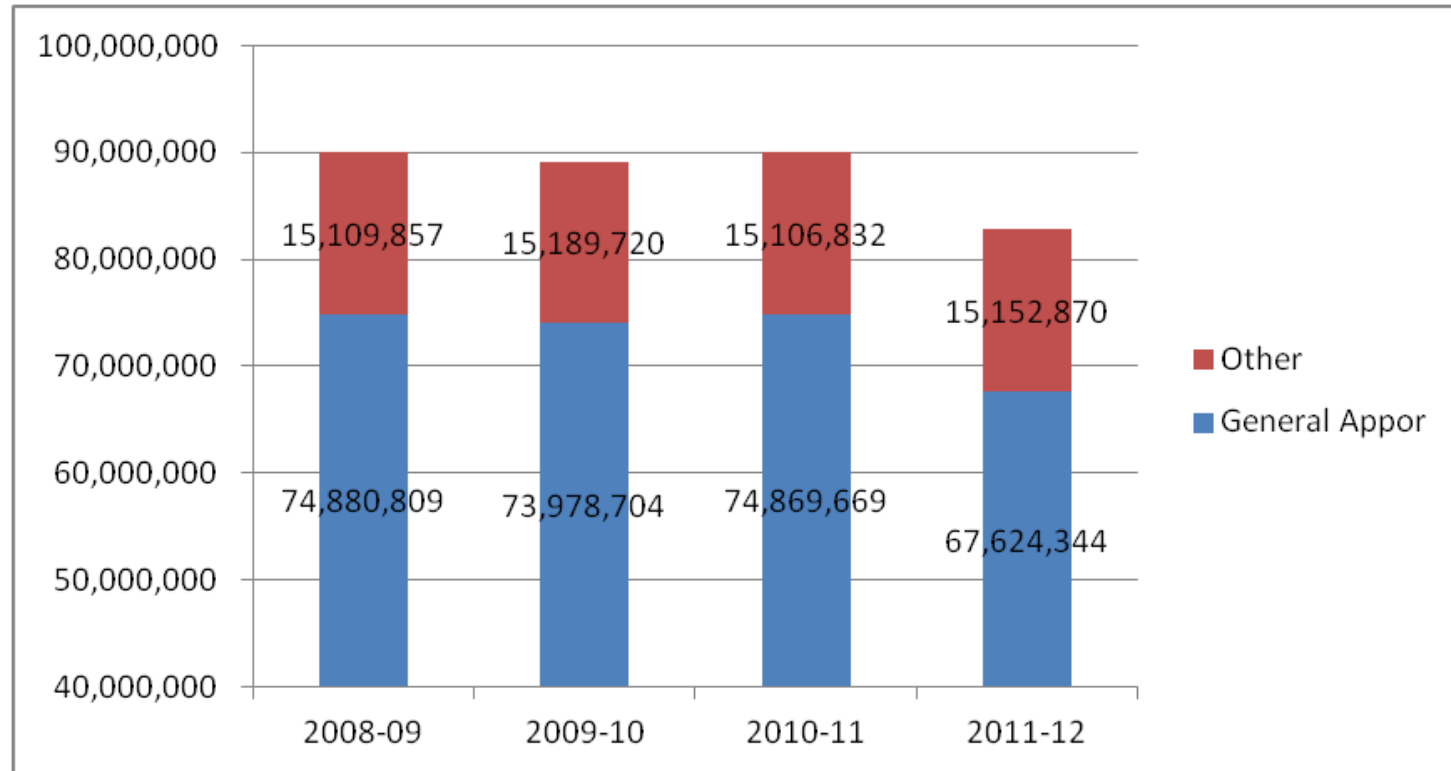


BUDGET FORUM

APRIL 2012

