Budget Update
“State of the District”

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March 22, 2012
Where we are as a district...

- Finished last year with 11% ending fund balance
- Began this year (2011-12) with
  1) Infrastructural deficit
     $1.3M
  2) Projected ending fund balance
     $9.34%
What happened?

- Major State cuts in current budget
  1) Mid-year Tier 1/Tier 2 triggers cut $750,000
  2) February “surprise” $2.1M deficit
  3) 4% loss!!!
How do we expect to finish 2011-12?

- At 7% Board required minimum fund balance
- Supported by Workforce Institute fund transfer $500,000
How does it look for 2012-13?

- Structural deficit now estimated to be $4.3M
- Estimate of ending fund balance – near zero – about 1.5%!
Why is 2012-13 so bad?

- Structural deficit depletes reserves
- Caused by increased costs
  - PERS
  - Step & Column
  - Medical Premiums
  - OPEB Burden
  - Adjunct Costs
- Flat funding – projected 1% deficit
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1) Reaffirmed budget principles
   • Board create framework
   • Chancellor implement strategies
   • Student centered approach
   • Compliance w/accreditation standards
   • Effective immediately for 2012-13
   • Multiple solutions
   • On-going and one-time
What are we doing about it?

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2) Confirmed assumptions

- Will maintain 7% reserve
- Assumptions using quarterly reports, DBC
- Will assume tax measure passes
- Must grow revenue and cut spending on-going and one-time
- Recognizes that the budget will change and be updated as changes occur
What are we doing about it?

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3) Reviewed strategies, provided input

• Resource development
• Enrollment management
• Reduce “restricted program” support
• Eliminate vacancy $’s
• Maximize use of other funds
• Collective bargaining
What are we doing about it?

- Revised our budget target – now $4.3M
- Medical premiums – modest increase
- Chancellor’s extended Executive Team
- District Budget Committee
  - March 8
  - Painful decisions
  - Influence, ideas, feedback and direction
  - Consensus on most strategies
  - Chancellor direction, Board support
So how do we stand now?

- Expect to finish 2011-12 at 7%
- 2012-13 $2.3M rebalancing strategies
  - $2.0M to go!
- Specifics
  1. Increase non-resident tuition $30K
  2. Reduce summer school $880K
  3. Reduce “support costs”
     - Categoricals $150K
     - Increase parking $165K
  4. Defund positions $560K
  5. Bookstore fund transfer $500K
So how do we stand now?

What else?

Specifics continued

6. More “defunding” $440K
How much do we have left to rebalance?

- About $1.6M
- Need to comb through strategies again w/DBC
- Goal: to achieve target, avoid collective bargaining
- Last option: collective bargaining strategies
Give us something to hope for...

- State still has an infrastructural deficit – but signs we are near bottom
- Tax measure concessions may drive new money $1.2M? **If it passes.**
- Nearing Basic Aid status
- May be approaching the bottom
The longer term outlook...

- We will get through this
- We will maintain 7% reserves
- We will hit bottom
- We will recover
- We will rebuild
- We will restore
The longer term outlook...

- It may take a few years
- One-time fixes must be restored with new “base $’s”
The big test...

- Tremendous organizational pressure
- Requires sacrifice and commitment
- Every Staff and Student will feel it
- It’s not our fault
- But becomes our job to fix
- Must stay together
- Recognize & change with new information
And under all circumstances...

Stay together as an organization, keep our focus on the students, and maintain an open, honest, and transparent process!