5 YEAR PROJECTIONS

FISCAL 2016-17 THROUGH 2020-21

REVENUE

- The 5 Year projections for the ***Unrestricted General Fund*** assumes a reduction in FTES generated of 7.3% for 2015-16, 7.0% for 2016-17, 2.0% for 2017-18, and flat for 2018-19 through 2020-21.
- The following chart has the projections for FTES and the revenue that results from the FTES generated, based upon the FTES assumptions noted above. The chart illustrates the "Hold Harmless" affect of stability. The reduction in revenue is in the year following the reduction in FTES generated.

	Actual 2014-15	Estimated 2015-16	Estimated 2016-17	Estimated 2017-18	Estimated 2018-19	Estimated 2019-20	Estimated 2020-21
FTES Generated	14,273	13,295	12,364	12,106	12,106	12,106	12,106
Revenue	$ 66,127,722	$ 66,127,722	$ 61,819,910	$ 57,492,516	$ 56,289,026	$ 56,289,026	$ 56,289,026

REVENUE

- **State Revenue - Ongoing**

1. State COLA of 1.0% annually increases revenue.
2. Education Protection Act (Prop 30): the 1/4 cent sales tax revenue sunsets December 31, 2016 reducing revenue commencing 2016-17. The overall impact of this sales tax sunset is 20%. The remaining 80% of the Prop 30 revenue, the higher rate of tax payments for upper income tax brackets, is set to expire in December 2018. Ballot initiatives are being introduced to continue the tax. The ballot initiative supporting the income tax extension has support and is expected to pass. The net reduction is the 20% (sales tax revenue).
3. Enrollment fee revenues are projected to decrease due to the decline in enrollment.

REVENUE

- **State Revenue - One Time**

4. Deferred maintenance/instructional equipment with no local match required of $3,500,000 one time is projected to be ongoing. This does not come directly into the UGF, but can be used to offset the transfers to construction and equipment funds in years where there is not enough ending balance to meet the transfers. This preserves the UGF for other purposes.
5. One-time mandate reimbursement of $3.4 million in 2015-16 and $920,000 for 2016-17, is not projected for future years reducing revenues.

- **Local Revenue**

6. No change in local revenue (international student and non-resident fees).

EXPENSE

- The initial projection attempts to balance revenues and expenditures by matching the decrease in revenues with a corresponding decrease in the expense categories. The decrease in revenues will result in a matching decrease in expenditures of 7.3% for 2016-17, 7.0% for 2017-18, 2% for 2018-19, 2019-20 and 2020-21 are flat. In addition the following assumptions are also incorporated:

1. Any COLA increase will be applied to all salaries and benefits. No increases to salary outside COLA.
2. Employer contribution towards health benefits increase for PPO 80% plan to maintain-of-pocket to $0 for employees is estimated at 3% of the Health benefits per year.
3. The fixed and mandated expenses increased based on actual and trends, approximately $50,000 per year.
4. The CalPERS and CalSTRS employer contribution rate increase is based on the current estimates from PERS and STRS.

TRANSFERS

- **These are the transfer of funds to and from the Unrestricted General Fund Ending Balance.**

1. Transfer to the Construction Fund for ongoing campus maintenance will be $2.0 million, unless it needs to be reduced to balance the budget. NOTE: Deferred maintenance/instructional equipment one-time funds can be used to meet this annual contribution.
2. Transfer to the Construction Fund for loan payments to the California Energy Commission for the photovoltaic system loan of $191,846 and for the light program loan of $91,940. These amounts will continue for the life of the loans (ending in 2024 and 2021).
3. Transfer to the Equipment Fund for equipment replacement of $1.5 million and for copier replacement of $155,000, unless it needs to be reduced to balance the budget. NOTE: Deferred maintenance/instructional equipment one-time funds can be used to meet this annual contribution.

