

## **LONG TERM BUDGET REDUCTION PLAN (2013-2017)**

In light of the current economic and political environment in the county, and taking into account the sanction status placed upon the district by ACCJC, the district will not be pursuing a bond before the 2014 election. The district did not reach the threshold for mid-size college in 2011-2012. This was due to reduced overall demand. A secondary factor was loss of enrollments to the neighboring Community College Districts, due, at least in part, to the district's sanction status. In the current environment, it is not fiscally feasible to offer a schedule that would generate mid-sized college revenues in 2012-2013. Therefore, the district refined its five year cash flow projections.

It should be noted that the district has had ongoing budget reductions designed to meet the reduction in revenue from the State since the beginning of State implemented workload reductions during the 2010-2011 fiscal year. Given the \$4.5 million in reductions that the district has already experienced in the last four years, even if Proposition 30 is successful, it is projected that the district would continue to have deficit budgets over the next five years. With a failed Proposition 30, those deficits are even greater. This information is detailed in *Table 1*. Using five-year cash flow projections (2012-2017) the district developed two five-year budget reduction plans. These plans were developed to anticipate the impact of the success or failure of Proposition 30.

If Proposition 30 is successful, the five year budget reduction plan includes program eliminations. These eliminations have the following effects:

1. Savings from increases in FTES efficiencies (over \$1 million per year).
2. Salary decreases (either through salary reductions or layoffs for savings of over \$1 million) in all employee groups.
3. Additional operational cuts of over \$100,000.

This plan produces excess contingency funds, every year, during the five years, resulting in a contingency balance (above the required reserve) in the fifth year of \$1.8 million. The contingency balance positions the district to meet its Mission while providing a sustained and consistent schedule for its students and staff. A detailed analysis of this budget reduction strategy is included in *Table 2* and *Table 3*.

If Proposition 30 fails, then the five year budget reduction plan will have a greater number of program eliminations. These eliminations have the following effects:

1. Savings of over \$900,000 in efficiency increases.
2. Savings of almost \$2.8 million in salary reductions (either in salary reductions or layoffs).
3. Additional cuts to operational expenses of \$750,000.

This five year plan produces budgets with contingency balances (above the required reserve) of over \$1 million for three of the first four years and a deficit budget in the fifth year of only \$31,545. The plan positions the district to stabilize course and program offerings so students and staff have dependable expectations of course offerings and

workload over the long-term. A detailed analysis of this budget reduction strategy is included in *Table 4 and Table 5*.

The programs identified in each budget reduction plan were identified based upon the following criteria:

1. FTES/FTEF;
2. Completion rates;
3. FTEF;
4. FTES generation;
5. Enrollment;
6. Community impact.

The implementation of either plan will be determined by the outcome of Proposition 30 in the November 2012 election or by current negotiations with labor groups. These negotiations may result in a change in the number of programs and courses eliminated, but will not affect the target reductions and their associated projections. A summary of the fiscal and human impact of both reduction plans is included in *Table 6 and Table 7*.

At the October 3, 2012 Board Meeting, the Superintendent / President requested and received reaffirmation of his authority to suspend or eliminate academic programs in order to meet the fiscal challenges associated with potential reductions in state funding. The Board also approved the long-term budget reduction plan.