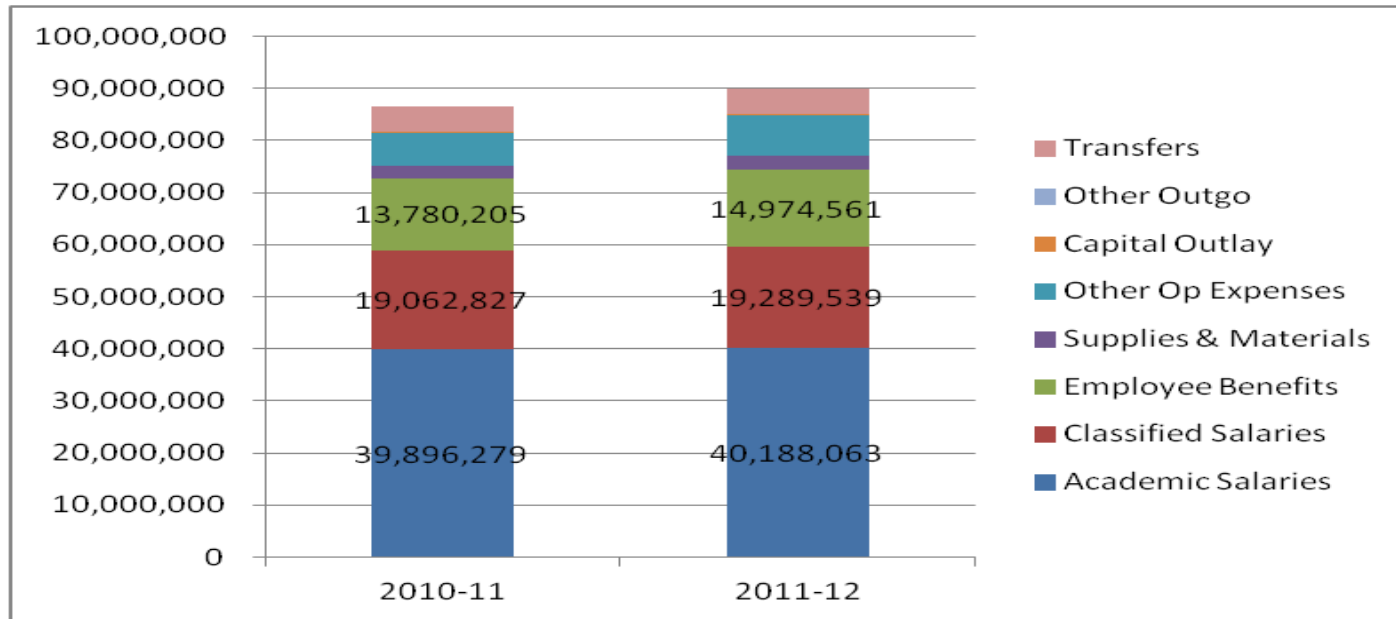
- Comparison of 2010-11
Actual
to
2011-12 Projection

