

Palo Verde College

**FY2015-16
BUDGET WORKSHOP
AUGUST 25, 2015**

PALO VERDE COLLEGE

MISSION AND VALUES

MISSION STATEMENT

Palo Verde College is a California community college that supports an exemplary learning environment with high quality educational programs and services. The College promotes student success and lifelong learning for a diverse community of learners.

VALUES

- **Excellence**
- Palo Verde College is committed to excellence. The College expects quality instruction and services, and applauds the achievement of its students, faculty and staff.
- **Learning**
- Palo Verde College facilitates lifelong learning and encourages scholastic achievement. The College believes that knowledge, understanding, and their application are keys to a better future.
- **Integrity and Ethics**
- Palo Verde College maintains the highest standards of ethics and integrity. The College consistently demands respect, honesty and fairness in its educational programs, professional interactions and community relations.
- **Diversity**
- Palo Verde College celebrates diversity in its students, in its faculty and staff, and in its community. Diversity enriches us all and strengthens our community.
- **Creativity**
- Palo Verde College supports and encourages creativity and innovation.
- **Civic Responsibility**
- Palo Verde College supports the continuous development of civic responsibility.

BUDGET AND PLANNING COMMITTEE

BUDGET and PLANNING COMMITTEE MEMBERS

Biju Raman

Academic Senate President

Michael Gaubeca

CTA

Russi Egan

Chief Business Officer

TBD

Associated Student
Government

Adam Houston

Program Review Liaison

Sean Hancock

Vice President,
Instruction and
Student Services

Shelley Hamilton

Classified Management
President

Eric Egan

Director, Information
Technology

Lale Arac

Director, Needles

Rich Soto

CSEA President

TBD

Technical Resource
Business Office

Stephanie Slogan

Technical Resource
Business Office

BUDGETING PRINCIPLES

- **Transparency** - We must be transparent in our discussions and decisions.
- **Broad Participation** – It is vital that all constituency groups are represented and participate for well-rounded and good decision making to take place.
- **Balanced** – The budget must be balanced. As a budget committee we must be good stewards and do everything in our power to ensure a balanced budget.
- **Conservative** – Due to the uncertainty of state funding and with such a small budget, it is prudent to plan conservatively so that we are better prepared for unforeseen events.
- **Complete/comprehensive** planning (including long-term obligations) – We need to strive to cover include everything in the budgets and plan for the future.

BUDGET GUIDELINES

- **One-time revenues** will be allocated to one-time expenditures; on-going expenditures will be covered by on-going revenues.
- **Year-end balances** are not budgeted for ongoing expenses.
- **Funds are budgeted** where they are expected to be spent so as to minimize transfers and protect budget integrity.
- **Contractual obligations and fixed costs** are budgeted first.
- **New positions must be fully funded**; salaries, benefits and support expenses.

BUDGETING PRIORITIZATION

Align with College's Strategic Plan (Vision, Mission, Values, Strategic Goals)

Achieve Strategic Goals – ensuring student success, expanding services and access (growth).

Align categorical/restricted programs with Strategic Goals; to the degree possible and allowable, use those funds to support on-going District expenditures even if on a one-time basis.

Recommended level of reserves is currently 12%

To accommodate cash flow shortfalls, implement a disciplined spending plan tied to cash-flow projections with centralized spending control.

Use inter-fund borrowing in preference to external borrowing, due to added costs and potential conflicts between scheduling of repayment and deferred apportionment.

UNRESTRICTED BUDGET

BUDGET SUMMARY

2014-15 BUDGET DEVELOPMENT

- Unmet needs were reviewed by program review and college council with a recommendation of the ranking being submitted to the budget committee. Total \$117,140
- Program Review Criteria:
 - Health and Safety
 - Student Success
 - Number of Students Impacted
 - FTE/Revenue
 - Instruction
- Scale
 - 5 = Extremely Important
 - 3 = Neutral
 - 1 = Least Important
 - 0 = Didn't meet criteria

BASIS FOR THE CALCULATION OF THE FTES (2015-16)

- We are using the basis of 1811 FTES for the 2015– 2016 year.
- This number is being used based on obtaining 1848 FTES for 2014-15.
- The district expects to receive growth which would increase our potential cap to 1901 (5.38% growth).
- 4.65% increase to base funding. Due to Prop 98 funding.
- Increase in the number of FTES from the prisons and ISAs.
- Any other concerns or questions?

