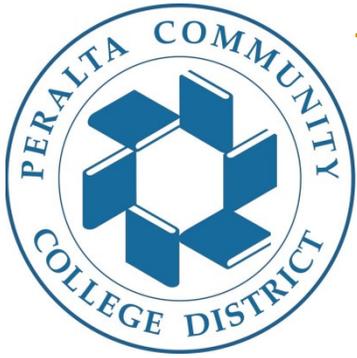
REVENUE ASSUMPTIONS (CONT'D)

- Funded base credit FTES of 19,298.56.
 - Funded base non-credit FTES of 217.39.
 - Anticipated property tax receipts decline of 3% to \$27,786,743.
 - Resident student enrollment fee income increase of 4% to \$4,764,368.
-



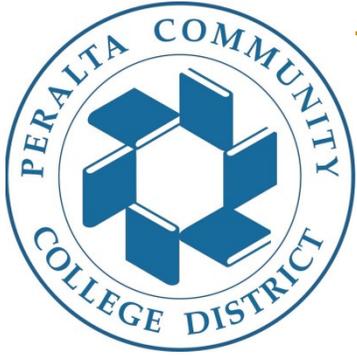
EXPENDITURE ASSUMPTIONS

- The district intends to meet all negotiated contractual obligations.
 - Projected step and column salary increases of \$1.5 million.
 - Projected medical benefit increases of 10% (\$2 million).
 - Projected PERS increase of 1.323% to 12.030% (\$300K).
 - Expiration of negotiated furloughs. Increase of approximately \$1.4 million.
-



EXPENDITURE ASSUMPTIONS (CONT'D)

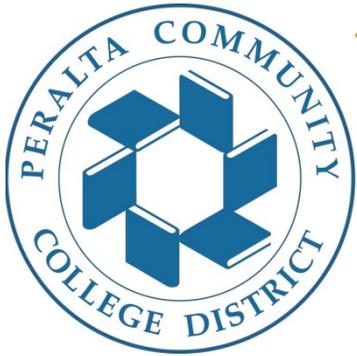
- Increase of self insured programs (workers compensation and property and liability) of 3% (\$100K).
 - Increase in debt service for OPEB bonds of \$929,760.
 - Maintain District contribution to DSPS of \$1.15 million.
 - Any restricted funding cuts must be borne by the respective program.
-



SUMMARY

Locally Driven Budget Assumptions:

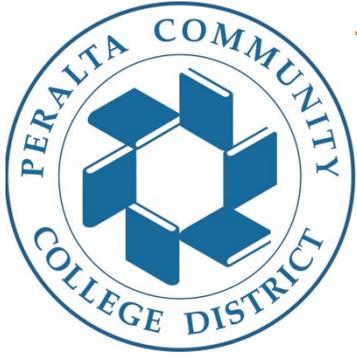
Revenues	
General Apportionments	2,000,000
Property Taxes	<840,000>
Student Fees	400,000
Total	1,560,000



SUMMARY (CONT'D)

Locally Driven Budget Assumptions:

Local Cost Increases	
Step and Column Salary	\$1,500,000
Medical Benefit	\$2,000,000
PERS	\$ 300,000
Expiration of Negotiated Furloughs	\$1,400,000
Self Insured Programs	\$ 100,000
Debt Service for OPEB Bonds	\$ 929,760
Total	\$6,229,760
Net	<\$4,669,760>



SUMMARY (CONT'D)

Governor's Proposal:	
General Apportionment	<\$8,000,000>
Potential Growth	\$2,200,000
Net	<\$5,800,000>
