All Staff Email Sent February 17, 2009

Colleagues,

This is the first in a short series of e-mails about our budget. This one focuses on the current year.

Though we came into this academic year with a balanced budget several things are going on that impact the budget.

1. 1.1% reduction ($700 thousand) in state funding in the current year as a result of the November State revenue forecast

Solution: Increase in enrollment provided approximately $450 thousand net in additional revenue for summer and fall terms. This, together with constraining spending, is expected to take care of this reduction without cancelling programs and services or impacting contractual agreements. Thanks to everyone that helped make this happen.

2. In 2003, the Legislature decided to give us only three of our four payments every other year and defer the last payment into the next biennium. Therefore, we received our last state payment for the year in January. This, of course, decreases our flexibility and our cash flow as the economy continues to decline.

3. The Legislature is considering further reductions in the current year. One number being discussed is $25 million for community colleges. Another number is an $800 million deficit. Lane's share of these numbers is a range of about $3 million to $4 million. Keep in mind this reduction in state funding would happen in the remaining four months of the biennium. The fact that the Legislature has already delayed our payment to July means that they will be taking money back they have not yet given us. Insane, I know! Just to put these figures in perspective it's a little more than our entire part time faculty payroll for spring term.

Partial solution: We have identified funds from capital outlay (equipment) and major maintenance that we will not spend. We have some salary reserves from positions that were budgeted for this year but are now vacant, and we expect some additional tuition for winter term. All of these together amounts to less than $2 million so we would still have a challenge. Given that 82% of our budget is people and that we already have encumbered much of our large Materials and Services items (e.g. utilities) it's hard to see how we can close the gap without impacting programs and services – that means –people –faculty and staff and students. It would be very detrimental to make cuts in the remaining for months of the academic year.

4. We argued that the federal economic stimulus should be made available to use this year to offset state cuts and that the Senate should restore the state stabilization funds. (See my e-mail dated February 10) The bill that passed did restore some of the state stabilization funds (but not to the House level) and they are available in the current year. It is unclear at this point how much is available and when they will be used.

5. We are arguing to the state Legislature that we should not take the full brunt of cuts for this year. Think about a scenario where our students have financial aid and are piecing together a way to support their families but cannot get into classes because we have to make reductions in course offerings. As a result students lose their financial aid and are then dependent on other public funds to survive. Our argument is that community colleges are about education, economic development (jobs) **and** part of the social safety net. We want to keep students in school, accessing financial aid where eligible, and being productive while jobs are few and far between. **We will do everything we can to avoid this scenario but it will be very, very challenging.**

6. We are also encouraging the Legislature to use some of the Rainy Day and Education Stabilization funds to avoid draconian cuts this year.

Hearings on state cuts for this year happened last week but we have not yet heard the results.

I want to emphasize that this is what we know at this moment but things are very volatile and could change any time. The next revenue forecast is on February 20.

Stay tuned for my next update on next year's budget by the end of the week.

Thanks.

Mary.