

# Budget Planning for 08-09 and Beyond

The Stockdale Paradox  
Understanding Our Current Reality  
Having Unwavering Faith We Will Prevail

- 2007-2008 – Borrowed 2050 FTES from 2008-2009
- 2008-2009 – Budget Stability
- Borrowing Strategy helped gain money we would not receive - \$ are one time and cannot be counted on for ongoing costs

**Our Current Reality**

- State of California projecting \$11.2 Billion Deficit for FY 08-09
- National Economy
- Two to three years of fiscally challenging times
- Anticipating budget reductions of between \$4 and \$9.2 million dollars
- Projecting little or no COLA for several years

**Our Current Reality –Confront the Brutal Facts**



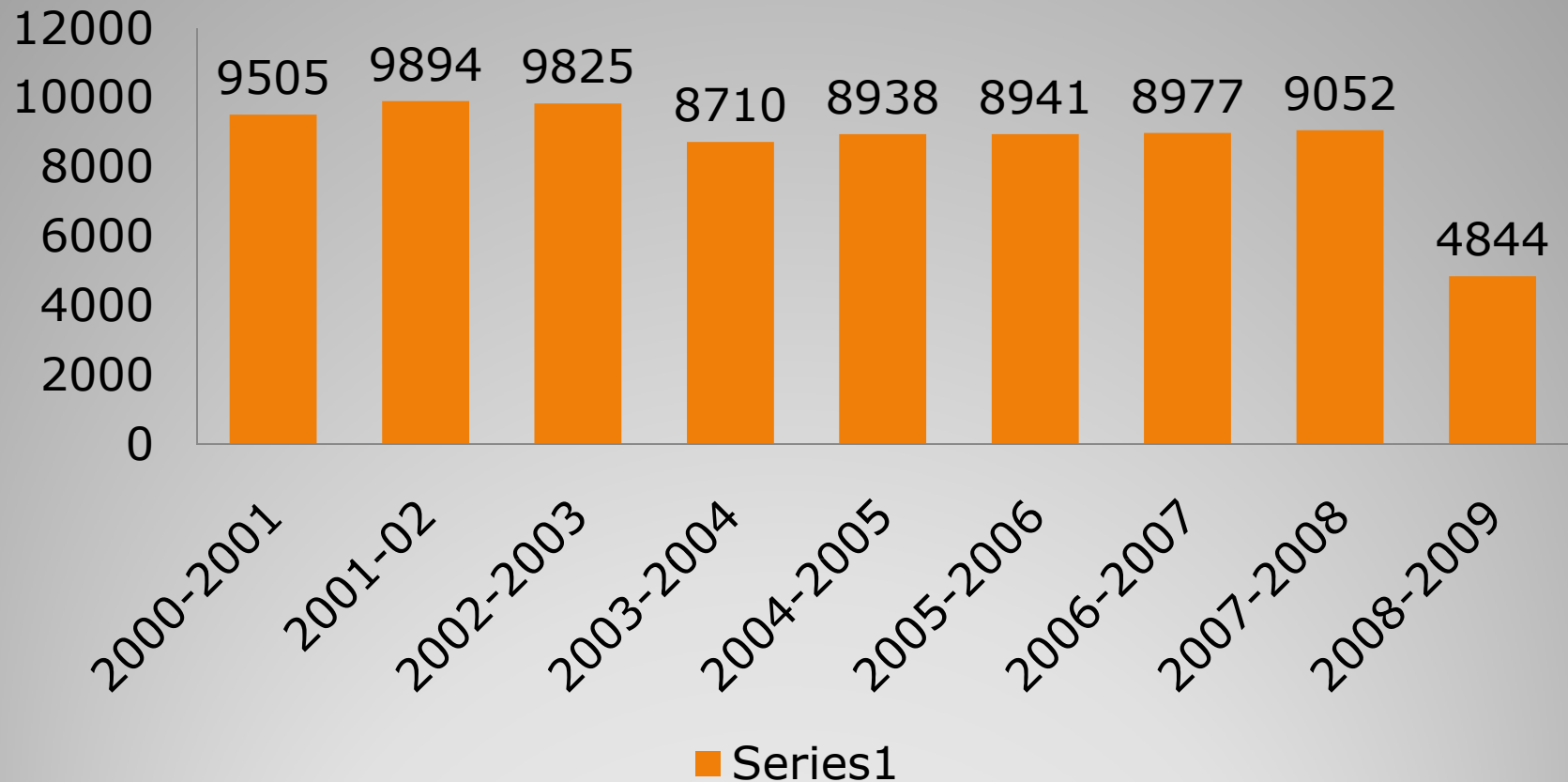
**Our Current Reality**

- **Competing Priorities**
  - Salary – Top 1/3 of Bay 10
  - Adding full-time faculty
  - Staffing
  - Staying current with technology
  - Never enough money to improve classrooms and do maintenance
- Just not enough funding!

