

The Community College "Fair Share" Budget

A budget to keep the doors open supported by faculty, staff and students

	January Proposed Budget	Fair Share Budget
Comparative treatment: with UC, CSU and K-12	Cuts K-12 by 1.5% from the enacted 2003-04 budget, while cutting community colleges by 10.4%. Cuts community colleges by 7.4% over revised 2002-03 state budget, while providing CSU with a 4.5% increase and UC a 2.7% increase.	Provides community colleges with the same 1.5% cut from the enacted budget that was proposed for K-12. Provides community colleges with a 1.7% increase, while CSU receives a 4.5% increase and UC receives a 2.7% increase.
Comparative treatment: within Proposition 98	Reduces community college share of Proposition 98 (funds for K-12 and community colleges) of 9.2%, \$737 million below the amount required by Education Code section 41203.1.	Provides community colleges with the same share of Proposition 98 that the colleges received last year, 10.4%.
Enrollment	Eliminates funding for 65,000 full-time equivalent students. Provides UC and CSU funding to increase enrollment by 7%.	Maintains funding for existing students, and provides 1% new funding to fund 10,000 of the 40,000 existing, but unfunded, students. The Fair Share budget would keep the doors open by serving 73,000 more full-time equivalent students than the Governor's proposal.
Disabled & Economically Disadvantaged Students Funding	Cuts funding by 45% or \$37.6 million.	Does not cut the Disabled Students or Extended Opportunities programs any deeper than other categorical programs, reducing it by 6%.
Student Fees	Raises fees by 118% and uses the funds to benefit the state General Fund, not student programs.	Ensures that, if there is a student fee increase, the revenue would benefit student instruction and services, not just the state's debt.

Governor's January Proposed Budget			
	<u>2002-03</u> <u>(Revised)</u>	<u>2003-04</u> <u>(Proposed)</u>	<u>%</u> <u>Change</u>
UC	\$ 3,944,022	\$ 4,050,210	2.7%
CSU	\$ 3,447,042	\$ 3,603,336	4.5%
CCC	\$ 4,894,298	\$ 4,532,281	-7.4%

Community College Proposed "Fair Share" Budget			
	<u>2002-03</u> <u>(Revised)</u>	<u>2003-04</u> <u>(Proposed)</u>	<u>%</u> <u>Change</u>
UC	\$ 3,944,022	\$ 4,050,210	2.7%
CSU	\$ 3,447,042	\$ 3,603,336	4.5%
CCC	\$ 4,894,298	\$ 4,979,485	1.7%

Proposition 98 Share for Community Colleges:

- Education Code Section 41203.1: 10.93%
- January Proposed Budget: 9.2%
- Community College Fair Share Budget: 10.4%



**COMMUNITY COLLEGE LEAGUE
OF CALIFORNIA**

**2003-04 Budget: Governor's Proposal and System Alternative
(as recommended by Budget Workgroup, compared with 02-03 enacted)**

Item	2002-03 (as budgeted)	2003-04 Governor's Proposed Budget	2003-04 System Alternative
<u>General Apportionment</u>			
Apportionments: General Fund	1,704,396,000	1,167,413,000	1,674,411,000
Apportionments: Local Property Tax Revenues	2,013,537,000	2,157,830,000	2,157,830,000
Apportionments: Student Fees	169,421,000	318,501,000	169,421,000
Total Apportionment	3,887,354,000	3,643,744,000	4,001,662,000
<u>Categorical Programs</u>			
Academic Senate for the Community Colleges	497,000	289,000	467,000
Basic Skills and Apprenticeship	40,552,000	36,161,000	40,552,000
California Virtual University	2,900,000	1,597,000	0
Disabled Students Programs and Services	83,608,000	46,025,000	78,592,000
Economic Development	40,322,000	19,728,000	36,290,000
Extended Opportunities Programs and Services	96,065,000	52,883,000	90,301,000
Faculty and Staff Diversity	1,859,000	1,658,000	1,747,000
Foster Care Education Program	1,866,000	0	1,754,000
Fund for Student Success	6,233,000	3,116,000	5,859,000
Growth for Apportionments	114,308,000	115,697,000	38,322,000
Hazardous Substances	8,000,000	4,404,000	6,932,000
Instructional Equipment and Library Materials	49,000,000	34,727,000	11,500,000
Instructional Improvement	1,630,000	897,000	312,000
Matriculation	54,307,000	43,303,000	54,307,000
Partnership for Excellence	300,000,000	164,472,000	270,000,000
Part-Time Faculty Compensation	57,000,000	50,828,000	50,828,000
Part-Time Faculty Health Insurance	1,000,000	550,000	3,312,000
Part-Time Faculty Office Hours	7,172,000	3,948,000	9,487,000
Scheduled Maintenance/Special Repairs	49,000,000	34,727,000	11,500,000
Special Services for CalWorks Recipients	35,000,000	31,210,000	32,900,000
Student Financial Aid Administration	8,100,000	8,068,000	8,100,000
Teacher and Reading Development Partnership	5,000,000	2,753,000	2,753,000
Telecommunications and Technology Infra.	24,500,000	21,847,000	22,050,000
Transfer Education and Articulation	1,974,000	1,761,000	1,974,000
<u>Miscellaneous (Non-program) Items</u>			
Health Fee Mandate Reimbursement	1,691,000	0	1,000
Lease-Purchase Bond Payments	36,668,000	55,948,000	55,948,000
Apportionments: Lottery	138,089,000	141,244,000	141,244,000
Total Funding	5,053,695,000	4,521,585,000	4,978,694,000
Funded FTES	1,095,114	1,032,912	1,106,065
Funding per FTES	\$ 4,615	\$ 4,378	\$ 4,501

