

Southwestern College

Budget Forum

May 10, 2011



BUDGET ADVOCACY ACTION CENTER

Community College League of California

SCENARIO 1:

Tax  **+**

Prop 98

-\$4,000,000

+(-\$1M)*

= -\$5,000,000

SCENARIO 2:

Tax  **+**

Prop 98

-\$7,000,000

+ (- \$1M)*

-\$8,000,000

SCENARIO 3:

Tax  **-**

Prop 98

-\$11,000,000

+ (- \$1M)*

-\$12,000,000

* Funds for Program Review Needs



BUDGET ADVOCACY ACTION CENTER

Community College League of California

SCENARIO 1:

Tax  **+**

Prop 98

\$5M

SCENARIO 2:

Tax  **+**

Prop 98

\$8M

SCENARIO 3:

Tax  **-**

Prop 98

\$12M

PROJECTED # OF REDUCTION IN STUDENTS:

-1,780

- 3,131

- 4,842

SWC BUDGET SITUATION TODAY

2010-2011 Budget

Revenue: \$80,204,916

Expenses: \$83,389,438

SWC BUDGET SITUATION TODAY

2010-2011 Budget

Personnel (83.4%) \$ 69,551,471

[Includes Benefits]

Supp/Equip (3.7%) \$ 3,081,179

Other (12.9%) \$ 10,756,788

SWC BUDGET SITUATION TODAY

Anticipated Budget Reserves

Board Reserve (7.8%)	\$7,000,000+-
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Represents Total RESTRICTED & NON-RESTRICTED BUDGETS

<u>Non-Reserve Non-Restricted(6.7%)</u>	<u>\$7,000,000+-</u>
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Anticipated FUND BALANCE	\$14,000,000+-
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SWC BUDGET SITUATION TODAY

Reduce Spending Now; Proposed for 2011-2012:

- **Voluntary Reduction in Spending to have more unspent \$\$\$ that count then towards the ending balance.**
- **Supplies / Materials – only those necessary to maintain the integrity of the program/service**
- **Travel – mandated or required program management**

WHAT IS AN FTES?

30 units = 1 FTES

[15 units/semester or 525 hours of instruction]

