

September 12, 2013

Dear Members of the Board of Trustees:

I am pleased to present the Final Budget for the fiscal year ending June 30, 2014. This budget was developed in accordance with Title 5, the California Community Colleges Budget and Accounting Manual, the best practices of the Government Finance Officers Association, and the fiscal policies set by the Board of Trustees.

The District will be better equipped to face its budget challenges in fiscal year 2013-14 as a result of the long-awaited renewal of restoration, growth and COLA adjustments from the State. In his approved 2013-14 State Budget, the Governor increased apportionment for enrollment restoration of 1.63%, a cost-of-living-adjustment of 1.57%, and an increase of \$50.0 million for the New Student Success and Support Program formerly known as Matriculation. The funded credit full-time equivalent students (FTES) for this fiscal year is estimated to be 13,406 for SBCCD, an increase of 215 FTES or 1.63% as provided in the State's growth allocation. The District is targeting 13,759 credit FTES and no noncredit FTES for fiscal year 2013-14.

However, for the future this State funding is dependent upon many unforeseeable economic conditions, including State corporate and individual tax revenues, as well as sunset dates in which the new tax revenues are scheduled to end. As long as we proceed cautiously and conservatively, our district has the opportunity to pursue a number of its highest priorities, goals, and objectives; and, to begin growing our student population (FTES) to previous levels.

This budget assumes a net 7.89% increase in health and welfare benefit costs, contractual step and column increases, the implementation of our MOU with the faculty for work on Student Learning Outcomes (SLOs), and implementation of the goals and objectives of the district's strategic plan. The fund balance (reserve) is estimated to be \$25.4 million on June 30, 2014, or 34.7% of the expenditure budget, an increase of \$1.3 million compared to the previous year. The Board has set 15% as the minimum requirement while the State has a 5% minimum requirement. SBCCD has remained fiscally conservative during these difficult budget years and has been able to meet the cash flow demands resulting from the state's system of deferring our cash income.

The Board's adopted directives have guided the development of a strategic budget that carefully balances the need to provide access to educational resources for our communities and provide academic excellence in our classrooms. It also preserves our commitment to faculty and staff – we have not had any layoffs of full-time contract employees, furloughs, or other salary reductions, as many other districts had over the past few years.

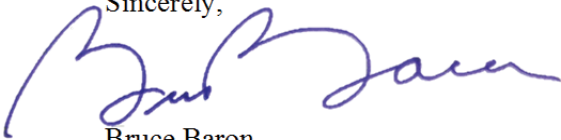
The significant budget reductions of the past few years have relied heavily upon sacrifice by every member of the SBCCD community. We've implemented a series of cost-cutting measures including filling positions selectively, reducing budgets in operational programs, and reallocating resources to meet

the highest priority needs. We will continue to effectively manage our budget to help ensure prudent spending, which can result in savings that will assist in balancing future budgets.

We must continue to reinvent ourselves, increase productivity and strive to offer the highest possible educational and support services to our Students. We are continually assessing how we are organized and delivering services; assessing our effectiveness and efficiency; and seeking ways to continuously improve. We also review additional revenue opportunities that can potentially supplement our State appropriations; and, explore public and private partnerships that can provide new resources. These opportunities can potentially achieve exciting and measurable outcomes for our students and the communities we serve.

This budget demonstrates our commitment to our students, faculty, staff and community. Many lives have been changed for the better as a result of the education garnered from San Bernardino Valley College, Crafton Hills College, the Economic Development Corporate Training Center, and KVCR. We sincerely hope that our students continue their learning to enhance their skills, improve their employment opportunities, and achieve their educational goals.

Sincerely,



Bruce Baron
Chancellor