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Chancellor's Update -- December 13, 2011

As the fall semester comes to a close and the December holidays approach, we should feel pleased about our accomplishments and grateful for our future opportunities. 2011 has posed great challenges for the District and we have worked hard to meet each one with the thoughtful resolve necessary to overcome them. I look forward to the District's continued progress on many fronts.

Among the issues addressed, this update notes some of the good things that have occurred over the last few months and touches on circumstances related to the state budget that remain very troubling.

First, I would like to announce that Los Angeles City College President Jamillah Moore has been appointed by Governor Brown to serve on the California Student Aid Commission (CSAC). I am very proud that she has been selected to provide her input toward the development of financial aid policy analysis. It's clear that the District's students are strongly invested in and truly care about the recommendations that CSAC makes.

It's clear that students will require financial support to help mitigate the rising costs of fees and books. In addition, our programs will require additional sources of funding, beyond that provided by the state, to operate effectively. Several of our colleges have successfully procured both federal and private grant funding over the last few months which will make a tremendous difference in the quality and delivery of programs and services.

- In October, Los Angeles City College was notified of a grant renewal of \$1.3 million from the Goldman Sachs 10,000 Small Business Grant.
- East Los Angeles College (ELAC) received \$255,000 in American Recovery and Reinvestment Act (ARRA) funds for the ELAC Engineering & Technologies department.
- Earlier this fall, ELAC also received a five year U.S. Department of Education STEM grant totaling \$6 million to support a Math Academy. This grant was accompanied by a second five year STEM grant from the National Science Foundation, totaling \$2 million, to increase the number of ELAC graduates and transfers in STEM fields.

- Similarly, Los Angeles Valley College and Los Angeles Harbor College each received a five year U.S. Department of Education (Title III) \$4.3 million grant to assist students in the STEM fields. More specifically, the grant funding is geared to Hispanic Serving Institutions (HSI), intended to increase the number of Latino and other low-income students attaining degrees in the fields of science, technology, engineering and mathematics.
- Los Angeles Southwest College and West Los Angeles College (WLAC) each received U.S. Department of Education (Title III) grants --\$3.7 million and \$2.4 million respectively. These particular grants are Predominately Black Institution (PBI) grants to support African American students in their efforts to persist and complete their programs.
- WLAC's Institute for Student Excellence (WISE) received two multi-year U.S. Department of Education TRIO grants totaling \$1.2 million. These grants are designed to identify and provide services for individuals from disadvantaged backgrounds.

All of these grants will go a long way in supporting many of the colleges' programs. However, these grants do not fill the ever-increasing void created by the state's budget cuts.

The Legislative Analyst's Office (LAO) released its annual forecast of state revenues last month projecting that the state will fall \$3.7 billion below Budget Act estimates by the end of the fiscal year. The report, along with the cash reports from the State Controller's Office and the Department of Finance (DOF), invite speculation that both Tier 1 and Tier 2 cuts will be triggered. As feared, the revenue outlook is grim for both the current fiscal year and for 2012-13.

By December 15th, the Director of Finance intends to use the higher of the LAO or DOF current year revenue projections to determine whether or not specified current year reductions shall be automatically triggered. If the higher of the two estimates is \$87.5 billion or less, Tier 1 cuts are triggered. If the higher of the two estimates is \$86.5 billion or less, both Tier 1 and Tier 2 reductions are triggered. A combination of Tier 1 (\$30 million) and Tier 2 (\$72 million) reductions for the California Community Colleges equal \$102 million in cuts. It's also important to note that the Tier 1 trigger enacts a fee increase from \$36 to \$46 per unit, effective in summer 2012.

The District incorporated the \$28 million (6.1%) reduction in its budget at the beginning of the 2011-12 fiscal year. If Tier 2 is triggered by December 15th, the loss of state revenue to the District will increase to \$40 million and mean that we will need to make an additional \$12 million reduction to the District's budget. In other words, an additional 5% to 10% in cuts will be required. To address this almost certain eventuality, the District has put in place measures to address the shortfalls of state funding through a combination of expenditure cuts and the use of the District's reserves.

As the state budget estimates continue to worsen, with potentially a \$10 billion shortfall in 2012-13, the District must find ways to mitigate its share of the reductions. There's no question that we face an enormous challenge ahead of us.

Just as we must make hard choices regarding the District's budget, we must also continue to assess our Building Program as we move more deeply into the remaining half of its timeline. Some of you may have noticed, by looking at the December 14th Board agenda, that a presentation regarding the Building Program moratorium will be given. In fact, I intend to make a recommendation to the Board to consider a second extension of the moratorium.

Chancellor's Update
December 13, 2011

Given the foregoing news about the state budget and the Building Program moratorium, I should end on a high note, though it will not adequately turn your attention away from the weight of our current challenges.

Nonetheless, I am very excited to share that the Pierce College women's volleyball team won the state championship after achieving an exceptional 33-0 undefeated season. In fact, the team captured their 10th Western States Conference Championship in 11 seasons. I congratulate these Pierce College student-athletes on their amazing achievement. It helps us to remember the basic tenets that athletes abide by in their day-to-day competition. Preparation, perseverance and optimism all contribute to eventual success, even if it takes time to get there.

To be sure, the college presidents, District Office staff, faculty and staff leaders and I will keep these tenets in mind as we confront our fiscal dilemmas.

Finally, I wish to extend my holiday wishes to the District community. I suspect that most of you have attended or will be able to attend a holiday party at the college. For the District Office, senior staff hosted a holiday lunch on Friday catered by the Mission College Culinary Program. Needless to say, the various dishes were fantastic and enjoyed by all. During the holiday season, we're very fortunate to have such talented chefs from all of the District's culinary programs in our midst. While our favorite meals and gift giving play an important role during the holiday season, the joy of being around our family and friends is certainly the most important element. I do hope that you each enjoy this celebratory time and that 2012 will bring you good health and happiness.