

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

BUDGET UPDATE

DECEMBER 5, 2008

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Strategic Council Presentation

What they're telling us....

The Problem Statement

LAO

- \$27.8 B Shortfall – next 20 months
- Huge shortfall through 2013-14
 - Approximately \$22 B annually
- Must make major reductions to service
- Make major increases in revenues

What they're telling us....

The Problem Statement (cont.)

TO SIERRA

- 2008-09 Mid-year cuts!
 - Cut COLA 0.68% \$0.5 M
 - Cut Apportionment \$4.0 M
 - Flexibility – OK to redirect Categorical \$'s to General Fund
- 2009-10 The Future More Cuts!

What are we going to do?

- Take stock & evaluate readiness
- Soft freeze: Apply “critical & essential” to on-going operations of college as criteria
 - New & replacement hires
 - Discretionary budgets
- Use planning process to make permanent program reductions as necessary

Take Stock: Evaluate Readiness

- General Fund Reserves 10% \$9.4 M
- Capital Project Fund \$4.5 M
 - This is “one time” savings
 - BUYS TIME!
- Structurally balanced Budget
- Growth Revenue budget upon receipt

Soft Freeze: Apply “Critical & Essential”

Growth Revenue

2007-08 Received \$2.8 M

Replenished Capital Project Fund

\$2.2 M for 08-09 Staffing

\$1.7 M in 08-09 budgeted Staffing Plan

\$1.2 M expected Actual

* \$1.0 M on-going Savings

**Potential District mutual interest item*

Soft Freeze: Apply “Critical & Essential” (cont.)

Growth Revenue

08-09	4.4% (undeficited)	\$3.0 M
	Expect 3.0% (deficited)	\$2.0 M
	If Ø for 08-09 Staff, then one-time Savings	\$2.0 M

Soft Freeze: Apply “Critical & Essential” (cont.)

Growth Revenue

2008-09

- If \$2.0 M received & hire \$1.0 M new staff in 09-10,
- * ■ Then \$1.0 M on-going savings in 09-10

**Potential District mutual interest item*

Soft Freeze: Apply “Critical & Essential” (cont.)

Base Budget 08-09

Reduce \$1.0 M to Balance:

\$200,000 from Operating Savings

\$800,000 from Operations

(e.g. Travel, Conference, Overtime,
Hourly Budgets, Contracts, Staff Dev.,
Student Help, Postpone Capital Exp.,
Deferred Maintenance)

Soft Freeze: Apply “Critical & Essential” (cont.)

Base Budget 08-09

\$800,000 Specifics:

Facilities Improvement Funds	\$ 75,000
Student Help Funds	50,000
Deferred Maintenance	160,000
22% of SB1133 Settle-up	25,000

IN SUMMARY 2008-09

\$4.5 M Proposed Cuts!

To Solve

- * \$1.0 M from 07-08 growth
- \$2.0 M from 08-09 growth [one-time]
- \$.5 M COLA not booked
- \$.2 M Operating savings
- \$.8 M Operating cuts
- \$4.5 M Total

**Potential District mutual interest item*

IN SUMMARY 2009-10

- * ■ Convert \$2.0 M 08-09 growth to \$1.0 M 09-10 on-going savings
(Leaves \$1.0 M infrastructural deficit)
 - Balance with Program Cuts and 09-10 Growth Revenue
- Use planning process to make permanent program reductions as necessary to balance

**Potential District mutual interest item*

What it all means...

- The next 2 or 3 years may be extraordinarily difficult
- Solve with growth revenue
- Apply reduction strategies and Strategic Planning principles

What it all means...

- Use Strategic Council
- Time as a Resource
- Reserves to buy time
- Seek permanent (base) reductions
- Use attrition savings
- Frequent communications

What it all means...

- Keep an eye on long-term strategies FT/PT gains
- Omniparty for mutual interest negotiations
- Remember the experience
- These cycles repeat
- Come out of this experience as a stronger institution