

Informal Budget Notes **ksaginor 12/23/11**

This description of our financial situation is based in part on information presented by Vice Chancellor Goldstein at the College's Planning and Budgeting Council meeting on December 20th, 2011.

City College's 2011-2012 budget was developed last spring and summer and finalized in September. From the beginning of the process, the District expected a serious decrease in state funding for community colleges. The reduction in funding was accompanied by a "workload reduction," meaning a reduction in the maximum number of students community colleges are expected to teach and for which apportionment may be claimed. The decision was made at City College to reduce course offerings, but not to the extent of the workload reductions offered by the State. The 2011-2012 City College budget was constructed to reduce spending in other areas as much as possible.

The 2011-2012 Budget adopted by the Board of Trustees in September forecast revenues and expenditures of \$191.2 million. This forecast took into account the likelihood that the State of California would experience a shortfall of revenue, triggering specific cuts to the community colleges. That is exactly what happened and those cuts were announced in mid December.

Since September, the forecasts for our expenditures and, to a lesser extent, our revenues have changed.

There have been many changes to our forecasted expenditures. Some of these were identified in October, some have been identified since. Here are some of the major factors causing an overall increase to our expenditures:

- The reduction in the number of Fall class sections was smaller than intended and many basic skills sections were funded from the unrestricted budget instead of from categorical funding.
- Attrition has not saved as much as was expected. Most positions have been left vacant, but replaced positions and contractually required payouts (e.g. banked time) to employees leaving the district were somewhat greater than anticipated.
- The expectation of reducing assignments designated as "non-instructional" by the Education Code and other accounts within the "1000 category" by \$1.5 million could not be realized.
- Fundraising has fallen short of expectations.
- Other assumptions of savings built into the September budget have not been producing as hoped.

The current forecast for expenditures is \$198 million.

The largest change to our revenue expectations is an increase in sales tax receipts, conservatively estimated at an additional \$500,000, bringing our total expected revenue to \$191.7 million.

This leaves a gap of \$6.3 million. Actions that have already been taken or are in the works to reduce this gap include:

- Significant reductions in course offerings for Spring.
- Changing the schedule for Summer school, so that less of the cost will be in this year's budget.
- Fully charging accumulated funds for specific designated activities, including block grant monies, accumulated balances from Student Parking fees, and Medi-Cal Administrative Activities funds.
- Increasing the use of grants.
- Other sources of savings not enumerated.

Savings identified to date total approximately \$3.4 million, which would reduce the gap to \$2.9 million.

This week, (December 19-23) the administration has worked with Department Chairs on further possible reductions to Spring class sections and on finding grant funding for some sections. Department Chairs have contacted the small number of faculty affected. Students of cancelled classes will be notified by email. Savings that may be reached by this method could be about \$500,000.

In addition to the reduction in classes, other expected changes to the budget gap include:

- The reforecast of expenditures calculated at the beginning of the Spring semester may show improved numbers
- Sales tax revenues continue to do well, and could be higher than currently estimated.
- Additional funding of about \$800,000 may become available.

We will provide a budget update near the beginning of the Spring semester when additional information becomes available.