**Change (amount and percentage) by line-item
(changes from 2002-03 enacted budget)**

	Governor's Budget		System Alternative	
	Change from 2002-03 (as Budgeted)		Change from 2002-03 (as Budgeted)	
<u>General Apportionment</u>				
Apportionments: General Fund	-536,983,000	-31.5%	-29,985,000	-1.8%
Apportionments: Local Property Tax Revenues	144,293,000	7.2%	144,293,000	7.2%
Apportionments: Student Fees	149,080,000	88.0%	0	0.0%
Total Apportionment	-243,610,000	-6.3%	114,308,000	2.9%
<u>Categorical Programs</u>				
Academic Senate for the Community Colleges	-208,000	-41.9%	-30,000	-6.0%
Basic Skills and Apprenticeship	-4,391,000	-10.8%	0	0.0%
California Virtual University	-1,303,000	-44.9%	-2,900,000	-100.0%
Disabled Students Programs and Services	-37,583,000	-45.0%	-5,016,000	-6.0%
Economic Development	-20,594,000	-51.1%	-4,032,000	-10.0%
Extended Opportunities Programs and Services	-43,182,000	-45.0%	-5,764,000	-6.0%
Faculty and Staff Diversity	-201,000	-10.8%	-112,000	-6.0%
Foster Care Education Program	-1,866,000	-100.0%	-112,000	-6.0%
Fund for Student Success	-3,117,000	-50.0%	-374,000	-6.0%
Growth for Apportionments	1,389,000	1.2%	-75,986,000	-66.5%
Hazardous Substances	-3,596,000	-45.0%	-1,068,000	-13.4%
Instructional Equipment and Library Materials	-14,273,000	-29.1%	-37,500,000	-76.5%
Instructional Improvement	-733,000	-45.0%	-1,318,000	-80.9%
Matriculation	-11,004,000	-20.3%	0	0.0%
Partnership for Excellence	-135,528,000	-45.2%	-30,000,000	-10.0%
Part-Time Faculty Compensation	-6,172,000	-10.8%	-6,172,000	-10.8%
Part-Time Faculty Health Insurance	-450,000	-45.0%	2,312,000	231.2%
Part-Time Faculty Office Hours	-3,224,000	-45.0%	2,315,000	32.3%
Scheduled Maintenance/Special Repairs	-14,273,000	-29.1%	-37,500,000	-76.5%
Special Services for CalWorks Recipients	-3,790,000	-10.8%	-2,100,000	-6.0%
Student Financial Aid Administration	-32,000	-0.4%	0	0.0%
Teacher and Reading Development Partnership	-2,247,000	-44.9%	-2,247,000	-44.9%
Telecommunications and Technology Infra.	-2,653,000	-10.8%	-2,450,000	-10.0%
Transfer Education and Articulation	-213,000	-10.8%	0	0.0%
<u>Miscellaneous (Non-program) Items</u>				
Health Fee Mandate Reimbursement	-1,691,000	-100.0%	-1,690,000	-99.9%
Lease-Purchase Bond Payments	19,280,000	52.6%	19,280,000	52.6%
 Apportionments: Lottery	 3,155,000	 2.3%	 3,155,000	 2.3%
Total Funding	-532,110,000	-10.5%	-75,001,000	-1.5%

