

September 2009

Dear Colleagues:

On August 31, Interim Chancellor Mike Brandy presented a budget proposal to our Board of Trustees that reflects the best information and projections available as of this date. For more information, please see his [summary memo to the Board](#) (PDF).

I want to share with you the directives that Mike has given the colleges and Central Services in order to address the fiscal challenges that await us in 10-11. While everyone is to be commended for bearing the painful reductions that have occurred thus far and the pending reductions for June 30, 2010, it is most unfortunate that our work is not yet complete.

As a district, we are projecting an \$8.1 million shortfall of general revenue vs. expenses as of July 1, 2010. \$3.8 million is attributable to reductions in state apportionment for 09-10; \$1.6 million is attributable to increased expenses in step and column, utilities, and insurance in 10-11; and \$2.7 million is attributable to an expected 9% increase in medical expenses in 10-11.

Additionally, district categorical funding in 08-09 was \$16,865,558 and is being reduced during 09-10 to \$9,056,610. Federal stimulus funding raised our hopes that there could be at least a one-time allocation for us of approximately \$3.9 million, but as of August 27, California Community College League projections estimate that we may only receive between \$750,000 and \$900,000.

So what is Mike asking of the district? Here are the three plans he expects from the colleges and Central Services by November 1.

**1. A plan for reducing ongoing categorical expenditures by July 1, 2010**

For Foothill, we must reduce our budget of \$6,960,723 to \$3,857,840. The most severely affected areas are EOPS, DSPS, Apprenticeship, and Matriculation whose combined reductions equal \$2,885,364.

**2. A plan to help eradicate the \$8.1 million district deficit as of July 1, 2010**

For Foothill, our portion to reduce is approximately \$2.7 million and must represent ongoing savings.

**3. A two-year spending plan for our ending fund balance**

For Foothill, our ending fund balance from 08-09 was \$2,787,871. We have yet to project an ending balance for 09-10 in light of these directives that we were given on September 2.

Throughout the summer, President's Cabinet struggled with a number of scenarios in anticipation of further reductions and prioritized a number of actions that appear to be within our control at this time:

- a. Maintain all personnel, including those in reduced categorical programs, through June 30, 2010.
- b. Conduct searches for at least four faculty to be hired in 2010 Maximize generation of float.
- c. Protect \$300,000 in college wide contingency (>.5% of our total budget) for unanticipated expenses.

We have been discussing immense amounts of data in the context of prioritizing the most critical programs and services for basic skills, transfer, and workforce development. During Fall 09, we will use our new participatory governance structure to inform, analyze, debate, and recommend. As your President, I seek your collective wisdom and commitment in downsizing the quantity of what we do while protecting the quality of the work that continues. The next two years may be the most difficult we will ever face, but I predict that we will emerge as an even stronger and more accomplished college. Know that I am profoundly grateful for your peerless dedication and phenomenal creativity on behalf of our students!

Looking forward to seeing you soon,

Judy