Frequently Asked Questions (FAQs)

• How are we doing comparatively to other districts?

Butte College is, as are the other districts, dealing with the most significant cuts in the history of community colleges. Anytime a district receives no COLA revenue or growth revenue in their budget, they must cut. Any additional percentage cut to their budget from the prior year obviously compounds the issue. Double digit cuts to categorical programs mean that certain services to students must be significantly reduced or eliminated. The key is to take the time to plan the best way to reorganize departments for efficiencies while still providing necessary services and instruction to students. We have some advantages that other community colleges around the state may not have. Our reserves allow us to take the time needed to plan. These reserves also give us the ability to offer a retirement incentive that will open up more vacancies and salary savings in which to use to reorganize and avoid layoffs as much as possible. Many districts are not able to offer an incentive due to their cash constraints. The restoration funds we received last year allowed us to cover a majority of our fixed cost increases in 2009-10 without having to make even more significant cuts. Our potential for new revenue is also much better than most districts. In a year when there is again no funding provided for any growth in enrollment to districts, we have the ability to receive additional restoration funding, for approximately 2%. Additionally, we anticipate receiving center status funding once our application receives final approval from the California Postsecondary Education Commission in 2009-10.

• Will there be additional mid-year cuts?

Given the continued struggles in the housing markets and continued reports of downward reassessments in property values, it is possible that we will see further erosion in local property tax revenues below the current estimates. It is likely that a continued sluggish economic performance will lead to a further deterioration in state revenues resulting in mid-year cuts during 2009-10. We will continue to plan for the worst and hope for the best.

• How much federal funding will we receive and how will it be used?

Federal funds are provided through the state stabilization provisions of the American Recovery and Reinvestment Act of 2009 (ARRA). The approved state budget assumed that community colleges would receive $130 million with the actual amount determined based on a formula driven calculation. These funds are to be used to partially backfill for the significant cuts made to categorical programs. Not long after the state budget was approved, it was projected that the actual amount community colleges would receive would be between $60 million and $90 million. We are now hearing the amount of ARRA funds may be closer to $37 million. At this level, Butte College would only receive approximately $370K to offset approximately $2.4 million in categorical cuts. These funds will be provided as one-time backfill only.

• How do we plan to avoid layoffs?

The district is making every effort to mitigate the number of employee layoffs as much as possible. We started over a year ago by instituting a hiring freeze, or a hiring "chill", until we could determine what kind of state-mandated budget cuts we would be forced to deal with. This created a number of open vacancies with which we can use to either fill, or use to reorganize a department for efficiencies. By offering a retirement incentive, we hope to generate a number of additional vacancies. As funding is cut and positions are reduced or eliminated, employees who are affected by the reductions would have the opportunity to be reassigned, transferred, or to apply for one of the open vacant positions. Reserves will be used in some cases to continue a position or an operation until the needed planning is completed.

• Will Administration take the same personnel consolidations as the staff?

Any consolidation of staff will be addressed across all employee groups to have the least negative impact to students and the greatest impact on efficiencies. This will include administration, as it will faculty and classified employees. Natural attrition or accelerated attrition via the retirement incentive, are the preferred ways to consolidate staff or to reorganize a department.

• What is our reserve status and how is it being used?

The District maintains a reserve for contingencies of at least 5% of budgeted expenditures per the Board’s budget criteria. The District also maintains a Budget Planning Reserve to assist in future budget and enrollment planning, and to temporarily ease the impact of the loss of apportionment revenue from any decline in enrollment or shortfall in state apportionment. These reserves are available to fund one-time expenditures, maintain a Budget Planning Reserve, and provide flexibility and cash flow needed for the District to continue operations during times when no apportionment is received (when monthly apportionment payments are deferred or when a state budget has not been passed). Reserves
reflect unspent funds from prior years, and represent the district’s “rainy day fund”. Butte College’s total reserves are approximately $18 million. This is an increase of over $2 million from fiscal year 2007-08 and reflects the unexpected net receipt of restoration funds and budget cuts in 2008-09. In 2009-10 these funds will be used to fund one-time equipment purchases, increases in transportation costs, continued funding of certain one-time allocations from the prior year, and new pilot programs like the student services communications center (Call Center). These reserves will also be used to fund the Early Retirement Incentive program, the cost of which is estimated to be approximately $1.75 million. Additionally, each year, $1.5 million is designated from these reserves to be transferred to the Retiree Benefits fund to help fund the retiree health benefits liability. In 2009-10 these reserves will be needed to help manage the numbers of class sections and to help provide some additional backfill for categorical programs.

- What is the reserve for if this is not a time to use the reserve?

