



# Peralta Community College District

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## Office of Finance and Administration

### Memorandum

To: Dr. Wise Allen, Chancellor

From: Ronald Gerhard, Vice Chancellor

Date: February 14, 2012

Subject: **Budget Update**

In line with the District's 2012-13 Budget Development Calendar approved by the Board of Trustees in January, budget development guidelines have been disseminated to the colleges as well as to the administrative service centers. At the center of these guidelines is the assumption that the District will not receive additional funds associated with a parcel tax and/or that the Governor's tax proposals will not be successful at the November election. With these core assumptions, the District is challenged with overcoming a projected budget deficit for fiscal year 2012-13 of \$11.7 million. A breakdown of the \$11.7 million is provided below.

General apportionment deficit factor of 2.00% related to the increase in student enrollment fees	\$ 1,795,298.00
Reduction in funded base credit FTES to 16,692.37	5,021,313.00
Reduction in funded base non-credit FTES to 102.35	15,734.00
Projected step and column salary increases	1,186,078.00
Projected Public Employee Retirement System contribution increase of 1.077% to 12%	154,618.00
Increase in medical benefit premiums by an average of 15%	3,038,300.00
Increase OPEB required contribution by 1.1% to 14% based on latest actuarial study	<u>513,048.00</u>
Total	\$ 11,724,389.00

Based upon this information and working collectively, we are asking everyone to prepare plans to reduce discretionary budgets (those budgets for supplies, materials, equipment, outside contracts, and other services) by 15%.

In other news related to the current year budget, on February 10<sup>th</sup> the State Controller released his monthly cash receipts and disbursements report showing that revenues came in \$528 million below the projections contained in the Governor's 2012-13 budget and \$1.2 billion below projections within the 2011-12 Budget Act. To address this potential cash flow problem, the Governor approved recent legislation that would allow the State Controller to borrow funds internally within other restricted State funds.

Lastly, based upon the recommendation provided to the Board of Trustees at the January 24, 2012 meeting, the District has begun the process of conducting a Request for Information (RFI) with the goal of engaging small local community banks to redirect resources to. The public advertisement will be formally released this month with the process concluding in June.