

TENTATIVE BUDGET 2013-14

RESTORATION AND RECOVERY

- ✘ Passage of Prop 30 and State Budget clearly signal better times ahead for CC
- ✘ How is MPC positioned after four years of significant cuts?
 - + We are educating nearly 20% fewer FTES than in 2008-09.
 - + State workload cuts have reduced revenues far faster than we have been able to reduce expenses, therefore, we continue to deficit spend
 - + Administration is using multiple strategies to increase revenue and reduce expenses

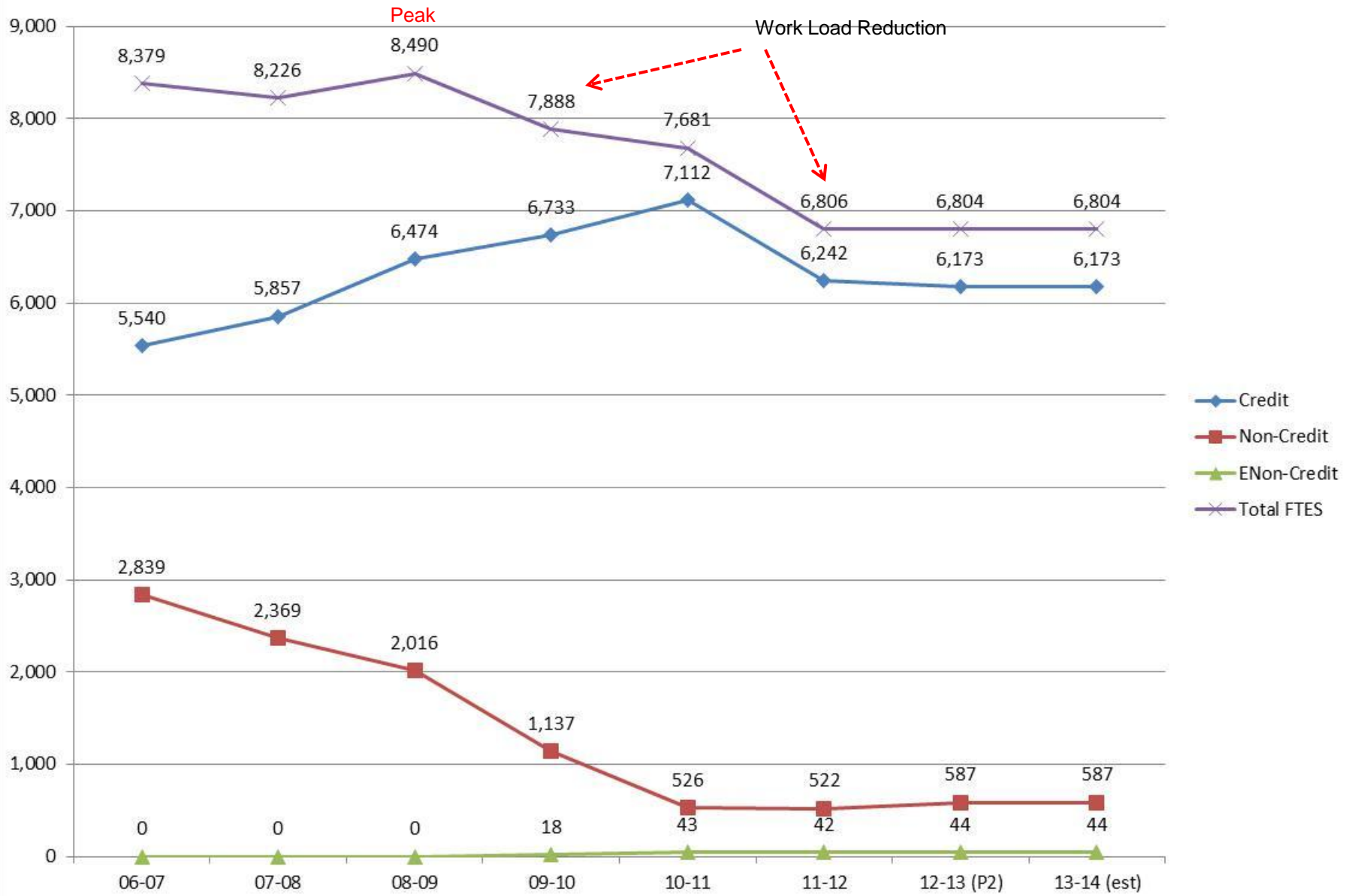
STATE BUDGET AGREEMENT

- ✘ Increased funding over Governor's May Revise
 - + Enrollment growth / restoration of 1.63% for 13-14 (total of \$266M new money for growth in the system)
 - + COLA of 1.57% (\$87.5M)
 - + Student Success Funding of \$99.2M
 - + Energy efficiency funding of \$48M (allocated by Chancellor's Office)
 - + Deferred Maintenance funding of \$30M
 - + Online education funding of \$16.9M
 - + Increased funding for categorical programs (EOPS \$15M; DSPS \$15M; CalWorks \$8M)
 - + Academic Senate funding increased by \$150K

FULL TIME EQUIVALENT STUDENT (FTES) TREND

- ✘ Over 95% of unrestricted GF revenue is generated by FTES
- ✘ State imposed workload reductions (reduced apportionment cap) in 09-10 and 11-12 have significantly reduced apportionment revenues
 - + Since 08-09, MPC's total reported FTES has declined by 19.9%
 - + Credit FTES peaked in 10-11, but declined by 12.2% in 11-12.
 - + Non-credit FTES has remained level for the past four years.

