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MEMO

TO: West Hills Community College District Employees

FROM: Frank Gornick, Chancellor 

DATE: May 15, 2009

SUBJECT: Budget Update #4 – Follow Up

Yesterday afternoon the Governor released his plan for the budget problems we face in California. It is not good news.

I have attached Vice Chancellor Erik Skinner's excellent analysis of the reductions we face this year and next. This proposal is a fundamental change in how we do business. It will require sacrifices from everyone.

It appears that our portion of additional reductions for this year is \$1.2 million. This is on top of \$2.9 million in reductions.

Next year we anticipate an additional \$3.8 million in reductions. If there is any good news in this message it is that many of these reductions will need legislative approval. We hope to prevail in that arena to minimize the reductions.

From: Skinner, Erik [mailto:eskinner@CCCCO.EDU]
Sent: Thursday, May 14, 2009 3:46 PM
To: SO2CEO@LISTSERV.CCCNEXT.NET
Subject: Budget Update--May 14, 2009

Dear Colleagues:

This afternoon, Governor Schwarzenegger unveiled his May Revision budget proposal. The May Revision package outlines his proposed budget solutions under two scenarios—a “base” proposal that assumes the ballot measures in Tuesday’s special election pass, and a “contingency” proposal assuming the measures fail. The base proposal balances a projected \$15.4 billion budget shortfall. The contingency proposal balances a projected \$21.3 billion budget shortfall.

Both the base and the contingency proposals contain deep cuts in all areas of the budget. In the current year (2008-09), Proposition 98 spending would be reduced by between \$1 billion and \$1.6 billion. For 2009-10, Proposition 98 spending would be reduced by between \$2 billion and \$3.7 billion. (The lower end of the ranges are under the base proposal, the higher under the contingency proposal.)

For the California Community Colleges, the proposed cuts would be devastating. The Governor’s proposed cuts are as follows:

Current Year (2008-09):

(CCC budget is identical under base and contingency proposals)

- Defer an additional \$115 in apportionment payments from 2008-09 to 2009-10.
- \$85 million in across-the-board cuts to categorical programs.
- Broad flexibility for districts to spend categorical funds to meet local needs. This flexibility applies to all categorical programs except Financial Aid Administration and Cal Works.
- The Administration estimates a \$42.1 million local property tax shortfall and proposes no backfill for the colleges.

Budget Year (2009-10):

Base Proposal:

- \$221.6 million in across the board cuts to categorical programs. Flexibility noted above.
- Eliminate 1 percent enrollment growth, cut of \$58 million (would leave 2 percent growth funding)
- \$120 million cut to apportionments to implement LAO’s recommendation to lower the funding rate for credit PE and recreation courses to the non-credit rate.
- The Administration projects a \$116.7 million local property tax shortfall and proposes no backfill for the colleges.

Contingency Proposal

- All elements of base proposal.
- Eliminate an additional 1 percent enrollment growth, additional cut of \$58 million (would leave 1 percent growth funding).
- An additional \$122 million in across-the-board cuts to categorical programs.

Clearly the magnitude of these proposed cuts would deliver a devastating blow to the community colleges as they attempt to serve the tremendous demand from unemployed Californians and students shut out from UC and CSU. We are troubled that, based on a preliminary assessment, it appears that the community colleges were targeted for a disproportionate share of budget cuts. Further, this proposal does not appear to take into account the roughly \$3 billion in federal stimulus funds allocated to K-12, UC, and CSU to address the earlier cuts to those segments.

This is all the information I currently have. We are working to gather additional details. This afternoon, the Department of Finance will hold a technical briefing that should clarify the proposal. In the meantime, keep in mind that this proposal is just that, a proposal, and will be subject to debate and negotiation in the legislative process. More updates to follow.

Erik Skinner

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