Preparation for 2011-12 Budget and Looking Ahead
Preliminary Recommendations to and Questions for the Board of Trustees from the Superintendent/President and Executive Committee

In order to begin shaping the direction for building the tentative budget for 2011-12 and looking ahead with an expectation that the state funding for community colleges will not improve until at least 2014-15 and that SBCC will face severe ongoing cuts ahead (from a low of $3.9 million to a high of $10.5 million in 2011-12), it is important to have the Board's guidance in the next one to two months regarding key assumptions, recommendations and questions outlined below. As it is always the case, building the tentative budget is an iterative process through June when a tentative budget is brought for Board approval.

1. **Recommendation: Implement the ongoing cut to base funding in a three-year phased approach** as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011-12</th>
<th>2012-2013</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>If cut is $3.9 million</td>
<td>$1 million</td>
<td>$1 million</td>
<td>$1.9 million</td>
</tr>
<tr>
<td>If cut is $6.8 million</td>
<td>$2 million</td>
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<td>$2.8 million</td>
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<td>If cut is $10.5 million</td>
<td>$2 million</td>
<td>$4 million</td>
<td>$4.5 million</td>
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</tbody>
</table>

This approach will mean that the current reserves will be reduced significantly over the next three years (we are working on an analysis of the impact of these scenarios which we will bring to a future meeting of the Fiscal Committee and Study session). However, given the magnitude of the reduction, implementing the entire ongoing cut in one year will have a severe negative impact on our students, programs and employees and will not allow sufficient time for analysis and planning. **The annual cuts in expenditures proposed above need to be true ongoing expenditure reductions rather than one-time reductions.** The reserves we currently have are serving us extremely well and will allow us to implement this phased approach. In addition, there are a number of policy proposals at the state level, which, if implemented, will change the funding for community colleges in very important ways and we may not have the choices that we currently have.

2. **Recommendation: Maintain center status for Schott and Wake** – maintaining center status requires a minimum of 1,000 FTES per center. The 1,000 FTES can be a combination of non-credit and credit FTES. Currently, there is a small number of credit classes offered at the Wake Center through the Professional Development Center and Construction Academy, totaling
about 70 FTES per year. The college has the capacity to offer more credit classes at the Wake Center depending on space availability.

a. **Question for the Board:** Will the Board support the college offering additional credit classes at the Wake Center and possibly, but less likely, at the Schott Center, and maintaining the Center status through a combination of credit and non-credit FTES rather than exclusively through non-credit FTES?

3. The ongoing state funding cut looks very likely to be implemented as a **workload reduction** in 2011-12, meaning reducing the base of FTES funded, the same way the $2.6 million reduction in ongoing reduction in our base funding was implemented in 2009-10. Based on recommendation 1 above, the recommendation is to allow for some unfunded FTES in 2011-12 and 2012-13 and we are working on further analysis.

**Recommendation:** maintain the enhanced non-credit FTES at current level of about 930 annually; consider reducing non-credit non-enhanced FTES from an estimated 1,263 in 2010-11 to 1,000 in 2011-12 to allow for a lower reduction in credit FTES than otherwise possible. Consider offering additional non-credit classes for a fee under Community services. Reduce credit FTES in a phased approach over three years as follows: a) in 2011-12, the college will not exceed $2,000,000 in unfunded FTES; b) in 2012-13, the college will not exceed $1,000,000 in unfunded FTES; c) in 2013-14, the college will not exceed $200,000 in unfunded FTES.

**Work on the summer 2011 schedule for non-credit** starts in mid-March 2011. It is important to make a decision regarding the non-credit courses offered in Summer 2011 by March 15.

a. **Question for the Board:** How does the Board view the implementation of the workload reduction in terms of the split of the FTES reduction between credit and non-credit?

4. **Recommendation:** Maintain the commitment that all regular employees of the college will be employed – no layoffs of regular employees due to budget reductions. The college employs a large number of adjuncts and short-term hourly workers.

a. **Question for the Board:** What is the position of the Board?