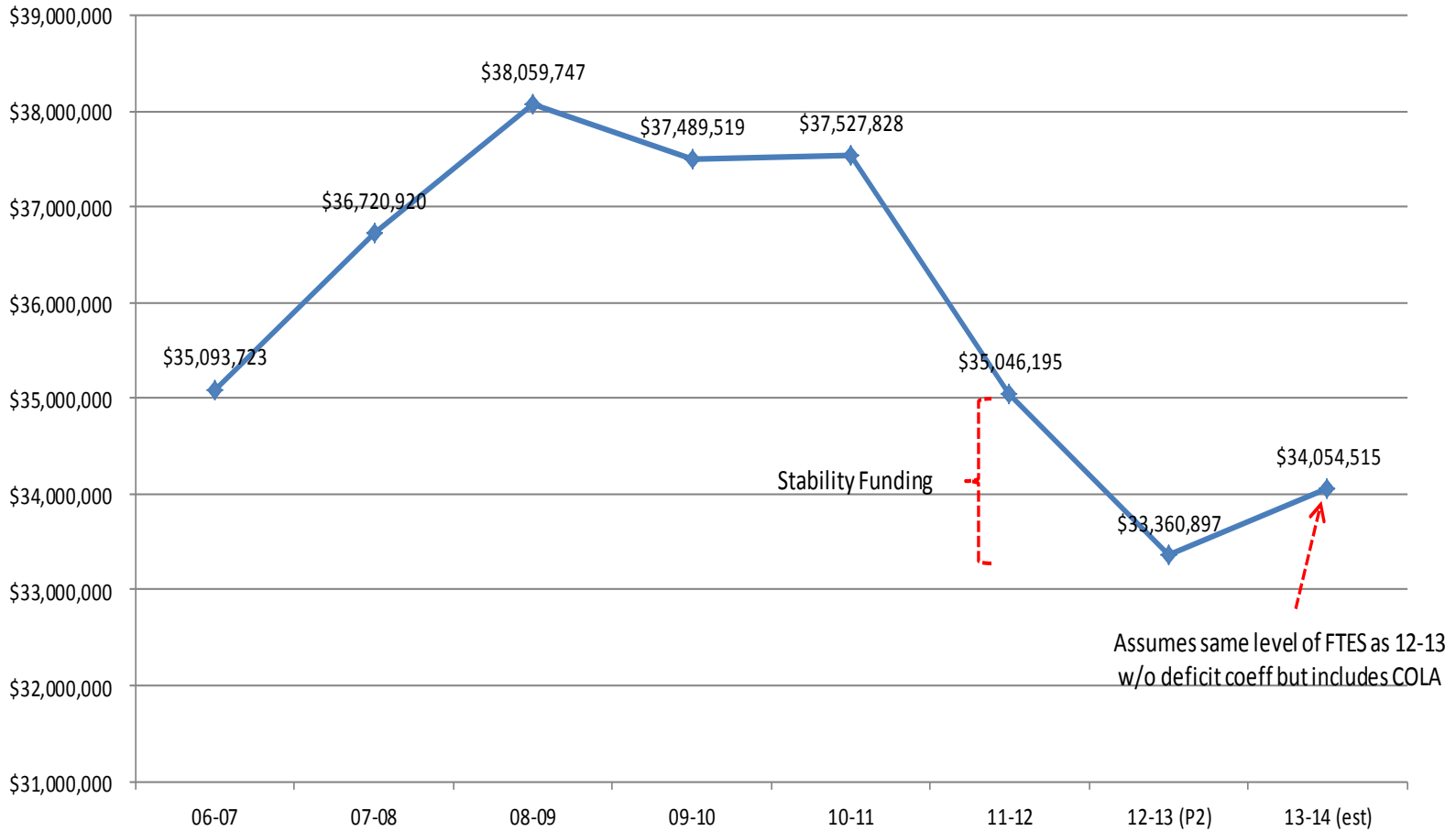
FTES Trend



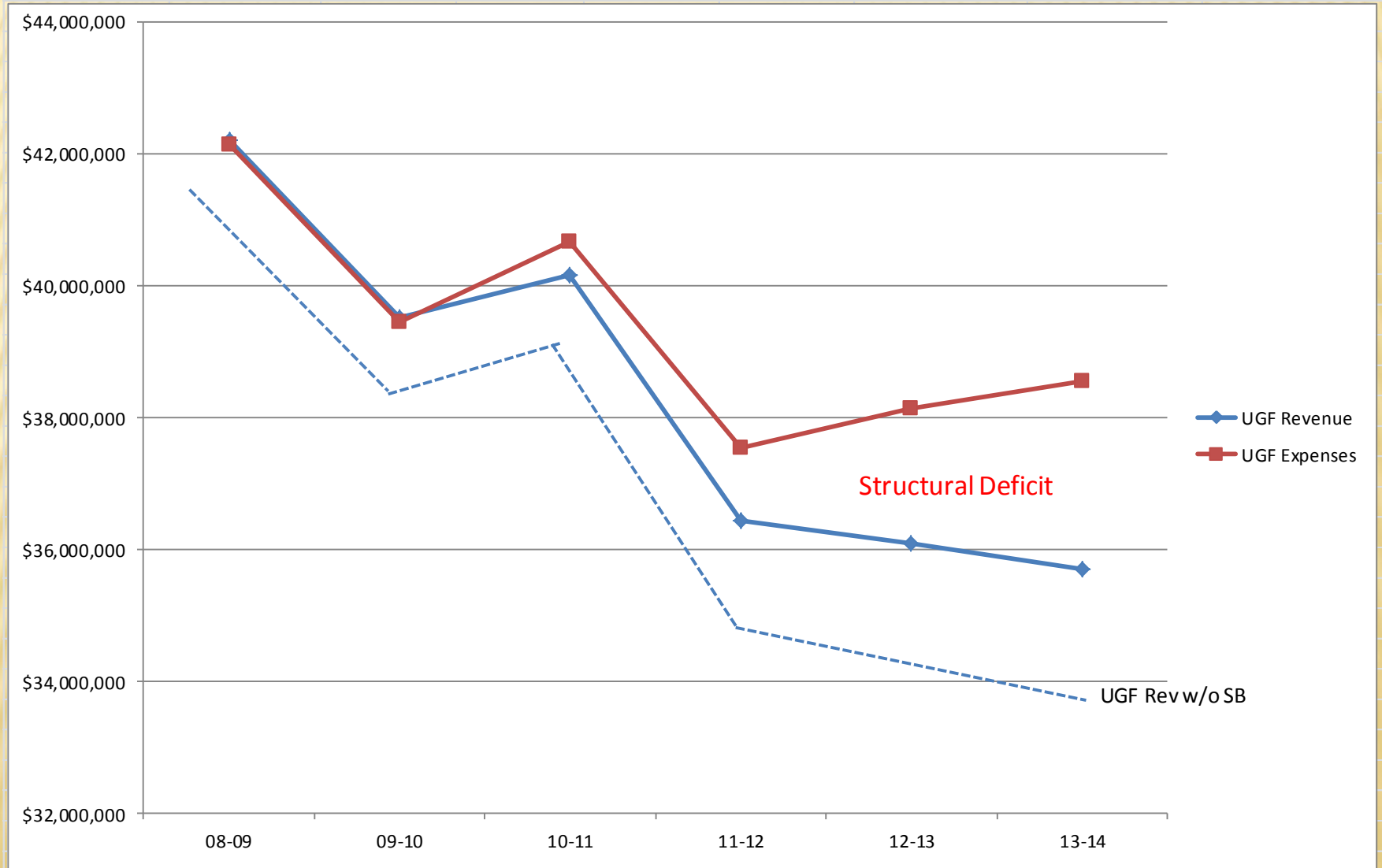
APPORTIONMENT REVENUE

- ✘ Apportionment revenue has been significantly reduced over the past four years
 - + Apportionment peaked in 08-09 at \$38M
 - + In 11-12, MPC went on “stability funding” because we did not make apportionment cap of \$35M
 - ✘ Stability funding equivalent to \$1.387M
 - + In 12-13, MPC unlikely to make \$35M cap again, therefore, MPC apportionment will be reduced \$1.387M at recalc
 - + For 13-14, apportionment is estimated slightly higher than 12-13 because of the inclusion of the 1.57% proposed COLA

Apportionment Revenue



WHAT DOES “DEFICIT SPENDING” LOOK LIKE?



