

# Mid Year Budget

## – Review of Budget Assumptions

**Greg Nelson,**  
**Vice President for Finance & College Operations**

PRAC – COM – 02-14-17



# Appreciation for Fiscal Services Staff



Peggy Isozaki,  
Director of Fiscal Services

Michelle Greitzer,  
Senior Accountant

Leslie Barker,  
Senior Accountant

# Agenda

- Governors Budget Presentation
- Budget Assumptions
- Current Mid year Status
- 4 Year Forecast
- Summary

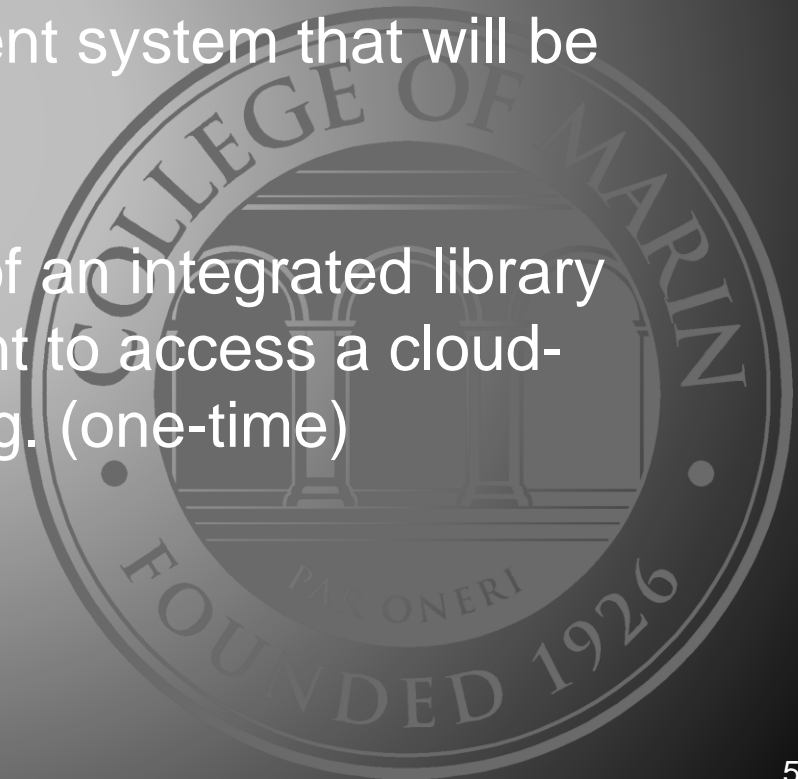


# Governor Budget

- **Educational Services** \$150 million for implementation of guided pathways. While the yet to be release trailer bill will outline much of the programmatic requirements, the intent of the funds will be to support community colleges in leveraging the work our system has done over the past few years as they develop cohesive, integrated pathways to help more students achieve their educational objectives. (one-time)
- \$20 million for an Innovation Awards program. As opposed to an outside committee administering the program, the Chancellor will have broad authority to select the focus of the grants and the awardees. (one-time)
- \$5.4 million for a 1.48% COLA for the Apprenticeship, EOPS, DSPS, CalWORKs and the Child Care Tax Bailout programs.
- \$3.1 million for enrollment growth in the Full-Time Student Success Grant program