5. **Support for categorical programs (EOPS, DSPS, matriculation):** since 2008-09 when the state funding for categorical programs has been cut by about 50%, the college has increased significantly the support for these programs from the general fund above and beyond what was already funded from the general fund. In 2010-11, $825,173 additional funding from the general fund is committed to offset the state budget cuts and maintain an overall level of funding of over 90% of what these programs had in overall funding in 2007-08.
**Recommendation:** To the extent that the workload reduction will result in fewer students served, the overall funding needed by these programs will decline, however we will not know the impact regarding demand for the services offered by these programs until later in 2011-12. For 2011-12, maintain the same total additional support from the general fund as in 2010-11.

a. **Question for the Board:** What is the position of the Board?

6. **Borrowing:** Due to effective and prudent fiscal management the college has never needed to borrow in order to deal with cashflow challenges created by deferments in state payments or increased costs.

**Recommendation:** Commit to not arrive at a situation where the college is forced to borrow money to deal with cashflow.

a. **Question for the Board:** What is the position of the Board?

8. **General fund reserves:** Due to effective and prudent fiscal management the college has been able to end 2009-10 with a total of $30.4 million in fund balances (general fund, construction and equipment funds). The minimum required by the State Chancellor’s Office is 5% of the restricted and unrestricted operating budget. Accreditation standards set expectations of minimum fiscal solvency and stability (see standard IIID).

**Recommendation:** Maintain a cash fund balance equal to 5% + cost of TLU liability + annual deferrals paid into the next fiscal year. This is the minimum level of cash needed to ensure that we meet cashflow needs throughout the year without the need to borrow (see cashflow analysis provided for the meeting of the Fiscal Committee on February 7, 2011).

a. **Question for the Board:** What is the position of the Board?

9. **Construction and equipment funds:** The physical and technical infrastructure of the campus needs to be maintained in order to provide a positive and effective learning environment for our students and a reasonable working environment for our employees. The college must maintain a high standard in our technology – hardware and software – in order to provide a quality of education that our students need to receive from SBCC. Learning on obsolete equipment and software will not provide our students with the education that expect and need to receive to be competitive in the job market or as they pursue higher education at the university level. The state has stopped providing block grant funding for instructional equipment. Without a sustained effort on the part of the college to save money and replenish out equipment and construction funds, the college will fall behind and jeopardize the quality for which SBCC is known and respected statewide and around the nation. Just the routine annual maintenance of
facilities is about $640,000 per year. As in any institution of this size, there are always unexpected issues that occur throughout the fiscal year with equipment or pipes breaking or other emergencies that must be addressed right away. The annual cost for scheduled replacements of computers and servers is about $700,000/year. This does not include the cost of cyclical replacement of other equipment that is non-computer related.

**Recommendation:** Transfer at least $2 million/year into the construction fund and $1.5 million/year into the equipment fund.

a. **Question for the Board:** What is the position of the Board?
Accreditation Standards

Accrediting Commission for Community and Junior Colleges (ACCJC)
Western Association of Schools and Colleges
Approved, June 2002

During the last comprehensive visit for re-affirmation of accreditation conducted in October 2009, SBCC received an exceptional evaluation report and re-affirmation of accreditation. SBCC received nine commendations including the following:

**Commendation 1:** The Team commends the college for developing a revised program review process which effectively ties program review to budgeting and the College Plan. Of particular note is the impressive software developed by college staff to ensure program reviews are completed, reviewed, used for decision-making, and available to the college community.

**Commendation 2:** The Team commends the college for developing a College Plan which effectively incorporates goals and measurable objectives. Further, the college annually reviews its progress toward achieving the stated goals and objectives in the College Plan, and disseminates the results widely.

**Commendation 8:** The Team commends SBCC for its successful fiscal management.

**Standard III: Resources**

The institution effectively uses its human, physical, technology, and financial resources to achieve its broad educational purposes, including stated student learning outcomes, and to improve institutional effectiveness.