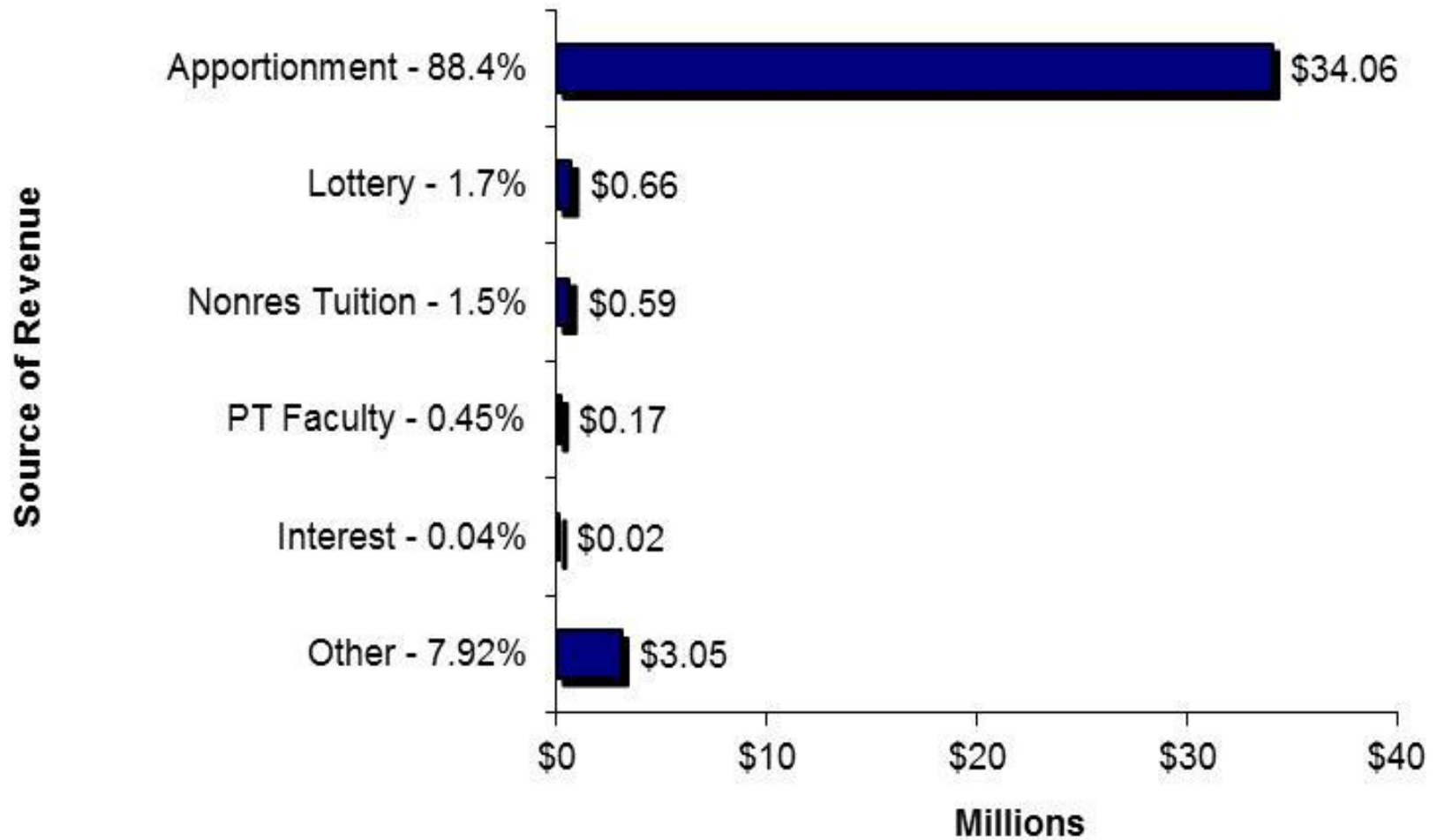
2013-14 BUDGET ASSUMPTIONS

- ✘ A 1.57% COLA will likely materialize in state budget.
- ✘ MPC apportionment cap will be reduced to \$34M because we have been below cap for two successive years.
 - + We have 2 yrs. to earn back stability funding
 - + FTES growth maybe challenging because of repeatability
 - + MPC increasing South Bay commitment to support apportionment revenue
 - + MPC will not be eligible for growth funding until we get back to cap
- ✘ Increase in Student Success funding will help in areas of counseling, advising, and education planning
 - + Criteria for funding allocation not yet approved by BOG

2013-14 BUDGET ASSUMPTIONS

- ✘ Buy down of deferrals will not generate any new funding for MPC.
 - + It will help reduce reliance on internal borrowing
- ✘ EPA funds will not generate any new money
- ✘ Categorical funding will be budgeted at 12-13 levels for tentative budget.
- ✘ Absent any new agreement(s), wage concession of 2012-13 will expire in June 2013.
- ✘ Absent any new agreement(s), the three phase medical plan will expire in June 2013.

Where the money comes from



APPORTIONMENT ESTIMATE

	2011-12		2012-13		2013-14
	Recalc		Projected P2		Tentative
Total Computational Revenue (TCR)	\$35,046,195		\$35,048,737		\$34,189,373 e
Less:					
