March 25, 2009

Dear Colleagues:

I hope that this memo finds you doing well as our spring semester progresses. I am pleased to note that we are advancing in our college priorities for the year. Our accreditation self-study first draft is completed; many board policies have been updated or are in the process of being developed or revised; emergency preparedness trainings are underway; and we are progressing in both the implementation of our Strategic Plan and in the development of our new Educational Master Plan. Spring enrollment data shows an increase in student headcount of 5.83%, with an enrollment of 12,804 students.

Our Citrus College budget planning process has begun for 2009-10 and the Financial Resources Committee has approved the budget calendar and assumptions, which will be presented to the Board of Trustees at their April 7, 2009, meeting. It is critical that we proceed with planning the college budget for next year, even though many elements of our funding may be impacted by various forces outside of our control.

The state budget continues to evolve in a climate that has been described as "volatile and unusual." Attention in the State Capitol is focused on a budget shortfall for 2009-10 and the infusion of new federal funds. In addition, there is great concern regarding several propositions that will be on the May 19th ballot, three of which represent $5.9 billion already built into the state budget package, which was enacted last month.

As you are aware, our state system and the Community College League of California were very active in their budget advocacy efforts for our current budget year and for the 2009-10 year. The Citrus College Governing Board and I went to Sacramento to advocate for a budget supportive of community colleges. Our Governing Board, in concert with members from our neighboring community colleges, met one-on-one with nine assembly members and senators to urge their support.

The community college system with its many advocacy efforts was able to successfully defeat several budget items which would have seriously impacted our financial condition and our ability to serve our students. The items which were averted are as follows:
• proposed 5% apportionment cuts
• proposed $30-40/unit student fees, with the benefit going to the state general fund and not students
• proposed differential funding for physical education and arts classes
• proposed elimination of Competitive Cal Grants, which is financial aid for our neediest students
• proposed 20.2% cuts to categorical programs including technology, part-time faculty support, foster care, and child care

The months ahead will present a period of great concern for community colleges as the state budget picture either stabilizes or continues to deteriorate. It will also be a time of opportunity as significant amounts of federal funding become available for top community college priorities, such as workforce training and student financial aid.

Below, I have provided excerpts from an update from State Vice Chancellor Eric Skinner on four critical topics: the upcoming ballot propositions, the legislative analyst's revenue projections, the federal economic stimulus package, and the delay in the governor's May budget revise.

I will continue to keep you apprised of state budget developments which may impact Citrus College. I thank you for all of your efforts to advance the college in its major goals for 2008-09, and for your dedication to our students.

Ballot Propositions

• Proposition 1C—which would enable the state to borrow funds in the credit markets and repay these funds from future proceeds of the State Lottery. This proposition would provide the state with $5 billion in 2009-10 and $5 billion in 2010-11.
• Proposition 1D—which would authorize the state to redirect a portion of childhood development funds authorized by the voters under Proposition 10 to support existing childhood development programs, thereby reducing state costs. This redirection would generate $608 million in savings for 2009-10 and $268 million annually thereafter.
• Proposition 1E—which would authorize the state to redirect mental health funding authorized by the voters under Proposition 63 to support existing mental health programs, thereby reducing state costs. This redirection would generate $227 million in savings during 2009-10 and up to $234 million in savings in 2010-11.

If these measures fail, it would result in a significant budget shortfall that state leaders would need to address through additional cuts, taxes, or borrowing.

Legislative Analyst Office Projects an $8 billion Decrease in Revenues

• The state's economic and revenue outlook continues to deteriorate.
• State revenues for 2009-10 are projected to fall $8 billion short of the levels assumed in the recently adopted budget package. Because the budget package has a $2 billion reserve for 2009-10, LAO pegs the budget deficit at $6 billion.
• LAO recommends raising CCC student fees by 100% to $40 per unit in order to take advantage of new expansions in federal financial aid. It is important to note that LAO
has made similar recommendations for many years without success and we have not received any indication that the Legislature is jumping on board this recommendation.

These findings and recommendations will help to frame upcoming legislative budget hearings. Normally, the revenue picture would not be updated until after April when the majority of state tax receipts are collected. LAO may have felt a need to warn Legislators of softening revenues in order to keep them from spending the new federal revenues on program expansions.

**Federal Economic Stimulus Package**

Under the Federal Economic Stimulus package, California will receive an estimated $31 billion in federal aid during the current and next two fiscal years. Of this amount, K-12 and higher education are expected to receive $7.9 billion in a variety of areas, such as grants, subsidized bonds, tax credits, and subsidies to individuals, colleges, and local educational agencies. The federal package also provides $6 billion to fund various labor and workforce development activities, of which the community colleges are in a strong position to secure a portion of these funds.

**Delay in Governor's May Revision**

In an interesting twist on an already strange year, the Governor's May Revision-typically released May 14-will instead be released later, most likely around June 8th. For those not familiar with the state budget process, the May Revision provides the Governor with an opportunity to update his budget proposal based on more current revenue and caseload information. This one-time change in the release date was made as part of the February budget package to give the administration time after the May 19th special election to adjust its proposal based on the outcomes of the three propositions with 2009-10 implications. Chancellor's Office staff will present the latest budget information available at the ACBO Spring Conference, May 18-20, 2009, in Sacramento.

Sincerely,
Geraldine M. Perri, Ph.D.
Superintendent/President