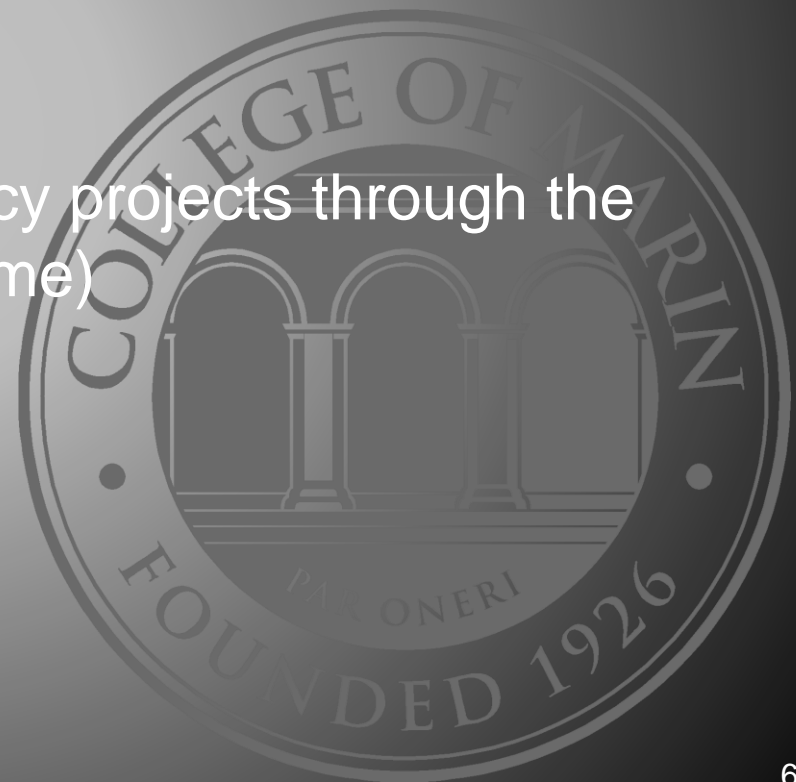
# Governor Budget

- Technology
- \$10 million for the Online Education Initiative to purchase a learning management system that will be provided free to colleges.
- \$6 million for the procurement of an integrated library system that allows every student to access a cloud-based, up-to-date library catalog. (one-time)



# Governor Budget

- Facilities and Equipment
- \$43.7 million for the Physical Plant and Instructional Equipment program. (one-time)
- \$52.3 million for energy efficiency projects through the Proposition 39 program. (one-time)



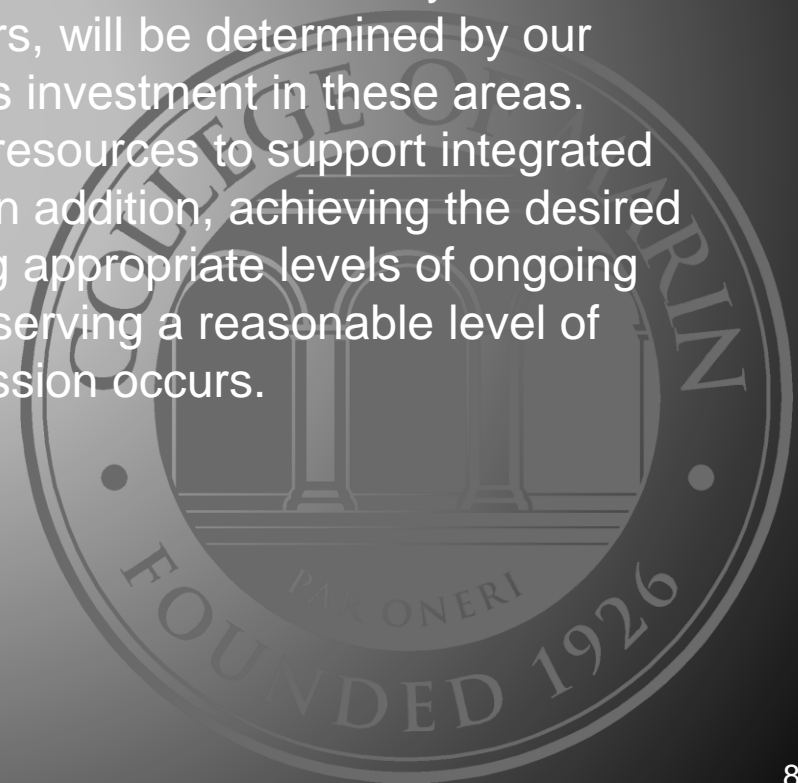


# Governor Budget

- This is a solid start to the 2017-18 budget process, and we appreciate the consideration and efforts the Governor and his team put forth in developing this budget. Here are a few concepts and ideas we should keep in mind as we move forward
- Between 2013-14 and 2020-21, pension costs for the system will increase by over \$400 million as the state reduces the gap between the assets and liabilities in PERS and STRS. In addition to the estimated increases in employer contributions, the PERS governing board also recently took action to reduce their investment volatility by lowering their annual assumed rate of return from 7.5% to 7% over a three-year period. It is at least a possibility, if not likely, PERS employer rates will increase in future years based on the lowering of the return rate.

