



# FY 09-10 Adoption Budget

Current Reality  
To a Vision of Accountability

Kindred Murillo & Judy Breza

# New Reality - Financial Crisis

- National issue
  - National economy
  - Educational costs continue to increase
- California budget crisis
  - State funding is disappearing
  - Anticipated to continue for a couple of years
  - Education is at the Maintenance of Effort Level
    - Lower funding will jeopardize federal stimulus funding

# Contra Costa Community College District

- Made remarkable financial recovery from last State Budget Crisis in 02-03
  - Built reserves
  - Began funding retiree health benefit obligation
  - Restored salary decreases and gave raises
- Began reconciling sub funds, restricted funds, payroll accounts, and making adjustments.
  - Impacts to ending balance
  - Impacts to general fund



# Current Reality - FY 09-10 Budget

- Convergence of Several Major Factors
  - Unreconciled balances for
    - Restricted accounts - \$903,000 negative ending balance carried over – recovered \$300,000 through reconciling
    - Parking fund reconciliation
      - \$1.35 million hit to general fund
  - Unbudgeted obligations
    - Medicare Part B Reimbursement - \$832,562
    - Technology budget scattered, projects committed to and not budgeted, and some ongoing costs were budgeted on one-time categorical funding -\$982,000
    - Staff development commitment never budgeted - \$200,000

# Current Reality - Perfect Storm

- Allocations based on multiple formulas that were not tied together, were expenditure based, and not tied to the revenue from the State
  - C hourly formula needed revising and documenting – colleges were approximately \$1.6 to \$2 million underfunded per old formula
  - Growth of 2,000 FTES allocates more funding to colleges – Business Procedure 18.02 and 18.03
  - No management, FT faculty, DO/DW, and Buildings and Grounds formula

# Current Reality - State of California

- State of California Budget Crisis – Unprecedented
  - 4cd in stability and Chancellor's office did not know how funding district's in restoration were going to be funded until early August
  - Lost \$4.7 million in apportionment funding and smaller revenues are also reduced
  - Deferrals of \$703 million statewide - \$17 M for 4cd
    - Destroyed interest revenues

# Current Reality - State of California

- State of California Budget Crisis – Unprecedented
  - Draconian reductions to Categorical Funding
    - Federal backfill has gone from \$130 million to more likely around \$30 to \$45 million (changes weekly)
    - 32% and 62% reductions – some of which are budgeted in the unrestricted G.F.

# How do we meet the future?

- Rethink our mission
- Address funding shortfalls through
  - Aligning our allocation formulas with revenue
  - Aligning our schedules to FTES goals
  - Creating a District Office and Districtwide Allocation formula
  - Addressing technology funding issues
  - Recognizing all obligations of the district in the budget development process
  - Creating a more open and user friendly budget





# FY 09-10 Adoption Budget

- All Funds - \$436.9 million budget
- Addressed all obligations known
- Allocated based on Business Procedures 18.02 and 18.03 as exist with small modification.
- Allocated a management per FTES formula
- Provided additional funding to colleges through C-Hourly Allocation
- Reviewed by District Governance Council
  - Provided list of priorities for consideration of backfill

# Plan for Reductions

- Applied 50% of the Undesignated Reserve to cushion reductions through backfilling (\$3.6M)
- Colleges and DO/DW to reduce their budgets by remaining amount
- All reductions due to District Office by October 1, 2009
- Meet with each college to go over unique issues
- Present Categorical Budgets and Budget Reductions to Board in November 2009
- All reductions for FY 10-11 to be in place by July 2010.

# Budget Reductions

	<b>Actual 09-10 &amp; 10/11 Reduction Requirement</b>	<b>Backfill from 50% Undesignated Reserve (09-10)</b>	<b>09-10 Expenditure Reduction Total</b>
<b>CCC</b>	\$1,899,587	\$775,609	\$ 1,124,078.00
<b>DVC</b>	\$4,473,573	\$1,586,463	\$ 2,887,110.00
<b>LMC</b>	\$2,336,321	\$381,718	\$ 1,954,602.00
<b>DO</b>	\$544,192	\$171,439	\$ 372,754.00
<b>DW</b>	\$2,318,739	\$730,476	\$ 1,588,263.00
<b>Total</b>	\$11,572,412	\$3,645,705	\$7,926,807

## Unrestricted General Fund

- Beginning Balance -
  - \$ 29,376,269
- Total Revenues Projected -
  - \$167,079,300
- Total Expenditures Projected -
  - \$170,725,005
- Use of Reserves to Cushion Reductions-
  - \$ 3,645,704



## Unrestricted General Fund

- Projected Total Ending Balance \$ 25,730,564
  - 5% General Fund Reserve - \$8.2 million
  - 5% General Board Contingency - \$8.2 million
  - Reserve for encumbrance - \$ 202,674
  - College & DO/DW Reserves - \$5.3 million
  - Unreserved, Undesignated Fund Balance - \$3.6 million
  - Total Fund \$191.1 million

## Other Funds

- Fund 12 – Restricted and Categoricals
  - Unbudgeted until October
- Funds 21 and 22 Bond Redemption Funds
  - \$11.5 million
- Fund 29 – Debt Service Fund
  - \$2.7 million
- Fund 39 Special Revenue Fund
  - \$343,275
- Fund 41 – Capital Projects Fund
  - \$12.2 million

## Other Funds

- Fund 42 – 2002 Bond Construction Fund
  - \$18.8 million
- Fund 43 – 2006 Bond Construction Fund
  - \$103.8 million
- Fund 51- Bookstore Fund
  - \$14.6
- Fund 52 – Cafeteria Fund
  - \$1.1
- Fund 59 – Data Center Fund
  - \$1.7

## Other Funds

- Fund 59 – Data Center Fund
  - \$1.7
- Fund 61 – Self Insurance Fund
  - \$1 million
- Fund 69 – Retiree Health Benefits Fund
  - \$56.3 million
- Fund 73 – Student Body Center Fund
  - \$1.5 million
- Fund 74 – Financial Aid Fund
  - \$18.1 million
- Fund 75 – Loan & Scholarship –
  - \$500k



## In Conclusion

- The next two years will be uncertain and financially challenging.
- We are financially stable and need to remain stable to serve our students.
- We have big challenges in filling the gaps left by the reduction in categorical funding.
- As our Chancellor has noted in her recent communication:
  - “We must face the difficult decisions before us with prudence, caution, courage, and humanity.”