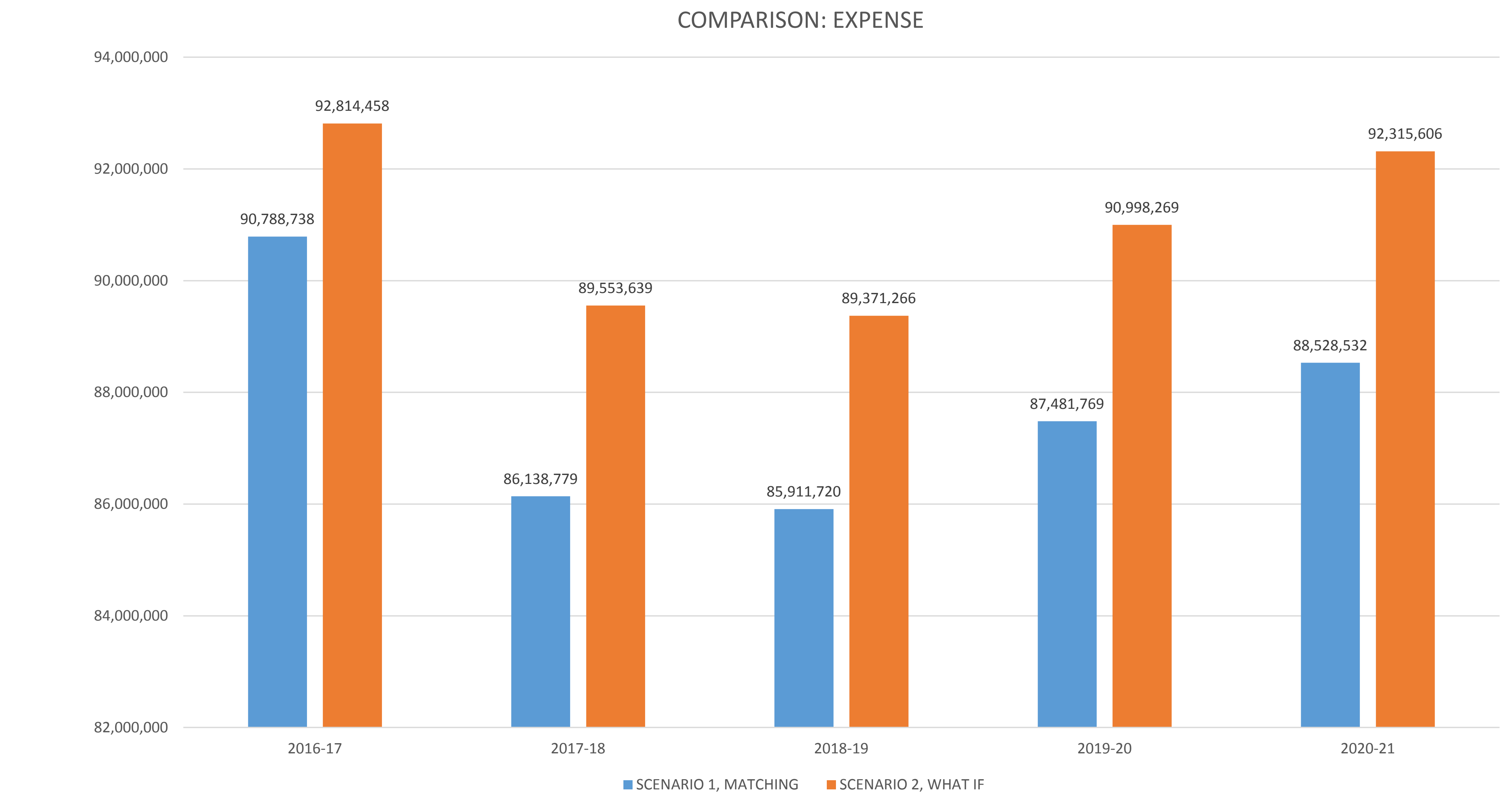
SCENARIO 1

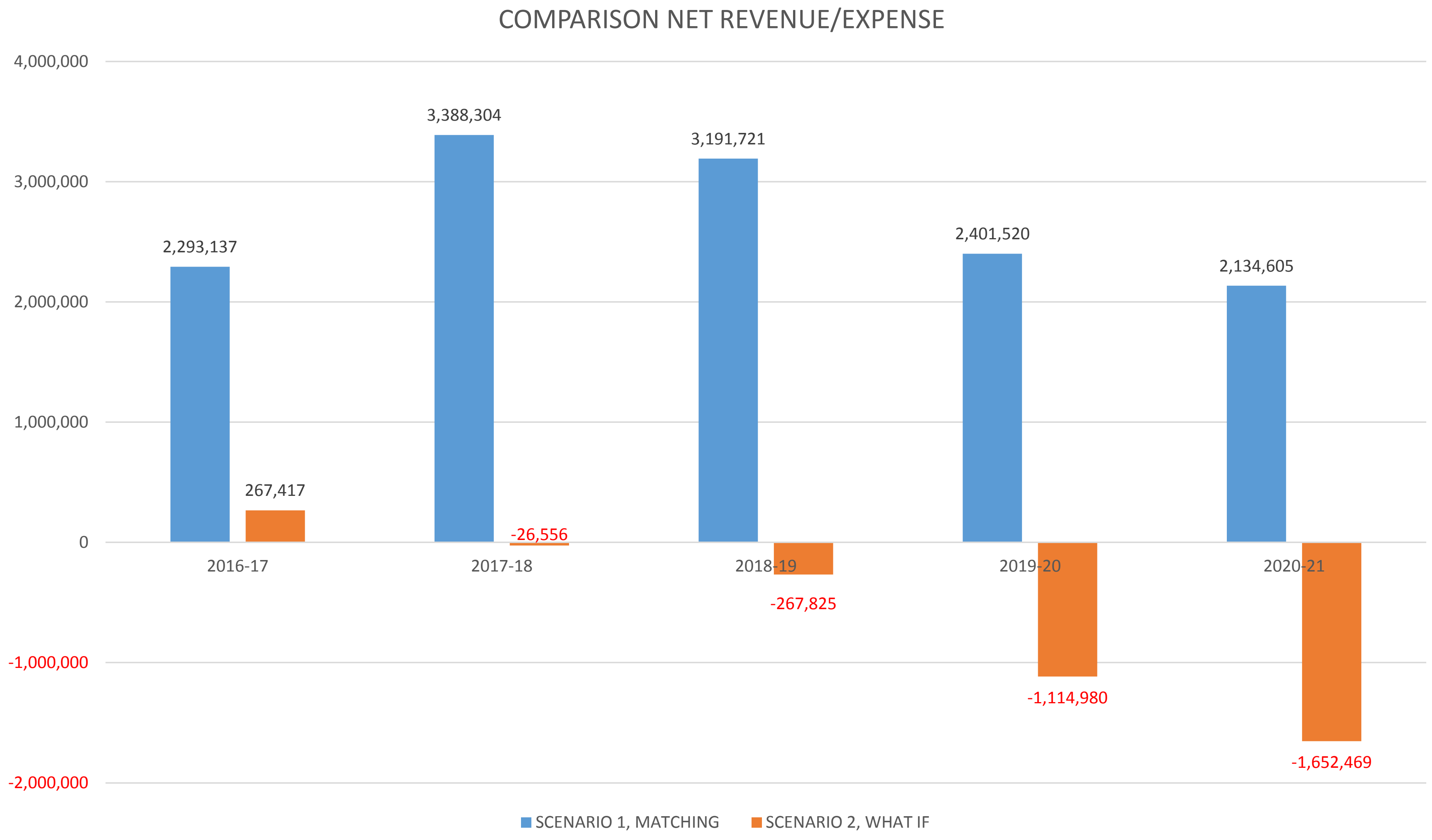