  The district has been budgeting to use its reserves for the past several years and will continue to do so at this time. This is exactly one of the purposes for the reserves. However, we must remember that these funds are one-time in nature and will not be available to fund ongoing costs. We must still plan for the ongoing cuts to our general fund and categorical program budgets. Our reserves will help us to mitigate the short-term effects of the budget cuts and apportionment deferrals. If sufficient funds are not available to fund our regular monthly expenditures, the district will be forced to incur additional borrowing costs. The preferred use of these reserves is to spend these funds on one-time expenditures that will have a direct reduction in ongoing costs. (Call Center startup, retirement incentive, energy conservation, technological efficiencies, etc.)

- Why not use part of the reserve for salaries even though they are one-time money as the state claims it will pay back the system in 2012. If that doesn’t happen, then we can lay off as necessary.

  The advantage that Butte College has of having sufficient reserves is to be able to take the time necessary to plan for responding to the state budget cuts imposed on the district. Districts without sufficient reserves must make immediate cuts with very little time for sufficient planning. The district is committed to protecting jobs and minimizing layoffs as much as possible, and in fact will be using reserves to provide some backfill to categorical programs in 2009-10. However, relying on any funds projected to be received in 2012 would be overly optimistic and not fiscally prudent. Reserves can better be used on one-time expenditures that can generate ongoing savings. These ongoing savings can then be available to be used to fund salaries in key areas.

- How are the Administration budgets being affected?

  Although there were no “across-the-board” budget reductions made in the 2009-10 budget, focused reductions were made to specific areas where funds were no longer required. For example, expenditure budgets for marketing, rents and enrollment management were reduced by approximately $190,000. Additionally, one-time allocations for administrative support that were made in the prior year and requested for continued funding in 2009-10 were either reduced or eliminated.

- What is the Information Technology budget and are they being cut as well?

  The Information Technology budget is approximately $3.2 million. With the addition of TMI, Smart Classrooms, and TV studio, which are technology functions not in IT the college spends a total of $4 million on technology. One-time expenditures in this area have been significantly reduced from the prior year (e.g. no computer lab refresh in 2009-2010) – a reduction of approximately $250K for this year.

  One of the college’s strategies to manage the state-mandated cuts is to use technology, where possible, to replace man hours. Additionally, there are a number of technology enhancements that are mandated and funded by the Title III grant. The successful implementation of these projects is essential to make the cuts required without compromising the support provided to students. Maintaining technology currency is critical to providing adequate student support. As you recall, a couple of years ago we replaced the DataTel servers to improve system reliability. (At that time we were experiencing significant issues with DataTel reliability.) The reliability of DataTel is significantly better since this equipment replacement. The bottom line is that technology must work and must be adequately resourced to ensure that it does.

  In addition to providing support, the technology area generates significant external revenue for the college. Every year the grants administered by the Technology Center bring in approximately $500,000 to the college in interest and indirect cost reimbursements.

- How will Travel/Conference budgets be affected?

  The overall Professional Development Budget for 2009-2010 has been reduced from $150,000 to $130,000. The Professional Development Steering Committee will discuss the budget at its next meeting and it is very likely that the
travel/conference budget will be reduced based on the overall cut to the program. Departmental travel budgets have not been affected at this time. Some departments may be able to supplement their travel budgets with external grant funds.

- How are the effects on funding of “non-essentials” such as BCLDI? Are there cuts to Academic Senate, etc?

  The college is tightening budgets for all programs where it can. For BCLDI the college is looking for an alternate and less expensive retreat location for the next cohort. Additionally, the Professional Development Steering Committee will review whether the college should maintain Leadership Butte and BCLDI or make BCLDI the focus of its leadership development program.

  The college is committed to maintaining a robust professional development program because people are our most important resource and our largest cost center. Developing people is the best way that the college can effectively manage change.

  The Academic Senate took a small reduction to the one-time funds it received last year but is funded adequately to meet its mission.

- Is the District willing to share line item details with us so that we can understand where all of our money is being spent?

  The District’s budget document provides a summary and detailed look at all of the areas where we spend our money. Approximately 83% of the total unrestricted general fund is spent on salaries and benefits for our employees, that’s $48 million of a $57.5 million budget. Each year over $1 million more is needed to cover fixed cost increases for step/column/longevity and health benefit premiums. (Cost of living adjustments to increase salary schedules and any increases to medical premiums that exceed 6% are in addition to that.) The remaining 17% of the budget is spent on supplies and equipment, services, travel, insurance, utilities, debt retirement, and other expenses. More detail is available on the general fund and all of the other funds in the business office.

- What criteria are being used for section cuts and how does this affect programs?