# Governor Budget

- While funding for the Student Success and Support, Student Equity, Adult Education, and Strong Workforce programs did not receive an augmentation, they continue to receive the same level of funding as 2016-17. The success of these programs, and the likelihood of our system continuing to receive funding in future years, will be determined by our ability to maximize the return on the state's investment in these areas. Given this, it is critical colleges use these resources to support integrated and effective student success strategies. In addition, achieving the desired results will take sustained efforts, including appropriate levels of ongoing investments at the college level, while preserving a reasonable level of operating flexibility for when the next recession occurs.





# Budget Assumptions

- Some budget Assumptions will need to be updated based on actions items from the Jan 17<sup>th</sup> meeting along with any further actions.
- We have adjusted assumptions based on newly revised figures for Secured Property Taxes from county
- These actions will effect PERS, Transportation Fee, COLA for Categorical Funds and final secured/supplemental tax figures

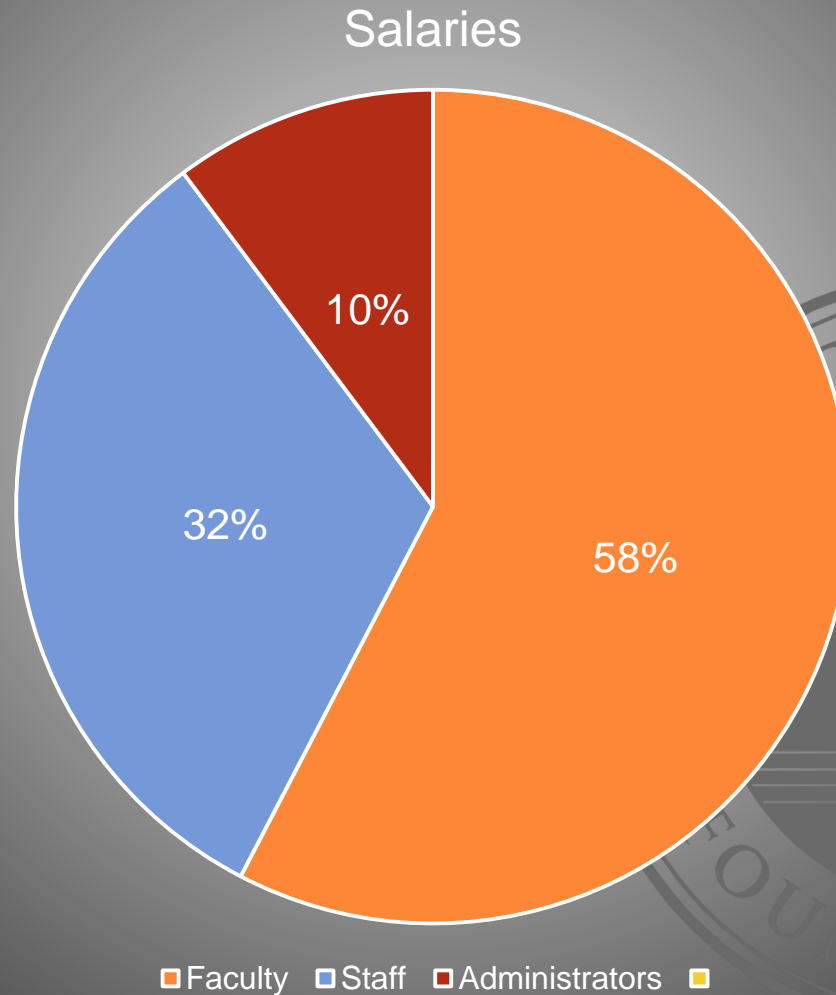
# 16/17 Mid-Year Status

- We plugged 300k for Continuing Education for the current year that was not in Adopted Budget
- Secured taxes were raised 875k based on latest county estimates which then adjusted our out year projections
- RDA funds will remain at zero for now. Not sure what we will receive, we received a large sum last year. All of the funds go to repay back revenue bond and not general fund

