

College Council
2009-2010 Budget Balancing Proposal
May 19, 2009

The Problem

As a result of California's fiscal crisis, MPC faces a projected general fund budget deficit of at least \$1.2M for 2009-2010. In addition, the state has implemented significant changes in the payment schedule for apportionment revenue impacting the college's cash flow. The advisory groups and administration have made extraordinary efforts to recommend means of achieving this reduction with limited impact on college functions. These efforts have required some very hard choices, and everyone involved should be congratulated for assuming an institutional perspective.

The proposed budget balancing proposal for 09/10 must reflect a balance between meeting the known deficit and projected additional deficits. The most conservative approach might be to create as large a cushion as possible in anticipation of potential further reductions by cutting budgets more deeply or deferring more positions. However, this approach ignores negative long term effects. We need to approach this problem with a long term perspective allowing us to address the immediate deficit while protecting the ability to continue efficient enrollment growth. In the long run, enrollment growth and operational efficiencies remain the key to a return to funding stability. Therefore, the proposed budget has been developed with a dual focus, meeting the immediate deficit and designing a path to improved fiscal conditions.

The Proposed Solution

Position deferrals	\$718,322
ISA/adjunct accounts	\$101,700
NOE/OT reductions	\$ 79,059
Supplies reduction	\$ 14,575
Travel	\$ 43,723
Printing & postage	\$102,130
Equipment & Repair	\$ 22,826
Other	\$ 9,975
Transfers	\$ 25,000
Total reductions	\$1,117,310
Transfer from Self Insurance fund	\$ 100,000
Total proposed solution	\$1,217,310

Future Considerations

This proposed solution does not include all possible actions. It is designed to balance the need to meet the immediate general fund deficit and maintain as much of current functions as possible. On May 14, the Governor released further revisions of the current year and 2009-2010 budgets. These revisions include substantial additional cuts, but we

do not expect further detail until May 28 when the Governor's Office will release formal budget proposals, which will then be considered by the California Legislature. If required by further state mandated reductions, additional steps may include elimination or reduction of service levels, reduction in athletics and performance areas, further reductions in discretionary spending, and/or negotiated reassignment of personnel to address changed conditions. Ultimately, some support from the general fund reserve may be necessary, but this should be a last resort since the use of one-time funding for on going costs is not prudent.

Budget planning must continue beyond consideration of this budget proposal for 2009-2010 in anticipation of continued fiscal pressure. The institution needs to examine priorities in broad terms. For example, we need to determine the relative priority of curriculum and services in support of basic skills, transfer, career & technical, personal improvement and life long learning areas. This examination can help guide the identification of further cuts, if necessary.

Growth revenue from FTES and other sources will be critical for 09/10 and succeeding years in a mix that maximizes efficient growth within our enrollment cap and adds non-FTES revenue where possible. This priority will require aggressive enrollment planning and monitoring by the deans and division chairs. The ability to fill deferred positions in the future is dependent upon several factors: the adopted state budgets for 09/10 and 10/11; the amount and "mix" [credit-noncredit] of growth in 09/10 and succeeding years, and potential salary savings from retirements and other sources. Future replacement positions will have to be compared to currently deferred positions to determine position openings.

Concluding Remarks

This budget proposal confirms the reality that "It is not business as usual" and requires that we adjust our thinking accordingly. While this proposal is challenging, we need to recognize the positive elements it reflects. There are no layoffs. There is no proposed reduction in salary or recommended furloughs. Step and column adjustments are protected. The academic program has been protected to position the institution for continued FTES growth. Most importantly, this proposal has been developed with substantial consultation. While not everyone agrees with its specific detail, it has been extensively reviewed by our constituent groups and respects their feedback.