Board of Trustees
Budget Study Session

Budget Development 2012-2013

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February 28, 2012
Background:
What is our current budget status?

2nd Quarter Projections
2011-2012
Estimated Ending Fund Balance $5.4M 7%
Structural Deficit $3.1M

• Should finish with minimum reserves
• The structural deficit carries forward
• Requires correction in 2012-13
Background: Budget Outlook

2nd Quarter Projections 2012-2013

Structural Deficit becomes $5.0M
Reserves nearly depleted $400K 0.5%

Target to balance $5.0M
“Wildcards” that could change things

- State backfills $2M deficit 🆆
- Governor’s Tax Measure fails $2M to $3.5M 🆇
- Millionaires Tax Passes $9M ⬆️
- Other more moderate changes should be expected 🆆⬇️
A few updates since 2nd Quarter

- Some good news regarding benefit rates for 2012-13
  - Kaiser rate change almost zero
  - Blue Cross rates go down!
    - $700,000 ↑

- Apportionment slightly higher based on P-1
  - $65,000 in 2011-12 ↑
Still our target remains

- $5.0 target
- Knowing things may or will change ???
- Most colleges are planning for worst case
- We assume Governor’s Tax Measure Passes
So what’s the plan?

There are 6 Rebalancing Strategies

1. Resource Development
2. Enrollment Management
3. Reduce “Restricted Program” Support
4. Eliminate Vacancy $’s
5. Maximize Use of Other Funds
6. Collective Bargaining
What about process?

1. Regular budget updates – quarterly
2. Very, very uncertain at State level
3. Target $5M – now
4. Expanded Executive Team + VP’s
   • Meeting since January
   • Understand magnitude of problem
   • Identify future strategies
   • Weigh implications of proposed actions from a “student centered” perspective
What about process?

5. District Budget Committee – Discussion

6. Transparency, open, participatory in process
Tonight – Discussion, feedback, Trustee Direction

1. Reaffirm Budget Principles
2. Confirm Budget Assumptions
3. Review Proposed Strategies
4. Direction for “time sensitive” immediate implementation strategies
Reaffirm: Principles

1. Trustees to provide the Chancellor & staff with policy framework for reaching the target
2. Validate “student centered” approach
3. Compliance with Accreditation Standards
4. Multiple Strategies: on-going and one-time to achieve target
Confirm: Assumptions

1. Will maintain 7% reserve
2. Assumptions per quarterly reports
3. Assumes Governor’s Tax passes
4. Must grow revenue & cut spending: on-going & one-time
5. Budget updated as new information becomes available
Proposed Rebalancing Strategies

1. Resource Development
   • Non-resident program
   • Facility rental
   • Foundation & grants
   • Reinvigorate bookstore & cafeteria
   • Long-term
     • Public/private ventures
   • Parcel tax
   • Other revenue strategies
Proposed Rebalancing Strategies

2. Enrollment Management

• Target to cap
• Maximize fall/spring
• Reduce 2012 summer*
• Reduce intersession
• If tax measure fails 5.56% workload drop
• Fixed adjunct budgets – productivity ratios & unit allocation system

*Time sensitive
Proposed Rebalancing Strategies

3. Reduce “Restricted Program” Support
   • Reduce categorical support
   • Raise parking fees fall/spring*
     $40 ➔ up to $50
   • Raise parking fees summer*
     $8 ➔ up to $25
   • Parking fees for staff (requires collective bargaining)
   • Increase daily parking $2-$3

*Time sensitive
Proposed Rebalancing Strategies

4. Eliminate Vacancy $’s, defund
   • Vacant positions
   • Retirements
   • Resignations
   • Reorganizations

Require new cuts where $’s have been “redirected”
Proposed Rebalancing Strategies

5. Maximize Use of Other Funds
   - Bookstore fund transfer
   - Workforce Institute fund transfer
   - Charge direct staff costs to other fund
   - Maximize indirect cost allowance
Proposed Rebalancing Strategies

6. Collective Bargaining
   • Negotiations with labor representatives as appropriate
   • Identify strategies through bargaining process
   • May include work calendar, compensation, benefit restructuring, and other areas
Timelines & Next Steps

- Make time sensitive decisions now
- $5M target must be “decided” in March & April & May
- 3rd Quarter Budget Update May 8, 2012
- Tentative Budget Adopted June 12, 2012
- Must be balanced with 7% reserve
- Adopted Budget September 11, 2012
- Tax Measure(s) November 6, 2012