REVENUES CUT \$7.25 MILLION



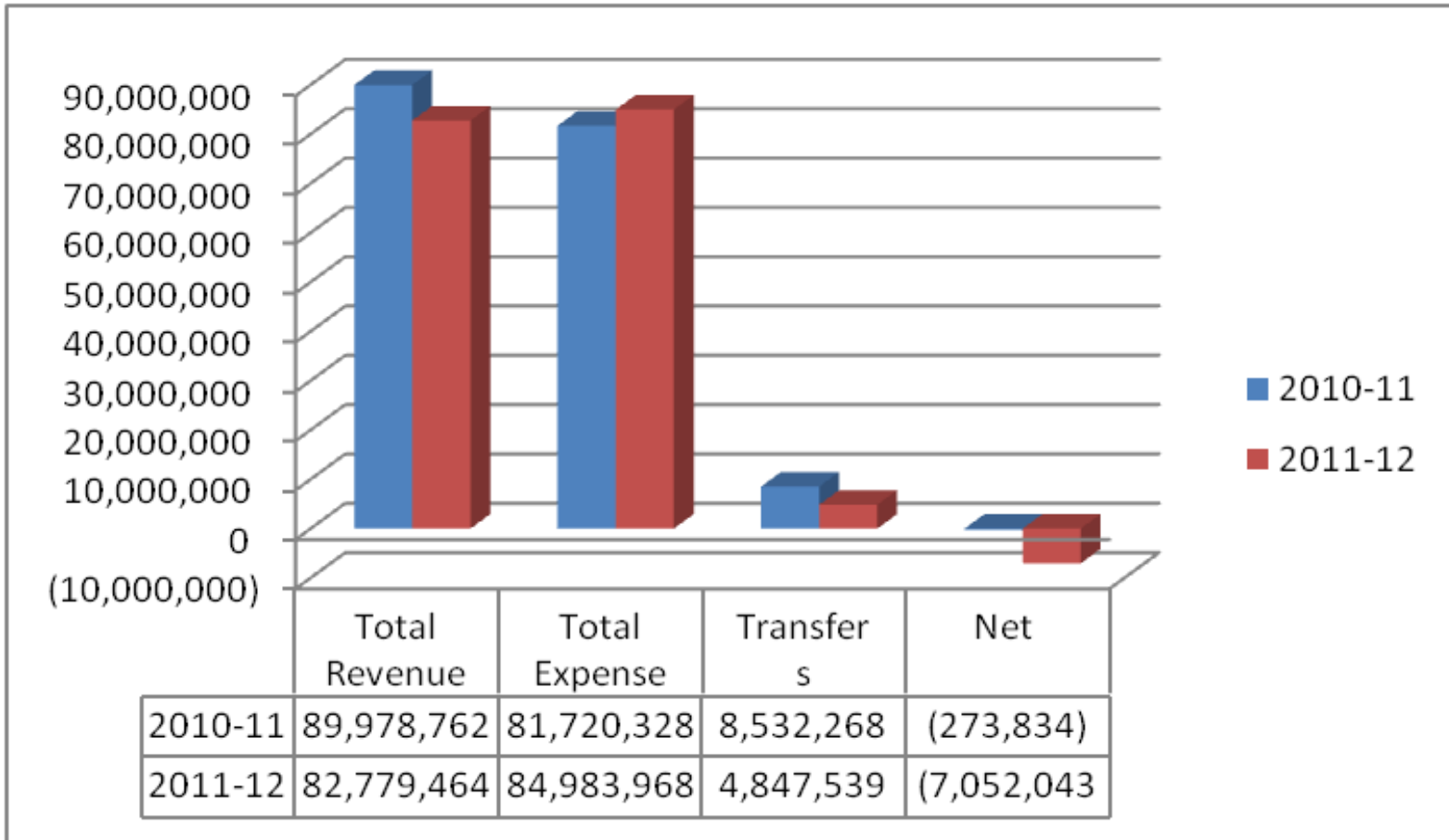
- Total \$7.25 million Reduction
 - \$5.25 million workload
 - \$2.4 million deficit factor
 - + \$0.4 million deficit factor from prior year

EXPENSE INCREASE \$3.0 MILLION CREATES \$7 MILLION BUDGET DEFICIT



- Step, Class and Longevity - Turnover
- Employer Contribution to Health Benefits
- Increase in fixed expenses
- Transfers unchanged

