BUDGET COMMITTEE MEETING

PALOMAR COLLEGE
Learning for Success

October 24, 2017

FY 2017-18 District Planning Assumptions

REVENUE ASSUMPTIONS:

- BASE FTES – **19,200**
- RESTORATION – **$5.5M**
  - **MUST EARN ADDITIONAL 1,089 FTES**
- LARGE COLLEGE DISTRICT RATE PLUS ONE APPROVED CENTER
- 1.56% COLA – **$1.5M**
- BASE INCREASE – **$2.9M**

EXPENDITURE ASSUMPTIONS:

- STEP/COLUMN ADVANCES – **$700K**
- NEW HIRES – **PRIORITIZED HIRING**
- 7% BOARD RESERVE– **$8.8M**
- BENEFITS
  - **HEALTH AND WELFARE- 14% INCREASE**
  - **PERS FROM 13.05% TO 15.53%**
  - **STRS FROM 12.58% TO 14.43%**
  - **FUTURE RETIREE HEALTH – 8.8% INCREASE**
- DISCRETIONARY BUDGETS-ROLL
- SERP – **$1.27M**

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FY 17-18 FTES Overview

(as of October 18, 2017)

FTES Overview		FTES	Notes	
FY 17-18 Adopted Budgeted FTES		19,200	Adopted Budget $3.4M Deficit (Does not include any negotiated increases)	
FY 16-17 Final Reported FTES		18,129	FY 16-17 320 Attendance Report - Final	
FTES Increase Needed in FY 17-18 to reach Adopted Budget		1,071	$5,435,325	GFU Revenue in FY 17-18 Budget
Current Fall 2017 Decline (3.6%) as of 10/18/17		653	$3,312,168	Current GFU Revenue Loss per Enrollment Report
Revised FTES Increase Needed to reach Adopted Budget	(a)	1,724	$8,747,493	GFU Total Potential Loss in FY 17-18 Budget
FY 17-18 Potential Growth Available at Advance Apportionment (19,714)		514	$2,608,550	GFU Potential Additional Revenue if Growth Reached
Total FTES Need to Attain both Adopted Budget and Growth	(a1)	2,238	$11,356,043	Total GFU Revenue (including Growth)

FTES Plan - *(Estimates)*		FTES	
Spring 2018		417	FY 16-17, earned 8,334 FTES *(5% estimated increase)*
South Education Center		100	Estimated (VPI)
North Education Center		50	Estimated (VPI)
Summer 2018 Borrowing		1,157	If Summer Academic Calendar is shifted
			(Allows Summer FTES borrowing up to 1,400 FTES - if not, only 53 FTES will be able to borrow)
			(Caution: FY 18 - 19 Base year)
Total Increase per FTES Plan	(b)	1,724	
Net Increase/Decrease over Adopted Budget	(c)	0	
Net Increase/Decrease over Budget and Growth FTES Needed	(c2)	(514)	Does not attain Growth Funds Available

Guiding Principles

BUDGET REDUCTIONS

- Meet all legal, financial and statutory requirements
  - Employee contracts
  - FTES targets, 50% law, FON
- All budget reductions should have as little impact on students as possible
- Maintain accreditation standards of the college
- Protect the core curriculum, programs and services needed to fulfill the mission of the District
- Maintain the 7% Governing Board Reserve

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Presented: Budget Committee October 10,2017; Cabinet October 19, 2017

FY 2017-18 SUGGESTED TARGET REDUCTION

PRELIMINARY DEFICIT PROJECTION – **$3.5M**

RESTORATION NOT EARNED:

- RESTORATION – **$5.5M**
  - **IF TARGET FTES IS NOT REACHED, DISTRICT GOES BACK INTO STABILITY**
- 1.56% COLA – **$1.5M**

RECOMMENDED TARGET EXPENDITURE REDUCTION - $7M

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BUDGET REDUCTION IDEAS

SHORT TERM

- Shift allowable expenditures to Other Funding Sources
  - (IELM, Prop20 Lotto, RDA, Categoricals) - $3M
- Reduce Interfund transfer to F69 - $2M
- Across-the-board % Budget Reduction – TBD
- Reduction in hourly budget - $300,000
- Limit travel and conference attendance – TBD
- Reverse unspent budgets (2 years of no activity) - TBD

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Community Redevelopment Agencies

Fund 41

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Community Redevelopment agency (*AKA RDA)

- Created:
  - City (within City Limits)
  - County (unincorporated areas)

- Legislative body:
  - City Council
  - Board of Supervisors

- Responsibilities:
  - Typically limited to redevelopment project areas

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Community Redevelopment agency (*AKA RDA)

- Reasons for RDA's:
  - Eliminate blighted conditions
  - Expand supply of low-and-moderate-income (LMI) housing
  - Expand employment opportunities

- ABX 1 26
  - Effective June 29, 2011
  - Upheld by Supreme court, December 29, 2011
  - Dissolved former RDA's on February 1, 2012
  - Transferred all RDA assets & obligations to Successor Agencies

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Types of RDA pass-through

- Pass-through continue to include payments from multiple pass-through categories:
  - Contractual Pass-through
    - These are from pre-1994 projects only, and are 100% restricted to educational facilities.
  - Statutory AB 1290 Pass-through
    - These include pass-through from post-1994 projects and are subject to partial revenue level offset
      - 52.5% restricted to educational facilities
      - 47.5% unrestricted for revenue level offset

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PALOMAR CCD RDA'S

- Summary
  - RDA's (7)
    - Escondido (1), Poway (1), San Marcos (3) and Vista (2)
  - <u>Pre-1994 Contractual Pass-through agreements</u>
    - 6 – Escondido, Poway, San Marcos (2) and Vista (1)
  - <u>AB 1290 Pass-through</u>
    - 1- Vista
      - Minimal funds received to date due to low assessed value of city property

