

December 2, 2008

To: College Presidents

From: Jeanette L. Gordon, CFO

SUBJECT: 2008-09 College Mid-year Reduction Plan

As you know the Governor called for a special session of the state Legislature to address the state deficits of \$11.2 billion for 2008-09 and \$13 billion for 2009-10. The Governor initially proposed a \$2.5 billion cut to Proposition 98 in which \$332 million would come from California Community Colleges. This cut would result in up to a \$30 million decrease in state revenue for Unrestricted General Fund purposes for the Los Angeles Community College District.

Although the mid-year reductions have not been finalized, per the Chancellor's directive, each college is requested to submit a mid-year reduction plan that reduces expenditures by the amount provided in the attached schedule.

The possible \$30 million budget reduction target for fiscal year 2008-09 will be accomplished by:

1. Elimination of \$10 million of district-wide contract services that are not essential to current District operations;
2. \$20 million across-the-board budget reduction for all colleges and the District.

Attached please find the across-the-board budget reduction target amount for each college and District Office. A budget reduction target has also been set for Centralized Accounts since it is part of the budget allocation process. Included is a sample template to assist you in determining what and where the cuts will be with suggested areas of reductions. The 2008-09 Mid-year Reduction Plan format can be used to submit your reductions. Also included is a sample template for providing detail information on your outstanding contracts review. Please use this format when reviewing your contracts for possible eliminations or reductions.

The reduction plan will be discussed at the December 12, 2008 cabinet meeting. Please complete and submit this information prior to the cabinet meeting or bring it with you for discussion purposes.

The mid-year reduction plan should accomplish two goals - reduce expenses and meet the budget reduction target to balance the budget. Therefore, actions to reduce your budget should recognize that potential savings should, at a minimum, be from spending freeze, unfilled vacant positions, termination of temporary assignments, class offerings reductions, and/or chargeback of expenses to SFP programs.

We make no attempt to require colleges to reduce specific areas; each college should achieve its budget reduction target from areas in the Unrestricted General Fund budget based on college priorities. If you charge back expenses to SFP programs, it means expenses in unrestricted programs such as fund 10100 should be transferred to SFP accounts, and budget in fund 10100 would therefore be available for reduction.

When submitting the College Reduction Plan, please provide the following information:

1. A summary of your College Budget Reduction Plan (see an attached sample) which identifies areas to be reduced. You may choose to use a different format as long as you can provide a concise summary of the reduction areas
2. Attach the itemized budget reduction line items to support the plan

The District will not reduce the budget that you submit in the Reduction Plan until the State revenue reductions are determined. This will enable me and the Presidents to reevaluate the budget reductions when the State finalizes the cuts.

Your cooperation is appreciated. If you have any questions, please contact me on extension 2090.

JLG:vn

Attachments

- c Adriana Barrera
VPs of Administration