District Budget Forums
(Traveling Road Show)

2006-07 Budget Development

May 1 - 10, 2006

Presented by:
Helen Benjamin, Chancellor
Doug Roberts, Acting Vice Chancellor, Finance & Administration
PURPOSE

• To share how dollars are allocated to the District, and then to the Colleges.

• To let you know how the 2006-07 budget looks at this point; at the state and District levels.

• To answer questions you may have.
District Budget Overview

FTES

• The **starting point** for building the District’s budget is the College FTES Goals.

• The State uses total FTES in the Program Based Funding Model (PBFM) to determine the District’s revenue.

• The District uses FTES to determine College funding for part-time faculty and operations (materials, equipment, etc.).
COLLEGE PRESIDENTS PROVIDED THE FOLLOWING FTES GOALS FOR 2006-07

- CCC: 6,041 an increase of 1.3%
- DVC: 17,000 an increase of 2.0%
- LMC: 6,716 no increase
- Total = 29,757 with 1,400 FTES coming from non-resident students. (An increase of 1.3%)
**Projection of District Resources**

- **District Resources** are simply the total of the current-year’s beginning fund balance plus the current-year’s revenues.

\[
\text{District Resources} = \text{Beginning Fund Balance} + \text{Current-Year Revenues}
\]

- The District’s “Resources” are used to afford the District’s total “Uses” … which include the District’s expenditures and the fund balance/reserve.
## Components of District Revenue

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apportionment Revenue *</td>
<td>$123,692,989</td>
<td>90.0%</td>
</tr>
<tr>
<td>Non-Resident &amp; Foreign Fees</td>
<td>5,340,228</td>
<td>3.9%</td>
</tr>
<tr>
<td>Lottery *</td>
<td>3,536,732</td>
<td>2.6%</td>
</tr>
<tr>
<td>Other State Revenues</td>
<td>2,316,880</td>
<td>1.7%</td>
</tr>
<tr>
<td>Local Revenues</td>
<td>2,477,107</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$137,363,936</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

* Revenue directly tied to reported FTES
Apportionment Funding

• Program Base Funding Model (PBFM)

**Instruction**
- Credit Instruction Dollars per FTES: $3,216
- Credit Instructional Service Dollars per FTES: 203
- Student Service Dollars per New Student: 221
- Student Service Dollars per Continuing Student: 177
- Instructional & Service Dollars per Non-Credit FTES: 1,958

**Maintenance & Operations**
- Funding per Space Inventory - Gross Square Foot: 6
- Funding per FTES in Leased Space: 263
State Apportionment

The total apportionment to be received in any one year is calculated as follows:

Base Apportionment  
+ COLA  
+ Growth / Decline* (* a negative number)  
+ Equalization  
+ Stability Funding (offsets the decline)  
- Deficit Funding  

= Total Apportionment
## Projected Apportionment 2006-07

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Apportionment</td>
<td>$123,692,989</td>
</tr>
<tr>
<td>+ COLA 5.18%</td>
<td>6,407,296 *</td>
</tr>
<tr>
<td>+ FTES Growth 1.3%</td>
<td>1,608,009 *</td>
</tr>
<tr>
<td>+ Net M&amp;O Growth (SRVC)</td>
<td>371,137 *</td>
</tr>
<tr>
<td>+ Equalization</td>
<td>0</td>
</tr>
<tr>
<td>+ Stability Funding</td>
<td>0</td>
</tr>
<tr>
<td>- Deficit Funding</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Apportionment</strong></td>
<td><strong>$132,079,731</strong></td>
</tr>
</tbody>
</table>

* Potential New Money = $8,386,442
Projection of District’s “Use” of Resources

From the total resources available, the District makes budgetary allocations to fund the following:

1. **Fund Balance / Reserve** (5% of expenditures – minimum)
2. **Full-time Employee Salaries & Benefits**
3. **Retiree Health Benefits**
4. **Part-time Faculty Salaries & Benefits**
5. **Operational Expenses**
   - (includes expenditures for: supplies, equipment, contracted services, leases, insurance, utilities, classified & student hourly staff, etc.)

If total District resources do not cover total uses, then expenditure-cuts are required.
C-HOURLY ALLOCATION
Example of (C-Hourly) Budget Calculation

Projected FTES “earned at the District”  
28,232 FTES

Divided by:  
Average College Productivity  
÷ 33.02 FTES/FTEF

Equals:  
# of Faculty (FTEF) Needed  
= 855 FTEF

Less:  
# of Full-time “A” Load Faculty  
- 381 FTEF

Equals:  
# of Part-Time Faculty (FTEF) Needed  
= 474 FTEF

Multiplied by:  
540 hours per FTEF  
x 540 Hours/FTEF

Multiplied by:  
Average Part-timer Hourly Rate  
x 68.33 $’s/ Hour

Equals:  
Calculated College C-Hourly Budget  
= $17,480,414

Plus:  
P-T Office Hrs, Emeritus, Substitutes, etc.  
+ $2,613,234

Equals:  
Total Part-time Faculty Budget  
= $20,093,648
COLLEGE, DISTRICT, AND DISTRICT-WIDE OPERATIONAL BUDGETS
CONTRA COSTA COMMUNITY COLLEGE DISTRICT
Economy of Scale Factors*
Allocation per FTES for College Operational Budgets
REVISED JULY 24, 2001

