

## **All Staff Email Sent November 20, 2008**

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Colleagues

As expected, a worsening state revenue picture was announced yesterday. The quarterly revenue forecast showed a \$142.1 million hole in the 2007-2009 budget. Since the close of the 2007 legislative session, revenues have declined by \$332.1 million, eliminating the ending balance and creating the shortfall.

Governor Kulongoski immediately announced that he will use his "allotment" authority to reduce spending across the board. He called for a reduction of 1.2 percent to all General Fund budgets. For community colleges that means about \$7 million; for Lane it means a reduction of just under \$1 million in this academic year. We will be reviewing our financial results (revenue and expenditures) for the first five months of the year and figuring out how to accommodate this cut over the next few weeks. My goal will be to avoid lay offs so that we can continue to serve students.

It doesn't get better next year. Looking to the 2009-2011 biennium, the forecast showed a decline of General Fund and lottery revenues of \$762.1 million - a 4.5 percent decline from the September forecast - and more than \$1.3 billion from the close of the 2007 legislative session. There are two more revenue forecasts in March and May and I would guess that there will be further deterioration. While the Governor has called for 20% reductions next year, he has also stated that education will be a priority. We will be working very hard during the legislative session to limit reductions to community college budgets. However, it is unrealistic to think we will come out unscathed.

State economists now predict that the economy will take longer to rebound than they originally anticipated, but that it should begin to climb out of the current recessionary situation by late 2010 or early 2011. That won't help us much in this next biennial cycle.

The Governor's budget which will be released December 1 and we are on track to finalize projections for 2009-10 based on his budget. I will call an all staff meeting that week to share where we are.

Here is a link to the Governor's press release.

[http://governor.oregon.gov/Gov/P2008/press\\_111908.shtml](http://governor.oregon.gov/Gov/P2008/press_111908.shtml)

Thanks.

Mary.