

DRAFT

Handout distributed by Trustee Macker at the May 12, 2011 Study Session (Developed by Trustees Macker and Croninger)

SBCC

Policies for 2011/2012 Budget Development and Resource Allocation Discussion Document

These budget policies are to guide budget development and implementation for the year 2011/12 in addition to existing Board budget policies.

I. OVERARCHING POLICIES

1. The impact of state budget cuts on student success and classes will be minimized to the extent possible.
2. The impact of state budget cuts on employees will be minimized to the extent possible.
3. Stakeholder and community engagement in budget discussions and solutions will be encouraged.

II. FINANCIAL POLICIES

1. The impact of the currently expected state budget cuts will be phased in over three years with specifics reassessed as warranted.
2. This year's tentative budget will reflect a potential revenue reduction of \$6.8 M in 2011/12 and if necessary, a second contingency budget reflecting a larger revenue reduction in 2011/12 will be prepared in conjunction with the final budget discussions. Each budget will include the projected impact of the phase-in of expenditure reductions in reducing all funds.
3. General Fund backfill for Categorical Programs will continue at \$825,173 in 2011/12.
4. Revenues, expenditures and fiscal resources will be budgeted and managed so that no borrowing will be needed to cover cash flow needs.
5. Center statuses will be maintained for Schott and Wake in accordance with legal requirements.
6. The minimum total unencumbered balance of All Fundsⁱ will be sufficient to comply with State Chancellor's Office recommendations for a 5% reserve and, in addition, TLU liabilities and anticipated annual deferrals.
7. The 2011/12 tentative and final budgets will be presented to the Board with best realistic projections for revenue, major expenses, and ending fund balances for All Funds for 2010/11 through 2014/15 and identical prior year budget and actual amounts since 2007/08.
8. All expenditure reductions including class cuts will be tracked and the information provided to stakeholders and the community.
9. Under current economic circumstances and recognizing the need for clarity in discussing and understanding the budget, the 2011/12 and following budgets, will use a baseline of actual average expenditures in each major object and account for 08/09 and 09/10. This baseline will be adjusted by projected changes in enrollment and/or reasonably anticipated cost increases or decreases.
 - a. All employees are commended for their efforts in recent years to reduce expenditures. In order to assure that the change to budgeting to realistic expenditures will not unduly impact the

DRAFT

ability of departments to meet their needs during the year, one or more line items for the relevant department-controlled 4000 and 5000 accounts will be added for expense contingencies.

- b. A line item will be added for additions, if any, to reserves.
10. In 2011/12 there will be actual expenditure reductions of [\$2M]. For 20/11/12 all planned expenditure reductions will be actual ongoing reductions and not reductions using unspent budgeted money.
 11. A hiring chill is imposed as of May 16, 2011.
 - a. Faculty positions already approved by the Academic Senate as of that date for rehire based on retirement or resignations are exempted.
 - b. All other proposed replacement or new hire positions not hired as of May 16, 2011 will be re-evaluated and new or replacement hires proposed will be brought to the Board with a memo addressing the proposed hire in terms of the target, and other relevant factors including recommendations of stakeholder shared governance groups and affected departments.
 12. Budget assumptions for the tentative budget will set specific targets in 2011/12 for reductions in overhead expenses to be implemented including targets for the reduction of open positions utilizing positions vacated by regular employees who have retired or departed.
 13. Revenue enhancing opportunities will be developed.
 - a. Each Academic Department, the CE Division and the Administration will evaluate opportunities for revenue generation and a combined proposal will be provided by the Superintendent/President to the Board by December 1, 2011.
 14. Cost reduction strategies and expenditure reductions will continue to be evaluated and may be adopted after adoption of the tentative budget and throughout the fiscal year.

III. INSTRUCTION

1. Overhead expenditure reductions will not reduce support for student success including tutors, readers and counselors except as justified by reductions in class offerings, enrollment and/or demand and after consultation with the affected stakeholders.
2. Classes will not be offered outside of the district except online.
3. Sections of noncredit classes cut to meet reduced FTES (or similar classes) will be offered as community service classes. Summer community service classes will be increased.
 - a. Noncredit class conversions from state supported to community service can be offset by fundraising up to the estimated 2011/12 savings of \$90,000. If the full \$90,000 is raised, the classes will be offered tuition free. This applies only to budget year 2011/12.

IV. HUMAN RESOURCES

1. Whenever reasonable, consistent with hiring requirements and the skills necessary for each job, existing personnel may be reorganized to achieve efficiencies and reduce positions.

DRAFT

2. The Administration with stakeholder input will evaluate the potential for savings from implementing cost reductions and efficiencies and provide a report identifying options, potential savings and advantages and disadvantages to the Board by August 15, 2011.
3. Job sharing, voluntary furlough and voluntary hour's reduction options will be developed and implemented where feasible. A report on implementation will be provided to the Board in January 2012.
4. Overtime will be minimized absent exceptional circumstances.
5. To assist student success, further reductions in hours of student employment will be minimized.

V. FACILITIES AND EQUIPMENT

1. Measure V projects will be funded with Measure V monies which may be supplemented by fundraising where feasible. The allocation of Measure V funds to future projects will be re-evaluated in light of current expenditures and the timing of bond sales.
2. The Construction and Equipment Accounts will be used only to accumulate funds for specific approved needs.
 - a. The Construction Fund will be used for ongoing routine maintenance which will be budgeted to average actual expenditures over the last five fiscal years with \$XX for contingencies. In addition \$XX will be budget in 2011/12 for the facilities portion of program review proposed expenditures.
 - b. The Equipment Fund will be used for ongoing routine refresh and equipment purchases. It will be budgeted to average actual expenditures over the last five fiscal years (excluding onetime costs such as costs associated with the implementation of Banner) plus \$XX for contingencies. In addition, \$XX will be budgeted in 2011/12 for the equipment portion of program review proposed expenditures.
 - c. A specific budget and timeline for construction fund and equipment fund expenditures will be presented with the tentative and final budgets and the corresponding amounts will be budgeted to be transferred from General Funds to the Construction and Equipment Accounts, to the extent needed.

ⁱ "All Funds" used in this document includes the General as well as the Construction, Equipment and Joint Powers Agency funds.