  Butte College finds itself in a situation of fiscal uncertainty with regards to its ongoing or continuous money. This past week the state announced further cuts to community college categorical and economic development programs, as it reallocated some federal stimulus dollars to the UC and CSU systems. We are also anticipating mid-year cuts and further draconian cuts in the next fiscal year as the state structural deficit continues to burgeon. Under these circumstances our criteria for section cuts reflect the advice of Chancellor Jack Scott in his July 28th “Budget Update”:

  As you work to modify your local budgets to reflect the revisions to the state budget, I call on you to do all you can to protect core instruction in basic skills, transfer, and workforce training as well as core student services. These are tough times for the California Community Colleges and for the state as a whole. These tough times will not last forever, however. When we look back, the test of our worth will be how well we managed to meet the critical educational needs of Californians during challenging fiscal times and how well we preserved the core instruction and student support infrastructure of our colleges.

  Our criteria for section cuts has been to focus primarily on the core of our academic and workforce training mission. We have expanded basic skills sections and transfer GE courses. We have added a sections in CT & E to address critical workforce preparation needs, while we have also reduced under performing programs and sections and shifted these resources to other areas. We have also retreated from recreation and special interest courses to assure that we will have the resources to protect our essential academic core courses, personnel, and technologies. We have nearly pulled out of local high schools in the past two years in order to shift approximately $125,000 in rents to maintaining a strong schedule and to help with the budget shortfall. This year we have also tentatively reduced our part-time faculty budget by $1,000,000. At the same time we are looking for creative ways to preserve as much of the core student services infrastructure as possible through creative uses of grant dollars and by leveraging new dollars externally.

- What are the financial effects on Associate Faculty?

  At present we do not know what the full-effects of the budget crisis will be on associate faculty. We do know that the state has drastically reduced support for associate equity pay, health benefits, and office hours. State cuts to apportionment will of necessity require significant cuts to community college schedules. Over the summer the San Diego system cut 2,500 sections and turned away approximately 18,000 full-time equivalent students. The Kern District cut at least 350 sections. Santa Rosa JC cut 20% of its fall schedule this past summer. By comparison our associate faculty and students have fared well. While our FTES is up 6%, we have only reduced our 2009 fall schedule by 36 sections compared to fall 2008. This means that our full and part-time faculty have worked hard to accommodate as many students as possible without compromising academic quality. We have provided our associates with a 2.85% COLA and are negotiating an enhanced salary schedule. Some associates have lost assignments. Most of those are in non-core, non-credit areas, special interest,
and recreation courses. We have actually increased our associate faculty in core general education courses and selected CT & E programs.

Nevertheless, our associate faculty remain at risk. Our current budget model calls for a reduction of $1,000,000 dollars in our 1300 (part-time and overload) accounts. This reduction may need to be backfilled depending on the number of sections we actually reduce. We will continue to evaluate and adjust this budget based on the number of sections needed. We have just made the decision to maintain Winter Session at last year’s level of 80 sections. If we move forward with cutting another 265-300 sections there will be significant reductions to the spring schedule and downsizing or elimination of the summer term. If we are obliged to cut the spring schedule, then the OSL will consider holding full-time faculty to the contractual limit on overloads so that we can preserve more sections for our dedicated associate faculty. CT & E cohort programs with large waitlists will be given special consideration regarding balancing program integrity and full-time overloads.

- What is the impact on work study and student employees?

We believe that it is in the students' best interest, if he or she needs to work, to provide them as many work opportunities as possible on campus. To that end we have increased job opportunities on campus every year for the past 6 years. Even though the amount of money available to division funded students is down at this time because of budget reductions, the Federal Work-Study program has expanded by $105,000 for the 2009-10 school year.

**STUDENT EMPLOYMENT HISTORY**

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Note: The minimum wage for a student employee is $8.00 per hour. The maximum work-study allocation per student is $5,760 per year.

- There is concern that some of these ‘emergency’ decisions may become permanent.

By significantly reducing the categorical budgets of Student Services programs the state is forcing the college to reengineer these services. These changes will be permanent because we’ll no longer be funded at the previous levels in these areas. The college has a responsibility to focus its resources on classroom instruction to the greatest extent possible. This means we must become more efficient in other areas in order to focus on classroom instruction. Since the easiest way for the college to reduce costs is by reducing the schedule (which we’ve done) there is even more pressure to become more efficient in other areas to maintain compliance with the 50% law. These efficiencies will need to be permanent because funding has been permanently reduced.

We need to confront the possibility that the “emergency” will become the new “normal” for California Higher Education, including the Community College System. The state of California may have dropped to 49 or even 50 in support of public education. Until the political gridlock is addressed in Sacramento along with the structural budget shortfall, we can expect continuing funding and enrollment management challenges. The State Legislative Analyst’s Office five-year projection asserts that the state budget outlook for the next five years is “bleak” unless there is a dramatic turnaround in the California and national economies. The current decision-making about enrollment management and programmatic reductions and reallocations is neither reactive nor precipitous. Thanks to Butte College’s reserve, we are in a position to plan carefully for budget reductions in order to preserve the integrity of the mission and to minimize the impact of budget cutting on the lives of our students and employees.