<b>Five Year Budget Projections</b>											
Five Year Projection	2011-2012	2012-2013	2012-2013	2013-2014	2013-2014	2014-2015	2014-2015	2015-2016	2015-2016	2016-2017	2016-2017
	Actuals	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
		SUCCESSFUL	FAILED	SUCCESSFUL	FAILED	SUCCESSFUL	FAILED	SUCCESSFUL	FAILED	SUCCESSFUL	FAILED
<b>Beginning Balance</b>	\$7,337,681	\$5,901,491	\$5,901,491	\$4,418,725	\$2,924,185	\$2,828,973	\$2,628,295	\$2,858,523	\$2,628,295	\$2,888,074	\$2,628,295
8100 TOTAL FEDERAL REVENUE	\$4,384	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700
8600 TOTAL STATE REVENUE w/o General Apportionment	\$1,485,851	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599
8800 TOTAL LOCAL REVENUE w/o Property Tax and Enrollment Fees	\$2,354,451	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190
General Apportionment + Property Taxes + Enrollment Fees	\$43,754,655	\$43,578,249	\$40,726,128	\$44,070,757	\$40,726,128	\$44,563,265	\$40,726,128	\$45,055,773	\$40,726,128	\$45,548,281	\$40,726,128
<b>TOTAL REVENUE</b>	<b>\$47,599,341</b>	<b>\$46,661,738</b>	<b>\$43,809,617</b>	<b>\$47,154,246</b>	<b>\$43,809,617</b>	<b>\$47,646,754</b>	<b>\$43,809,617</b>	<b>\$48,139,262</b>	<b>\$43,809,617</b>	<b>\$48,631,770</b>	<b>\$43,809,617</b>
TOTAL REVENUE + BEGINNING BALANCE	\$54,937,022	\$52,563,229	\$49,711,108	\$51,572,971	\$46,733,802	\$50,475,727	\$46,437,912	\$50,997,785	\$46,437,912	\$51,519,844	\$46,437,912
<b>EXPENDITURES</b>											
1000 TOTAL ACADEMIC SALARIES	\$21,875,112	\$21,281,499	\$20,176,857	\$21,618,147	\$20,296,857	\$21,954,795	\$20,416,857	\$22,074,795	\$20,536,857	\$22,194,795	\$20,656,857
2000 TOTAL CLASSIFEID SALARIES	\$10,669,531	\$9,826,575	\$9,826,575	\$10,468,575	\$10,468,575	\$10,568,575	\$10,568,575	\$10,668,575	\$10,668,575	\$10,768,575	\$10,768,575
3000 TOTAL STAFF BENEFITS	\$7,953,674	\$7,834,867	\$7,834,867	\$7,693,129	\$7,783,654	\$8,228,413	\$7,839,314	\$8,284,073	\$7,894,974	\$8,339,733	\$7,950,634
4000 TOTAL SUPPLIES	\$803,386	\$1,011,454	\$1,011,454	\$917,452	\$917,452	\$917,452	\$917,452	\$917,452	\$917,452	\$917,452	\$917,452
5000 TOTAL OTHER OPERATING EXPENSES	\$5,850,709	\$6,558,661	\$6,558,661	\$6,755,421	\$6,958,083	\$7,166,826	\$7,381,831	\$7,603,286	\$7,831,384	\$8,066,326	\$8,308,316
6000 TOTAL CAPITAL EXPENDITURES	\$401,579	\$32,943	\$32,943	\$32,943	\$32,943	\$32,943	\$32,943	\$32,943	\$32,943	\$32,943	\$32,943
7000 TOTAL OTHE OUTGO**	\$1,481,540	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505
<b>TOTAL EXPENDITURES</b>	<b>\$49,035,531</b>	<b>\$48,144,504</b>	<b>\$47,039,862</b>	<b>\$49,084,171</b>	<b>\$48,056,070</b>	<b>\$50,467,509</b>	<b>\$48,755,477</b>	<b>\$51,179,628</b>	<b>\$49,480,691</b>	<b>\$51,918,328</b>	<b>\$50,233,282</b>
TOTAL ENDING BALANCE	\$5,901,491	\$4,418,725	\$2,671,246	\$2,488,800	-\$1,322,268	\$8,218	-\$2,317,565	-\$181,843	-\$3,042,779	-\$398,485	-\$3,795,370
REQUIRED RESERVE	\$3,015,329	\$3,095,312	\$2,924,185	\$2,828,973	\$2,628,295	\$2,858,523	\$2,628,295	\$2,888,074	\$2,628,295	\$2,917,624	\$2,628,295
RESULTING CONTINGENCY/SHORTFALL	\$1,053,445	\$1,323,413	-\$252,939	-\$340,173	-\$3,950,563	-\$2,850,305	-\$4,945,860	-\$3,069,917	-\$5,671,074	-\$3,316,109	-\$6,423,665
<b>TOTAL EXPENDITURES AND ENDING BALANCE</b>	<b>\$54,937,022</b>	<b>\$52,563,229</b>	<b>\$49,711,108</b>	<b>\$51,572,971</b>	<b>\$46,733,802</b>	<b>\$50,475,727</b>	<b>\$46,437,912</b>	<b>\$50,997,785</b>	<b>\$46,437,912</b>	<b>\$51,519,844</b>	<b>\$46,437,912</b>

