



August 23, 2017

### President's Waypoint: Structural Budget Deficit and Hiring Freeze

I try very hard to buffer the college from distractions that take us away from our core mission of teaching and serving students. Unfortunately, some things require all of our attention. The structural budget deficit is one of those things.

As you know, the College has been facing an ongoing structural deficit. While we have made some progress towards closing this gap over the last year with the SERP and other measures, it is a structural deficit, so it continues and compounds until eliminated. Since 88% of our expenditures are salary and benefits, this leaves only 12% to cover all other college operations. The only way to eliminate this structural deficit is to shrink our staffing.

If you recall, last fall when we started looking into this. The projections for the 2017-18 Fiscal Year indicated a deficit of \$9.1 million. Through several retreats, college meetings, forums, etc., we were able to implement solutions bringing the final projected 2017-18 deficit down to \$3.2 million. This is where we are today for the current fiscal year. Our budget reserves will help cover whatever we cannot reduce this year to balance the budget.

The problem is that while we are managing the budget for this year, we still need to address the ongoing **structural deficit** we face next year and years thereafter. Specifically, current five year projections indicate a deficit for next year, 2018-19, at **\$7.1 million**. The compounding deficit will continue until we shrink our expenditures to meet revenues.

At yesterday afternoon's College Planning Council (CPC) meeting, we discussed the continuum of options to shrink expenditures. This continuum stretches from layoffs to hiring "chills," where we simply slow the rate of hiring. Of course, no one wants layoffs, so the conversation quickly moved to the softer end of the spectrum of hiring chills to help us live within our means.

Many of us in our careers have been through budget reductions and hiring "chills," "frosts," "light freezes," and "deep freezes" in the past. If you have experienced one of these, you know that anything other than a deep freeze (where no one is hired without any exception) inevitably comes down to individuals pleading their case for an exception to the rule. They will argue that the position is absolutely "mission critical" to replace or the universe as we know it will come to a grinding halt.

As a department chair, dean, VP, etc., I've made these "mission critical, grinding halt" arguments before – many times successfully! Honestly, therein precisely lies the problem. Nearly all positions can be argued as mission critical. This renders the hiring chill strategy typically ineffective. I say typically, because members of CPC yesterday were passionate and compelling in telling me that this isn't so at SBCC. There was reference to a process during the Prop 30 hiring chill that reduced positions through attrition and avoided an all-out hiring freeze or layoffs.

At this point, we must explore all options, and I am willing to do so. At the next CPC meeting, we will be discussing how this hiring chill mechanism has worked and whether it may be a viable option for us given our current situation. I continue to be optimistic and know we will get through this. As always, I remain open to all solutions, especially those that can keep us focused on teaching and serving students, which we do better than any college!

Together forward,