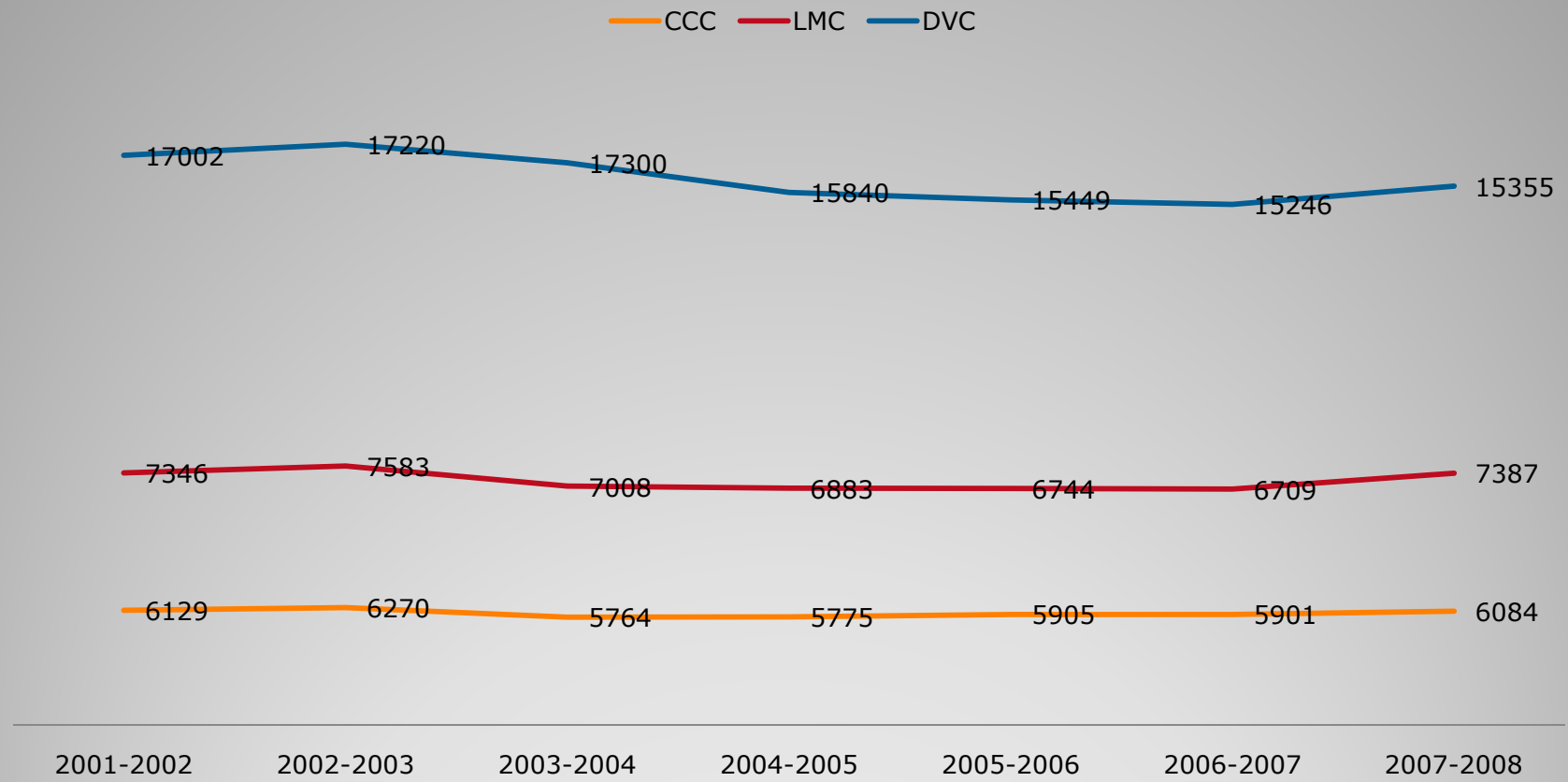
**Our Current Reality**

<b>Five Year Projection</b>	<b>FY 08-09 Actual</b>	<b>Fy 09-10 Projected</b>	<b>FY 10-11 Projected</b>	<b>FY 11-12 Projected</b>	<b>FY 12-13 Projected</b>
5% General Fund Reserve	\$ 8,104,198	8,487,053	8,475,014	8,674,226	8,884,509
2 1/2 % Board Reserve	\$ 4,502,099	4,243,526	4,237,507	4,337,113	3,610,029
One Time Board Reserve	\$ 4,502,099	4,243,526	4,237,507	4,807,358	
Undesignated Reserve	\$ 10,328,125	12,261,790	6,215,174		
<b>Adjusted Beginning Balance</b>	<b>\$ 27,436,521</b>	<b>\$ 29,235,895</b>	<b>\$ 23,165,201</b>	<b>\$ 17,818,697</b>	<b>\$ 12,494,538</b>
<b>Revenues</b>					
Federal	\$ 21,540	\$ 21,540	\$ 21,540	\$ 21,540	\$ 21,540
State	\$ 79,359,845	\$ 72,415,111	\$ 75,654,631	\$ 80,270,277	\$ 81,559,578
Local	\$ 91,332,742	\$ 90,992,927	\$ 92,461,839	\$ 92,074,197	\$ 92,480,922
Other	\$ 826,299	\$ -			
<b>Total Revenues</b>	<b>\$ 171,540,426</b>	<b>\$ 163,429,578</b>	<b>\$ 168,138,011</b>	<b>\$ 172,366,014</b>	<b>\$ 174,062,040</b>
<b>Expenditures</b>					
Academic Salaries	\$ 70,653,230	\$ 72,596,194	\$ 73,072,550	\$ 73,240,487	\$ 73,408,424
Classified Salaries	\$ 34,791,647	\$ 35,134,305	\$ 35,223,675	\$ 35,286,045	\$ 35,348,415
Benefits	\$ 36,013,589	\$ 38,799,313	\$ 41,772,896	\$ 45,618,083	\$ 49,589,016
