

SANTA BARBARA CITY COLLEGE
ASSUMPTIONS USED TO DEVELOP THE 2012-13 ADOPTED BUDGET
Board of Trustees Study Session June 14, 2012

The budget revenue assumptions are from the Annual Statewide Budget Workshop published on the Community College League of California website July 31, 2012. The revenue assumption for the state includes the passing of tax legislation in the November 2012 election.

If the voters do not approve the temporary taxes, the budget would likely change as follows:

- *The \$380,000 in new money for the mandates block grant would be cut.*
- *An additional unspecified base cut of \$4.6 million, resulting in a 7.3% workload reduction.*

The potential \$4.6 million workload reduction that could take place after the November 2012 general election is the greatest unknown and the most difficult to budget for.

REVENUE

1. Any reduction in state apportionment revenues for 2012-13 will result in a “workload” reduction applied to the unrestricted General Fund. Workload reduction means a reduction in the number of full-time equivalent students funded by the state.
✚ **The 4.6 million workload reduction is assumed for the Adopted Budget.**
2. The estimate for revenues from the courses converted to fee based is included in the tentative budget. The revenue and expense will be tracked in the general fund. The conversion of NCNE to fee based is the cumulative of 40% Fall, 60% winter and 80% spring.
3. Categorical backfill funding was reduced by the state approximately 50% in 2010-11. The full impact to categoricals was reduced by offsetting the reduction in state funding with contributions from the General fund. The total backfill is \$825,000 and has not been changed for 2012-13.
4. Part-time faculty compensation was \$333,456 for 2011-12 and is projected to remain at the same level in 2012-13.
5. The enrollment fee is increasing from \$36 to \$46 per unit effective July 2012. This is reflected in the reduction to state allocation and does not increase revenues.
6. There is system-wide growth included in the Governor’s budget that is not budgeted. The amount of growth for the College would be \$588,000.
7. It is assumed there is a \$1 million deficit factor to cover the shortfall of taxes, RDA and student fees collected.
8. Nonresident student enrollments from international and out-of-state students are based on 2011-12 actual. The out-of-state and international tuition increase from \$210 to \$212/unit is effective starting Fall 2012. International FTES is capped at 8% of total FTES. The projected increase in international tuition included in the adopted budget is based on the increase in fall enrollments. The projected increase is approximately \$1.2 million.
9. Interest revenue is conservatively estimated based on declining interest rates and earning cash balances.
10. Lottery revenue is assumed to follow current trends and is projected to decrease \$170,000.

EXPENSE

1. The implementation of the reductions identified by the operational departments and the additional staff reductions from the CPC work group are included in the Adopted [budget](#).
2. Base salaries and wages are budgeted for the year at pay rates that were effective January 1, 2008 except for longevity, step and column increases. The Budget assumes the following:
 - a. The reduction in full time faculty positions is based on the workload reductions and will be listed by organization. The current assumption has 1 faculty position from retirement not replaced resulting in savings of approximately \$40,000.
 - b. There will be a “Best Estimate” based on vacancy savings for academic and classified salaries based on the prior year for the Adopted budget.
 - c. There will not be a reduction in credit course sections. (for summer 2012 and fall 2012 and/or spring 2013). This will be reflected in the adopted budget.
3. Non-enhanced non-credit FTES will be reduced by converting 80% of the class sections, except PCW, from free (state-supported) to fee-based.
4. The State Unemployment Contribution Rate will decrease effective July 2012 from 1.61% to 1.10%. The impact on the Unrestricted General Fund is a decrease of approximately \$259,400.
5. Health employer contributions will not increase in Adopted Budget. If the tax legislation passes it will trigger a one-time increase of \$810,000.
6. The increase for fixed and mandated expenses is based on actual or trends. Fixed and mandated expenses consist of increases in maintenance agreements, utilities, postage, rent etc. The projected net increase is \$171,825. This will be finalized in the adopted budget.
7. Workers compensation insurance rate has decreased from 1.58% to 1.49% resulting in a decrease of \$89,000 for the adopted budget.
8. Sabbaticals are not budgeted.
9. The CalPERS Board approved an increase to the employer contribution rate from 10.923% to 12.123% in the tentative budget and to 11.417% in the adopted budget, which will result in an additional cost of approximately \$187,400 for the general fund. Other funds will also be affected
10. Reduction in short term or substitute employees (hourly) is 50% for salary. This will be in the adopted budget as a pro-rata distribution reducing the budget from 2010-11 after the reductions from the template (\$2.2 million) were applied. Adjustments can be made for the adjusted budget to transfer funds within the VP’s area.

TRANSFERS

These are the transfer of funds to and from the General Fund Ending Balances.

1. To offset the state cuts in categorical programs (EOPS, DSPS, matriculation), there is \$825,173 contributed from the General fund in 2011-12. Transfer to the Children’s Center Fund is \$295,000 for 2011-12. This will be reduced to \$49,000 in the 2012-13 Adopted budget.
2. Transfer to the Construction Fund for ongoing campus maintenance of \$2.0 million. **The transfer will be made at year-end to conserve cash flow within the unrestricted general fund through the year.**

3. Transfer to the Construction Fund for loan payments to the California Energy Commission for the photovoltaic system loan was \$191,846 for 2012-13 and will continue for the life of the loan.
4. Transfer to the Equipment Fund is \$1.5 million for equipment replacement and \$155,000 for copier replacement. **The transfer will be made at year-end to conserve cash flow within the unrestricted general fund through the year.**
5. The transfers in to the GF consist of the Administrative portion of the “I Can Afford College” State Financial Aid Media campaign grant of approximately \$80,000 in the tentative budget. This is a pass through of funds that the College manages for the chancellor’s office.
6. A separate fund has been established to track revenue and expense related to Facilities rental and special events managed by the Community Services Department. The margin from rentals has increased from approximately \$25,000 in 2008-09 to a projected \$608,000 in 2012-13. The \$608,000 is transferred into the Unrestricted General Fund.