Deficit Coefficient	(\$676,293)		(\$300,000) b		??
Stability Reduction #1	NA		(\$1,387,840) c		NA
Stability Reduction #2	NA		NA		(\$132,774) f
Adjusted Revenue Entitlement	\$34,369,902 a		\$33,360,897 d		\$34,056,599
Budgeted Apportionment	\$34,672,630		\$34,296,195		\$34,056,599

a) Includes \$1,387,840 in stability funding because MPC did not make apportionment cap

b) Assume deficit coefficient reduced from \$2.2M to \$300K by year end

c) Assume we don't make cap in 2012-13 and Chancellor's Office reduces apportionment at recalc

d) Includes \$132,744 in additional stability funding because of additional FTES reduction in 2012-13

e) Assumes a 1.57% COLA

f) Assume additional stability funding is taken away because we don't make lowered cap in 2013-14

Proposed SB 1456 Student Success and Support Program Credit Funding Formula

College's Potential
Population of Students
to Receive Services



Students
Served at
the College



College Match



**Unduplicated Credit
Student Headcount***
*(academic year =
summer, fall, winter, spring)*



**Base Funding
Floor \$35K or 10%**
(whichever is greater)

40%

Initial Orientation (SM07) 10%**
Initial Assessment (SM08) 10%**
Abbreviated SEP 10%**
Counseling/Advising (SM12) 15%
Comprehensive SEP 35%
At Risk Follow-Up Svc (SM09) 15%
Other Follow-Up Svc 5%