<table>
<thead>
<tr>
<th>FTES Range</th>
<th>Dollar Allocation per FTES (100=$170)</th>
</tr>
</thead>
<tbody>
<tr>
<td>558 - 1116</td>
<td>$238</td>
</tr>
<tr>
<td>1116 - 1674</td>
<td>235</td>
</tr>
<tr>
<td>1674 - 2232</td>
<td>231</td>
</tr>
<tr>
<td>2232 - 2790</td>
<td>228</td>
</tr>
<tr>
<td>2790 - 3348</td>
<td>224</td>
</tr>
<tr>
<td>3348 - 3906</td>
<td>221</td>
</tr>
<tr>
<td>3906 - 4464</td>
<td>218</td>
</tr>
<tr>
<td>4464 - 5022</td>
<td>214</td>
</tr>
<tr>
<td>5022 - 5580</td>
<td>211</td>
</tr>
<tr>
<td>5580 - 6138</td>
<td>207</td>
</tr>
<tr>
<td>6138 - 6696</td>
<td>204</td>
</tr>
<tr>
<td>6696 - 7254</td>
<td>201</td>
</tr>
<tr>
<td>7254 - 7812</td>
<td>197</td>
</tr>
<tr>
<td>7812 - 8370</td>
<td>194</td>
</tr>
<tr>
<td>8370 - 8928</td>
<td>190</td>
</tr>
<tr>
<td>8928 - 9486</td>
<td>187</td>
</tr>
<tr>
<td>9486 - 10044</td>
<td>184</td>
</tr>
<tr>
<td>10044 - 10602</td>
<td>180</td>
</tr>
<tr>
<td>10602 - 11160</td>
<td>177</td>
</tr>
<tr>
<td>11160 and higher</td>
<td>173</td>
</tr>
</tbody>
</table>

*The Economy of Scale Factor will be evaluated when the District funding is significantly increased toward the national average for community college funding.

Approved by District Council, 3/26/91
Amended 3/24/94 to reflect FTES ranges
Amended 7/24/01
Calculation of College Operating Budgets

• The largest single-component of the Colleges’ operating budget is based upon the College’s projected FTES.

• In addition, the following amounts are currently added to the Colleges’ operating budget:

  1. 5% deficit funding - applied to the FTES allocation
  2. Pre 1994/95 block grant (for marketing, schedules, etc.)
  3. 1992/93 - 2001/02 COLA Catch-up
  5. Pass-thru of 2% Enrollment Fees
  6. CEEP allocation
  7. Contracted Education & Lease Expenses
  8. Non F-T Salary PFE distribution (based on FTES)
  9. College-collected revenues
Example of College Operating Budget Calculation

FTES Allocation:

Total (Projected) FTES 29,293

Multiplied by: District-wide average $’s per FTES x 189.40

Equals: Total College FTES-Allocation = $ 5,667,615

Additional Allocations:
1. 5% deficit funding - applied to the FTES allocation - 283,381
2. Pre 1994/95 block grant + 191,315
3. 1992/93 - 2001/02 COLA Catch-up + 539,645
4. Continuing “2003/04 allocations cut” - 1,635,588
5. Pass-thru of 2% Enrollment Fees + 278,287
6. CEEP allocation + 43,389
7. Contracted Education & Lease Expenses + 2,460,000
8. Non F-T Salary PFE distribution (based on FTES) + 1,191,788
9. College-collected revenues + 2,314,750

Total College Operating Budgets = $10,767,820
District & District-wide Operations-Allocations

- District & District-wide Operations-Allocations* include the budgets for:
  
  - Facilities, Maintenance, and Police  ($6,350,229)
    - (includes the budget for district-wide maintenance and utilities. Current utilities budget = $4,391,833)
  
  - District Office  ($1,276,120)
    - (includes the budgets for departmental operations)
  
  - District-wide Expenditures  ($5,225,306)
    - (includes the budgets for insurance premiums, claims, legal expenses, grant matching, international education program, I.T services, internal auditing, district-wide marketing, departmental chair and faculty evaluation stipends, and staff development)

- District and District-wide Operations-Allocations are primarily based upon previous year’s expenditures, with augmentations for known increases.
CHANGES TO REVENUES AND EXPENSES
2006-07 Anticipated Changes to Revenues & Expenditures (from 2005-06)

- Currently, the anticipated increases to revenue are:
  - Apportionment: COLA 5.18% $ 6,407,296
  - Apportionment: FTES Growth 1.3% $ 1,608,009 *
  - Apportionment: Net M&O Growth $ 371,137

