ASSUMPTIONS FOR DEVELOPING 2011-2013 BUDGETS

- The District's budget will be balanced
- All divisions must spend within their budgets
- Recognize changes in budget lines 1000, 2000, and 3000 (salaries and benefits) due to Step and Column movement.
- Increase in PERS
  - 2011-2012 11.6% $  
  - 2012-2013 13.7% S
- Recognize changes in STRS
- Recognize changes in Worker's Compensation Insurance Premium
- Recognize changes in Unemployment Insurance budget
- Maintain 6% reserve of state and local revenue (Board Policy 6200)
- Maintain required level of District contribution to categorical programs
- Consider use of flexibility of categorical funding
- Budget current on-going district obligations that have not been previously budgeted
- Adjust budget to reflect the "conversion" of temporary staff to permanent positions
- No adjustment for COLA (positive or negative) from the State
- Set up escrow account for predicted budget reduction/shortfalls, i.e. property tax, student fees, growth
- Consider use of one-time funds for balancing of the 2011-2012 budget. Budget unused one-time a contingency funds in a contingency account for future years.
- Maintain Cuesta's 2009-2010 FON (Full-time Faculty Obligation) level
- Budget for Separation Incentive Plan (Year 2 of 5 and Year 3 of 5) ($205,133.03 per year)
- Develop and offer a schedule of classes that reflect the funded FTE for 2011-2012 and 2012-2013.
- Continue to issue a mid-year and summer TRANs for cash flow purposes
- Do not exceed appropriations limit as calculated on the Gann Limit Worksheet
- Meet Board Policy 6200 criteria

Budget Preparation BP 6200
Reference: Education Code Section 70902(b)(5) Title 5, 58300 et seq.
Each year, the Superintendent/President shall present to the Board of Trustees a budget, prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. The schedule for presentation and review of budget proposals shall
comply with state law and regulations, and provide adequate time for Board study. The Assistant Superintendent/Vice President of Administrative Services, under the direction of the Superintendent/President, shall be responsible for the development of the budget.

Budget development shall meet the following criteria:

- The annual budget shall support the District’s master and educational plans.
- Assumptions upon which the budget is based are presented to the Board of Trustees for review. Changes in the assumptions upon which the budget was based shall be reported to the Board of Trustees in a timely manner.
- A schedule is provided to the Board by its March meeting of each year that includes dates for presentation of the tentative budget, required public hearings, Board study session(s), and approval of the final budget. At the public hearings, interested persons may appear and address the Board regarding the proposed budget or any item in the proposed budget.
- A general reserve, representing 6% of state and local revenue, will be computed and maintained with each annual budget. Should any portion of those reserves be utilized during any fiscal year, a restoration plan will be developed and approved by the Board.
- Budget projections shall address long term goals and commitments.

- When possible, follow the Budget Criteria of Planning and Budget for the development of the 2011-2013 budgets

- Plan for three levels of budget reductions:

<table>
<thead>
<tr>
<th>State Budget Reduction</th>
<th>Local Budget Deficit</th>
<th>Total Budget Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1: $-2,460,000 (-5.0%)</td>
<td>+ $-1,600,000 (3.2%)</td>
<td>_ $-4,060,000 (-8.20%)</td>
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<tr>
<td>Option 2: $-4,327,000 (-8.7%)</td>
<td>+ $-1,600,000 (3.2%)</td>
<td>_ $-5,927,000 (-12.00%)</td>
</tr>
<tr>
<td>Option 3: $-6,829,000 (-13.8%)</td>
<td>+ $-1,600,000 (3.2%)</td>
<td>_ $-8,429,000 (-17.00%)</td>
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</tbody>
</table>

- Utilize the IPPRs as the basis for planning including resource allocation and budget reductions.

- Develop and implement pricing for facility use that covers total cost of use.

- Manage District’s debt.

- The relocation of the South County Center will be cost neutral.

- Align budgetary decisions with institutional planning priorities

- Increased costs with site/building development

- Consider the need for a bond

- All faculty / staff resignations / retirements will be vetted with Planning and Budget prior to reallocation of resources
BUDGET CRITERIA
2011-2012

The purpose of the District’s budget is to provide:
• students a high quality, learning-centered education
• the resources and support needed to deliver effective instructions
• the resources and support to facilitate the teaching-learning process
• the means to manage the district in an efficient and cost-effective way

The criteria listed below will be used in developing the budget:
• Board Goals
• Strategic Planning
• Spending priorities for 2011-2012
• Guiding Principles for Budget Reductions due to Budget Shortfall
• Long-term debt
• Legal, financial or statutory requirements
• Procedural Guidelines

1. Board Goals
We will develop a budget that supports the Board of Trustees’ Goals

2. Strategic Planning
We will develop a budget that supports planning:
• Strategic Plan
• Educational Master Plan
• Enrollment Plan
• Facilities Master Plan
• Fiscal Plan
• Human Resources Plan
• Technology Plan

3. Spending Priorities for 2011-2012 (as adopted by Planning and Budget)
We will develop a budget that reflects the spending priorities recommended by the Planning and Budget Committee.

4. Guiding Principles for Budget Reductions due to Budget Shortfalls (as adopted by Planning and Budget)
In light of the current and projected budget cuts, new spending from the general fund will need to be offset with reductions. Any reductions will be made according to the budget reduction priorities adopted by the Planning and Budget Committee.
• Protect as much as possible of the core curriculum, programs and services needed to fulfill the mission for the District and California Community Colleges.
• Maintain student access and service throughout the District as much as possible.
• Reduce, combine, suspend, or eliminate services, programs, positions, or other costs farthest from students, instruction, and the support needed for student success.
• Stay flexible, plan for contingencies, and recognize that decisions at the state level may not be made in a timely manner, acknowledging that all units must work together as a college.
• Communicate civilly; gather facts, weigh options, listen, and deliberate together when difficult choice have to be made.

5. Long-term Debt
We will develop a budget that covers long-term debt obligations.

6. Legal, Financial and Statutory Requirements
We will develop a budget that:
• achieves and maintains at least a six percent (6%) contingency reserve of state and local revenue in the General Fund
• meets the fifty percent (50%) law, i.e., at least 50% of the current expense of education is allocated to instructional salary and benefits
• provides for staffing levels required by the Board of Governors in relation to Title 5, Chapter 4, Subchapter 3, Articles 1, 2, and 3. This statute is designed to ensure that districts are making good faith attempts to achieve the long-term goal of a seventy-five percent (75%) to twenty-five percent (25%) part-time faculty ratio
• includes reasonable provisions to cover all known or projected liabilities to the District (e.g., accumulated vacation, sick leave, etc.)
• meets all statutory and legally mandated income/expenditure requirements.

7. Procedural Guidelines
We will develop a budget that:
• is balanced
• is based on planning that reflects both current and long-term District needs
• makes steady progress upward correcting actual or anticipated structural budget issues (e.g. declining revenue, rising costs, lack of on-going dollars to cover ongoing expenses, etc.)
• has had campus community involvement and consideration during preparation
• includes all contractually negotiated costs and expenses
• reflects the state’s economy
• includes all known and projected increases in fixed costs; identifies significant but unfunded items not included in the budget
• highlights usual items and/or provides information on substantive changes from previous budgets
• eliminates the structural deficit by annually projecting the trends of the increases to the 3000 account on a three-year basis, minimally, and including this projection as a budget assumption in the development of each year’s annual budget. The rate of increase of the 3000s and the subsequent projected costs should be budgeted into each year’s annual budget accordingly.
• considers restructuring the current long-term debt to minimize annual fiscal impact until such times as a bond can be obtained.