

Glendale Community College  
Public Hearing and  
Board Discussion for  
2016-17 Final Budget  
(Adoption on 9/13/2016)

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# OVERVIEW

- STATE BUDGET
- ENROLLMENT
- COLLEGE BUDGET
  - REVENUE ADJUSTMENTS
  - EXPENDITURE ADJUSTMENTS
  - BUDGET ACTIONS TAKEN
- RESERVES
- CURRENT BUDGET STATUS
- BUDGET FORECAST
- BUDGET RISKS





# 2016-17 STATE BUDGET





# State Budget Highlights

- Governor signed budget on June 27, 2016.
- Governor is emphasizing fiscal restraint
- Preparing for the possible end of Prop 30 and the upcoming recession
- \$3 billion added to the rainy day fund
- Significant one-time funding

# Budget Highlights

Item	Adopted	GCC
COLA (0.00%)	\$ 0.0 M	\$ 0
Access (2.0%)	\$ 114.7 M	\$ 0
Apportionment for General Operations	\$ 75.0 M	\$ 920 K
Workforce & Career Tech Education	\$ 248 M	\$ 2.0 M*
Basic Skills	\$ 30 M	\$ 360 K*
Part-Time Faculty Hours	\$ 3.5 M	\$ 45 K
Instructional Equipment/Scheduled Maint.**	\$ 184.5 M	\$ 2.2 M
Mandated Cost Revenue (1X)	\$ 105.5 M	\$ 1.28 M
Proposition 39 Energy Conservation	\$ 49.2 M	\$ 508 K

\*Assumes College gets proportionate share

\*\*No match



# ENROLLMENT



# Enrollment Trends

Enrollment Categories	2012-13	2013-14	2014-15	2015-16
Funded Credit FTEs	12,281	12,508	12,542	11,311
Funded Non-Credit FTEs	343	362	271	257
Funded Career Dev/College Prep	2,331	2,422	2,649	2,539
<b>Total Funded FTEs</b>	<b>14,955</b>	<b>15,292</b>	<b>15,462*</b>	<b>14,107</b>
Unfunded Credit FTEs	0	0	0	0
Unfunded Non-Credit FTEs	0	0	0	0
<b>Total Unfunded FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Non-Resident	640	772	869	893
<b>Total FTEs</b>	<b>15,595</b>	<b>16,064</b>	<b>16,331</b>	<b>15,000</b>
<b>Actual Enrollment – No shifting</b>	<b>14,790</b>	<b>15,092</b>	<b>15,055</b>	<b>14,879</b>

\*Base Enrollment



# Enrollment

- Shifted Enrollment
  - Shifted 165 FTEs to 2012-13
  - Shifted 365 FTEs to 2013-14
  - Shifted 772 FTEs to 2014-15
  - No FTEs shifted to 2015-16
- College received stabilization funding in 2015-16
  - 583 FTEs short of base enrollment
- Non-Resident enrollment
  - Grew over 20% in 2013-14
  - Grew an additional 12% in 2014-15
  - Grew almost an additional 3% in 2015-16



# COLLEGE BUDGET



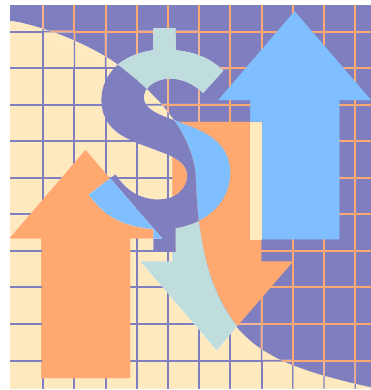


# COLLEGE BUDGET DEVELOPMENT

## Unrestricted General Fund

- 2015-16 ending balance increased \$6.4M over 2014-15
- 2016-17 Final Budget is balanced
- 2016-17 Revenue decreased \$5.7M
  - Ongoing Revenue increased \$1.6M
  - One-Time Revenue decreased \$7.3M
- 2016-17 Expenditures augmented over \$3M
- Final Budget Includes 5% General Reserve
  - \$4.915 million general reserve established
- In addition, \$8.109M of reserves for new budget requests, collective bargaining or reserve for future years
  - \$0.987 million ongoing
  - \$7.122 million one-time

