

1. **Since our last Regular Board Meeting** we've had a few bumps in the road, but the college remains strong, and significant progress is being made. On your agenda tonight, several important milestones have and will be presented for your information and action including a Supplemental Retirement Plan for our dedicated faculty and staff. This plan provides a deserved incentive for faculty and staff who qualify to consider retirement, help the college to further diversify its faculty and staff, allow the college to reallocate full time equivalent positions with new personnel vital to moving the college forward in 2024 and beyond, and allows the college to save funds as we enter another period of fiscal exigency brought on by the challenging state financial condition. More about this at the end of my report.
2. Staff is also pleased to bring to the Board the contract for our new Assistant Superintendent and Vice President for Instruction and Student Services. Mr. Cowden will be an exceptional addition to the PVC team and family. I look forward to your approval and Mr. Cowden joining us in-person at our next meeting to be introduced to the Board and community. Mr. Cowden is monitoring the meeting via Zoom tonight.
3. The First Reading of our Mid-Term Report to the Accrediting Commission of Community and Junior Colleges (ACCJC) has been presented to you. This is a critical part of our college's accreditation process and I want to thank our faculty, staff, and administration for their substantial time and effort to produce this excellent report on our progress responding to accreditation mandates. The Report will come back to you next month for action and then will be forwarded to the Commission for review and approval.
4. Our annual audit report representing our 22/23 fiscal year was presented by our auditing firm, CWDL. The college is in a strong financial position, and is well managed fiscally by Ms. Slagan, her team, and the college administration. Most importantly and of significant note, no findings were reported by our auditors. As we enter a challenging budgeting period over

the next three fiscal years brought on by the state's financial challenges, the college's solid fiscal condition is the envy of many Districts whose situation is not nearly as positive as our Districts.

5. On your agenda tonight is a contract with Modern Campus for an assessment and upgrade of our college website. As the primary tool used for information sharing and student recruitment, our college's website needs to be state of the art and focus on ease of use and student, faculty, staff, and community information obtainment. Having been engaged in this work in the past, please be prepared for more investment in the future as the shortcomings of the site are identified, updating is recommended, and search-engine optimization is achieved. In short, this is a vital project, and we appreciate the support of the Board as we move forward with this urgent priority.
6. Also, of significant note and importance for your action tonight, is the District's Equal Opportunity Plan for 2023-2026 as required by the California Community College's Chancellors Office. Our effort has been lauded by the Chancellor's Office staff and other Districts throughout the state. Of much greater significance is what the plan represents: the plan sets forth the District's recruitment, hiring policies and practices pursuant to applicable Title 5 regulations, and reflects PVCs commitment to diversity, equity, inclusion and accessibility otherwise known as DEIA. The plan and its successful implementation also ensure our compliance with state and federal regulations. The Chancellor's office has approved our plan. I want to thank our HR team for their exemplary work. We thank you for your consideration and support.
7. Finally, some initial information about the prospects of the California Community College's in the Governor's just announced 24/25 Budget. Generally speaking, the Community Colleges were spared draconian or even significant cuts. However, as we all know, there are many rounds of negotiations and discussions to come with the state legislature, the Legislative Analyst's Office, and the Department of Finance as we head to the May revise and then the adopted budget on or about June 30th.

This said, here is the 2024/25 Joint Analysis of the Governor’s Proposed Budget by the Association of California Community College Administrators (ACCCA), the Association of Chief Business Officials (ACBO), and the Community College League of California (CCLC).

Governor Newsom released his proposed budget for 2024-25 fiscal year. As anticipated, the proposal tackles a significant budget deficit of \$37.9 billion, while focusing on stability and support for core ongoing operations.

For California Community Colleges, the budget proposal continues to be shaped by the Roadmap for the Future, introduced in 2022-23 and intended to advance equity, student success and the system’s ability to prepare students for California’s future. The proposal provides a 0.76% cost-of-living-adjustment and a continued commitment to investment in the expansion of nursing programs at California’s Community Colleges.