60%

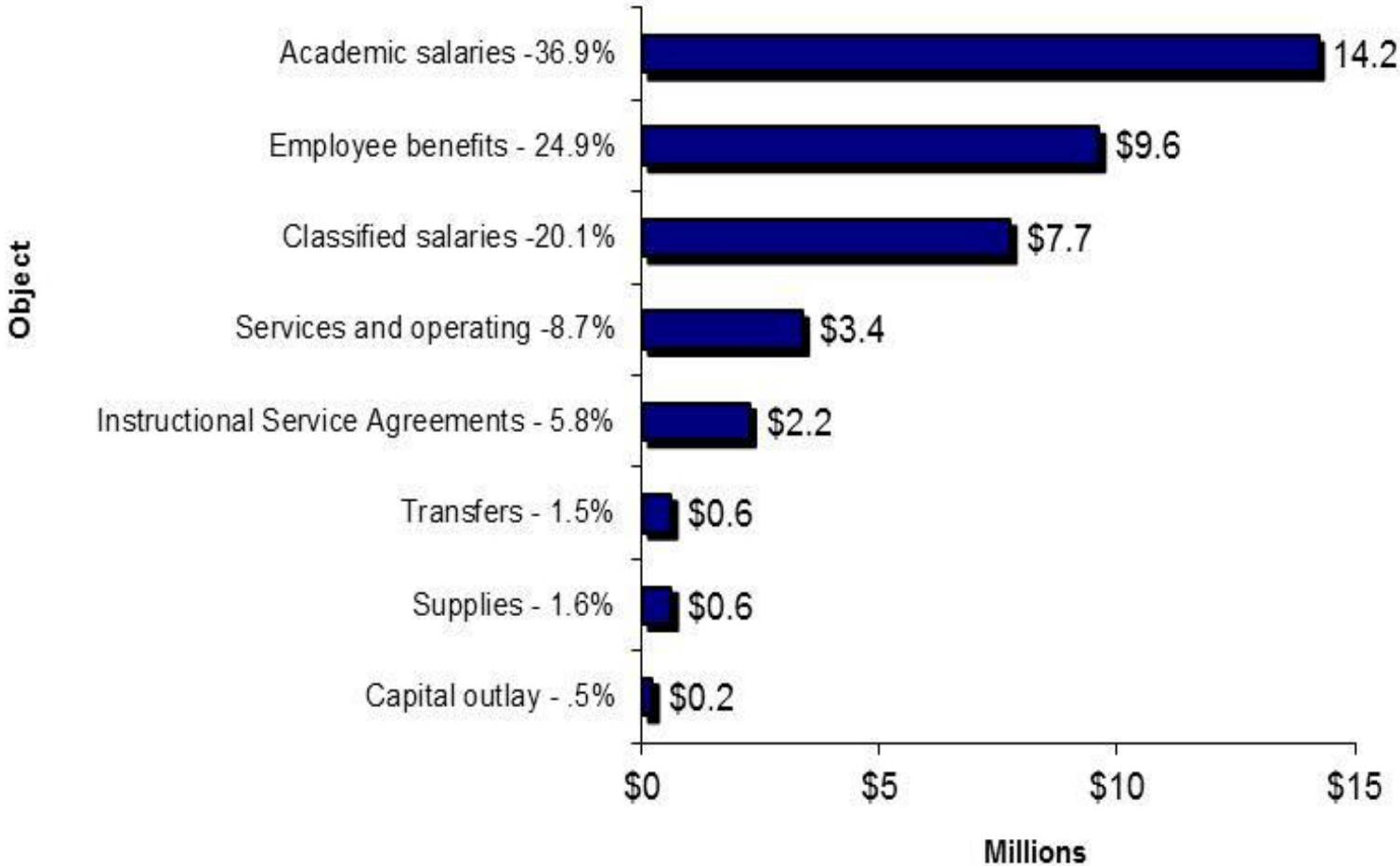
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*includes CA resident students enrolled as of census in at least 0.5 credit units, (STD7) headcount status "A," "B," "C," excludes special admits

**include pre-enrollment services provided for students with SB record, but no enrollment)

***match may include A&R and research

Where the money goes



TENTATIVE BUDGET RESULTS

- ✘ UGF revenues are estimated to decrease by \$391K compared to 12-13
 - + Loss of stability funding somewhat offset by hybrid estimate and COLA
- ✘ UGF expenses are estimated to increase by \$402K compared to 12-13
 - + Board election, ISA increase, expiration of wage concession, and lowering of health premium
- ✘ Structural deficit has increased from \$2M in 12-13 to \$2.85M in 13-14
- ✘ Will have to use reserves and other 1X funds (Self Insurance and Capital Outlay) to close structural deficit

UNRESTRICTED GENERAL FUND COMPARISON

Unrestricted General Fund	Adopted 12-13	Tentative 13-14	Variance
Revenues			
8100 Fed Revenues	\$10,700	\$10,700	
8600 State Revenues	\$1,025,626	\$894,887	
8610 Apportionment	\$19,104,397	\$18,021,682	
8800 Local Revenues	\$15,947,048	\$16,770,667	
Ongoing Revenues <u>before</u> Transfers & Reserves	\$36,087,771	\$35,697,936	(\$389,835)
Expenses			
Salaries & Statutory Benefits	\$26,678,433	\$26,929,769	
Health & Welfare	\$5,751,764	\$5,404,100	
Contracts (ISA, CHOMP & Misc.)	\$2,045,076	\$2,392,165	
Non-personnel items (utilities, insurance, supplies, repairs, etc)	\$3,667,729	\$3,819,120	
	\$38,143,002	\$38,545,154	\$402,152
Structural Deficit in UGF	\$2,055,231	\$2,847,218	