**D. Financial Resources**

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning.
1. The institution relies upon its mission and goals as the foundation for financial planning.
   a. Financial planning is integrated with and supports all institutional planning.
   b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.
   c. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.
   d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

2. To assure the financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.
   a. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.
   b. Appropriate financial information is provided throughout the institution.
   c. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.
   d. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.
e. All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.

f. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.

g. The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

3. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.
Unrestricted General Fund Trend Analysis 2001-02 to 2009-10

Between 2001-02 and 2009-10, the college unrestricted general fund revenue increased by 58% whereas expenses grew by 63%. For five consecutive years, between 2003-04 and 2007-08, California community colleges and SBCC have enjoyed very good budgets and significant infusion of new money through equalization and various state initiatives.

Fixed costs increased by 8%. Benefits alone increased by 111% and this trend is expected to continue. Due to measures taken in 2008-09 and 2009-10, total salaries, benefits and fixed costs as a proportion of the unrestricted general fund revenues has been 85% in 2009-10 compared to 88% in 2007-08. Due to the same efforts, total salaries, benefits and fixed costs as a proportion of the unrestricted general fund expenses has also declined slightly from 93% in 2007-08 to 92% in 2009-10.

Total fund balances in the general, construction and equipment funds decreased from $30.3 million in 2001-02 to $26.8 million in 2008-09, a 12% decrease. Due to the state budget fiscal crisis, the college decided to not transfer funds to the equipment and construction fund as in years past. To ensure stability and the ability to deal with cash flow issues caused by the deferment in state payments, the general fund ending balances were increased through deliberate actions taken in 2008-09. The general fund balances increased from $10.4 million in 2001-02 to $16.3 million in 2009-10, a 56% increase. In spite of the severe budget uncertainty in 2008-09, due to the actions taken, the six year decline in the proportion of general fund balances as compared to unrestricted general fund revenues has been reversed. In 2009-10, this proportion was increased to 34% after reaching an all-time low of 27% in 2007-08. The proportion of general fund balances as compared to unrestricted salaries and benefits has also increased from 31% in 2007-08 to 36% in 2008-09 and to 42% in 2009-10. The college continued to act in a fiscally responsible manner ensuring that by the end of 2009-10, the total fund balances (general, construction and equipment) reached a total of $30.4 million, only about $100,000 higher than the total in 2001-02. Given the fiscal outlook for the next three to five years, SBCC will be extremely well served by the effective fiscal management that the college used in recent years in spite of the challenging economic times.

The transfers to various funds as a percentage of total unrestricted revenues have declined significantly. In 2001-02, 13% of the unrestricted revenues were transferred to various funds, including equipment and construction. In 2009-10, the transfers to various funds represented only 1% of the total unrestricted revenues. This is too low a level in terms of the needs of the campus for facility maintenance and equipment replacement. As a result, in the adopted budget for 2010-11, we have resumed transferring money from ending balances to the construction and equipment funds and estimate that about 9% of the total unrestricted revenues will be transferred in 2010-11.

The interest revenue on funds on general fund balances (including construction and equipment) has declined from $910,146 in 2001-02 to $392,700 in 2009-10, a 57% decline.
Integrated Planning to Implement College Quality Improvement

Member institutions have been seeking more explanation of the ACCJC’s requirement for Integrated Planning. Standard I.B.3 requires that institutions “assess progress toward achieving stated goals and make decisions regarding the improvement of institutional effectiveness in an ongoing and systematic cycle of evaluation, Integrated Planning, resource allocation, implementation and re-evaluation.” While many member colleges have developed sound means of evaluating institutional quality, some still lack the ability to make systemic plans for needed or desired changes, and keep the institution’s work focused on implementing those planned changes.