CAUTION!!

- Strings attached
 - Districts must create and plan for the future increases for STRS and PERS and submit it to the Chancellor's Office via the 311.
 - The additional money received from the state is intended to help offset these additional costs.
 - Based on today's salaries, the additional cost to the district would be \$523,169
- Prop 30 aka EPA
 - First part expires 12/31/16 and we will lose 21% of our EPA funds or \$223,508 in 2016-17 and \$447,015 in 2017-18.
 - Second Part expires 12/31/18 which will mean a loss of \$840,815 in 2018-19 and \$1,681,629 in 2019-20.

CAUTION!!

This is an excerpt from Accounting Advisory: CCFS-311 Pension Costs issued by the Chancellor's Office on 7/21/15.

While the increase is greatly appreciated, it will not cover the entire cost associated with pension fund increases projected in the coming years. Further, given the normal business cycle's end coinciding with the looming sunset of Proposition 30 revenues, we cannot simply assume the receipt of another large increase like this in the future. Given these concerns, the Chancellor's Office is taking a step to help ensure community college districts are properly planning these resources with future obligations in mind.

The Chancellor's Office Annual Financial and Budget Report (CCFS-311) will collect community college districts' actual and estimated pension contribution amounts from the 2013-14 fiscal year through the 2020-21 fiscal year. In addition, the CCFS-311 will ask if your community college district has developed a plan to ensure they are able to fund these increases through full implementation of the projected contribution increases.

APPORTIONMENT CHANGES ON-GOING 2015-16

Base Funding:		New Rates	
Small College	3,373,694	3,566,659	
Rural District	562,282	1,188,887	
Needles	140,571	148,611	
	4,076,547	4,904,157	827,610
FTES Funding			
Credit	4,676	4,943	
1695.38 C-FTES	7,927,427	8,380,857	453,429
Non- Credit	2,812	2,973	
117.02 N-FTES	329,060	347,851	18,791
Total Increase In On-going funding			1,299,830

ONE-TIME FUNDING PROPOSAL ONLY

Annual Mandated Block Grant		50,533
Enhancement Requests	40,000	10,533
Painting	10,533	-

Reimbursement Mandated Block Grant		998,834
Parking Lot (Blythe, Needles, CDC)	100,000	898,834
Office Computers (100)	150,000	748,834
Server Upgrades	100,000	648,834
Enhancement Requests	40,000	608,834
Reporting Upgrade	50,000	558,834
OPEB	500,000	58,834
Painting/Repairs	58,834	-

GROWTH POTENTIAL 2015-16

Growth Rate			5.38%
Total Potential Income		\$	439,507
FTES			88.91
New Cap			1,901
(Calculated at the credit rate and there is a potential for change in the percentage. This must be achieved in order for it to be added to our base FTES.)			
Possibility of achieving growth:		FTES	
Ended 2014-15 at 1848		37	61 FTES
First day of class = 13.5%		24	
Only 27.91 FTES to go			

RECAP

- Base Increase: \$1,299,830
 - STRS/PERS Liability \$523,169
- Growth Increase: \$439,507
- One-time Money: \$998,834

ASSUMPTIONS FOR 2015-16

- **Revenue**
 - Revenue based on 1811 FTES.
 - 1.02 % COLA
 - All fees collected are based on a 5 year average.
- **Expenses**
 - California CPI of 2.3% used to estimate increase in expenses.
 - Rollover of current expenses

