



# Peralta Community College District

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## OFFICE OF THE CHANCELLOR

September 13, 2010

I am submitting this Final Budget for fiscal year 2010-11 for the consideration of the Peralta Board of Trustees.

The State of California continues to be in a position of fiscal distress. With a projected budget deficit of \$19.1 billion dollars, anticipated cash shortfalls beginning later this month, and the failure to pass a budget within statutory requirements make the District's financial conditions all the more uncertain.

The Governor's initial and revised budget for community colleges contained the following key proposals: growth funding of 2.21%, reductions in funding for EOPS and Part-Time Faculty categorical programs, negative cost-of-living of .39%, and significant modifications to the CalWORKs programs. As the budget moved to the Conference Committee all the reductions proposed and program modifications were rejected. The Conference Committee did support the growth funding proposed. Due to the evolving and dynamic nature of the State's budget process, none of these proposals have been incorporated into the District's Final Budget. When the State's budget is enacted this Final Budget will be adjusted accordingly and be brought before the Board of Trustees.

Given these uncertainties, this Final Budget that I am recommending for fiscal year 2010-11 reflects known challenges as the State continues with its slow economic recovery. The District is facing a reduction in funded FTES implemented in 2009-10, the continued cuts to various categorical programs implemented in 2009-10, the lack of one-time federal ARRA funds, increases in health and benefits costs, and principal and interest payments for our Other Post-Employment Benefit (OPEB) bond payments due. It is critical at this point that we take all reasonable and necessary measures to improve and stabilize our financial health and well-being.

In summary, we are facing unparallel challenges in the 2010 fiscal year. The District must address its own internal problems while waiting for the State of California to alleviate its growing budget deficit. Fortunately, the District began to address its own problems during the 2009 fiscal year. This Final Budget is a continuation of that effort, which closes the approximately \$6,648,000 spending gap, provides funds for bond redemption and debt service for the OPEB bonds, and a reserve budget of 5.3%. Although this Budget does not address all of the problems, it is a strong step forward.

Sincerely,

A handwritten signature in cursive script that reads "Wise E. Allen".

Wise E. Allen, Ph.D.