At the simplest level, plans describe the pathway from a current institutional quality, condition, or outcome, to an envisioned quality, condition or outcome at some defined future date. Plans are the promise to change and to do something differently. They require institutional commitments of attention and resources if they are to be achieved. Beset by the requirements of various agencies (e.g., state systems, accreditors, bond or fundraising campaigns) for different kinds of plans (strategic planning, tactical planning, enrollment planning, budget planning), institutions often have multiple plans, each targeting some part of institutional behavior but lacking alignment and cohesion to the other plans the institution has developed. Sometimes, the groups of individuals that develop various institutional planning documents are not aware of how their plan will fit with institutional priorities, but are simply hoping the existence of a plan will stimulate the institutional commitment. The result is institution-wide confusion about priorities, competition for institutional resources, and failure to achieve important changes that the institution has identified as needed or desirable. Another result can be a disdain among college constituencies toward both evaluation and planning activities.

When integrating plans and planning processes, a college must have a point in its decision-making process whereby it considers all of its plans, determines how to align them and which ones it will commit to, determines the sequence in which they might best be achieved, sets priorities, and allocates resources and responsibilities to achieve the needed changes by determined dates. Not all change-oriented actions need to be taken at the institutional level - many plans for change can be carried out at a departmental or unit level. Nevertheless, the institution needs to know about and make necessary commitments of resources to all the plans for improvement it has decided to advance. (The example of a new college library that stood empty for years because the institution had not planned to equip it comes to mind here.)

Integrated planning is neither top-down nor bottom-up; it is an interactive process in which an institution, through its governance processes, thoughtfully uses its values and vision to set priorities and deploy its resources and energies to achieve institutional changes and improvements at various levels of the organization in response to current or anticipated conditions. When institutions take a holistic, integrated approach to planning, they can find opportunities to combine and leverage plans, maximize effective use of resources as well as create more effective sequences for making changes. They may also find contradictions that need resolution - sometimes by the re-formulation or abandonment of some of the plans that were made. Actions determined through integrated planning bring the purpose of program review and evaluation alive and enable an institution to improve educational quality.†
Program Review, which is required by the Higher Education Act that was passed in 1965, amended several times, and just renewed in fall 2008, is intended to engage colleges in a careful evaluation of how effective their educational and student support programs are, and how well students are succeeding. Colleges must use information gleaned from such ongoing evaluation to make improvements to educational quality and student success.

Accreditation is higher education’s system of quality assurance through self-regulation. Higher education is one of the few professions that is privileged to be self-regulating. Associated with this privilege is a belief that higher education professionals will care about, and will best know what to do about, improving student outcomes. A professional interest in maximizing student success is fundamental to the profession of college educators. Individual faculty members are often dedicated to assessing the effectiveness of their own courses in order to improve student outcomes, but program review is designed to engage the broader educational program and the institution in focusing on student success.

Educational Programs refers to the sequence of courses leading to a degree or certificate, such as the “liberal arts/transfer program” or the “nursing program,” or the sequence of courses or learning activities leading to intellectual mastery, such as the Basic Skills course sequence leading to college readiness, the lifelong learning course sequence that enhances career and job skill set, etc.

Student Support Programs refers to non-instructional services, such as advising, counseling, learning resources, financial aid, tutoring, mentoring, etc., that facilitate student success and provide strategies for students to overcome the varied factors in life that may disrupt their education and reduce their success.

“Student Success means the students’ completion of a course of study (course sequence, a certificate, a degree) and movement to the progression of steps fundamental to their goals: job placement, passing the licensure exam, transfer to a four-year institution, or just success in life. Smaller steps on the path to program completion can also be important measures for some programs -- successful course completion, movement to the next course in a sequence, completion of general education requirements -- as attention to these measures gives an institution information about where students are successful (or unsuccessful) at finishing programs. These interim indicators also provide measures of student success for the many students who don’t seek to complete degrees and certificates. The Commission’s terminology for these measures of success is “student achievement.”

In addition to the idea of “completion” of the course, course sequence, certificate or degree, student success is also measured by what students have learned - can they demonstrate knowledge by applying it, pass a standardized examination, perform the tasks a job requires, manage their time effectively, communicate clearly and effectively, etc. The Commission’s terminology for this form of student success is “student learning outcomes.”
Program Review, continued from page 1

The 2002 Standards of Accreditation ask colleges to identify intended student learning outcomes at the course, program and degree/certificate levels and to assess the degree to which students are learning.

