



## **A Message from the Acting Chancellor**

**Budget Update #3  
June 19, 2009**

Greetings! As promised, here is the latest budget information for you. I am committed to providing you the latest budget information and have posted these budget updates and the information we receive from the state on our website at [www.cccd.edu](http://www.cccd.edu). In this update, I have included information on the State Budget Conference Committee and what the latest proposals mean for the Coast District. I will also discuss the Board's actions at its recent meeting and the plans for continuing budget discussions and planning. While the legislature has yet to finalize their budget proposals, we will continue to work with the most current information to plan our own budgets. It is crucial that we are prepared to face the fiscal challenges that lay ahead.

### **State Budget Update**

State Budget Conference Committee Actions - After much debate, the state's Budget Conference Committee completed its deliberations on June 16. Let me summarize the key information and its impact to the Coast District:

#### **CURRENT YEAR (2008-2009)**

- \$115 million Apportionment Deferral

Thanks to our Vice Chancellor CM Brahmhatt, Coast District has enough funds in the reserves that we can withstand the state's deferral of payments for about four months. However, we will lose \$30,000 to \$50,000 in interest revenue due to the deferral, depending upon the final payment received from the state.

- \$85 million cut from apportionment and categorical

This new reduction translates to a \$2 million negative impact on the Coast CCD. All savings in categorical programs in 2008-09 will be used first and the balance will be absorbed by general fund monies.

#### **NEXT YEAR (2009-2010)**

- Apportionment reduction of \$120 million

Instead of reducing funding for Physical Education classes by \$120 million, the Senate Budget Sub-Committee is recommending \$120 million in cuts in apportionment by way of FTES workload reduction. This means that each community college district's base FTES (unit of

measure used for funding) will be reduced by approximately 2%. This will reduce funding for the Coast CCD by \$3.6 million on an on-going basis. This reduction represents 700 FTES for the Coast CCD and is in addition to the 1,200 unfunded FTES from 2008-09. The total number of FTES reductions for 2010-11 is estimated to be 1,900! This equals 19,000 in seat reductions in for 2009-10 and for future years.

This is the reason our State Chancellor, Dr. Jack Scott recommended that districts not fund classes over “cap” since we no longer can afford to do so under these budget conditions. I have made a commitment for Coast CCD to continue to fund classes over “cap” but NOT without limits and careful consideration. It is certain that we will have some class reductions but we hope to not have to cut as deeply as we did 2002-03. Let us do our very best to find savings and make cuts in areas away from classes and services! However, it would not be realistic or honest if I did not inform you that these reduced workload measures and budget reductions mean our community colleges will have significant enrollment decreases.

### **Categorical Program Reductions and Student Fee Increase**

The Legislative Budget Committee took a bifurcated approach to cuts in categorical programs, as follows:

- 16% cut without flexibility: Basic Skills, Disabled Students, EOPS & CARE, Fund for Student Success, Nursing, Special Services
- 20% cut for Telecommunications & Technology Services
- 32% cut with flexibility: Academic Senate, Economic Development, Matriculation, PT faculty compensation, Transfer Education and Articulation
- 100% Program Elimination: Career Technical Education (SB70), Physical Plant and Instructional Support
- No Reductions: Career Technical Education (SB1133), Student Financial Aid Administration
- Student Fee Increase: From \$20 per unit to \$26 per unit which will generate \$70M for the state and will be used to reduce the Governor’s proposed cuts to the categorical programs in 2009-10.

For Coast CCD, it adds up to a grand total of \$4,207,381 in reductions!

We hope to receive the state’s final budget in two weeks after a 2/3 vote is achieved in both the State Assembly and Senate.

## **Coast CCD 2009-2010 Tentative Budget Approved by the Board of Trustees**

As reported in my last two budget communications, the District Budget Advisory Committee provided a lot of input to the deliberations of our recommendations. At the June 17 Board of Trustees meeting, the Board approved the recommended Tentative Budget, including the following budget reduction recommendations from the committee:

- \$2M of the one-time stabilization funds
- \$3.37M from reserve funding
- \$2M from cuts to campus/District office allocations\*
- \$2M from campus/District hiring slow down/freeze\*
- \$1M from reduction of GASB 45 (contribution reduction from 3% to 2%)
- \$200,000 reduction in District-wide travel (NOT including contractual Professional Development Funding for all employee groups)
- \$300,000 reduction in District-wide marketing/advertising

\*Each campus's share is calculated according to the allocation formula:

OCC – 46.21%   GWC 28.28 %   CCC – 16.25%   District 9.26%

Regardless of the status of the state budget, I will be submitting our Coast District's Final Budget for Board's approval on September 2.

## **Budget Planning Ahead**

Though we have developed a tentative budget plan for 2009-10, it is still not completed. We have yet to finalize the categorical program budgets and campuses will now start to determine their respective areas of reductions using their campus shared governance processes. I have requested progress reports from each campus on the following:

1. Process by which the campus cuts are determined
2. Identification of the actual cuts
3. Identification and justification of positions being slowed down and/or frozen.
4. Projections of fall and spring enrollments

I will be working with college presidents and vice presidents to coordinate and determine the level of unfunded FTES our District can reasonably afford to carry. In order to maximize class offerings and seat counts, we must do smart planning to ensure we employ the most cost effective scheduling.

The Board has authorized me to begin discussions with all employee representative groups to determine a plan for the best ways and means by which the Coast CCD faculty and staff may contribute in alterations to compensation and/or benefits for 2010-11. This proactive move is to prepare for the worst, including potential mid-year cuts next January as well as the projected further reductions in 2010-11. But I need to assure you that the Board and I will do everything possible to avoid implementation of these types of measures unless we run out of all reasonable options. I do believe that it is crucial that we are prepared to deal with these fiscal challenges – both current and future. A specific plan and a substantive motion for Board action on this item will be presented at the July 15 Board meeting after I consult with employee groups in the next two weeks. This will be a long process and you will learn more as we develop our plan of action.

The District Budget Advisory Committee continues to meet this summer. In fact, we will be meeting today at 1:00 p.m. – 4:00 p.m. Please help me thank these dedicated committee members working through the summer months to help guide our budget planning.

Lastly, thank you so much for your support in keeping your conversations and discussions positive. So many of you have given me such positive feedback and affirmation for wanting to do whatever it takes to get through this together. It is truly amazing. Let me give you an example, Eric Wilson, among so many who have offered words of support, said, “Dr. Currie, if I have to take a furlough day, I will just look at it as an extra day I can spend helping my son at his school or spend quality time with my family. The value is more than the loss in money.” WOW! Our budget may be crying poor, but you sure are rich in spirit!! THANK YOU for taking care of our students through your work!

Sincerely,

Ding-Jo