ASSUMPTIONS FOR “WHAT IF THE LEGISLATION PASSES”

REVENUE

1. \$4.6 million reduction will not occur.
2. \$588,000 in growth will be realized.

EXPENSE

1. The estimate for the increase in instructional expense is for approximately 200 FTES for \$380,000.
2. Cost of the health and welfare reimbursement \$810,000
- 3.

ASSUMPTIONS FOR “WHAT IF THE LEGISLATION DOES NOT PASS”

REVENUE

1. No Change

EXPENSE

2. Instructional expense for approximately 600 FTES is approximately \$1,140,000 reduction to adjunct salaries and benefits.

Faculty Vacancies by Year

ORG	Department	HOLD 2011/12	HOLD 2012/13
1600	Bio Sci (BioMed)		
1630	Chemistry		
0206	Accounting		
0606	Art (Drawing)		
0606	Art (Painting/Design)		
0848	HIT/CIM	HOLD	
0636	Theatre Arts		
1806	Amer Ethnic Studies	HOLD	
4012	DSPS		
1648	Earth & Planetary Sci		
1600	Bio Sci (Botany)		HOLD
1842	Psychology	HOLD	HOLD
1830	Philosophy		HOLD
0230	COMAP	HOLD	HOLD
0406/0412	English Skills	HOLD	HOLD
0236	School of Culinary Arts	HOLD	HOLD
0818	Assoc Degree Nursing	HOLD	HOLD
0406	English Comp	HOLD	HOLD
0830	Cosmetology	HOLD	HOLD
0224	Computer Info Systems		HOLD
	Number of Holds	9	10

POTENTIAL ITEMS IN THE COLLEGE BUDGET WHERE SIGNIFICANT REDUCTIONS IN EXPENSES COULD BE MADE

Targeted amount to be reduced by 2012-13 \$ million.

1. Conduct analysis of proposals for increasing revenues.
 - a. Increase out-of-state students.
 - b. Increase international students.
 - c. Increase Food Services revenues.
 - d. Increase revenue from renting campus facilities.
 - e. Increase student parking fee from \$30 to \$40.
 - f. Charge parking fee at CE Centers.
 - g. Charge parking fee for faculty/ staff at main campus.
 - h. Short term rentals to summer programs.
 - i. Go-Print campus wide.
 - j. Charge for student materials when possible.

2. Small, relatively easy, actions to cut costs.
 - a. Warn department and units when exceeding budgets and then freeze budgets.
 - b. Offer voluntary contract reduction for full-time staff (12 months to 11 or 10) where feasible. (must be negotiated/can't backfill with hourly)
 - c. Re-examine marketing (cost of printing schedule of classes for credit and non-credit; number of catalogs)

Adopted Budget Assumptions 2012-13 Aug 14-2012 (changes accepted)

- d. When adding additional sections, add sections students need that also yield a high WSCH/FTES ratio.
 - e. Review all software contracts to determine if they are still worth their annual fees.
 - f. Computers on campus:
 - i. Remove some computers from the replacement cycle. Have a pool of computers for just-in-time replacements.
 - ii. Replace computers with thin clients where possible, especially in labs.
3. Reorganizing for efficiency (cost savings)—may require giving up work we are used to getting done.
- a. Institute a hiring freeze. Focus on internal moves when possible for administrative, management, and staff positions. Identify work we can do without as vacancies provide opportunities for examination of potentially wasteful, or at least less essential, work we currently do.
 - b. Examine need for current number of administrators and staff.
 - c. Analyze ways to reduce costs through shared administration and space for tutoring services.
 - d. Reduce short-term classified and student hourly workers: Each VP will conduct an analysis of reducing short-term hourly hours in their respective areas. Using 2010-11 as the baseline year (\$650K)
 - e. Consolidate computer labs. (There are over 25 labs.)
 - f. Examine areas of duplication between CE and credit.
 - g. Assess all ongoing non-teaching stipends.
4. Reduction of valuable, but technically “extra,” services. Assess the effectiveness of academic and student support services in contributing to student success.
- a. Reducing or eliminating readers.
 - b. Reducing or eliminating tutors.
 - c. Re-examine categorical backfills (DSPS, EOPS, Credit and Non-Credit Matriculation). (current budget \$825K)
 - d. Reduce general fund contribution to Partnership for Student Success.
 - e. Consider elimination of summer school.
 - f. Consider outsourcing Child Development Center (currently subsidized at \$285K from general fund.)
5. Special efforts to lower costs of high-cost programs & examine programs with low or declining enrollments.
- a. Analyze high cost programs to identify strategies to reduce their costs.
 - b. Analyze programs that offer classes with low and/or declining enrollments to consider program discontinuance.