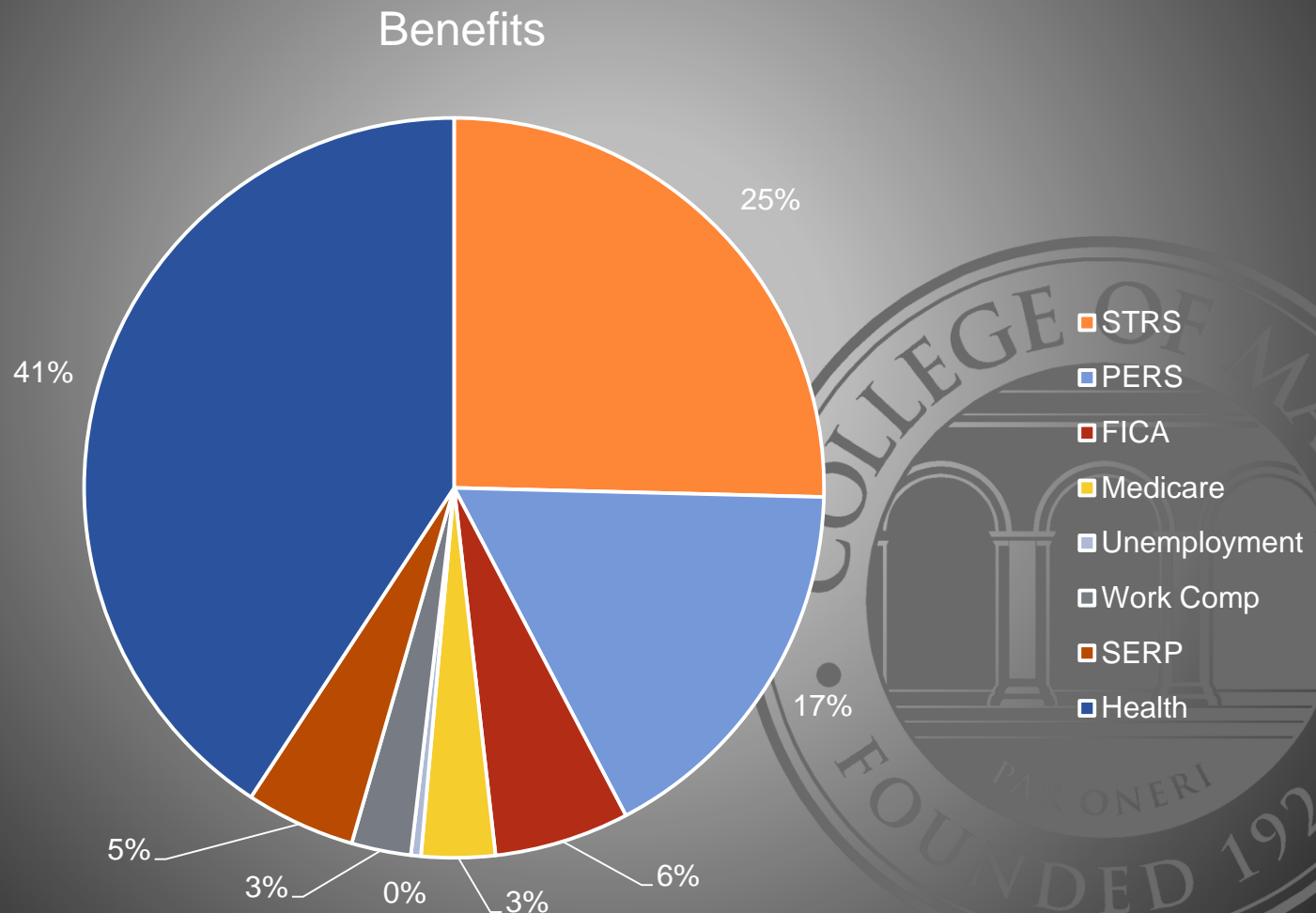
# 16/17 Mid-Year Status

- We have adjusted secured property taxes accordingly
- We have not made adjustments for Jan 17, 2017 action items for the board agenda
- Election Costs of Bond were picked up by bond and not general fund
- We are holding steady at 11.5% currently. We budgeted a reserve of 10.6 and are required to have a 8.5% per board policy for the 16/17 year.