UNRESTRICTED BUDGET

REVENUE

CALCULATING APPORTIONMENT

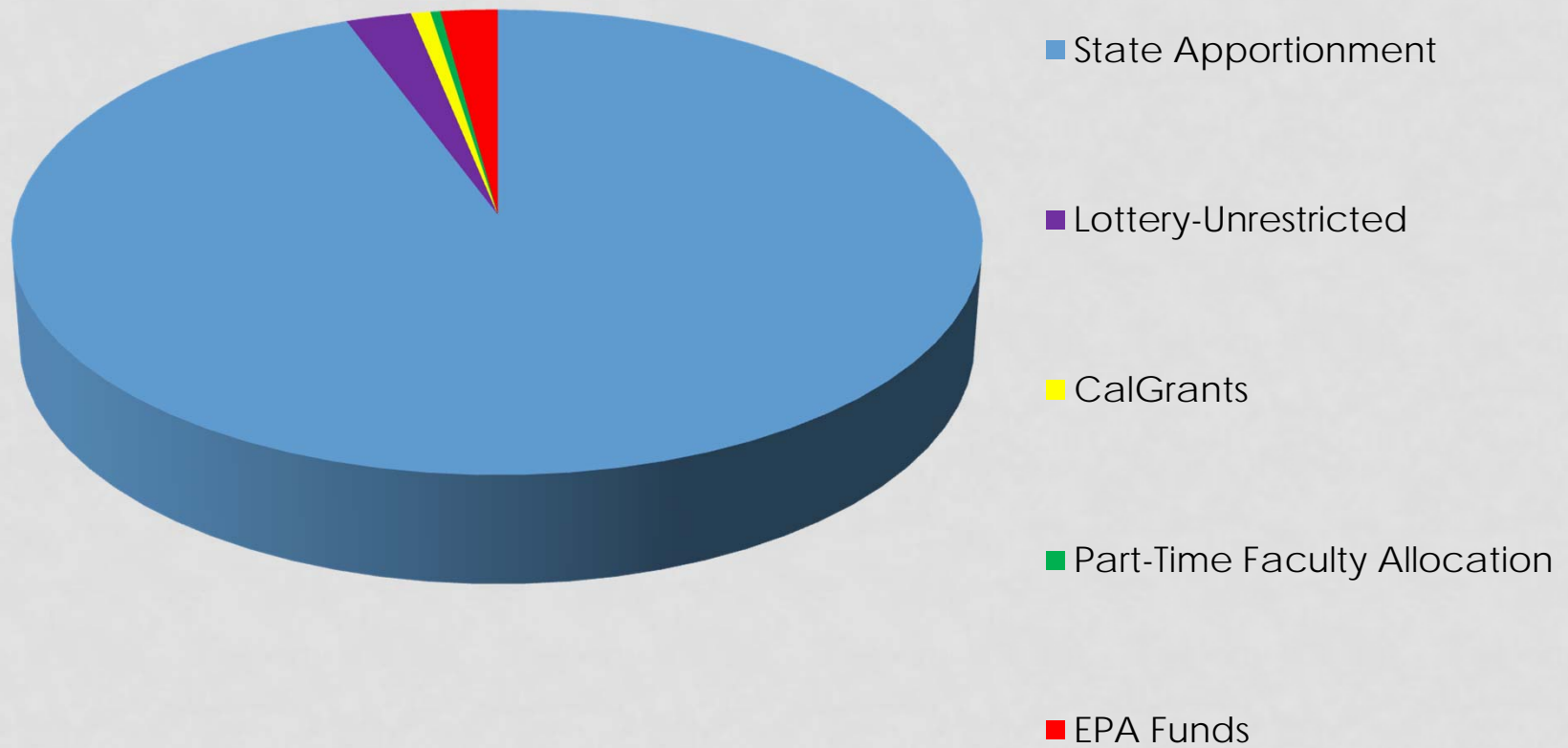
Basic Allocation Calculation	
Single College District <= 9,236 FTEs	\$3,566,659
Rural District Allotment	1,188,887
Total for Palo Verde Community College	\$4,755,546
Needles Approved Center <= 231 FTEs	148,611
Total Base Allocation for the District	\$4,904,157
2014-15 Credit FTEs (1695.38 x \$4,943.35)	8,380,857
2014-15 Non-Credit FTEs (117.02 X \$2,972.58)	347,851
Total Revenue Entitlement	\$13,632,865
Less EPA Funds (16.29% of total)	-2,220,794
Less Property Taxes	-1,138,097
Less Anticipated Enrollment Fees	-491,169
Total State General Apportionment	\$9,782,805

