

## Chancellor's Budget Message

### Greetings!

I regret that my first message of the New Year is not a happy one. The Governor has released his budget proposal and I hope that you have heard about his draconian cuts. Since there have been continuously shocking and rapid changes to the budget projections since last October, I delayed this message until after the Governor's proposal in the hope of having a clearer picture of the budget and its implications to our Coast Colleges. Unfortunately, the picture is not only clear but also overwhelmingly dreadful.

### A Quick Review



As you recall, we balanced our \$13.5 million budget deficit for the current year by implementing the ENDS program, reducing summer class offerings, reducing non-instructional hourly staff, reducing travel and other expenses, and redirecting the KOCE payment to fund retiree benefits liability. Despite the cuts that we have made, we still faced a projected \$2.9 million internal operating deficit in our 2011/2012 budget due to our annual salary and benefit increases. In November it was projected that the community college system would realize another cut of nearly \$250 million, which would have resulted in an estimated cut of \$7 million for our District. Just before the holiday break, information was shared with our constituency groups regarding the projected \$10 million District-wide deficit for 2011/2012 (internal operating deficit plus state cut). Last month, we thought the \$10 million shortfall was a daunting challenge. Unfortunately, things have taken a turn for the worse.

## Governor's Proposed Budget

On Monday, the Governor's budget proposal outlines an unthinkable \$400 million in cuts to our state's community colleges! There are still many details we need to



Governor Jerry Brown

learn about the horrible cuts but one thing is for certain as we were told by the State Chancellor's Office - this would be our best case scenario. Why? The Governor is proposing an **additional \$500 million** in reductions to the community colleges if the tax extensions are not approved in a special election. Yes, it really means the

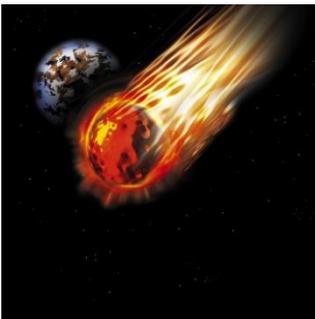
California community colleges may be facing a total **\$900 million** cut to our 2011/2012 budget.

There are a few additional notable items in the Governor's proposal:

- No additional cuts to categorical programs
- No mid-year cuts in 2010/2011
- No workload reductions
- Maintain \$126 million enrollment growth
- Fee increase from \$26 to \$36 per semester credit unit

## What does the budget proposal mean to Coast District?

The \$400 million proposed cut to the community college system translates to an estimated \$11.6 million reduction to our approximately \$200 million general fund budget (-6.09%). Adding the existing \$3 million internal operating deficit, Coast District's deficit for 2011/2012 will be a total of \$14.6 million. This number is predicated on a five-year tax extension that must be approved by the voters this spring.



If the tax extension is not approved in June, the state will be forced to impose a \$900 million reduction to community colleges. For Coast, this will mean a horrifying \$27 million cut (approximately). Again, adding the \$3 million salary and benefit increase, the result is a nearly \$30 million deficit to our \$200 million general fund budget for 2011/2012 (a 15% decrease). Hearing this news, I feel as though a giant meteorite is heading our way with predictable devastation beyond our control.

I realize that since July, you have all taken on additional duties, different assignments, allowed more students to enroll in your classes, reorganized some functions, and changed the way you do business in order to compensate for the lack of budget and human resources. While we continuously reinvent ourselves to work smarter and more efficiently, I am keenly aware that many of you have already been greatly affected by the changes that have occurred this academic year.

It is impossible not to affect people when we are a people-centered and people-dependent organization with 90% of our budget committed to funding staff.

### **What should we do?**

1. **Plan and be ready for the worst.** As unthinkable or nonsensical as the budget reductions seem, the worst may very well become a reality. How do we react in a state of emergency like this? We remain calm so we can think clearly and plan effectively. We use good data and act swiftly and decisively. We unite ourselves to garner the best and most of what we can offer to each other. We communicate with respect and stop the spread of fear inducing rumors.



2. **Identify every possible savings.** We ask for everyone's help in identifying **all** possible non-contractual savings we can shave off the budget beginning now and for next year being mindful of the impact to our students, departments and teammates. Be supportive of each other rather than combative or competitive during this process. We need to show the best of us in the worst of times.

3. **Increase revenue generating activities.** We have a number of existing and new venues in our District that generate financial resources. Let us continue to invest and support these activities as means for alternative and additional funding.

4. **Seek relief solutions with all employee representative groups.** Since 90% of our budget expenditures are in salary and benefits, both of which require negotiations, we will be searching out solutions in those areas. Vice Chancellor Deb Hirsh will lead this effort relying on the positive relationships we have built with all of our employee representative leaders to jointly and quickly identify solutions.

5. **Provide timely information.** There are still many unknowns in the Governor's budget. Vice Chancellor Andy Dunn and the college financial teams are attending ACCCA's budget

workshop this Friday to learn more about the latest developments and analysis from Sacramento . I also promise to post the budget implications and analysis for our District as soon as we have them. Our goal is to provide you with timely and accurate information. Please be on guard for false rumors. The District will work with college leadership to hold budget forums to provide first-hand information as well as respond to any questions you may have. Vice Chancellor Andy Dunn and I are preparing to present a budget report at the January 19 Board of Trustees meeting and I encourage you to attend.



**6. Intensify Advocacy Efforts.** Each of you can be an advocate for the community colleges. We will be ever more vigilant to confront and defeat any additional cuts to the community college system. As the lead institution for the OC Legislative Taskforce, we will have a strong presence in Sacramento on January 24 meeting with key members of the legislature.

**I know you have more ideas and suggestions and we welcome them!**

**Thank you!**

Despite of what we are facing, serving our students continue to be our priority. You have repeatedly demonstrated your commitment. I am proud and grateful for your contribution and sacrifices. You may ask, “How much more of this can we take?” I share with you my Father’s response to this question, asked by me 40 years ago living in severe poverty. Quoting Buddha, my father responded, “endurance is one of the most difficult disciplines, but it is to the one who endures that the final victory comes.”

Sincerely yours,