**Table 1: Five Year Budget Projections for both Success and Failure of Proposition 30 Without the Budget Reduction Plan**

<b>Five Year Projections Assuming Prop. 30 Success</b>						
	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
	<b>Actuals</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
<b>Beginning Balance</b>	<b>\$7,337,681</b>	<b>\$5,901,491</b>	<b>\$4,418,725</b>	<b>\$5,010,473</b>	<b>\$5,153,037</b>	<b>\$5,081,988</b>
8100 TOTAL FEDERAL REVENUE	\$4,384	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700
8600 TOTAL STATE REVENUE w/o General Apportionment	\$1,485,851	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599
8800 TOTAL LOCAL REVENUE w/o Property Tax and Enrollment Fees	\$2,354,451	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190
General Apportment + Property Taxes + Enrollment Fees	\$43,754,655	\$43,578,249	\$44,070,757	\$44,563,265	\$45,055,773	\$45,548,281
<b>TOTAL REVENUE</b>	<b>\$47,599,341</b>	<b>\$46,661,738</b>	<b>\$47,154,246</b>	<b>\$47,646,754</b>	<b>\$48,139,262</b>	<b>\$48,631,770</b>
TOTAL REVENUE + BEGINNING BALANCE	\$54,937,022	\$52,563,229	\$51,572,971	\$52,657,227	\$53,292,299	\$53,713,758
<b>EXPENDITURES</b>						
1000 TOTAL ACADEMIC SALARIES	\$21,875,112	\$21,281,499	\$21,618,147	\$21,954,795	\$22,074,795	\$22,194,795
Efficiency Increase Adjustment			-\$1,064,987	-\$1,081,819	-\$1,087,819	-\$1,093,819
Salary Decrease			-\$318,415	-\$318,415	-\$318,415	-\$318,415
2000 TOTAL CLASSIFEID SALARIES	\$10,669,531	\$9,826,575	\$10,468,575	\$10,568,575	\$10,668,575	\$10,768,575
Salary Decrease		Included	-\$764,336	-\$764,336	-\$764,336	-\$764,336
3000 TOTAL STAFF BENEFITS	\$7,953,674	\$7,834,867	\$7,419,193	\$7,529,665	\$7,585,325	\$7,640,985
4000 TOTAL SUPPLIES	\$803,386	\$1,011,454	\$917,452	\$917,452	\$917,452	\$917,452
5000 TOTAL OTHER OPERATING EXPENSES	\$5,850,709	\$6,558,661	\$6,755,421	\$7,166,826	\$7,603,286	\$8,066,326
Operating Expense Decrease			-\$100,000	-\$100,000	-\$100,000	-\$100,000
6000 TOTAL CAPITAL EXPENDITURES	\$401,579	\$32,943	\$32,943	\$32,943	\$32,943	\$32,943
7000 TOTAL OTHE OUTGO**	\$1,481,540	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505
<b>TOTAL EXPENDITURES</b>	<b>\$49,035,531</b>	<b>\$48,144,504</b>	<b>\$46,562,498</b>	<b>\$47,504,191</b>	<b>\$48,210,310</b>	<b>\$48,943,010</b>
TOTAL ENDING BALANCE	\$5,901,491	\$4,418,725	\$5,010,473	\$5,153,037	\$5,081,988	\$4,770,748
REQUIRED RESERVE	\$3,015,329	\$3,095,312	\$2,828,973	\$2,858,523	\$2,888,074	\$2,917,624
RESULTING CONTINGENCY	\$1,053,445	\$1,323,413	\$2,181,500	\$2,294,513	\$2,193,915	\$1,853,124
TOTAL EXPENDITURES AND ENDING BALANCE	\$54,937,022	\$52,563,229	\$51,572,971	\$52,657,227	\$53,292,299	\$53,713,758

