Dear Campus Colleagues,

I’ve been waiting to update you on the budget and other matters until we get as clear a picture as possible about the state budget. However, events are still changing daily and we’re still not sure where they will end up and what our bottom line will be. There were legislative hearings about education yesterday, and the Chancellor of California Community Colleges, Jack Scott, testified, as did other student and faculty constituents of community colleges.

1. **Budget Update**

   Cerritos College—and other California Community Colleges—face unprecedented budgetary challenges for the next several years. We still do not know the exact extent of those challenges, but we know they will be difficult. The latest estimate, based on an analysis of the governor’s proposed budget by the Community College League, envisions a deficit for Cerritos College of approximately $14 million, or about 14% of our budget, for 2009-10. That figure could go up or down, depending on how the legislature and governor choose to solve the state’s multi-billion dollar deficit problem, but we have to plan for a $14 million shortfall and hope it does not get worse.

   The extent of this challenge can be seen more clearly when one realizes that approximately 88% of the Cerritos College budget goes for salaries and benefits, leaving 12% for everything else. If we are to make a 14% budget reduction, as current estimates indicate, we face a serious challenge.

   The budget problem has two parts: cash flow and a shortfall. Let me talk first about the cash flow problem. As you may remember from my earlier messages, we had to borrow money last year from other college funds to meet our payroll during some months because the state delayed scheduled payments to the college. These deferred payments appear to be more likely for 2009-10, so the college will have to manage not only its budget but its cash flow with precision to ensure that all employees are paid on time. Already, the state is talking about running out of money by July, so the deferred payment scheduled for June and promised in July may not materialize as promised. We expect this pattern to intensify throughout the year and estimate that we will need to have six months of cash on hand to address the problem of deferred payments.

   The budget shortfall is similarly complicated. The governor’s proposed budget would result in an $8 million cut to the College’s general fund and a $6 million cut to categorically-funded programs. Categorically-funded programs are those with budgets that can only be used for the programs’ objectives. Examples are DSPS, EOPS, Basic Skills, Matriculation, Apprenticeship, and Foster Kinship Care. There is a growing consensus among the system’s 109 colleges to advocate for a 15% cut for EOPS and DSPS and a 62% cut in all other categorical programs. Under this proposal, regulatory
mandates would remain for EOPS and DSPS, but would be eliminated for all other categorical programs.

You can see details of the budget presentation given to the Board of Trustees and the Planning and Budget Committee with the anticipated $14 million deficit at this link: http://cms.cerritos.edu/uploads/PlanningandBudget/FailedInitiativeScenariosReport051809.pdf

So what can be done? The Planning and Budget Committee has begun considering options developed by Business Services staff at my request. These options, with the amount of potential savings, can be viewed at the following link: http://cms.cerritos.edu/uploads/PlanningandBudget/BudgetOptions200910.pdf

There may be other options that we have not considered, but this list offers a good start. Not all of them can be accomplished for 2009-10, and many require the District to negotiate with collective bargaining groups if the College is to implement them.

We have already begun to implement some of these items that don’t require negotiation. As an example, all hiring has now been frozen, including the last two advertised faculty positions. Our goal is not to add any new full-time salaries to the college’s general fund so that we can eventually save $3 million next year by not filling vacated positions. Most of you know that we have reduced class section offerings by 10% in Fall 2009 and are holding back another 5% of sections in case we don’t need to open them. We will do the same in Spring 2010. We anticipate saving at least $2.67 million from these cuts and could save as much as $4 million if we enact the extra 5% cuts for each semester. If we improve efficiency (i.e., adding more students to classes) without unnecessarily sacrificing quality, we may be able to increase the amount we can save by reducing sections and avoid more draconian solutions. We’re also anticipating that we will not have a first summer session in 2010 because we will likely have met our enrollment target by the end of spring semester, as we have this year. That should realize a saving of $2.8 million. That potentially gets us $10 million of the $14 million target. Once we have a clearer picture of how the categorically-funded programs are cut, we will have a clearer picture of our true hurdle.

This is the most serious economic crisis I have seen in my 28 years in California community colleges, and some of our choices will be difficult ones. However, I believe we have the talent to find creative solutions, the community spirit to work together, and the will to implement solutions that will keep the college solvent until this crisis is over.