SELF INSURANCE FUND

- ✘ Self Insurance – health benefits
 - + 3 phase medical plan implemented in 10-11 because of projected increase
 - + Employee behavior and reduced utilization seem to have moderated claims experience over the last few years
 - + Savings from SI have been used to backfill GF structural deficit in 11-12, 12-13 and will be needed for 13-14

SELF INSURANCE FUND

- + Benefits consultant is recommending a 12.82% premium increase based on national trends
- + Consultation with HWCCC has resulted in reducing current funding rate from \$1,280 to \$1,200 because of recent past experience.
 - × If the consultant is right and our recent past history changes, we could be looking at a 20%+ increase in 13-14
- + Consultation with HWCCC is also recommending a 9% increase in rates for retirees (>65 yrs.) starting in January
 - × This is based on the cumulative CPI since the last increase in 09-10

SUMMARY OF ALL FUNDS

- ✘ District manages 14 individual funds, the largest being the General Fund at \$43.6M
 - + The GF is balanced with a 10% reserve because we are using \$2.85M of reserves and one-time funds to balance the budget
- ✘ All other funds are balanced except for Self Insurance and Capital Projects / Outlay.
- ✘ Not all funds are self supporting. GF supports the following funds
 - + Self Insurance \$4,990,380
 - + Child Development Fund \$250,867
 - + Debt Service (energy) \$275,324
 - + EOPS \$67,364

SUMMARY OF ALL FUNDS

MPC 2013-2014 Tentative Budget

The following is a summary indicating the projected beginning balances, 2013-2014 budgets, and projected ending balances for all funds maintained by the District:

Funds	Beginning Fund Balance 7/1/2013	Budgets 2013-2014		Ending Fund Balance 6/30/2014
		Revenue	Expense	
General				
Unrestricted	\$3,856,431	\$38,543,238	\$38,545,154	\$3,854,515
Restricted	\$0	\$5,133,123	\$5,133,123	\$0
Special Revenue				
Child Development - Unrestricted	\$0	\$312,715	\$312,715	\$0
Child Development - Restricted	\$0	\$187,493	\$187,493	\$0
Student Center	\$259,336	\$265,200	\$265,200	\$259,336
Parking	\$116,995	\$512,000	\$487,184	\$141,811
Debt Service				
Student Center	\$20,905	\$18,075	\$18,075	\$20,905
Lease Payments	\$52,285	\$275,324	\$275,324	\$52,285
Capital Projects	\$1,771,607	\$1,159,692	\$2,682,285	\$249,014
Building	\$27,158,736	\$50,000	\$7,520,032	\$19,688,704
Self Insurance	\$8,292,175	\$6,342,942	\$8,092,942	\$6,542,175
Fiduciary				
Financial Aid	\$12,881	\$5,300,000	\$5,300,000	\$12,881
Associated Students	\$75,000	\$90,000	\$90,000	\$75,000
Scholarship and Loans	\$272,948	\$2,531,700	\$2,531,700	\$272,948
Trust Funds	\$293,917	\$469,102	\$469,102	\$293,917
Orr Scholarship	\$41,262	\$13,000	\$28,000	\$26,262
Total	\$42,224,478	\$61,203,604	\$71,938,329	\$31,489,753

Notes: Beginning Balance is prior to audit of 2012-2013 fiscal year end.

Ending Balance is calculated based on Beginning Balance and Budgets

All funds are budgeted to have positive ending fund balances. The unrestricted general fund maintains the Board established fund balance reserve of 10% of general fund expenditures.

ON THE HORIZON

- ✘ Performance (completion) based funding
 - + Fully expect governor to resurrect in 2014-15
- ✘ Adult Education restructuring in 2014-15 will likely result in the redefinition of non-credit courses as we know it
- ✘ State funding will be tied more closely to data in the future.
 - + This may be a challenge for MPC because of current limitations of SIS.

QUESTIONS