- Matching Revenue and Expense

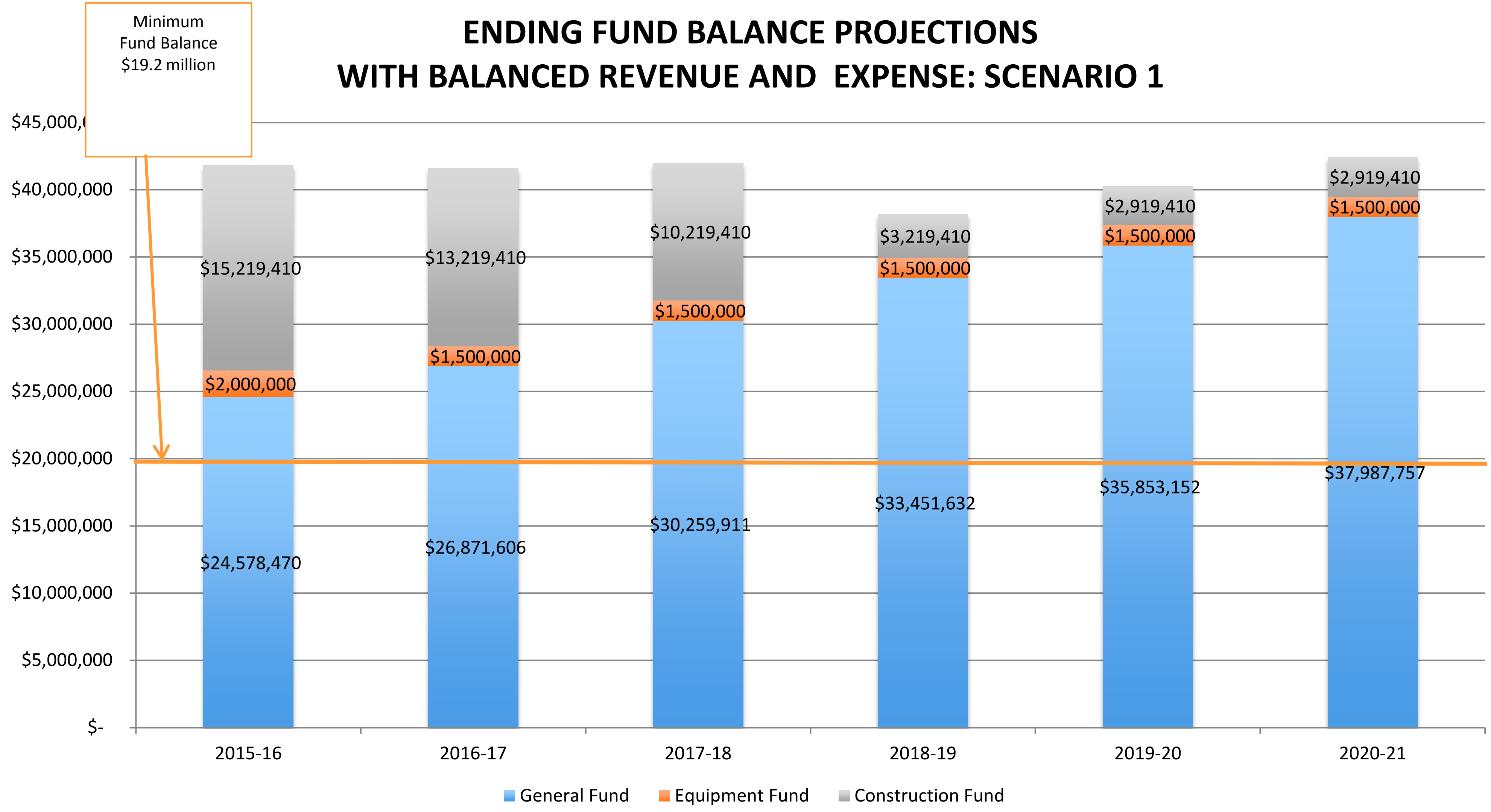
WHAT IF: SCENARIO 2

