ASSUMPTIONS FOR DEVELOPING 2020-2021 BUDGET
(As recommended by the Planning and Budget Committee on 5/19/2020)

The district's budget will:

 Be balanced

 ~~Assume revenue will be based on the SCFF hold harmless provision~~ State Aid will be reduced by 8% or $4,163,407. State General Apportionment will be reduced to $0 and the remaining amount will be taken from State Categorical Programs.

 Reflect the 2020-2021 State Budget
- Recognize any increase/decrease in state funding
    - Increase in Base Allocation $0
    - Deferred Maintenance & Instructional Equipment ~~$90,000~~ ~~$120,400~~ $0
- Include an escrow account for predicted budget short/falls, i.e. property tax, RDA funding, student fees, restoration
- Part-Time Faculty Compensation & Office Hours Funding reduced from $207,813 to $148,574
- Recognize a COLA of ~~3.26%~~ ~~2.29%~~ 0% ~~if applicable~~
- Recognize a deficit factor of 0.5%
- Reflect any changes to the funding formula approved by the State

 Incorporate the assumptions of the Five-Year Budget Projections

 Carry over FY2019-2020 balances as recommended by the Planning and Budget Committee

 Recognize changes in on-going -, 2000, and 3000 (salaries and benefits) due to Step, Column and other movement
- Recognize change in PERS rate from ~~18.062% to 19.721%~~ 19.721% to ~~22.7%~~ 20.70%
- Recognize change in STRS rate from ~~16.28% to 17.13%~~ 17.13% to ~~18.4%~~ 16.15%
- Recognize change in Worker's Compensation Insurance premium from ~~0.97% to 1.09%~~ 1.09% to 1.32%
- Assume an inflationary factor of 1.0 % for Operational Expenses (5000)
- Budget current on-going district obligations that have not been previously budgeted
- Increase required level of match by the district for categorical programs when required
- Increase the district match for categorical programs by the proportionate amount of any salary increases approved for employee groups
- Budget for long-term obligations
- Recognize the annual payment for the separation incentive program
- Recognize any investment income from the PARS pension stabilization fund

 Recognize Legal, Financial and Statutory Requirements
The district will develop a budget that:
- maintains a reserve of at least a six percent (6%) of unrestricted general fund expenditures;

- 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 that maintain compliance with the Full-time Faculty Hiring Obligation Number; ~~Fall 2018 was 57.5% FT to 42.5% PT~~ Fall 2019 was 56.3% FT to 43.7% PT;
- includes reasonable provisions to cover all known or projected liabilities to the district (e.g., accumulated vacation, sick leave, etc.); and
- meets all statutory and legally mandated income /expenditure requirements

 Comply with the Education Protection Account (EPA) requirements for Prop ~~30~~ 55 funds designated for instructional salaries

 Not exceed appropriations limit as calculated on the Gann Limit Worksheet

2020-2021 BUDGET CRITERIA

(As recommended by the Planning and Budget Committee on 5/19/2020)

The purpose of the district's budget is to provide:

- Students with a high-quality, learning-centered education
- The resources and support needed to deliver effective instruction
- 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:

- Institutional Goals and Objectives
- Institutional Achievement Standards
- Priorities identified through the Institutional Program Planning and Review process
- Mandates from external agencies
- Long-term obligations
- Learning Outcomes (student, institutional, administrative)
- Guiding Principles for Budget Reductions due to Budget Shortfall
- Legal, financial or statutory requirements
- Procedural Guidelines

1. Institutional Goals and Objectives & Institutional Achievement Standards

The district provides direct links between resource allocations and planning:

- The Institutional Program Planning and Review process includes the requirement that units address how they contribute to the achievement of Institutional Goals and/or Institutional Objectives and Institutional Achievement Standards.
- Requests for funding are prioritized by the Planning and Budget Committee using a rubric that gives higher scores to proposals that will contribute to the achievement of the Institutional Goals and Institutional Objectives.

- The district has established an Institutional Objectives Account. These funds are allocated based on the extent to which the funding will contribute to the achievement of an Institutional Objective.

2. Priorities identified through the Institutional Program Planning and Review process

The Planning and Budget Committee uses the Resource Allocation Rubric to develop a recommendation of institutional priorities. The rubric weighs each request based on what extent the request is justified by:

- The contribution the proposed item will make toward the achievement of Institutional Goals and/or Institutional Objectives
- An outcome based on the measurement of learning outcomes (student, institutional, administrative)
- Data in the Institutional Program Planning and Review
- Health or safety concerns

3. Mandates from external agencies

The district will develop a budget that covers mandates from external agencies.

4. Long-term obligations

The district will develop a budget that covers long-term debt obligations.

5. Learning Outcomes (student, institutional, administrative)

6. Guiding Principles when addressing Budget Reductions due to Potential Budget Shortfalls (as adopted by Planning and Budget)

- 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 choices have to be made.
- Any plan would go through the governance process.

7. Legal, Financial and Statutory Requirements

The district will develop a budget that:

- Achieves and maintains a reserve of at least six percent (6%) of unrestricted general fund expenditures
- 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 that maintain compliance with the Full-time Faculty Hiring Obligation Number.
- 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.

8. Procedural Guidelines

The district will develop a budget that:

- Is balanced
- Is based on planning that reflects both current and long-term district needs
- Makes steady progress toward 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 annually by 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 any long-term debt to minimize annual fiscal impact.