Dear Colleague,

As we enter the final month of the semester, I would like to continue communicating with you regarding the District's current budget situation.

We are legally required to have a budget approved by the Board of Trustees by June 15 and plan to bring a balanced budget that addresses our $6.5 million deficit to the June 12 Board meeting. I have been working collaboratively with leaders from the Faculty, Classified, Students, Administration and Board of Trustees through our weekly President's Consultation Council (PCC) meeting to come up with strategies to correct this deficit.

In order to be able to appropriately address this matter, it's important that we first answer questions and understand the many factors which impact our budget. As such, I've worked with our Senior Director, Fiscal Services, Kate Jolley, to provide answers to some of the most common questions we have received recently regarding the budget deficit.

Additionally, after consulting with PCC, I have also outlined some specific strategies we intend to use in order to balance the budget.

I hope you find the information below provides clarity on this topic, but please do not hesitate to send me your additional questions and suggestions, so that we can all move forward in addressing these matters together.

I will provide further updates as we move forward, particularly after we receive the revised budget from the Governor's Office in mid-May.

Sincerely,

Frank Chong, Ed.D.
President/Superintendent
707-527-4431, fchong@santarosa.edu

SANTA ROSA JUNIOR COLLEGE
Celebrating 1918 2018

What makes up the budget deficit?

For 2018/19, the District is currently anticipating a deficit of $6.5 million. This is made up of numerous items, including:

- Reductions of one-time funding from 2017/18 — $2.6 million
- PERS/STRS retirement contribution increases from State — $1.1 million
- Salary step increases for permanent employees — $1.1 million
- Garbage collection increases — $100 thousand
- Minimum wage increases for student employees — $100 thousand
- Negotiated contract changes for employees — $3.4 million

- Other salary/benefit changes $200 thousand
- District election costs $100 thousand
- Reduction of hiring slowdowns from 2017/18 $1 million
- Savings from solar ($500 thousand)
- Other miscellaneous savings ($100 thousand)
    - Anticipated Change before COLA $9.1 million
    - Offset by 2.51% COLA from the State ($2.6 million)
    - **Total Anticipated Deficit** **$6.5 million**

*More information will be available when the Governor's Office releases its revised, updated budget on Friday, May 11.

What is the Fire Waiver?

The devastation from the October wildfires and its impact on housing and other traumatic lasting effects has also impacted the number of students attending SRJC, which is now seeing even greater decreases in enrollment as a result.

Many SRJC supporters, including Trustees, Faculty, Classified, Administrators and the community, urged the state to support the college in the aftermath of the fire, which was the most destructive in California's history.

The state chancellor has informed us that the state will indeed provide a fire waiver, which will hold SRJC harmless for its lower enrollment numbers for a total of three fiscal years. This means that SRJC's enrollment, which has historically dictated the majority of its annual funding, will be reported at 19,445 FTES, regardless of the actual enrollment numbers from 2017/18, 2018/19 and 2019/20. The state has also committed to providing COLA during that time period.

Following this initial three-year period, the state will reexamine the state of SRJC's enrollment in 2020/21 and 2021/22 to see if this waiver should be extended.

The intent of the waiver is to give the SRJC community time to recover and rebuild and to give the District time to assess the anticipated size of its student population, reducing expenses to align with the probable reduction in revenue over three years. We are committed in taking the time to do this methodically and to remain an excellent college while becoming fiscally viable.

What are the District's guiding principles in addressing the deficit?

- Focus on remaining an excellent college while becoming fiscally viable
- Provide ongoing and consistent communication prior to implementing budget reductions
- Consider the impact of any budget reductions on students, first and foremost
- Prioritize maintaining existing permanent, full-time employees
- Receive input on budget reduction plan from PCC and the college community
- Distribute the budget reductions across all component areas
- Streamline service offerings and increase efficiencies

What specific plans does the District have to address the current $6.5 million deficit?

In collaboration with the President's Consultation Council, the District plans to enact the following:

- At its May 8, 2018 meeting, the Board of Trustees approved the 2018-19 Management team compensation package, outlined below:
    - Management will forgo 1.56% adjustments.
    - Vice Presidents will forgo their 1.56% adjustments and will take an additional 1.44% cut, totaling 3%.
    - The President will forgo his 1.56% adjustment and will take an additional 3.44% cut, totaling 5%.
    - The estimated savings from this adjusted compensation package are approximately **$250 thousand.**

- Clear guidelines outlining the procedure for cancelling low-enrolled class sections will be followed, which is in accordance with the AFA contract.
    - Every effort will be made to assist affected students in signing up for appropriate, alternative course sections.
    - Estimated savings from enforcing the pre-existing cancellation rules for classes in the summer and fall 2018 terms are projected to be approximately **$1.3 million** (based on data from summer and fall 2017).
- The District will work with departments to thoughtfully and cooperatively reduce the spring 2019 schedule by 9%.
    - This target was chosen in consultation with the Academic Affairs Council and will be reviewed with Department Chairs Council/Instructional Managers next week.
    - Each area will provide thorough and appropriate input on these reductions.
    - Estimated savings from this reduction are **$1.5 million.**
- The remaining **$3.4 million** will be allocated to each component area vice president, proportionate to the area's overall budget.
    - This manner of reducing expenditures was used successfully in 2017-18 to address a $4.1 million deficit.
    - Reductions can be achieved through various options, including:
        - consolidation/elimination of Management or non-instructional Classified positions (ideally through attrition and/or reassignment).
        - reductions to discretionary accounts, including STNC assignments.
        - only filling vacant positions that are deemed "critical."

- The District will continue to consider additional suggestions to reduce the budget on an ongoing basis and will seek to continually strive towards greater efficiency and financial viability. The Budget Advisory Committee is currently working through the suggestions received from the college community and will be making recommendations before the end of the academic year.