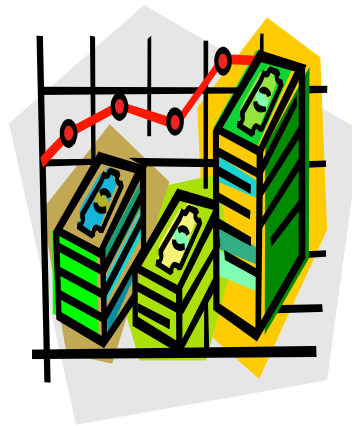
# REVENUE ADJUSTMENTS



# Revenue Adjustments

Category	Tent.	Change	Final
2016-17 Base Revenues	\$0.260M	\$0.015M	\$0.275M
Apportionment for Operations	\$0.920M	-	\$0.920M
Part-Time Faculty Parity Program	(\$0.029M)	-	(\$0.029M)
Part-Time Office Hour Program	-	\$0.095M	\$0.095M
Mandated Cost - Ongoing	-	(\$0.026M)	(\$0.026M)
Non-Resident Tuition	\$0.300M	-	\$0.300M
Blue Shield Rebate	(\$0.368M)	\$0.437M	\$0.069M
Mandated Cost – One-Time	(\$7.253M)	(\$0.035M)	(\$7.288M)
<b>Total Revenue Adjustments</b>	<b>(\$6.170M)</b>	<b>\$0.486M</b>	<b>(\$5.684M)</b>

# EXPENDITURE ADJUSTMENTS



# Exempt Cost Adjustments

Line Item	Tent.	Change	Final
Step & Column Salary Increases	\$634K	-	\$634K
Health Insurance Benefits	\$378K	-	\$378K
Retiree Benefits for Employees	\$100K	(\$50K)	\$50K
Other Benefits	(\$12K)	(\$113K)	(\$125K)
Workers Compensation	\$150K	-	\$150K
Retirement	\$815K	\$325K	\$1,140K
23 Full Time Faculty	\$920K	-	\$920K
Utilities	\$120K	(\$40K)	\$80K
COPS Payment	-	(\$300K)	(\$300K)
Contingency/Reallocation Reserve	\$87K	-	\$87K
<b>Total Exempt Cost</b>	<b>\$3,192K</b>	<b>(\$178K)</b>	<b>\$3,014K</b>



# Budget Actions Taken

Budget Action	Tent.	Change	Final
2015-16 Ending Balance	\$4,698K	\$1,733K	\$6,431K
Budget Reallocation Committee	(\$720K)	\$42K	(\$678K)
Vacant Positions	-	(\$365K)	(\$365K)
New Hires	-	(\$173K)	(\$173K)



# RESERVES



# 2016-17 COLLEGE UNRESTRICTED GENERAL FUND RESERVES

Reserve	Tentative	Change	Final
General Reserve (5.00%)	\$4,700,000	\$215,0000	\$4,915,000
Contingency Reserve (0.50%)	500,000	-	500,000
<b>Subtotal Mandatory (5.50%)</b>	<b>\$5,200,000</b>	<b>\$215,000</b>	<b>\$5,415,000</b>
Reallocation Reserve	137,000	-	137,000
Salary Stabilization	30,000	-	30,000
Unallocated Revenue – Ongoing	-	987,000	987,000
Unallocated Revenue – One Time	6,005,000	1,117,000	7,122,000
<b>Total Reserves</b>	<b>\$11,372,000</b>	<b>\$2,319,000</b>	<b>\$13,691,000</b>



# CURRENT BUDGET STATUS

## BUDGET TRENDS

(in \$ millions)

Unrestricted Gen. Fund	2013-14*	2014-15*	2015-16*	2016-17**
Certificated Salaries	36.297	38.046	39.346	39.870
Classified Salaries	18.061	18.083	18.984	19.572
Benefits	15.350	15.714	16.985	<b>18.754</b>
Supplies	0.700	0.739	0.792	0.608
Services	6.547	6.931	8.692	7.139
Capital	0.179	0.338	0.497	0.139
Interfund Transfers	3.347	3.497	8.325	<b>4.475</b>
Reserves	4.839	4.688	11.119	<b>13.691</b>
<b>Total</b>	<b>85.320</b>	<b>88.036</b>	<b>104.740</b>	<b>104.248</b>

\*Actual Expenditures

\*\*Budget

# BUDGET TRENDS

(in \$ thousands)

Restricted Gen. Fund	2013-14	2014-15	2015-16	2016-17*
Scheduled Maintenance	192	1,579	1,003	1,120
Instructional Equipment	192	427	1,003	1,120
Student Success	797	1,750	2,180	2,180
Student Equity	0	870	1,608	1,608
DSP&S	958	1,324	1,132	1,132
EOPS&S	1,442	1,442	1,957	1,957
Noncredit Matriculation	315	322	609	609
Basic Skills	402	381	349	<b>709</b>

