

**Glendale Community College
Public Hearing and
Board Discussion for
2015-16 Final Budget
(Adoption on 9/15/2015)**

Presented By: Ron Nakasone
August 18, 2015

OVERVIEW

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





2015-16 STATE BUDGET





State Budget Highlights

- Governor signed budget on June 24, 2015.
- 5th year in a row state had an approved budget by June 30th
- Additional \$7.8 billion of Prop 98 funding
- Includes \$3.4 billion reserve
- Conservative revenue estimates

Budget Highlights

Item	May Revise	Adopted	GCC
COLA (1.02%)	\$ 61.0 M	\$ 61.0 M	\$ 700 K
Access (3.0%)	\$156.5 M	\$ 156.5 M	\$ 0
CDCP rate enhancement	\$ 49 M	\$ 49 M	\$ 3.3 M
Apportionment for General Operations	\$ 266.7 M	\$ 266.7 M	\$ 3.4 M
Apportionment for Full-Time Faculty	\$ 75 M	\$ 62.3 M	\$ 810 K
Student Success and Support Programs*	\$ 100 M	\$ 100 M	\$ 870 K
Student Equity	\$ 115 M	\$ 85 M	\$ 1.0 M
EOP&S	\$ 0	\$ 33.7 M	\$ 500 K
Instructional Equipment/Scheduled Maint.**	\$ 148 M	\$ 148 M	\$ 2.0 M
Mandated Cost Revenue (1X)	\$ 626 M	\$ 604 M	\$ 7.5 M
Basic Skills (1X)	\$ 60 M	\$ 60 M	\$ 750 K
Proposition 39 Energy Conservation	\$ 38.7 M	\$ 38.7 M	\$ 443 K

*No increase in match

**No match and \$100 million on-going



ENROLLMENT



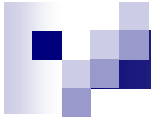
Enrollment Trends

Enrollment Categories	2011-12	2012-13	2013-14	2014-15
Funded Credit FTEs	12,194	12,281	12,508	12,542
Funded Non-Credit FTEs	364	343	362	271
Funded Career Dev/College Prep	2,194	2,331	2,422	2,649
Total Funded FTEs	14,752	14,955	15,292	15,462
Unfunded Credit FTEs	298	0	0	0
Unfunded Non-Credit FTEs	0	0	0	0
Total Unfunded FTEs	298	0	0	0
Non-Resident	623	640	772	869
Total FTEs	15,673	15,595	16,064	16,331
Actual Enrollment – No shifting	15,050	14,790	15,092	15,055



Enrollment

- Reported resident enrollment grew 267 FTEs
- Shifted Enrollment
 - Shifted 165 FTEs in 2012-13
 - Shifted 365 FTEs in 2013-14
 - Shifted 772 FTEs in 2014-15
- Non-Resident enrollment starting to increase again
 - Grew over 20% in 2013-14
 - Grew an additional 12% in 2014-15



COLLEGE BUDGET



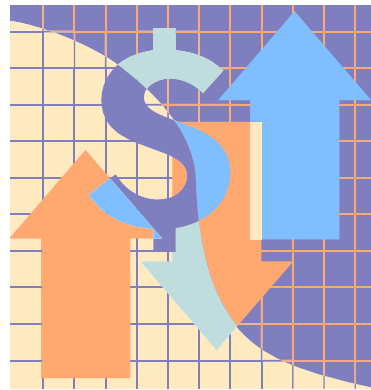


COLLEGE BUDGET DEVELOPMENT

Unrestricted General Fund

- 2015-16 Final Budget is balanced
- 2014-15 ending balance declined \$150K (5.63%)
- \$14.56M in new revenue
- \$864K cut by Budget Reallocation Committee
- Includes 5% General Reserve
 - \$4.9 million reserve established (\$750K increase)
- \$7.375M of reserves for new budget requests, collective bargaining or reserve for future years
 - \$4.0 million ongoing
 - \$3.375 million one-time