At the same time, the “emergency” can be a source of innovation and creativity. We are pursuing grants aggressively to fill budget holes and to provide seed money for innovation. As the economic and political context changes rapidly, some programs will be reduced or eliminated while new ones will be created.
• Why is Perkins IV money being taken from allocated programs and shifted elsewhere on campus?

This past year a new, transparent process was created to allocate Perkins IV dollars to assure maximum participation by CT & E programs and faculty. The Perkins IV allocation committee prioritized its requests to distribute $678,680 of federal dollars to support career programs. These recommendations were made to the Vice President of Student Learning and the President's Leadership Team (PLT). There was a concerted effort by the PLT to begin institutionalizing certain CT & E activities in BCIS, Welding, CAS, and EOPS. At the same time the PLT made the decision to reallocate $42,677 to the county-based Vocational English as a Second Language (VESL) Program to save a full-time faculty position that was in danger in the face of cutbacks in Butte County programs. This Office of Student Learning (OSL) had been advocating to protect both VESL instructors for the previous six months. This particular reallocation was made to do just that.

This summer we learned that the entire program was being cancelled by the county, putting in jeopardy both faculty members and a classified position as well as the career aspirations of approximately 1,500 clients. Subsequently the OSL was able to negotiate with the Private Industry Council to fund the entire program for the next year. The $42,677 was returned to the Perkins Committee last week when the Vice President of Student Learning met with the CT & E faculty to explain why dollars were being shifted in the face of the budget crisis. At the same time the OSL recommended the reduction of a half-time secretarial position in Human Services and a restoration of $22,229 to the CAS tutoring budget. Additionally the OSL and the Student Services Office have requested that $42,000 of Perkins IV be restored to an EOPS counseling position to preserve this critically important faculty position in the face of very large cuts in EOPS. The Perkins IV committee is making additional recommendations on reallocations. The current budget situation demonstrates that we can save jobs through good planning and maximum flexibility. The OSL is asking everyone to model patience and understanding in the face of unprecedented fiscal challenges.

• What is the process for relating cost saving measures? How will we know about their implementations and the follow through effects?

As you recall the President’s Leadership Team requested budget ideas from the campus last spring. These were consolidated onto a one page matrix that has been a focus of our budget reduction tracking efforts. The latest iteration of the matrix was sent out campus-wide last week and will be discussed at the budget forum. Further updates will be provided as things change. Also, individuals affected by any of the proposed cost saving measures will be included in the dialog about implementation.

• How can Classified be involved in the cost-cutting decisions beyond just being informed of what administration is deciding?

The budget reduction ideas were generated by the campus. Classified can be involved in the process by participating in planning within their areas, through involvement with the Classified Senate, and by attending and asking questions at the budget forums. Two Classified representatives are very active in the Planning and Budget Committee where they are demonstrating excellent leadership in advocating for students, the college mission, and the interests of their constituents.

• In regards to Fund 69 our Retiree Benefits Fund. The fund has $19.9 million set aside for retiree benefits. Is it true (or do we know whether) the actuarial was flawed? If so, would it be financially prudent to have the actuarial redone in order to have an accurate figure? Regardless of the answers to the above two questions (but especially if the answers are yes), wouldn’t $19.9 million and the interest it garners be enough to get us by for a few years without additional input? In other words, couldn’t we use the $731,000 to help fund operations during the next few years and help avoid layoffs?

The District received a GASB 45 compliant valuation of our retiree benefit liability in August 2007. We are required to update the valuation every two years. The liability was $47,317,647 at that time. The report was accurately calculated and included actual information for all employees, retirees, and projected retirees at that time. The actuarial company that we utilized has performed retiree health valuation services for approximately 500 California public employers. A new report will be completed in the next couple of months. The amount being contributed to the Retiree Benefits Fund in 2009-10 is the “Normal Cost.” Normal Cost is the value of the benefit earned each year for an employee as benefits are accrued during the working lifetime of employees. By pre-funding retiree health benefits, there will be enough funds available at retirement (on average) that, with interest, will be sufficient to pay all promised retiree health benefits without the need for any post-retirement District contributions. So, the normal costs represents what we need to fund for our current employees each year, and the $19.9 million represents part of what should have already been funded. These funds should be restricted to be used only for the purpose they were set aside. The Board of Trustees is evaluating putting these funds in an irrevocable trust fund to protect these funds from being used for any other purpose. We are currently using other district reserves, initiating retirement incentives, and utilizing technology in order to minimize employee layoffs to “get us by”.

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