1 FTES = \$4,564.83

SWC BUDGET SITUATION TODAY

2010-2011 FTES PROJECTIONS

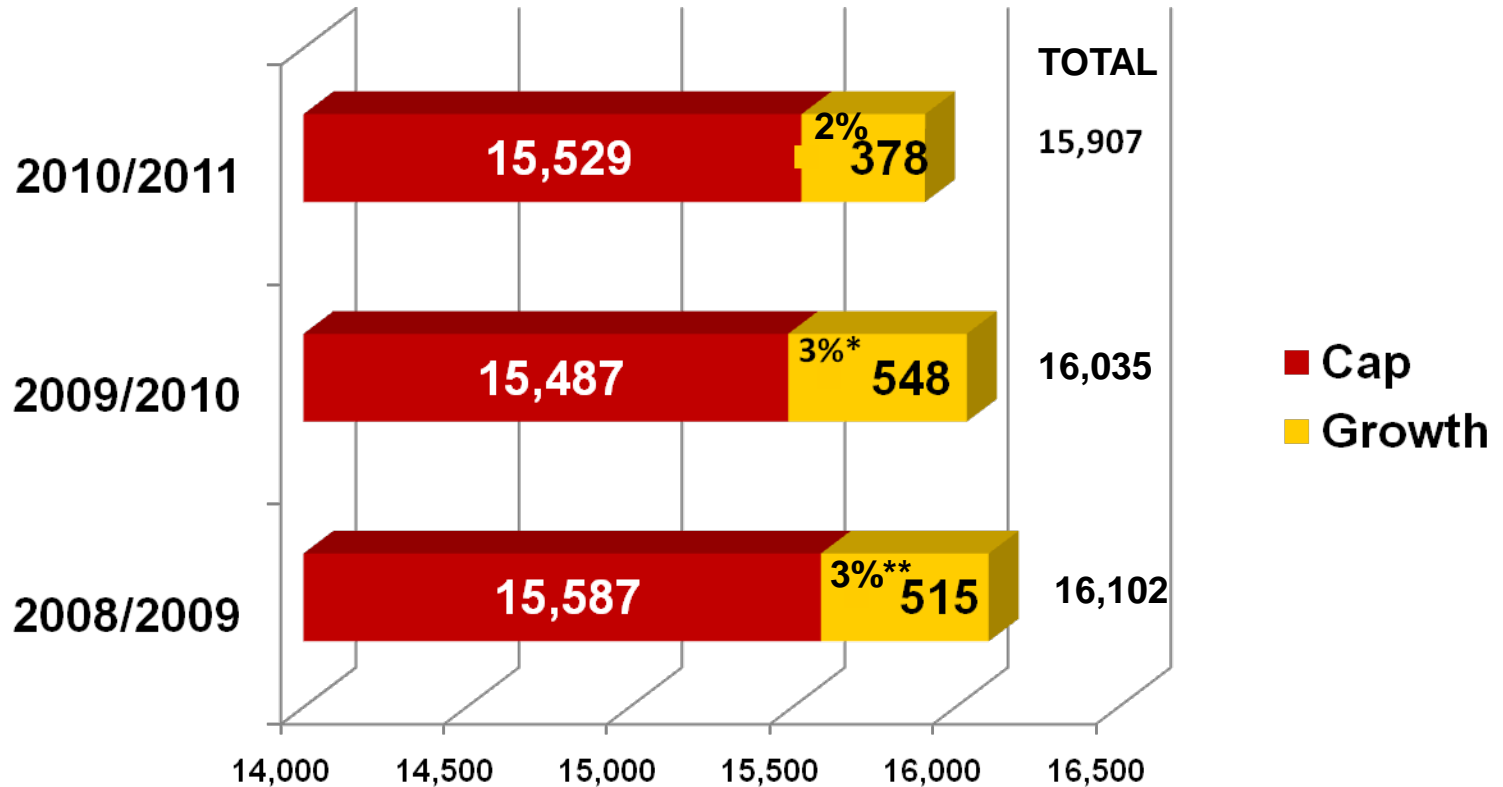
CAP: 15,529 FTES

[Minimum required to maintain base budget]

GROWTH: 15,907 FTES

[2% over CAP = \$1.7M addition IF funded]

3 Year FTES Cap plus Growth Comparison



* Growth funded solely by district

** Growth funded to 2% by State

FTES BUDGET PLANNING SPRING 2011

SUMMER 2010
FTES
GENERATED =
29.67



FALL 2010
FTES
GENERATED=
7017.25

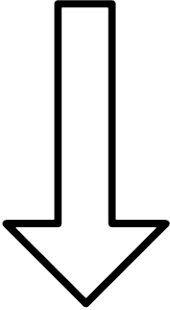


SPRING
2011
EST.
GENERATED
TO DATE=
6341.13



SUMMER
2011
FTES NEEDED
FOR
GROWTH=
1828.94

SPRING 2011
2ND 8-WEEK
SESSION =
689.91



29.67

7017.25

7031.04

Anticipated FTES
for 2010-2011
15,907

ANTICIPATED WORKLOAD [FTES] REDUCTION

- Fewer classes offered
 - Have to spread FTES allocation over Fall & Spring
 - Have to take into consideration fill-rates/efficiency
- Fewer classes = Fewer students = lower enrollment
- Fewer classes = Fewer part-time faculty opportunities

BUDGET PLANNING

- Eliminate year-to-year crisis budget planning.
- Plan **NOW** for the next 3 – 5 years so that we are firmly positioned to respond (not react) to changing budget demands.

BUDGET CYCLE

Fall

- September; Final Budget Approval Current Year
- October: Obtain State Budget confirmation
- Program Review; Snapshots; Prioritization of Needs
- On-going Budget monitoring & future planning

Spring

- Budget Development Next Year
- June; Tentative Budget approved

Summer

- Finalization of budget

Problem: *We do not obtain final numbers until the State's budget is adopted (maybe October) and it is often revised throughout the*

BUDGET PLANNING COMMITTEE

In previous years:

- The Budget Committee received the Priority List generated through the Vice Presidents and made funding decisions as to what money was available.
- Accreditation would see this as the Budget driving the priorities.

BUDGET  **PRIORITIES**

Now:

- The Budget Committee will serve in a Budget Development capacity, not in a funding capacity.
- Budget priorities are a result of an annual PROGRAM REVIEW PROCESS which results in a master Institutional Priority List, developed by the Shared Consultation Council.
- Accreditation would view this as the Institutional Priorities driving the budget.

PRIORITIES  **BUDGET**

WHO IS A MEMBER OF THE BUDGET COMMITTEE?

