

Budget Alert—FAQ

Dear Colleagues:

These are very tough economic times and College of Marin has recently received a string of bad news that will have a negative impact on our budgeted ending fund balance for fiscal year (FY) 2009/10 and also for the FY 2010/11 projected ending fund balance. This Budget Alert-FAQ should help you better understand the increasingly difficult circumstance facing the college. On February 16th, a budget update will be presented at the regular meeting of the Board of Trustees.

What's new?

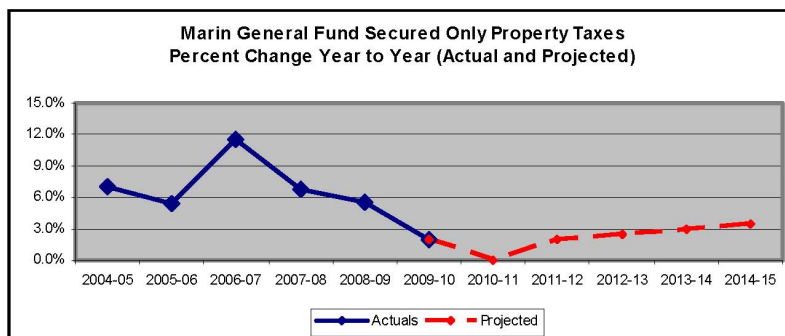
We recently received very bad news from the County of Marin regarding an estimated shortfall in property tax revenue and other bad news came from the state regarding a significant decrease in Partnership for Excellence funding.

What about our main source of revenue—property taxes?

The district has received recent information from the County of Marin indicating that our secured and supplemental tax revenues for the FY 2009/10 will be 1.6% less than projected in our adopted budget amount last fall. That's a reduction in ongoing funds of \$634,782.

What about next year's property tax revenues?

The county's Long-Term Restructuring Plan estimates a budget shortfall of approximately \$15 million in FY 2010--the first time that property tax growth is negative relative to the prior year since Prop 13 was approved by voters in 1978. This forces us to modify Revenue Assumptions for both this year (FY 2009/10) and next year (FY 2010/11). A decline in property tax revenues is particularly significant to us because we are a Basic Aid district and approximately 86% of our revenues come from local property taxes. (More information about the county budget is available in *The County of Marin Long-Term Restructuring Plan: A Blueprint for Financial Sustainability*, which can be retrieved online from <http://www.co.marin.ca.us/budgetinfo/>).



Source: *The County of Marin Long-Term Restructuring Plan: A Blueprint for Financial Sustainability*

How do Partnership for Excellence Funds fit our overall budget picture?

In addition to the news mentioned above, our Partnership for Excellence (PFE) dollars took a hit. We were informed a few weeks ago that we will lose approximately 37% (approximately \$356,000) in PFE dollars for the FY 2009/10 year. We have also learned that this reduction will most likely become a permanent reduction in funding.

Are there other major areas of revenue reduction?

Yes. Categorical program cuts from the State have been significant. Our categorical funding dropped from approximately \$5.5 million in FY 2008-09 to \$3.5 million this year, a total of about \$2 million less. We managed to absorb categorical program cuts in the current budget using one time funds, salary savings, and other measures without eliminating instructional programs, laying off permanent staff, administering furloughs, or IOU's. Unfortunately, the college cannot continue to absorb such steep cuts without affecting non-categorical programs and services.

What are our options?

In contrast to many of our sister colleges locally and state wide, we have not yet had to cap enrollments or initiate layoffs. But even if some of these reductions get partially restored, the college must plan now for tough times ahead. I will be conferring with PRAC, the Board, and my Cabinet to explore various options. In addition, I invite all members of the COM community to send me suggestions for dealing with this crisis. In subsequent editions of these Alerts I will share those suggestions with you, and also share the strategies that come forward as result of our deliberations. The overarching goal is to maintain program quality and program access, while mitigating the negative impacts of uncontrollable fiscal reductions.

Sincerely,

Frances L. White, Ph.D.
Superintendent/President