STATE REVENUE

State Apportionment	\$9,782,805
EPA Funds	2,220,794
Part Time Faculty Allocation	38,310
Anticipated Lottery (\$140/FTES)	253,540
Cal Grants	75,000
State Revenue	12,295,449
Less: Needles Center Base Allocation	-0
Anticipated State Revenue	12,295,449

Source: Advanced Principle Apportionment Report Exhibit A

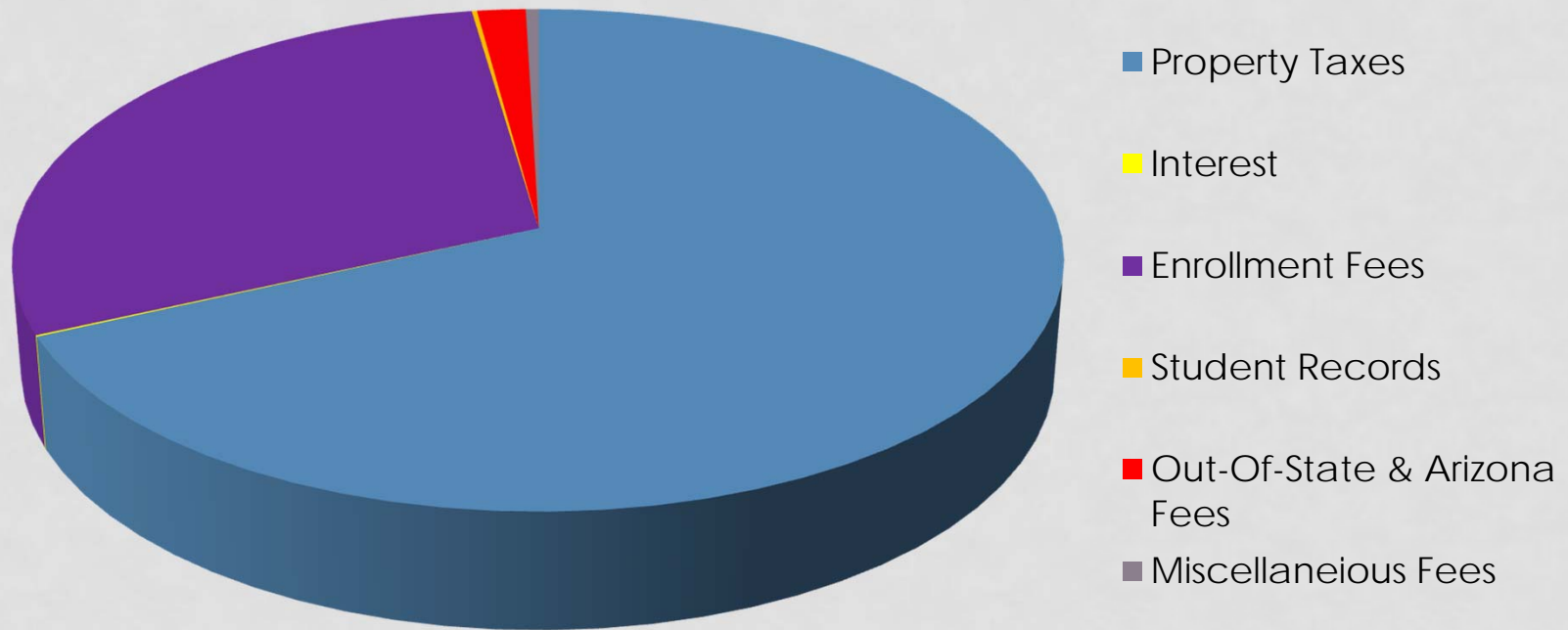
State Revenue



LOCAL REVENUE

Property Taxes	\$1,138,097
Enrollment Fees	491,169
Interest	1,407
Student records	3,018
Out-Of-State & Arizona Fees	28,056
Miscellaneous Fees Collected	7,500
Total Anticipated Local Revenue	<hr/> 1,669,247

