Administration's Definition Of "Reserves" Woefully Inadequate for CCSF
Management Plan for Prop A Funds Inflates Reserves in the Name of More Austerity

The proposed *"Plan for Long-Term Fiscal Stability"* (aka "how to use the Prop A funds") under consideration by the Board of Trustees puts more than $6 million next year into the "Board Designated Reserve," bringing it to over $10.5 million. This "Plan," which focuses on the District's use of new funding granted by San Francisco voters, has not been sufficiently discussed or engaged.

The CCSF Board of Trustees has committed to restoring CCSF's reserves, but under what definition? The "Plan" they have been presented with says it will bring our percentage to 5% in 2013-14 while setting aside other funding for additional, "special" reserves.

> *Do we all want a stable, fiscally solvent district? Of course.*
>
> *Must we do so at the expense of educational needs, workers, or the intentions of the 73% of San Francisco voters who stepped up to support their community college last November? We say no.*

What does the State Chancellor's Office say?
The State Chancellor's Office "Budget and Accounting Manual," required for use by all community college districts and provided in accordance with the Education Code, recommends a minimum 5% reserve, technically the ending "fund balance": "This minimum prudent level is considered necessary to ease cash flow problems, to deal with unexpected cost increases, and other fiscal uncertainties." (Accounting Advisory: Monitoring and Assessment of Fiscal Condition, memo from Frederick E. Harris, Chancellor's Office, to CEOs and CBOs, FS 05-05,10/25/2005, included as appendix in state CCC Budget and Accounting Manual, 2012 edition)

What does FCMAT say?
The state's Fiscal Crisis Management Accounting Team also indicated the importance of ensuring that the College has adequate reserves: "CCSF's 2012-13 budget does not reflect increases to the fund balance. Although the budget recognizes the possibility of a small state funding deficit of 0.7%, in today's economic climate it is likely that the deficit could be higher, which will reduce the fund balance."

FCMAT continued: "There is a possibility that the governor's tax measure will not pass. Although CCSF has estimated that this would reduce funding by another $11.5 million in 2012-13 if both the state tax and parcel tax measures fail, it has not developed a plan to deal with this reduction should it occur, and its ending fund balance is not sufficient to bear the burden."

What makes sense for CCSF and what is the responsible path?
The College and the community deserve a robust discussion that explains the finances and regulations involved. The College wishes to "meet and then exceed" the 5% minimum recommended reserve level, and it can do so with a balanced approach that does not advance further downsizing. City College has many needs and commitments as it moves back toward more sound fiscal footing.

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District plan for reserves based on proposed “Plan for Long-Term Fiscal Stability”

	Fiscal Year	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
1	Fund Balance	$18,136,225	$21,214,475	$27,908,920	$31,753,365	$33,897,810	$36,042,255	$38,086,700	$39,896,438	$40,738,634
2	Pre-paid lease (Mission)	$9,955,557	$9,800,002	$9,644,447	$9,488,892	$9,333,337	$9,177,782	$9,022,227	$8,866,672	$8,555,562
3	“Accurate” fund balance (AFB)	$8,180,668	$11,414,473	$18,264,473	$22,264,473	$24,564,473	$26,864,473	$29,064,473	$31,029,766	$32,183,072
4	Bd Designated Reserve (BDR)	* *$4,560,190*	$4,560,190	$10,560,190	$13,560,190	$14,760,190	$15,960,190	$17,160,190	$18,225,483	$18,578,789
5	Addition to BDR	**$0**	**$6,000,000**	**$3,000,000**	**$1,200,000**	**$1,200,000**	**$1,200,000**	**$1,065,293**	**$353,306**	**$360,372**
6	Total Amt in Bd Designated Reserve	$4,560,190	$10,560,190	$13,560,190	$14,760,190	$15,960,190	$17,160,190	$18,225,483	$18,578,789	$18,939,161
7	Total Amt in Accurate fund balance (AFB)	$8,180,668	$17,414,473	$21,264,473	$23,464,473	$25,764,473	$28,064,473	$30,129,766	$31,383,072	$32,543,444
9	Expected U Fund Expenditures	* *$186,572,237*	$200,000,000	$204,000,000	$208,080,000	$212,241,600	$216,486,432	$220,816,161	$225,232,484	$229,737,134
11	Projected BDR as % of U Fund Expenditures	2.4%	5.3%	6.6%	7.1%	7.5%	7.9%	8.3%	8.2%	8.2%
12	Projected BDR with "special" reserve (line 16)		5.7%	7.1%	7.6%	8.0%	8.4%	8.7%	8.6%	8.6%
13	Projected AFB as % of UFE	4.4%	8.7%	10.4%	11.3%	12.1%	13.0%	13.6%	13.9%	14.2%
14	Projected AFB with “special” reserve (line 16)		9.1%	10.9%	11.8%	12.7%	13.4%	14.1%	14.3%	14.5%
16	Special Reserve for 9th Year /emergencies		**$850,000**	**$1,000,000**	**$1,100,000**	**$1,100,000**	**$1,000,000**	**$900,000**	**$800,000**	**$750,000**

	Yes, There Are Alternatives	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
1	Fund Balance	$18,136,225	$17,980,670	$19,725,115	$20,669,560	$21,814,005	$22,958,450	$24,102,895	$24,347,340	$24,389,536
2	Pre-paid lease (Mission)	$9,955,557	$9,800,002	$9,644,447	$9,488,892	$9,333,337	$9,177,782	$9,022,227	$8,866,672	$8,555,562
3	“Accurate” fund balance (AFB)	$8,180,668	$8,180,668	$10,080,668	$11,180,668	$12,480,668	$13,780,668	$15,080,668	$15,480,668	$15,833,974
4	Bd Designated Reserve (BDR)	*$4,560,190*	$4,560,190	$6,460,190	$7,560,190	$8,860,190	$10,160,190	$11,460,190	$11,860,190	$12,213,496
5	Addition to BDR	$0	**$1,900,000**	**$1,100,000**	**$1,300,000**	**$1,300,000**	**$1,300,000**	**$400,000**	**$353,306**	**$360,372**
6	Total Amt in Bd Designated Reserve	$4,560,190	$6,460,190	$7,560,190	$8,860,190	$10,160,190	$11,460,190	$11,860,190	$12,213,496	$12,573,868
7	Total Amt in Accurate fund balance (AFB)	$8,180,668	$10,080,668	$11,180,668	$12,480,668	$13,780,668	$15,080,668	$15,480,668	$15,833,974	$16,194,346
9	Expected U Fund Expenditures	*$186,572,237*	$200,000,000	$204,000,000	$208,080,000	$212,241,600	$216,486,432	$220,816,161	$225,232,484	$229,737,134
11	Projected BDR as % of U Fund Expenditures	2.4%	3.2%	3.7%	4.3%	4.8%	5.3%	5.4%	5.4%	5.5%
12	Projected AFB as % of UFE	4.4%	5.0%	5.5%	6.0%	6.5%	7.0%	7.0%	7.0%	7.0%

* *Current numbers per college and state data*