# 16/17 Mid-Year Status

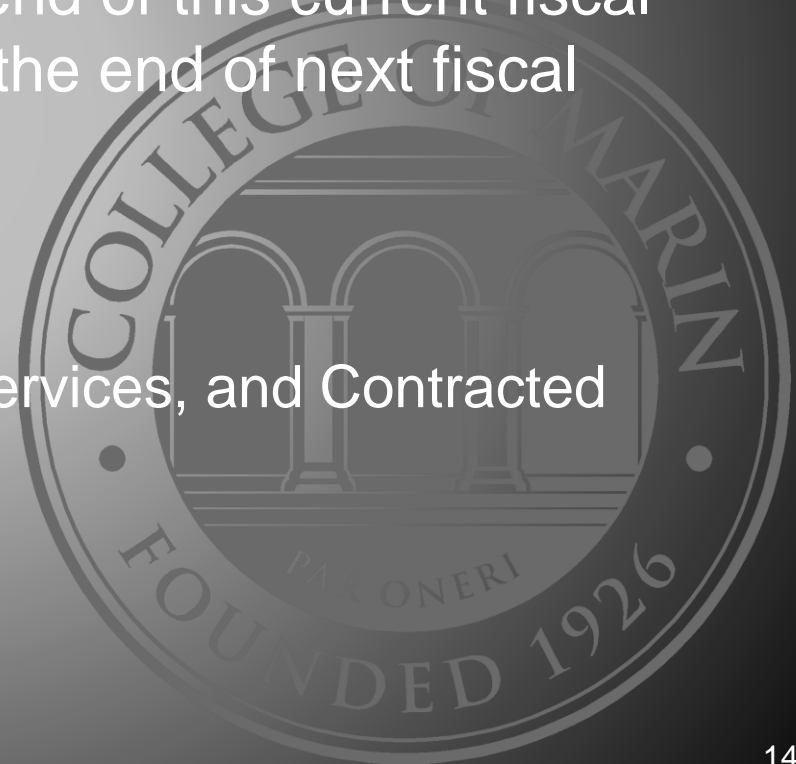


# 16/17 Mid-Year Status



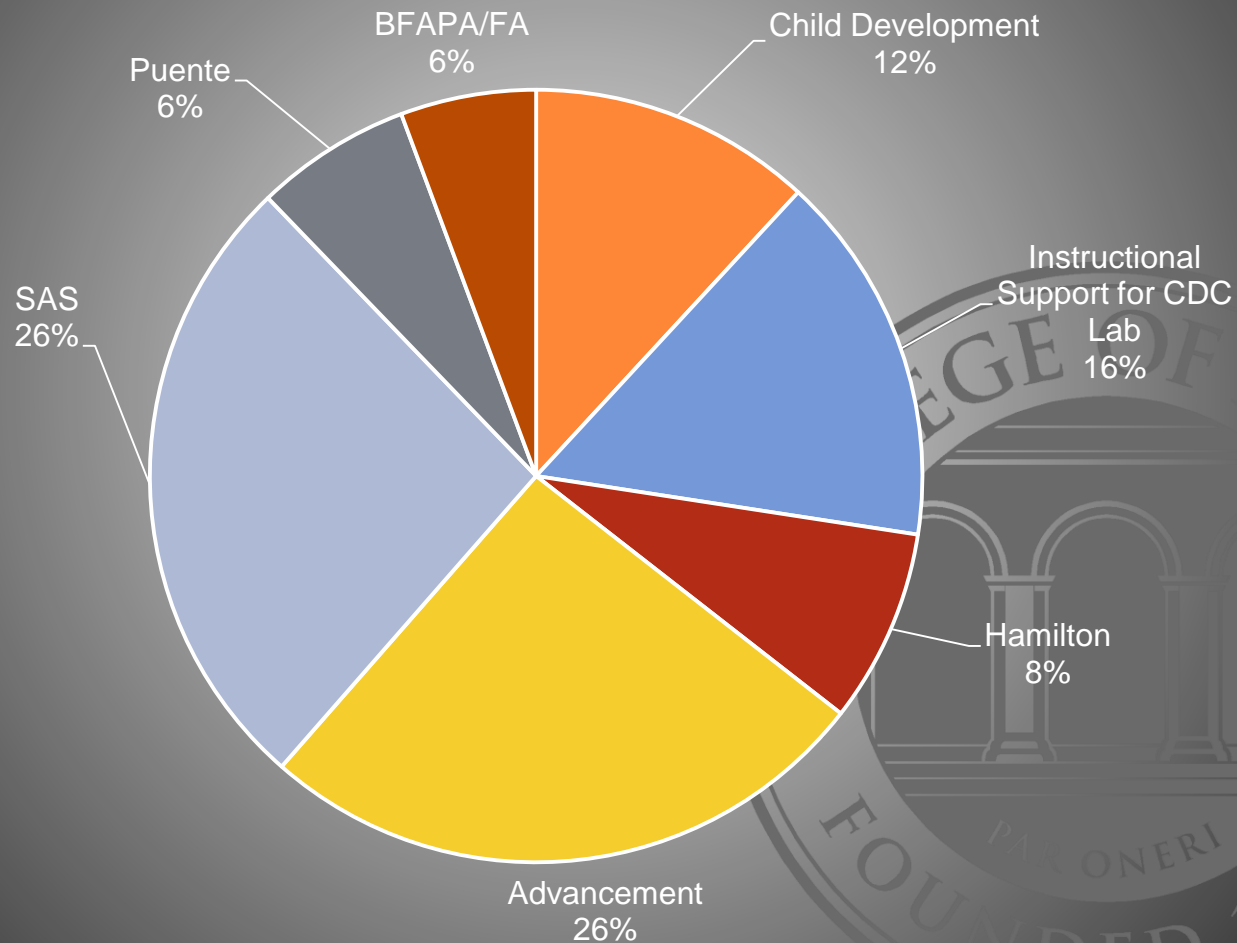
# 16/17 Mid-Year Status

- Fixed expenses are projected to be 2% from adopted budget
- SERP from 2011 will expire at end of this current fiscal year. 2012 SERP will expire at the end of next fiscal year.
- Areas to watch.
  - Legal, Recruitment, Personal Services, and Contracted Services





