

All Staff Email Sent November 16, 2005

Colleagues,

Last week, the board of education provided direction for the budget process for 2006-07. They considered a budget process, assumptions, projections and an "approach" to the budget. College Council developed and approved the process and approach and reviewed and recommended the assumptions and projections. I have attached a number of documents that were given to the board so that you have the information on which they based their decisions. These documents will also be posted on the budget development website.

I encourage you to read them.

However, I know that everyone is busy so let me summarize where we are. **Briefly, it appears that we will be facing a deficit of approximately \$1.6 million for 2006-07.** This figure is still subject to change because our auditors have not finalized last year's ending fund balance. This should be completed in December. Further, we are projecting a deficit of approximately \$5 million for 2007-08. The "out" year usually shows a larger deficit at this time in the process due to uncertainty about our PERS rate, health insurance and so on.

College Council reviewed the projections and **we recommended to the board that we do not make recurring budget reductions at this time. Rather we proposed that we consider one-time reductions to bridge to the following year. While this is a significant shortfall, we did not want to implement recurring budget reductions if there is any chance that things might turn around in the future.**

College Council also recommended that we begin a review of programs and services relative to the budget principles and criteria so that we are well prepared for decisions that may need to be made in the FY 08 budget cycle if our revenue position does not improve.

Further, College Council considered setting aside a small percentage of the budget for additions to the budget. For the last two years we have scrambled to identify funds to support some critical initiatives. Of course, this will increase our deficit but it is clear that we should be allocating some funds for priority projects like those that have been identified in unit plans, for example.

The board discussed the deficit and provided direction for next steps. They will support our recommendation to avoid recurring reductions at this time but they are concerned about the risks of this decision. Consequently, the board directed us to start the review of programs and services so that we are positioned well to make decisions early next fall for FY 08.

Our major challenge is that our expenses are rising faster than our revenue. **Certainly, increasing enrollment needs to be a part of the strategy.** Division chairs will be working with faculty and staff to develop plans. Our property tax increase (bound by law) will not keep up with our increases in costs and it is questionable that our state revenue will increase substantially if history is anything to go by. Nevertheless, we are working hard to make our case with the state government. I met with the governor yesterday and today I will go back to Portland to meet with legislators.

I will schedule an all staff meeting before the end of term to further explain and discuss our budget. In the meantime, please let me know if you have any comments or questions.

Thanks. Mary.