

MSJC

June 7, 2011

As a result of an expected \$4.7 million cut in state funding for 2011-12, Mt. San Jacinto College will implement further budget reduction strategies recommended by the MSJC Budget Advisory Committee as the state continues to wrestle with about a \$10 billion deficit that means cuts to nearly all sectors.

The budget reductions are not pleasant, but the District must take action to maintain fiscal stability, preserve instruction for our students, and sustain a stable workforce.

In order to accomplish this, MSJC officials will ask the Board of Trustees during its meeting on Thursday, June 9, 2011 to freeze the annual step increases of salaries or wages for the management, supervisory/confidential, faculty, classified and associate faculty beginning July 1. This freeze only pertains to step increases, employees who have obtained additional education will continue to be eligible for column increases. It is estimated that the pay freeze will reduce District expenses by approximately \$800,000, which helps to offset the funding cuts from the state.

The District will also recommend that the management and supervisory/confidential groups take 8 furlough days during 2011-12. Salaries and wages will be adjusted down 3 percent starting with the July pay period and be distributed evenly over 10, 11 or 12 months depending on the employee's work schedule. Furlough days will be added to the winter and spring breaks to maximize savings on utilities and other costs when the college is closed. It is estimated that this measure will reduce District expenses by approximately \$220,000.

Negotiations with the classified and fulltime faculty unions concerning furloughs/salary reductions are ongoing. If an agreement on furlough days is reached, adjustments to monthly paychecks will begin and be distributed over the remainder of the 2011-12 fiscal year. Please contact your respective representatives for additional information. The District will keep you apprised once your unions determine their decision concerning these matters.

MSJC has been fortunate that we have had a Board and an administration that took a conservative approach to budget planning and management therefore buffering the District from the same pain other institutions and sectors have been experiencing since 2008. But, due to the expected ongoing reductions in state funding and the increases in costs to utilities, health benefits, liability and unemployment insurance MSJC must now reduce expenses by an additional \$3 million. Working with this \$3 million figure, MSJC plans to take \$1.3 million from the Board reserves to help reduce a portion of that amount. However, the District still needed to find another \$1.7 million in reductions to balance the budget. Pay freezes and furloughs/salary reductions will help ensure that our students continue to receive the education and training they need and provide for a secure workforce.

The District will hold a public hearing and present the proposed \$53 million general fund budget at the June 9th Board of Trustees' meeting. In past years we have asked the Board to adopt a tentative budget in June, however, in light of the current climate we are departing from that practice this year and are recommending that the Trustees adopt the budget at the June 9th meeting. The District continues to keep a very close eye on the overall budget environment and have based our budget assumptions on advice from the California Community Colleges Chancellor's Office who continues to advise Districts to proceed with caution until Legislators reach a budget deal.

There are many factors that go into developing a final budget. That information will be presented at the June 9th Board meeting and will be available online on our *Budget Watch* page. At this time, the District continues to prepare for the most difficult scenario without giving up hope that the climate could improve. If things go better at the state level than expected, MSJC will enthusiastically revisit the budget reduction measures. Let's hope things go better than we anticipate.