Supplies and Material	\$ 3,973,483	\$ 3,973,483	\$ 4,013,218	\$ 4,053,350	\$ 4,093,884
Other Operating Expenses	\$ 16,167,875	\$ 16,965,836	\$ 17,363,722	\$ 17,446,369	\$ 17,585,973
Capital Outlay	\$ 1,996,042	\$ 731,142	\$ 738,453	\$ 745,838	\$ 753,296
Other Outgo	\$ 2,670,269	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
One time expenditures	\$ 3,474,917				
<b>Total Expenditures</b>	<b>\$ 169,741,052</b>	<b>\$ 169,500,272</b>	<b>\$ 173,484,515</b>	<b>\$ 177,690,173</b>	<b>\$ 182,079,009</b>
<b>Excess (Deficiency)</b>	<b>\$ 1,799,374</b>	<b>\$ (6,070,694)</b>	<b>\$ (5,346,504)</b>	<b>\$ (5,324,159)</b>	<b>\$ (8,016,968)</b>
Prior Year Adjustment					
5% Board Reserves	\$ 8,104,198	8,475,014	8,674,226	8,884,509	
2 1/2 % Board Reserve	\$ 4,502,099	4,237,507	4,337,113	3,610,029	
2 1/2% One-time Board Reserv	\$ 4,502,099	4,237,507	4,337,113		
5% One-time Board Reserve	\$ 109,704				
Designated for 6/08 Encumbral	\$ 695,697				
Designated for One time projec	\$ 3,474,917				
Undesignated Reserves	\$ 7,847,181	6,215,174	470,245.3		
<b>Ending Balance June 30</b>	<b>\$ 29,235,895</b>	<b>\$ 23,165,201</b>	<b>\$ 17,818,697</b>	<b>\$ 12,494,538</b>	<b>\$ 4,477,570</b>
Percentage Ending Balance	17.22%	13.67%	10.27%	7.03%	2.46%
Percent Fixed Payroll	83.3%	86.4%	86.5%	86.7%	87.0%