2011-12 PROJECTION



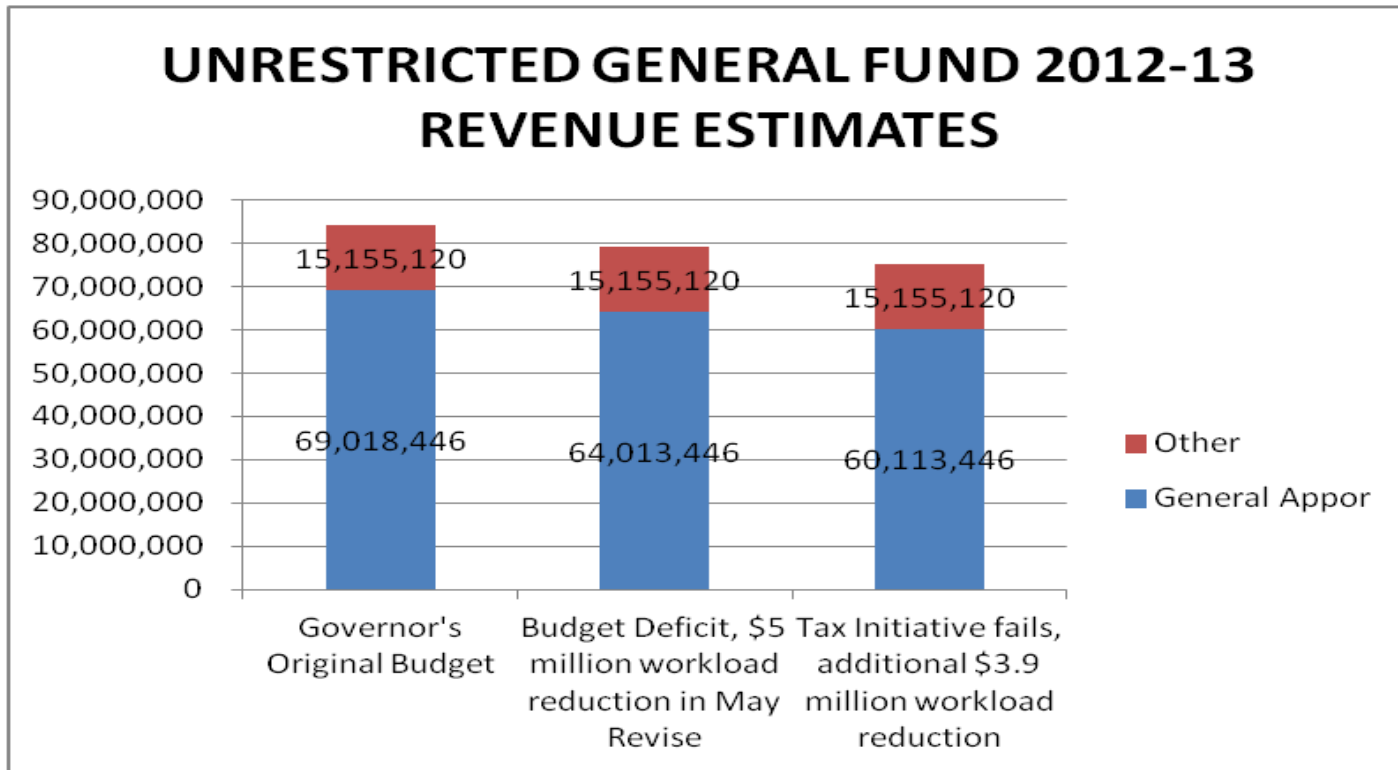
The total deficit reduces ending balances by \$7 million