* Note: For 2006-07, the District will not book this revenue, or the associated expenditure-increases, until the growth is confirmed by the Fall 2006 Census figures.
# 2006-07 Anticipated Changes to Revenues & Expenditures (from 2005-06)

- Currently, the anticipated increases to expenditures are:
  - 20 FTEF increase in Full-time Faculty: $783,120
  - Step, Class & Longevity Increases: $955,549
  - Current Contract Salary Changes: $970,226
  - Sabbatical allowance: $852,467*
  - SRVC personnel & operations: $709,831
  - 15% increase in Utility Costs: $658,775
  - 8% increase in Health Benefit Costs: $1,278,403

*This represents two year’s-worth of sabbatical allowance. Any unused amount rolls over and is added to the following year’s allowance (approx $430,000 per year)

- Currently, the anticipated decreases to expenditures are:
  - Elimination of 2005-06, 2%-Growth Margin **: $757,785

  ** (This was the additional funding provided to the College in 2005-06 to facilitate growth)
2006-07 Cost of Salary Changes

- Under the current contract, and, given the projected increases in health benefits, total compensation for the District’s employee groups will increase* by:
  - Faculty 2.22%
  - Local One 0.95%
  - Unrepresented 0.86%

- * Increase Components:
  
<table>
<thead>
<tr>
<th></th>
<th>Salary</th>
<th>Benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>1.77%</td>
<td>0.45%</td>
<td>2.22%</td>
</tr>
<tr>
<td>Local One</td>
<td>-0.29%</td>
<td>1.24%</td>
<td>0.95%</td>
</tr>
<tr>
<td>Unrepresented</td>
<td>0.00%</td>
<td>0.86%</td>
<td>0.86%</td>
</tr>
</tbody>
</table>

- The cost associated with a 1% change in salary by employee group is:

<table>
<thead>
<tr>
<th></th>
<th>Faculty</th>
<th>Local One</th>
<th>Unrepresented</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$596,793</td>
<td>$230,170</td>
<td>$128,586</td>
<td>$955,549</td>
</tr>
</tbody>
</table>
2006-07 Possible Funding Sources

• Final COLA
  – The LAO has issued a statement that the final 2006-07 COLA could be as high as 5.92% (which could mean an additional $915,000 to the District) We will know more once the “May revise” comes out – May 15th.

• Equalization Funding
  – Currently the District is slated to receive $0, but, there is on-going discussion on this issue.
  – In one scenario, in which SB 361 becomes the new funding formula, there is a “hold harmless” clause by which the District would receive $1.9 million Equalization Funding.

• Funded FTES Growth
  – What will be the District’s reported/funded FTES for 2006-07?
  – The District could experience growth in excess of Goals.
  – The District could utilize “Borrowing” and receive revenues based on a higher level of reported FTES.
Borrowing of Summer Daily Census FTES

• Per Ed Code, the “measurement date” for the reporting of enrollment is as of the census date, or in the case of “positive attendance courses”, as of the course’s ending date.

• The exception to this occurs for summer daily census courses whose census date occurs in one fiscal year, and ending date is in the subsequent fiscal year.

• Per the Ed Code, district’s have the option of which year to report such enrollment.

  – It has been the District’s practice to consider the course ending date as determining the fiscal year in which the FTES have been “Earned”. 
Graphic Illustration of District Enrollment Reporting Periods

<table>
<thead>
<tr>
<th>Fiscal Year # 1</th>
<th>Fiscal Year # 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>_&lt;------\</td>
<td>_&lt;------\</td>
</tr>
<tr>
<td>_6/30_</td>
<td>_6/30_</td>
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<tr>
<td>_7/01_</td>
<td>_7/01_</td>
</tr>
<tr>
<td>_Summer_</td>
<td>_Summer_</td>
</tr>
<tr>
<td>_Fall_</td>
<td>_Fall_</td>
</tr>
<tr>
<td>_Spring_</td>
<td>_Spring_</td>
</tr>
<tr>
<td>_Sum_mer_</td>
<td>_Sum_mer_</td>
</tr>
</tbody>
</table>

\_<------\_{Fiscal Year # 1} \_-----\>
\_<------\_{Fiscal Year # 2} \_-----\>
Assumes 100 FTES "Earned" per year, No Growth, All Summer FTES is "Borrowable"

<table>
<thead>
<tr>
<th></th>
<th>Year # 1</th>
<th>Year # 2</th>
<th>Year # 3</th>
<th>Year # 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summer</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Lent</td>
<td>0</td>
<td>-5</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>Reported</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td><strong>Fall - Earned</strong></td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td><strong>Spring - Earned</strong></td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>95</td>
<td>90</td>
<td>100</td>
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<tr>
<td>Borrowed</td>
<td>5</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reported</td>
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<td>90</td>
<td>100</td>
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<tr>
<td>Stability</td>
<td>0</td>
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<td>15</td>
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<tr>
<td>Funded</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>100</td>
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QUESTIONS