



October 24, 2016

President's Waypoint: Updates – Fiscal and Campus Center

Fiscal Update. As I have explained in the past, we are in the midst of determining how to address a significant fiscal deficit. This deficit is a result of declining revenues over many years and steadily increasing expenditures. Next year, 2017-18, the deficit is projected to be **\$9,000,000**, which is exacerbated by going off the “hold harmless” year of state stability funding and not getting the one-time money that the state provided us in the current fiscal year. Additionally, as mentioned in a previous Waypoint, we were all surprised to learn that this fall’s enrollments dropped much further than anticipated.

In response to all this, we held two important CPC+ meetings, bringing together the College’s governance leadership. The idea behind the meetings was to share the extent of the problem and to brainstorm possible strategies to address our fiscal challenges. Work teams were developed in the areas of Marketing, Noncredit, Enrollment Management/Efficiency, IT/Tech Replacement, Facilities/Maintenance, and Staffing/Hourly. Each team was charged with brainstorming ideas for revenue development, efficiencies, and cost reduction. The results from these teams were creative, innovative, and, in many cases, out of the box! This is exactly what a brainstorming session is supposed to produce.

At last Tuesday's CPC meeting, we determined a process, so that we can all understand the work teams’ approaches and strategies and support the work going forward. In essence, the teams will narrow their ideas to the most salient budget-deficit-reduction ideas and strategies for their respective areas. These should be clearly identified as items that are or can be immediately implemented (2016-2017) and those that require longer-term implementation. Proposals should be based, where applicable, on the following four criteria:

- Realistic
- Decreases expenses or increases revenues or efficiencies
- Mission-based
- Student-centered

The refined lists will become part of the CPC packet for the November 1st meeting. The ideas will be shared at the November 1st CPC meeting with continued review and feedback at the November 15th CPC meeting. Final CPC recommendations will come to me at the November 15th meeting or shortly thereafter. There is a sense of urgency to this process because we have a limited window of opportunity to affect revenues and costs for Spring 2017. Overall, I am incredibly impressed with the

level of understanding of the issues, the commitment to solutions, and the eagerness and engagement in problem solving. A big thank you to each of you who have been involved in the process!

Campus Center Update. The College has been planning for the construction of a new Campus Center since 2012. The current building, constructed in 1965, was determined to be deficient. The new Campus Center was estimated to cost \$29,809,000 to construct. Last week, the contractor bids for the new construction came in with the low-bid at \$36,859,000. This low bid is **\$7,050,000** more than budgeted. This is incredibly disappointing on so many levels. We all know how important a new Campus Center would be to the College and students. It is unfortunate that in this robust economy, construction bids across the state are coming in 20% to 30% higher than originally estimated. There are specific reasons to account for this, including a highly competitive construction market, increased labor costs statewide, and for us in Santa Barbara, geographic isolation.

What does this mean for the Campus Center project? Well, given the already austere fiscal projection next year of a **\$9,000,000** deficit and increasing shortfalls thereafter, the College simply does not have the capacity to fund an additional **\$7,000,000** of construction costs. We are certainly exploring all options, but knowing what we know, it would be irresponsible to move forward with placing this additional debt burden on the College. As such, unless there is some compelling reason to the contrary, we will continue to use our existing Campus Center. On a positive note, given we won't be building a new Campus Center immediately, some funds that would have been used for construction can now be invested in our existing building to make it nicer for students and staff there. We may also need to do some other building upgrades. In any case, we'll have some time to look into options.

While we clearly have challenges, our College is in a very unique position to be able to envision a way forward. In speaking with colleagues across the state, more than half of the colleges are in stability or are going into stability because of poor enrollments. More distressing is that many have no idea, plan, or capacity to dig out. We are currently fiscally sound, have an amazingly innovative and respectful shared governance structure, and are developing plans that will ultimately result in a College that is stronger and more focused. I am proud of the direction we are heading and how we are going about getting there!

Together forward,

A handwritten signature in blue ink, appearing to read "Anthony", is written in a cursive style.