COMPARISON OF REVENUE 2011-12 AND 2012-13 - TAX INITIATIVE PASSES



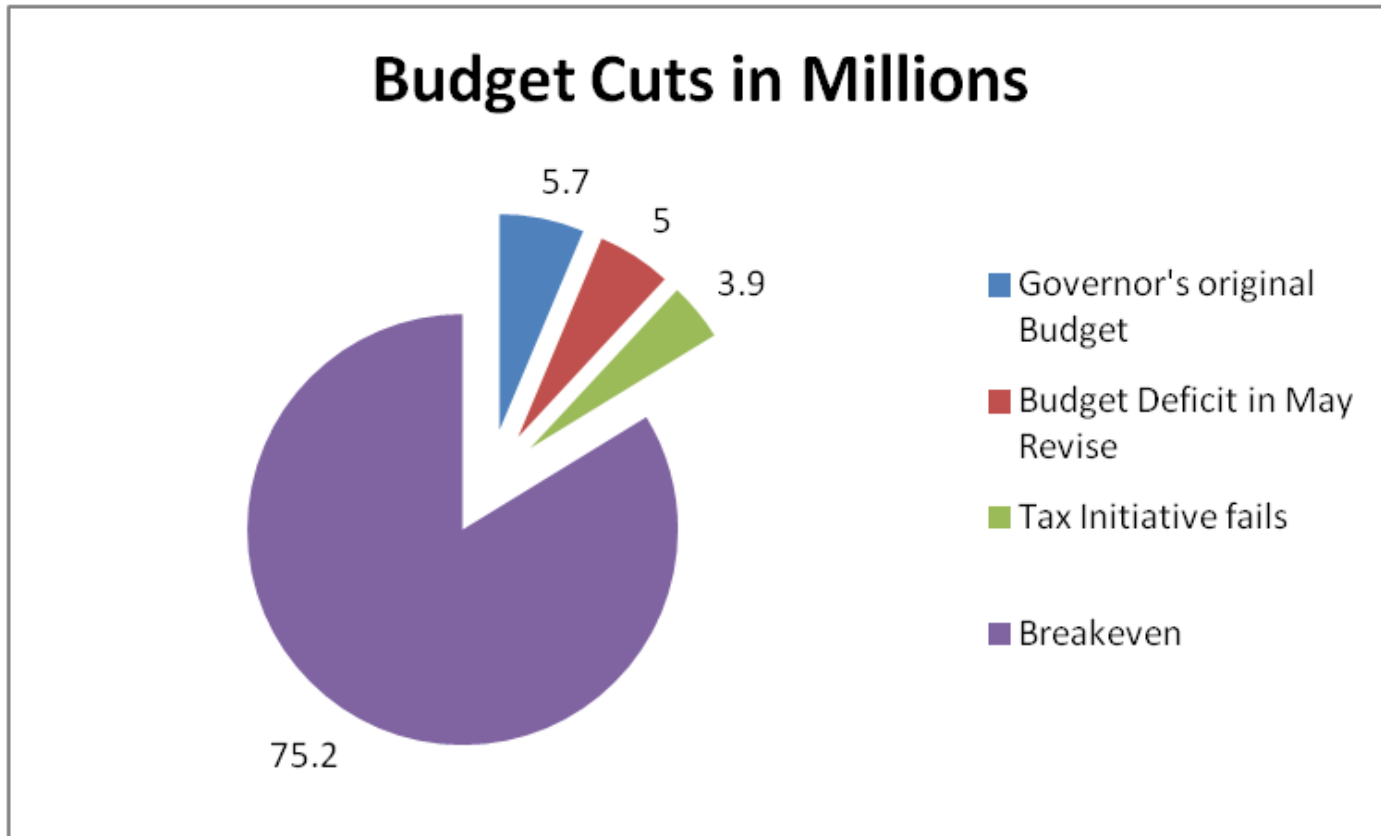
- Tax initiative passes, no \$3.9 million workload reduction and deferrals are reduced
- Deficit factor estimate reduced in 2012-13 from \$2.4 million to \$1 million