CO-CHAIRS:

Andy MacNeill, Faculty

Bob Temple*, Interim VPBFA

Non-Voting /Resources

Denise Whittaker, IS/P

Michael Kerns, VPHR*

Wayne Yanda, Finance Director

*VP may interchange for voting member

Voting Members:

2 Faculty: Phil Lopez

Andy MacNeill

2 Academic Senate: Randy Beach

Angie Stuart

2 Classified:

Linda Hernandez

Bruce MacNintch

2 Management:

Terry Davis

Aaron Starck

2 Vice Presidents: Mark Meadows*

Angelica Suarez*

2 Students:

Towan Adams

Nick Serano

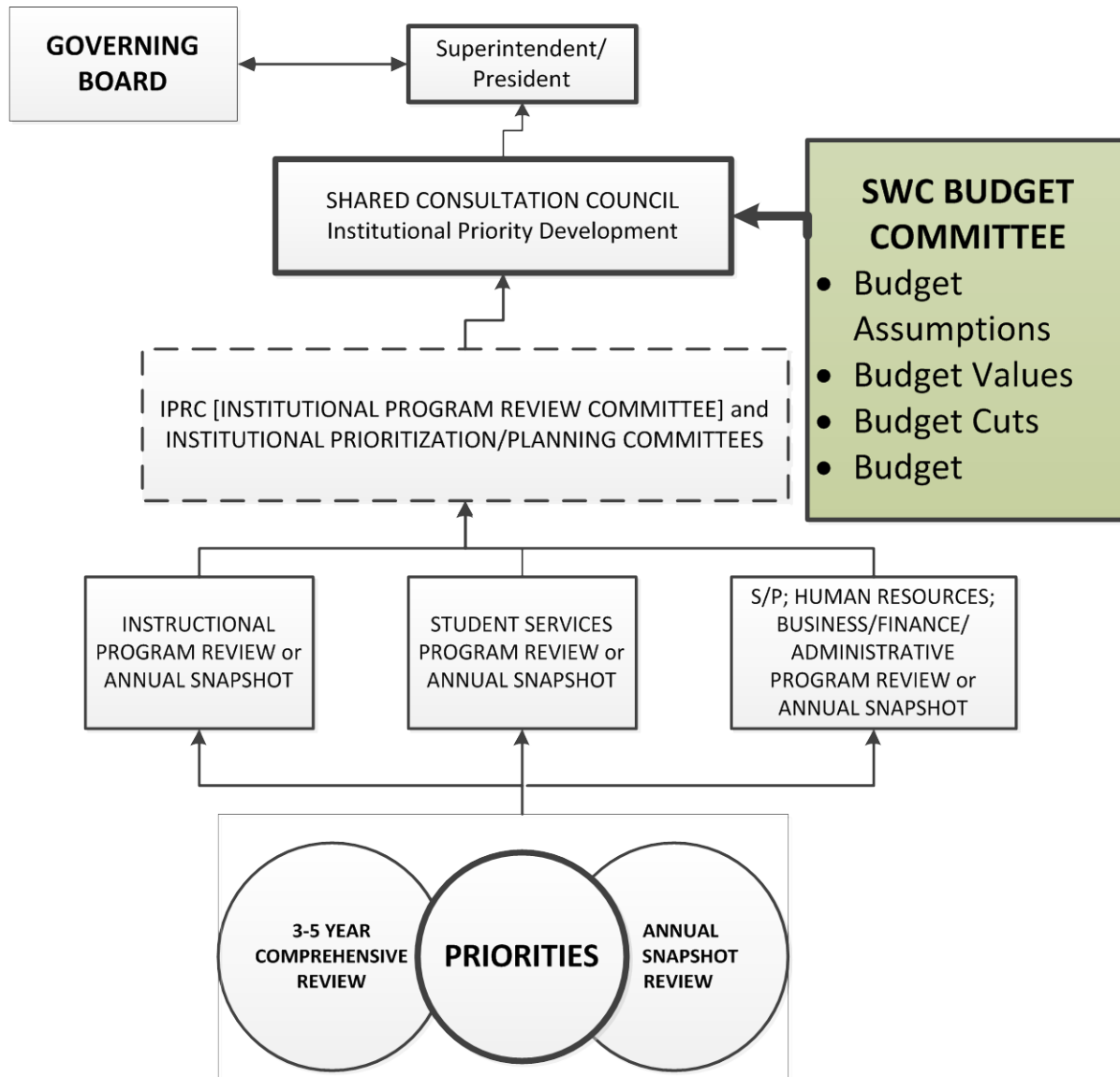
1 Confidential:

