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## Agenda Item 8560

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February 2, 2009

**SUBJECT:** Discussion of FY10 Budget Development Process, and Policy Compliance Report: E-1, Master Planning

**RECOMMENDATION:**

That the Board of Trustees discuss the overview of the FY10 Budget Development Process and E-1 Policy Compliance, Master Planning.

**RELATED BOARD POLICY OR PLANNING PRIORITY**

This item is consistent with Board Policy E-1, Master Planning, and G-1, College Budget.

**RATIONALE**

ACC has an annual process to review and update its Master Plan, which guides budget resource allocation. This overview is to inform the Board of Trustees of the shared governance priorities of the Master Plan and integration of the Master Plan and the FY 2009-10 operating budget. The process for the development of the FY 10-12 Master Plan has been enhanced to include up to three years of resource requests for Master Plan initiatives and to be more fully integrated with the budget system.

**BUDGETARY CONSIDERATION**

None

**RESOURCE PERSONNEL**

Dr. Stephen B. Kinslow, President/CEO

Ms. Soon Merz, Associate Vice President, Effectiveness and Accountability

Mr. Ben Ferrell, Executive Vice President for Business Services

**ATTACHMENTS**

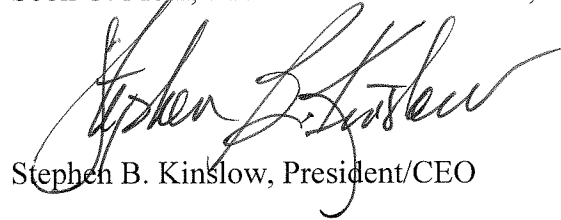
Attachment A: Budget Planning Directives

Attachment B: Master Plan and Budget Review Calendar

Respectfully Submitted By:

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Soon O. Merz, Associate Vice President, Effectiveness and Accountability

A handwritten signature in black ink, appearing to read 'Stephen B. Kinslow', written in a cursive style.

Stephen B. Kinslow, President/CEO

DRAFT

## 2009-10 (FY10) BUDGET PLANNING ASSUMPTIONS & DIRECTIVES Austin Community College District

### General

- ACC's budget planning will present a proactive approach to financial uncertainties which can affect the institution over the next several years.
- The U.S. economy, and the Texas economy, will continue to be in recession and revenue sources may dramatically fluctuate and decline during the upcoming year(s). Therefore, ACC will develop a conservative budget for FY10, with consideration of factors also likely to impact subsequent budgets in FY11 and FY12.
- In recognition of expected, continued increases in enrollment (a trend during recession), the College will have as its highest priority meeting, to the extent resources allow, local needs for ACC programs, courses, and services. This means:
  - Honoring the commitments related to the under-construction ACC Round Rock Campus;
  - Maintaining in-district tuition at its current level (no increase) to maximize access for tax payers who support ACC; and,
  - Out-of-district tuition will be increased in accordance with existing Board Policy G-9, and to ensure non-subsidization of out-of-district residents' tuition by in-district tax payers.
- In recent past budget years, ACC benefitted from additional annexation revenues which allowed the College finally to achieve market-competitive salaries for all employees and to make great progress in technology infrastructure and instructional equipment. In FY10, the new Round Rock annexation revenue will be dedicated to funding of the new ACC Round Rock Campus.

In recognition of the possibilities of declines in tax appraisal values and possible declines in State funding sources, ACC will have a conservative budget in FY10 and implement the following practices:

- Few new positions will be approved other than additional full-time faculty and essential support staff to address enrollment increases;
- All staffing table position vacancies will be reviewed by the President's Leadership Team to determine whether to fill, delay hiring, or place on indefinite hold in an effort to increase a buffer for potential revenue declines;
- The College will reduce its allocation for technology from prior year levels;

- The College will reduce its deferred maintenance from prior year levels;
- Delay (half year) or eliminate compensation increases for all employees; and
- A mid-year budget evaluation process by the Board will be scheduled in February and could allow budget amendments/additions, including compensation, if revenue stability and/or recession recovery trends exist.

### **Revenue Assumptions**

- Based on existing 2009 property assessments, the FY10 appraised value of taxable properties revenue is projected to increase very slightly; however, 2010 property assessments are expected to decline significantly (thus affecting FY11 and FY12 budgets, which the College must anticipate).
- The budget will include conservative enrollment increase projections of 5%.
- State appropriations for community colleges are expected to increase somewhat in FY10; however, these could be tempered or adjusted if there are significant shortfalls in State revenue sources (sales tax, etc.).
- The impact of federal stimulus dollars to higher education and to community colleges specifically is not yet known.

### **Annexation-Related**

- The College's annexation initiatives will continue, though there will be no new annexation-related revenues in FY10 (other than Round Rock, which is committed to the funding of the new campus).

### **Curriculum/Technology-Related**

- Technology funding for prior commitments will be honored; however, funding for new items will be reduced.
- Technology expenditures will be delayed until mid-year wherever possible without detrimental effect to individual instructional programs.

### **Facilities-Related**

- While ACC was fortunate to double facilities funding the past 3 years, from \$3 to \$6 million annually in an effort to reduce deferred maintenance needs, the College will reduce facilities funding to \$4.5 million.

