



Office of the President

Memo

DATE: January 17, 2008

TO: College Community

FROM: John S. Nixon, Ph.D., Interim President/CEO

SUBJECT: MONTHLY LETTER TO THE CAMPUS

Colleagues,

While we enjoy sunny winter days in Southern California, dark fiscal clouds have spread over Sacramento. As you all know by now, the Governor has presented his budget proposal for 2008-2009, and the forecast for community colleges is rather gloomy. Of course, the budget presented last week is a proposal, and soon the legislature will begin work on crafting the actual 2008-2009 budget, through the give and take of political processes, involving all constituencies. However, one fact informing the Governor's proposal is accepted by all the players in Sacramento - California is facing a budget deficit next year of at least \$14 billion. Consequently, any imaginable outcome for next year's state budget has to assume a negative impact on community college funding.

The impact of the Governor's proposed budget for next year on Mt. SAC would be a net reduction of state revenue of \$1.5 million, compared with the current year. Recognizing that our ongoing, fixed costs rise automatically every year (employee benefits, salary step and column, utilities, service contracts, and so forth), such a reduction in revenue would have a greater negative impact than the actual dollar amount suggests. In addition, the Governor has proposed a reduction in the current year community college budget of \$40 million, without defining the specific target of reduction. However, as of this week, the State Chancellor's office believes that a current year reduction of that magnitude could come from unallocated funds in the current budget. Again, we should anticipate a tough fiscal environment for the next year or two, but I am confident that Mt. SAC will weather the storm.

Contrasting with CSU, which this week announced that the university will accept 10,000 fewer freshmen next year, in response to the Governor's budget proposal, I believe that we should be patient, thoughtful, and collaborative in responding to the evolving budget situation. As noted above, the Governor's proposal is the first step in the process of developing a state budget, and we should demonstrate patience as we

monitor that evolving process. As we learn more about the likely outcome for the state budget, we should thoughtfully assess impact and implication for Mt. SAC. Then, with facts about the state budget and with an understanding of the impact the budget could hold for Mt. SAC, we should collaboratively develop and consider options for our 2008-2009 budget, following established policies and processes, and with leadership and guidance from our Board of Trustees. Working together and maintaining open lines of communication, I am confident that we will make the right decisions, in spite of challenging fiscal circumstances.

When I came to Mt. SAC in 2004, I inherited a small sign on my desk, which asks, "Is it good for students?" I believe that we should ask that question for every challenge and opportunity we face. We are facing tough fiscal times and difficult decisions lie ahead, but knowing that Mt. SAC is fiscally sound and that the Mt. SAC family is healthy and united, I am confident that together we will make the right decisions. Maintaining our focus on student access and success and on overall excellence, we will respond effectively to the challenges. As the vice presidents and I receive new information about the state budget situation, we will share it with you. Should you have any questions, please contact me. Finally, I thank you for your patience, thoughtfulness and collaboration.

JSN