**Table 2: Five Year Budget Projections Given the Budget Reduction Plan Implemented if Proposition 30 is Successful.**

<b>Program Elimination (Prop. 30 Successful)</b>				
<b>Program #</b>	<b>Average FTEF/Semester</b>	<b>FT Semester Load</b>	<b>PT Semester Load</b>	<b>Faculty Salary Savings</b>
Program 1	1.15	0.00	1.15	49,966
Program 2	0.38	0.00	0.38	16,230
Program 3	0.17	0.00	0.17	7,217
Program 4	1.35	0.00	1.35	58,422
Program 5	0.50	0.00	0.50	21,640
Program 6	1.58	0.00	1.58	68,348
Program 7	0.59	0.00	0.59	25,608
Program 8	0.12	0.00	0.12	5,048
Program 9	4.19	1.50	2.69	250,060
Program 10	0.84	0.00	0.84	36,428
Program 11	0.50	0.00	0.50	21,640
Program 12	2.98	0.00	2.98	128,762
Program 13	0.84	0.80	0.04	72,772
Program 14	0.60	0.00	0.60	25,967
Program 15	0.43	0.00	0.43	18,394
<b>Total</b>		2.30	13.90	806,502

**Table 3: Effects of the Budget Reduction Plan Implemented if Proposition 30 is Successful.**

While specific programs have been identified, the order of the list has been randomized to ensure program anonymity for this document. The programs identified in each budget reduction plan were identified based upon the following criteria:

1. FTES/FTEF
2. Completion rates
3. FTEF
4. FTES generation
5. Program enrollment
6. Community impact

## Five Year Projections Assuming Prop. 30 Failure

	2011-2012 Actuals	2012-2013 Projection	2013-2014 Projection	2014-2015 Projection	2015-2016 Projection	2016-2017 Projection
<b>Beginning Balance</b>	<b>\$7,337,681</b>	<b>\$5,901,491</b>	<b>\$2,954,817</b>	<b>\$3,932,110</b>	<b>\$4,213,996</b>	<b>\$3,778,669</b>
8100 TOTAL FEDERAL REVENUE	\$4,384	\$4,700	\$4,700	\$4,700	\$4,700	\$4,700
8600 TOTAL STATE REVENUE w/o General Apportionment	\$1,485,851	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599	\$1,605,599
8800 TOTAL LOCAL REVENUE w/o Property Tax and Enrollment Fees	\$2,354,451	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190	\$1,473,190
General Apportionment + Property Taxes + Enrollment Fees	\$43,754,655	\$40,726,128	\$40,726,128	\$40,726,128	\$40,726,128	\$40,726,128
<b>TOTAL REVENUE</b>	<b>\$47,599,341</b>	<b>\$43,809,617</b>	<b>\$43,809,617</b>	<b>\$43,809,617</b>	<b>\$43,809,617</b>	<b>\$43,809,617</b>
TOTAL REVENUE + BEGINNING BALANCE	\$54,937,022	\$49,711,108	\$46,764,434	\$47,741,727	\$48,023,613	\$47,588,286
<b>EXPENDITURES</b>						
1000 TOTAL ACADEMIC SALARIES	\$21,875,112	\$20,148,286	\$20,268,286	\$20,388,286	\$20,508,286	\$20,628,286
Efficiency Increase Adjustment			-\$935,909	-\$941,909	-\$947,909	-\$953,909
Salary Decrease			-\$1,550,098	-\$1,550,098	-\$1,550,098	-\$1,550,098
2000 TOTAL CLASSIFIED SALARIES	\$10,669,531	\$9,826,575	\$10,468,575	\$10,568,575	\$10,668,575	\$10,768,575
Salary Decrease Mgr/Classified		Included	-\$1,244,824	-\$1,244,824	-\$1,244,824	-\$1,244,824
3000 TOTAL STAFF BENEFITS	\$7,953,674	\$7,834,867	\$7,069,311	\$7,124,971	\$7,180,631	\$7,236,291
4000 TOTAL SUPPLIES	\$803,386	\$1,011,454	\$917,452	\$917,452	\$917,452	\$917,452
5000 TOTAL OTHER OPERATING EXPENSES	\$5,850,709	\$6,558,661	\$6,958,083	\$7,381,831	\$7,831,384	\$8,308,316
Operating Expense Decrease		-\$255,000	-\$750,000	-\$750,000	-\$750,000	-\$750,000
6000 TOTAL CAPITAL EXPENDITURES	\$401,579	\$32,943	\$32,943	\$34,943	\$32,943	\$32,943
7000 TOTAL OTHER OUTGO**	\$1,481,540	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505	\$1,598,505
<b>TOTAL EXPENDITURES</b>	<b>\$49,035,531</b>	<b>\$46,756,291</b>	<b>\$42,832,324</b>	<b>\$43,527,731</b>	<b>\$44,244,944</b>	<b>\$44,991,536</b>
TOTAL ENDING BALANCE	\$5,901,491	\$2,954,817	\$3,932,110	\$4,213,996	\$3,778,669	\$2,596,750
REQUIRED RESERVE	\$3,015,329	\$2,924,185	\$2,628,295	\$2,628,295	\$2,628,295	\$2,628,295
RESULTING CONTINGENCY	<b>\$1,053,445</b>	<b>\$30,632</b>	<b>\$1,303,815</b>	<b>\$1,585,701</b>	<b>\$1,150,374</b>	<b>-\$31,545</b>
TOTAL EXPENDITURES AND ENDING BALANCE	\$54,937,022	\$49,711,108	\$46,764,434	\$47,741,727	\$48,023,613	\$47,588,286

