Budget Forum
Proposition 30

November 14, 2012
Presented by:

Henry D. Shannon, Superintendent/President

Ciriaco “Cid” Pinedo, Associate Superintendent, Business Services & Economic Development

Sherrie Guerrero, Associate Superintendent, Instruction & Student Services
The Magic of Prop 30
Proposition 30 Results

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Yes</td>
<td>5,468,009</td>
<td>54.1%</td>
</tr>
<tr>
<td>No</td>
<td>4,631,043</td>
<td>45.9%</td>
</tr>
</tbody>
</table>
State Budget Update
2012-2013 Outcomes
Temporary tax increase to voters in November

PASS

✓ $8.9b increased state revenues
  ✓ sales tax increase of 1/4 percent
  ✓ increase in PIT for higher income earners
✓ No additional reductions for colleges
✓ $159.9m used to buy down cash deferrals
✓ $50m for enrollment growth
✓ Funding increase of at least 4% in years 13/14 through 15/16
✓ New cash flow and intra year deferral plan; 41.7% less cash in the first seven months of the year

FAIL

✓ Midyear reductions of $338.6m
  ✓ (7.3% FTES workload reduction)
✓ No deferral buy down
✓ New cash flow and intra year deferral plan; 33.5% less cash in first seven months of the year
Impact on Chaffey College
2012-2013 Budget
Prop 30 Passes

- Exact details still pending on impact of passage
- No additional state reductions for community colleges in state budget bill
- This means no FTES Workload reduction of -7.3% or apportionment reduction of ($4.4 million)
- New state funding for additional enrollment growth estimate of 1%-2% or $600,000 - $1 million
- Eliminate approximately $1.9 million - $2 million in cash deferrals
## Impact on Chaffey College Budget Projections

<table>
<thead>
<tr>
<th>UNRESTRICTED</th>
<th>11/12 Adopted</th>
<th>11/12 Actual</th>
<th>12/13 Adopted Taxes Fail</th>
<th>12/13 Adjusted Taxes Pass</th>
<th>13/14 Projection Taxes Pass</th>
<th>14/15 Projection Taxes Pass</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL FUND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bgt Reduce</strong></td>
<td>7.43 State</td>
<td>7.43% State</td>
<td>0% COLA 7.3% Reduce</td>
<td>0% COLA 1.01% Growth</td>
<td>0% COLA 1.01% Growth</td>
<td>0% COLA 1.01% Growth</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>72,737,051</td>
<td>70,111,325</td>
<td>68,731,543</td>
<td>73,558,645</td>
<td>73,558,645</td>
<td>73,558,645</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>83,113,978</td>
<td>73,514,492</td>
<td>83,113,978</td>
<td>83,113,978</td>
<td>79,595,641</td>
<td>83,027,194</td>
</tr>
<tr>
<td><strong>Cost Increases</strong></td>
<td>2,373,867</td>
<td></td>
<td>3,373,867</td>
<td>3,431,553</td>
<td>700,000</td>
<td></td>
</tr>
<tr>
<td><strong>Cost Reductions</strong></td>
<td>(6,892,204)</td>
<td></td>
<td>(6,892,204)</td>
<td>0</td>
<td>(750,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>83,113,978</td>
<td>73,514,492</td>
<td>78,595,641</td>
<td>79,595,641</td>
<td>83,027,194</td>
<td>82,977,194</td>
</tr>
<tr>
<td><strong>Surplus/Deficit</strong></td>
<td>(10,376,927)</td>
<td>(3,403,167)</td>
<td>(9,864,098)</td>
<td>(6,036,996)</td>
<td>(9,468,549)</td>
<td>(9,418,549)</td>
</tr>
<tr>
<td><strong>Reserve/Ending Bal</strong></td>
<td>8,646,425</td>
<td>15,620,185</td>
<td>5,756,087</td>
<td>9,583,189</td>
<td>114,640</td>
<td>(9,303,909)</td>
</tr>
<tr>
<td></td>
<td>10.40%</td>
<td>21.25%</td>
<td>7.32%</td>
<td>12.04%</td>
<td>0.14%</td>
<td>-11.21%</td>
</tr>
</tbody>
</table>

**Adjustments include:**

- Elections: 0 → 750,000 (750,000)
- Steps/Columns: 700,000 → 700,000 → 700,000
- Lease payment: 0 → 981,553
- Other increases: 1,673,867
- Reductions: (6,892,204)
- Meet base + 1.01% Summer: 12/13 sections: 1,000,000 → 1,000,000 (3,518,337) → 3,431,553 → (50,000)
## Full Time Equivalent Students (FTES)

