

BUDGET DEVELOPMENT GUIDELINES

Revised for 2009-2010 Budget

Board Philosophy:

The Board of Trustees shall support and follow fiscal policies that:

1. Ensure wise and prudent use of public resources
2. Promote financial strength and stability
3. Maximize educational opportunities for students

Shared Governance:

An opportunity for review and input will be provided to the appropriate shared governance groups prior to adoption of the final budget.

Guiding Principles:

The following guiding principles are provided to District Resources Allocation Council (DRAC) and the college budget committees for use when recommendations are made about the budget.

1. Reserve for Economic Uncertainties

The general fund reserve for economic uncertainties shall be no less than 7.5% of the projected unrestricted revenue. A monthly update will be provided to the Board of Trustees that reviews current revenue, expenditure, and ending balance projections. Any action proposed by a staff member, a Board member, or the Board of Trustees as a governing body, which could potentially reduce the reserve, will be reported to the Board in the monthly update. A reported reduction in the reserve below 7.5% shall be accompanied by a plan that indicates how the reserve shall be restored.

2. Future Long Term Debt Issues

No additional COP, or other long-term debt, will be issued until:

- a. An ongoing revenue stream has been identified that covers the full payment for the existing issues
- b. A dedicated revenue stream has been identified for the payments for the new issue

The Board has identified this principle as having a very high priority.

3. Retirement Incentives

No retirement incentives will be provided unless one-time funds have been identified that will cover the full cost or the plan savings are sufficient to pay the cost of the incentive.

4. Area/College Allocations

The expenditure budgets for each area/college shall not exceed the projected resource allocations. Any college or district balances existing at the end of each fiscal year, either positive or negative, will result in an equivalent adjustment in the allocation in the subsequent year. In addition, the Deputy Chancellor shall monitor the college budgets to ensure there are no negative balances.

5. Deficit Financing

Deficit financing is defined as a budget in which projected expenditures exceed projected revenue for the year. Deficit financing should not occur for ongoing expenses, such as salary increases. The amount of deficit financing should always be clearly presented in the budget document. Deficit financing shall not result in a reserve balance that is less than 7.5%.

6. Retiree Medical, Dental, Vision, and Medicare Coordination of Benefits (COB) Plans

A June 2008 actuarial study provided an update on the status of the unfunded liability for retiree medical, dental, vision, and Medicare COB plans. The recommended annual accrual to cover the current year cost for existing employees when they retire is \$1,811,808. The District's accrued liability for employees past service is estimated at \$51,228,360. To be compliant with GASB 43 and 45, an irrevocable trust was established in 2007-2008 through the Keenan Futuris Public Entity Investment Trust Program. Benefit Trust Company was approved to manage the funds in the trust. The liability was completely funded at the close of 2007-2008.

Another actuarial study should be completed in 2010 to verify current contributions are maintaining the fund on a sound basis.

7. Basic Aid

While the District is a basic aid district:

- a. The expenditure budgets for ongoing purposes shall be the resources that would have been available from state apportionment
- b. Excess revenue above apportionment shall be allocated at the college or district level for one-time purposes such as to cover some of the unfunded obligation for the retiree benefit plans
- c. Excess revenue above apportionment shall not be used for regular ongoing expenditures, such as salaries
- d. Excess revenue above apportionment shall not be used for any other purposes that will jeopardize the District's future financial stability

8. One-time Cost Savings

One-time cost savings shall be allocated to purposes such as the unfunded obligation for the retiree benefit plans, or to one-time expenditures.

9. Full Time Equivalent Student Targets

When developing the target FTES, consideration will be given to the following:

- a. The needs of students and the community
- b. The percentage of growth allocation in the state apportionment formula
- c. The FTES generated in the most recent academic year
- d. The number of FTES the college administration realistically believes can be generated

10. Funding for Growth

The District resource allocation model shall limit funding for growth FTES to a maximum of the SOCCCD individual adjusted growth rate published by California Community College System Office, adjusted by subsequent System Office revisions. District growth funding shall also be constrained by FTES growth achieved by the District up to the maximum amount funded through the SB 361 allocation formula.

ADVANCED TECHNOLOGY AND EDUCATION PARK



The Advanced Technology & Education Park (ATEP) in Tustin opened its initial one-acre campus in August 2007 with just 400 students. In Spring 2009, ATEP had approximately 1,100 students enrolled. Courses are offered through Irvine Valley College, Saddleback College and the Center for Applied Competitive Technologies in such subjects as optics, photonics, design model making rapid prototyping, languages, information security, entrepreneurship and business, as well as math, sciences, and other general education courses. Dr. Randy Peebles, Provost, oversees the ATEP campus with on-site support of an academic dean, two managers, staff members and faculty. Irvine Valley College provides additional resources in security, maintenance and student services. ATEP's next steps are to expand to 30 acres with the Concept 3A plan.