# 15/16 Other Outgoing



# 4 year Forecasting

## MARIN COMMUNITY COLLEGE DISTRICT SOURCES AND USES OF FUNDS - CURRENT VIEW

FISCAL YEAR	ACTUAL 2014-2015	ACTUAL 2015-2016	ADOPTION BUDGET 2016-2017	PROJECTED ACTUAL 2016-2017	BUDGET FORECAST 2017-2018	BUDGET FORECAST 2018-2019	BUDGET FORECAST 2019-2020
<b>SOURCES OF FUNDS</b>							
BEGINNING FUND BALANCE	\$ 4,796,123	\$ 6,740,231	\$ 6,945,452	\$ 7,105,482	\$ 6,750,888	\$ 5,450,070	\$ 5,692,361
REVENUES							
PROGRAM-BASED FUNDING	47,507,823	50,929,981	52,439,992	53,187,321	55,013,026	57,524,796	60,159,508
FEDERAL	-	297	-	-	-	-	-
OTHER STATE	2,411,312	4,509,350	2,898,549	2,898,549	2,554,412	2,554,412	2,554,412
OTHER LOCAL	1,151,298	1,226,219	1,662,941	1,662,941	1,344,455	1,440,559	1,554,058
OTHER FINANCING SOURCES	459,489	1,274	624,384	624,384	530,644	516,470	483,346
<b>TOTAL REVENUE</b>	<b>51,529,922</b>	<b>56,667,121</b>	<b>57,625,866</b>	<b>58,373,195</b>	<b>59,442,537</b>	<b>62,036,237</b>	<b>64,751,324</b>
<b>TOTAL SOURCES</b>	<b>56,326,045</b>	<b>63,407,352</b>	<b>64,571,318</b>	<b>65,478,677</b>	<b>66,193,425</b>	<b>67,486,307</b>	<b>70,443,685</b>
<b>USE OF FUNDS</b>							
SALARIES	28,850,949	32,521,727	34,042,041	34,042,041	35,117,998	35,887,824	36,676,812
BENEFITS	13,032,522	13,601,552	15,482,025	15,337,120	16,094,396	17,012,295	17,793,804
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>41,883,471</b>	<b>46,123,279</b>	<b>49,524,066</b>	<b>49,379,161</b>	<b>51,212,394</b>	<b>52,900,119</b>	<b>54,470,616</b>
FIXED EXPENSES	2,248,141	2,276,913	2,707,511	2,659,516	2,726,602	2,796,383	2,868,988
OTHER OPERATING	2,607,770	4,149,539	4,158,803	4,306,646	5,075,924	4,951,503	5,388,000
CAPITAL OUTLAY	1,025,301	428,107	471,683	582,025	599,485	617,470	635,994
OTHER OUTGO	1,651,640	2,931,769	1,542,572	1,500,441	1,128,950	1,128,471	1,140,451
EXPENDITURE REDUCTIONS - 2018/2019						(600,000)	
EXPENDITURE REDUCTIONS - 2019/2020							(250,000)
<b>TOTAL EXPENDITURES</b>	<b>7,532,852</b>	<b>9,786,328</b>	<b>8,880,569</b>	<b>9,048,628</b>	<b>9,530,961</b>	<b>8,893,827</b>	<b>9,783,433</b>
<b>TOTAL USES</b>	<b>49,416,323</b>	<b>55,909,607</b>	<b>58,404,635</b>	<b>58,427,789</b>	<b>60,743,355</b>	<b>61,793,946</b>	<b>64,254,049</b>
<b>SOURCES OVER (UNDER) USES</b>	<b>6,909,722</b>	<b>7,497,745</b>	<b>6,166,683</b>	<b>7,050,888</b>	<b>5,450,070</b>	<b>5,692,361</b>	<b>6,189,636</b>
TRANSFER IN (OUT)	(169,491)	(392,263)	-	(300,000)	-	-	-
<b>ENDING FUND BALANCE</b>	<b>\$ 6,740,231</b>	<b>\$ 7,105,482</b>	<b>\$ 6,166,683</b>	<b>\$ 6,750,888</b>	<b>\$ 5,450,070</b>	<b>\$ 5,692,361</b>	<b>\$ 6,189,636</b>
<b>RESERVE</b>	<b>13.6%</b>	<b>12.6%</b>	<b>10.6%</b>	<b>11.5%</b>	<b>9.0%</b>	<b>9.2%</b>	<b>9.6%</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 1,944,108</b>	<b>\$ 365,251</b>	<b>\$ (778,769)</b>	<b>\$ (354,594)</b>	<b>\$ (1,300,818)</b>	<b>\$ 242,291</b>	<b>\$ 497,275</b>

# Mid Year Budget – Review & Analysis

**Greg Nelson,**  
**Vice President for Finance & College Operations**

Board of Trustees Meeting January 17, 2017