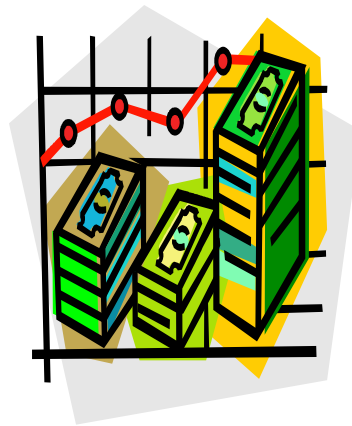
REVENUE ADJUSTMENTS



Revenue Adjustments

Category	Tent.	Final	Total
2014-15 Base Revenues	-	(\$0.350M)	(\$0.350M)
2015-16 COLA (1.02%)	\$0.700M	-	\$0.700M
CDCP Rate Enhancement	\$3.300M	-	\$3.300M
Apportionment for Operations	\$3.400M	-	\$3.400M
Apportionment for FT Faculty Hires	\$0.900M	(\$0.090M)	\$0.810M
Statewide Deficit	(\$0.300M)	\$0.300M	-
Other State Revenue	(\$0.676M)	\$7.500M	\$6.824M
Non-Resident Tuition	\$0.199M	-	\$0.199M
Blue Shield Rebate	(\$0.208M)	-	(\$0.208M)
Other Local Revenue	(\$0.115M)	-	(\$0.115M)
Total Revenue Adjustments	\$7.200M	\$7.360M	\$14.560M

EXPENDITURE ADJUSTMENTS



Exempt Cost Adjustments

Line Item	Tent.	Final	Total
Step & Column	\$551K	-	\$551K
Utilities	\$185K	-	\$185K
Health Insurance	\$144K	-	\$144K
Retirement	\$733K	-	\$733K
Social Security/Medicare	\$35K	-	\$35K
Audit	\$10K	-	\$10K
3 New Custodians	\$100K	-	\$100K
Full time Faculty	\$600K	-	\$600K
Hourly Faculty	\$750K	-	\$750K
Total Exempt Costs	\$3,108K	-	\$3,108K

Budget Actions Taken

Budget Action	Tent.	Final	Total
2014-15 Ending Balance	-	\$150K	\$150K
Budget Reallocation Committee	(\$950K)	\$86K	(\$864K)
Vacant Positions	-	(\$411K)	(\$411K)
New Hires	-	(\$66K)	(\$66K)
Reclass/Corrections	-	\$18K	\$18K
Total Budget Adjustments	(\$950K)	(\$223K)	(\$1,173K)



RESERVES



2015-16 COLLEGE UNRESTRICTED GENERAL FUND RESERVES

Reserve	Tentative	Final	Total
General Reserve (5.04%)	\$4,525,000	\$375,000	\$4,900,000
Contingency Reserve (0.46%)	450,000	-	450,000
Subtotal Mandatory (5.50%)	\$4,975,000	\$375,000	\$5,350,000
Reallocation Reserve	100,000	-	100,000
Salary Stabilization	30,000	-	30,000
Unallocated Revenue – Ongoing	3,918,000	85,000	4,003,000
Unallocated Revenue – One Time	-	3,375,000	3,375,000
Total Reserves	\$9,023,000	\$3,830,000	\$12,858,000



CURRENT BUDGET STATUS



BUDGET TRENDS

(in \$ millions)

Unrestricted Gen. Fund	2012-13	2013-14	2014-15	2015-16
Certificated Salaries	32.952	36.297	38.046	38.568
Classified Salaries	16.980	18.061	18.083	18.830
Benefits	16.008	15.350	15.714	17.214
Supplies	0.570	0.700	0.739	0.601
Services	6.677	6.547	6.931	6.476
Capital	0.219	0.179	0.338	0.171
Interfund Transfers	3.896	3.347	3.497	7.338
Reserves	4.960	4.839	4.688	12.858
Total	82.262	85.320	88.036	102.056