REVENUE COULD BE REDUCED AN ADDITIONAL \$9 MILLION



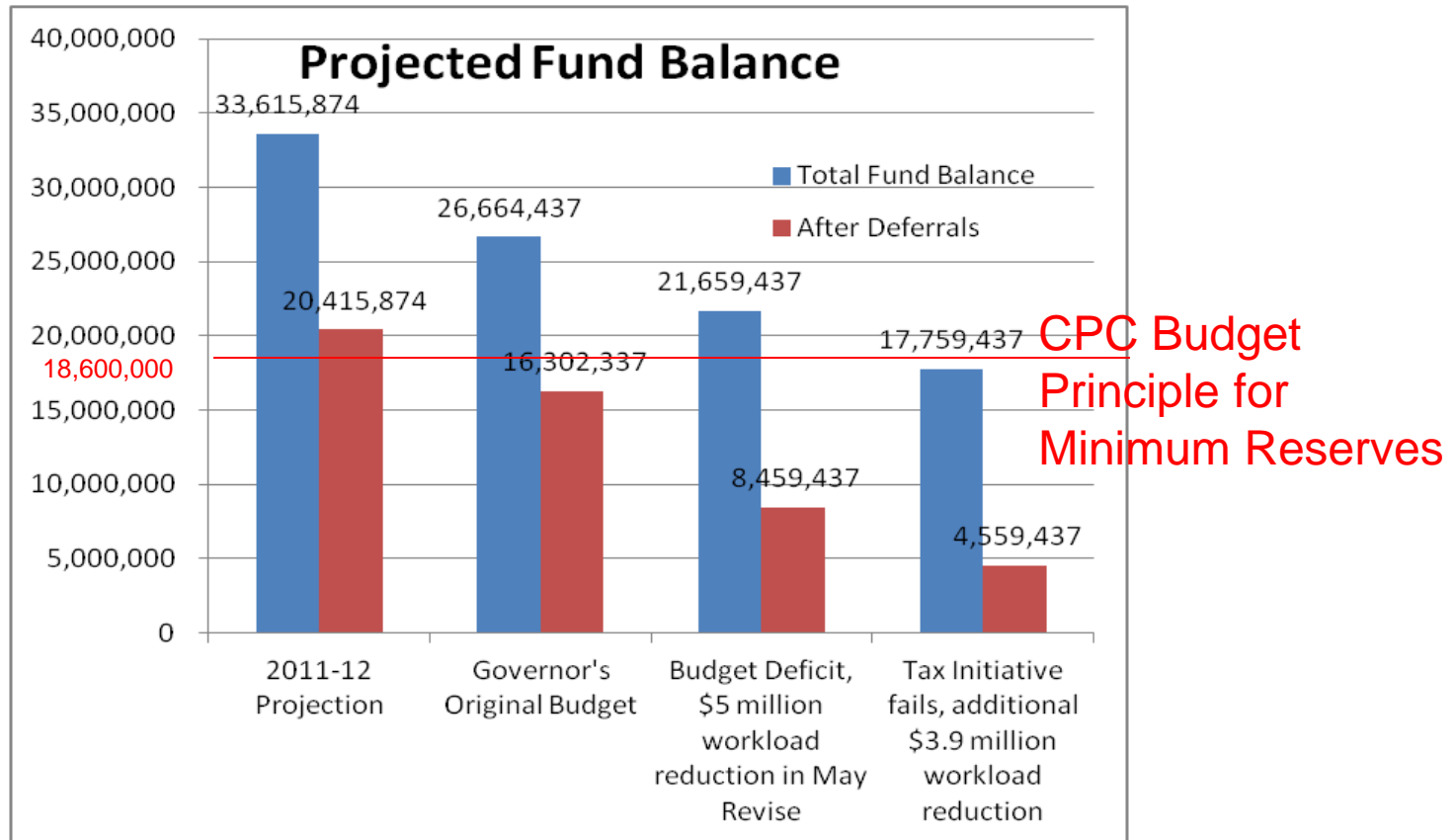
- Governor's budget – tax initiative passes, "buy down" of deferral would happen
- Budget deficit - Additional workload reduction of $(\$3.5 \text{ billion} * 11\% * 1.3\%) = \$5,005,000$
- November tax initiative does not pass, additional \$3.9 million workload reduction, no "buy down" of deferral

EXPENSE MUST BE CUT \$5.6 TO \$14.6 MILLION TO REACH BREAKEVEN BUDGET



- No reductions in inter-fund transfers

CASH ENDING FUND BALANCE COULD DROP AS LOW AS \$4.6 MILLION



- Assumes that expenses are not reduced from 2011-12 Projections

REDUCTION FROM OPERATIONS EXPENSE FOR GOVERNOR'S BUDGET

Organization		\$ 5,657,941
Presidents Office	4.0%	\$ 228,483
Educational Programs	55.1%	\$ 3,119,291
Business Services	20.3%	\$ 1,147,914
Information Technology	9.7%	\$ 550,177
Human Resources	2.3%	\$ 131,266
Continuing Education	8.5%	\$ 480,810

