

# Hartnell Community College District Budget Presentation

September 7, 2011

*Building a Sustainable Budget*



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# **How to Gain Fiscal Stability and Reduce Budget Swings**

*Using Sound Budgeting Practices*

- **Maximize Revenue**



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- **Control Expenses**



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*Using Sound Budgeting Practices*

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- Control Expenses
- **Balance Revenue and Expenses**



# **How to Gain Fiscal Stability and Reduce Budget Swings**

*Using Sound Budgeting Practices*

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# How to Gain Fiscal Stability and Reduce Budget Swings

## *Using Sound Budgeting Practices*

- Maximize Revenue
- Control Expenses
- Balance Revenue and Expenses
- Establish Clear Budget Controls
- **Maintain Adequate Reserves**



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# Maximize Revenue

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**General Fund (11) revenue is primarily generated by Full-time Equivalent Students (FTES) through the State Apportionment**



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- **Local Property Taxes**



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**State Apportionment is funded by:**

- Local Property Taxes
- Student Fees
- **State General Fund**



# Maximize Revenue

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**State Apportionment is funded by:**

- **Local Property Taxes**
- **Student Fees**
- **State General Fund**

**Budget for FTES growth only after it is realized**

**Maximize classroom space utilization, increase class size**

- **State assumes average class size of 35**



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# Control Expenses

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- **Control inflationary growth of expenditures**



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- **Accurately forecast long-term obligations**



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- **Don't budget anticipated savings until realized**



# Control Expenses

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- Control inflationary growth of expenditures
- Accurately forecast long-term obligations
- Don't budget anticipated savings until realized
- **Tie compensation adjustments to state apportionment revenue (income)**



# Balance Revenue and Expenses

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- Use on-going revenue for on-going expenses



# Balance Revenue and Expenses

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- Use on-going revenue for on-going expenses
- Use one-time revenue for one-time investments



# Establish Clear Budget Controls

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- **Provide timely, accurate information for budget monitoring**



# Establish Clear Budget Controls

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- **Make mid-year adjustments when necessary**



# Establish Clear Budget Controls

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- Provide timely, accurate information for budget monitoring
- Make mid-year adjustments when necessary
- **Adopt sound cash management policies (borrowing is costly)**



# Maintain Adequate Reserves

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- **Cash Flow – During July-November expenses exceed revenue**



# Maintain Adequate Reserves

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- **Available for unforeseen obligations**



# Maintain Adequate Reserves

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- **Acts as “shock absorber” during times of funding uncertainty**



# Maintain Adequate Reserves

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- **Demonstrates sound fiscal management (favorable in bond ratings)**



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- Acts as “shock absorber” during times of funding uncertainty
- Demonstrates sound fiscal management (favorable in bond ratings)
- **Used to smooth budgets for variable spending patterns**



# Maintain Adequate Reserves

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- Cash Flow – During July-November expenses exceed revenue
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- Acts as “shock absorber” during times of funding uncertainty
- Demonstrates sound fiscal management (favorable in bond ratings)
- Used to smooth budgets for variable spending patterns
- **Required by state (3%), accreditation (5%) (2 weeks of expenditures), and suggested by business professionals (7-10%)**



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# 2011-12 Budget Outlook

## UNRESTRICTED GENERAL FUND BALANCE

**TOTAL FUND BALANCE 6/30/2011 (Unaudited)** \$ 7,920,058

**Assigned:**

Balance 2011-12 Budget	374,241
Meet the 5% Reserve as required by accreditation	1,769,075
Economic uncertainty (2 weeks)	<u>1,415,260</u>

**Subtotal:** \$ 3,558,576

Nursing – possible future loss of grant	400,000
Staffing shift from Restricted to Unrestricted	200,000
Possible one-time compensation	<u>400,000</u>

