**From:** Kratochvil, Bob
**Sent:** Thursday, March 16, 2017 3:56 PM
**Subject:** Budget & Resource Allocation Update

Colleagues,

The attachments included with this email contain important information regarding the status of the budget for the District and Los Medanos College:

* Memo providing context and a detailed narrative
* Outline of 2017-18 Governor’s Proposed Budget and impact on Contra Costa Community College District

I ask that you thoroughly review the documents being provided to familiarize yourself with the budget and to be aware of some of the challenges we face regarding our fiscal circumstances.  Though the details are numerous and fairly complex, below is an overview of the budget update:

Summary

* As a whole, the District is not meeting enrollment targets.  This generally is considered a symptom of the low unemployment numbers in our region.  A stronger economy and workforce is a good thing for the public, but has an inverse relationship on community college enrollment.
* While there are new dollars included in the proposed Governor’s Proposed Budget for 2017-18, they are being appropriated either for categorical programs or enrollment growth (which we cannot earn, given our situation).  There are new unrestricted dollars being allocated to us, but they are offset by known expenditure increases in pension, health, and step/column payroll costs.
* For the second year in a row, this results in LMC having a negative budget imbalance projected for 2017-18, between revenue and expenditures.  In the current year, that structural deficit prevented me from allocating but a fraction of the funding requested through the Resource Allocation Process (RAP).  With the budget situation expected to be similar again this coming year, there is no expectation that funds will be available to allocate for RAP requests during this cycle.

Conclusion

* Due to the lack of projected funding availability, and based on recommendations from the Shared Governance Council and President’s Cabinet, the Resource Allocation Process (RAP) to fund 2017-18 needs is being suspended.  No requests for new classified positions or program improvements will be reviewed by SGC this year.
* SGC will continue to dialogue and analyze the campus budget and strategies for improvement.
* District budget forums will be held at LMC next month (April 17 at the Brentwood Center and April 20 on the Pittsburg Campus, both 3:00 – 4:30 p.m.), and additional information about the College’s fiscal outlook will be provided, as developed.

Again, detailed information about the budget and its impact on our College is included in the attachments to this email.

Bob

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