Following are some key changes in the proposal compared to the enacted budget for 2023-24:

- Under the proposal, the overall state budget would be lower than in 2023-24, decreasing by about 6% to \$291.5 billion, affected by a substantial shortfall in revenues resulting in an overall deficit of \$37.9 billion. General Fund spending would decrease by over \$17 billion (nearly 8%) to \$208.7 billion.
- The budget proposal for the California Community Colleges focuses on stability in the context of the state’s significant budget problem. It includes no major core reductions to programs or services, instead drawing on reserves and cancelling certain one-time projects and programs that were established but not yet funded. Overall, funding declines slightly compared to the current year enacted budget.
- The proposal for additional ongoing spending includes \$69.1 million for a 0.76% cost-of-living adjustment (COLA) for community college apportionments, about \$9.3 million for COLAs and adjustments to

certain categorical programs, and \$29.6 million for systemwide enrollment growth of 0.5%.

- One-time funding in the proposal is limited to the expansion of nursing program capacity, with a \$60 million investment in 2024-25 and plans for that level of investment over five years.

However, the Legislative Analyst’s Office takes a slightly more – perhaps – realistic viewpoint of the states fiscal position. The Executive Summary of its report states:

Executive Summary

Why Do Budget Problem Estimates Differ? A budget problem is inherently a point-in-time estimate that reflects information available at the time of development, forecasts of future revenues and spending, and assumptions about the extent to which changes in costs are due to current policy (that is, whether or not they are “baseline changes”). When changes in costs do not occur automatically under current policy, we count them as budget solutions or augmentations.

We take this approach in order to provide the Legislature visibility into the full scope of the administration’s choices.

What Is Our Estimate of the Budget Problem Under the Governor’s Budget? We estimate the administration solved a budget problem of \$58 billion. Our estimate of the Governor’s budget deficit is larger than the administration’s estimate (\$38 billion) largely due to differences in what we consider to be baseline changes. **The largest of these changes impacts schools and community colleges. Specifically, the administration defines a \$15 billion reduction to school and community college spending—relative to the enacted level in 2023—as a baseline change.**

How Does the Governor Propose to Solve the Budget Problem? The Governor’s budget solutions focus on spending. Spending-related solutions (including both school and community spending and other spending) total

\$41 billion and represent nearly three-quarters of the solutions. In addition, the Governor's budget includes \$13 billion in reserve withdrawals, which represent nearly one-quarter of the total; \$4 billion in cost shifts; and about \$400 million in -related solutions.

Assessing the Governor's Approach. The Governor's budget revenue projection is \$15 billion higher than our Fiscal Outlook. On the spending side, there are strengths and weaknesses to the Governor's approach. In particular, the Governor's reserve withdrawal is reasonable, and we think focusing on spending-related solutions is warranted. However, some significant spending-related solutions pose challenges. **The budget lacks a plan for implementing proposed reductions to schools and community colleges, and some other solutions are unlikely to yield the anticipated savings. Further, the state faces significant deficits in the coming years, likely necessitating difficult decisions in the future, such as reductions to core services and/or revenue increases.**

Crafting the Legislature's Budget. **Overall, the Governor's budget runs the risk of understating the degree of fiscal pressure facing the state in the future. The Legislature likely will face more difficult choices next year. To mitigate these challenges, we recommend the Legislature develop this year's budget with a focus on future years.**

Specifically, we suggest the Legislature:

- (1) plan for lower revenues,**
- (2) maintain a similar reserve withdrawal,**
- (3) develop a plan for school and community college funding,**
- (4) maximize reductions in one-time spending, and**
- (5) apply a higher bar for any discretionary proposals and contain ongoing service level.**

So, as you have heard, an optimistic perspective from the Governor and the community college organizations, but a more sobering and perhaps accurate perspective from the Legislative Analyst's Office. We shall see in the coming months.

Stephanie and I will be monitoring the situation closely and attending statewide budget strategy and development workshops. Along with the college Budget Committee, we will be developing a fiscally responsible 24/25 budget that considers the need for strong fiscal reserves in an uncertain fiscal time.

This ends my Superintendent/President report for this evening's meeting. As Mr. McNeil has requested, my Board meeting reports are posted on the Office of the Superintendent/President web page. Thank you for your attention.