Analyses of learning assessment data are meant to be added to program review so that institutions can examine and work to improve student achievement and student learning - both vital components of student success.

Students entrust their lives and their futures to the colleges they attend. They enter higher education expecting to learn, to obtain knowledge and skills that will improve their lives, and to earn the credentials that will allow them to move forward, personally, economically, and socially. The accreditation requirement that colleges review the quality of their programs and the student outcomes that result, and that colleges work to improve quality and student success, is the only acceptable response to the trust students and the public place in institutions that are accredited.

Pressure on institutions to improve student success will not subside. As evident from many speeches and comments on education in the United States, President Obama’s agenda for higher education is to achieve many more college graduates by 2020 and to increase student “success.” Staff appointed to the Department of Education, including Secretary Arne Duncan and Undersecretary Martha Kanter, refer to the agenda of the Obama administration as emphasizing student success and institutional accountability for student outcomes. Furthermore, the national higher education community is focusing more on measuring student outcomes and using the results to improve institutional effectiveness and student success.

The ACCJC requires its member institutions to develop and maintain the practice of regular and careful self-assessment and improvement (where needed) of educational quality and institutional effectiveness. Program review is central to institutional quality.
Santa Barbara City College

Committed to the Success of Each Student

Institutional Effectiveness
Annual Report
2009-2010
FROM THE  
SUPERINTENDENT/PRESIDENT

Santa Barbara City College (SBCC) is dedicated to excellence in providing higher education for the South Coast region. A key factor in ensuring educational quality is conducting an ongoing assessment of the College’s effectiveness. Assessment gauges past performance and identifies areas for future improvement and growth.

This document contains SBCC’s comprehensive assessment of institutional effectiveness. This ongoing evaluation reflects the commitment of many individuals within the College to examine our institutional strengths and identify areas for improvement. Such an assessment of the College’s effectiveness is reported annually to the Board of Trustees and the College community. In addition, the report reflects the assessment measures reviewed and identified in the 2008-2011 College Plan.

To that end, the report is divided into six major areas related to the College’s mission, goals, functions, and resources. These topic areas include: Student Learning, Achievement and Development; Student Outreach and Responsiveness to the Community; Faculty, Staff and Administrators/Managers; Applications of Technology; Facilities; and Fiscal Support.

Recognition should go to the following for their efforts in completing this project: Melanie Rogers, Research and Assessment Analyst in the Office of Institutional Assessment, Research and Planning for the data collection, analysis and report preparation; Vice Presidents Dr. Jack Friedlander, Dr. Paul Bishop, Sue Ehrlich, Joe Sullivan and Dr. Ofelia Arellano, and staff from various departments for their input into and support of this project.

The primary purposes of the Institutional Effectiveness Report are to guide the improvement of SBCC’s instructional and student services programs, and to support the development of initiatives designed to promote student success. The results from this evaluation assist us in achieving these fundamental purposes.

Andreea M. Serban, Ph.D.  
Superintendent/President
CHAPTER VI
FISCAL SUPPORT

The fiscal health of the College is an ongoing key area of emphasis for the Board of Trustees, administration, faculty, and staff of the institution.

Average Funding per FTES
The average state funding for the California Community Colleges continues to lag behind the funding provided to California K-12, CSU and UC systems, and the funding for SBCC specifically is lower than the statewide average (see Figure VI.1). SBCC experienced a more significant growth in per FTES funding in 2006-07 due to the implementation of SB361 funding mechanism, which provided equalization of funding across the community colleges. Average state funding per FTES for UC, CSU and California Community Colleges is provided by California Postsecondary Education Commission (CPEC). Data for SBCC is provided by the SBCC Accounting Office and K-12 data is from the California Department of Education (CDE). However, data for 2009-10 are not yet available for CA K-12.

Figure VI.1 Average State Funding per FTES
2007-08 to 2009-10

Source: SBCC Accounting Office, CEC
*These data are not yet available for 2009-10
State General Apportionment as a Percentage of Total Revenues
This percentage increased to its highest point (49%) in 2007-08, and declined again over the next two years (see Figure VI.2).

