

San Juan College Financial Crisis Plan



**N.M. INDEPENDENT COMMUNITY COLLEGES
ADMINISTRATIVE RETREAT
11.7.8**

San Juan College Financial Crisis Plan



- The purpose of the San Juan College Financial Crisis Plan is to provide a timely, focused response to equivocations in resources without compromising mission effectiveness or stability of operations

Financial Crisis Funding Priorities



- **Central to delivering instruction to (critical mass of) students**
- **Affirms the safety and welfare of campus constituents**
- **Necessary to maintain compliance with legal and programmatic mandates**

San Juan College Board Policy

Current Fund Balance



- “The fund balance at the end of a fiscal year shall equal one-sixth (i.e. the average of two months of expenditures) of the approved operating budget for the subsequent fiscal year.”

Purpose of Current Fund Balance



1. Indemnification against variability in state, local, or student revenues
2. Fund strategic development areas
3. Resources for catastrophic or unanticipated occurrences
4. Demonstration of strength to financial markets
5. Modest revenue stream

Fiscal 2009 Budget Challenges



- Likely decline in Production Tax (15% below Budget Model Projections)
- Possible reduction in State Appropriation

Recommendations

Implement soft-freeze in hiring, but ultimately fund shortfall through Fund Balance

Financial Crisis Strategies



- **Fund Balance**
- **Revenue – Enrollment management or other strategies that will increase the flow of resources into the institution**
- **Horizontal Reductions – “Across-the-Board” Departmental Strategies that can be implemented immediately**
- **Vertical Reductions – Institutional-level Strategies that require a longer span for implementation**

Revenue Strategies



- **Tuition & Fees Opportunities**
- **Ancillary Revenue Sources (e.g., bookstore, facility utilization, interest income)**
- **Formula-based Opportunities**

Cost-Reduction Strategies

Horizontal (Departmental)



1. **Vacancies**
2. **Travel, Conferences & Training**
3. **Furniture, Fixtures & Equipment**
4. **Recruiting & Promotion**
5. **Supplies (Non-instructional)**

Cost-Reduction Strategies Vertical (Institutional)



1. **Auxiliary Operations**
2. **Independent Operations**
3. **Public Service**
4. **Underperforming Instructional Programs**
5. **Strategic Reductions-in-Force**

Vertical Cost Reductions

Strategies

1. Auxiliary Operations
2. Independent Operations
3. Public Service

Determinants

- Level of Subsidy
- Historical Performance
- Integration or Interface with Curricular Programs
- Criticality to Mission and/or Community

Vertical Cost Reduction Strategies Underperforming Instructional Programs



Contribution Margin Analysis

School	Description	Key	REVENUE				SALARIES & BENEFITS				Operating Expenses	
			SCH Approp	HC Approp	Fees & Other	Total Rev	Instructional & Professional	Adjunct & Overloads	Support	Benefits	Supplies & Other Exp	Travel
BUSN	Business	BUSX	582,409	118,097	0	700,506	310,613	111,218	0	99,499	10,608	0
BUSN	Computer Science	COSC	478,569	109,661	0	588,230	272,341	113,483	0	92,449	7,940	0
BUSN	Creative Arts and Technology	CAAT	45,684	9,169	0	54,853	305	4,572	0	931	6,263	0
BUSN	Office Careers	AOAP	221,135	50,980	0	272,115	182,814	54,419	23,254	61,315	7,012	0
BUSN	Business Department Travel	BUSN1	0	0	0	0	0	0	0	0	3,421	10,127
Total - Business			1,327,797	287,907	0	1,615,704	766,073	283,692	23,254	254,194	35,244	10,127
ENGY	CDL	CDLX	499,175	24,940	138,510	662,625	370,072	0	0	106,099	153,801	64,036
ENGY	Gas Compression	COMP	178,382	23,106	0	201,488	143,714	21,375	0	39,268	19,726	4,420
ENGY	Industrial Plant	IPOX	312,308	37,043	0	349,351	273,382	11,180	0	76,614	10,065	2,799
ENGY	Production Technology	WELL	230,034	33,742	0	263,776	126,229	7,306	0	44,068	74,753	15,837
ENGY	Renewable Energy	RENG	59,030	6,602	0	65,632	52,378	1,830	179	16,141	14,191	1,003
ENGY	Safety	SAFE	1,191,690	529,235	20,533	1,741,458	212,161	134,774	0	83,239	52,357	16,840
Total - Energy			2,470,619	654,668	159,043	3,284,330	1,177,936	176,465	179	365,429	324,893	104,935

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