

Budget Message
February 6, 2003
DR. JON H. LARSON, PRESIDENT

In the past few days most of you have read or heard and no doubt shared my concern about the state funding cuts to higher education and specifically about the cuts community colleges will receive for the upcoming budget year. You are surely wondering how this will affect the college and what we will do about it.

Indisputably, this news presents some financial challenges for us. It will be a tough year. We are going to have to reduce our expenditures to manage a balanced budget. However, because of the efforts of the Planning and Budgeting Council in building the budget for this coming year, because we have acted prudently and conserved the financial growth dividend we have received from added enrollments, and because we have acted collegially and cooperatively in seeking effective ways to address this financial crisis, I am confident we are in a position to do well and emerge even stronger, even more unified, even more committed to our goal of institutional distinction.

Fortunately, we directed significant efforts over the past two years toward the development of a long term fiscal stability plan and a strategic planning and budgeting process that involves "grass roots" participation of faculty, staff and administration. These prior efforts, in combination with a prompt and thoughtful review of positions, programs, and expenditures, should permit us to overcome the anticipated shortfall successfully.

On the other hand, we do not wish to underestimate the severity of the problem. There is a possibility that this shortfall could become even bigger. Governor McGreevey's plan to eliminate the state's \$5 billion deficit and balance the budget includes some tax and fee increases and transfers of funds that must be approved by the legislature. All state legislators are running for re-election this year, so they are leery of any tax increase. But should we be faced with further reductions in state funding, I am confident we can find solutions together that will preserve our core values and commitments and permit this college to continue on the upward course it has been pursuing so splendidly over the past few years. As much as is possible, we can look on this as an opportunity to test our new budgeting systems in lean times as well as in times of optimum funding. These lean times will also test our resolve to act together collegially, respectfully, openly ... and yet to act where necessary.

First and foremost, our primary goal during this difficult financial time is to continue our commitment to quality and excellence and to provide our students with the outstanding teaching, superb service and the caring and helping hand that they have come to expect from OCC.

Our next major goal, and our purpose today, is to discuss the budget deficit and identify areas where we can cut, re-allocate, or save resources through more efficient and economical approaches. For the health and benefit of our college, now, more than ever, is the time to plan, to thoroughly examine our budgets, to be extremely conscious of duplication or waste that can be eliminated, to focus on being creatively efficient. This does not mean we are relegated to inertia or inaction, to draconian sacrifice or to rationing -- it means we must be aware and dedicated and responsible.

With that in mind, all of us must feel welcome to join the discussion and to debate, question, examine and review our program for making improvements. I invite each of you to make suggestions, today here in this forum, later to your dean or supervisor, or via e-mail anytime an idea occurs to you. We have established an electronic mailbox to receive these suggestions. The address is: budget@ocean.edu. This is a new mailbox created specifically for your budget-related ideas and it will be checked daily until the Trustees have approved a budget for FY 2004.

If you feel a process can be made more efficient, a function eliminated, or an activity streamlined to save money, we want to hear about it! I challenge each of you to identify one opportunity to add resources by becoming more entrepreneurial. I ask each of you to become a champion and use our resources more effectively and efficiently. We can all work smarter, we can all contribute, we can all challenge ourselves and show that we care about our future enough to step outside our normal roles and routines to make this coming year one of our best ever ... in spite of the state's unfortunate financial situation. All your ideas, those presented today and those communicated via email or through a dean or director, will be funneled to the Planning and Budgeting Council, co-chaired by Janet Hubbs and Don Doran. While administrators will also be involved, I want to stress that we will follow similar processes to those in building the original budget in making decisions about cuts, reallocations and related adjustments. This will be an open, collaborative process. Decisions will not be made in isolation by the executives. We all need to, and we all will, do this together.

I am pleased to be able to report that our county funding for FY 2004 will again be strong. For the coming budget year, we expect to receive an increase of 5% over our prior year base funding from Ocean County. Many counties are not in the financial condition to do this much for their colleges. We can be grateful that our county has managed its finances in a way that makes this support possible even though the county will also suffer a substantial reduction in aid from the State of New Jersey. Yet this support is not enough to balance the budget. As a result, we have included on our list of potential actions consideration of additional tuition and fee increases to replace some of the revenue lost in this state funding cut.

But this is not just a New Jersey problem. Nationwide, there is a total collective deficit among the 50 states in excess of \$75 billion. Here in New Jersey, some 1,000 state employees will lose their jobs. All state funding for the arts will be eliminated. All discretionary state grants will be eliminated. New Jersey's 4-year colleges and universities will suffer reductions in state funding that are unprecedented! By way of comparison, the cut to senior public institutions is \$101 million, which is a 12 percent cut in their direct state aid! The cut to the independent colleges is \$4.5 million, which is an 18 percent cut to their direct state aid. This is a certified 4-alarm financial crisis. We need your help to make certain no stone is unturned as together we seek ways to assure that OCC's response is the right one.

In this effort, we can make no room for stagnation, complacency, or acceptance of the status quo. We must adjust! But I have absolute, undeniable, unremitting faith that through it all we will continue to grow...to become stronger...to improve. So let us "face this sea of troubles" together, and begin right now. We don't have a lot of time. Our final budget must be presented to the Trustees on February 24th. So let's get started.

We have developed a list of potential cuts or reallocations which we will project on the screen overhead. In addition, we have prepared some materials on the pre-state-funding-cut budget plan which will be addressed by our colleagues here in the front of the room.

List of Potential Cuts or Reallocations:

- Postage/printing
- Position reviews, hiring strategy
- Program reviews
- Food service efficiencies
- Energy savings
- Average class size review
- Travel economies
- Equipment purchase deferrals
- Goods and services economies
- Tuition/Fee increases