

Greetings!

During the last two weeks, I have been mesmerized by the competitions of the winter Olympics. The more I watch their unbelievable achievements and learn of the trials and tribulations they face while becoming Olympians, the more in awe I am of every single Olympic athlete. They work so long and hard in preparation for one brief moment of time.



Whether they go home with medals or not, they are all the world champions. We watched their regiments of disciplined and rigorous training; their moments of despair when they fell to defeat; their miraculous comeback after serious injuries; and their remarkable strength after suffering emotional trauma of family and teammate deaths.

Yet, regardless of what was thrown at them, those world class athletes reach beyond their best to accomplish something truly amazing.

And just how do the Olympians relate to the business of our Coast colleges? I see a lot of correlations. In light of the further budget setbacks we have received, we must reach beyond what we have been doing to accomplish the truly amazing.

Budget Update - The budget hole just got bigger!

On February 13, we received notification from the OC Department of Education that the Unemployment Insurance rate will more than double from its current 0.30% to a 0.72%. How does this translate into real dollars? **\$515,000!** Therefore, we are adjusting our budget deficit for 2010/2011 upward to \$11.351 million, from the last number of \$10.636 million, that I wrote about in December.

The updated table below shows our new and bigger budget deficit with increases for PERS, UIC (unemployment insurance) along with the regular annual and contractual salary, step and column, and benefit increases, etc. In addition, the deficit includes the \$5.8 million we used from our reserve to mitigate the \$10.6 million deficit this year. Assuming that we don't incur more cuts, we are now forced to find \$11.351 million to fill this budget hole in the next three months. More cuts are likely and we have recently been warned by the CCLC that we should anticipate more cuts at the May budget revise.

Budget Shortfall Forecast for Future Years as of 2/17/10

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
A) 2009-10 Budget Reduction (covered by one-time funds)	\$ 5,822,688	\$ 5,822,688	\$ 5,822,688
Negative State COLA (.38%)	\$ 648,363	\$ 648,363	\$ 648,363
Estimated Mandatory Increase			
STRS (0%, 1%, 2%)	\$ -	\$ 535,000	\$ 1,070,000
PERS (.5%, 1.9%, 4%)	\$ 215,000	\$ 817,000	\$ 1,721,000
UIC (.42%)	\$ 515,000	\$ 515,000	\$ 515,000
	<u>\$ 7,201,051</u>	<u>\$ 8,338,051</u>	<u>\$ 9,777,051</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 (10/11 increase .75%)	\$ 400,000	\$ 400,000	\$ 400,000
CFCE/Classified (unfunded 09/10)	\$ 450,000	\$ 450,000	\$ 450,000
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>\$ 2,650,000</u>	<u>\$ 4,450,000</u>	<u>\$ 6,250,000</u>
TOTAL SHORTFALL	<u>\$ 11,351,051</u>	<u>\$ 14,288,051</u>	<u>\$ 17,527,051</u>
CUMULATIVE SHORTFALL	<u>\$ 11,351,051</u>	<u>\$ 25,639,102</u>	<u>\$ 43,166,153</u>

Assumptions

- There will be a negative COLA for 2010/11 and zero the following 2 years
- Statewide Growth Funds of 2.2% available for 2010/11 only. District share is unknown.
- Faculty contract will expire June 30, 2011.
- CFE/Classified and CCA Contract will expire June 30, 2010.
- District will backfill categorical contract employees up to \$1.5 million to protect contract employees' jobs.

External Hiring Freeze – Coast Employees Promoted

The external hiring freeze continues with positions being permanently eliminated and open positions filled by lateral transfers and/or inside recruitment from within our own Coast employees. Hiring from the inside does limit the number of candidates, giving our own employees opportunities to expand their horizons. I ask you to welcome your fellow colleagues with open arms and with objectivity. It's always harder on an inside candidate since everyone "thinks" they know your weaknesses and may be prejudiced against you based on unsubstantiated perceptions. I have said that an external hiring freeze most likely will generate certain amounts of tension, stress, and of course, joy for some. I commend those of you who are taking risks to transfer or apply for open positions. If you're classified and tenured faculty,



you are getting out of your comfort zone to do something new. If you're a manager, you're taking a bigger risk of job security. I applaud you in stretching beyond your old limits. Please do not give up in despair if you are not offered the position. Again, I ask you to give support to our own Coast colleagues under these very extreme and challenging circumstances. Wouldn't you want the same? Cheers to our own Olympians who are trying to go for their personal best!

ENDS Update

The first deadline for the ENDS program was February 16th. We want to thank all of the 110 Coast employees who submitted their first letters of notification with intent to depart or retire by June 30, 2010. We especially want to thank those who also gave us the second irrevocable letter. With confirmed departures, we can truly plan out our fiscal strategies and personnel reorganization. The savings garnered from the ENDS program will play a significant role in mitigating our budget deficit.

However, think about our workload when our retiring colleagues leave us on June 30. Replacements will not be automatic. Rather, replacements will be highly unlikely if we are to balance our budget.

Reorganization

When an organization downsizes itself, it is critical to maintain the balance and integrity of the institution. There are important structural pillars and foundations that must be in place in order to maintain and continue our stability, quality, and efficiency. A strategic organizational and financial plan will always have areas of reductions combined with new investments in targeted areas that can reap greater benefits for all in the future. As we make changes to our organizational structure, you may see positions added or altered in areas where we need new capacity. In the current scenario, most vacant positions will need to be sacrificed for the next few years in order to garner the savings we need today.

Yes, it won't be the life we knew. Over the next few years, we will be asked to stretch and compete for our personal and professional best just as the Olympians have done.

Invitations for your involvement

Let us start together this spring with a few activities.

First, on March 17, there will be a budget study session with the Board. I invite you to attend and learn more information regarding our District budget and important topics such as the 50% law. This budget study session will be held at 6:30 pm in the Board room.



Next, I am extremely proud of the up and coming “NO MORE CUTS” text campaign led by our District Student Council during the week of March 12 to March 19. The goal is to deliver to Sacramento one million “NO MORE CUTS” text messages. To obtain greater public awareness and outcry, we are calling on all media channels to provide coverage on the long-term impact of these devastating cuts. Watch for information on this campaign from our student leaders.

At the same time, the District Budget Advisory Committee will be in high gear during the next two months to prepare and consult on our 2010/2011 tentative budget plans. Our next meeting is scheduled on April 9.

Finally, in my last message, I mentioned regular Chancellor Forums with the first being themed Vision 2020. The schedule is below and I look forward to your input, discussions and questions.

Coastline College, April 13, 11:00-12:00, Garden Grove Center, Room 122
Golden West College, April 6, 2:00-3:00, GWC Student Center
Orange Coast College, April 9, 9:00-10:00, Giles Brown Forum
District Office, April 5, 11:00-12:00, District Board Room

Tough Choices Ahead

California has called out for help from Washington DC. Unfortunately, not only can we NOT count on Washington, we can't count on Sacramento, either. There is NO bailout plan for us. We have to create our own rescue and stimulus plan. We won't be able to resolve our budget deficit without making some very, very tough decisions that will affect our personal and work lives over the next few years.

Coast Wins Gold!

Our Olympic moment has come! There are gold medals in our plans. It starts with the determination, perseverance, discipline, and passion of an Olympic champion and ends with the success of us seeing our students receiving their GOLD by achieving their goals.



Sincerely,