**Table 4: Five Year Budget Projections Given the Budget Reduction Plan Implemented if Proposition 30 Fails.**

<b>Program Elimination (Prop. 30 Failure)</b>				
<b>Program #</b>	<b>Average FTEF/Semester</b>	<b>FT Semester Load</b>	<b>PT Semester Load</b>	<b>Faculty Salary Savings</b>
Program 1	1.15	0.00	1.15	49,966
Program 2	0.38	0.00	0.38	16,230
Program 3	0.17	0.00	0.17	7,217
Program 4	1.35	0.00	1.35	58,422
Program 5	0.50	0.00	0.50	21,640
Program 6	1.58	0.00	1.58	68,348
Program 7	0.59	0.00	0.59	25,608
Program 8	0.12	0.00	0.12	5,048
Program 9	4.19	1.50	2.69	250,060
Program 10	0.84	0.00	0.84	36,428
Program 11	0.50	0.00	0.50	21,640
Program 12	2.98	0.00	2.98	128,762
Program 13	0.84	0.80	0.04	72,772
Program 14	0.60	0.00	0.60	25,967
Program 15	0.43	0.00	0.43	18,394
Program 16	1.27	0.67	0.60	85,484
Program 17	1.63	0.00	1.63	70,670
Program 18	2.99	1.00	1.99	175,227
Program 19	12.95	0.00	1.43	61,889
Program 20	1.20	1.00	0.20	97,693
Program 21	17.34	0.00	0.60	25,967
Program 22	2.45	0.00	2.45	106,073
Program 23	1.73	1.00	0.73	120,594
<b>Total</b>		5.97	23.53	1,550,098

**Table 5: Effects of the Budget Reduction Plan Implemented if Proposition 30 Fails.**

While specific programs have been identified, the order of the list has been randomized to ensure program anonymity for this document. The programs identified in each budget reduction plan were identified based upon the following criteria:

1. FTES/FTEF
2. Completion rates
3. FTEF
4. FTES generation
5. Program enrollment
6. Community impact

<b>Prop. 30 Successful</b>	<b>Classified</b>	<b>Confidential</b>	<b>Managers</b>	<b>Faculty*</b>	<b>Annual Total</b>	<b>5 -Year TOTAL</b>
Salary reductions	\$ 581,048	\$ 32,899	\$ 215,935	\$806,502	\$1,636,384	\$8,181,920
Equivalent Layoffs	12.67	0.558	2.09	16.2		
*Faculty Salary Savings results from program elimination						

**Table 6: Impact of the Long-Term Budget Reduction Plan if Proposition 30 is Successful.**