

Update on College Closures and Revenue Shortfalls March 2012
Begin forwarded message:

From: Gaylla Finnell <gaylla.finnell@imperial.edu>
Date: March 15, 2012 7:34:19 AM PDT
To: "gaylla.finnell@roadrunner.com" <gaylla.finnell@roadrunner.com>
Subject: Update: College Closures and Revenue Shortfalls

IVC Faculty,

I have received several questions regarding the "short list" of nine community colleges which CCA has identified as facing possible closure due to the current economic crisis and budget cuts. Hopefully, the below will help explain the current situation at IVC.

- **Community College Closures:** The list of nine (9) community colleges who may face closure was prepared by the CTA/CCA Budget Analyst, Alan Frey. Alan did an extensive review of the financial status of all community colleges in California and determined that the nine colleges listed may not survive the economic crisis due to the economy of scale. Since these are small college districts, with limited reserves and resources, they may not have the ability to continue business with additional cuts in funding. Here are some realities:
 - **Reality #1:** Due to deferrals of our state funding, the District has had to obtain "trans" loans (short-term loans) during the past couple of years due to cash flow problems. Without these short-term loans, IVC could not have paid salaries and expenses.
 - **Reality #2:** The interest rate on the Trans loans has increased. IVC is now paying over \$200,000 in interest alone to borrow money to pay salaries and expenses.
 - **Reality #3:** We were hit by an unexpected cut of \$1 million in state funding during February. The District worked hard to develop a plan to cut the \$1 million from the 2011-12 budget (see attached). These cuts have impacted our operations at IVC.
 - **Reality #4:** The state is cutting our funding by an additional \$3.8 million in 2012-13.
 - **Reality #5:** If the Governor's Tax Initiative does not pass in November, we will be faced with additional cuts in funding (as will other public services).
 - **Reality #6:** We cannot continue "business as usual" and expect that IVC will survive. The economy is not recovering as quickly as

we had hoped and we need to conduct business within the realm of our new economic reality.

- **Reality #7:** Structural changes need to be made at IVC. IVC has contacted the State's Fiscal Crisis Management Assistance Team (FCMAT) to see if they can help us. Usually, this team comes in after a district is in major trouble (they are currently working with the Calexico School District). IVC is hoping to get the team at IVC prior to a major disaster to help identify our problem areas and facilitate a plan of recovery. I personally support this proactive action.
- **CalSTRS Retirement:** Some concern has been expressed regarding the security of our retirement, especially in light of IVC's current financial situation. At a recent CCA conference, we were updated on the CalSTRS system and advised that it is in good condition and continues to be responsibly managed. Your retirement is secure. (Note: The CalPERS retirement system is not as secure as the CalSTRS system.)
- **Negotiations:** I have heard some concern regarding the impact of this information on our contract negotiations. Here are some realities:
 - **Reality #1:** IVC has rehired all FT faculty for 2012-13, except three faculty members in categorically-funded programs. As long as IVC remains open, we have jobs. It is in our best interest to support the solvency of IVC.
 - **Reality #2:** Cuts in class sessions will be made in 2012-13, due to the decrease in state funding. This means that numerous PT faculty will lose their positions.
 - **Reality #3:** The union will negotiate a contract for the benefit of the FT faculty, bringing all information and options to the faculty for their consideration and review.
 - **Reality #4:** Your union leadership and negotiating team are committed to representing the FT faculty to the best of our ability. We have attended numerous trainings and have years of experience. I am confident that we will be successful in negotiating a contract for next year.

There are some on campus who would prefer to minimize our current financial situation, going forward with business as usual. However, this attitude will guarantee disaster -- not only for our jobs, but for our students' future and our community. We must be willing to recognize the reality of our current financial situation and work together as we face difficult options for our survival.

If you have any question and/or concerns, let me know.

In unity,

Gaylla Finnell

IVC CCA/CTA/NEA President