BUDGET TRENDS

(in \$ thousands)

Restricted Gen. Fund	2012-13	2013-14	2014-15	2015-16*
Scheduled Maintenance	0	192	1,579	977
Instructional Equipment	0	192	427	1,030
Student Success	363	797	1,750	2,620
Student Equity	0	0	870	1,870
DSP&S	780	958	1,324	1,337
EOPS&S	1,170	1,442	1,442	1,942
Noncredit Matriculation	303	315	322	322
Basic Skills	386	402	381	1,011

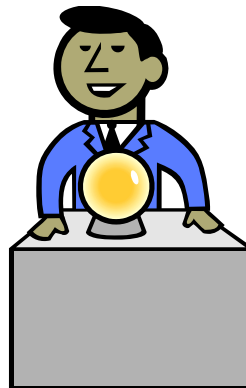
*Estimated Amounts



PENDING BUDGET ACTIONS

- 2016 Health Plan Renewal Rates
 - Budget will accommodate a 10% increase
- 2015-16 Budget Requests
 - “Must Do” items
- 2015-16 Collective Bargaining

BUDGET FORECAST





Future Considerations

- Prop 30 (sales tax increase) ends 12/2016
- Prop 30 (tax rate increase) ends 12/2018
- College will be in decline in 2015-16
 - No growth revenues available for 2016-17
- Retirement costs increasing over next 5 years
 - STRS – 1.85% each year
 - PERS - ?

Four Year Budget Forecast

No Growth (in \$millions)

No Growth	2015-16	2016-17	2017-18	2018-19
New On-Going Revenues*	\$7.062	\$0.775	\$0.783	\$0.791
New On-Going Expenditures	3.062	2.637	2.215	2.190
Surplus/Deficit	4.000	(1.862)	(1.432)	(1.399)
Scenarios				
No COLA – 2015-16	4.000	2.138	0.706	(0.693)
1% COLA – 2015-16	3.327	1.465	0.033	(1.366)
2% COLA – 2015-16	2.654	0.792	(0.640)	(2.039)
3% COLA – 2015-16	1.981	0.119	(1.313)	(2.712)
4% COLA – 2015-16	1.308	(0.554)	(1.986)	(3.385)

*Assumes College not growing. COLA is only new discretionary revenue

Four Year Budget Forecast

1% Growth (in \$millions)

1% Growth	2015-16	2016-17	2017-18	2018-19
New On-Going Revenues*	\$7.062	\$1.550	\$1.566	\$1.582
New On-Going Expenditures	3.062	2.637	2.215	2.190
Surplus/Deficit	4.000	(1.087)	(0.649)	(0.608)
Scenarios				
No COLA – 2015-16	4.000	2.913	2.264	1.656
1% COLA – 2015-16	3.327	2.240	1.591	0.983
2% COLA – 2015-16	2.654	1.567	0.918	0.310
3% COLA – 2015-16	1.981	0.894	0.245	(0.363)
4% COLA – 2015-16	1.308	0.221	(0.428)	(1.036)

*Assumes College receives 1% growth plus COLA as new discretionary revenue ²⁵

BUDGET RISKS





BUDGET RISKS

■ Enrollment

- College will be in decline in 2015-16
- No growth revenues available for 2016-17 budget
- College must grow by 2016-17 to avoid a reduction in apportionment revenues
 - Must grow 3% over next two years to meet base
 - Must grow 4% over next two years to meet cap

■ Collective Bargaining

- What will be agreed at the table?



Conclusion

- State has recovered from recession
 - Highest level of new funding in years
- Best Budget for the College in Years
 - \$4.0 million of on-going unallocated revenue
 - \$3.38 million of one-time unallocated revenue
- Must Plan for the Future
 - Prop 30 tax increases are ending
 - Future growth revenues are a concern
 - College in decline in 2015-16
 - Must grow at least 3% by 2016-17
 - Operating costs are increasing



? QUESTIONS