Figure VI.2 State General Apportionment as a Percentage of Total Revenues (Unrestricted and Restricted) 2005-06 to 2009-10

Restricted Revenues as a Percentage of Total Revenues (Unrestricted and Restricted)
Restricted revenues represented 13% of the total revenues in 2009-10, which is a decrease from 14% in 2008-09 and 16% in 2007-08. This is a direct result of the significant reduction in funding for categorical programs that started in 2008-09.

Salaries and Fringe Benefits
Fringe benefits (excluding STRS and PERS) represent 15% of salaries, and STRS and PERS constitute an additional 7% of salaries. Total salaries and benefits represented 86.6% of total expenditures from restricted and unrestricted funds in 2008-09 and 2009-10, which is the highest level of the period (see Figure VI.3). Because a high proportion of the expenditures is for salaries and benefits, discretionary unrestricted general funds that the College can spend on new initiatives or to enhance support of existing projects and programs are limited.
Figure VI.3 Salaries & Benefits as a Percentage of Total Restricted and Unrestricted Expenditures 2005-06 to 2009-10

Instructional salaries and benefits represented 55.5% of total expenditures from unrestricted funds in 2009-10, which is a 2% increase from 53.4% in 2005-06 (see Figure VI.4). The College is in compliance with Education Code Section 84362 (i.e., the 50% Law).

Figure VI.4 Instructional Salaries & Benefits as a Percentage of Total Unrestricted Expenditures 2005-06 to 2009-10

Unrestricted General Fund: Salaries and Benefits
The College's expenditures for unrestricted salaries and benefits grew by almost $18 million from 2004-05 to 2007-08, and decreased by almost $2M in 2009-10 compared to 2008-09. The decline was due to a combination of factors: a number of vacancies in management and administrative positions were not filled, the rates for hourly pay of short-term staff and students workers were restructured and brought to levels consistent with peer
community colleges and similar pay, other vacancies were filled after keeping the positions open for longer periods, where possible. When examining salaries and benefits as a percentage of the unrestricted general fund, this percentage has remained fairly constant between 88% and 90% of the College's expenses (see Figure VI.5). However, this means that the College's ability to expend unrestricted general funds on projects and new initiatives is limited.

Figure VI.5 Unrestricted Salaries & Benefits as a Percentage of Unrestricted General Fund Expenses 2005-06 to 2009-10

Unrestricted General Fund: Fixed Costs
The College's expenditures for fixed costs have decreased by over $13,000 in the past five years, which represents a 0.47% decrease. Fixed costs are those expenses that the College must pay and there is little flexibility or control over the amounts. These include utilities, insurance, and audit and banking fees. When examining fixed costs as a percentage of the unrestricted general fund, this percentage has decreased from 4.2% in 2005-06 to 3.4% in 2009-10 (see Figure VI.6). This drop is due to efforts to slow down expenditures in 2008-09 and 2009-10 in light of the state fiscal crisis and reductions in state funding for community colleges, including SBCC.
Figure VI.6 Fixed Costs as a Percentage of Unrestricted General Fund Expenses
2005-06 to 2009-10

Source: SBCC Accounting Office

- Fixed Costs
- % of Expenses
Unrestricted General Fund: Salaries, Benefits and Fixed Costs

That portion of the College's revenues and expenditures that is not salaries, benefits or fixed costs represents the discretionary portion of the College's budget. For most of the past five years, these combined costs have been between 83% and 88% of the unrestricted general fund revenues and between 92% and 93% of expenses. These figures indicate that only 12% to 17% of the revenues and 7% to 8% of the expenses are discretionary. The combined expenses for salaries and benefits and fixed costs grew by over $15M from 2005-06 to 2008-09, and decreased by over $2M in 2009-10 (see Figures VI.7 & VI.8).

