

**From:** Charlie Earl [mailto:[cearl@sbctc.edu](mailto:cearl@sbctc.edu)]  
**Sent:** Tuesday, June 23, 2009 11:55 AM  
**Subject:** Budget Reduction Update  
**Importance:** High

Good morning presidents and business officers,

Last week we sent you notice about the further decline in State revenues and the subsequent consideration by the Governor to reduce spending once again. Following discussions with many of you who have emphasized the need for flexibility, we have been in active conversations with OFM about the expected level of cuts for our system and the amount of flexibility we will be afforded.

Our principles have been two-fold: 1) We anticipate we will have to contribute to any additional cuts or reductions in spending (no details exist yet); but 2) We want flexibility at the State Board Office and at the colleges to manage those cuts without the artificial constraints such as the hiring freeze and equipment freeze.

From our discussions with OFM, we are now confident that we will be granted substantial flexibility. As you recall, all but one of the freezes expires on June 30, and we do not expect those freezes to be extended by the Governor for our system. (Note: the restrictions on salary increases, under current law, will remain in place until mid-February of 2010.)

Please take caution, however; with declining revenue and rising caseloads, the fiscal condition of the State is not likely to improve any time soon and, in fact, is likely to worsen for at least one more quarter. We will need to reduce our budgets and maintain our fiscal discipline even as the freezes are lifted. The details about where to cut are decisions best made at the local level, but I urge you to think about these cuts as permanent reductions that will not be restored in the near-term.

Exact reduction targets for this latest round of cuts have not yet been determined down by OFM. We expect to see those details by the end of the month. As soon as we know that information, we will share it with you and begin to work on an allocation method to identify the cut level for each college district.

Please let me or Chris Reykdal (360-704-4390) know if you have any questions. Thank you.

Charlie

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