

All Staff Email Sent January 11, 2006

Colleagues,

On November 16, I e-mailed you a budget update to report where we were with the 2006-07 budget. At that point in time we had developed preliminary projections that, as I said in the e-mail, were subject to change because the audit was not complete. There is always risk in putting out projections before we have the final audit and, of course, projections are just that - estimates of what we think will happen. However, I wanted to get the process moving so that it could move through the governance system in a timely and thoughtful way. We received the audit report in mid December and while it was a "clean" audit it was clear that the projections did not accurately estimate all the expenditures, primarily because not all vacant positions were captured in the preliminary projections. You will recall from the e-mail that we projected a budget deficit of \$1.6 million for FY07 and a more significant \$5 million plus deficit for FY08 but that the board had agreed to allow us to make one time savings this year and leave recurring budget decisions until fall 2006.

We are working right now to assure that the position list includes all the positions and then will develop new projections. However, it is clear from preliminary information that our deficit will be significantly larger than previously thought. In addition, we are still dealing with the plethora of other "unknowns" that affect projections: PERS rates, health care costs, enrollment and so on.

As a result I will be proposing to College Council and the board that we move up decisions regarding recurring expenditures to spring term, 2006, instead of waiting until fall term, 2006. College Council developed criteria and priorities and identified data elements that will be used and those have not changed – only the timeline.

Prior to this I had been giving a great deal of thought to the long term sustainability of the college, given the public disinvestment in education. This is a national issue that is confronting colleges and universities all over the country. It is clear that we have to do a number of things differently and systemically. We can learn from how other colleges have approached these challenges but ultimately we need to figure out together what will work for Lane.

I have scheduled all staff meetings for Tuesday, January 24. Two identical sessions will be held 2 PM-3 PM and 3:30 PM -4:30 PM in Forum 308 at which time we will share projections and thoughts about how to proceed.

This is not the way I like to start the new year but I remain committed to keeping you informed of the challenges that, together, we must face.

Mary.