## Fiscal Trends – Five Years



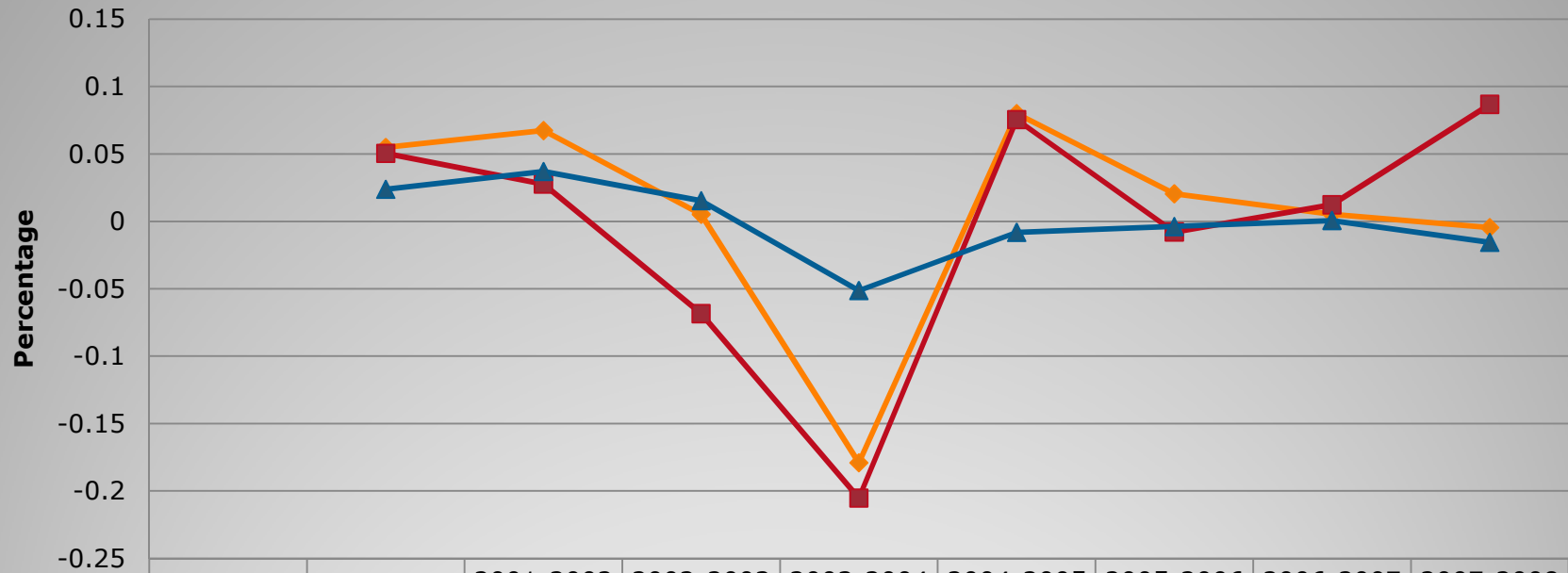
**Total District Sections up 3.9%  
from 2003-04 low  
Down 4.8% from 2001-2002 High**



