

CHANCELLOR'S BUDGET MESSAGE

Summer Greetings! It was with a lot of trepidation and heavy hearts that our Board of Trustees approved the District's 2010/2011 Tentative Budget this week. In the last budget message I sent you on May 18, we were in search of \$3.2 million in additional funds to close the \$14.5 million budget deficit for next year. Since then, there has been a lot more pencil sharpening, additional suggestions, and further exploration of other options. Let me provide you with the latest on our budget situation. Please note that while this Tentative Budget is ready for implementation effective July 1, it will require further fine tuning and potential changes. Our final budget hearing and adoption by the Board is scheduled for September 15.

Pencil Sharpening



By sharpening our pencils, we have reduced our 2010-2011 deficit from \$14,516,051 to \$13,897,051, a difference of \$619,000, as indicated in the table below.

Budget Shortfall Forecast 2010-11

	<u>5/7/2010</u>	<u>6/23/2010</u>
A) 2009-10 Budget Reduction (covered by one-time funds)	\$ 5,822,688	\$ 5,822,688
Negative State COLA (.38%)	\$ 648,363	\$ 648,363
Board Election	\$ 550,000	\$ 550,000
Estimated Mandatory Increase		
STRS	\$ -	\$ -
PERS (1%)	\$ 430,000	\$ 355,000
UIC (.42%)	\$ 515,000	\$ 465,000
	<u>\$ 7,966,051</u>	<u>\$ 7,841,051</u>
B) To Protect Categorical Contract Employees	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
C) Negotiable Items		
Salary Increase		
CFE (10/11 increase .75%)	\$ 400,000	\$ 335,000
CFCE/Classified (unfunded 09/10)	\$ 450,000	\$ 340,000
CCA	unknown	\$ -
CDMA/Other	unknown	\$ -
Health Benefits	\$ 3,000,000	\$ 2,656,000
Step & Column	\$ 1,200,000	\$ 1,225,000
	<u>\$ 5,050,000</u>	<u>\$ 4,556,000</u>
TOTAL SHORTFALL	<u>\$ 14,516,051</u>	<u>\$ 13,897,051</u>

Budget Solutions as of 6/23/10

Eliminate ENDS Program and All Vacant Positions	\$ 8,800,000
Increase from \$7.8 million	
• Backfill only 33 of 49 Instructional Faculty Positions	
• Do Not Backfill 2 Re-assigned Faculty	
• Reduce PT Faculty Backfill Rate from \$45,000 to \$39,200	
 Reduce Summer 2010 Class Offerings	 2,000,000
 Reduce Non-Instructional Hourly Staff	 1,000,000
 Reduce Travel and Other Discretionary Expenses	 500,000
 Redirect KOCE Payment from Retiree Benefit Liability	 500,000
 One Time Funds from College Ancillary Programs	 <u>1,000,000</u>
	 <u>\$ 13,800,000</u>

Increased Solutions by \$1,000,000

Some of the retiring faculty did not teach classes and we therefore do not need to backfill these classes. Since our unfunded FTES (class enrollments that are not reimbursed by the state) remained high, we will reduce the backfill amount to minimize our liability for the unfunded FTES.

We previously used \$45,000 for each retiring faculty backfill, which is relatively high. In order to use a more accurate amount, we adjusted the calculation to the average backfill of \$39,200.

The elimination of staff and vacant positions resulted in a solution of \$8.8 million.

One-Time Funds from College Ancillary Programs -- \$1,000,000

We have asked the colleges to explore a one-time support from ancillary programs/departments such as Foundations, associated student body, Enterprise, etc. to help reduce our deficit. We will garner a total of \$1 million from all sources. The funds will be utilized at the campus from which they were donated. Again, this is a one-time, one-year only solution.



Shifting Fiscal Deficit to Human Resource Deficit

In order to achieve a balanced budget, we had to use all of the funding from previously vacant positions and the ENDS retirement/departures (except backfills for faculty). This amounts to \$8.8 million. Please don't think of this as only a dollar amount. It represents \$8.8 million worth of people -- precious human resources we will no longer have working here at Coast. We received many comments from the CFCE's recent membership survey regarding the budget impact to their personal and work life. The overriding theme was the hardship all of you are experiencing from the cuts already in place. Everyone is carrying a heavier load. When we collectively decided that we will garner the savings from retirements/vacancies, we also agreed to face even more burdens in our workload. It is vital that we all carry on the necessary and critical functions of serving our students and each other.

We have not used layoffs, furloughs, salary roll backs, reductions of benefits or increases of contributions to benefits to balance our budget as many other districts have already done. Our budget choices will have a different type of impact on the District. It means that those of us who are remaining must gather our resources to organize, function and collaborate to fill the staffing shortfalls. It also means that we not only need to communicate these impacts to our students but also our community so they can better understand the situation we face.

Fire Tests the Gold

Having just completed a 10-day pilgrimage journey to the land of Israel, I can't help but reflect upon the lessons of the past from a region that is so rich in history, culture, and spirituality. "Fire tests the gold," they say. So many have suffered, sacrificed and prevailed through adversity. These people have left a legacy of lasting imprints -- be it their footsteps, the

lives they touched, the sacred lessons taught, or commandments for living they wrote. We do not have opportunities to show our true strength and capacity in good times. But in times like these, it becomes a blessed bounty, a privilege and a rare opportunity to demonstrate why human beings are different from any other species. We possess the latent capacity to express compassion, to achieve the absolute impossible, and to have the spirituality to connect our hearts and minds together. Look upon our challenges and burdens ahead in the coming year as an opportunity to test the gold within each of us. What an opportunity indeed to be a model for our students!

I ask you to please take the time to be informed and understand the picture behind the numbers. While I strive to provide frequent and clear communications, the budget numbers can seem like a puzzle. If you need clarification, I am happy to come to you to help explain our District's fiscal situation. I also plead for you to be ever more understanding, patient, and tolerant of each other as members of the Coast District family. Please reach out with hands and hearts to our students and to each other; cooperating across campuses is how we will overcome this fiscal crisis and strengthen our Coast family ties! We need each other as working partners, energy boosters, stress relievers and as a calming force.

For those who are retiring and leaving us now or in a few days, I want to thank you for the hundreds of combined years of service to Coast District's students and communities. You should leave with a sense of pride and our gratitude for the contributions you made in the lives of thousands. We honor your service and rejoice for your time ahead in enjoying the fruits of your labor. We will miss you more than you can imagine.

Sincerely yours,

