



July 29, 2009

Dear Coast Faculty and Staff,

Greetings! I hope your summer is sizzling with some fun and relaxation outside of work.

I have been waiting for the State Budget to finalize before I send the next budget update to you. You must have followed the arduous proceedings of our legislature in completing the State budget deliberations. The implementation of the whopping \$24 billion budget solution is incomprehensible. Yet it will become the fate of Californians to accept, adjust, and live with.

State Budget Update

Here are some key facts from State Chancellor Jack Scott about the State Budget as it relates to the community colleges:

- Student fees increased from \$20 to \$26 per credit unit effective fall 2009 (this increase generates \$80 million in revenues that will be used to mitigate cuts to the community colleges)
- An estimated allocation of \$130 million in federal funds provided through the State Stabilization provisions of ARRA. The actual amount of funding received by the community colleges will be determined in the coming weeks based on a formula-driven calculation.
- Elimination of all growth funds
- No COLA
- \$333 million in cuts to categorical programs (a \$140 million one-time backfill is provided using federal ARRA funds and fee revenues, bringing the net reduction to \$193 million). Cuts to specific categorical programs vary from no cut to total elimination with most programs facing cuts of between 16% and 32%, after accounting for the one-time backfill. Specific categorical cuts are as follows:
 - No cuts: Student Financial Aid Administration, Foster Care Education
 - 16% cut: CalWORKs services, Basic Skills, Disabled Students Programs and Services, EOPS & CARE, Fund for Student Success, Nursing
 - 17% cut: SB 70 CTE (total funding cut from \$58 million to \$48 million)
 - 20% cut: Telecommunication/Technology
 - 32% cut: Academic Senate, Apprenticeship, Child Care Tax Bailout, Economic Development, Equal Employment Opportunity, Transfer Education and Articulation, Matriculation, Part-time Faculty Compensation, Part-time Faculty Health Insurance, Part-time Faculty Office Hours
 - 100% cut: Physical Plant/Instructional Equipment, California High School Exit Exam (CAHSEE)
- \$120 million reduction to general purpose funds (in lieu of the proposal to reduce funding rates for physical education courses)

- A budgeted 2009-10 local property tax shortfall of \$53 million (the total budgeted property tax shortfall is \$116 million, but \$63 million in relief is provided)
- A budgeted 2009-10 student fee shortfall of \$21 million
- Language authorizing the Chancellor to reduce base workload measures in proportion to cuts in general apportionment funding. This provision will bring the enrollment expectations used in the apportionment process in line with the level of funding provided by the state. Legislative intent language states that districts should, to the greatest extent possible, make reductions in course sections in areas other than workforce training, transfer, and basic skills.
- Language authorizing community college districts to transfer funds out of certain categorical programs and into any other categorical program included in the state budget. A public board meeting is required before making such a transfer.

Looking Ahead

Any budget requiring a patchwork of \$24 billion cannot please anyone and has serious consequences for everyone in California. For the Coast Community College District, our 2009/2010 tentative budget adopted by the board should get us through this year with a lot of belt tightening and surgical cutting. But the resulting budget implications and forecast for the future years will be extraordinary alarming if we do not have a plan are not willing to apply prudent measures to reverse the downward spiral of deficit spending.

Looking grimly ahead, I am compelled to provide some budget shortfall forecasts so that everyone is aware of the reality of what our District will be confronted with in the coming three years, WITHOUT including any state apportionment reductions. The forecast is shown with some basic assumptions about what we know:

- No Growth Funds or COLA for the next three years
- PERS and STRS increase for next two years is limited to 1%
- CFE full time faculty contract will expire 6/30/2011 (\$400,000 salary increase for 2010/2011)
- CFCE classified and CCA part time faculty contract will expire 6/30/2010 (salary increase unknown)
- Health benefits and automatic step/column increased will continue in future years
- District will protect categorical program contract employees - \$1.5 million
- There is no additional funding outside of state apportionment to replenish the District reserves used for 2009/2010 - \$5 million.

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
A) 2009-10 Budget Reduction (covered by one-time funds)	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Mandatory Increase			
STRS	\$ 540,000	\$ 1,080,000	\$ 1,080,000
PERS	\$ 430,000	\$ 860,000	\$ 860,000
	<u>\$ 5,970,000</u>	<u>\$ 6,940,000</u>	<u>\$ 6,940,000</u>
B) To Protect Categorical Contract Employees	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
C) Negotiable Items			
Salary Increase			
CFE	\$ 400,000	unknown	unknown
CFE/Classified	unknown	unknown	unknown
CCA	unknown	unknown	unknown
CDMA/Other	unknown	unknown	unknown
Health Benefits	\$ 600,000	\$ 1,200,000	\$ 1,800,000
Step & Column	<u>\$ 1,200,000</u>	<u>\$ 2,400,000</u>	<u>\$ 3,600,000</u>
	<u>\$ 2,200,000</u>	<u>\$ 3,600,000</u>	<u>\$ 5,400,000</u>
TOTAL SHORTFALL	<u>\$ 9,670,000</u>	<u>\$ 12,040,000</u>	<u>\$ 13,840,000</u>
CUMULATIVE SHORTFALL	<u>\$ 9,670,000</u>	<u>\$ 21,710,000</u>	<u>\$ 35,550,000</u>

It is unlike me as an eternal optimist to project a \$35+ million deficit by 2012/2013 and paint such a bleak and depressing picture. However, as Max Depree said, "The first responsibility of a leader is to define reality." What's the next responsibility? I believe it is to enlighten the people in our District of our common goal and to empower all of us to achieve it. Our common goal, as I see it, is to reverse our fiscal fate with a unified vision of protecting our hardworking faculty and staff while continuing to maintain institutional excellence in serving our students and community. This is going to take a lot of will, commitment, and creativity from all of us. Can we do it? You bet!!!

Since we don't operate as an island, the repercussions of the far reaching and deep cuts of the State will be felt in more ways than one here at the Coast District. We expect more students to line up at our doors seeking classes and services both as their first choice of destination or their last resort to salvage their broken educational plans from other four-year institutions.

Many of you have submitted thoughtful ideas on how we can save money in our operations. Some of these ideas have already been implemented. Suggestions that involve alterations in work conditions and benefits require negotiations and should be forwarded to your employee

representative leaders for consideration. I am in the process of discussing with all employee group representatives the ways and means as to how we may best address these possible negotiable measures as efficiently and effectively as possible. Similarly, other suggestions in realigning and/or streamlining organizational or administrative structures also require open and thoughtful consultation through the campus governance processes.

I believe in a purposeful life and there must be a reason that we are all having to go through these challenges together. Helen Keller, my role model for eternal optimism said this, "Although the world is full of suffering, it is also full of the overcoming of it." Perhaps we can only appreciate the glorious joy of being on the highest mountain top after we have been to the deepest valleys and endured the steepest climbs. I invite you to journey with me from the valley to the mountain top.

We need your help so stay with me, keep informed, and be engaged!

Our next District Budget Advisory Committee is scheduled for August 11 at 1:00 pm in the District Board Room and the Board's Budget Study Workshop will be held on Monday, August 17, at 5:00 pm. As always, you are welcome to attend any of those meetings.

Sincerely,

Ding-Jo H. Currie
Interim Chancellor