- No reduction from instructional expense

IDENTIFIED REDUCTIONS IN WORKSHEETS

Presidents Office	98,948.7	4.5%
Educational Programs	1,100,000.0	50.0%
Business Services	497,124.6	22.6%
Information Technology	238,263.9	10.8%
Human Resources	56,846.9	2.6%
Continuing Education	208,223.6	9.5%
Total	2,199,407.7	

- Based on old scenario 5

EXPENSE OFFSET \$1.3 MILLION

	EXPENSE OFFSET
Convert over cap FTES to fee based	500,000
Increase Student Parking fee	80,000
Revenue from Parking citations rate increase	130,000
Transfer from Bookstore	300,000
Transfer to KELC	285,000

- Convert non-enhanced FTES to fee based
- Raise student parking fee by \$10 per session
- Parking citation fee increased
- Bookstore is internal transfer, but will show up as revenue in General Fund
- Kinkos Early Learning Center (KELC) backfill is eliminated

ADDITIONAL EXPENSE REDUCTIONS IDENTIFIED

Continuing Education Reorganization	1,408,000
One-time payout	418,000
Reduce categorical backfill	400,000
Reduce hourly	200,000
Total	2,426,000

- Continuing Education Reorganization
- Salary and payout for superintendent president
- Reduce backfill to categorical programs
- Reduce hourly

TOTAL REDUCTIONS IDENTIFIED

Worksheets	\$ 2,199,408
Additional Reductions Identified	2,426,000
Offsets/revenue	1,295,000
Total	\$ 5,920,408

- Negotiable items:
 - Parking fees for staff and faculty
 - Payroll freeze on step, longevity and class
 - All other salary and benefit related items
- All reductions identified will be implemented in the 2012-13 fiscal year as labor contracts and agreements and procedures for program reduction allow.

POSSIBLE WORKLOAD REDUCTION FROM BUDGET DEFICIT IN MAY REVISE

	Sections	FTES	Revenue
Credit	212	636	\$ 2,905,106
Non-credit	255	765	\$ 2,099,894

- Conversion of remaining non-enhanced non-credit to fee based.
- Reduction of summer school would net in excess of \$3 million in budget reductions

DIFFERENTIAL COST PER FTES FOR HIGH COST PROGRAMS

Adjunct cost per FTES	\$ 1,702	\$ 5,106	Cost per section
Cost for direct instruction	\$ 1,083,171	This is for the FTES remaining	
<hr/>			
Avg of High	\$ 5,357	\$ 16,071	Cost per section
Cost for direct instruction	\$ 3,409,348	This is for the 394 credit FTES	

- Direct instructional cost per FTES can be determined by using the cost per TLU from adjunct
- OR direct instructional cost per FTES of the programs that have a high cost per FTES
- The more “high cost of direct instructional expense” programs are reduced the less operational expense is required to fund the workload reduction

BUDGET DEFICIT IN MAY REVISE

	100% Adjunct	25% High	50% High
Workload Reduction	\$ 5,005,000	\$ 5,005,000	\$ 5,005,000
Credit Instruction Cost	\$ 1,083,171	\$ 1,664,715	\$ 2,246,259
Non-credit Instruction Cost	\$ 382,500	\$ 382,500	\$ 382,500
Total Instruction Cost	\$ 1,465,671	\$ 2,047,215	\$ 2,628,759
Operations Expense Cuts	\$ 3,539,329	\$ 2,957,785	\$ 2,376,241
Operation Expense % of Cuts	71%	59%	47%
Sections Cut			
Non-credit Nonenhanced	255	255	255
Adjunct Credit	212	159	106
High Cost Credit	\$ -	53	106

- By including high cost programs in the reductions (targeted reduction) the impact on operations is reduced

WORKLOAD REDUCTION IF TAX INITIATIVE DOES NOT PASS

Revenue per FTES	\$ 4,564.83
Legislation	\$ 3,900,000
FTES Reduction	854
Sections	285