**TOTAL ASSIGNED:** \$ 4,558,576

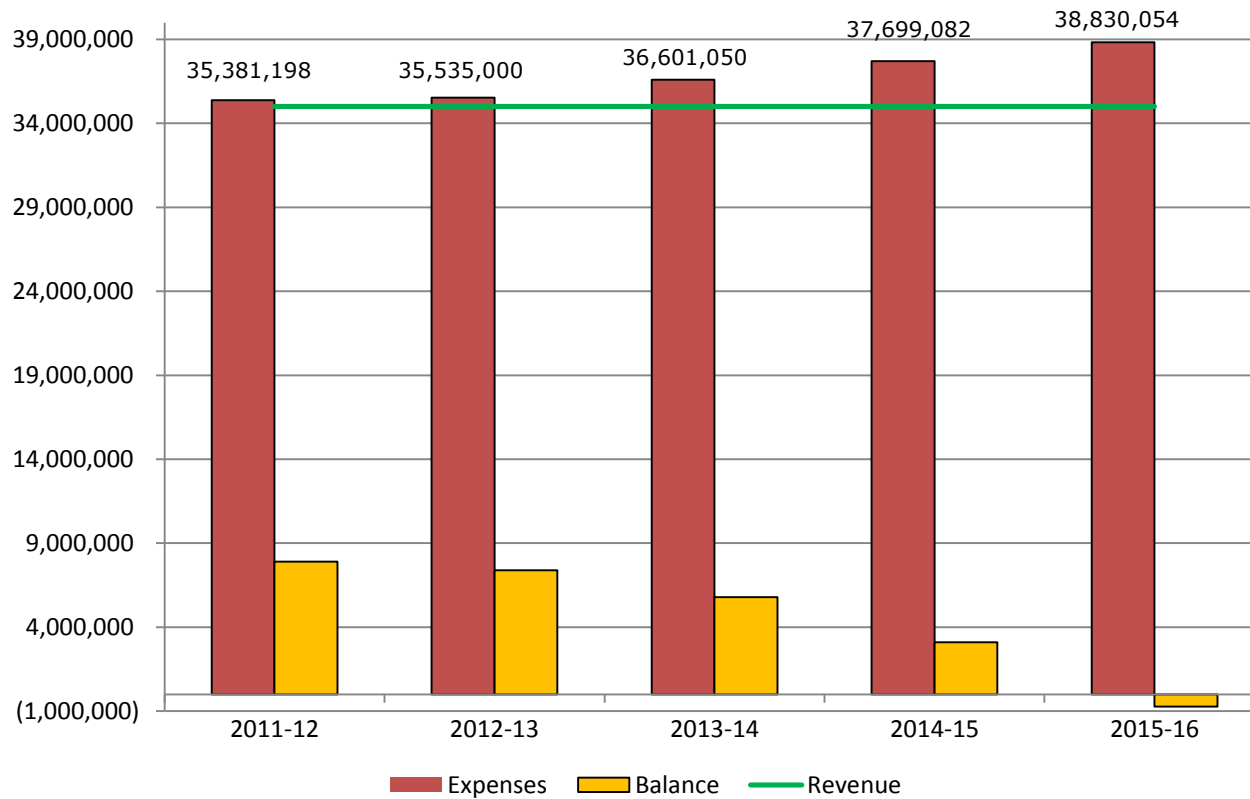
**TOTAL UNASSIGNED:** \$ 3,361,482



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# 2011-12 Budget Outlook

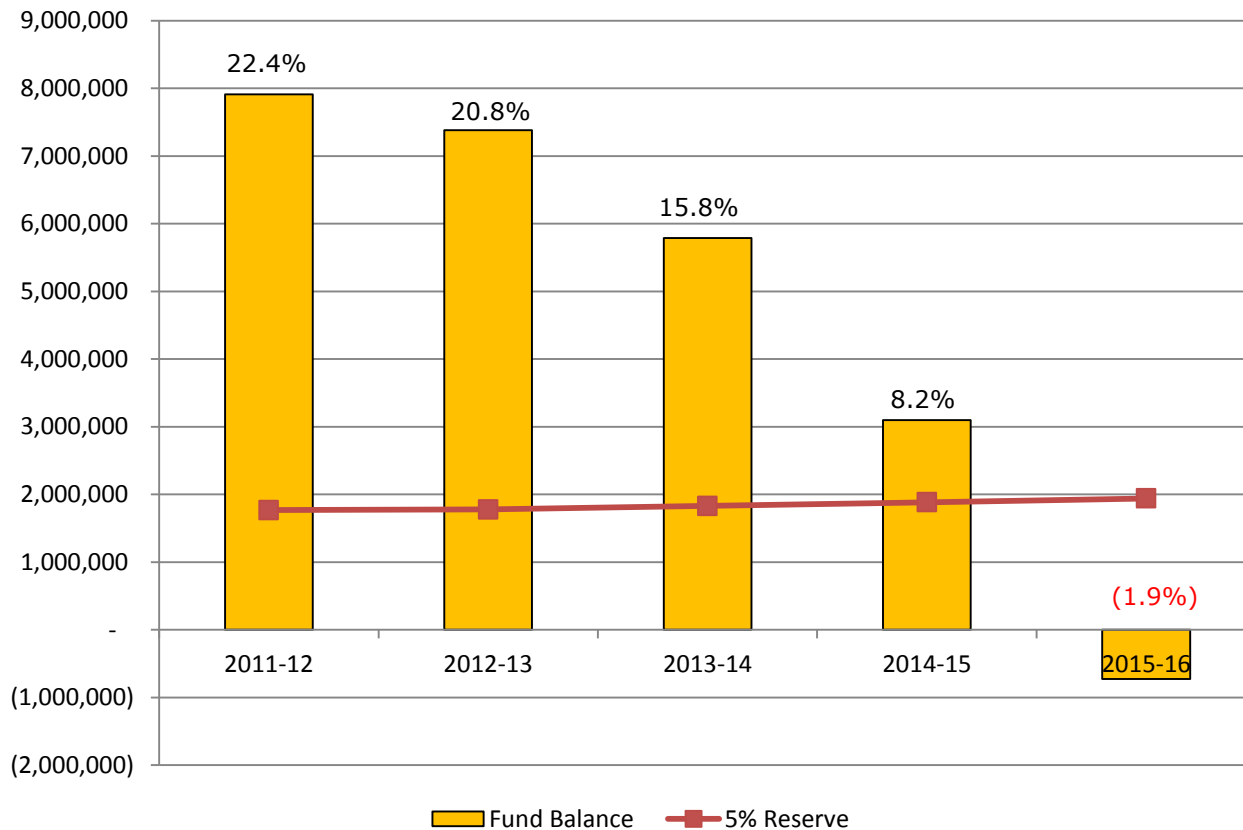
## Revenue, Expense, and Fund Balance, 2011-12 through 2015-16



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# 2011-12 Budget Outlook

## Fund Balance and 5% Requirement, 2011-12 through 2015-16



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# 2011-12 Budget Outlook

## Budget Supports Mid-Year Cuts

### ASSUMPTION

**TENTATIVE:** \$900 million cut

**FINAL:** \$520 million cut (state \$400 million)