CONSULTATION COUNCIL

April 17, 2003

Below is a brief item-by-item summary of the discussions that occurred at the April 2003 Consultation Council meeting. Aside from a lengthy Legislation presentation, most of the meeting was spent on agenda items 3 and 4, dealing with the Full-Time Faculty Hiring Obligation. After our April 10 Executive Board meeting, I sent Tom Nussbaum a "heads up" e-mail message stating our position and concerns about this issue. I forwarded this message to Diane Woodruff, who shared a similar letter from Kevin Ramirez, stating the CEO position that the penalty should be waived rather than deferred. At the Pre-Consultation administrative meeting, we coordinated our presentation so that Kevin and I would "take the lead" in presenting a united administrative position. As you can see below, this preliminary "behind the scenes" work seems to have been effective in changing Tom Nussbaum's opening presentation of Agenda Item #3.

1. 2003-2004 Budget

There was consensus to support the Budget Workgroup product (reflecting a \$75 million reduction from the 2002-2003 Budget Act amount) as a system advocacy document for use until the May Revise. However, all agreed that the document is not particularly useful as a planning document other than giving some sense of general priorities, since no one believes that the \$75 million amount is a realistic prediction of community college funding reductions. Robert Turnage pointed out that reductions to line items actually total \$189 million because the workgroup's top priority is protection of base apportionments, which must include for 2003-2004 the \$114 million in funded growth that should now be absorbed in the base. Because of the large proposed reductions in instructional equipment and scheduled maintenance, there will be an accompanying proposal to create a block grant for these two items to give districts more flexibility in dealing with the reductions. Although details have yet to be determined, the system will seek a balance of workload reduction and growth to meet the various needs of districts. Since the Partnership for Excellence legislation sunsets next year, Tom Nussbaum feels that 2004-2005 will be a better time to attempt a move of PFE into the base. (He is concerned that such a move this year will make PFE a larger target than it already is.) Concern has been expressed over zeroing out the CVC line item this year because of the fifty districts that rely upon it for distance education provider contracts, so the Chancellor is considering restoring some amount of funding for CVC to deal with the issues of transition to a district reimbursement model for services. (This is a good example of Dona Boatright's assertion that the budget workgroup process is a "different ball game" for the 2003-2004 Budget than for the mid-year cuts. Since the time frame is expanded, there will be much more opportunity for individual categoricals to lobby for

larger pieces of the pie.) Turnage considers the possibility of deferring June apportionments as the system's "ace in the hole," since we were able to avoid such deferrals as part of the mid-year cuts resolution.

Vicki Morrow presented the recommendations of the Managing Local Resources subgroup on categoricals as a majority, but by no means unanimous, product. The primary recommendations deal with suspending categorical program site visits for the duration of the budget crisis. Predictably, an EOPS representative voiced objection to the suspension of site visits, feeling that this "gets into" regulations and weakens accountability. Vicki strongly emphasized that the proposed suspension of site visits would not violate regulations, since the recommendations include compensating accountability assurances. Nancy Knight suggested that a local Academic Senate sign-off might help allay concerns and that categorical set-asides not supporting Chancellor's Office staff salaries be distributed to local districts.

2. 2004-2005 Budget

There was consensus that it makes little sense for the system to go through the traditional BCP process (asking for input from all local districts and consultation groups) for the 2004-2005 Budget. Instead, the Chancellor feels that our energies should be channeled into funding formula changes based to some degree on the Real Cost of Education model. Last year's initial BCP (which advocated for an additional \$1 billion in system funding!) will be used as a template for 2004-2005.

3. Full-Time Faculty Obligation

Tom Nussbaum introduced the item by stating that he had "heard from several groups" and now felt that the proposed "deferral of the penalty" revision did not adequately address the situation. He further stated that, if the Board of Governors had known what we now know about both the mid-year reductions and the Governor's January Budget for 2003-2004, it would not have triggered the obligation for Fall 2003. The administrative presentation went very well. I led off, strongly stating our position and playing the "CCCCIO Priority but not at all costs" card yet one more time. Kevin Ramirez used his "they are waiving, not deferring, our funding" argument and caused quite a reaction among faculty representatives when he cited the apparent disconnect between statewide faculty leaders and local faculty organizations. (Marty Hittelman reacted very defensively by stating that he would never accuse Kevin of not representing local CEOs!) Diane Woodruff, Nancy Knight, and Marie Thompson all echoed what Kevin and I had presented. (Diane was actually a bit "over the top" in stating that Tom should not want penalizing local districts to be his legacy! She later apologized to Tom.) The faculty representatives were equally united in supporting the proposed revision for deferral of the penalty—an interesting position for them since they had been opposed even to the deferral at the last meeting! Tom Nussbaum concluded that there will never be consensus on this

item. Therefore, he will be making his own recommendation to the Board of Governors to be considered at the May meeting. (Although he was not specific about the recommendation, a conversation with Robert Turnage after the meeting indicated to me that he will be recommending in some fashion that the penalty be waived for Fall 2003.)

