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MEMORANDUM

TO: The Alamo Community Colleges Family

FROM: Dr. Bruce H. Leslie, Chancellor

DATE: March 2, 2009

SUBJECT: **Cost Reductions**

Recently, the Lt. Governor and the Speaker of the House sent a letter to state agencies, including the Texas Association of Community Colleges, requesting they be prepared to reduce 2.5% of the current year's state allocation. The Alamo Community Colleges receives approximately \$67.8 million in state funds, which is earned according to state regulations by its academic offerings. This would suggest, therefore, that the 2.5% cut, if it is enacted, would come from our academic programs.

This is disconcerting to me as it is not how I would direct the cuts to be achieved. Rather, I will request that the presidents and vice chancellors look to all areas to fulfill this obligation.

The good news is that we already have been making a number of cuts, through greater efficiencies throughout the district. Many of these are necessitated by the \$14.6 million advance to this year's budget the Trustees approved from the District's fund balance. Additionally, there has been a positive response to the Chancellor's Suggestion Box and I expect that these further recommendations to improve efficiencies and save money will further this endeavor.

The letter from the Lt. Governor and Speaker is intended, I believe, to be a warning that the Texas economy, though less affected than other state's across the nation, is in fact beginning to feel the effects of a deepening national recession. Therefore, although we will be able to address the \$1.6 million cut that is reflected in this 2.5% request through efforts that have been already underway, as the economy worsens there may be greater reductions expected of us. Thus, I believe it prudent to take several steps now to ensure that there is a

minimal impact on teaching and learning should the circumstances become more dire and fiscal reductions extend to our local tax base and potentially even to enrollments and tuition revenues. Therefore, I am announcing that:

1. The Chancellor's Suggestion Box Committee complete its process of identifying those recommendations that have the greatest potential of immediate cost savings or revenue generation impact;
2. A "chill" be placed on all but the most strategic hiring and that each president and vice chancellor will, in concert with the VCAF and the already established PEP process, target filling only those positions that clearly generate either savings or greater revenues; and
3. Each member of the ACC family be careful in purchases so we can avoid an acquisitions freeze by ensuring that only those purchases that have the greatest need and impact are completed throughout the rest of the fiscal year.

Finally, the Internal Audit procedures have identified a number of areas with potential for greater efficiencies. Although a number of them, such as Banner implementation, will require up front investments, the long term affect will be greater cost reductions overall to the system. Therefore, I'm directing that the audit recommendations be prioritized in order to implement those with the greatest potential impact for cost savings or revenue generation.

I hope with these alternate strategies in place, there will be minimal impact on service to our students so, just as the state leadership is asking for our help, I am asking for your help in ensuring that our operations are as efficient as possible and that our strategies to increase revenues are enacted rapidly and effectively. With your help and assistance, we can prevail through this economic downturn with the least amount of disruption to our students and employees.

Because I have been directed by the State Budget Office to respond immediately with our potential approach, I will submit a preliminary proposal with an update based on the above strategies, if the state decides to actually make the reductions.