Guidelines to Establish a Balanced budget for 2011-12 and Use of Ending Balance

DBC 4/6/11, Approved by FPRC 4/25/11, DBC 5/18/11.
Revised by Executive Committee of the DBC 5/23/2011
Approved by DBC 6/22/11

In planning for the 2011-12 Budget, the following guidelines for accessing balances are provided to colleges for establishing a balanced budget for 2011-12 year:

A. Allow colleges to use up to $5 million of their balance to reduce or eliminate their budget shortfall. If the college has used up this allowable portion of its balance, it may petition to the Chancellor to use its remaining balance;

B. Colleges may request to the Chancellor access to the district’s balances after meeting all following criteria:
   1) The college has reduced at least 5% of its planned expenditures below the 2010-11 expenditures level, and
   2) The college does not have sufficient funding to maintain its enrollment offerings to meet the funded base FTES, and
   3) The college has used up all of its balance;

C. Suspend college debt repayments until 2012-13 and restructure the college debt repayments from a 3-year payback plan to a 5-year plan, and

D. Maintain a minimum contingency reserve of 5% and maintain the District’s Unrestricted General Fund ending balance (including all college reserves and ending balance) at a minimum of 10% of the Unrestricted General Fund expenditures.

Background:

The Governor’s State Budget Proposal cut $290 million from California Community College funding for 2011-12 fiscal year. As a result, the district will lose at least $25.7 million in state funding compared to fiscal year 2010-11. To address this shortfall and ensure a balanced budget, Chancellor has asked each location to develop the 5%, 10% and 15% reduction plans.