Presented by:

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Budget Forum Introduction

Opening remarks by

Dr. Shannon
Budget Forum
Today’s Presentation

- **Historical Perspective**
  - Funded FTES
  - Key budget indicators
  - Revenue/expense trend
  - 13/14 major increases

- **Proposition 30 Review**

- **2014-2015 Governor’s Proposed Budget**

- **2014-2015 Chaffey College Budget Development**
Six years since the U.S. economy plunged into a recession and four and a half years since the recovery began

FTES student workload reductions of approx. 7.43% from 08-09 through 11-12

Proposition 30 passed in November 2012
  ▪ Prevented further potential reductions

2012-13 – District did not meet base FTES; in stabilization.
  ▪ Access/growth of 1.67% not realized until 2013-14

2013-14 – Period of restoration of access
  ▪ First state funded COLA (1.57%) since 2007-08 and access/growth of 1.63%
  ▪ Restoration of 2009-10 FTEs reduction and partial restoration of 2011-12 FTEs reduction

2014-15 - Governor’s proposed budget includes a $1.9b surplus
Chaffey College Funded FTES
(Full-Time Equivalent Students)
## Chaffey College Budget Key Indicators

<table>
<thead>
<tr>
<th>#</th>
<th>Category</th>
<th>07/08 (base year)</th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13 Post Prop 30</th>
<th>13/14 Estimate</th>
<th>TOTALS 08/09-13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>COLA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>COLA Calculation</td>
<td>4.53%</td>
<td>5.66%</td>
<td>4.25%</td>
<td>-0.38%</td>
<td>2.24%</td>
<td>3.24%</td>
<td>1.57%</td>
<td>16.58%</td>
</tr>
<tr>
<td></td>
<td>COLA Received</td>
<td>4.53%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>1.57%</td>
<td>1.57%</td>
</tr>
<tr>
<td></td>
<td>COLA Revenue Unrealized</td>
<td>3,019,307</td>
<td>($4,014,016)</td>
<td>($3,015,373)</td>
<td>$269,607</td>
<td>($1,505,497)</td>
<td>($2,177,594)</td>
<td>$1,055,117</td>
<td>($9,387,755)</td>
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<tr>
<td>2</td>
<td>FTES Workload Adjustments</td>
<td>1.66%</td>
<td>3.58%</td>
<td>-4.21%</td>
<td>2.21%</td>
<td>-7.43%</td>
<td>0.00%</td>
<td>3.30%</td>
<td>-2.55%</td>
</tr>
<tr>
<td></td>
<td>(reductions or restoration/access/growth)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>FTES Funded</td>
<td>14,287</td>
<td>14,834</td>
<td>14,209</td>
<td>14,528</td>
<td>13,401</td>
<td>13,401</td>
<td>13,846</td>
<td>-988</td>
</tr>
<tr>
<td>4</td>
<td>State Revenue Adjustments</td>
<td>$1,258,333</td>
<td>$1,675,022</td>
<td>($2,458,911)</td>
<td>$1,268,868</td>
<td>($5,013,392)</td>
<td>$0</td>
<td>$2,217,761</td>
<td>(2,310,652)</td>
</tr>
<tr>
<td>5</td>
<td>Bgt Expenditure Increases</td>
<td>$5m (net)</td>
<td>$2.6m</td>
<td>$3.9m</td>
<td>$2.7m</td>
<td>$3.9m</td>
<td>$2.4m</td>
<td>$7.4m</td>
<td>$22.9m</td>
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<tr>
<td>6</td>
<td>Bgt Expenditure Reductions</td>
<td>-</td>
<td>$3.2m</td>
<td>$2.1m</td>
<td>$2.6m</td>
<td>$3.9m</td>
<td>$6.9m</td>
<td>0.83m</td>
<td>$19.5m</td>
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</table>
Chaffey College
Revenue & Expense Trend

Target goal – align expenses with revenue
Chaffey College
Major Budget Increases 2013-2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjunct faculty</td>
<td>$1,647,922</td>
</tr>
<tr>
<td>Full time faculty</td>
<td>462,871</td>
</tr>
<tr>
<td>CCFA contract obligations</td>
<td>245,657</td>
</tr>
<tr>
<td>CSEA contract obligations</td>
<td>33,280</td>
</tr>
<tr>
<td>Step increases</td>
<td>446,444</td>
</tr>
<tr>
<td>Benefit increases</td>
<td>778,519</td>
</tr>
<tr>
<td>Elections</td>
<td>750,000</td>
</tr>
<tr>
<td>Central Plant Lease</td>
<td>981,553</td>
</tr>
<tr>
<td>Transfer for retiree benefits</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,746,246</strong></td>
</tr>
</tbody>
</table>
PROPOSITION 30 REVIEW
Temporary taxes to fund education.