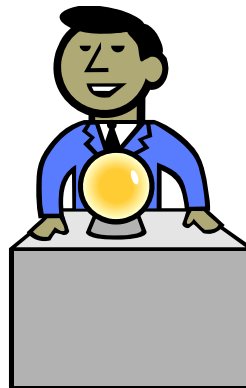
\*Estimated Amounts



# PENDING BUDGET ACTIONS

- **Current Reserve Balances**
  - \$987K on-going funding available
  - \$7.122M one-time funding available
  - To be used for collective bargaining, new budget requests or future budget deficits
- **2017 Health Plan Renewal Rates**
  - Budget will accommodate a 10% increase
- **2016-17 Collective Bargaining**
  - CSEA - \$560K on-going & \$315K one-time funding
  - Management - \$230K on-going & \$150K one-time funding
  - Unrepresented - \$31K on-going funding
  - Guild - ???
- **2016-17 Budget Requests**
  - “Must Do” items

# BUDGET FORECAST





# Future Considerations

- Possible recession upcoming
- Prop 30 (sales tax increase) ends 12/2016
- Prop 30 (tax rate increase) ends 12/2018
- College will not earn any growth revenue in 2016-17
  - 2017-18 Budget may only have COLA as new revenue
- Retirement costs increasing over next 4 years
  - STRS – 1.85% for next three years; 6.52% total increase by 2020-21
  - PERS – 6.5% total increase by 2020-21

## Five Year Budget Forecast No Growth & 1% COLA (in \$millions)

No Growth	2016-17	2017-18	2018-19	2019-20	2020-21
New On-Going Revenues		\$1.006	\$0.942	\$0.950	\$0.959
New On-Going Expenditures		2.554	2.702	2.695	2.695
On-Going Surplus/Deficit	0.987	(1.548)	(1.760)	(1.745)	(1.736)
On-Going Deficit – 2016-17 No increase in salary sch.	0.987	(0.561)	(2.321)	(4.066)	(5.802)*
1% increase in salary sch.	0.281	(1.267)	(3.027)	(4.772)*	(6.508)
2% increase in salary sch.	(0.425)	(1.973)	(3.733)	(5.478)*	(7.214)
3% increase in salary sch.	(1.131)	(2.679)	(4.439)*	(6.184)	(7.920)
4% increase in salary sch.	(1.837)	(3.385)	(5.145)*	(6.890)	(8.626)
1X Reserves = \$7,122					

\*Year in which \$7.122M one-time reserve will be exhausted.

## Five Year Budget Forecast 1% Growth & 1% COLA (in \$millions)

No Growth	2016-17	2017-18	2018-19	2019-20	2020-21
New On-Going Revenues*		\$1.836	\$1.772	\$1.780	\$1.789
New On-Going Expenditures		2.554	2.702	2.695	2.695
On-Going Surplus/Deficit	0.987	(0.718)	(0.930)	(0.915)	(0.906)
On-Going Deficit – 2016-17 No increase in salary sch.	0.987	0.269	(0.661)	(1.576)	(2.482)
1% increase in salary sch.	0.281	(0.437)	(1.367)	(2.282)	(3.188)*
2% increase in salary sch.	(0.425)	(1.143)	(2.073)	(2.988)	(3.894)*
3% increase in salary sch.	(1.131)	(1.849)	(2.779)	(3.649)*	(4.600)
4% increase in salary sch.	(1.837)	(2.555)	(3.485)*	(4.400)	(5.306)
1X Reserves = \$7,122					

\*Year in which \$7.122M one-time reserve will be exhausted.

# BUDGET RISKS





# BUDGET RISKS

- Enrollment

- College must meet base enrollment of 15,462 FTEs by end of 2016-17 to avoid a reduction in apportionment revenues
  - Must grow 3% (583 FTEs) in 2016-17 to meet base
  - Must grow 3.5% (658 FTEs) in 2016-17 to meet 0.5% cap
- Realistically, College will not receive growth revenue in 2016-17
- No growth revenues available for 2017-18 budget
- New BOGG Fee Waiver regulations

- Collective Bargaining

- What will be agreed at the table?



# Conclusion

## ■ Must Plan for the Future

- Prop 30 temporary tax increases potentially ending
- Future growth revenues are a concern
  - College received stability funding in 2015-16
  - Must grow at least 3% in 2016-17 to meet base enrollment or funding will be reduced
  - Without growth revenue college will have a deficit budget
  - Reserve balances that we built up will only last a couple years if college is not growing
- Operating costs are increasing
  - STRS and PERS Retirement costs have major cost increases scheduled over next four years
- College must be prudent in the use of its reserves



# ? QUESTIONS