

District Budget Committee
October 20, 2009 Meeting Summary

1. California's budget is falling farther behind in collection of budgeted revenue. Most likely, discussions about the budget and mid-year cuts will be deferred until the first of the year so as not to dampen the Christmas retail season. Best guess is another \$2B shortage for the state.
2. SMCCCD has budgeted for 2 ½% midyear cuts so if our cuts don't exceed that we will be ok. SMCCCD is using it's year end balance from 2008-2009 to cover the \$5.5M deficit in 2009-2010.
3. Kathy projects that based on her new estimates of SMCCCD FTES, and \$26/unit student fees + no change in property taxes in SM County, we will be \$500K +/- \$1M into basic aid. This is not necessarily reason to celebrate—it just means that state funding is expected to drop so far that it will be less than basic aid.
4. Kathy will inform the county about our basic aid status by December so that we can get our share of the property taxes and other entities in the county can be aware of the situation (at this time there are 7 or 8 state funded districts in the county—by the end of the academic year there will probably only be 2 or 3 left). There will probably not be enough property taxes left after the triple flip to pay the county and cities—they are expected to experience an even deeper cut. ERAF pot isn't large enough.
5. We have already received \$20M in state funding this year and if we become basic aid we will have to repay it—advantage is we have had the use of the cash during this time. We won't have to pay back all of it since PFE is in fund 1 allocation but is really a categorical so we will get that portion of the money. That doesn't make us rich—just comes out the same as before.
6. The three schools budget cut process and procedures were outlined. All agreed that next year's cuts will be extremely difficult and that there are no easy cuts left to make. The district office has also taken the 10%/10% cuts for the two years. The district has eliminated overtime and converted to comp time and did a combination of actual cuts of positions and moving parts of positions into the bond fund (based on actual time allotted to the bond projects). This creates a potential for elimination or reshuffling of district jobs at the end of the bond project in 2013.
7. If SMCCCD gets any ARRA funds they will be treated as one-time moneys. The amount keeps dropping so be happy when and if we get anything. SMCCCD proposes that the moneys, although Fund 1 money, be used to backfill categoricals.
8. Faculty obligation 75/15 requirements have been frozen for the past year due to budget cuts. However, there is a movement in the state to "thaw" that freeze or in other words go back to calculating full time requirements starting 2010-11 year. This could produce a huge hardship on districts during budget cuts (no money to pay for new faculty) not to mention the issue of hiring and tenure committees needed. The penalty per faculty that a school would be short is about \$55K per year. Although SMCCCD is ok with our numbers, should we be basic aid, the state couldn't charge us a penalty if we don't have state funding.
9. Timeline for additional budget information is as follows:
 - a. Nov-Dec property tax estimate
 - b. Jan 10 Governor's budget (no stomach for more taxes—discussion on cuts expected thru special sessions to cut the budget more)
 - c. Jan P1 will give us revenue estimates for Student Fees
 - d. Feb state chancellor's office will announce how short the 2009-2010 CCC budget is and how that shortage will be distributed to the community colleges