<table>
<thead>
<tr>
<th>FTES</th>
<th>11/12 Adopted</th>
<th>11/12 Actual</th>
<th>12/13 Adopted Prop 30 Fail -7.43% Growth</th>
<th>12/13 Adjusted Prop 30 Pass 1.01% Growth</th>
<th>13/14 Projection Prop 30 Pass Growth TBD</th>
<th>14/15 Projection Prop 30 Pass Growth TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base FTES</td>
<td>14,528</td>
<td>14,528</td>
<td>13,396</td>
<td>13,396</td>
<td>13,531</td>
<td>13,531</td>
</tr>
<tr>
<td>Actual FTES</td>
<td>13,418</td>
<td>13,408</td>
<td>12,721</td>
<td>13,531</td>
<td>13,531</td>
<td>13,531</td>
</tr>
<tr>
<td>Funded FTES</td>
<td>13,398</td>
<td>13,396</td>
<td>12,423</td>
<td>13,531</td>
<td>13,531</td>
<td>13,531</td>
</tr>
<tr>
<td>Unfunded</td>
<td>20</td>
<td>12</td>
<td>298</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
# Impact on Course Offerings

**Prop 30 Passes**

<table>
<thead>
<tr>
<th></th>
<th>FTES</th>
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</thead>
<tbody>
<tr>
<td>Updated 12-13 base</td>
<td>(1.01% growth)</td>
</tr>
<tr>
<td>Projected 12-13 FTES</td>
<td></td>
</tr>
<tr>
<td>FTES Shortage For 12-13</td>
<td></td>
</tr>
<tr>
<td>Summer 2013</td>
<td>450 Sections</td>
</tr>
<tr>
<td>Additional Enrollment</td>
<td></td>
</tr>
<tr>
<td>Opportunities</td>
<td></td>
</tr>
</tbody>
</table>
Questions
BUDGET FORUM

February 19, 2013
PRESENTED BY:

Henry D. Shannon, Superintendent/President

Ciriaco “Cid” Pinedo, Associate Superintendent,
Business Services & Economic Development

Anita D. Undercoffer, Interim Executive Director,
Budgeting Services
Opening remarks by Dr. Shannon
“THE TIE THAT BINDS”
Historical Perspective

2012-2013 Budget Update

2013-2014 Governor’s Proposed Budget

2013-2014 Chaffey College Budget Development
Five years since the U.S. economy plunged into a recession and three and a half years since the recovery began

- No state funded COLA since 2007-2008

- FTES workload reductions of approximately 7.43% since 2008-2009

- Governor’s 2013-2014 proposed budget has no deficit for the first time in many years

- Entering period of stabilization and catch up for prior years
CHAFFEY COLLEGE
REVENUE & EXPENSE TRENDS

Target goal – align expenses with revenue
2012-2013 adopted budget built without Prop 30

Passage of Prop 30

Total estimated additional revenue to budget:

- FTES workload restoration $4,212,102 (7.3% or 973 FTES)
- Additional FTES growth $1,022,795 (1.67% or 224 FTES)

Total $5,234,897

Total estimated funded 2012/2013 FTES of 13,620

Capture additional FTES restoration and growth in summer 2013

- June 2013 $1,200,000
- July 2013 $1,200,000

Total $2,400,000
## Impact on Course Offerings

**Prop 30 Passes**

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<tbody>
<tr>
<td>Updated 12-13 base</td>
<td>1.67% growth</td>
<td>13,620.14</td>
</tr>
<tr>
<td>Projected 12-13 FTES</td>
<td></td>
<td>11,909.55</td>
</tr>
<tr>
<td>FTES Shortage For 12-13</td>
<td></td>
<td>1,710.59</td>
</tr>
<tr>
<td>Summer 2013</td>
<td>550 Sections</td>
<td>1,900.00</td>
</tr>
</tbody>
</table>

Sections will be offered at all three campuses
Governor released 2013-2014 budget proposal on January 10

Budget proposal is balanced ($1b reserve)
  ✓ Result from years of expense reductions & temporary revenue increases

Objectives:
  ✓ Supports education
  ✓ Local control
  ✓ Buying down debt
  ✓ Course completion and outcomes
$196.9m apportionment increase ($2.5m-Chaffey)
  ✓ The use of the funds to be determined by Board of Governors (BOG)
    ▪ Could be enrollment growth, categorical restoration, COLA, or additional
deferral buy-downs

$16.9m increase to on-line education through technology

$179m to reduce cross-year deferrals from $801m to $622m

$49.5m Prop 39 energy efficiency projects (categorical)

$315.7m block grant to shift adult education from K-12 to Community Colleges

Enrollment fees remain at $46 per unit
90 unit cap for students
- Remedial courses and some other courses excluded
- Over-cap must pay the non-resident fee

Fee waiver students must complete a FAFSA (financial aid application)

Funding based on course completion rather than census date enrollment (phase in over 5 years)
Contingent upon continued improvement of state and national economy

Rising health care costs will continue to strain state budget

Outstanding borrowing of $35b will continue to limit available resources

Other budget priorities could threaten resources designated for Governor’s proposal
The proposal is just the beginning of state budget process

- Jan-May: Legislative hearings
- May 14: Governor releases May Revise
- June 15: Constitutional deadline for Legislature to send budget to Governor
- June 30: Governor to sign budget

- An on-time budget is expected this year
Budget Development Workshops
• Tuesday, March 5, 9-10:30 (CAA-218)
• Wednesday, March 6, 2-3:30 (HS-143)

Tentative budget for Board approval in June

Adopted budget for Board approval in August
QUESTIONS