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Educational Facilities portion

- District or campus buildings
- District or campus infrastructure (District office, warehouse, corporate yard, parking facilities, utilities, HVAC)
- Other furniture, fixtures, and equipment (FF&E)
- Relocation and interim housing (Leased portable classrooms)
- Other operating leases (District office or store front space, computers, and office equipment)
- Design and architecture services; legal, planning, and consulting services, and other project or program specific soft costs
- Debt service payments on capital leases (COPs)

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Other Post Employment Benefits

Fund 69

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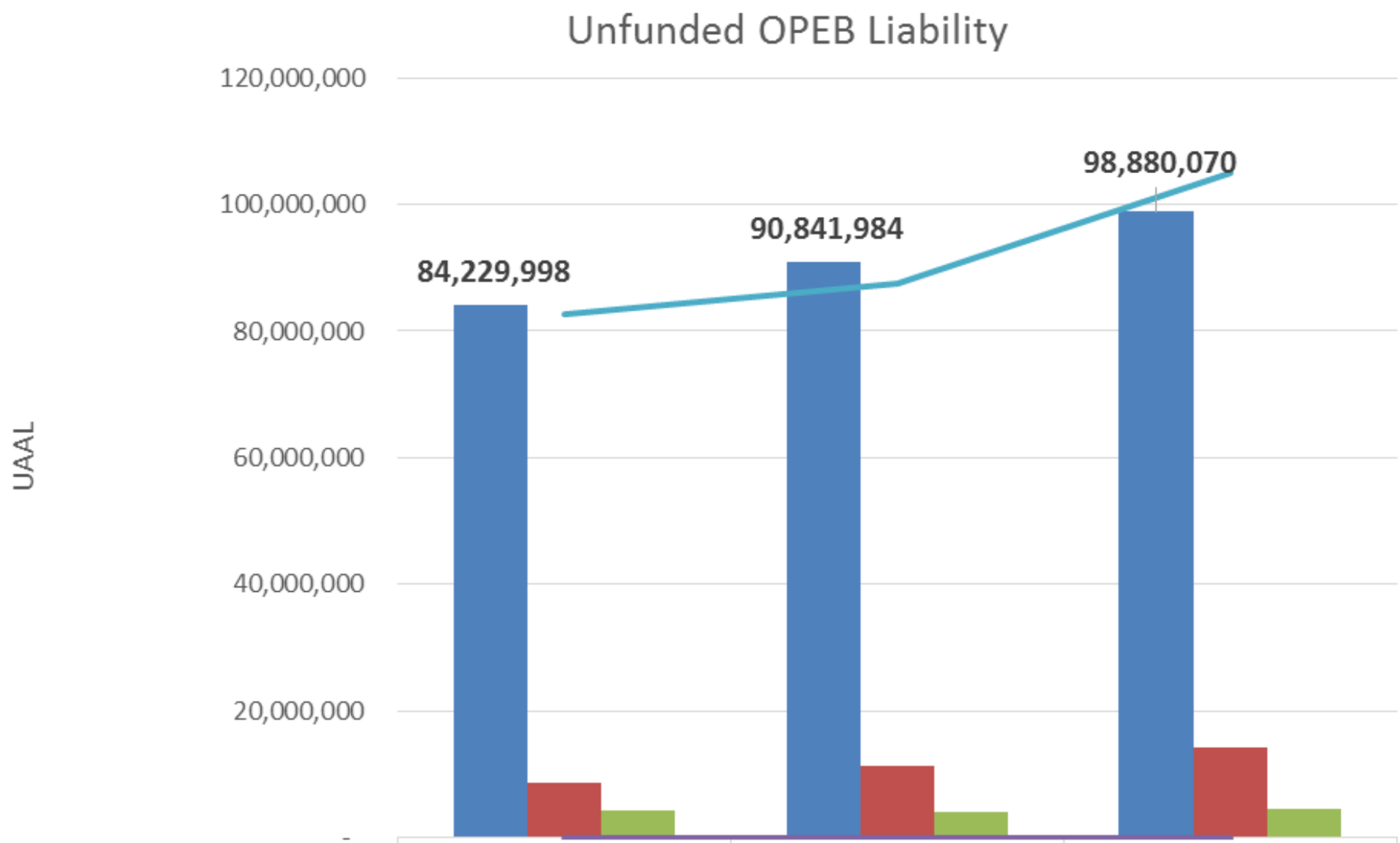
Unfunded OPEB Liability



	FY 2013	FY 2015	FY 2017
Unfunded Liability	84,229,998	90,841,984	98,880,070
Fund 69	8,649,173	11,174,120	14,243,211
Irrevocable Trust	4,201,486	4,130,044	4,476,205
% Funded	15%	17%	19%
Annual Req'd Contr	6,205,434	6,565,167	7,866,793

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Other Post-Employment Benefits

Fund 69 Actuarially Required Contribution – the amount District should contribute during the year to fund the liability over time, calculated using certain parameters provided in GASB 45 standards.

Actuarially Required Contribution	7,866,793
Normal Cost (OPEB earned by eligible active employees in current year + Catch Up Payment) [included in payroll]	4,057,895
Retiree Catch Up Payment [Interfund F/F11]	3,808,898
Total Annual ARC FY 17-18	**7,866,793**
Retiree Benefits Claimed FY 2017-18 [F/F69]	5,845,192
Net Contribution to Fund 69 FY 17-18*	**2,021,601**
*Adopted Budget	

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Next Steps

- **Fall 2017 Semester**
  - Executive Staff
  - Budget Committee
  - SPC Approval

- **Spring 2018**
  - Implement Budget Reductions

- **Questions**

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