

Board Budget Update 2013-15 & 2015-17 Biennia

January 15, 2015



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The current 2013-15 biennium

- Enrollment decline
 - 6% in Winter 2015, 5% in Fall 2014 and 5% in 2013-14
- Ended 2013-14 with a slight surplus
- FY 2014-15, a projected deficit of \$500K, 0.25% of annual budget; the size of deficit could be higher and depends on spending pattern for the remainder of FY 14-15 & Winter and Spring 2015 enrollment
- Updates in January 2015 from CCWD helped a bit as our share of the CCSF is a bit bigger



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2015-17 Biennium Budget timeline RECAP:

- January 23, 2015 Board Work Session, more budget discussion
- February 17, 2015 Board meeting, Budget discussion and resolutions to approve tuition/fee changes—needed for timely processing of financial aids
- March 19, 2015, Board to meet as budget committee to discuss budget
- Beginning of April: President to propose the budget
- April 16, 2015, Board to meet as budget committee to hear and approve the proposed budget & levy property tax for operations & bond debt services
- May 19, 2015 Tax Supervising & Conservation Commission to hear and certify the PCC Board approved budget
- June 18, 2015 Board to Adopt the 2015-17 Budget and tax levies



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Preliminary Budget assumptions: Revenue:

- **CCSF \$500 M in Governor's proposed budget**
 - Our share is about 30%
 - Still capped enrollment, we are about 3000 FTE above the cap in FY 2013-14
- **Property Tax increase: 3% allowed by law, about \$800K**
- **Enrollment anticipated to decline further, flattening a bit in 2016-17:**
 - Preliminary assumptions: -5% and -3% respectively
- **Tuition increase: needs further discussion for the biennium**
 - We are tied at 7th for tuition per credit; 12th for tuition/fees
 - We are closed to the bottom for all resources per FTE
 - Adjustment could be made the 2nd year as we did in this biennium



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Preliminary Budget assumptions:

Expenditures (discuss further in risks & uncertainties):

- Salary adjustments (known ones, like steps & related benefits)
- PERS escalation anticipated; 1.5% increase or \$1.5 M a year
 - Had it not for our pension obligation bond side accounts credit, the rate would have been 9.06% more or \$9M added cost
- Small adjustment to Materials, Supplies & Services (1%)
- Augment Risk Reserve & Early Retirement based on actuary studies
- Add bond build-out operating costs of the last new buildings
- Commitments to make grant funded positions permanent, e.g. Title III FLAIR Grant



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Preliminary Budget assumptions:

Expenditures: Strategic budget initiatives

- Replenish some of the \$20M fund balance that we used in 2010-11 to 2012-13
- Set up a strategic initiative fund (SIP) to implement the College Strategic Plan approved by the Board
- Set up a large equipment fund for college's large equipment needs



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Preliminary Budget assumptions:

Risks and Uncertainties:

- **CCSF not finalized until June, 2015.**
- **Enrollment could decline more than we anticipate**
- **Labor negotiation to start in Feb; won't know until June or later**
- **We are close to the 2% Kicker to kick; if so, State would lose \$300M and might impact the CCSF**
- **Supreme Court reverses the legislative reforms on PERS--a big impact after 2015-17**
- **Dual Credit enrollment is likely to increase while giving PCC no resources while we are still capped.**



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Legal vs Final PCC operational budget:

- Continue thru April to complete the legal budget with preliminary assumptions as many major pieces will not be finalized until June, 2015 or later.
- Engage the BPAC in further discussion on budget issues including the strategic budget initiatives:
 - The allocation of the 3 major items
 - The discussion of priorities on the (#2) SIF items after details are developed
- The final operational budget would likely be finalized after the adopted budget in June. Use supplemental budget to change.



Questions

Thank you!



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