

Speaker Notes for April 2018 Budget Presentation to the Board

Slide 2

- Beginning with the ACCJC report and how it relates to the District's current anticipated deficit for 2018/19
- In 2015, the accrediting recommended "that the College develop and implement a plan to assure ongoing financial stability and a contingency plan to meet financial emergencies and unforeseen occurrences."
- In February 2017, the District developed the plan, reflected on slide 2, to address the \$3.2 million projected deficit for 2016/17, which included:
 - A three-year phase-in to start in 2017/18 and accomplished by 2019/20
 - Sufficient reductions to hopefully provide the District an increase of \$620 thousand to help cover future increased expenses.
 - A mix of various savings ideas, including one-time reductions to help the District get through the phase-in.
 - It is important to note that the plan was only to address the 2016/17 deficit, not new ones created in future years, as has occurred in 2017/18 and 2018/19, resulting in the District's current, increased deficit.
- The District was not able to achieve all the cost saving measures as quickly as originally projected. For example, the solar project only now starting in Santa Rosa this summer and the Petaluma solar project was just completed this spring. For 2017/18 and 2018/19, the District only realized \$750 thousand in projected savings, not millions.

Slide 3

- Planning for 2017/18 last spring and summer
 - The deficit from the prior year still existed and there also were new expenditures to deal with.
 - The District received some one-time funding from the state and had the planned one-time transfer of money from other funds, which allowed additional time to address the problem.
 - In order to cover the \$4 million deficit, the District cut vacant positions and reduced operational expenditures from non-instructional areas only. There were also some small revenue enhancements.
 - After all that, the unrestricted general fund expenditure budget was \$122 million, breaking down into major categories as shown on the graph.

Slide 4

- This slide reflects changes affecting the budget for 2018/19.
- Now in the planning phase for 2018/19, the District anticipates a deficit of \$6.5 million, based on current information, as shown in the slide.

- The District is currently working with the President's Consultation Council (PCC) and will need identify solutions by the end of the academic year.
- The District must bring a balanced tentative budget to the Board of Trustees for approval in June.