### **Master Plan New Initiatives**

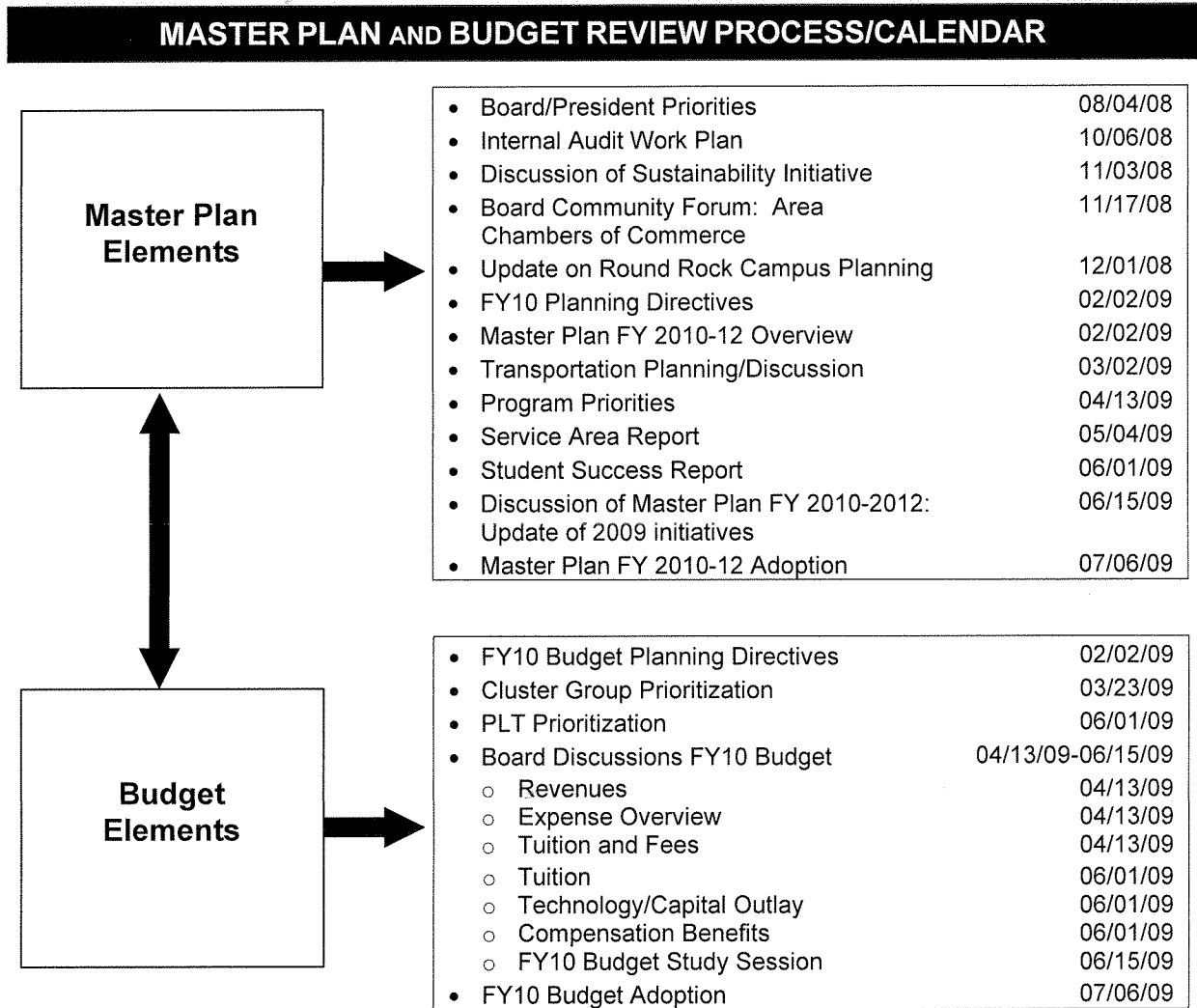
- The budget will include some funding for consideration of new Master Plan initiatives which support or enhance the district's ability to respond to community needs.

**Personnel-Related**

- Salary increases for all employees will be delayed or eliminated in 2010 until a mid-year (February 2010) assessment of economic conditions is determined.
- The budget will include the fourth year of the multi-year, full-time faculty hiring plan.

## MASTER PLAN AND BUDGET REVIEW CALENDAR

The following chart is the calendar of activities for the FY 2010 Master Plan and Budget Review process.



BUDGET APPROVAL CALENDAR			
02/02/09	Overview of FY10 Master Plan and Budget Development Calendar leading to budget adoption	06/15/09	Update of FY09 Master Plan Initiatives FY10 Budget Study
04/13/09	FY10 Budget Study <ul style="list-style-type: none"> <li>○ Revenues Overview</li> <li>○ Expenses Overview</li> <li>○ Tuition and Fees Overview</li> </ul>	07/06/09	Master Plan 2010-2012 Adoption FY10 Budget Adoption
06/01/09	FY10 Budget Study <ul style="list-style-type: none"> <li>○ Tuition and Fees</li> <li>○ Technology/Capital Outlay</li> <li>○ Compensation/Benefits</li> </ul>		