2. **Enrollment Update**

Cerritos College enrollment continues to be so strong this year that we will begin fall semester with approximately 2500 Full-Time Equivalent Students (FTES) earned for 2009-10. This will happen because we will shift all FTES for Summer Session 1 into 2009-10 whereas they would normally be counted in 2008-09. As a result, we will only need approximately 15,000 FTES for the rest of 2009-10 to meet our enrollment target of 17,162.98. That translates into 7500 FTES in Fall 2009, 7500 FTES in Spring 2010, and
no FTES in Summer Session 1 of 2010. Last year, we earned 8154.31 FTES in Fall 2008 and 8083.68 FTES in Spring 2009. You can see why we need to cut class sections: if we continue our present pattern, we will earn FTES and spend resources that the state will not reimburse us for.

3. **Dan O’Rourke Retirement**
   Dan O’Rourke has begun a long, deserved vacation that will culminate in his retirement from the College. Among other things, I will miss Dan’s wisdom, meticulous knowledge of the education code, and his institutional memory. He will return for a few days in June to participate in negotiations with CCFF and will also work a couple of days in July with an Interim Director of Human Resources with whom we are currently negotiating for a July 1, 2009 start date. In the meantime, Adriana Flores-Church and Cynthia Convey will be assuming Dan’s responsibilities until July.

4. **Accomplishments This Year**
   Despite our budgetary challenges, we should not lose sight of the many accomplishments we achieved this year.

   - We addressed four accreditation recommendations by (1) improving communication, (2) completing program review for all non-instructional programs, (3) improving the campus climate on issues of participation, empowerment, and entrepreneurship, (4) and completing and evaluating our planning and budget allocation process.
   - We broke ground for three new structures: the aquatic complex, the Science-Technology Building, and the Automotive Partners Building.
   - We celebrated student success in a variety of ways. One of our students was honored as the top community college student in California and one of the top 20 students in the country by USA Today. Our dental hygiene students had a 100% pass rate on their national board exams. We had a banner year in athletics with four teams winning state championships.
   - We received grants from the James Irvine Foundation, the Boeing Foundation and the California Endowment. We received our first congressional earmarks for Project Hope and court reporting/closed captioning. We continued to receive Career and Technical funding from the state.
   - We added to our list of successful partnerships with others. For example, we started a program with the ABC School District’s continuation high school to allow its students to complete their high school classes in the morning and then participate in one of four programs at the college in the afternoon. It has been so successful that the ABC District would like to expand it and our other K-12 districts would also like to participate. Unfortunately, budget cuts will limit any expansion in the near future. We continued our GEAR UP partnership with the Bellflower School District and our work with the Southeast Regional Occupational Program (SEROP) run by Norwalk-La Mirada and ABC School Districts.
   - Our enrollment continued to skyrocket as we served 15.3% more Full-Time Equivalent Students (FTES) than we did last year.
- We adopted many student learning initiatives, including a developmental education plan, an iFALCON campaign to encourage students to adopt the habits of their successful peers, the beginnings of a comprehensive student success plan, and the start of an educational master plan. Instructional program review completed a revision of that process which will begin implementation in 2009-10. We made continued progress on the assessment of student learning outcomes and began the development of program and college outcomes.

- Procedurally, we continued the review and adoption of policies and procedures. The Hiring Standards Committee adopted new minimum qualifications that will put the college in compliance with recent legal advisories, and the Hiring Standards Committee worked to refine the equivalency procedure and to halt repeated emergency hires.

- We began a Presidential search process that is still underway.

- And we did all this without incurring serious financial harm to the college by refusing to spend money on all but necessary items. For example, we held back expenditures on capital outlay and similar requests unless they were for emergencies.

This is just a snapshot of what we have done together this year, and I know I have omitted many other wonderful activities that occurred. So while we are legitimately concerned about the fiscal crisis facing our state and our college, we can rightfully be proud of what this college has accomplished this year. It has been a pleasure to work with all of you on many of these initiatives.

Sincerely,
Bill Farmer, Acting President
Cerritos College