# FTES Historical

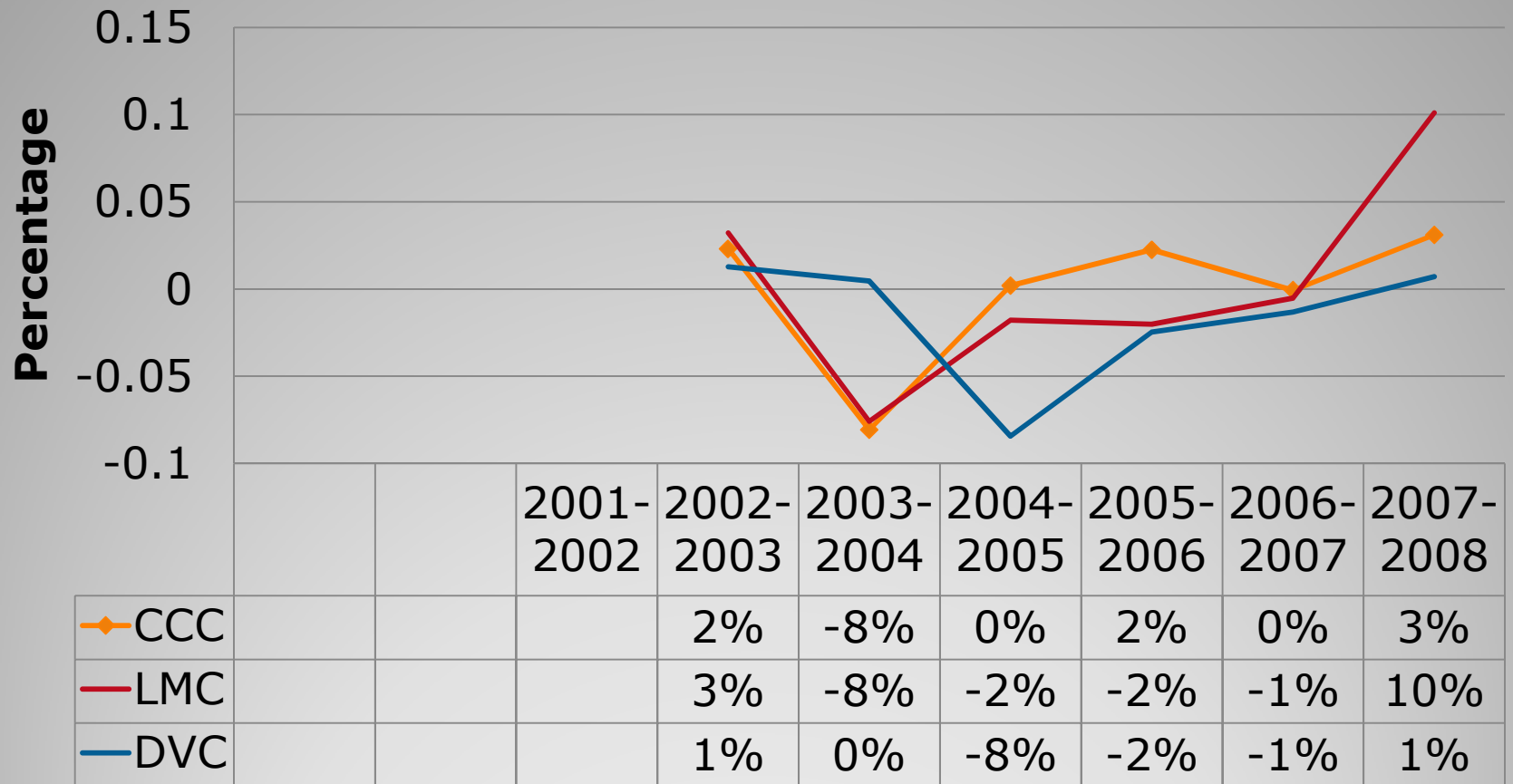


## Percentage Cut of Sections

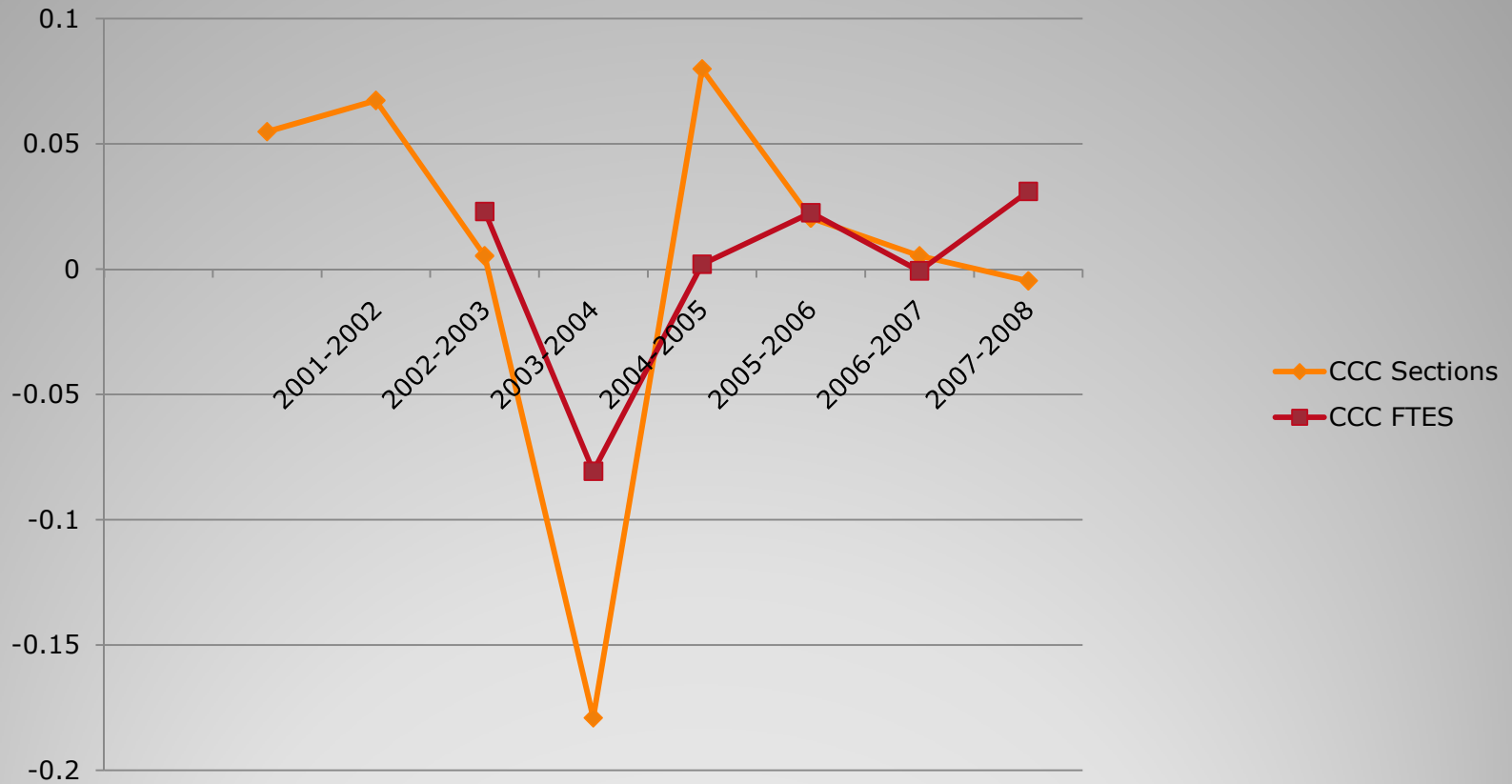


◆ CCC  
■ LMC  
▲ DVC

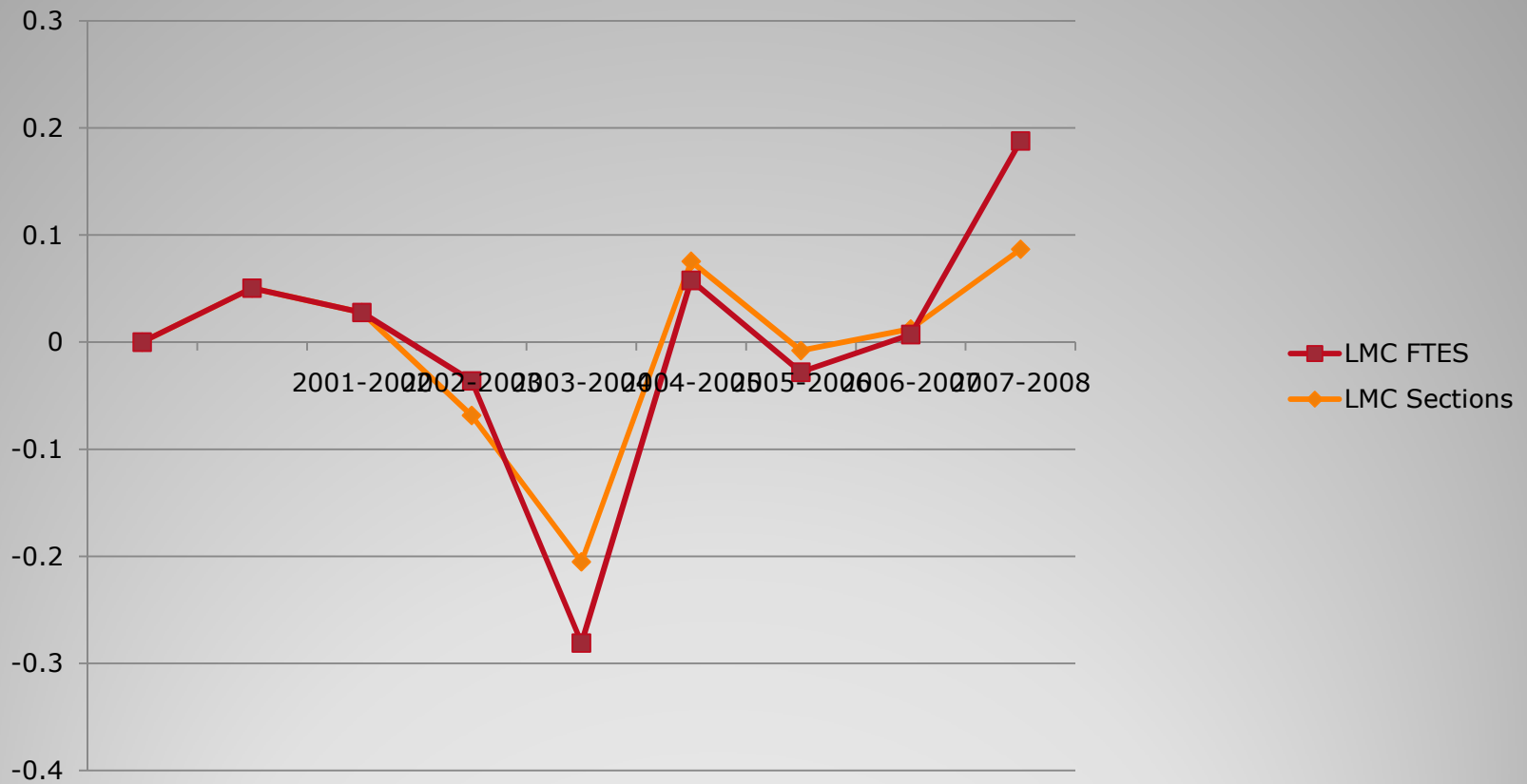
# Percentage Inc/Dec Sections



**Percentage Inc/Decrease FTES**



**Trend % Inc/Dec Sections/FTES  
CCC**



**Trend % Inc/Dec Sections/FTES  
LMC**



**Trend % Inc/Dec Sections/FTES**  
**DVC**

- 07-08 – Negotiated 7% increase that includes 1.25% fronted growth
  - District borrowed 2050 FTES from 08-09
- 08-09 – Negotiated 2% fronted growth (productivity) with formula expected to net about .88% from the COLA = 1.24%
  - District in Stabilization
  - Anticipating Mid-year budget reductions
  - Current FTES growth: 210 FTES Fall
- 09-10 – Maintain 3.24% salary increase included in ongoing costs = \$2.9 million