Once the May BOG agenda is posted, I think it would be extremely valuable for us to organize a CIO presentation on this topic. Since the faculty groups will undoubtedly be "calling out the troops," it will be important for the administrative groups to have more than just their Consultation representatives speaking to the issue.

4. Requests for Deferral of Fall 2003 Full-Time Faculty Hiring Obligation

This was an example of the Consultation Council at its most dysfunctional! After last month's rightful expressions of concern by the administrative groups about including in the Consultation agenda packet all documentation supporting the Chabot-Las Positas deferral request, the faculty representatives were distressed this month that absolutely no documentation was included. It was agreed that future agenda packets will include a brief statement of rationale for the Chancellor's recommendation to the Board of Governors regarding each district deferral request. However, the Chancellor stressed the fact that this does not imply that there will be an "open hearing."

After Marty Hittelman's statement last month that he intends to pull the Chabot-Las Positas item from the BOG consent calendar to state his opposition because "they can afford to hire the faculty," several CEOs felt it necessary to be present to defend their requests at this month's meeting. It is clear that Hittelman will oppose any request from districts that project a reserve. (On the other hand, Dian Hussan made it clear that CTA is supporting deferral requests from districts in which the request is supported by the union.) Chris McCarthy, Napa CEO, was a bit taken aback when Hittelman pressed him for his ending balance. At one point, Sandy Acebo of Butte stood up and addressed Tom Nussbaum with "What is this? What are we doing here?" Enough said—you get the picture!

Based upon some of these deferral requests and the results of Ed Buckley's excellent survey, it is clear to me that there is great confusion in the field on this issue. Apparently, a number of districts are under the impression that the deferral application covers both new and replacement faculty. We need to get the word out to our colleagues that the deferral application covers only the additional required positions based upon the 50% implementation action by the Board of Governors in November. Relief from being required to maintain the Fall 2002 number of positions can only occur through an additional action by

the Board of Governors. (Hopefully, we will be successful in achieving this at the May 5 meeting.)

5. 2003 Legislation

There was an extensive presentation of pending legislation. I will spare you the details, but will be happy to forward the CO bill analysis documents to any of you who may be tracking specific bills. There was consensus to move to an "oppose unless amended" recommendation to the Board of Governors regarding SB 6, since system efforts to convince Senator Alpert's staff to include specific amendments have been unsuccessful. David Viar recommended seeking an alternative vehicle to put forward the desired Chancellor's Office changes—appointment of vice chancellors by the BOG rather than the Governor, etc. This was Diane Michel's last Consultation Council meeting before assuming her new responsibilities as Director of the Student Aid Commission.

6. Technology and Telecommunications Infrastructure Program

Patrick Perry presented an excellent report on TTIP accomplishments and the status of various initiatives relative to budget reductions. A CISO representative spoke articulately about the Consultation Council's need to consider the effects of various levels of reduction to the allocation. I asked about the possibility of merging the proposed transitional CVC funding with TTIP. There seemed to be some interest in this.

7. Minors in the Community College System

Rich Hansen of FACCC distributed a summary of the recommendations of this task force, but lack of time required that discussion be deferred to the May Consultation Council meeting. (This worked out well, since we had decided in the Pre-Consultation administrative meeting to ask for a deferral of discussion because no information had been provided prior to the meeting.) Based upon a cursory review, it appears that the CIO concerns expressed to Bill Scroggins after his summary of the first meeting have been appropriately considered.