- Credit sections only no non-enhanced non-credit left

TAX INITIATIVE DOES NOT PASS

	100% Adjunct	25% High	50% High
Workload Reduction	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000
Credit Instruction Cost	\$ 1,454,118	\$ 2,234,820	\$ 3,015,522
Operations Expense Cuts	\$ 2,445,882	\$ 1,665,180	\$ 884,478
Operation Expense % of Cuts	63%	43%	23%
Sections Cut			
Non-credit Nonenhanced	-	-	-
Adjunct Credit	285	214	142
High Cost Credit	\$ -	71	142

- No non-enhanced non-credit remaining, all cuts would be from credit

COMBINED TOTAL

	100% Adjunct	25% High	50% High	Current Distribution
Workload Reduction	\$ 8,905,000	\$ 8,905,000	\$ 8,905,000	\$ 8,905,000
Credit Instruction Cost	\$ 2,537,288	\$ 3,899,535	\$ 5,261,782	\$ 4,426,200
Non-credit Instruction Cost	\$ 382,500	\$ 382,500	\$ 382,500	\$ 382,500
Total Instruction Cost	\$ 2,919,788	\$ 4,282,035	\$ 5,644,282	\$ 4,808,700
Operations Expense Cuts	\$ 5,985,212	\$ 4,622,965	\$ 3,260,718	\$ 4,096,300
Operation Expense % of Cuts	67%	52%	37%	46%

- The distribution of the high cost programs is significant.

To Reach the current distribution of instruction and operating expense 47% of the high cost programs would be eliminated

Non-credit Nonenhanced	255	255	255	255
Adjunct Credit	497	373	248	298
High Cost Credit	\$ -	124	248	199
Total "High Cost" Sections	427	303	179	228

- The total high cost sections in the sample is 427
- 124 sections is 29% of the high cost programs
- 199 sections is 47% of the high cost programs

CRITERIA FOR REDUCTION OR ELIMINATION OF PROGRAMS

1. Does the program serve local students?
2. Is there a strong job market for students to enter
3. Program cost per student
4. Achieve workload reduction targets (reductions in class offerings and staff needed to support remaining courses)
5. Number of students in program or that use the service
6. Alternative ways to offer curriculum

DRAFT

CRITERIA CONTINUED

7. Alternative methods for providing students with required courses needed to complete their certificate, degree and lower division transfer requirements.
8. Can the program be consolidated with another program?
9. Can Computer labs be consolidated with another lab or labs?
10. Faculty and/or staff use of the service
11. Additional criteria

DRAFT

BUDGET ASSUMPTIONS

REVENUE

- Any reduction in state apportionment revenues for 2012-13 will result in a “workload” reduction applied to the unrestricted General Fund. Workload reduction means a reduction in the number of full-time equivalent students funded by the state.
 - **The \$5.0 million workload reduction will first be applied to the non-enhanced non-credit than to credit (NE). NE will be reduced by 765 FTES, approximately 255 sections. These classes will be converted to Fee Based. Credit will be reduced 636 FTES, approximately 212 sections.**
 - **The 3.9 million workload reduction will be applied to credit, 854 FTES, approximately 285 sections.**

BUDGET ASSUMPTIONS EXPENSE

- The implementation of the reductions identified will be implemented in the 2012-13 fiscal year as labor contracts and agreements and procedures for program reduction will allow.

BUDGET PRINCIPLES

1. The College shall balance its budget; ongoing expenses shall be supported by ongoing income
4. Lay-offs of regular certificated and classified staff will be avoided if possible.
7. The college shall adhere to the principles of participatory governance while engaging in institutional planning and budget development.

WHAT NEXT?

- To put the budget together the College will need to specify where the cuts are applied to each case.
- HOW WILL THE BOARD APPROVE A TENTATIVE BUDGET BY JUNE 15, 2012?
- The specific cuts will need to be in place by the time the adopted budget is approved by the board on September 15, 2012.