  - District in Restoration
  - Anticipating tight budget year Statewide

**Current Reality**

- Budget Goal 1 – Develop strategies to increase or maintain current enrollment levels Districtwide
  - Strategic Direction/Objective
    - Achieve Enrollment Growth to Better Serve Our Community
    - 1.1 Plan to achieve productive growth that will restore the district funding base.
  
- Budget Goal 2 – Improve employee compensation
  - Strategic Direction/Objective – Reestablish the Fiscal Health of the District
    - 2.3 Make efficient use of all resources, fiscal, physical, and staffing

**Strategy to Prevail**

- ***Improve record keeping to reflect accurate enrollment numbers and improve scheduling practices***
- ***Produce a District FTES goal that is achievable and assumes a prescribed productivity level: FTES/FTEF or WSCH/FTEF***
- 2008-2009 Action to achieve: 495 WSCH/FTES – 16.5 FTES/FTEF as of July 15, 2009
- 2009-2010 Action to achieve: 500 WSCH/FTES – 16.7 FTES/FTEF as of July 15, 2010

**Strategy to Prevail**



- Restoring Ongoing Apportionment

2008/09			29,259.04	1.50%	432.40	Stability
2009/10			29,800.33	1.85%	541.29	Restoration
2010/11			30,351.64	1.85%	551.31	Restoration
2011/12			30,913.14	1.85%	561.51	Restoration

<i>Projected:</i>	<i>Cola Assumption</i>	<i>PER FTES</i>	<i>Total Growth</i>	<i>Adopted Budget</i>	<i>COLA \$</i>	<i>Adjusted Budget</i>
2008/09	0.00%	4,564.83	1,973,831	\$142,392,841	\$0	\$144,366,672
2009/10	0.00%	4,875.24	2,638,929	\$147,005,600	\$0	\$147,005,600
2010/11	2.10%	4,977.62	2,744,192	\$149,749,792	\$3,144,746	\$152,894,538
2011/12	1.62%	5,058.26	2,840,237	\$155,734,775	\$2,522,903	\$158,257,678