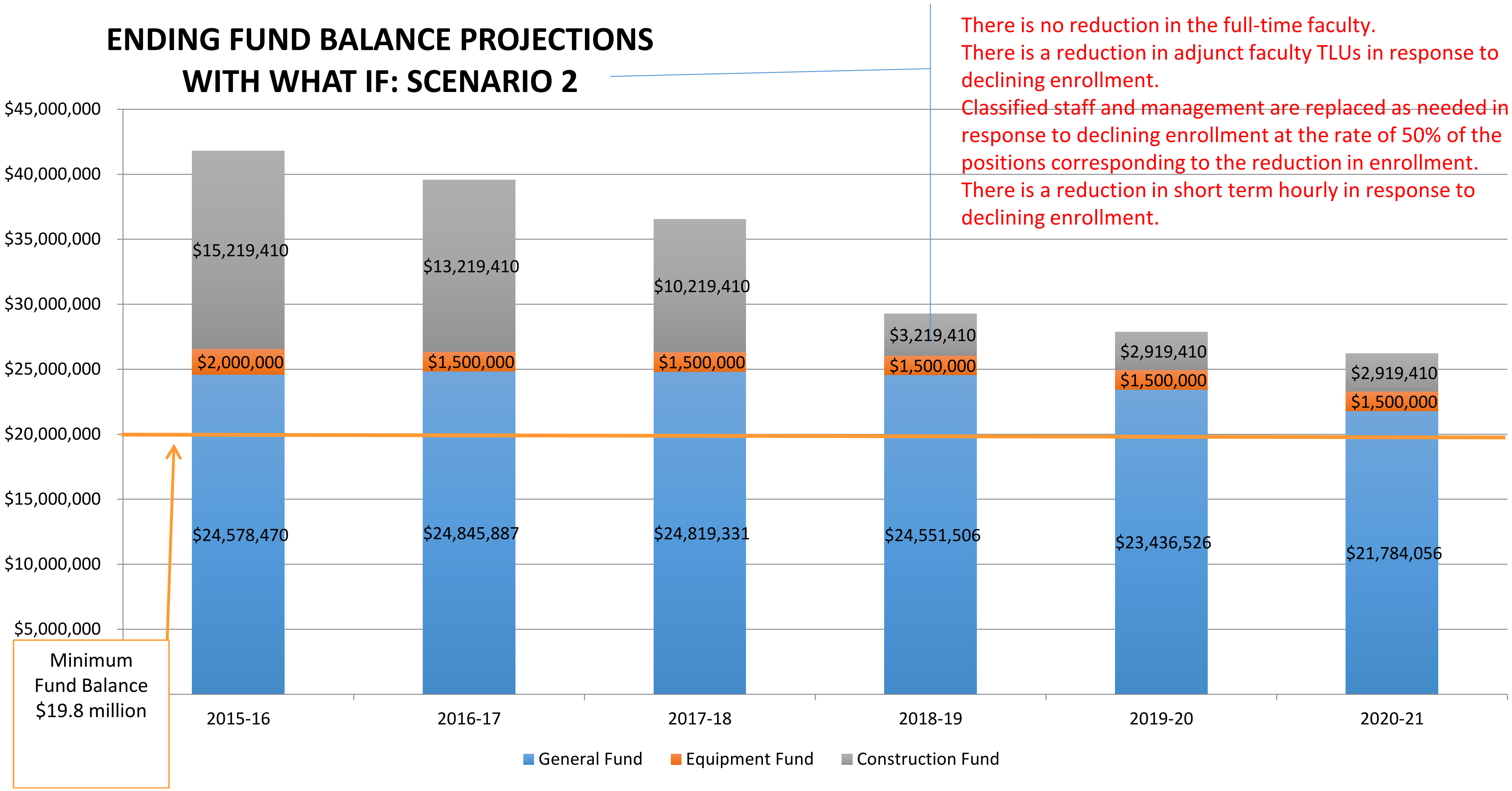
- The what if scenario has the following assumptions:

1. There is no reduction in the full-time faculty.
2. There is a reduction in adjunct faculty TLUs in response to declining enrollment.
3. Classified staff and management are replaced as needed in response to declining enrollment at the rate of 50% of the positions corresponding to the reduction in enrollment.
4. There is a reduction in short term hourly in response to declining enrollment.


COMPARISON: EXPENSE
94,000,000
92,000,000
90,000,000
88,000,000
86,000,000
84,000,000
82,000,000
90,788,738
92,814,458
86,138,779
89,553,639
85,911,720
89,371,266
87,481,769
90,998,269
88,528,532
92,315,606
2016-17
2017-18
2018-19
2019-20
2020-21
SCENARIO 1, MATCHING
SCENARIO 2, WHAT IF


COMPARISON NET REVENUE/EXPENSE
4,000,000
3,000,000
2,000,000
1,000,000
0
-1,000,000
-2,000,000
2,293,137
267,417
3,388,304
-26,556
3,191,721
-267,825
2,401,520
-1,114,980
2,134,605
-1,652,469
2016-17
2017-18
2018-19
2019-20
2020-21
SCENARIO 1, MATCHING
SCENARIO 2, WHAT IF


ENDING FUND BALANCE PROJECTIONS
WITH BALANCED REVENUE AND EXPENSE: SCENARIO 1
Minimum
Fund Balance
$19.2 million
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
$15,219,410
$2,000,000
$24,578,470
$13,219,410
$1,500,000
$26,871,606
$10,219,410
$1,500,000
$30,259,911
$3,219,410
$1,500,000
$33,451,632
$2,919,410
$1,500,000
$35,853,152
$2,919,410
$1,500,000
$37,987,757
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
General Fund
Equipment Fund
Construction Fund


ENDING FUND BALANCE PROJECTIONS WITH WHAT IF: SCENARIO 2
There is no reduction in the full-time faculty.
There is a reduction in adjunct faculty TLUs in response to declining enrollment.
Classified staff and management are replaced as needed in response to declining enrollment at the rate of 50% of the positions corresponding to the reduction in enrollment.
There is a reduction in short term hourly in response to declining enrollment.
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$15,219,410
$2,000,000
$24,578,470
$13,219,410
$1,500,000
$24,845,887
$10,219,410
$1,500,000
$24,819,331
$3,219,410
$1,500,000
$24,551,506
$2,919,410
$1,500,000
$23,436,526
$2,919,410
$1,500,000
$21,784,056
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
Minimum Fund Balance $19.8 million
General Fund
Equipment Fund
Construction Fund

CONCLUSIONS/DISCUSSION

- There is no reason to panic. Although the reductions are dramatic the College has solid reserves to sustain us through the downturn to Balance.
- SCENARIO 1:
  - Not really feasible, the College could not reduce expenditures that fast.
- SCENARIO 2:
  - This is not a desirable outcome as:
    - it would mean foregoing any increase in salaries for the foreseeable future,
    - It would remove any flexibility in spending to address the reduction in FTES.
- Scenario 3: ?
  - This is what we need to develop.