- Proposition 30 passed in November 2012
- Temporary tax increases
  - Raised state’s sales tax by 0.25% beginning January, 2013 through December 31, 2016
  - Raised marginal personal income tax rates on filers making over $250,000 in a progressive manner for tax years 2012 through 2018
- Averted $338.6m in 2012-13 midyear reductions; about $4.2m for Chaffey College
- Reduced deferrals of state cash payments California Community Colleges
- No additional funds on top of Prop 98 guaranteed minimum funding
PROPOSITION 30 REVIEW
Temporary taxes to fund education.

- Generates additional state revenues to assist in funding district allocations; does not increase Districts allocations

- Replaces funds that would otherwise come from state aid generated by other revenue sources

- Prior to Prop 30, District allocation funded by:
  - Local property taxes
  - Student enrollment fees
  - State aid

- After Prop 30, District allocation funded by:
  - Local property taxes
  - Student enrollment fees
  - Education Protection Account funds (replaces some of state aid)
  - State aid (less from state aid because of EPA funds)
State Budget
2014-2015 Governor’s *Proposed Budget*

- Governor released 2014-15 budget proposal on January 9, with education and paying down prior year debts as top priorities

- Improved economic climate and continued support from Prop 30 has yielded a better revenue outlook for California Community Colleges

- Budget proposal is balanced ($1.9b surplus)
  - Result of years of expense reductions & temporary revenue increases

- Proposal includes
  - COLA
  - Access/growth
  - Investment in student access and support
Proposed State Budget 2014-2015 Increases/Changes

- **Access** - $155.2m or 3%; (3% = $1.88m for Chaffey)
  - Actual amount is based on TBD unmet need formula
  - Use for partial restoration of 11/12 FTES reductions

- **COLA** - $48.5m or .86% statutory COLA; ($578,000 for Chaffey)

- **Student Success** -
  - $100m for Student Success and Support Program
  - $100m for underrepresented student groups as identified in Student Equity Plans

- **Proposition 39** - $49.5m for energy efficiency projects, restricted funds

- **Deferred Maintenance & Instructional Equipment** - $175m one-time restricted funds
Proposed State Budget
2014-2015 Increases/Changes

- **Deferrals** - $235.6m to eliminate all cash deferrals
- **RDA** - $35.6m to improve stability of RDA funding by resolving deficits before yearend
- **Improving Statewide Performance** - $2.5m to provide technical assistance and for Chancellor’s Office budget
- **Apportionment Stabilization** – stabilize base by estimating local obligations
- **Enrollment fee** - remains at $46 per unit
Proposed State Budget 2014-2015 Policy Proposals

- **Does not** require fee waiver students to complete a FAFSA (financial aid application)

- **Does not** propose funding based on course completion rather than census date enrollment

- Will devise a plan in 2015-16 to resolve CalSTRS fund shortfall

- Will propose an amendment to strengthen state’s Rainy Day Fund
Proposed State Budget 2014-2015 Risks

- State’s revenues and Prop 98 calculation highly volatile due to reliance on capital gains
- Recessions tend to occur every 5 - 7 years; we are about 4.5 years into a recovery now
- Proposition 30 is temporary and begins phasing out in 2017
- Large amount of outstanding state debt
Proposed State Budget
2014-15 State Budget Timelines

➢ The proposal is just the beginning of the state budget process

✓ Jan-May: Legislative hearings

✓ May: Governor releases May Revise

✓ June 15: Constitutional deadline for Legislature to send budget to Governor

✓ June 30: Governor to sign budget
Chaffey College
2014-2015 Budget Development

- Budget Development Workshops
  - Monday, March 3, 2-3:30 (HS127)
  - Tuesday, March 4, 10-11:30 (VSS109)

- Tentative budget to Board for approval in June

- Adopted budget to Board for approval in August
QUESTIONS