



Office of the Chancellor
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May 22, 2009

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Re: Budget Update #5

Dear Staff,

Well the voters have spoken and so has the Governor. It appears that we will have to reduce next year's budget (2009-2010) by approximately \$4.1 million. The word "approximately" is the correct word because even at this late date, the target is still moving and it is not moving in our favor. When I first arrived in this district, we faced a similar circumstance and in my first address to the faculty where I talked about my vision for the college I said, "Our salvation will be hard work, not Sacramento".

We now have difficult work in front of us. In order to stay focused on our commitment to one another of not allowing layoffs, drastic action must take place. The reason for this action is that we are in a precarious place right now of not being able to make payroll for June. The State has a cash flow problem and that is affecting our ability to make payroll and pay our vendors.

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On Wednesday afternoon, the College Presidents, Vice Chancellor Ken Stoppenbrink and I met to receive the reductions each college and the district have recommended for next year. They were very helpful and we want to thank you for assisting with this task. We reduced the budget for next year by \$3.6 million dollars. Our target is 4.1 million. In a normal year, incorporating your suggestions is all we would have needed to function. Unfortunately, this is not a normal year and it looks like that may be the case for the next couple of years.

Our current State Chancellor, Jack Scott, provides a timely and accurate picture of the current situation in his letter to all the Chief Executive Officers (CEOs) in the state. It follows this letter for your information. Keep in mind, as Chancellor Scott said, the Governor is proposing these actions. It still takes the legislature to approve or modify any of his proposals.

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"Once you go here, you can go anywhere"™

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These reductions are unprecedented. I am meeting this afternoon with Mark Millett of CSEA and Marty Ennes of the Faculty Association, along with the Presidents Warkentin and Lewallen, and Vice Chancellor Ken Stoppenbrink to talk about possible solutions and actions to close that gap. The Board of Trustees will be meeting on Tuesday of next week to address this current crisis in the state and its effect on our ability to carry out our functions to students and continue our programs.

I want to thank all of you for your suggestions on ways we can reduce our exposure to these reductions and your positive comments about the updates you have received. You will soon see that many of the suggestions you have recommended are in the final plan.

Thanks again for your attention, enthusiasm and support of our colleges. Everyone have a great summer.

Regards,



Frank Gornick
Chancellor

(See following correspondence from Chancellor Jack Scott)



CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE

To: Chief Executive Officers
From: Jack Scott, Chancellor
Date: May 20, 2009
Subject: Budget

The past week has clearly been devastating to all of us. On Thursday, May 14 we were shocked by the Governor's harsh budget proposals and then yesterday's defeat of the ballot initiatives further complicated the disaster. This means that \$5.8 billion is added to the \$8 billion short fall in the 2009-10 budget, making a total of \$13.98 billion deficit in the 2009-10 budget.

The Governor has proposed the following cuts to the community colleges.

Current year (2008-09)

- Defer an additional \$115 million in apportionments from 2008-09 to 2009-10.
- \$85 million in across-the-board cuts to categorical programs.
- It is estimated that these will be a \$42.1 million property tax short fall and no backfill is proposed.

Budget year (2009-10)

- \$343 million in across-the-board cuts categorical programs.
- \$120 million cut to implement lowering the funding rate for credit P.E. and recreational courses to non-credit rate.
- Eliminate 2% enrollment growth, a cut of \$116 million (leaving 1% enrollment growth).
- It is estimated that there will be a \$116.7 million in property tax shortfall with no backfill proposed.

So the news is bleak. However, these are several things to emphasize.

First, realize that this is the budget proposed by the Governor, not the final budget. The Legislature must be involved. In fact, they will fashion the budget that the Governor eventually signs. For that reason I have redirected my efforts to talk to legislative leaders. During the past week, I have talked to two of four legislative leaders; the two chairs of the Assembly and Senate budget committees, and several other key legislators. I emphasized in these conversations that this proposed budget has disproportionately cut community colleges.

Second, there is no promise but there is the possibility of some relief from the federal stimulus package. There remains some of that federal money that has not yet been allocated. I have received some glimmer of hope from Administration officials about that possibility. But make no mistake about it: tough times are ahead. I would advise all of you to take steps such as the following: 1) Reduce course sections for the next year. We can no longer educate above the cap. 2) In most cases, don't replace resignations and retirements. 3) Reduce administrative costs by having fewer administrators oversee larger areas.

Of course, some savings cannot be effected because of collective bargaining agreements. However you might be able to negotiate savings when your faculty and staff realize that layoffs can only be prevented by such concessions. I am sure that these are other savings that you can design, so use all your inventions. And communicate to your staff just how difficult the situation is.

We will do what we can in the Chancellor's Office to support you. We will advocate for the colleges as strongly as possible, but there is no way the colleges can escape. Perhaps by sharing ideas we can come through this crisis. But, make no mistake about it, community colleges have suffered a real setback in terms of offering service to the thousands of students who desperately need us. It is a shame, but the reality must be faced.

The main thing is to pull together, continue to do the important work that we do, and serve the students. We can do this even with the limited resources that the state has given us.