Kim Rader

NEW DIRECTION FOR THE BUDGET COMMITTEE

- Review past and current SWC income & expenses (trends)
- Create scenarios relative to State budget projections and decisions
- Develop SWC Budget Assumptions (+- revenues, +- FTES, etc.)
- Develop institutional budget values/priorities
- Identify possible sources of new revenue
- Project the availability of funds

SWC BUDGET DEVELOPMENT PROCESS



SWC BUDGET PLANNING

Anticipated Budget Recommendations:

- **Anticipate: Prepare now for next 3- 5 years of State budget reductions**
- **Maintain classroom/instructional/ student support INTEGRITY but CURTAIL spending**

SWC BUDGET PLANNING

Anticipated Budget Recommendations:

- **Hiring SLOW DOWN**
- **Implement Early Retirement Incentive program (planning a slow-or-no rehire process; may result in management realignment)**
- **Reduce TRAVEL**
- **Generate NEW SOURCES OF REVENUE**

SWC BUDGET PLANNING

- **Budget Augmentations**

- **Personnel**

- Prioritized vacancy lists
 - Hourly backfill justification
 - Report and consultation with SCC
 - Recommendation to President

- **Operations**

- Unmet / unfunded needs goes to SCC for Recommendation

SWC BUDGET ASSUMPTIONS

- Anticipate budget reduction of \$5, \$8 or \$12 (millions)
- “Growth” dollars may not materialize; need to identify new sources of revenue.
- Anticipate FTES workload reduction (EPPT recommends 5% reduction; may go higher)
- Anticipated lower enrollment
- Anticipate Categorical funding reductions/needs
- Anticipate increase in student fees
- Identify extra funds for program review priorities
- Potential loss of Financial Aid support from State and Federal

INSTITUTIONAL VALUES & PRINCIPLES

- **Accreditation & strategic priorities**
- **Safety**
- **Effective Institutional Technology**
- **Maintaining state-of-the-art teaching & learning environment**
- **Institutional Efficiency**
- **Maintaining Morale**
- **Communication / rumor control**
- **Staff Development**
- **Instructional & Student Support Services Integrity**
- **Emerging programs (currency)**
- **Wants vs needs (common good)**
- **Research: Protecting & improving**
- **Part Time Faculty opportunities**

SWC FUNDING VALUES

- **Preserve full-time jobs - Commit to no layoffs**
- **Preserve course offerings**
- **Preserve student support services**
- **Preserve a safe/secure environment**

OPTIONS FOR CUTTING THE BUDGET

- Summer 2012
- **FTES Mandated Workload Reduction: 3%- 14%**
- Use the Fund Balance
- **Implement an Early Retirement Incentive Plan**
- **OPEB 10-11 & OPEB 11-12 (Contribution to retiree medical fund)**
- **Cut the 4000-5000-6000 budget areas by 5% (supplies/travel/contracts/equipment, etc.)**
- Reduce Overtime; Hourly; General Fund Student Employment
- **Administrative Reorganization**
- Non-contractual reassigned time
- **Voluntary Contract Reduction (Example: 12 to 11 month)**
- Other

Where We Are Today?

- **EARLY RETIREMENT SAVINGS: \$1,000,000**
- **WORKLOAD REDUCTION: \$1,000,000**
- **4000 – 5000 – 6000 \$750,000**
- **HOURLY /OVERTIME \$50,000**
- **TRAVEL \$200,000**
- **FUND BALANCE: \$4,000,000**
- **GASB/OPEB \$550,000**
- **\$7,550,000**

Where Do The Remaining Cuts Come From?

Through Contract Negotiations if the budget worsens, such as:

- Sabbaticals – *Moratorium for 2011-12*
- Reassigned Time
- Step/Column
- Salary Reduction Options
- Work Week Options
- Health and Welfare Benefits
- Employee Parking Fee
- Other

Where Do We Find New Revenue Sources?

New sources of income / revenue such as:

- NC & SY HEC – “Center” Status [\$2M]
- **Management Reorganizations**
- **Foundation Donations**
 - Annual Employee Donations
 - Endowments
 - Capital Campaigns
 - Alumni / Retiree Involvement
 - Events & Activities
- **Grants**
- \$ Naming of Buildings for Major Donations

Where Do We Find New Revenue Sources?

Through new sources of income / revenue such as:

- Civic Center (Facilities) Rentals
- Partnerships
 - Redevelopment/community
 - Business/industry
 - K-12
- Activities/Events
 - SWC Swap Meet
 - Concerts
 - ETC.

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