Local Revenue



TOTAL ESTIMATED REVENUE

State Revenue	\$12,295,449
Local Revenue	1,669,247
Total Anticipated Revenue	\$13,964,696

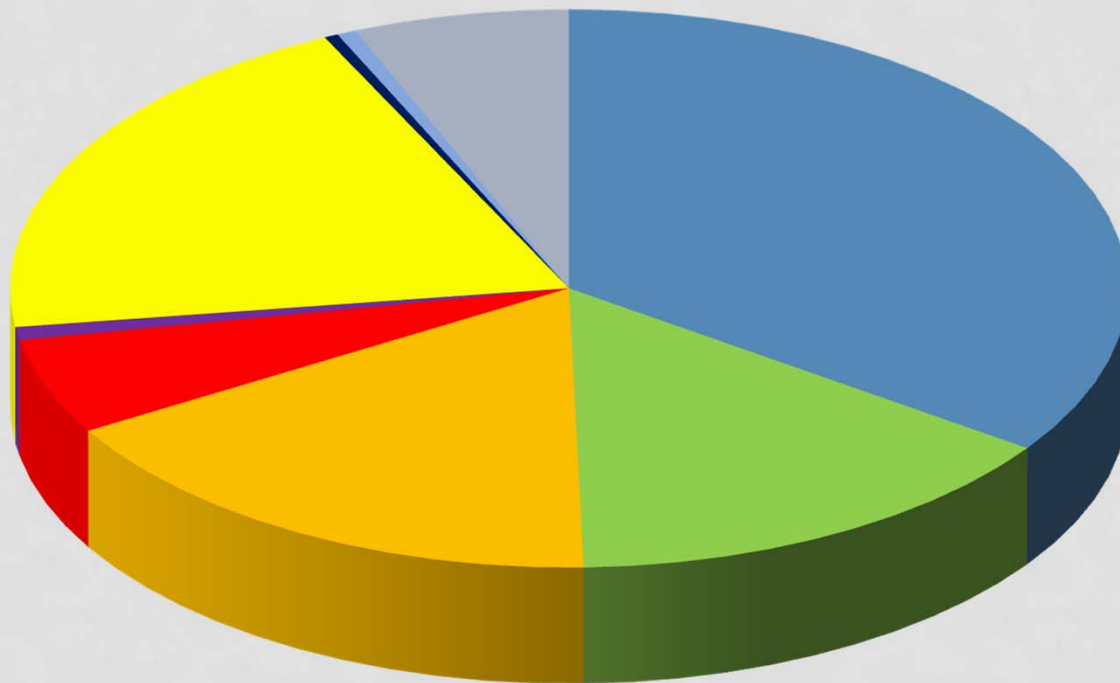
EXPENSES

UNRESTRICTED

2015-16 UNRESTRICTED EXPENSES

Certificated Salaries	4,744,175
Classified Salaries	2,033,245
Benefits	2,309,020
SERP	760,000
Supplies	102,322
Contracts/Services	2,296,415
Additional ISA	439,965
Capital Outlay	55,000
COP Payment	855,000
Student Outgo	75,000
Total	13,670,142

Expenses



- Certificated Salaries
- Classified Salaries
- Benefits
- SERP
- Supplies & Materials
- Operating Expenses & Services
- Capital Outlay
- Student Outgo
- COP

2015-16 ADOPTED BUDGET SUMMARY

Revenue		
State	12,295,449	
Local	1,669,247	
Total		13,964,696
Expenses		
Salaries	6,777,419	
Benefits	3,069,019	
Supplies	102,321	
Contracts/Service	2,736,383	
Capital outlay	910,000	
Student Outgo	75,000	
Total		13,670,142
Difference		294,554

2015-16 ESTIMATED 50% LAW CALCULATION

Total Estimated Expenses	\$ 13,670,142
Exclusions (SERPs, COP, Lottery, Etc)	\$ (2,402,965)
Total Expenses for calculation	\$ 11,267,177
Amount spent on instructor salaries and benefits	\$ 6,208,330
Calculation	55.10%

QUESTIONS?

