



BUDGET ISSUES AND IMPACTS: ONGOING AND ONE-TIME

February 7, 2015

2013-14 Growth

| | | |
|---|--|-------------------|
| Revenues: | Cap Funded | \$1,813,906 |
| | Over Cap Funded | 1,262,247 |
| | Total Revenues | 3,076,153 |
| Expenditures: | | |
| | Cost of Instruction | 2,654,280 |
| | 15% 2013-14 Over Cap Funded Growth for Health & Welfare | 414,126 |
| | 0.15% COLA Increase for Salary & Benefit Increase | 176,649 |
| | Annual Increase of \$500 for Health & Welfare | 473,251 |
| | Increase in Faculty Contract | 153,751 |
| | Total Expenditures | 3,872,057 |
| | Expenditures are Greater than Revenues | (795,904) |
| | Unfunded Growth of 682 FTES, if Funded it is Estimated at | 3,160,628 |
| | Health & Welfare Contribution of up to \$1,100 for Regular Employees | (442,844) |
| | Available One-time Revenues for 2014-15 | 1,921,880 |
| <ul style="list-style-type: none"> As a Result of Earning all 2013-14 Growth, the District Could Potentially Have Additional: 2014-15 One-time Revenues of \$1,921,880 2014-15 Ongoing Revenues of \$3,160,628 | | |

2014-15 Growth

| | |
|---|------------------|
| Revenues: | |
| Cap to be Funded (2.75%) | \$3,587,437 |
| Total Revenues | 3,587,437 |
| Expenditures Committed: | |
| Cost of Instruction (Very Preliminary) | 2,152,589 |
| Positions Funded with Anticipated Growth | 390,640 |
| Operating Expenses Funded with Anticipated Growth | 106,170 |
| Total Expenditures | 2,649,399 |
| Revenues are Greater than Expenditures | 938,038 |
| <ul style="list-style-type: none">• The District Preliminary FTE Increase for 2014-15 is at 5.25%.• State Funded Growth is 2.75%; Therefore, the District Could Earn Additional 2.5% in Over Cap Growth Funds Estimated at \$2,687,358 | |

2015-16 Potential Revenue Available for Compensation

- \$92.4 Million (1.58%) Cost-of-Living Adjustment (COLA)
 - For Mt. SAC Approximately \$2.2 Million
 - PERS/STRS Increases?

Governor's January 2015-16 State Budget Proposal and the Effects for Mt. SAC - Ongoing

- \$106.9 Million (2%) for Growth
 - For Mt. SAC Approximately \$2.8 Million
- \$49 Million to Increase the Career Development and College Preparation Courses (CDCP) Rate to the Level of Credit Rate
 - For Mt. SAC Approximately \$4.8 Million
- \$125 Million to Increase the Base Allocation Funding to Reflect Increased Operating Expenses Such as Scheduled Increases in STRS and PERS Contributions
 - For Mt. SAC Approximately \$3.3 Million

2015-16 One-Time Funding

- \$353 Million to Pay Down Outstanding Mandate Claims
 - These One-time Funds Would be Allocated to Districts on a Per-FTES Basis, and They Will Not Require Local Match.
 - Could be Allocated to Instructional Equipment and Scheduled Maintenance.
 - For Mt. SAC Approximately \$9.3 Million

Governor's January 2015-16 State Budget Proposal

Categorical Funds

- \$100 Million for the Student Success and Support Program
 - For Mt. SAC Approximately \$1.7 Million
 - Match: To be Determined (2014-15 was 2:1)
- \$100 Million for Student Equity Plans
 - For Mt. SAC Approximately \$2.4 Million
 - No Match
- \$39.6 Million for Proposition 39 Energy Efficiency Projects and Workforce Development
 - For Mt. SAC Approximately \$900 Thousand

Other Budget Issues

- OPEB Trust
 - Retirees' Health Premiums - \$3.9 Million
 - Payment to the OPEB Trust - \$3.1 Million
- STRS Increases
 - “Employer Share” Rate Will Increase from 8.88% to 10.73% in 2015-16, and Will be at 19.10% in 2020-21.
- PERS Increases
 - “Employer Share” Rate Will Increase from 11.771% to 12.60 % in 2015-16, and Will be at 20.4% in 2020-21.
- RECLASSIFICATION
 - Very Preliminary Estimate \$520,000 (Ongoing)
- Proposition 30 is Temporary (\$21.1 Million for Mt. SAC in 2014-15)
 - Sales Tax Increase Terminates at the End of 2016.
 - Income Tax Increase Terminates at the End of 2018.

One-Time Revenues Available for 2014-15

- Phase 1
 - Reimbursement of State-Mandated Local Programs \$1.3 Million
- Phase 2
 - 2013-14 Additional Over Cap Growth (If all Remainder Unfunded FTES are Funded) \$1.9 Million
- Phase 3
 - 2014-15 Positive Variance \$_____

New Resources Allocation Process

- After the Governor Submits the Initial State Budget in January, Fiscal Services Makes Preliminary Budget Projections for the Following Budget Year by Early March;
- In March, the Budget Committee Reviews the “Preliminary Tentative Budget” and Determines the Available New Resources for the Year;
- By Mid-March, the Budget Committee Announces Whether or Not There Are Any New Resources Available for Allocation;
- These New Resources Are Generally a Combination of the Previous Year’s growth Funds, Funded COLA, and Various One-time Allocations;
- The Budget Committee May Choose to Hold Some New Money in Reserve or Announce New Resources at Other Times, as They Become Available;
- Once New Resources Are Deemed Available, Departments/Units Are Given the Opportunity to Make a Request for New Funding to Meet Their PIE Goals;
- Except for New Personnel Position Requests, This New Funding (if Granted) is Initially Given on a One-time Basis;

New Resources Allocation Process

- To Receive the Allocation Again for the Next Fiscal Year, the Department/Unit Would Need to Submit the Request Again;
- The New Resource Requests Travel From the Department/Unit to the Dean/Director (for Review, Approval, and Prioritization) and Then to the Appropriate Vice President (for Review and Prioritization);
- All New Resource Requests are Summarized and Prioritized by Each Vice President's Team Using an Established Format Before it is Presented to the Budget Committee;
- The Budget Committee Ensures that the Process Has Been Followed and Forwards the Requests to the President's Advisory Council (PAC);
- After PAC Reviews the Requests they are Forwarded to President's Cabinet (PC);
- PC Discusses the Strengths and Weaknesses of the Submitted New Resources Allocation Requests and How Best to Prioritize by Mandate, Innovation, Expected Program Improvement, and Alignment with College Goals;

New Resources Allocation Process

- While Each Vice President Advises the President, the Final Funding Decision is Made by the College President;
- The Budget Committee Strongly Recommends that the College President Allocates the Funding of any New Resources on a One-time Basis;
- Departments/Units who Have Received One-time Funding for the Same Expenditure Requested for a Third Consecutive Year May Request That Expenditure be Changed to “Ongoing” for the Fourth Year;
- These Requests go Directly to the Budget Committee, Which May Make a Recommendation to Keep the Funding on a One-time Basis, to Fund the Expenditure for a Specified Number of Years, or to Switch the Funding to Ongoing;
- This Recommendation then Needs to be Affirmed by PAC and Approved by the College President; and
- If the Funding is Switched to Ongoing, the Budget Will be Added to the Department’s/Unit’s Status Quo Budget During Budget Preparation for the Next Fiscal Year.

Questions

