

September 4, 2009

To: District Faculty and Staff

From: Jeanine Hawk, Vice-Chancellor, Administrative Services

I wanted to take this opportunity to update you on the current state of the budget for the district as the adopted budget goes to the Board of Trustees for their approval next week. I know that many of you have been following the budget news as it unfolded over the summer and I'm sure there will be more news to follow as we move into the fiscal year.

There are three major areas that I want to address. First let me identify the major points on the revenue or resource side of the issue.

- The General Fund Revenue has been reduced by \$2.2 million and translated by the State Chancellor's Office into a 3.39% Workload Reduction (think of this as negative growth). This means that we now have a permanent lower funded base. The colleges will be working hard to determine the most effective way to approach this reduction.
- The Categorical Programs revenues have had revenues reduced by an initial estimate of 16-32% depending on the program. The large programs are DSPS, EOPS, CalWORKS all at 16% and Matriculation at 32%. These initial amounts assumed the same percentage, as backfill from the federal American Recovery and Re-Investment Act and this is the basis for our adopted budget. However we have just learned that the federal backfill will only be about half of what was expected. So as we move to the end of the first quarter at September 30 we will be asking the colleges to determine how best to address the additional reductions in resources while preserving direct support to students in these critical programs.
- The state is already predicting that revenues will come up short for the budget that was just passed. In anticipation, we have budgeted a reduction of resources of close to \$1 million.

Second, after major reductions in the fall and winter, additional targets established late last spring were:

- The targets established last spring were:

SJCC \$2,010,414 or 6% EVC \$2,085,030 or 7% DO \$9,511,190 or 25%

- In 2008-09, after mid-year reductions, the district still had a structural deficit (when ongoing expenditures are greater than ongoing revenues) of almost one

million dollars. To address this structural deficit in 2009-10 we have budgeted an annualized reduction of \$500,000 in the medical benefit category. The Benefits Committee will be working this fall to identify ways that this target can be met effective January 1, 2010.

Last, there are updates for the District's Ending Fund Balances (one-time dollars left over).

- For 2008-09 the General Fund had an Ending Fund Balance of \$ 6,395,593 or 7.87%. This balance was helpful in addressing the difference between what was targeted for District Office reductions and what was actually achieved in 2009-10.
- In 2009-10 we are budgeting an Ending Fund Balance of \$ 4,537,54 or 5.87%. This exceeds the requirement of a minimum 5% contingency balance. This balance includes a one-time contribution of \$275,000 generated by the Workforce Institute and transferred to the General Fund.

I know this has been a very challenging time, in particular for classified professionals who are often hardest hit by budget reductions as well as for adjunct faculty who may have their classes eliminated if schedule reductions are implemented. Also, managers and supervisors face challenging schedules and discretionary budgets that barely cover instructional supplies.

We are all doing more with less as our enrollment soars with students who need us now more than ever. I urge everyone to consider the abundance of our budget – over \$130,000,000 – that we use to implement academic programs and support services that sustain student success. The colleges will engage all constituencies in the conversations as we entertain new ways of doing business, think about more effective organizational structures and collaborations that will enable us to maintain categorical program delivery that put students first.

As the budget situation evolves through the year I will be visiting the college budget committees with updates as well as working with the District Budget Committee to consult on approaches and solutions. In addition, we will be delivering quarterly budget updates to better track our fiscal position throughout the year.

And always, if you have questions or concerns, please feel free to call or email me.