

## 2009-10 PCCD BUDGET DEFICIT

For fiscal year 2009-10, the Peralta Community College District (PCCD) currently has a budget deficit totally approximately \$6,455,666. Essentially, this means that PCCD is spending or anticipated to spend \$6.4 million more than it is bringing in through revenue. The budget deficit includes one time expenses for current 2009-10 fiscal year as well as on-going structural expenses for fiscal year 2009-10. This structural deficit will continue to grow unless addressed.

Please note that the 2009-10 budget deficit does not include known on-going structural increases for fiscal year 2010-11, including the debt service payment increase for Other Post Employment Benefit (OPEB) expenses, totaling \$3,500,000 and the 2010-11 benefit cost increase (15%), and totaling \$1,700,000.

### OBJECT CODES AND QUANTIFICATION

The following represents a partial listing and quantification of unbudgeted expenses impacting the 2009-10 budget deficit.

- Object Code 3000 – Penalty Payment – Federal IRS Return - \$228,520 \*
- Object Code 5000 – Student Receivables - \$1,700,000 (2007-08) \*\*
- Object Code 5000 – Unbudgeted Contracts - ?? \*
- Object Code 5105 – Sheriff Contract - \$1,000,000 \*\*
- Object Code 5105 – Increased Recovery Costs - \$250,000 \*\*
- Object Code 7120 – Interest Payment for OPEB Bond - \$1,700,000 \*\*
- Object Code 7500 – Repayment to US DOE - \$636,962 \*
- Object Code ??? - Prior Year (2008-09) Deficit Spending - \$940,184 \*\*
- Object Code ??? - General Fund Reimbursement to Bond Fund - ???\*

Object Code 3000 - \$228,520  
Object Code 5000 - \$1,700,000  
Object Code 5105 - \$1,000,000  
Object Code 5105 - \$250,000  
Object Code 7120 - \$1,700,000  
Object Code 7500 - \$636,962  
Object Code ???? - \$940,184

**Projected 2009-10 Budget Deficit: \$6,455,666 (Variance Report)**

**Projected 2010-11 On-Going Increases: \$5,200,000**

- \* One Time Deficit
- \*\*On-Going Structural Deficit

## PROJECTED BUDGET REDUCTIONS

In an attempt to address the PCCD budget deficit, the Chancellor's Office has proposed the following budget reductions. In addition to these projected budget reductions, the PCCD will need to continue to examine additional budget reductions to address unanticipated expenses.

Adjunct Faculty	\$2,000,000
Benefit Re-Enrollment	\$850,000
Parity Pay	\$600,000
Part Time Office Hours	\$400,000
Adjunct Health Benefits	\$500,000
Consultants	\$600,000
District Office	\$900,000
COA	\$460,000
Berkeley	\$430,000
Merritt	\$500,000
Laney	\$690,000
	\$7,930,000

**This analysis relative to the budget deficit and budget reductions assumes that the State will not make additional budget cuts for 2010-11. That seems unlikely. It is anticipated that the May Revise may reflect a more realistic and serious fiscal picture regarding the State's fiscal crisis and its impact on community colleges. The Recovery Team is recommending that the PCCD continue to address the known budget deficit and to plan for continued shortfalls in revenue.**