CATEGORICALS SUBGROUP RECOMMENDATIONS

APRIL 11, 2003

The Categoricals Subgroup of the Workgroup on Managing Local Resources met on April 10 to fulfill its charge, which was as follows:

Charge: Within the context of meeting accountability standards, providing useful information to the programs, reducing the direct impact of budget reductions on the programs, identify options for revision to the guidelines in the areas of reporting requirements, site visits, and the level and use of set-asides. Such revisions would incorporate a sunset clause for such times as the budget improves, so that guidelines that should be preserved could be reinstated. Foremost in the focus of the group should be program quality, not just the current budget context. The subgroup's recommendations should include pros and cons relative to each proposed change. This group will report back to the Chancellor's Office, the results will be reviewed electronically with the Managing Local Resources Workgroup, and then with the Consultation Council.

Membership:

- Chancellor's Office staff
- Chief Student Services Officers
- Chief Executive Officers
- Academic Senate
- Local front line staff from the categorical programs (EOPS, DSPS, Matriculation)

RECOMMENDATIONS FROM THE CATEGORICALS SUBGROUP

The discussions of the subgroup focused upon the following areas: site visits for EOPS, DSPS and Matriculation; other guidelines relative to specific programs; reporting requirements; and OCR (Office of Civil Rights) site visits. The discussion was undertaken in the following context:

- The budget situation for the system is a volatile one, including mid-year cuts for 2002-03 which were finally clear only very late in the year, the threat of additional cuts for next year with the distinct possibility that the budget will not be clear until late, and that it may be succeeded by another round of mid-year cuts.
- Local budget cuts are already in effect and are restricting local staffing and many activities (e.g. staff development).
- There is huge enrollment pressure on the colleges that is requiring them to find new ways to accommodate and serve students effectively.
- The value of the categorical programs is well respected locally and there is little willful misuse of funds, and the reality that there is a mechanism in place to deal with egregious violations should any come to light.
- Oversight is imperative but there are likely better ways to target categorical resources to better serve students in the current environment if some additional local flexibility can be provided within existing statute and regulation by means of revision to Chancellor's Office guidelines or approaches to oversight.

- Some practices (e.g. face-to-face site visits) are not required by statute or regulation and can involve significant workload at the Chancellor's Office and at the local level in a time when staffing is shrinking.
- Some alternative approaches have been test-flown in the Matriculation program and may offer insight into effective alternatives for other programs.
- The greatest value of local site visits is in the peer mentoring and the sharing of ideas about how to improve service to students.

Site visits for EOPS, DSPS and Matriculation

The subgroup recommends the following approach to these site visits for the period 2003-04 and 2004-05:

1. Suspension of site visits for EOPS, DSPS and Matriculation for the two year period.
 - 1.1. During the two-year period, the set-aside funds used for them should be allocated out to the colleges. (In thinking about this later, staff recommended that some or all of these funds might better be dedicated to assisting with the staff development gap discussed below.)
 - 1.2. Alternative means to provide some of the staff development value currently realized via site visits should be established, which might include drive-in workshops sponsored by the Chancellor's Office in collaboration with the regional groups within the program associations, online resources, technical assistance from the Chancellor's Office.
2. Continued requirement for submitting written reports, which might include a survey of those, slated for visits. Such reports should avoid requesting any data that are already available within the Chancellor's Office. It would be critical that colleges exercise due diligence in fulfilling all MIS reporting requirements, particularly those elements which are not tied exclusively to funding. In some instances, it may include an appropriate certification.
3. Dissemination of a strong and clear message from the Chancellor's Office that during the two-year period, there is no suspension of statute or regulation and that the colleges will be held accountable for compliance.
4. Establishment of an Oversight Workgroup to be convened immediately and to rethink the approach to oversight for these programs based on a comparative review of regulations/statutes and the role of site visits, including the following issues:
 - 4.1. When and how they should be used (e.g. only for colleges where there appear to be compliance issues or more generally),
 - 4.2. For what purposes,
 - 4.3. For what length of time involved in the visits,
 - 4.4. Involving how many participants both on the teams and at the college being visited,
 - 4.5. The possible role of electronic tools in the process, and
 - 4.6. The timing (including whether the visits should continue to be aligned with the accreditation cycle in the current fashion, and how the colleges whose

turn came during the next two years would be integrated into the future cycle).

- 4.7. Whether colleges should be required to respond to any site visit report suggestions or only to compliance issues.

There was not total agreement about the above recommendations, but there was general agreement. Issues raised by those not in agreement included these: the staff development value of visits, particularly in the context of a high degree of turnover among local program directors, the power of site visits to trigger positive change in local programs, and the importance of at least some direct information about programs which can only be gleaned on site (i.e., random student interviews, accessibility barriers, etc.).

