Dr. Steven Kinsella, CPA

STATE OF THE COLLEGE
SPRING 2008
New Employees

- Matthew Baclig  Groundskeeper Spec
- Diane Stone       Departmental Asst
- Denise Appuzzo    Departmental Asst
- Irma Banuelos     Program Services Specialist (MH)
- Ericson Estamo    Computer Tech
- Shawn Mulcare     Multimedia Tech
Everybody Breathe Deeply –
(This is Not a Crisis)

- Yes, the state has a large deficit to address but it is hardly a “crisis”
- Community college impact
  - $40 million this year
  - Increase budgets by $483 million and reduce by $525 million – roughly another $40 million
- Total impact to Gavilan is $200,000 each year
Action is Required

- Ignoring this nuisance would be a major mistake
- Need to act but we do not need to react
  - We are in control of expenditures
  - Small changes now will keep revenues and expenditures in line
  - Pretending this is all there is to it would leave us vulnerable
The Real Problem

- It’s not what we know it’s what we don’t know is coming that is the real problem.
- Yes, there is a recession – no we won’t know until we are in it – your guess is just as good and maybe better than mine.
- Yes, the economy and the state’s budget reflects part of the decline in housing, recessionary slowing of consumption and part of the decline in home values (property taxes).
Now the Good News

- Adversity and Conflict bring out the best in people
- We have seen it all before – several times
- Do not believe most of what the state tells us – it is important to separate the posturing from the reality
- We have made a number of defensive moves in preparation for the imminent decline in state revenues – this happens often enough that we have been planning for it – we just didn’t know when it would hit.
What Can Make the Difference?

- Growth – given enrollment increases we could earn our way out of any other revenue reductions
- Holding off on all nonessential expenditures
- Holding off on filling positions that are vacant
- Let’s not pretend that this is a one year problem – plan for three years
- All services are needed to be a comprehensive college – again there is no one single answer
- There is no harm in waiting for information to become clear. Once a commitment is made we must honor it so go slow on filling positions
Strategic Moves

- This is the time to take strategic risks
  - Add capacity in growth areas
  - There will be new positions added in some areas
  - Some—probably many—positions will be refilled in order to maintain enrollment and service levels to students
  - Some areas will see reductions in positions as people leave through retirement or other moves
## Gavilan’s FTES

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<th>Fiscal Year</th>
<th>Credit</th>
<th>Noncredit</th>
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<td>Foothill De Anza</td>
<td>San Jose/Evergreen</td>
<td>Hartnell</td>
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Strategic Action- No Spectators Allowed

- This is not a game but it is a competition among colleges statewide
- We need to out maneuver other colleges. For example, here is the standard approach in a budget “crisis”
  - Assume growth will not pay for itself
    - Maybe it will and maybe it won’t
  - Reduce class offerings
  - Stall all salary increases
  - Cut all low enrollment courses
Here is What Others Are Doing

- The Palm Desert college could cap enrollment this fall or divert funds from other services in order to recoup projected funding losses in the state budget.
- West Valley-Mission – advertising campaign – they need enrollment
Strategic Activities

- Plan, plan, plan and then execute actions to take advantage of the turn around
- Get out of the “We Must Survive” mentality and look for the opportunities
- This will pass as it always does
- Eliminate nonessential activities but retain and perhaps expand everything else
- Retain or build flexibility into expenditures
Gavilan’s Response to “Crisis”

- Form the Expenditure Reduction Task Force – The Sequel
  - Look to reduce $1 million or 4% of the expenditure budget
  - Don’t make any reductions unless the money really is not there
  - Identify those sacred areas that we will not reduce
  - Plan for known cost increases: salaries, health care, track and step, etc.
Keep a Positive Attitude

- This could be our best year ever
  - Revenue could dramatically exceed our budgeted amount – last year we received almost 10% of unbudgeted new money- it could happen again

- We must be cautious and add positions slowly-the state has a history of making changes in the middle of the year

- We are a growing district and we need to think and act in a way that anticipates and accommodates growth
Be Conservative

- Don’t spend it if it can wait
- Always keep in mind that we cannot predict how bad it will get
- Consider long range strategic moves that will improve student learning
- Focus on the students and work to help ensure the proper support services are in place
- Have sympathy for your colleagues who work in those other districts