Figure VI.7 Salaries, Benefits & Fixed Costs as a Percentage of Unrestricted General Fund Revenues
2005-06 to 2009-10

Source: SBCC Accounting Office
Figure VI.8 Salaries, Benefits & Fixed Costs as a Percentage of Unrestricted General Fund Expenses 2005-06 to 2009-10

State Cost of Living Adjustment (COLA) versus Consumer Price Index (CPI) Increases
In 2006-07, state COLA exceeded the annual CPI by nearly 3%. However, in 2007-08, the percentage increase in the annual CPI for all products for the Southern California region exceeded the state COLA (see Table VI.9).

Table VI.9 COLA and CPI 2006-07 to 2009-10

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<tr>
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<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>4-Year Average</th>
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<tr>
<td>COLA</td>
<td>5.92%</td>
<td>4.53%</td>
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<td>0.00%</td>
<td>2.61%</td>
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<tr>
<td>CPI</td>
<td>2.94%</td>
<td>5.38%</td>
<td>-2.22%</td>
<td>0.88%</td>
<td>1.74%</td>
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Source: SBCC Accounting Office
General Fund Balance as a Percentage of Total Unrestricted General Fund Expenses

Total general fund balances as a percentage of total unrestricted general fund expenses decreased from 41% in 2005-06 to 28% in 2007-08, and increased again to 37% in 2009-10. Figure VI.10 shows the fund balances as a percentage of unrestricted general fund expenditures and Table VI.11 shows actual fund balances.

Figure VI.10 Total Fund Balances as a Percentage of Unrestricted General Fund Expenditures Excluding Transfers 2005-06 to 2009-10

![Bar chart showing fund balances as a percentage of unrestricted general fund expenditures from 2005-06 to 2009-10.

Source: SBCC Accounting Office]

Table VI.11 Fund Balance (in Thousands) 2005-06 to 2009-10

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<td>General</td>
<td>9,453</td>
<td>10,717</td>
<td>11,209</td>
<td>16,483</td>
<td>22,886</td>
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<td>Equipment</td>
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<td>5,020</td>
<td>4,307</td>
<td>4,192</td>
<td>2,675</td>
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<td>Construction</td>
<td>11,738</td>
<td>11,153</td>
<td>7,085</td>
<td>6,240</td>
<td>4,883</td>
</tr>
<tr>
<td>Total</td>
<td>27,534</td>
<td>26,890</td>
<td>22,601</td>
<td>26,915</td>
<td>30,444</td>
</tr>
<tr>
<td>% of Expenses</td>
<td>41%</td>
<td>36%</td>
<td>28%</td>
<td>32%</td>
<td>37%</td>
</tr>
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</table>

Source: SBCC Accounting Office
Key Areas of Institutional Effectiveness in the Area of Fiscal Support
During years of fiscal instability, the Board of Trustees and the administration avoided fiscal problems by diligently developing and administering the college budget. Between 2003-04 and 2007-08, California Community Colleges and SBCC experienced very good budgets with significant infusion of new money through the implementation of the SB 361 funding mechanism and the equalization of funding across the 72 California community college districts and 112 community colleges. From a total fund balance of over $30 million at the end of 2001-02, the College started 2008-09 with a total ending balance of $22.6 million and a bleak fiscal outlook. In 2008-09 and 2009-10, the College took deliberate and proactive measures to deal with the state fiscal crisis. As a result, the College was able to maintain employment of all regular employees and preserve core instruction and services.

College Action in the Area of Fiscal Support
In 2008-09 and 2009-10, the College has reduced its operating expenses to meet the budget reductions effected by the State. The College has made concerted efforts to continue ongoing unrestricted general fund expenditure reductions in 2009-10 and achieved a balanced budget, in spite of significant reductions in state funding. The College will engage in a systematic analysis of its budgeting practices, reduce ongoing unrestricted general fund expenditures, link program reviews to planning and budgeting, and aggressively pursue alternative sources of revenues. At the same time, as a college, our two most important commitments and efforts are towards maintaining 1) core instruction and programs that serve our students, and 2) employment of regular employees: full-time faculty, regular classified staff and administrators/managers.