Other guidelines

The Chancellor's Office will examine the guidelines currently in place for EOPS/CARE, DSPS and Matriculation to identify ways in which maximum local flexibility can be provided within existing statute and regulation. Discussion included exactly how the regulations and guidelines work in EOPS relative to the number and type of contacts required for EOPS students. There was also discussion of exactly how colleges should be required to respond to current site visit team reports and whether those responses should include treatment only of the specific compliance issues raised, or also treatment of other suggestions. For DSPS reports, it is intended that responses be limited to non-compliance findings and not required for recommendations. Staff agreed that the current letter would be revised to accurately reflect this point. In addition, staff will examine current practice of administrative oversight and consider how to bring it into appropriate consistency across programs while avoiding exceeding regulatory requirements and while allowing maximum local flexibility.

Reporting requirements

Discussion focused upon EOPS/CARE reporting. It was recommended that reporting requirements in these programs be aligned with the approach taken in the other categoricals for a two year period—2003-04 and 2004-05—with any potential effect on students to be observed and considered after that period. For example, the change could include less restrictive reporting requirements of line item changes in campus program budgets.

OCR (Office of Civil Rights) site visits

Staff agreed to investigate further the details of the mandate for OCR visits, and whether they must be conducted even when there are no compliance issues which have been raised.

SBCC Program Assumptions

1. The college will continue to deliver excellent services.
2. The magnitude of the budget reductions will require the reduction or elimination of some services.
3. The college will meet its 03-04 FTES cap.
4. As much as possible, reductions in allocations and services will first be made in areas that have the least impact on instruction, instructional support and FTES production.
5. In making allocation decisions, categorical programs will be evaluated using the same criterion as for general fund programs, i.e., core services to students will be the highest priority regardless of current funding source.
6. For 03-04 and beyond, all college programs and services will undergo scrutiny to confirm program and cost effectiveness.

SBCC Budget Assumptions

7. The 03-04 general fund-operating budget will have to be reduced by approximately \$6 million.
8. The College has significant fixed costs, many of which will increase in expense.
9. When necessary and prudent, reserves will be used on a short-term basis.
10. A 5% contingency reserve will be sustained.

Staffing Assumptions

11. There will be an exemption from the Board of Governors for meeting the college's state-imposed full-time faculty obligation for 2003-2004.
12. Of the 26 03-04 new and replacement positions, 8 critical full-time faculty positions will be filled.
13. There will be compliance with all terms and conditions of employee contracts.
14. Early retirement benefits incentives will be considered if/when there is a clear and necessary benefit for the college.

State-wide Assumptions

15. There will be flexibility in regulatory mandates....especially in categorical programs.
16. The state budget crisis will extend beyond 03-04, and as a result limit the amount of additional funding made available for community colleges.
17. The magnitude of the state's financial situation is unprecedented; recovery will be slow.

FY 03-04 Budget Development Assumptions

SBCC Program Assumptions

1. The college will continue to deliver excellent services.
2. The magnitude of the budget reductions will require the reduction or elimination of some services.
3. The college will meet its 03-04 FTES cap.
4. As much as possible, reductions in allocations and services will first be made in areas that have the least impact on instruction, instructional support and FTES production.
5. In making allocation decisions, categorical programs will be evaluated using the same criterion as for general fund programs, i.e., core services to students will be the highest priority regardless of current funding source.
6. For 03-04 and beyond, all college programs and services will undergo scrutiny to confirm program and cost effectiveness.

SBCC Budget Assumptions

7. The 03-04 general fund-operating budget will have to be reduced by approximately \$6 million.
8. The College has significant fixed costs many of which will increase in expense.
9. When necessary and prudent, use of reserves will be used on a short-term basis ~~will be considered.~~
10. A 5% contingency reserve will be sustained.

Staffing Assumptions

11. There will be an exemption from the Board of Governors for meeting the college's state-imposed full-time faculty obligation for 2003-2004.
12. Of the 26 03-04 new and replacement positions, 8 ~~essential~~ critical full-time faculty positions will be filled.
13. There will be compliance with all terms and conditions of employee contracts.
14. ~~Unless there is enabling legislation, golden handshakes cannot be considered.~~
Retirement benefits will be considered if/when there is a clear and necessary benefit for the college.

State-wide Assumptions

15. There will be flexibility in regulatory mandates....especially in categorical programs.
16. The state budget crisis will extend beyond 03-04, and as a result limit the amount of additional funding made available for community colleges.
17. The magnitude of the state's financial situation is unprecedented; recovery will be slow.