# Restoration Goals

- Budget Projections

Five Year Projection	FY 08-09 Actual	Fy 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected	FY 12-13 Projected
5% General Fund Reserve	\$ 8,104,198	8,487,053	8,475,014	8,674,226	8,884,509
2 1/2 % Board Reserve	\$ 4,502,099	4,243,526	4,237,507	4,337,113	3,610,029
One Time Board Reserve	\$ 4,502,099	4,243,526	4,237,507	4,807,358	
Undesignated Reserve	\$ 10,328,125	12,261,790	6,215,174		
<b>Adjusted Beginning Balance</b>	<b>\$ 27,436,521</b>	<b>\$ 29,235,895</b>	<b>\$ 23,165,201</b>	<b>\$ 17,818,697</b>	<b>\$ 12,494,538</b>
<b>Revenues</b>					
Federal	\$ 21,540	\$ 21,540	\$ 21,540	\$ 21,540	\$ 21,540
State	\$ 79,359,845	\$ 72,415,111	\$ 75,654,631	\$ 80,270,277	\$ 81,559,578
Local	\$ 91,332,742	\$ 90,992,927	\$ 92,461,839	\$ 92,074,197	\$ 92,480,922
Other	\$ 826,299	\$ -			
<b>Total Revenues</b>	<b>\$ 171,540,426</b>	<b>\$ 163,429,578</b>	<b>\$ 168,138,011</b>	<b>\$ 172,366,014</b>	<b>\$ 174,062,040</b>
<b>Expenditures</b>					
Academic Salaries	\$ 70,653,230	\$ 72,596,194	\$ 73,072,550	\$ 73,240,487	\$ 73,408,424
Classified Salaries	\$ 34,791,647	\$ 35,134,305	\$ 35,223,675	\$ 35,286,045	\$ 35,348,415
Benefits	\$ 36,013,589	\$ 38,799,313	\$ 41,772,896	\$ 45,618,083	\$ 49,589,016
Supplies and Material	\$ 3,973,483	\$ 3,973,483	\$ 4,013,218	\$ 4,053,350	\$ 4,093,884
Other Operating Expenses	\$ 16,167,875	\$ 16,965,836	\$ 17,363,722	\$ 17,446,369	\$ 17,585,973
Capital Outlay	\$ 1,996,042	\$ 731,142	\$ 738,453	\$ 745,838	\$ 753,296
Other Outgo	\$ 2,670,269	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
One time expenditures	\$ 3,474,917				
<b>Total Expenditures</b>	<b>\$ 169,741,052</b>	<b>\$ 169,500,272</b>	<b>\$ 173,484,515</b>	<b>\$ 177,690,173</b>	<b>\$ 182,079,009</b>
<b>Excess (Deficiency)</b>	<b>\$ 1,799,374</b>	<b>\$ (6,070,694)</b>	<b>\$ (5,346,504)</b>	<b>\$ (5,324,159)</b>	<b>\$ (8,016,968)</b>
Prior Year Adjustment					
5% Board Reserves	\$ 8,104,198	8,475,014	8,674,226	8,884,509	
2 1/2 % Board Reserve	\$ 4,502,099	4,237,507	4,337,113	3,610,029	
2 1/2% One-time Board Reser	\$ 4,502,099	4,237,507	4,337,113		
5% One-time Board Reserve	\$ 109,704				
Designated for 6/08 Encumbrai	\$ 695,697				
Designated for One time projec	\$ 3,474,917				
Undesignated Reserves	\$ 7,847,181	6,215,174	470,245.3		
<b>Ending Balance June 30</b>	<b>\$ 29,235,895</b>	<b>\$ 23,165,201</b>	<b>\$ 17,818,697</b>	<b>\$ 12,494,538</b>	<b>\$ 4,477,570</b>
Percentage Ending Balance	17.22%	13.67%	10.27%	7.03%	2.46%
Percent Fixed Payroll	83.3%	86.4%	86.5%	86.7%	87.0%

**Four Year Budget Projection – Based on Restoration Goals**

- Our Actions as Leaders During this Budget Challenge
  - Be Prudent
  - Don't Overreact
  - Work together to reduce costs
  - Actions consistent with our message!

**We will prevail**